For professional investors only - July 2026



2026 Disclosure Statement Operating Principles for Impact Management

BNP PARIBAS
ASSET MANAGEMENT

TABLE OF CONTENTS

1

Legacy BNPP AM Disclosure Statement (page 3 -38)

2

Legacy AXA IM Discolsure Statement (page 39-49)

BNP Paribas Asset Management (BNPP AM) hereby affirms its status as a founding signatory to the Operating Principles for Impact Management[1] (the Impact Principles). The Impact Principles provide a reference point against which the impact management systems of funds and institutions may be assessed. They seek to bring greater transparency, credibility, and discipline to the impact investing market and draw on emerging best practices from a range of asset managers, asset owners, asset allocators, development banks and finance institutions. This statement reasserts BNPP AM's intent to use the Impact Principles as a framework to help inform our approach to impact investment.

This Disclosure Statement applies to the following assets (Covered Assets):

- BNP Paribas Green Bond Fund, BNP Paribas Funds Euro Government Green Bond Fund, BNP Paribas Funds Euro Corporate Green Bond Fund and MULTIPAR Green Bond Fund (Green Bonds), a suite of funds investing in global green bonds supporting environmental projects, assets and/or activities that contribute positively towards environmental objectives. Depending on the strategy, these green bonds can be issued issued by supranationals, sovereigns, agencies, corporates.
- BNP Paribas Social Bond Fund (Social Bonds), a fund investing in social and sustainability bonds issued by entities supporting projects, assets and activities that have positive social and sustainability outcomes. These bonds are issued by corporates, supranationals, central governments, agencies, local entities and local governments.
- BNP Paribas Social Business Impact Fund (Social Business), a fund investing in French non-profit organisations and unlisted companies operating in France and abroad to solve specific social and/or environmental problems.
- BNP Paribas European Social Impact Bonds and BNP Paribas European Impact Bonds Fund II (Impact Bonds), funds investing through Impact Bonds in European non-profit organizations or social enterprises operating in the European Union to solve specific social and/or environmental problems. These Impact Bonds are repaid based on the success of impact indicators.
- BNP Paribas Towards Impact Fund I (Towards Impact), a private equity fund of funds with an impact investment approach focusing on sustainable growth trends. It targets both impact investing funds and thematic funds that have an impact potential and the willingness to increase their impact. The fund of funds supports the latter in their adoption of impact investing practices with the aim to optimize their impact through its engagement and learning platform.
- BNP Paribas Climate Impact Private Debt Fund (Climate Impact Private Debt), an infrastructure debt fund investing in assets which contribute to mitigating climate change.
- Portzamparc Carbone Solutions 2030 is a listed equity impact fund investing in European micro, small and mid-caps developing climate solutions. The impact objective is linked to avoided emissions, and the fund aims at developing and standardizing this indicator.
- Clean Energy Solutions Fund is a 100% (listed) equity fund contributing towards climate action by investing in environmental solutions companies decarbonising the global economy.

The total Assets under Management in alignment with the Impact Principles is EUR 3,634 million (approximately 4.2 billion USD) as of 31 December 2025.

1 1The Operating Principles for Impact Management were launched on April 12, 2019; more information about the Impact Principles can be found here: https://www.impactprinciples.org/

PRINCIPLE 1

DEFINE STRATEGIC IMPACT OBJECTIVE(S), CONSISTENT WITH THE INVESTMENT STRATEGY

The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.

- With the launch of our Global Sustainability Strategy[2] in 2019, we announced our goal to increase the positive impact of our AUM, and to track and measure that impact in three areas: the energy transition, environmental sustainability and equality and inclusive growth (the "3Es"). These issues are critical pre-conditions for a more sustainable and inclusive economic system, which in turn will enable us to safeguard long-term returns for our clients. However, we believe there is a difference between aspiring for our firm-wide AUM to have a positive impact and the smaller set of our assets which fall under the 'impact investments' category.
- Impact investments are investments that intend to contribute to positive, measurable social and/or environmental impact alongside financial returns[3]. At BNPP AM, our impact investment framework is built on three main building blocks – intentionality, additionality and impact measurement and reporting.



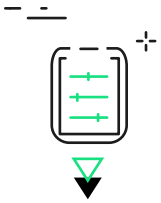
INTENTIONALITY (CLEAR IMPACT OBJECTIVES)

The formalised intention of the investor to contribute to positive social and/or environmental impact and do no significant harm



ADDITIONALITY (INVESTMENT CONTRIBUTION)

The channels through which the investor claim to contribute to the stated impact are clearly documented (e.g. theory of change document).



IMPACT MANAGEMENT

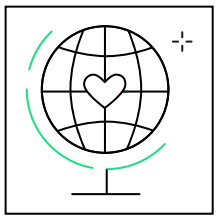
The impact is managed and monitored at all stages of the investment process, and is the subject of transparent and frequent reporting.

2 Our Global Sustainability Strategy is available at this link: https://docfinder.bnpparibas-am.com/api/files/2818EAAE-D3CF-4482-A3BA-A2EA898AFD0D

3 This definition is based on the GIIN's: https://thegiin.org/impact-investing/need-to-know/#what-is-impact-investing

Our Covered Assets have an explicit intention of having a positive and measurable impact and contribute to the following impact themes (which are themselves further aligned with the following SDGs), as explained in each fund's theory of change in the Appendix.

- The **Green Bond** funds have a sustainable investment objective in accordance with Article 9 of Sustainable Finance Disclosure Regulation. The funds are invested in bonds issued by entities supporting projects, assets and activities that have positive environmental outcomes.

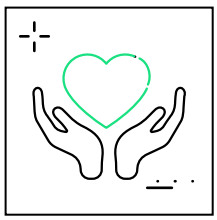


GREEN BONDS

THEMES: energy transition; energy efficiency; sustainable water management; sustainable agriculture and transportation; environmentally sustainable management of living natural resources and land use; green buildings; circular economy adapted products, production technologies and processes; terrestrial and aquatic biodiversity conservation; climate change adaptation.

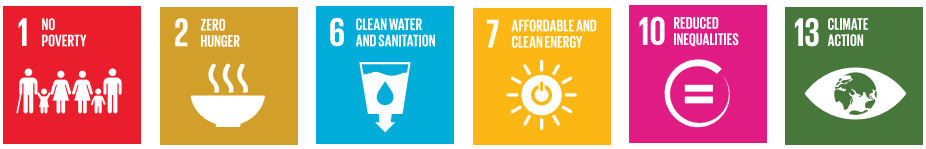


- The **Social Bond** fund has a sustainable investment objective in accordance with Article 9 of Sustainable Finance Disclosure Regulation. The fund is invested in bonds issued by entities supporting projects, assets and activities that have positive social and sustainability outcomes..



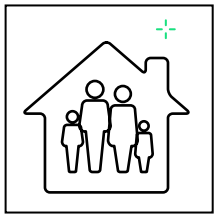
SOCIAL BONDS

THEMES: access to affordable basic infrastructure (e.g. clean drinking water, sewers, sanitation, transport, energy); access to essential services; affordable housing; employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises; food security and sustainable food systems; renewable energy; energy efficiency; clean transportation; climate change adaptation; green buildings.



The Social Bonds fund invests both in social bonds and sustainability bonds

- European Social **Impact Bonds** fund and European Impact Bonds fund 2 aim to support the development of the positive impact economy through exclusive investments in impact bonds favoring social or environmental innovations in the European Union. Thematics are very diverse. Repayment and returns of these impact bonds are directly linked to the achievement of specific measurable and verified impact results.

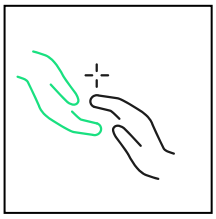


IMPACT BONDS

THEMES: access to housing, programs designed to prevent and/or alleviate unemployment, environmental protection, responsible consumption, access to education, access to healthcare, climate change adaptation.



- BNP Paribas **Social Business** Impact Fund's mission is to contribute to solutions for people in situation of vulnerability by bridging the financing gap for non-profit organizations and social businesses in France and in Europe. The fund finances non-profit organizations and social businesses that aim at answering the needs of vulnerable people, by offering them directly products and services with a positive social and/or environmental impact. For Social Business, the intention to have a positive measurable impact intent is shared with the investees, which are pure impact players.

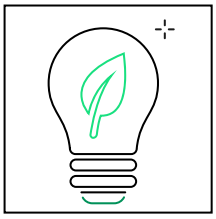


SOCIAL BUSINESS

THEMES: access to essential needs and goods for vulnerable people (long-term unemployment, low-income, social exclusion, old-age, disabilities, ...); and more specifically: access to work; financial inclusion; access to quality and affordable social services; access to housing; fair trade; and humanitarian intervention.



- The **Towards Impact** fund's objective is to contribute to bridging the gap between thematic investing and impact investing in private equity, by investing in funds that have the potential to generate positive environmental and social impacts, support them in demonstrating these impacts, and to demonstrate that a fund of funds is a way to promote best impact investing practices in the private equity market.



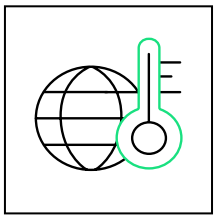
BNPP TOWARDS IMPACT FUND I

THEMES: challenges emerging from the demographic and social transitions, as well as from climate change and resource scarcity in alignment with several UN SDGs.



- **Climate Impact infra Debt**: The fund invests in assets that contribute positively to climate change mitigation, guided by a rigorous and complementary framework designed to identify solutions aligned with this objective. Each asset must have, at the time of investment:
  - Minimum 20% of revenues aligned with the EU Taxonomy, or;
  - Minimum 20% of revenues (i) eligible with the EU Taxonomy and (ii) aligned with the Sustainable Development Goals (SDGs) and maximum 20% misaligned with any SDGs, (iii) as well as a minimum Net Environmental Contribution of 20%.

  The Fund does not commit to a minimum percentage of Investments aligned with the EU Taxonomy.



CLIMATE IMPACT INFRA DEBT

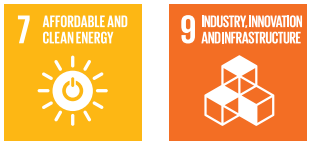
THEMES: climate change mitigation. The fund will use the EU Taxonomy as a framework to identify assets aligned with the strategy of the fund as well as several SDGs such as:



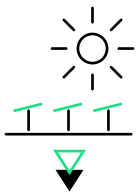
- **Portzamparc Carbone Solutions 2030 :** The Fund's objective is to channel capital toward sustainable business models developing climate solutions in order to limit GhG emissions and therefore global warming and its impact on our environment. Our investment thesis horizon is 2030/31. We are therefore investing in mature technologies, already marketed yet not sufficiently deployed at scale according to the IEA. Investments will be channeled toward electrification (networks & components), renewable clean energies, decarbonization solutions for industry and mobility, environmental services (waste management) and energy efficiency technologies.

  We preselect companies that have minimum:
  30% revenues aligned with the EU taxonomy or,
  50% CAPEX aligned with the EU taxonomy or,
  30% aligned with SDG 7 "Clean and affordable energy" or,
  30% aligned with SDG 9 industry, innovation, and infrastructure

  We will determine a "scale" of achievement for our impact objective. The level of achievement [0 to 100%] will determine the performance fee earned at the end of the Fund's lifecycle by the investment team. In the event of the performance fee triggered by the Fund's annual performance (calculated at the end of the Funds' lifecycle, in 2031), the Fund would only be granted with 70% of the total performance fee if the impact objective is not achieved. There is still an ongoing reflection regarding the exact quantification of the impact objective (definition, ambition, measurability), the scale itself and the way we will validate it with a third party.

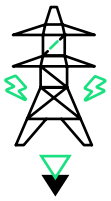


- **Clean Energy Solutions** is an SFDR Article 9 fund investing in global thematic environmental equities. The intention of the fund is to contribute towards climate action by investing in environmental solutions companies decarbonizing the global economy, which will be articulated in upcoming prospectus updates and communicated to clients via a Theory of Change. More specifically, 100% of the portfolio's (listed) equity is invested in three themes: Power Equipment & Critical Materials, Clean Energy Production & Power Infrastructure as well as Energy Efficiency and Technologies. The global and all-cap investment universe allows for access to a broad opportunity set across geographies and stages of maturity, enabling the strategy to support both established solution providers and emerging innovators scaling technologies critical to the energy transition.



POWER EQUIPMENT & CRITICAL MATERIALS

Solar Equipment
Wind Equipment
Fuel Cells & Alternative Equipment
Critical Materials



CLEAN ENERGY PRODUCTION & POWER INFRASTRUCTURE

Power Generation
Power Transmission & Distribution
Energy Storage
Clean Fuels



ENERGY EFFICIENCY & TECHNOLOGIES

Electric Vehicles & E-Mobility
Grid Technology
Battery Technology
AI & Power Efficiency



PRINCIPLE 2

MANAGE STRATEGIC IMPACT ON A PORTFOLIO BASIS

The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.

