

For professional investors - February 2022

SFDR PRE-CONTRACTUAL DISCLOSURE



Introduction to European
sustainable finance
regulatory package



BNP PARIBAS
ASSET MANAGEMENT

The sustainable
investor for a
changing world

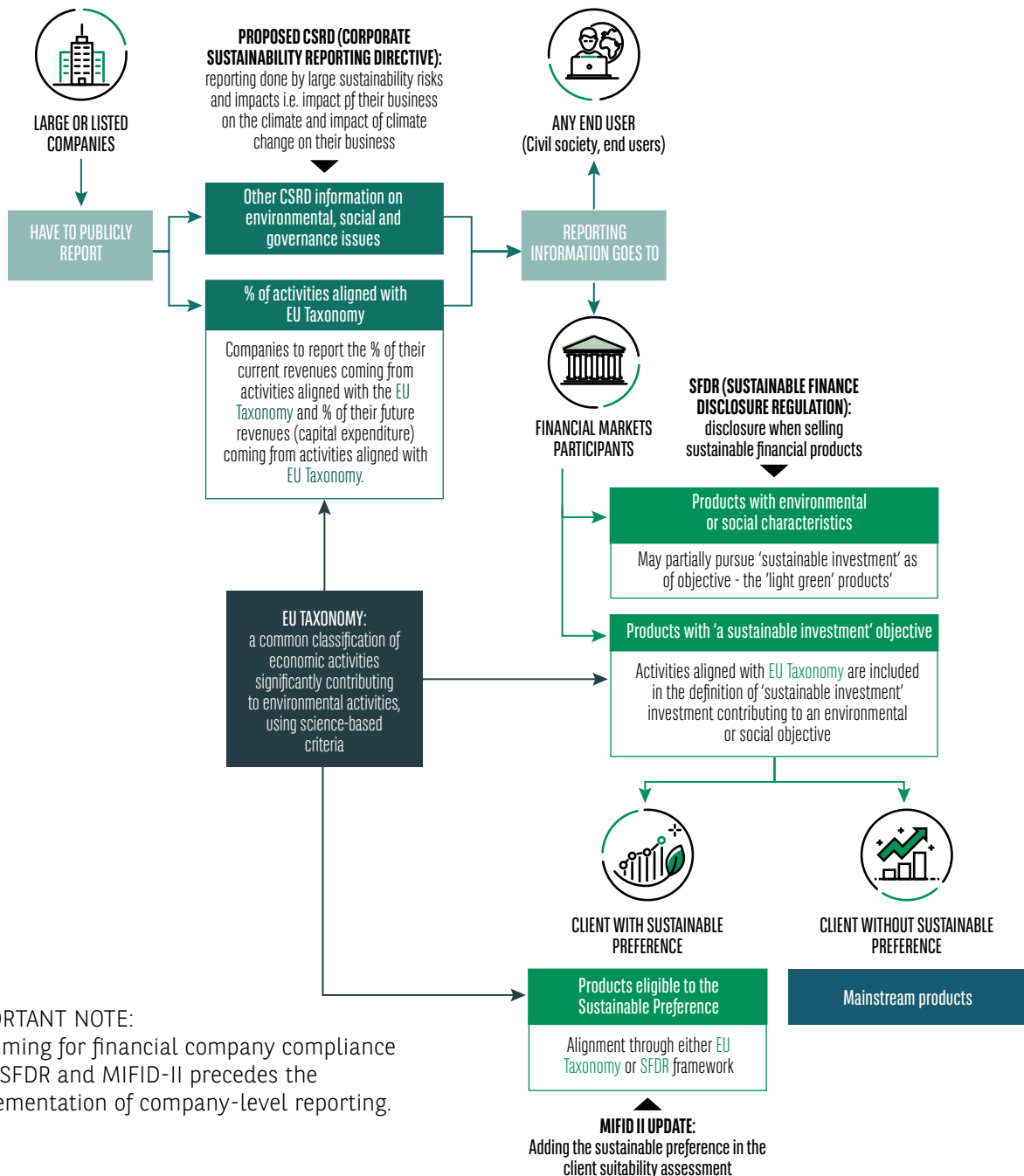
INTRODUCTION TO EUROPEAN SUSTAINABLE FINANCE REGULATORY PACKAGE

This document aims to clarify the implications of SFDR for existing and new institutional mandates. It can help clients:

- Understand the approach of BNP Paribas Asset Management (BNPP AM) in classifying institutional mandates under SFDR categories;
- Who wish to review the SFDR classification of existing mandates;
- Who are entering into an investment management agreement with BNPP AM to decide in which SFDR category they want their mandate to be.

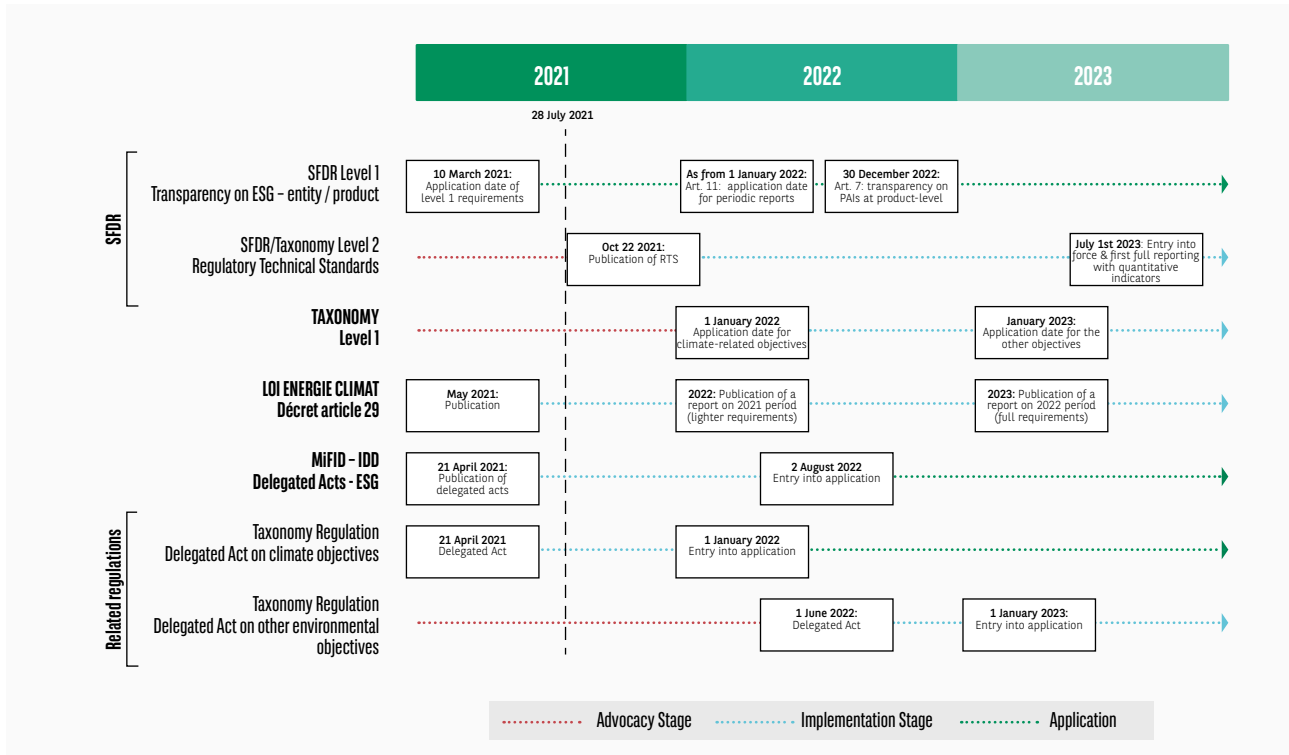
The European Sustainable Finance Regulatory Package is a set of EU regulations aimed at fostering and harmonizing the growth of sustainable finance within the EU. Even though not all of the underlying regulations are published yet, the most impactful ones (SFDR, EU Taxonomy and the update of MiFID II) are already reshaping the market.

Figure 1 - Articulation of Sustainable Finance Regulations



IMPORTANT NOTE:
the timing for financial company compliance with SFDR and MIFID-II precedes the implementation of company-level reporting.

Figure 2 - Timeline of Sustainable Finance Regulations



The main focus of this document will be the Sustainable Finance Disclosure Regulation (dubbed “SFDR”) in the context of the MiFID II/IDD update.

Presentation of SFDR

The objective of SFDR is to foster transparency on the extra-financial characteristics of investment products, including both funds and mandates (“Products”), to ensure that end investor are properly informed and thereby prevent greenwashing.

SFDR applies to all investment products distributed in the EU. In case of institutional mandates, SFDR applies to the extent that the investment manager’s entity signing the mandate is located in the EU.

SFDR imposes extra-financial disclosures obligations to Products that meet certain characteristics (summarized in the table below).

Product characteristics	Criteria for classification	Disclosure content	Disclosure obligations
Products not integrating sustainability risks (Under Article 6)	None	Rationale for no ESG integration	Mention in the pre-contractual documentation & periodic reports
Products integrating sustainability risks (article 6)	General ESG Policies applied to the Product	General explanation about how sustainability risks are taken into account	
Products promoting environmental or social characteristics (Article 8 products)	At least one extra-financial binding KPI at portfolio-level	Detailed disclosures on the E/S characteristics promoted by the fund	<ul style="list-style-type: none"> Dedicated standardized section in the pre-contractual documentation and in the annual report Dedicated webpage
Products with a sustainable investment objective (Article 9 products)	Investment in economic activities contributing to environmental/social objective	Detailed disclosures on the sustainable investments objective of the fund	

SFDR enters into force following a phase-in calendar:

- For March 10th 2021, financial market participants must comply with the regulation itself, the so-called “level 1”, which requires:
 - Product classification in case of funds
 - Publication of general product-level disclosures for those Products that meet the Article 8 and 9 criteria
 - Publication of disclosures for all products as regards to integration of sustainability risks and principal adverse sustainability impacts
 - Publication of entity-level policies
- For January 1st, 2023, product manufacturers must comply with the technical standards, the so-called “level 2”
 - For Products that meet the Article 8 and Article 9 criteria, the extra-financial disclosures must be published in the dedicated templates (still to be published by the Commission) for the prospectus and periodic report disclosures, and follow a dedicated mandatory structure for the web disclosure.

For March 10th 2021, BNPP AM classified all of its public open ended funds as per the SFDR categories. BNPP AM has a committed history to sustainable finance, and has been implementing binding ESG criteria in its funds for some time. As a result, more than 80% of our public open ended fund range fell into the SFDR Article 8 and 9 categories as measured by their AUM. For dedicated Products and institutional mandates, BNPP AM follows a client-specific approach detailed in the third section of this document.

The MiFID II / IDD update

The European Commission integrated in those texts the notion of “sustainable preference”. Distributors of investment products and managers of institutional mandates will have to collect the “sustainable preferences” of their clients and offer investments guidelines with consistent extra-financial characteristics.

MiFID ESG preference is defined as a client choice in the regulation, and we consider this to be applicable to both retail and professional clients.

The sustainable preference defined in the regulation is articulated around three criteria:

- Whether the client wants its investment to consider and address or mitigate the **principal adverse sustainability impact**
- Whether the client wants a share of its investment to be invested in **sustainable investments**
- Whether the client want a share of its investment to be invested in **taxonomy-aligned investments**

Distributors of investment products and asset managers managing institutional mandates should then be able to leverage on the extra-financial disclosures of each financial product made pursuant to the SFDR regulation to assess the suitability of an investment product with regards to the ESG preference expressed by their client.

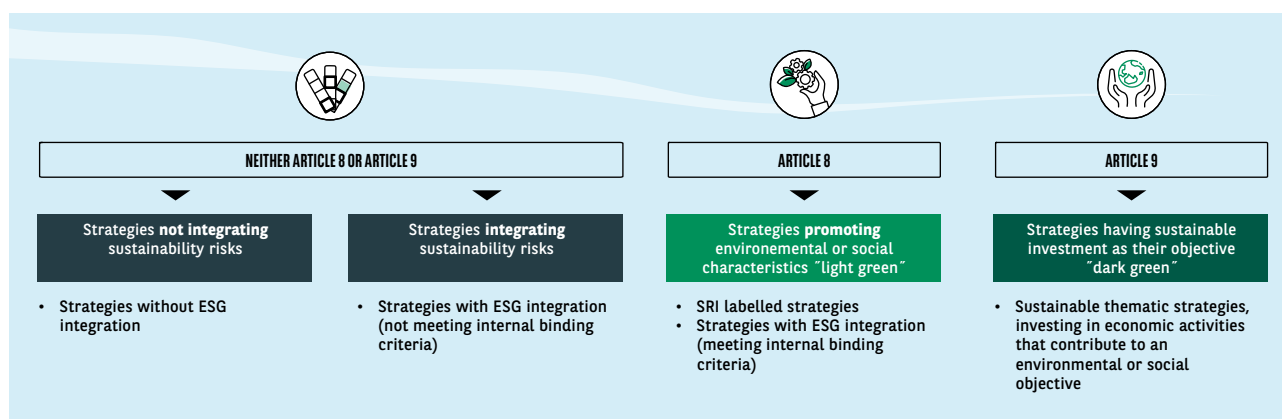
The MiFID II / IDD update is expected to come into force on August 2nd 2022.