- For our Covered Assets, impact is managed during the lifecycle of the investment, following established strategy-specific processes to track and measure impact performance at portfolio level.

- Pre-investment, we set impact indicators, taking into account impact characteristics of the investee or projects financed.

  - **Green Bonds:** the environmental impact of green bonds is assessed on an ex-ante basis during primary issuance. Only green bonds with a high level of positive environmental impact – as per our in-house green bonds framework – are eligible for our portfolio investible universe. Our green bonds framework includes an assessment of the alignment of the green bonds' use of proceeds against the EU Taxonomy where applicable, and our internal taxonomy of eligible and ineligible activities which are based on market best practices (e.g. Climate bonds initiative, ICMA Green Bond Principles, EUGBS). In addition, our green bonds framework pays special attention to the ESG characteristics of the issuer and their impact methodology. The issuer must meet several conditions: not be on BNPP AM Responsible Business Conduct Watchlist or Exclusion list, have controversies worse or equal to level 4 nor 5 severities, not in the Oil & Gas sector (as defined by BICS), Governance pillar score must be better than -10 points, and must not be in the bottom 10% (decile 10) of its peer group, according to our internal ESG scoring model. We exclude them as we believe that the issuer has low credibility in successfully carrying out the green projects/activities financed.

  - **Social Bonds:** the social impact of social and/or sustainability bonds, and the environmental impact of sustainability bonds are assessed on an ex-ante basis during primary issuance. Only social and sustainability bonds with a high level of positive social impact of both instruments, and the environmental impact of sustainability bonds – as per our in-house social and green bond frameworks – are eligible for our portfolio investible universe. Our social bonds framework includes an assessment of the alignment of the social bonds' use of proceeds against the Capital Markets Association Social Bond Principles. Similarly to the Green bonds framework, our social bonds framework pays special attention to the ESG characteristics of the issuer and their impact methodology. The issuer must meet several conditions: not be on BNPP AM Responsible Business Conduct Watchlist or Exclusion list, have controversies worse or equal to level 4 nor 5 severities, not in the Oil & Gas sector (as defined by BICS), Governance pillar score must be better than -10 points, and must not be in the bottom 10% (decile 10) of its peer group, according to our internal ESG scoring model.We exclude them as we believe that the issuer has low credibility in successfully carrying out the social/ sustainability projects/activities financed.

  - **Social Business:** we have a formal governance process to analyse and validate the impact framework analysis for each investee entity, focusing on ensuring impact relevance and fit with BNPP AM's strategy. We developed an internal methodology for impact analysis, used for each new investee at the beginning of the due diligence (intentionality, remuneration criteria, governance, safeguards of a sustainable social intentionality, main impact KPIs). A synthesis is prepared and presented to a dedicated impact committee that will validate the adequacy of the prospect to BNPP AM's impact strategy for Social Business investments.

  - **Impact Bonds:** for each project, impact objectives are set depending on the track record of the investee and forecasted based on potential impact improvements linked to the deployment of the impact bond contract. Impact objectives result from negotiations between public authorities, which aim at setting impact objectives as ambitious as possible, and investors (in the Impact Bonds fund), who make sure that those objectives are achievable. In case of achieving the described impact objectives, the public authority is responsible for repaying investors with a potential premium in case of overachievement. The result of these negotiations are presented to a BNPP AM investment committee which validates the adequacy of the project to BNPP AM's strategy for Impact Bonds. The valuation of the impact bonds is dependent on the achievement of impact, and therefore that impact management and portfolio management are interlinked.

- **Towards Impact:** the management team screens investment funds through its impact potential framework. The framework assesses the impact fundamentals of the investment strategy of the funds under review, as well as their capacity to deliver on their impact thesis. It also ensures they adhere to the fund of funds' minimum sustainability criteria. Finally, it evaluates the potential that exists for engagement between the fund of funds and the fund to improve their impact and ESG practices over the life of its commitment. In terms of governance, the Fund's impact committee validates the fund of funds' impact strategy and processes. It also approves every transaction of the fund of funds into underlying funds or co-investments and secondaries, focusing on ensuring their impact relevance with the fund of funds' strategy and their impact potential

- **Climate Impact Infra Debt:** *Pre* investment, opportunities are analyzed to evaluate the sustainability of their practices and potential for impact. This analysis is comprehensive and done at different levels:

  (a) Sponsor's compliance with BNPP AM's Responsible Conduct Policy, ESG performance (policies and processes) as well as ability to support the project on these topics.

  (b) Project contribution to climate change mitigation using (i) binding and quantitative metrics (EU Taxonomy, SDGs and NEC), (ii) tailor-made assessment of overall ESG risks and opportunities and (iii) a series of ESG and impact metrics calculated by an external expert

- **Portzamparc Carbone Solutions 2030:** pre – investments are analyzed through the following process:

  • applying quantitative frameworks: BNPP AM "Responsible Business Conduct" Policy, ESMA "PAB" exclusion list, BNPP AM "sustainable investment" flag, and finally EU Taxonomy & SDG 7 & 9 thresholds.

  • on this restrictive preselection (~10% of the initial universe) we have been performing a case-by-case analysis based on contribution to decarbonization and potential for shareholder dialogue.

  • Each company is reviewed by our independent expert to assess the potential for avoided emissions (per business unit and geographies). We also assess the credibility of the transition plan of each investee in order to engage dialogue on this issue.

- **Clean Energy Solutions:** The Environmental Strategies Group applies a structured Impact Management and Measurement (IMM) approach across the investment lifecycle, grounded in transparency, repeatability and auditability, with biannual portfolio-level impact reporting. The strategy acknowledges best-practice frameworks including Impact Frontiers, GIIN/IRIS+ and the UN SDGs.

  • Pre-investment, all portfolio companies must qualify as Sustainable Investments based on a refined interpretation of BNPP AM's SFDR Sustainable Investment Methodology, including both positive and negative screens based on company activities and operations, and fulfil impact criteria, aligned with Impact Frontiers' Investor Contribution Strategies - with non-exclusivity and ex-ante formal impact write ups.

- **Green Bonds:** portfolio impact is mainly calculated in the form of avoided emissions via investing in green bonds. Data is provided by a third party where they assist in standardizing some of the reported avoided emissions by issuers of green bonds. We publish our portfolio impact annually on our website.

- **Social and Sustainability Bonds:** in contrast to green bonds where the benefits may be measured primarily in terms of avoided emissions, the benefits of social bonds can vary depending on how the proceeds are used. In our assessment we specifically check if the target population is thoroughly defined. For example, a social bond financing affordable housing may measure its benefits using number of units built and number of households benefiting from the affordable housing. We publish our portfolio impact annually on our website.

- **Social Business:** the process takes into account the impact of each investment annually through an impact measurement grid that was developed in 2015. Sector-level indicators allow us to aggregate and report numerous categories of impacts at the portfolio level, while individual indicators allow us to follow and monitor company-specific impact at the investee level.

- **Impact Bonds:** the impact of each project is assessed through a pre-defined set of indicators measured by an independent third party on a yearly basis. The indicators are assessed in-depth during dedicated steering committee.

- **Towards Impact:** a three-tiered impact measurement framework – at the company level, fund level and fund of funds level - has been established and an annual impact measurement report is being produced for investors. Specific indicators are being tracked at each level and aggregated. Finally, a portion of the management team's financial compensation is aligned with the delivery of impact across these three levels.

- **Climate Impact Infra Debt:** *Post* investment, we continuously track the impact performance, which is formally assessed and communicated to investors on an annual basis.

- **Portzamparc Carbone Solutions 2030:** During the investment period, we continuously track the impact performance which is formally assessed and communicated to investors on an annual basis

- **Clean Energy Solutions:**

  - During investment, impact is actively monitored at output, outcome and impact levels, including impact intensity and time-series analysis, using fully traceable metrics at both company and aggregate levels. Examples include our direct primary key performance indicator (KPI), avoided emissions, as well as direct secondary KPIs including but not limited to renewable energy enabled, renewable energy capacity installed and green kilometres travelled. We are also exploring indirect social impacts.

  - Simultaneously, engagement activity primarily aims to increase positive impacts and/or reduce negative impacts and secondarily, reduce environmental, social and governance (ESG) risks. It is recorded through the firm-wide engagement platform, enabling coordination, accountability and direct integration of impact performance into portfolio management decisions.

  - Post-investment, impact performance is formally measured and reported, with consistent disclosure of methodologies (plus limitations), metrics and progress over time, and with embedded feedback loops. These ensure insights from reporting and engagement outcomes inform ongoing company dialogue, portfolio construction and the continued refinement of the IMM approach as industry consensus evolves.

  - The management team have preset sustainability criteria embedded in their end of year evaluations. The criteria's extension to impact is being explored.

- For the Covered strategies, defining and achieving impact targets forms a core part of role description and performance measurement for related teams. Beyond this, CIOs and 'ESG Champions[4]' across BNPP AM investment and commercial teams have specific sustainability KPIs included in their formal objectives, thus linking their performance review remuneration to the successful incorporation of sustainability investment approaches in their strategies.

  - **Towards Impact:** impact performance is included in the compensation structure of the fund. More concretely, 20% of the carry fee that compensates the investment team is subject to the achievement of a set of impact objectives. These objectives are cover both impact management and performance over the life of the fund of funds.

4 As part of our efforts to implement a true firm-wide approach to ESG integration, each investment team is assigned one or more ESG Champions. ESG Champions have specific sustainability-related objectives, including undertaking an external ESG certification, joining monthly calls with in-house and external experts on sustainability and accessing dedicated sustainability resources. They act as sustainability integration lead within their team, ensuring processes to integrate sustainability are well-embedded in their investment strategies and overseeing the articulation of said sustainability integration in teams' materials. They are sustainability experts within their team, first in line to help their colleagues with issues around sustainability, encouraging sustainability allocation of capital and engagement efforts. They are also the primary point of contact of the Sustainability Centre within investment teams, BNPP AM's centre of expertise on sustainability.

PRINCIPLE 3

ESTABLISH THE MANAGER'S CONTRIBUTION TO THE ACHIEVEMENT OF IMPACT

The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels. The narrative should be stated in clear terms and supported, as much as possible, by evidence.

- BNPP AM contributes to the development of the broader impact market, being involved in numerous industry initiatives
  - BNPP AM is an member of the Global Steering Group for Impact Investments' French NAB
  - BNPP AM co-piloted the 'Forum Investissement Responsable' (FIR) – France Invest' Impact Working Group.
  - BNPP AM is active contributor to Impact Finance Belgium

Through our participation in these organizations and working groups, we aim to promote greater transparency in what constitutes impact investing for a mainstream asset manager, to share best practices between investors and to contribute to the growth of the market

- For our Covered Assets, a dedicated process to enable us to contribute as an "impact investor" is achieved at every step of the investment process, where the specific approach will differ between asset classes and strategies.
  - **Green Bonds:** engagement with green bonds issuers is key to contribute to the achievement and improvement of green bonds' impact but also protect our clients' investments from the potential risk of reputational 'impact washing'.
    - At-issuance engagement: we focus on three main areas: an issuer's sustainability credentials and integrity, alignment with BNPP AM's taxonomy, and the green bond's proposed project ambition, expected allocation and implementation. A project's non-alignment with BNPP AM's taxonomy, a weak issuer ESG rating or unsatisfactory engagement feedback all may trigger an exclusion of the issuance from our investment universe.
    - Engagement after green bond investment: we focus our engagement on four key areas: output and impact indicators, actual project allocation and external verification. Specifically, we would like to see the impact calculation methodology published by the issuer. If the issuer fails to provide a satisfactory explanation for not providing impact indicators, the green bond will be excluded from the investment universe and sold if the bond is already in the portfolio.
  - **Social Bonds:** Engagement with social and/or sustainability bonds issuers is key to contribute to the achievement and improvement of social bonds' impact but also protect our clients' investments from the potential risk of reputational 'impact social washing'.
    - At-issuance engagement: we focus on three main areas: an issuer's sustainability credentials and integrity, alignment with BNPP AM's taxonomy, and the social and/or sustainability bond's proposed project ambition, expected allocation and implementation. A project's non-alignment with BNPP AM's taxonomy, a weak issuer ESG rating or unsatisfactory engagement feedback all may trigger an exclusion of the issuance from our investment universe
    - Engagement after social and/or sustainability bond investment: we focus our engagement on four key areas: output and impact indicators, actual project allocation and external verification. Specifically, we would like to see the impact calculation methodology published by the issuer. If the issuer fails to provide a satisfactory explanation for not providing impact indicators (e.g., target population), the social and sustainability bond will be excluded from the investment universe and sold if the bond is already in the portfolio.
  - **Social Business:** contribution to impact is achieved through the deployment of more favorable terms (e.g. lower interest rates, accommodating liquidity or profitability requirement, no guarantee of return on investment) compared to market. In addition, we have developed a wide range of financial instruments to address the various financial needs of Social Businesses, with a focus on identifying and remedying financial gaps.