BNPP APPROACH TO SFDR

As of today, the SFDR does not prescribe how financial market participants should determine to which category their Products belong. It does not provide any quantitative or detailed minimum requirements for Product classification. Therefore, we believe that the best way to implement the SFDR is to set internal rules aligned with the objectives of SFDR and that would help us build a structured and consistent approach to our Product classification.

Below is an overview of BNP Paribas AM's approach to Product classification under the SFDR. This approach is largely based on the BNP Paribas AM ESG integration principles and rules that we put in place before the SFDR was published (<https://docfinder.bnpparibas-am.com/api/files/517E383E-5094-4908-A7CB-A0C0795C0288>).

Figure 3 - SFDR Product Classification



Sustainability risks: what are they and why integrate them into investment decisions

Sustainability risk covers environmental, social or governance events or conditions that, should they occur, could cause an actual or potential material negative impact on the value of an investment (e.g. pandemic, bushfire, flood, etc.).

The Global Sustainability Strategy: BNPP AM integration of sustainability risks

We are committed to integrating sustainable investment practices across our investments. We apply the following elements to each aspect of our investments:

- **ESG integration:** Our ESG Integration Guidelines and Policy apply to all of our investment processes (and therefore funds and mandates). However, there are some exceptions such as index funds and exchange-traded funds (ETFs) replicating non-ESG-related indices.
- **Stewardship:** Shareholder engagement and public policy advocacy activities are undertaken on behalf of all of our assets under management including index funds and ETFs.
- **Responsible business conduct:** We apply this policy to all our open-ended funds, but related exclusions were not applied to all client mandates. As of 2020, this became the default approach for new mandates and we sought as much as possible the approval of existing clients to apply the policy to existing mandates.
- **Forward-looking perspective – the '3Es':** Energy Transition, Environmental Sustainability and Equality and Inclusive Growth. We will measure our exposure to these key issues across our full assets under management, and undertake related research in support of all investment teams.

By integrating ESG risks and opportunities into our investment process, we aim to facilitate better-informed investment decisions for our clients.

Our in-house ESG scoring framework facilitates the evaluation of sector specific ESG risks and opportunities considered to be material. Overall, we aim to hold a portfolio with more positive ESG characteristics than its benchmark, which includes aiming for the portfolio to have a lower carbon footprint and a higher ESG score than its benchmark.

In addition, as detailed in our Responsible Business Conduct policy, we maintain an exclusion list of companies that we deem to be in violation of the following:

- The UN Global Compact Principles;
- The UN Guiding Principles on Business and Human Rights;
- The OECD Guidelines for Multinational Enterprises.

We also exclude companies that operate in excluded sectors (Coal, Unconventional Oil and Gas, Tobacco, Controversial Weapons, Asbestos) or do not meet the requirements set out in our sector policies (Palm oil and Wood pulp, Nuclear, Agriculture, Mining).

All the policies underpinning BNPP AM's approach to Sustainability as an investor can be found [BNPP AM's website](#).

At the heart of sustainability risks integration: a core concern for Client value

We believe that unmanaged or unmitigated sustainability risks can impact the returns of financial products. The share prices of companies with strong sustainability practices typically demonstrate less volatility and have fewer large drawdowns.

The adverse impact of sustainability risks can affect companies via a range of mechanisms (e.g. lower revenue, higher costs, damage to, or impairment of asset value, higher cost of capital, fines or regulatory risks).

Due to the nature of sustainability risks and topics such as climate change, the chance of sustainability risks impacting the returns of financial products is likely to increase over a longer-term time horizon.

For more information about how we address sustainability risks and the principal adverse impacts of our investments, please refer to our [SFDR Disclosure Statement](#).

BNPP AM Approach to SFDR Product Classification

Summary table of BNPP AM's eligibility requirements to the SFDR categories*¹

	RBC Policy	Decile 10 rule	ESG integration	Binding portfolio KPI	Sustainable Investment Objective
Neither Article 8 nor article 9 without integration of sustainability risks					
Neither Article 8 nor Article 9 with integration of sustainability risks	X	X	X		
Article 8	X	X	X	X	
Article 9	X	X	X	X	X

Neither Article 8 nor Article 9 strategies

Strategies that do not fall into article 8 or article 9 categories under the SFDR are generally referred to as article 6 strategies. These are strategies neither with an ESG binding criteria, nor a sustainable investment objective, which may or may not integrate sustainability risks and may or may not consider principal adverse sustainability impacts.

At BNPP AM, the majority of article 6 strategies integrate sustainability risks by systematically applying the internal Global Sustainability Strategy and complying with the following requirements:

- Not owning any stock on the BNP Paribas exclusion list, which is based on the UN Global Principles and BNP Paribas specific sector policies ([Responsible business conduct policy](#)).
- Integration of relevant ESG factors into investment analysis and investment decision-making processes.
- We will avoid investing in a weakly rated entity (decile 10) (in active portfolios) without actively engaging (or planning to actively engage in the near future) particularly on the key issues identified.
 - Holdings of weakly-rated public entities (in active portfolios) will need to be justified by additional qualitative analysis integrating ESG factors, working closely with the sustainability centre.
 - As a last resort, we may disinvest from weakly rated entities which do not respond to engagement, and which show no sign that they will place greater emphasis on sustainability considerations in the future.

Article 8 strategies

The SFDR defines article 8 strategies as strategies promoting environmental and social characteristics, without providing any further Product categorization criteria nor setting minimum eligibility requirements.

However, in their Joint Consultation Paper published on 23rd April 2020, the European Supervisory Authorities (ESAs) state that "...the broad concept of 'ESG integration' should not be enough to justify that a Product promotes environmental or social characteristics" and "...in order to limit the length of disclosure and to prevent greenwashing, the ESAs have decided to require that only selection criteria for underlying assets that apply on a binding basis should be disclosed as part of pre-contractual disclosures".

1. There can be strategies on asset classes with specific characteristics where these rules have to be adapted. In these cases BNPP AM's approach will be to define demanding guidelines.

Article 8 strategies – direct lines

At BNPP AM, the majority of article 8 strategies promote environmental and social characteristics by evaluating all investments against ESG criteria, and by investing in companies that demonstrate superior or improving environmental and social practices whilst implementing robust governance frameworks. By evaluating the investments against ESG criteria, the portfolio aims to have an overall ESG score above that of its investment universe.

Article 8 strategies meet environmental and social characteristics by systematically applying the internal Global Sustainability Strategy and complying with the following minimum binding extra-financial criteria, on top of the criteria detailed above for “article 6” strategies with integration of sustainability risks:

- Having sufficient portfolio coverage by the ESG analysis:
 - For investments in developed markets at least 90% of the portfolio should be covered by ESG analysis;
 - For investments in emerging markets, mid-small caps, high yield, at least 75% of the portfolio should be covered by ESG analysis.
- Maintaining the portfolio's weighted average ESG score (or any other relevant extra-financial indicator) above that of the benchmark or reference index defined for that purpose, using our internal scoring system.

Article 8 strategies – fund of funds, mandate of funds

At BNPP AM, the majority of article 8 strategies promote environmental and social characteristics by evaluating all investments against ESG criteria, and by investing in companies that demonstrate superior or improving environmental and social practices whilst implementing robust governance frameworks.

For a fund of funds or mandate of funds to qualify for article 8 under the SFDR, its portfolio should invest at least 75% of assets in article 8 and article 9 funds as disclosed in these underlying products' prospectuses.

Article 9 strategies

The SFDR defines article 9 strategies as having sustainable investment as their objective.

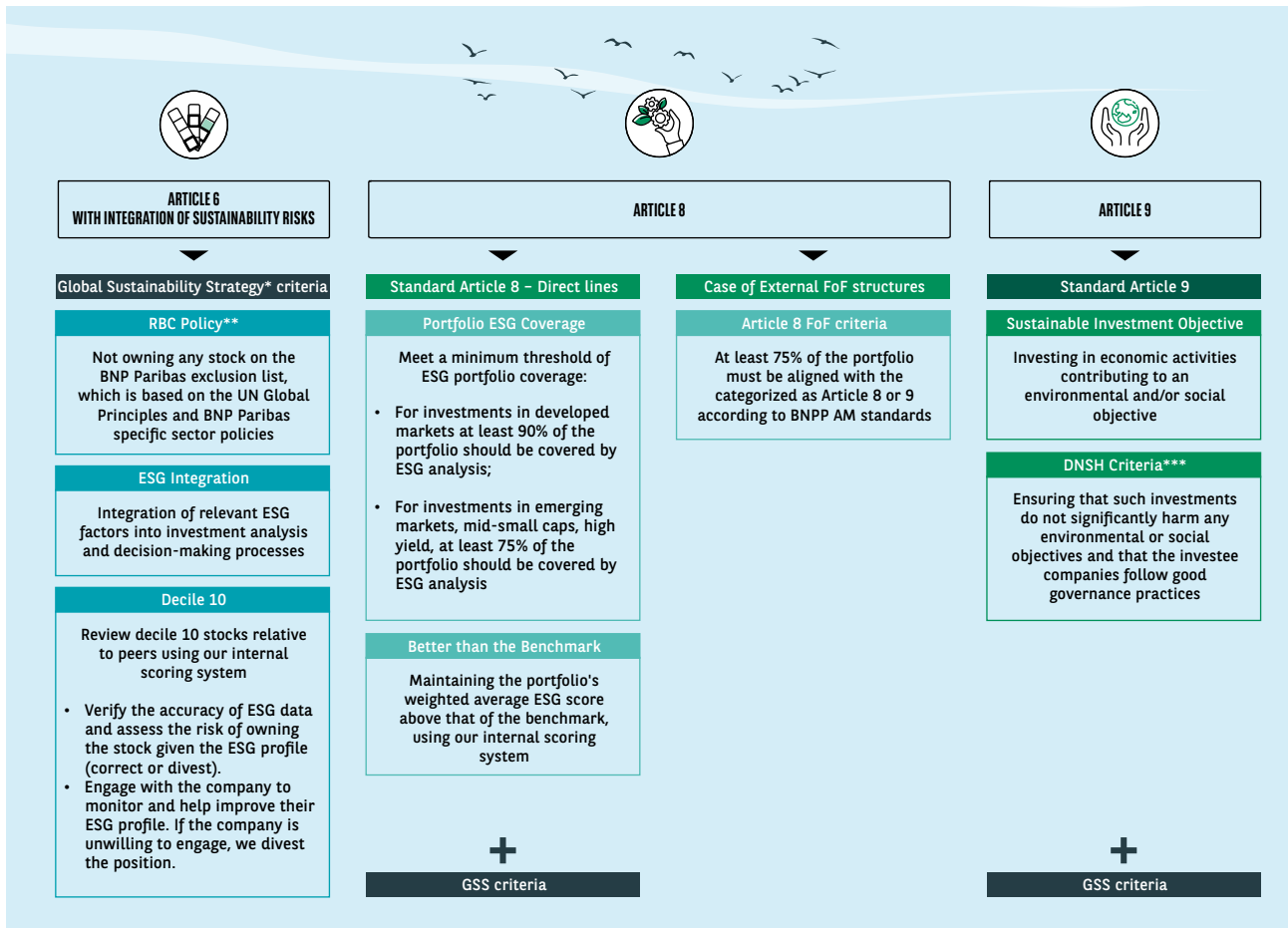
Article 2 (17) defines “sustainable investment” as an investment in an economic activity that contributes to an environmental or a social objective, provided that such investments do not significantly harm those objectives and that the underlying companies follow good governance practices.

At BNPP AM, we categorized our solidarity funds as well as sustainable thematic strategies as article 9. These strategies attain their sustainable objectives by systematically applying the internal Global Sustainability Strategy and investing in companies that through their Products, services or processes provide solutions to environmental and/or social challenges.