Beyond financing, we provide investees with support and advices on various aspects of their business (such as management, governance, strategy...). (e.g. lower interest rates, accommodating liquidity or profitability requirement, no guarantee of return on investment) compared to market. When it is relevant, analysts are actively involved in the Board of investees, on behalf of the fund's manager. The fund's manager makes the final decision on critical topics.

- **Impact Bonds:** we have launched the first fund dedicated to impact bonds in Europe. This category of asset is designed to allow field experimentation of social and environmental innovations. It supports non-profit organizations or social enterprises, which often would not have access to other kinds of mid-term financing, in structuring their project and developing impact measurement. It creates a unique coalition with private investors and a public authority that actively monitors the results of the experimentation through steering committees which favor the continuity of the projects beyond impact bond maturity if they prove impactful.
- **Towards Impact:** contribution to impact will be achieved through an engagement providing technical advice to selected funds on their management of impact and ESG factors. We aim to build long term partnerships with management teams, supporting them in meeting higher operational standards in these areas. We also aim to be a long-term provider of capital by providing additional capital to funds through co-investments when opportunities arise. The fund of funds' contribution to impact is being assessed by tracking the engagement with each underlying fund in the portfolio and evaluating their progress over time.
- **Climate Impact Infra Debt:** Pre investment, engagement is done in the form of questions when the ESG analyst lacks specific information or advice (mainly on alignment of the project with the EU taxonomy, the DNSH adaptation to guide and anticipate regulatory expectations). Post investment, when non-blocking but material points are identified before the committee, support with annual follow-ups is carried out with the sponsor to monitor progress and verify the implementation of the proposed commitments and transition trajectories. However, as a private debt investor, BNPP AM has limited ability to influence the project owner. The main source of additionality is financial and predicated on the fact that we provide liquidity to sponsors to allow them allocate more capital towards green projects.
- **Portzamparc Carbone Solutions 2030:** impact stands mainly in its Engagement strategy and dialogue with investees. The impact objective is to contribute to the standardization and development of the avoided emission indicator. Avoided emissions are considered as an interesting yet not mature enough tool to valorize climate contribution. We aim at contributing to group and/or market associations that work on this notion at sector or value chain level. We will also contribute to primary financing through IPOs and capital increases. Finally, we will assess our impact (stewardship feedback loop and quantitative indicators) at the end of the Fund lifecycle, to determine the final performance fee.
- **Clean Energy Solutions:** The strategy delivers investor additionality through a defined set of contribution channels that translate impact intent into practical investment actions across the portfolio.
    - Signaling that impact matters is achieved by applying an impact lens to 100% of the portfolio, with all holdings qualifying as Sustainable Investments under SFDR Article 9, all companies being environmental solution providers (focused on the "what" rather than the "how)[5], investments in impact-centered business models where financial growth and impact generation are intrinsically aligned, high aggregated pureplay and holding companies which are under-owned by active institutional investors, reinforcing the signaling effect. This latter point is measured by assessing if fund is amongst the top 10 of active institutional shareholders for the company at the time of purchase.
    - Through proactive engagement, the strategy supports companies in increasing positive impacts, reducing negative impacts and mitigating ESG risks, underpinned by a bespoke stewardship approach.
    - Amongst other benefits growing new or undersupplied capital markets is achieved through participation in initial public offerings (IPOs) and primary issuances providing new capital directly to companies scaling environmental solutions, improving liquidity and investor confidence, and generating multiplier effects across markets.
    - Finally, providing flexibility on risk-adjusted financial returns recognises that supporting early-stage, single site and capital-constrained solutions may require accepting higher short-term volatility, which the strategy seeks to manage through diversification across the value chain, investment maturity and/or market capitalisation, and across sectors and geographies, balancing higher-risk, high-impact opportunities with more established, lower-risk holdings.

5 Activity-based screen of >75% revenue, capex or opex.

PRINCIPLE 4

ASSESS THE EXPECTED IMPACT OF EACH INVESTMENT, BASED ON A SYSTEMATIC APPROACH

For each investment the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: (1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact? The Manager shall also seek to assess the likelihood of achieving the investment's expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations.

In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager's strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow best practice.

- For our Covered Assets we have put in place specific impact measurement frameworks:
  - **Green Bonds:** we have set up our green bond methodology to assess the contribution to environmental objectives (such as climate mitigation) by green bonds. We analyze how each green bond performs in terms of green-ness of the projects, the alignment of the projects with the issuer's sustainability strategy, and the integrity of the issuer in implementing the green bond projects and reporting. After the bond is issued, we follow up with the bond in 12 to 24 months to analyze the impact report published by the issuer in disclosing how they allocated the proceeds and the positive environmental benefits from the projects. At the fund level, we aggregate and estimate the fund's aggregate contribution to the environmental objectives. We express the fund's contribution via a number of metrics that quantify the physical impacts of different projects financed by the Green bonds included in the Green Bond Fund. These include green energy produced, area covered for green buildings, passenger km travelled on green transport, and energy saved through green products. This is made available to investors in the fund's annual impact report[6].
  - **Social Bonds:** wwe have set up our social bond methodology to assess the contribution to social objectives (such as affordable housing) by social bonds. We analyze how each social bond performs in terms of social benefits of the projects, the specificity of the target populations and social gaps, and the integrity of the issuer in implementing the social bond projects and reporting. After the bond is issued, we follow up with the bond in 12 to 24 months to analyze the impact report published by the issuer in disclosing how they allocated the proceeds and the positive social benefits from the projects. At the fund level, we aggregate and estimate the fund's aggregate contribution to the social objectives. We express the fund's contribution via a number of metrics that quantify the impacts of different projects financed by the social and/or sustainability bonds included in the Social Bond Fund such as contribution to unemployment benefits, supporting Small and Medium Enterprises through financing and contributing towards access to healthcare, supporting social inclusion and education purposes. This is made available to investors in the fund's annual impact report.[7]
  - **Social Business:** we have a systematic approach to impact measurement, with a framework that focuses on answering three questions: i) WHO are the beneficiaries; ii) WHAT are the products and/or services developed to answer social needs; iii) what are the excepted and effective impact on the beneficiaries (cf. HOW MUCH dimension of impact from the IMP). The due diligence relies on robust screening solidarity criteria (social utility, remuneration, governance) and strong understanding of the strategy of each investee to achieve a sustainable social/environmental impact. Although qualitative, this screening process is set up to ensure that each investee will not deviate from its intended impact objective. Once an investment is validated, we define with the investee impact indicators that must be followed, including "mandatory" indicators according to the sector, and "specific" indicators adapted to each investee. Indicators are then aggregated in an annual impact report.

6 Our latest Green Impact Reports can be found here: BNP Paribas Green Bond Fund, BNP Paribas Funds Euro Government Green Bond Fund, BNP Paribas Funds Euro Corporate Green Bond, and MULTIPAR Green Bond Fund

7 Our latest Social Impact Report can be found here: BNP Paribas Social Bond Fund

- **Impact Bonds:** impact is at the very heart of the impact bond mechanism since remuneration of investors depends on the achievement of pre-defined impact objectives. The contract sets the social/environmental impact intent (1), the target beneficiary (2) and the magnitude of expected impact (3) at the beginning of the projects. During the due diligence phase, we analyze the capacity of the non-profit organization/ social enterprise to achieve the impact objectives considering its track record or all other available data (including data from public database if available). The objective is to set up ambitious yet realistic targets on the impact to be achieved. We systematically identify and present to the investment committee the risks associated to the project.
- **Towards Impact:** first, the fund of funds tracks that underlying portfolio companies have a positive impact. Each fund is asked to select key impact and ESG objectives and indicators each time they add a company to their portfolio. Secondly, it monitors that selected funds promote strong impact and ESG practices while deploying capital in portfolio companies and that they progressively adhere to better standards on these aspects when room for improvement exists. All the above will enable the fund of funds to assess if these funds' strategy can effectively be deemed to be generating a positive impact. Finally, the fund of funds will report on its own engagement activities with funds to promote best practices in impact and ESG management.
- **Climate Impact Infra Debt:** Portfolio assets are selected because of their potential for impact. Impact metrics are defined ex-ante depending on the characteristics of the deals considered and are assessed on a regular basis by a third-party expert and published in a yearly report. The impact metric used across all portfolio assets is the avoided emissions, this is completed by the induced emissions and the alignment with a 2°C scenario. Impact metrics at deal level are defined on a case by case basis depending on the solutions considered such as GWh renewable energy produced for energy production, GWh heat/cooling based on renewable energy for heating/cooling facilities, power usage effectiveness and renewable energy consumed for data centers etc.
- **Portzamparc Carbone Solutions 2030:** continuously track the impact performance, which will be formalized, consolidated in an impact report and communicated to our investor on an annual basis. We monitor Scope 1,2 and 3 emissions, the credibility of the transition plan and the avoided emissions potential and methodology. We have set up a semestrial committee to review and validated stewardship objective related with each investee.
- **Clean Energy Solutions:** Impact considerations are embedded upfront through a formal ex ante assessment process that evaluates a company's sustainability and impact credentials before it enters the portfolio. Each investment case requires sign off by the Co CIOs and must include a clearly articulated theory of change, supported by data where available, key risks to the achievement of impact and an identified channel of additionality. Once invested, company level impact is monitored quarterly, enabling relative positioning within the portfolio to be reassessed in line with impact performance and trajectory, and allowing engagement to be initiated where appropriate (for example, if there is a significant change in year-on-year impact). This process is informed by third party impact data, which supports the quantification of inputs, outputs, outcomes and impacts, as illustrated through company level case studies in reports. As part of this assessment, both direct and indirect beneficiaries are in scope to be analysed prior to investment, encompassing environmental and social outcomes.

PRINCIPLE 5

ASSESS, ADDRESS, MONITOR, AND MANAGE POTENTIAL NEGATIVE IMPACTS OF EACH INVESTMENT

For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage Environmental, Social and Governance (ESG) risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees' ESG risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.

- All BNPP AM funds are committed to implement our Global Sustainability Strategy and relevant and applicable sustainable finance regulations. This includes respecting BNPP AM's policies on ESG integration, Responsible Business Conduct[8], as well as requirements linked to Principal Adverse Sustainability Impacts defined in the REGULATION (EU) 2019/2088 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 27 November 2019 on sustainability-related disclosures (SFDR) in the financial services sector, as outlined below. Together, these policies act as a "do no significant harm" safety net, helping us to screen out investments that are at risk of creating significant negative impact.

In particular, Covered Assets meet the following requirements:

BNP Paribas requirements

- **ESG integration:** thoughtful ESG assessment and monitoring is an integral part of our investment processes and we have a firm-wide commitment to integrate ESG into all our AUM.
  - At BNPP AM (**Green Bond** and **Social Bond Funds**), the process to integrate and embed ESG factors is guided by formal ESG Integration Guidelines[9], which include strong commitments, including not to invest in an entity without first establishing an ESG point of view (i.e. without an ESG score, or – if no ESG score is available – without undertaking a qualitative ESG analysis). This process enables us to make sure that we are mindful of potential ESG risks and opportunities before investing. We also consider the following - The issuer must also meet several conditions: not be on BNPP AM Responsible Business Conduct Watchlist or Exclusion list, have controversies worse or equal to level 4 nor 5 severities, not in the Oil & Gas sector (as defined by BICS), Governance pillar score must be better than -10 points, and must not be in the bottom 10% (decile 10) of its peer group, according to our internal ESG scoring model. These issuer conditions provide a baseline expectation of the issuer at the broader ESG level, such that there is some credibility on the issuer's part to successfully carry out the green & social projects/activities per commitment. We also check that the issuer has formalized or implemented management systems to mitigate potential negative risks to the financed projects, where certifications such as ISO 14001 or standards such as Equator Principles are referenced to reflect the issuer's management systems.
  - For **Towards Impact Fund I** a dedicated ESG integration policy and due diligence framework ensures that underlying funds meet minimum requirements in integrating ESG throughout their investment lifecycle, from origination to investment and reporting. This ESG integration is monitored over time. Funds are asked how they mitigate the negative impact of their investments.
  - For the **Climate Impact Infra Debt**, the ESG analysis process is designed to be fully tailored to the technology and geographic location of each project. It starts with a detailed materiality assessment to determine which ESG factors are most relevant. The next phase involves identifying and evaluating both the potential and expected impacts of the project. The analyst then reviews the company's specific actions, policies, and mitigation strategies in place to address these impacts. To ensure a robust and comparative evaluation, the project can be benchmarked against peers and best-in-class practices observed in similar sectors or regions. If the analysis reveals significant negative impacts and/or credible controversies that are not adequately addressed, the Sustainability Centre can exercise a veto right;

8 Our Responsible Business Conduct Policy: https://docfinder.bnpparibas-am.com/api/files/D8E2B165-C94F-413E-BE2E-154B83BD4E9B
9 BNPP AM's ESG Integration guidelines can be found at this link: https://docfinder.bnpparibas-am.com/api/files/517E383E-5094-4908-A7CB-A0C0795C0288

- For **Social Business Impact**, a dedicated ESG integration policy ensures that investees meet minimum requirements in integrating ESG before investment (ESG risks analysis through a proprietary method + qualitative assessment of investments' SFDR Principal Adverse Sustainability Impacts). This ESG integration is monitored over time with an annual update of ESG analysis.
- For **European Social Impact Bonds** and **European Impact Bonds fund 2**, the projects invested in (delivered by pure impact players pursuing defined social/ environmental missions, mainly consisting in social support to vulnerable people) present by nature limited ESG risks. However, since 2023, a systematic ESG analysis is formalized before each investment, to ensure that they meet minimum ESG requirements and that no ESG risk is overlooked.
- For the **Portzamparc Carbone Solutions 2030:** there is a robust DNSH filter applied initially to pre-investment : BNPP AM "Responsible Business Conduct" Policy, ESMA "PAB" exclusion list, BNPP AM "sustainable investment" flag, and finally EU Taxonomy & SDG 7 & 9 thresholds. Climate indicators are monitored overtime and ongoing stewardship process ensure robust monitoring of gaps or unexpected events.