Article 9 strategies must comply with the following binding extra-financial criteria, on top of the ones detailed above for Article 8 strategies:

- Investing in economic activities contributing to an environmental and/or social objective
- Ensuring that such investments do not significantly harm any environmental or social objectives and that the investee companies follow good governance practices

Figure 4 - Summary of BNPP AM approach to SFDR Classification



* Global Sustainability Strategy

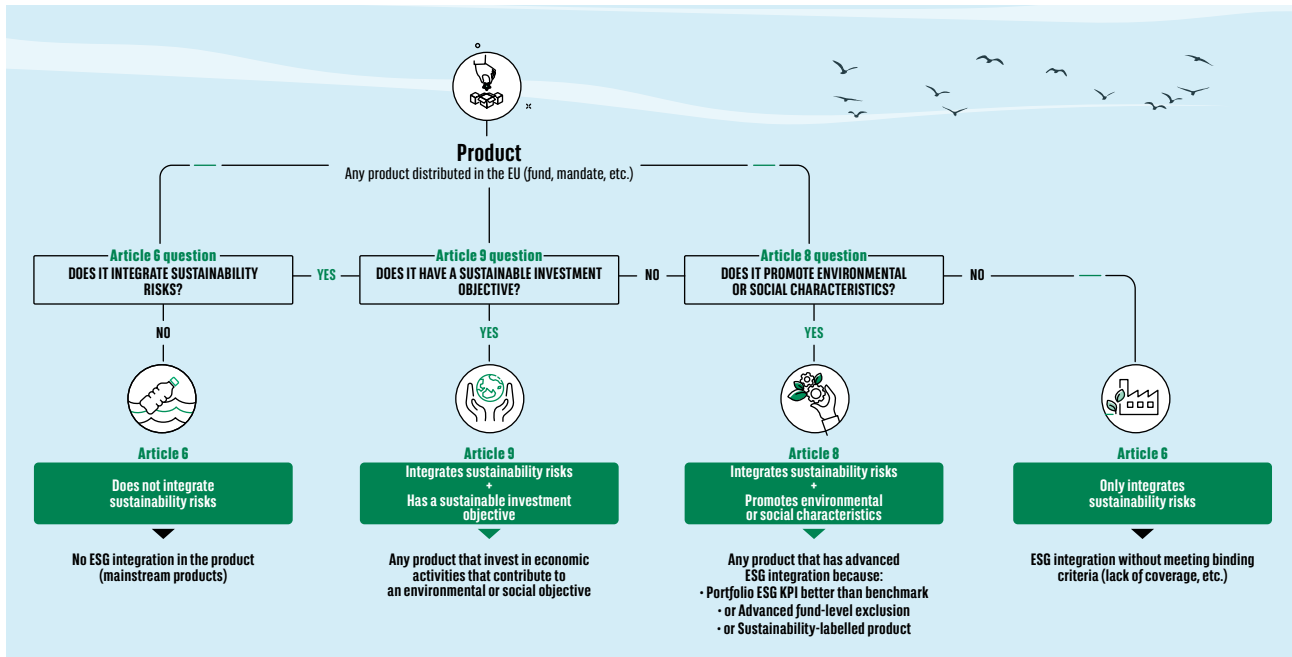
** Ours or the client's. RBC is Responsible Business Conduct

*** Do No Significant Harm



SFDR strategy categorization decision tree

Figure 5 - BNPP AM Decision Tree to classify Products under SFDR²



Examples of article 8 strategies

Below are a few examples of the integration of binding extra-financial criteria into the investment process of different strategies, on top of the pillars of the Global Sustainability Strategy already mentioned (ESG integration, stewardship and RBC policy).

Sustainable Europe Value strategy

The strategy invests at least 90% of its assets in securities issued by companies that have an ESG score.

The average ESG score of the portfolio is higher than the one of its investment universe after eliminating at least 20% of the least well-rated securities.

Sustainable Euro Multi-Factor Equity strategy

The strategy applies binding and significant ESG integration approach and improves its ESG profile while aiming at reducing its environmental footprint, as measured by greenhouse gas emissions, compared to the investment universe.

2. Mandates of funds follow the same classification process. Their binding Article 8 criteria is 75% of underlying funds classified as Article 8 or Article 9 under SFDR.

Scores related to ESG and carbon footprint are calculated for each issuer of the investment universe. The portfolio is then constructed to select the best securities available in order to consistently achieve the following targets:

- a portfolio's ESG score higher than the ESG score of the investment universe after eliminating at least 20% of the least well-rated securities, and
- a portfolio's carbon footprint at least 50% lower than the carbon footprint of the investment universe.

In order to meet the environmental or social characteristics promoted, the strategy invests at least 90% of its assets in securities issued by companies that have an ESG score and assessment of their carbon footprint.

Mixed asset mandate of funds

At least 75% of underlying funds must be Article 8 or Article 9.

European Infrastructure Debt strategy

When selecting projects, the Manager shall carry out an internal analysis to ensure compliance with sustainable development criteria regarding environmental and/or social responsibility.

ESG performance for each investment opportunity shall be assessed based on a proprietary taxonomy for infrastructure assets. KPIs relevant for each project – including but not limited to the impact on biodiversity, water consumption, greenhouse gas emissions or energy efficiency on the environmental side, consultation of impacted communities or improvement of social well-being with respect to the social component – shall be considered.

The environmental and climate impact of each infrastructure debt is assessed by a recognised independent expert based on a proprietary climate impact methodology that focuses upon:

- Indirect emissions linked to construction, operation, maintenance and asset use;
- Avoided emissions through asset optimisation and when compared to a reference scenario;
- Alignment with a 2°C trajectory based on the sectoral decarbonisation approach method; and
- Contribution to the energy and ecological transition based on a -100 percent to +100 percent scale (with -100 percent representing the sectorial mean and 100 percent the best available solution).
- The weighted average net environmental contribution (NEC) of the portfolio shall be over +10%. The sum of principal amounts of infrastructure debts having an individual NEC above -10% shall represent at least 90% of the aggregate principal amount.

Example of Article 9 strategy

BNP Paribas Funds Aqua

This thematic sub-fund aims to invest in companies within the global water value chain. These companies support the protection and efficient use of water as a natural resource. At all times, this sub-fund invests at least 75% of its assets in equities and/or equity equivalent securities issued by companies that conduct a significant part of their business in water and related or connected sectors, with sustainable activities and processes.