- **Responsible Business Conduct:** we expect companies to meet their fundamental obligations in the areas of human and labour rights, protecting the environment and ensuring anti-corruption safeguards, wherever they operate, in line with the UN Global Compact Principles, OECD MNE Guidelines and UN Guiding Principles on Human Rights. We aim to engage with companies when they fall short, and exclude the worst offenders. We also have a series of policies that set out the conditions for investing in particular sectors, and guide our screening requirements and engagement. We do this because if not conducted properly the activities in question could cause serious social or environmental damage (such as palm oil). We have another set of policies that commit us to exclude particular sectors or activities (tobacco, coal, controversial weapons or asbestos), as we deem them to be in violation of international norms, or to present unacceptable harm to society or the environment, without counterbalancing benefits. These are generally sectors where engagement makes little sense.

In the case of our **Green Bond** and **Social Bond Funds**, we take a proactive approach to managing environmental and social risk, with the goal to manage and mitigate potential negative externalities arising from green and social bond projects/activities (e.g. hazardous waste, water run-off, health & safety hazards). In order to do so, as part of our green and social bond frameworks we assess whether the issuer has adequate management systems and standards to safeguard against negative externalities. For example, we will expect the issuer to follow national standards at a minimum, or use international standards such as ISO14001 to manage overall environmental risks, or as best practice implement the Equator Principles.

Regulatory requirements

To comply with the "Do No Significant Harm" principle, as defined by the SFDR, the financial product takes into account the indicators for adverse impacts in Table 1 of Annex I and any relevant indicators in Tables 2 and 3 of Annex I (Register of Commission Documents - C(2022)1931 (europa.eu)) and aligns with international norms and conventions detailed in the SFDR. Note BNPP AM's Principle Adverse Sustainability Impact Statements can be accessed at this link: https://www.bnpparibas-am.com/en/sustainability-documents/

PRINCIPLE 6

MONITOR THE PROGRESS OF EACH INVESTMENT IN ACHIEVING IMPACT AGAINST EXPECTATIONS AND RESPOND APPROPRIATELY

The Manager shall use the results framework (referenced in Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action. The Manager shall also seek to use the results framework to capture investment outcomes.

For all portfolios, impact KPI data is collected and managed throughout the investment lifecycle. At each point of the investment process (and no later than annually), we review the impact against expectations and conduct appropriate follow-ups whenever necessary (e.g. potential engagement and escalation, wherever appropriate).

- **Green Bonds:** we assess progress on achieving impact and there is the opportunity to demote our green bond assessment should there be concerns. Our first assessment occurs when the issuer comes to the primary market. Data is collected through our internal scorecard based on the issuer's disclosures, focusing on the issuer's green finance framework, and our regular engagements with the green bond issuers. In addition to primary data, our analysts use secondary data sources such as "second party opinions" provided by the ESG rating agencies that evaluate the level of "greenness" and the alignment of Green Bonds with the Green Bond Principles and the EU Green Taxonomy. The second catalyst for our assessment is when the issuer publishes its impact report 12-24 months after the issuance. Our analysts use an internal scorecard template to collect key impact information, focusing on i) actual project allocation; ii) output indicators (for example clean energy installed capacity); and iii) impact indicators (GHG avoided) as well as iv) external verification. If the issuer doesn't publish an appropriate impact report, we demote the issuer i.e. recommendation becomes to not invest or sell if the bond is already in a portfolio. If engagement is satisfactory and the green bond issuer publishes the appropriate impact report, then we retain our initial recommendation to keep the bond as eligible for our investment.
- **Social Bonds:** we assess progress on achieving impact and there is the opportunity to demote our social and sustainability bonds assessment should there be concerns. Our first assessment occurs when the issuer comes to the primary market. Data is collected through our internal scorecard based on the issuers' disclosures, focusing on the issuer's social or sustainability finance framework and engagement with social or sustainability bond issuers. In addition to primary data, our analysts use secondary data sources such as "second party opinions" provided by the ESG rating agencies that evaluate the level of "socialness" and the alignment of Social Bonds with the Social Bond and Sustainability Bond ICMA Standards. The second catalyst for assessment is when the issuer publishes its impact report 12-24 months after the issuance. Our analysts use an internal scorecard template to collect key impact information, focusing on i) actual project allocation; ii) output indicators (for example unemployment benefits, access to affordable housing or healthcare related projects); and iii) impact indicators (i.e. number of beneficiaries who received support or number of affordable housing units constructed, renovated or acquired) as well as iv) external verification. If the issuer doesn't publish the appropriate impact report, we demote the issuer i.e. recommendation becomes to not invest or sell if the bond is already in a portfolio. If engagement is satisfactory and the social or sustainability bond issuer publishes the appropriate impact report, then we retain our initial recommendation to keep the bond as eligible for investment.

- **Social Business:** evolution of the impact is assessed annually, through impact KPIs and qualitative interviews with the investees. Once an investment is validated, we may define with the investee impact indicators that must be followed, including "mandatory" indicators according to its sector and "specific" indicators adapted to each investee (data collection may not be standardized, as it often depends on the size and nature of the investee company). The objective is to analyse how impact considerations are integrated in the investees' strategic plan. The annual assessment enables us to compare impact expectations to the effective impact achievements: are the targeted beneficiaries the effective ones? Do the products and services deployed enable the changes excepted for the beneficiaries? How is the impact strategy evolving taking into account the effective results? There is an opportunity to engage with investees and potentially exit investments if the impact is deemed insufficient (which never occured so far). We also assess the risks of negative externalities through ESG questionnaires designed prior to investment and allowing to engage with investees all along the investment lifecycle on ESG risks encompassed by impact achievement.
- **Impact Bonds:** along the life of impact bonds, impact results are shared by the investees to the investors at least once a year. Impact indicators are certified by an independent third party. Data collection process and data source are contractually defined for each impact bond. All stakeholders of impact bonds (investors, outcome funder and investee) have at heart to maximize the impact of the project. If impact indicators occur to be below expectations, adaptation to improve impact performance of the project may be proposed and validated during the steering committees to which all stakeholders actively participate. If a project obviously fails to generate the expected impact, exit is discussed in steering committee and contractual provisions allow to stop financing the project.
- **Towards Impact:** Evolution of the impact is assessed annually and disclosed in an annual report. We contractually agree upon - to the extent feasible – though side letter with each investee fund on the following elements: impact and ESG data collection process at both investee funds and portfolio companies levels, recognition of our impact mandate and hence need for regular exchanges with funds for the purpose of defining action points to improve their impact and ESG practices. When funds fall short of answering our data requests, of making themselves available for regular engagement interviews, or of considering our recommendations for improvement, we notify them that it is not on par with our expectations, in formal or unformal ways. To date all funds held in the portfolio for more than a year have improved their practices. At portfolio company level, it is too early to fully document the impact nature of companies' activities, their impact achievements and their ESG progresses or lack thereof for all the companies in the portfolio.
- **Climate Impact Infra Debt:** impact metrics will be assessed on a regular basis by a third party expert and published in a yearly report. Extra financial data can also be shared by borrowers or sponsors.
- **Portzamparc Carbone Solutions 2030:** has set up a regular monitoring of key indicators (SDG 7,9 and Taxonomy). The potential for avoided emissions of an investee and its contribution to the Fund's Theory of Change will be validated by a third party. But given the lack of maturity or the degree of uncertainty of this indicator, we will monitor the % of companies which have adopted a standardized (or "commonly shared") approach rather than publishing an absolute value in tonnes of avoided emissions. What we call "standardized" is a methodology that has been reviewed externally and based on sectorial and/or market standards. We also monitor the feedback loop or dialogue efficiency. What would go against our expectations is if a company is not demonstrating progress regarding its avoided emissions methodology, not willing to work with other stakeholders to improve standardization and is showing no improvement in terms of climate transition plan credibility.
- **Clean Energy Solutions:** The proposed quarterly impact monitoring log provides a structured and auditable tool for tracking the strategy's impact performance over time and is maintained by the Environmental Analyst, with access granted to additional team members and portfolio managers to ensure continuity and independent analysis where required. Drawing on revenue data and impact metrics, the log captures portfolio and company level information across outputs, outcomes, impact and impact intensity, enabling consistent time series monitoring and comparison. Quantitative impact goals will be set at the portfolio level when there is sufficient historic data, with a clear "comply or explain" approach where alignment is not possible (likely due to factors such as non operational assets, IPOs or data availability lags). Engagement activity is monitored via an internal, companywide platform. Any material shifts in impact performance identified through the monitoring process are escalated to the investment team to inform portfolio construction, engagement prioritisation and ongoing investment decision making.

PRINCIPLE 7

CONDUCT EXITS CONSIDERING THE EFFECT ON SUSTAINED IMPACT

When conducting an exit, the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.

- As a global asset manager, we manage a comprehensive range of active, passive and quantitative investment solutions covering a broad spectrum of asset classes and regions. Exit considerations and our influence on those considerations are dependent on the type of investments, whether public or private, direct or indirect, the relative size of our positions, and fiduciary duty.
- **Green Bonds:** several events can prompt a change in the team's recommendation for inclusion in the investment universe ex ante or ex post:
  - lack of ex-post reporting or sufficient detail and quality in ex-post reporting with no plan to improve despite attempted engagements with the issuer.
  - allocation of proceeds toward activities that are excluded by BNPP AM as part of its Responsible Business Conduct policy and/or BNPP AM Green Bond Methodology.
  - downgrade of the issuer's ESG score to decile 10 (which is the bottom 10% within its peer group, according to our internal ESG scoring model), which is considered a criteria for exclusion in the green bonds proprietary framework as stated above
  - significant issuer controversy which incurs high negative environmental, social and/or reputation risks, a history of negative practices in managing environmental and social impacts in its activities and a failure to meet the DNSH requirements.
- **Social Bonds:** several events can prompt a change in the team's recommendation for inclusion in the investment universe ex ante or ex post:
  - lack of ex-post reporting or sufficient detail and quality in ex-post reporting with no plan to improve despite attempted engagements with the issuer.
  - allocation of proceeds toward activities that are excluded by BNPP AM as part of its Responsible Business Conduct policy or BNPP AM Social Bond Methodology.
  - downgrade of the issuer's ESG score to decile 10 (which is the bottom 10% within its peer group, according to our internal ESG scoring model), which is considered a criteria for exclusion in the green bonds proprietary framework as stated above
  - significant issuer controversy which incurs high negative environmental, social and/or reputation risks, a history of negative practices in managing social and environmental impacts in its activities and a failure to meet the DNSH requirements.
- **Social Business:** in the event that a decision to exit must be made, we would take into consideration the impact of the decision for all stakeholders involved, including, but not limited to, the impact on sustainability of the investee's business model and fiduciary duty to our clients. Nevertheless, such an event does not often occur because of asset class dealed with by the fund. Equity is invested for a long period of time and the fund has low liquidity requirements. Moreover, there are no "exit" in the case of debt investments but we do not hesitate to ease our repayment conditions or postpone them should the situation require it. As a concrete example, we decided to offer the possibility to delay – free of interest – the repayment terms initially due for Q2 2020, taking into account the cash and economic issues encountered by our investees because of the COVID-19 crisis.
- **Impact Bonds:** impact bonds are designed so that at the maturity of the investment, projects have made the proof of their efficiency and can be offered a permanent financing by public authority or private investors depending on the nature of the project. For projects eligible to private financing, we liaise with and promote the project toward BNP Paribas's teams which would likely be interested by such an investment. When the efficiency is not fully demonstrated at the end of the impact bond we have the possibility to extend the maturity of the financing so that the project can be fully deployed. If a project obviously fails to generate the expected impact, exit is discussed in steering committee and contractual provisions allow to stop financing the project.
- **Towards Impact:** due to its nature as a fund of funds in private equity, the fund cannot conduct exits considering the effect on sustained impact because it does not conduct these exits itself, it is not consulted and as no say in the decisions made. However, it can favour investment funds that do and can promote this practice when selecting funds.