The Investment Manager applies BNP PARIBAS ASSET MANAGEMENT'S Sustainable Investment Policy, which takes into account Environmental, Social and Governance (ESG) criteria in the investment process of the sub-fund, falling under the Sustainable Plus/Thematic category, as set out in Book I. The ESG analysis applies to at least 90% of the issuers in the portfolio and along with its thematic focus leads to a reduction of at least 20% of the investment universe, being the large and mid-cap companies across the main markets of developed countries. This approach is supported by an active program of engagement with companies on a range of ESG factors, as well as proxy voting. Impact measurement and reporting is also undertaken to provide post-investment evidence of the intention to help accelerate the transition to a more sustainable economy.

Appendix

List of funds in art 8 and 9 this can act as guidance to institutional mandates what are likely possible outcomes (i.e. if an equivalent fund is art 8, likely the mandate can be classified as 8 too, as of 31 December 2021)

Product name	SFDR Classification
BNP PARIBAS CASH INVEST	8
BNP PARIBAS EASY BNP PARIBAS EASY ECPI CIRCULAR ECONOMY LEADERS	9
BNP PARIBAS EASY BNP PARIBAS EASY ECPI GLOBAL ESG BLUE ECONOMY	9
BNP PARIBAS EASY CAC 40® ESG UCITS ETF	8
BNP PARIBAS EASY ECPI GLOBAL ESG INFRASTRUCTURE	8
BNP PARIBAS EASY ECPI GLOBAL ESG MED TECH	8
BNP PARIBAS EASY ESG DIVIDEND EUROPE	8
BNP PARIBAS EASY ESG GROWTH EUROPE	8
BNP PARIBAS EASY ESG LOW VOL EUROPE	8
BNP PARIBAS EASY ESG LOW VOL US	8
BNP PARIBAS EASY ESG MOMENTUM EUROPE	8
BNP PARIBAS EASY ESG QUALITY EUROPE	8
BNP PARIBAS EASY ESG VALUE EUROPE	8
BNP PARIBAS EASY FTSE EPRA NAREIT DEVELOPED EUROPE EX UK GREEN CTB	9
BNP PARIBAS EASY JPM ESG EMBI GLOBAL DIVERSIFIED COMPOSITE	8
BNP PARIBAS EASY JPM ESG EMBI GLOBAL FOSSIL REDUCED 1-3Y	8
BNP PARIBAS EASY JPM ESG EMU GOVERNMENT BOND IG 3-5 Y	8
BNP PARIBAS EASY JPM ESG GREEN SOCIAL & SUSTAINABILITY IG EUR BOND	9
BNP PARIBAS EASY LOW CARBON 100 EUROPE PAB®	9
BNP PARIBAS EASY LOW CARBON 100 EUROZONE PAB	9
BNP PARIBAS EASY LOW CARBON 300 WORLD PAB	9
BNP PARIBAS EASY MSCI CHINA SELECT SRI S-SERIES 10% CAPPED	8
BNP PARIBAS EASY MSCI EMERGING ESG FILTERED MIN TE	8
BNP PARIBAS EASY MSCI EMERGING SRI S-SERIES PAB 5% CAPPED	9
BNP PARIBAS EASY MSCI EMU ESG FILTERED MIN TE	8
BNP PARIBAS EASY MSCI EMU SRI S-SERIES PAB 5% CAPPED	9
BNP PARIBAS EASY MSCI EUROPE ESG FILTERED MIN TE	8
BNP PARIBAS EASY MSCI EUROPE SMALL CAPS SRI S-SERIES PAB 5% CAPPED	9
BNP PARIBAS EASY MSCI EUROPE SRI S-SERIES PAB 5% CAPPED	9
BNP PARIBAS EASY MSCI JAPAN ESG FILTERED MIN TE	8
BNP PARIBAS EASY MSCI JAPAN SRI S-SERIES PAB 5% CAPPED	9
BNP PARIBAS EASY MSCI NORTH AMERICA ESG FILTERED MIN TE	8
BNP PARIBAS EASY MSCI PACIFIC EX JAPAN ESG FILTERED MIN TE	8
BNP PARIBAS EASY MSCI USA SRI S-SERIES PAB 5% CAPPED	9
BNP PARIBAS EASY MSCI WORLD SRI S-SERIES PAB 5% CAPPED	9
BNP PARIBAS EASY € CORP BOND SRI FOSSIL FREE 1-3Y	8
BNP PARIBAS EASY € CORP BOND SRI FOSSIL FREE 3-5Y	8
BNP PARIBAS EASY € CORP BOND SRI FOSSIL FREE	8
BNP PARIBAS EASY € HIGH YIELD SRI FOSSIL FREE	8
BNP PARIBAS EUROPEAN INFRA DEBT FUND II	8
BNP PARIBAS FLEXI I FOSSIL FUEL FREE NORDIC HIGH YIELD	8
BNP PARIBAS FUND III N.V. BNP PARIBAS ESG NETHERLANDS INDEX FUND	8
BNP PARIBAS FUNDS AQUA	9
BNP PARIBAS FUNDS ASIA EX-JAPAN EQUITY	8
BNP PARIBAS FUNDS BELGIUM EQUITY	8
BNP PARIBAS FUNDS BRAZIL EQUITY	8
BNP PARIBAS FUNDS CHINA A-SHARES	8
BNP PARIBAS FUNDS CHINA EQUITY	8
BNP PARIBAS FUNDS CLIMATE IMPACT	9
BNP PARIBAS FUNDS CONSUMER INNOVATORS	8
BNP PARIBAS FUNDS DISRUPTIVE TECHNOLOGY	8
BNP PARIBAS FUNDS ECOSYSTEM RESTORATION	9
BNP PARIBAS FUNDS EMERGING BOND OPPORTUNITIES	8
BNP PARIBAS FUNDS EMERGING BOND	8