- **Climate Impact Infra Debt:** due to its Buy & Hold nature, the fund cannot conduct exits considering the effect on sustained impact (there is usually no early exist in a Buy & Hold fund). In case of major ESG controversy, the fund could eventually try to get rid of a project but this will not be easy. This is why the focus of the strategy is on pre investment assessment to ensure we select the best projects from and ESG point of view.
- **Portzamparc Carbon Solutions 2030:** is a 10m€ listed equity fund with ~25 investee companies. We consider the potential financial or economic impact of exits as significantly limited. Nevertheless, given the Fund's impact objective and due to its blocking period nature, the Fund is managed as a buy-and-hold vehicle, ensuring a quite low turnover, enabling long term dialogue with investees.
- **Clean Energy Solutions:** Portfolio turnover is monitored using both value based metrics (done by the firm) and name based metrics (done by the team) to assess continuity of holdings and alignment with the strategy's impact objectives. Notably, value-based turnover captures all portfolio adjustments, including subscription and redemption flows and partial position changes, and therefore overstates underlying investment churn; as such, greater emphasis is placed on name turnover, measured through exits from the top 10 holdings, which demonstrates strong stability in the fund's highest conviction positions. This is measured quarterly and reported on in our monitoring log. The strategy manages holding periods in line with GIIN guidance for listed equity impact funds, recognising that effective engagement and share price support require sufficient time in holdings. To maximise impact while remaining consistent with fiduciary duty, the strategy has implemented explicit controls to manage turnover including prioritising position downsizing ahead of full exits, a minimum six month holding aspiration for IPOs and primary investments, retention of top 10 holdings where client interests allow and ex-ante exit rationales for divestments. Importantly, turnover itself can contribute positively to impact by enabling repeated support for capital raising companies, particularly through IPOs and primary markets, and by allowing the strategy to act counter cyclically

PRINCIPLE 8

REVIEW, DOCUMENT, AND IMPROVE DECISIONS AND PROCESSES BASED ON THE ACHIEVEMENT OF IMPACT AND LESSONS LEARNED

The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.

- We learn from each of our impact investments. The impact market is evolving rapidly and there is constant innovation. We continually innovate and strive to improve our impact management practices and processes, including our impact investment analysis and measurement methodologies. We firmly believe there is a "feedback loop" between us as an investor, the companies we engage with and our peers to share best practices and push for improvements on impact and assessment methodologies and reporting. For example, we often consider evolutions to our internal taxonomy of eligible green projects/activities for green bonds based on new available information (e.g. adding large hydropower projects to our exclusion list, due to large negative social externalities).
- Our Covered Assets' impact frameworks are reviewed at least annually. From a governance perspective, BNPP AM's Investment and Executive Committees oversees the firm's approach, policies, targets and reporting as they relate to sustainability and impact.
- Operationally, BNPP AM's impact approach is piloted by an internal Impact Taskforce. The Taskforce is in charge of the development and evolution of the firm's impact framework, as well as related guidelines, checklists and policies. Strategies that desire to fall under the impact category are followed and vetted by members of the Impact Taskforce to ensure impact considerations are wedded via a cohesive theory of change throughout the investment process, before validation of strategies' classification at the Global Product Committee.

PRINCIPLE 9

PUBLICLY DISCLOSE ALIGNMENT WITH THE IMPACT PRINCIPLES AND PROVIDE REGULAR INDEPENDENT VERIFICATION OF THE ALIGNMENT

The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Impact Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.

- This Disclosure Statement reaffirms the alignment of the Covered Assets' impact management systems with the Impact Principles and will be updated annually.
- The latest independent assurance report on the alignment of BNPP AM's Covered Assets with the Impact Principles is posted at https://www.bnpparibas-am.com/en/what-we-do/sustainability-policies-reports/.
- Independent verification of the Covered Assets' impact management systems will be conducted on a regular basis (and no later than at 3-year intervals, or earlier if there is a significant change to our impact management systems).
- Information on the current independent verifier is as follows:

Name and Address

EY & Associés
Tour First 1 place des Saisons TSA 14444
92037 Paris La Défense Cedex France

Qualifications

"EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities. EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. For more information about our organization, please visit ey.com."

Most Recent Review

July 26 2024

ABOUT BNP PARIBAS ASSET MANAGEMENT

BNP Paribas Asset Management (BNPP AM) is BNP Paribas Group's dedicated asset management business that employs 3,335 people in 34 countries, including a large commercial presence in Europe and the Asia-Pacific region.

Through the BNP Paribas Group integrated model, BNPP AM has access to a broad international client base and has close relationships with BNP Paribas' distribution networks. Ranked the 7th largest asset manager in Europe*, BNPP AM manages

€604 billion of assets and benefits from the expertise of more than 500 investment professionals and around 400 client-servicing specialists, serving individual, corporate and institutional clients in 68 countries.

We offer investment solutions for individual investors (through internal distributors within BNP Paribas Group and external distributors), and corporate and institutional investors including insurance companies, pension funds and official institutions.

We focus our expertise on five core capabilities, which can be combined into multi-asset solutions, in line with clients' long-term sustainable performance expectations: High Conviction Active Strategies; Emerging Markets; Private Assets; Systematic, Quantitative & Index; and Liquidity Solutions. Our investment processes, which embed sustainability, use quantitative, ESG and fundamental research to support our portfolio managers in generating investment performance.

BNP Paribas Asset Management, 31 December 2024. Joint ventures included in the figures.

* Source: IPE Top 500 Asset Managers 2024 ranking, UK excluded (European Union).

RISK SECTION

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 fund described being at risk of capital loss. For a complete description and definition of risks, please consult the last available prospectus and KID of the fund. Investors considering subscribing to a fund should read carefully its most recent prospectus and KID that can be downloaded free of charge from our site. Past performances or achievement is not indicative of current or future performance.

APPENDIX – FUNDS' THEORY OF CHANGE

TOWARDS IMPACT FUND I

CONTEXT

A 'theory of change' describes the change that an initiative wishes to see and its understanding of how it will contribute to that change. BNP Paribas Towards Impact Fund I has been designed based on the following reasoning:

1

THE PROBLEM WE ARE TRYING TO ADDRESS

As described in the GIIN 2019's Core Characteristics of Impact Investing' report by their CEO: "To tackle issues on the As described in the GIIN 2019's Core Characteristics of Impact Investing' report by their CEO: "To tackle issues on the scale of the Sustainable Development Goals and global climate targets, we must think much bigger and engage a much broader set of investors. Scale is essential. But it must be scale with integrity, to ensure we are achieving impact at scale, not just capital at scale."

McKinsey' Global Private Markets Review 2022 estimates the private equity market at USD 6.3 trillion. The Global Impact Investing Network (GIIN)'s 2020 Annual Impact Investor Survey estimated the global impact investing market at USD 715 billion, 16% of which is in private equity. As a matter of a fact, self-labeled impact funds still represent a marginal subset of the private equity market but the impact investment opportunity in the asset class is growing.

Across the private equity universe we distinguish thematic investors from impact investors. While the former focus on seizing the commercial opportunities that megatrends embedded in sustainability challenges offer, the others intentionally focus on solving sustainability issues in the first place.

We look at both because our conviction is that both have the potential to create measurable societal impact and attractive risk-adjusted financial returns. We do observe that private equity managers integrate sustainability factors in their investment strategies to varying degrees. The same goes for their investment process. There is a wide gap among established players and emerging ones in terms of track records, expertise and knowledge on both impact and financial aspects that must be addressed across the investment chain to scale the creation of a net positive impact in the asset class.

2

OUR IMPACT GOAL IS TWOFOLD

- BNP Paribas Towards Impact Fund I's mission is to bridge the gap between thematic investing and impact investing and hence contribute to the scaling of impact investing and to do so with integrity. Therefore we aim to:
- Demonstrate that fostering economic growth and development while intentionally protecting natural assets and favoring well-being across society represents a strong opportunity to generate risk-adjusted returns for investors
- Showcase the structural added value of a fund of funds product in scaling impact investing and ESG in private equity.

The investments in the fund 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 fund described being at risk of capital loss.
For a Complete description and definition of risks, please consult the last available prospectus and KID of the fund. Investors considering subscribing to a fund should read carefully its most recent prospectus and KID that can be downloaded free of charge from our site.
Past performances or achievement is not indicative of current or future performance.



LOGIC MODEL

BNP Paribas Towards Impact Fund I aims to reach these goals by investing and engaging with stakeholders in the following manner:

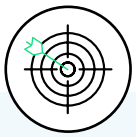


INPUTS

Raise a Fund of funds to build a diversified portfolio of growth and buy-out private equity funds with the potential to generate positive, measurable social and environmental impact and risk-adjusted financial returns.

Build a dedicated investment team with financial and impact expertize and incentivized to creating both an impact and financial performance.

Leverage BNP Paribas' expertise in sustainability across impact and ESG.



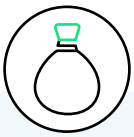
ACTIVITIES

Asset Allocation: Anchor the Fund's investments in strategies, themes and sectors that have the potential to generate societal impact.

Portfolio Construction: Select GPs who see the potential value of managing impact and sustainable practices and that are willing to collaborate with the Fund to advance on these matters.

Portfolio engagement: Actively engage with GPs to support them in enhancing impact and sustainable beliefs and practices along their investment process.

Market engagement: Join the impact sector Join the impact sector in advancing key structural issues to advance impact and ESG practices and promote these in the broader private equity sector.



OUTPUTS

GPs are better equipped to select and scale companies that have a positive societal impact and sustain and grow that impact.

GPs are better equipped to support companies in managing material ESG factors to address risks and create value.

The investment team is at the forefront of best practices and well-equipped to support GPs.



OUTCOMES

Most companies in the portfolio have business models that generate a positive impact on society in a sustainable way.

Most companies in the portfolio have the know-how to manage and build value from their exposure to and impact on ESG factors, and can operate their business in the most sustainable way.



IMPACT

The Fund delivers both social and environmental impact and a financial return contributing to global sustainability goals.

GPs launch successor funds with improved impact and ESG strategies and processes.

The investments in the fund 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 fund described being at risk of capital loss.
For a Complete description and definition of risks, please consult the last available prospectus and KID of the fund. Investors considering subscribing to a fund should read carefully its most recent prospectus and KID that can be downloaded free of charge from our site.
Past performances or achievement is not indicative of current or future performance.

APPENDIX – FUNDS' THEORY OF CHANGE

BNP PARIBAS EUROPEAN SOCIAL IMPACT BONDS FUND AND BNP PARIBAS EUROPEAN IMPACT BONDS FUND II

CONTEXT

A 'theory of change' describes the change that an initiative wishes to initiate and its understanding of how it will contribute to that change. Both BNP Paribas Impact Bonds Funds have been designed based on the following reasoning:

1

THE PROBLEM WE ARE TRYING TO ADDRESS

The fund aims to address a very large range of social and environmental issues.

Social topics:

In France and in Europe, millions of people are still living in poverty or experiencing social exclusion. It can take many forms.

In France, INSEE estimates that 9.2 million people – mostly unemployed people, single-parent families and migrants– are living below the poverty line, accounting for almost 15% of the national population. INSEE also explains that more than 13% of the population is living in a situation of material and social deprivation, albeit more than 50% not living under the poverty line. Material and social deprivation means that, for financial reasons, those persons are unable to cover at least 5 of the basics needs (i.e. heat their homes, buy new clothes, have a personal vehicle, spend one week of vacation outside of their homes per year).

Another cause of vulnerability and exclusion is dependence or disability. INSEE estimates that there are 12 millions disabled people in France. The statistics demonstrate that they are under-educated and under-employed. Access to mobility and to leisure are more difficult. They suffer stigma and discrimination.

Environmental topics:

Climate and resource conservation are major challenges for humanity.

According to analysis from the European Environment Agency, over the past 50 years, human consumption of natural resources and raw materials has increased tenfold. Materials used to produce consumer goods are therefore becoming increasingly scarce and their manufacture involves the emission of greenhouse gases. Moreover, throwing away a product after use increases the volume of waste, which is a source of pollution with negative effects on human health and biodiversity.