Product name	SFDR Classification
BNP PARIBAS FUNDS EMERGING EQUITY	8
BNP PARIBAS FUNDS EMERGING MULTI-ASSET INCOME	8
BNP PARIBAS FUNDS ENERGY TRANSITION	9
BNP PARIBAS FUNDS ENHANCED BOND 6M	8
BNP PARIBAS FUNDS ENVIRONMENTAL ABSOLUTE RETURN THEMATIC EQUITY (EARTH)	9
BNP PARIBAS FUNDS EURO BOND OPPORTUNITIES	8
BNP PARIBAS FUNDS EURO BOND	8
BNP PARIBAS FUNDS EURO CORPORATE BOND OPPORTUNITIES	8
BNP PARIBAS FUNDS EURO CORPORATE BOND	8
BNP PARIBAS FUNDS EURO COVERED BOND	8
BNP PARIBAS FUNDS EURO DEFENSIVE EQUITY	8
BNP PARIBAS FUNDS EURO EQUITY	8
BNP PARIBAS FUNDS EURO GOVERNMENT BOND	8
BNP PARIBAS FUNDS EURO HIGH QUALITY GOVERNMENT BOND	8
BNP PARIBAS FUNDS EURO HIGH YIELD BOND	8
BNP PARIBAS FUNDS EURO HIGH YIELD SHORT DURATION BOND	8
BNP PARIBAS FUNDS EURO MEDIUM TERM BOND	8
BNP PARIBAS FUNDS EURO MID CAP	8
BNP PARIBAS FUNDS EURO MONEY MARKET	8
BNP PARIBAS FUNDS EURO SHORT TERM BOND OPPORTUNITIES	8
BNP PARIBAS FUNDS EURO SHORT TERM CORPORATE BOND OPPORTUNITIES	8
BNP PARIBAS FUNDS EURO SHORT TERM CORPORATE BOND	8
BNP PARIBAS FUNDS EUROPE CONVERTIBLE	8
BNP PARIBAS FUNDS EUROPE DIVIDEND	8
BNP PARIBAS FUNDS EUROPE EMERGING EQUITY	8
BNP PARIBAS FUNDS EUROPE EQUITY	8
BNP PARIBAS FUNDS EUROPE GROWTH	8
BNP PARIBAS FUNDS EUROPE HIGH CONVICTION BOND	8
BNP PARIBAS FUNDS EUROPE MULTI-ASSET INCOME	8
BNP PARIBAS FUNDS EUROPE REAL ESTATE SECURITIES	8
BNP PARIBAS FUNDS EUROPE SMALL CAP	8
BNP PARIBAS FUNDS FLEXIBLE GLOBAL CREDIT	8
BNP PARIBAS FUNDS FRONTIERS EQUITY	8
BNP PARIBAS FUNDS GERMANY MULTI-FACTOR EQUITY	8
BNP PARIBAS FUNDS GLOBAL ABSOLUTE RETURN MULTI-FACTOR BOND	8
BNP PARIBAS FUNDS GLOBAL BOND OPPORTUNITIES	8
BNP PARIBAS FUNDS GLOBAL CONVERTIBLE	8
BNP PARIBAS FUNDS GLOBAL ENHANCED BOND 36M	8
BNP PARIBAS FUNDS GLOBAL ENVIRONMENT	9
BNP PARIBAS FUNDS GLOBAL HIGH YIELD BOND	8
BNP PARIBAS FUNDS GLOBAL LOW VOL EQUITY	8
BNP PARIBAS FUNDS GLOBAL REAL ESTATE SECURITIES	8
BNP PARIBAS FUNDS GREEN BOND	9
BNP PARIBAS FUNDS GREEN TIGERS	9
BNP PARIBAS FUNDS HARMONY	8
BNP PARIBAS FUNDS HEALTH CARE INNOVATORS	8
BNP PARIBAS FUNDS INCLUSIVE GROWTH	8
BNP PARIBAS FUNDS INDIA EQUITY	8
BNP PARIBAS FUNDS JAPAN EQUITY	8
BNP PARIBAS FUNDS LATIN AMERICA EQUITY	8
BNP PARIBAS FUNDS LOCAL EMERGING BOND	8
BNP PARIBAS FUNDS MULTI-ASSET INCOME	8
BNP PARIBAS FUNDS MULTI-ASSET THEMATIC	8
BNP PARIBAS FUNDS NORDIC SMALL CAP	8

Product name	SFDR Classification
BNP PARIBAS FUNDS RUSSIA EQUITY	8
BNP PARIBAS FUNDS SEASONS	8
BNP PARIBAS FUNDS SMART FOOD	9
BNP PARIBAS FUNDS SOCIAL BOND	9
BNP PARIBAS FUNDS SUSTAINABLE ENHANCED BOND 12M	8
BNP PARIBAS FUNDS SUSTAINABLE EURO BOND	8
BNP PARIBAS FUNDS SUSTAINABLE EURO CORPORATE BOND	8
BNP PARIBAS FUNDS SUSTAINABLE EURO LOW VOL EQUITY	8
BNP PARIBAS FUNDS SUSTAINABLE EURO MULTI-FACTOR CORPORATE BOND	8
BNP PARIBAS FUNDS SUSTAINABLE EURO MULTI-FACTOR EQUITY	8
BNP PARIBAS FUNDS SUSTAINABLE EUROPE MULTI-FACTOR EQUITY	8
BNP PARIBAS FUNDS SUSTAINABLE EUROPE VALUE	8
BNP PARIBAS FUNDS SUSTAINABLE GLOBAL CORPORATE BOND	8
BNP PARIBAS FUNDS SUSTAINABLE GLOBAL MULTI-FACTOR CORPORATE BOND	8
BNP PARIBAS FUNDS SUSTAINABLE GLOBAL MULTI-FACTOR EQUITY	8
BNP PARIBAS FUNDS SUSTAINABLE JAPAN MULTI-FACTOR EQUITY	8
BNP PARIBAS FUNDS SUSTAINABLE MULTI-ASSET BALANCED	8
BNP PARIBAS FUNDS SUSTAINABLE MULTI-ASSET GROWTH	8
BNP PARIBAS FUNDS SUSTAINABLE MULTI-ASSET STABILITY	8
BNP PARIBAS FUNDS SUSTAINABLE US MULTI-FACTOR CORPORATE BOND	8
BNP PARIBAS FUNDS SUSTAINABLE US MULTI-FACTOR EQUITY	8
BNP PARIBAS FUNDS SUSTAINABLE US VALUE MULTI-FACTOR EQUITY	8
BNP PARIBAS FUNDS TURKEY EQUITY	8
BNP PARIBAS FUNDS US GROWTH	8
BNP PARIBAS FUNDS US HIGH YIELD BOND	8
BNP PARIBAS FUNDS US MID CAP	8
BNP PARIBAS FUNDS US SHORT DURATION BOND	8
BNP PARIBAS FUNDS US SMALL CAP	8
BNP PARIBAS FUNDS USD MONEY MARKET	8
BNP PARIBAS INDICE FRANCE ESG	8
BNP PARIBAS INSTICASH EUR 1D SHORT TERM VNAV	8
BNP PARIBAS INSTICASH EUR 3M STANDARD VNAV	8
BNP PARIBAS INSTICASH GBP 1D LVNAV	8
BNP PARIBAS INSTICASH USD 1D LVNAV	8
BNP PARIBAS INSTICASH USD 1D SHORT TERM VNAV	8
BNP PARIBAS INVEST 3M SUSTAINABLE	8
BNP PARIBAS MOIS ISR	8
BNP PARIBAS MONE ETAT	8
BNP PARIBAS MONETAIRE ASSURANCE	8
BNP PARIBAS MONEY 3 M	8
BNP PARIBAS SOCIAL BUSINESS IMPACT	9
EQUITY GLOBAL SDG CHAMPIONS PROTECTION 90%	8
THEAM QUANT EUROPE CLIMATE CARBON OFFSET PLAN	9
THEAM QUANT- BOND EUROPE CLIMATE CARBON OFFSET PLAN	9
THEAM QUANT- EQUITY EUROPE CLIMATE CARE PROTECTION 90%	8
THEAM QUANT- EQUITY EUROPE CLIMATE CARE	9
THEAM QUANT- EQUITY WORLD GLOBAL GOALS	8
THEAM QUANT- FIXED INCOME DIVERSIFIER	8
THEAM QUANT- WORLD CLIMATE CARBON OFFSET PLAN	9

The investments in the funds are subject to market fluctuations and the risks inherent in investments in securities. The value of investments and the income they generate may go down as well as up and it is possible that investors will not recover their initial outlay, the funds described being at risk of capital loss. For a Complete description and definition of risks, please consult the last available prospectus and KIID of the funds . Investors considering subscribing to a fund should read carefully its most recent prospectus and KIID that can be downloaded free of charge from our site bnpparibas-am.com.

SFDR AND INSTITUTIONAL MANDATES

Mandates in scope of SFDR

All mandates signed with an EU-based investment manager entity are in scope of SFDR.

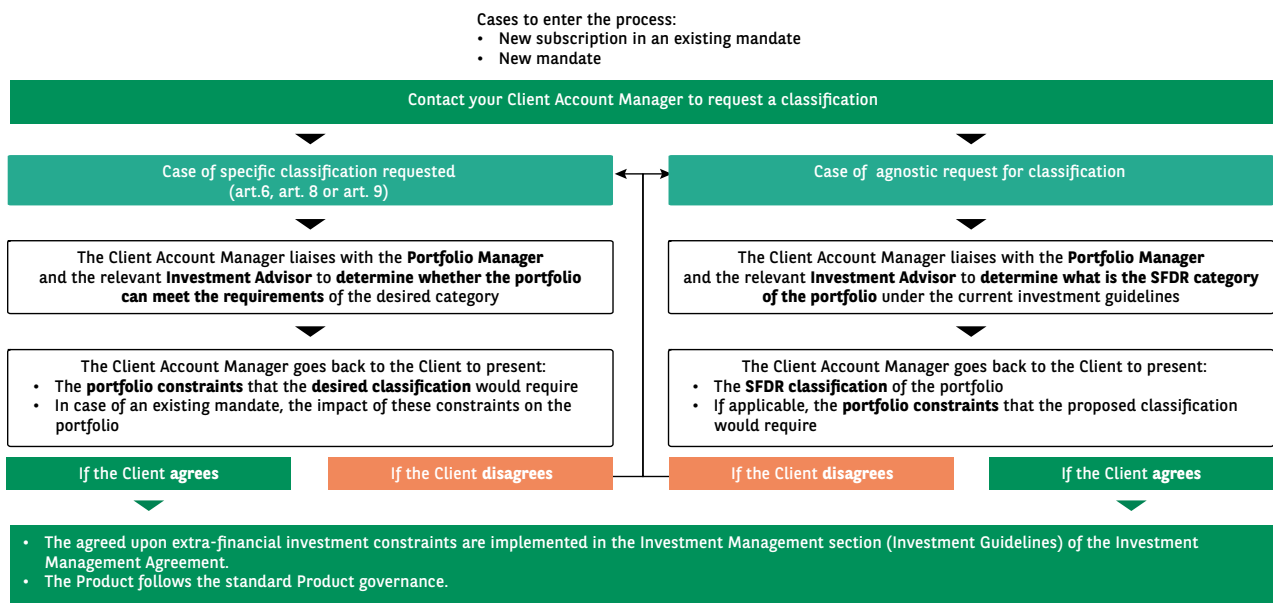
Approach for new mandates

Defining the SFDR category of the mandate based on the present pre-contractual disclosure is now a dedicated step of the process of entering into an IMA.

The SFDR category of a mandate must be integrated in the IMA, alongside the specific extra-financial binding criteria that will constrain the portfolio in order to qualify for Article 8 or Article 9.

For all new mandates these are the steps to follow in order to classify mandates:

Figure 6 - Process to apply to new mandates under SFDR



Exception – Classification of existing mandates upon Client request

Some Clients might require BNPP AM to provide an SFDR classification for various reasons for mandates which are already signed:

- When BNPP AM manages a mandate for a client which itself is subject to SFDR (as a Product manufacturer for instance), the Client could request a category to be able to classify its own Products and comply with the disclosures obligations;
- When the Clients want to communicate on its commitment to sustainability, it may require BNPP AM to classify the mandate as Article 8 (which will entail a modification of the investment guidelines to integrate binding ESG criteria pursuant to BNPP AM methodology);

NB. Clients can request BNPP AM to classify mandates which are not in scope of SFDR from our perspective (e.g. a German client with a mandate signed with a BNPP AM US-based entity).

The procedure for existing mandate classification follows the same steps as the one described on Fig. 6.



The value of investments and the income they generate may go down as well as up and it is possible that investors will not recover their initial outlay. Investing in emerging markets, or specialised or restricted sectors is likely to be subject to a higher than average volatility due to a high degree of concentration, greater uncertainty because less information is available, there is less liquidity, or due to greater sensitivity to changes in market conditions (social, political and economic conditions). Some emerging markets offer less security than the majority of international developed markets. For this reason, services for portfolio transactions, liquidation and conservation on behalf of funds invested in emerging markets may carry greater risk.

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