According to estimates by the Intergovernmental Panel on Climate Change (IPCC), human activities have caused global warming of between 0.8°C and 1.2°C above pre-industrial levels. At the current rate, global warming is likely to reach

1.5°C between 2030 and 2050.

The consequences of global warming observed and predicted by climatologists are numerous. They concern in particular: rising sea and ocean levels; intensification of a number of natural disasters which will lead to large population movements; loss of biodiversity; tensions around access to water or food; public health problems; risk of climate conflicts; etc.

2

OUR IMPACT GOAL

BNP Paribas European Social Impact bonds fund and BNP Paribas European Impact bonds Fund II mission is to contribute to solutions for people in situation of vulnerability or the planet by financing innovative social or environmental projects run by non-profit organizations or social enterprises in the European Union.

In addition, the specific governance on impact bonds through steering committee allows all stakeholders (NGOs/Social Enterprise, Private Funders, Public authority) to monitor the progress of the project as well as its social and/or environmental impact measures which favor the continuation of most efficient solutions after impact bond maturity.

The investments in the fund 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 fund described being at risk of capital loss.
For a Complete description and definition of risks, please consult the last available prospectus and KID of the fund. Investors considering subscribing to a fund should read carefully its most recent prospectus and KID that can be downloaded free of charge from our site.
Past performances or achievement is not indicative of current or future performance.



LOGIC MODEL

BNP Paribas Impact Bonds Funds aim at reaching these goals by investing and engaging with stakeholders in the following manner:

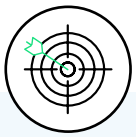


INPUTS

Raise a fund to build a diversified portfolio of experimental projects proposed by NGOs and social enterprise with the potential to generate positive and measurable social impact.

Build a dedicated teams with financial and impact expertise working in the entire value chain: from prospection, to analysis and investment recommendations, to follow-up and support.

Leverage on BNP Paribas presence in France and in Europe to finance local projects.

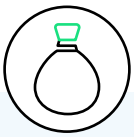


ACTIVITIES

Prospection: Rely on BNP Paribas SA Impact bonds structuring team to source new opportunities

Analysis of the investment opportunities: rely on BNP Paribas SA Impact bonds analysis team to confirm the investments alignment with the fund strategy, including impact, governance, ESG

Portfolio follow-up & support: assess the evolution of the projects in terms of impact, participating in the steering committees



OUTPUTS

BNP Paribas leader role on impact bonds has attracted institutional investors who will be regularly informed of the social/environmental performance of the project financed and may favor their continuity

BNP Paribas European Social Impact bonds fund has invested in 8 projects. At the end of 2024, 11 projects had been financed through BNP Paribas European Impact bonds Fund 2 and 1 project was ready to be signed in 2025.

The team is at the forefront of best practices and well-equipped to support NGOs and social enterprises



OUTCOMES

The large size of the new fund will allow to accelerate the financing of Impact bonds and thus the structuring of innovative projects

NGOs and social enterprises can experiment new projects and scale-up, reaching a broader type and/or number of beneficiaries and/or delivering additional solutions with a positive impact for beneficiaries



IMPACT

Financing gap for non-profit organizations is reduced Impacts of social / environmental projects are assessed by an independent third party, bringing knowledge on the issue tackled

Projects which efficiency has been demonstrated find permanent financing to maintain their high impact level

Vulnerable people benefit from products and services to increase social inclusion, environmental solutions are developed to tackle the climate and biodiversity crisis

The investments in the fund 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 fund described being at risk of capital loss.
For a Complete description and definition of risks, please consult the last available prospectus and KID of the fund. Investors considering subscribing to a fund should read carefully its most recent prospectus and KID that can be downloaded free of charge from our site.
Past performances or achievement is not indicative of current or future performance.

APPENDIX – FUNDS' THEORY OF CHANGE

GREEN BONDS



CONTEXT

A 'theory of change' describes the change that an initiative wishes to see and its understanding of how it will contribute to that change.

All four BNPP AM Green Bond funds are SFDR 9 funds which apply our BNP Paribas Asset Management proprietary Sustainable Investment Policy and invest in securities that provide solutions to environmental and/or social challenges. Each issuer included in the Green Bond funds must respect sustainable development criteria in terms of social, environmental and/or governance factors. The security selection criteria for all Green Bond funds includes the BNP Paribas Asset Management's own thematic bond assessment methodology, taking into account the extent of contribution of the use of proceeds towards environmental objectives. We apply a strict and comprehensive in-house definition of a green bond through our ESG research, placing a high level of importance on reputational risk (avoiding green-washing). For more information about our Green Bond methodology, please see BNPP AM Sustainability documents.

1

THE PROBLEMS WE ARE TRYING TO ADDRESS

Green bonds are specifically used to raise money for projects with environmental benefits such as energy transition; energy efficiency; sustainable water management; sustainable agriculture and clean transportation; environmentally sustainable management of living natural resources and land use; green buildings; circular economy adapted products, production technologies and processes; terrestrial and aquatic biodiversity conservation; climate change adaptation.

Policy developments and increased client awareness means that investors are under increasing pressure to better manage and report on their positive environmental and societal impacts. While the investment community has demonstrated appetite for instruments which meet positive environmental criteria, there are limited solutions in the market to help them systematically assess and quantify the positive impacts of green bonds.

The funds have a sustainable investment objective in accordance with Article 9* of Sustainable Finance Disclosure Regulation. The funds are invested in bonds issued by entities supporting projects, assets and activities that have positive environmental outcomes. Green bonds are the use-of-proceeds bonds issued by corporates, supranationals, central governments, agencies, local entities and local governments.

2

OUR IMPACT GOALS

There are a number of metrics that quantify the physical impacts of different projects financed by the Green bonds included in the Green Bond Funds. These include green energy produced, area covered for green buildings, passenger km travelled on green transport, and energy saved through green products. Impact assessment and measurement of the positive environmental impacts of green bonds helps to address the growing market concern regarding the number of self-proclaimed financial which are either not audited at all or assessed inconsistently in the market. Therefore, the Green Bond fund is represented by an impact dataset that is designed to estimate the potential positive impacts and avoided carbon emissions from green bond investments.

The investments in the fund 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 fund described being at risk of capital loss.
For a Complete description and definition of risks, please consult the last available prospectus and KID of the fund. Investors considering subscribing to a fund should read carefully its most recent prospectus and KID that can be downloaded free of charge from our site.
Past performances or achievement is not indicative of current or future performance.



LOGIC MODEL

BNP Paribas Green Bond Fund aims to reach these goals by investing and engaging with stakeholders in the following manner:

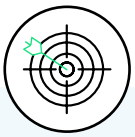


INPUTS

Raise funds to build a diversified portfolio of thematic bonds to generate positive, measurable environmental impact and risk-adjusted financial returns

Build a dedicated investment team together with the ESG analysts with financial, ESG and impact expertise to incentivize and create a positive impact and the financial performance

Leverage BNPP AM's Sustainability Centre analysts and expertise in sustainability across thematic strategies, sustainable finance and impact

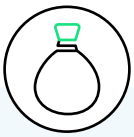


ACTIVITIES

Portfolio construction: minimum 75% of total assets invested in Global or European Green Bonds; Aggregate: corporate and government issuances, agencies, covered bonds, ABS; Corporate: FI and non-FI corporate issuances, covered bonds; Government: sovereign, sub-sovereign and agencies issuances. Global but emphasis on European market

Use of Proceeds: energy transition (e.g. renewable energy); energy efficiency; sustainable water management; sustainable agriculture and clean transportation; management of living natural resources and land use; green buildings; circular economy adapted products, production technologies & processes; terrestrial & aquatic biodiversity conservation; climate change adaptation.

Portfolio engagement: Actively engage with all Green Bond issuers throughout the lifecycle of all four Green Bond Funds.



OUTPUTS

The focus of the ESG scoring system is on: actual project allocation; output indicators (clean energy installed capacity): impact indicators (GHG avoided). If the issuer doesn't publish an appropriate impact report, the recommendation becomes to engage with an issuer, or not invest, or sell if the bond is already in a portfolio

The portfolio managers and ESG analysists focus our engagement on three key areas: output and impact indicators and actual project allocation. If the issuer fails to provide a satisfactory explanation for not providing impact indicators, the green bond will be excluded from the investment universe and sold if the bond is already in the portfolio



OUTCOMES

Issuers in the portfolio have the Use of Proceeds that generate a positive impact on society in a sustainable environmental and social way

Ex-Post step of the assessment uses Issuer's reports that need to be evaluated on the impacts of the project, the real allocation of proceeds, the existence of an external verification of the funds allocation and social and environmental impact. If the issuer does not provide a report, it is removed from the fund



IMPACT

Raise funds to build a diversified portfolio of thematic bonds to generate positive, measurable environmental impact and risk-adjusted financial returns

The Green Bond funds each represented by an impact report that is designed to demonstrate the potential positive impacts and avoided carbon emissions from green bond investments

The investments in the fund 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 fund described being at risk of capital loss.
For a Complete description and definition of risks, please consult the last available prospectus and KID of the fund. Investors considering subscribing to a fund should read carefully its most recent prospectus and KID that can be downloaded free of charge from our site.
Past performances or achievement is not indicative of current or future performance.

APPENDIX – FUNDS' THEORY OF CHANGE

SOCIAL BONDS



CONTEXT

A 'theory of change' describes the change that an initiative wishes to see and its understanding of how it will contribute to that change.

The BNPP AM Social Bond Fund is a SFDR Article 9 fund which applies our BNP Paribas Asset Management proprietary Sustainable Investment Policy and invests in securities that provide solutions to environmental and/or social challenges. Each issuer must respect sustainable development criteria in terms of social, environmental and/or governance factors. The security selection criteria for this Social Bond Fund includes BNP Paribas Asset Management's own thematic bond assessment methodology, taking into account the extent of contribution of the use of proceeds towards social objectives. We apply a strict and comprehensive in-house definition of social and sustainability bonds through our ESG research, placing a high level of importance on reputational risk (avoiding social-washing). For more information about our Social Bond methodology, please see BNPP AM Sustainability documents.

1

THE PROBLEMS WE ARE TRYING TO ADDRESS

Social and/or Sustainability bonds are specifically used to raise money for projects with social benefits for social bonds, and both social and environmental benefits for sustainability bonds, such as employment benefits and support; affordable housing units constructed, renovated or acquired; healthcare benefits; SME financing; education, and the social inclusion benefits.

Policy developments and increased client awareness means that investors are under increasing pressure to better manage and report on their positive social and societal impacts. While the investment community has demonstrated appetite for instruments which meet positive social criteria, there are limited solutions in the market to help them systematically assess and quantify the positive impacts of social and/or sustainability bonds

2

OUR IMPACT GOALS

There are a number of metrics that quantify the real world impacts of different projects financed by the Social and/or Sustainability bonds included in the Social Bond Fund. These include number of beneficiaries who received employment benefits and support; number of affordable housing units constructed, renovated or acquired; number of hospital beds / spaces financed; number of SME jobs created / retained; number of student beneficiaries financed, and the social inclusion beneficiaries. Impact assessment and measurement of the positive social impacts of social and/or sustainability bonds helps to address the growing market concern regarding the number of self-proclaimed financial which are either not audited at all or assessed inconsistently in the market. Therefore, the Social Bond fund is represented by an impact dataset that is designed to estimate the potential positive impacts and number of beneficiaries within targeted population from social and/or sustainability bonds investments.

The investments in the fund 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 fund described being at risk of capital loss.
For a Complete description and definition of risks, please consult the last available prospectus and KID of the fund. Investors considering subscribing to a fund should read carefully its most recent prospectus and KID that can be downloaded free of charge from our site.
Past performances or achievement is not indicative of current or future performance.



LOGIC MODEL

BNP Paribas Social Bond Fund aims to reach these goals by investing and engaging with stakeholders in the following manner:

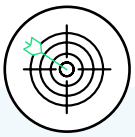


INPUTS

Raise funds to build a diversified portfolio of thematic bonds to generate positive, measurable social and/or environmental impact and risk-adjusted financial returns

Build a dedicated investment team together with the ESG analysts with financial, ESG and impact expertise to incentivize and create a positive impact and the financial performance

Leverage BNPP AM's Sustainability Centre analysts and expertise in sustainability across thematic strategies, sustainable finance and impact

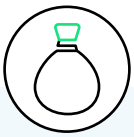


ACTIVITIES

Portfolio construction: Almost 79.4% of total assets invested in Social bonds and almost 20.2% into Sustainability bonds with the largest number of assets been deployed in Europe at about 88%

Use of Proceeds: such as employment benefits and support; affordable housing units constructed, renovated or acquired; healthcare benefits; SME financing; education, and the social inclusion benefits

Portfolio engagement: Actively engage with Social and/or Sustainability Bonds issuers throughout the lifecycle of the social bond



OUTPUTS

The focus of the ESG scoring system is on: actual project allocation; output indicators (affordable housing units constructed, renovated or acquired): impact indicators (access to affordable housing).

If the issuer doesn't publish an appropriate impact report, the recommendation becomes to engage with an issuer, or not invest, or sell if the bond is already in a portfolio

The portfolio managers and ESG analysists focus our engagement on three key areas: output and impact indicators and actual project allocation. If the issuer fails to provide a satisfactory explanation for not providing impact indicators, the green bond will be excluded from the investment universe and sold if the bond is already in the portfolio



OUTCOMES

Issuers in the portfolio have the Use of Proceeds that generate a positive impact on society in a sustainable environmental and social way

Ex-Post step of the assessment uses Issuer's reports that need to be evaluated on the impacts of the project, the real allocation of proceeds, the existence of an external verification of the funds allocation and social and environmental impact. If the issuer does not provide a report, it is removed from the fund



IMPACT

Raise funds to build a diversified portfolio of thematic bonds to generate positive, measurable social and environmental impact and risk-adjusted financial returns

The Social Bond fund is represented by an impact report that is designed to demonstrate the potential positive impacts and number of beneficiaries within targeted population from social and/or sustainability bonds investments

The investments in the fund 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 fund described being at risk of capital loss.
For a Complete description and definition of risks, please consult the last available prospectus and KID of the fund. Investors considering subscribing to a fund should read carefully its most recent prospectus and KID that can be downloaded free of charge from our site.
Past performances or achievement is not indicative of current or future performance.

APPENDIX – FUNDS' THEORY OF CHANGE

SOCIAL BUSINESS



CONTEXT

A 'theory of change' describes the change that an initiative wishes to initiate and its understanding of how it will contribute to that change. BNP Paribas Social Business Impact Fund has been designed based on the following reasoning:

1

THE PROBLEM WE ARE TRYING TO ADDRESS

In France and in Europe, millions of people are still living into poverty or experiencing social exclusion. It can take many forms.

In France, INSEE estimates that 9.2 million people – mostly unemployed people, single-parent families and migrants– are living below the poverty line, accounting for almost 15% of the national population. INSEE also explains that more than 13% of the population is living in a situation of material and social deprivation, albeit more than 50% not living under the poverty line. Material and social deprivation means that, for financial reasons, those persons are unable to cover at least 5 of the basics needs (heat their homes, buy new clothes, have a personal vehicle, spend one week of vacation outside of their homes per year, ...). A 2021 study by IFOP on social exclusion and poverty points out that 25-34 years old are particularly affected by social exclusion, and two new fragile populations are emerging: working poors and seniors.

Another cause of vulnerability and exclusion is disability. INSEE estimates that there are 12 millions disable people in France. And it is not only a question of ability. The statistics demonstrate that they are under-educated, under-graduated and under-employed. Access to mobility and to leisure are more difficult. They suffer stigma and discrimination.

Finally, the 2022 IPCC report finds that environmental issues strengthen inequalities as they disproportionately affect the most vulnerable people. It estimates that approximately 3.3 to 3.6 billion people live in contexts that are highly vulnerable to climate change.

2

OUR IMPACT GOAL IS TWOFOLD

BNP Paribas Social Business Impact Fund's mission is to contribute to solutions for people in situation of vulnerability by bridging the financing gap for non-profit organizations and social businesses in France and in Europe. We achieve this by financing:

- Non-profit organizations and social businesses that aim at answering the needs of vulnerable people, by offering them directly products and services with a positive social and/or environmental impact;
- By offering adapted financing tools with low-interest and by creating long-term trusted partnerships.

The investments in the fund 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 fund described being at risk of capital loss.
For a Complete description and definition of risks, please consult the last available prospectus and KID of the fund. Investors considering subscribing to a fund should read carefully its most recent prospectus and KID that can be downloaded free of charge from our site.
Past performances or achievement is not indicative of current or future performance.



LOGIC MODEL

BNP Paribas Social Business Impact Fund aims at reaching these goals by investing and engaging with stakeholders in the following manner:

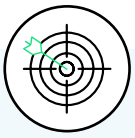


INPUTS

Raise a fund to build a diversified portfolio of mature non-profit organizations and social businesses with the potential to generate positive and measurable social impact

Build a dedicated team with financial and impact expertize working in the entire value chain: from prospection, to analysis and investment recommendations, to follow-up and support

Leverage BNP Paribas presence in France and in Europe to finance local projects



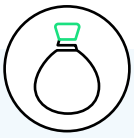
ACTIVITIES

Prospection: Promote social impact finance and the financing tools available for non-profit organizations and social businesses

Analysis of the investment opportunities: Analyze the investment opportunities aligned with the fund strategy, including impact, governance, ESG and financial analysis

Portfolio follow-up & support: Assess the evolution of the investees, in terms of impact and financial risks, and offer tailor-made support

Market engagement: Join the impact sector in advancing key structural issues to advance impact practices and promote these

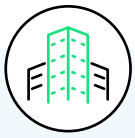


OUTPUTS

The Social Business team meet new non-profit organizations and social businesses thanks to BNP Paribas bank network, events and close partnerships with incubators and other investors

At the end of 2023, the fund is invested in 30 non-profit organizations and social businesses, in equity, quasi-equity and debt

The investment team is at the forefront of best practices and well-equipped to support non-profit organizations and social businesses



OUTCOMES

The Social Business team contribute to improve awareness and understanding of the financing tool dedicated to non-profit organization and social businesses

Non-profit organizations and social businesses can implement their business plan and scale-up, reaching a broader type and/or number of beneficiaries and/or delivering additional solutions with a positive impact for beneficiaries



IMPACT

Financing gap for non-profit organizations and social businesses is reduced

Vulnerable people benefit from products and services to access basic needs and increase social inclusion

The investments in the fund 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 fund described being at risk of capital loss.
For a Complete description and definition of risks, please consult the last available prospectus and KID of the fund. Investors considering subscribing to a fund should read carefully its most recent prospectus and KID that can be downloaded free of charge from our site.
Past performances or achievement is not indicative of current or future performance.

APPENDIX – FUNDS' THEORY OF CHANGE

CLIMATE IMPACT INFRA DEBT

CONTEXT

A 'theory of change' describes the change that an initiative wishes to see and its understanding of how it will contribute to that change. BNP Paribas Climate impact private debt fund will invest in private debt infrastructures with the aim to contribute to mitigating climate change. The approach has been designed based on the following reasoning:

1

THE PROBLEMS WE ARE TRYING TO ADDRESS

The IPCC considers that "Human activities, principally through emissions of greenhouse gases, have unequivocally caused global warming, with global surface temperature reaching 1.1°C above 1850–1900 in 2011–2020. Global greenhouse gas emissions have continued to increase, with unequal historical and ongoing contributions arising from unsustainable energy use, land use and land-use change, lifestyles and patterns of consumption and production across regions, between and within countries, and among individuals" (source: https://report.ipcc.ch/ar6syr/pdf/IPCC_AR6_SYR_SPM.pdf)

Year after year, Global CO^2 emissions reach record high levels Year after year, Global CO^2 emissions reach record high levels. Human GHG emissions are strongly affecting climate and are responsible for an increase in global warming by already above 1°C since the industrial revolution. Global warming is in turn already bringing an increase in the frequency and intensity of hot extremes, marine heatwaves, heavy precipitation, agricultural and ecological droughts; an increase in intense tropical cyclones which are expected to worsen as global temperatures increase. Climate-related risks to health, livelihoods, food security, water supply, human security, and economic growth are projected to boom with a 1.5°C global warming and to worsen as temperature rises beyond this point. The consequence will be strong negative impacts on sustainable development making climate change one of the most pressing challenges humanity is facing.

In order to mitigate these risks, global warming must be contained to 1.5°C, this implies that the quantity of GHG emitted does not exceed the storage capacities of natural sinks. This requires a dual approach: reduce emissions and optimize carbon sinks. Reducing emissions can be made possible via two ways: by having emitters transitioning to low carbon or carbon neutral activities or by developing enabling solutions to support economic players in their transition. Optimizing carbon capture capacity can be done through natural sinks –like ocean, forests or soil- or thanks to artificial capture and storage solutions. The International Energy Agency indicates that $4 trillion are needed annually to reach net zero emissions by 2050.

2

OUR IMPACT GOALS

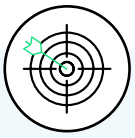
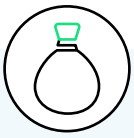
The fund will target positive impact by allocating capital in assets that are part of the solutions described above. The fund will use the EU Taxonomy as a framework to identify assets that are relevant to contribute to climate change mitigation. Eligible assets can be either aligned to this framework, or eligible under the condition that a set of additional criteria are met.

The investments in the fund 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 fund described being at risk of capital loss.
For a Complete description and definition of risks, please consult the last available prospectus and KID of the fund. Investors considering subscribing to a fund should read carefully its most recent prospectus and KID that can be downloaded free of charge from our site.
Past performances or achievement is not indicative of current or future performance.



LOGIC MODEL

BNP Paribas Climate Impact Private Debt Fund aims at reaching these goals by investing and engaging with stakeholders in the following manner:

 INPUTS	 ACTIVITIES	 OUTPUTS	 OUTCOMES	 IMPACT
Raise funds to build a diversified portfolio of infrastructure debt with the potential to generate positive, measurable environmental impact and risk-adjusted financial returns	**Deal Sourcing:** identify assets with the potential to contribute to mitigating climate change	The Fund finances assets which contribute to mitigating climate change either by the fact that they are reducing their emissions over time or offer products or services which are supporting the transition to a low carbon economy (such as renewable energy or clean mobility solutions, etc.)	The portfolio assets will produce services which are either in the process of decarbonation or which are offering products or services which contribute to supporting the transition to a low carbon economy. The outcomes can be measured by the quantities produced (for instance the quantity of renewable energy produced or the number of km travelled by low carbon solutions, etc.	Increase available capital to solutions that will contribute to mitigating climate change
Leverage on a dedicated investment team with financial and impact expertise and generate both impact and financial returns	**Deal analysis:** analysis of each opportunity from a financial, ESG and impact perspective to assess the alignment with the fund's impact strategy			Pave the way for more impact infrastructure debt funds
Leverage BNP Paribas' expertise in sustainability across impact and ESG	**Asset Allocation:** anchor the Fund's investments in activities and solutions that have the potential to generate positive environmental impact			
	Intentionality: the Fund aims to deliver an environmental impact and a financial return			

The investments in the fund 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 fund described being at risk of capital loss.
For a Complete description and definition of risks, please consult the last available prospectus and KID of the fund. Investors considering subscribing to a fund should read carefully its most recent prospectus and KID that can be downloaded free of charge from our site.
Past performances or achievement is not indicative of current or future performance.

APPENDIX – FUNDS' THEORY OF CHANGE

PORTZAMPARC CARBONE SOLUTIONS 2030

CONTEXT

A 'theory of change' describes the change that an initiative wishes to see and its understanding of how it will contribute to that change. Portzamparc Carbone Solutions 2030 is investing in mature climate solutions that can contribute to global electrification and decarbonize industrial processes (i.e. IEA 2030 Net Zero Scenario) but still need to be deployed at scale.

1

THE PROBLEMS WE ARE TRYING TO ADDRESS

Global warming and the associated risks are widely recognized issues, both by public authorities and civil society.

Still, the pace of the necessary changes to limit this trend and achieve the objective of net zero by 2050 has not yet been reached.

The threshold of +1.5°C has already been exceeded. According to scientists, beyond this limit, the average increase in temperatures will cause significant and irreversible changes: impacts on the climate, with modifications to ecosystems and an increase in extreme weather events (floods, fires). This new context has created new risks for society and the economy. The world is becoming increasingly difficult to insure and such systemic climate related risks are becoming less and less manageable.

Solutions already exist today to efficiently reduce greenhouse gas emissions, but their deployment at scale remains insufficient.

Energy consumption and the production of industrial goods are two key sources of emissions.

Public institutions and governments struggle to transpose GHG emission reduction targets into actionable legislation and to establish truly incentive frameworks for the private sector.

On the private sector side we identify specific sub-issues that prevent the large-scale deployment of some already mature solutions: - the underutilization of capital markets, - the difficulty in implementing long-term strategies in an uncertain environment, - prioritizing short-term return, - the insufficiency of data and carbon reporting

As an investor, our objective through this fund is to direct capital towards listed small and medium-sized companies that develop solutions to reduce the carbon footprint of our economies.

2

OUR IMPACT GOALS

Thanks to long-term investments in the secondary market, or in certain IPOs, we support these companies in their development and in the valuation of their solutions through a standardized and measurable indicator: avoided carbon emissions.

- Support the development and adoption of low-carbon technologies
- Support the transformation of high-emission industries.
- Appropriation by companies of the concept of avoided carbon emissions, supporting them in their reporting, particularly through the European taxonomy (revenues and CAPEX) and SDGs 7 and 9.

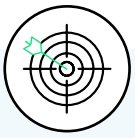
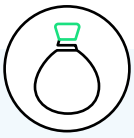
By deploying capital towards European SMEs and fostering collaboration between stakeholders, Portzamparc Carbone Solutions 2030 aims to position itself as a contributor to the transition towards a sustainable hence decarbonized economy.

The investments in the fund 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 fund described being at risk of capital loss.
For a Complete description and definition of risks, please consult the last available prospectus and KID of the fund. Investors considering subscribing to a fund should read carefully its most recent prospectus and KID that can be downloaded free of charge from our site.
Past performances or achievement is not indicative of current or future performance.



LOGIC MODEL

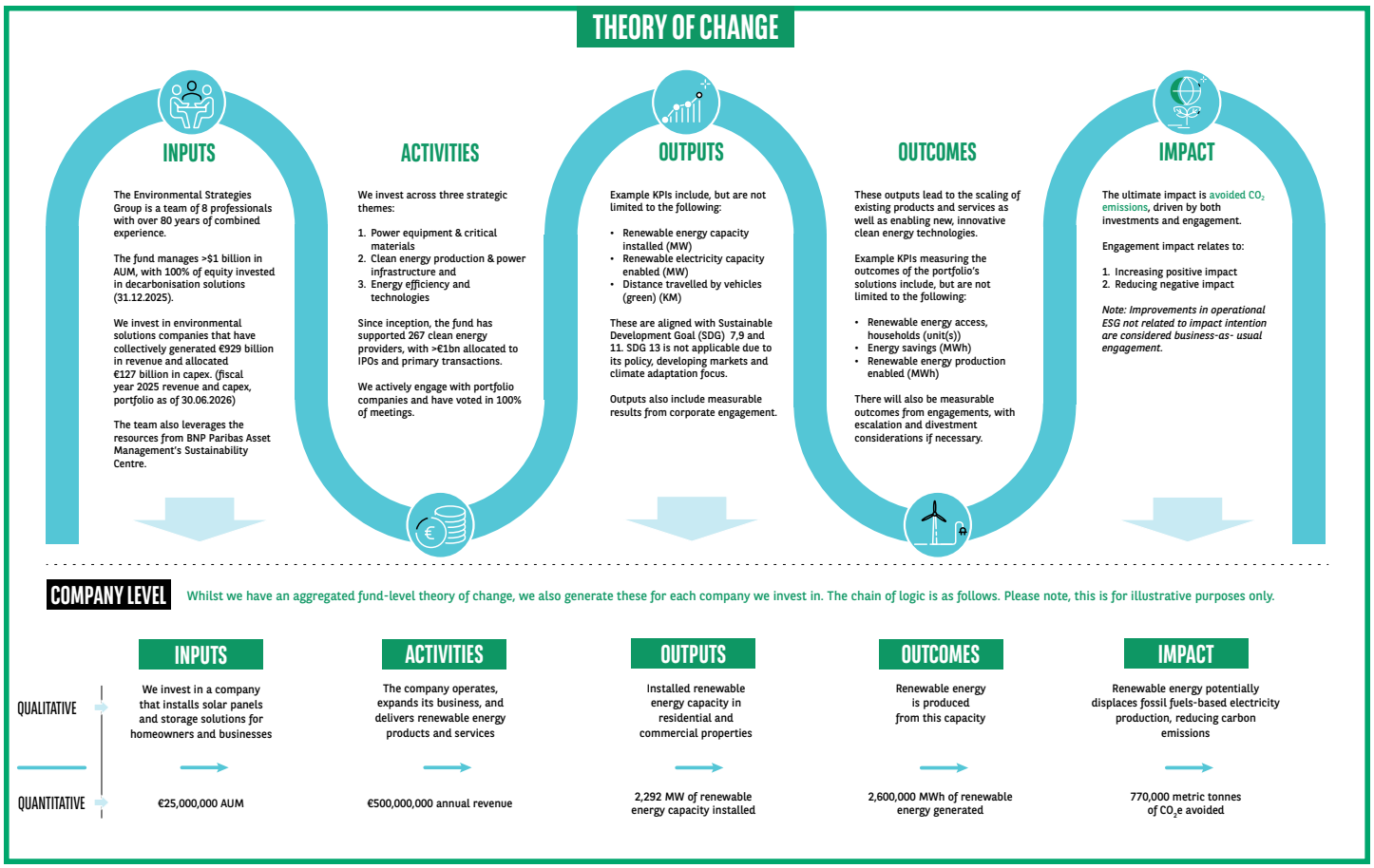
Portzamparc Carbone Solutions 2030 aims at reaching these goals by investing and engaging with stakeholders in the following manner:

 INPUTS	 ACTIVITIES	 OUTPUTS	 OUTCOMES	 IMPACT
Directing capital: - Raise a closed-ended fund to invest into French & EU SMEs via a buy & hold approach and long-term perspective. - Investments in European listed equities with a focus on decarbonization pathways	**Analysis of stocks:** Case by case analysis of stocks and Initial Public Offering when aligned with the fund strategy (financial & extra financial approaches)	**Decarbonization:** the fund contributes to climate change by supporting SMEs which provide low-carbon solutions to the economy (industry, mobility, waste management, global electrification)	**For our investment team :** Enhanced alignment with impact management best practices, such as the Operating Principles for Impact Management	**Significant, measurable reductions** in global GHG emissions
Collaborations: Partnerships with third parties experts and ESG data providers to enhance decision-making (PM level) and investee reporting and awareness	**Portfolio monitoring:** Use of ESG metrics, carbon intensity benchmarks & standardised measures such as EU Taxonomy & SDG 7 and 9	**Economic support** of 25/30 SMEs in their decarbonization approach via long term stock market support	**For investees:** Increased adoption of low-carbon technologies, sustainable practices, and measurable emission reductions	**Contribution to achieving the UN SDGs :** SDG #7 (Affordable and Clean Energy), and SDG #9 (Industry, Innovation, and Infrastructure)
Cross-selling: Leverage on Portzamparc Group activities (Corporate Finance) and BNP Paribas Group (CIB, M&A market) in France and in Europe to source primary financing projects (IPOs, Capital Increase).	**Active ownership & stewardship:** By engaging with company management and leveraging shareholder rights, the fund acts as a catalyst for decarbonization.	**Raising awareness:** Giving tools & connections to the issuers to enhance their strategy toward climate solutions and communicate more efficiently on their efforts	**For Financial Markets:** Demonstration of the financial viability of decarbonization investments, catalyzing broader market participation	

The investments in the fund 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 fund described being at risk of capital loss.
For a Complete description and definition of risks, please consult the last available prospectus and KID of the fund. Investors considering subscribing to a fund should read carefully its most recent prospectus and KID that can be downloaded free of charge from our site.
Past performances or achievement is not indicative of current or future performance.

APPENDIX – FUNDS' THEORY OF CHANGE

CLEAN ENERGY SOLUTIONS



Source: BNPPAM, Net Purpose, December 2025

BNPP AM ALTS NATURAL CAPITAL & IMPACT INVESTING STRATEGY

DISCLOSURE STATEMENT - OPERATING PRINCIPLES FOR IMPACT MANAGEMENT

30 June 2026 This Disclosure Statement covers the activities of the BNPP AM Alts Natural Capital & Impact Investing Strategy and the funds managed by the strategy, namely: AXA Impact Fund I, AXA Impact Fund II, AXA Impact Fund – Climate & Biodiversity, AXA IM Prime Impact Fund, AXA IM Global Health Fund, AXA Global Health Impact Opportunities Fund, AXA IM Natural Capital Fund, AXA IM Natural Capital Opportunities Fund and any future funds launched by the Strategy (Covered Assets). This Statement is an affirmation of our support for the Impact Principles and our intention to use the framework to guide the design and implementation of our impact management systems. The total Assets under Management in alignment with the Impact Principles is US$1.7 billion as at 31 March 2026[9].

INTRODUCTION

BNPP AM Alts is an active, long-term, global, multi-asset investor. We work with our clients today to provide the solutions they need to help build a better tomorrow for their investments, while creating a positive change for the world in which we all live. We believe finance has a vital role to play when it comes to supporting social equality and ensuring the environment can sustain us now and into the future. These beliefs are core to our identity, embedded in what we do and how we serve our clients.

These beliefs led us to establish the BNPP AM Alts Natural Capital & Impact Investing Strategy in 2012, applying our institutional investing expertise to help generate positive outcomes for people and the planet, in addition to meeting the financial returns objectives of our clients.

Our Strategy was established with the intention of being a differentiated strategy where success is defined on two axes – financial and impact. It provides a means for our clients to extend their Responsible Investment strategy beyond the management of relevant environmental, social and governance (ESG) issues and to explicitly invest in solutions addressing specific and clearly defined societal challenges.

Our impact management system has evolved over time, taking account of best practice and industry norms and standards since we established our strategy. This disclosure statement reflects current practice and improvements we have made to our impact management system.

9 The stated AUM is the sum of capital committed by our clients and includes disbursed and undisbursed capital commitments.

PRINCIPLE 1

DEFINE STRATEGIC IMPACT OBJECTIVE(S), CONSISTENT WITH THE INVESTMENT STRATEGY.

The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.

- Our strategy defines impact investing as a disciplined investment approach with the clear aim of generating identifiable, positive, intentional and measurable, social or environmental benefits and outcomes that address the needs of an identified beneficiary group and/or address societal challenges. At the same time, the strategy should deliver market-rate financial returns. Our strategy is deliberately designed to align deeply with this traditional definition of impact investing.
- We invest in a broad range of impact themes that deliver on our clients' impact objectives. Our guiding impact thesis is to address the needs and aspirations of underserved people globally while protecting the natural environment in which communities are based and where they earn their livelihoods. Our strategic impact objectives for each fund are clearly defined, translated into identified impact themes which guide and influence the identity of our funds and all related activities necessary to deliver on the impact mandate.
- We deploy capital through alternative assets – private equity, venture capital, private debt, real assets and project finance – which provides us the flexibility and access to the deepest and most diversified investment opportunity sets in different markets to generate impact outcomes at scale.
- Using a private market approach, we identify specific challenges and invest capital directly towards the development of a credible solution, measuring the success of the intervention. We believe this investment approach allows us to be more targeted in our investment, and direct investment capital to regions with under-developed capital markets or to new solutions that are not sufficiently addressed using public market solutions.
- We establish a logic model to map out the steps necessary to create tangible impacts relative to the mission of our respective funds. This mapping is carried out at the early stages of our process, prior to investments. It is a critical step in ensuring that we are intentional about the impact we seek and avoid impact dilution over the life of our fund. This logic model is used to review the social or environmental challenge and assess the relevance, directness, depth and scale of proposed investments relative to the impact we are seeking.
- We have adopted the UN Sustainable Development Goals (SDGs) as an overarching guide to test the credibility, relevance, scale of impact and contributions of our investments to the sustainable development needs of people and planet. We use the SDGs to identify global needs and regions where our capital and other inputs are needed to deliver meaningful impact.
- We invest in solutions which align with targeted SDGs at significant depth rather than just at a thematic level and monitor the relevance of our contributions to reducing the development gaps identified by the SDGs. We report on the impact performance and contributions of our investments relative to the SDGs.
- Our investments contribute solutions to 12 of the 17 SDGs while supporting progress towards other SDGs that are not directly translatable into investment inputs.



PRINCIPLE 2

MANAGE STRATEGIC IMPACT ON A PORTFOLIO BASIS

The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.

- We establish a clear pre-investment impact identity for each of our funds which is based on the established mission and objectives of the fund. This impact identity guides portfolio construction, the selection of underlying investments for each fund and the management of expected impact and financial performance at a portfolio level.
- Prior to the deployment of capital, we set fund level financial and impact objectives. This enables us to build a balanced portfolio that takes account of asset class, market characteristics, returns profiles, investment characteristics, risks and all the necessary inputs that guide investment selection.
- We also establish fund level impact metrics and key performance indicators to assess and manage performance at a portfolio level. Our investees are required to provide relevant reporting relative to these metrics and KPIs on a periodic basis.
- We assess the impact performance of our funds on a quarterly basis, examining the extent to which investments are generating social and environmental impacts in line with pre-determined objectives over three critical stages – capital allocation, investment period and outcomes. Investments that have positive momentum through the input, output and outcome stages, demonstrating positive tangible effects for the beneficiary group or identified societal challenges, are rated highly under our system.
- Our Investment Committee monitors overall portfolio and strategy performance regularly at our quarterly review meeting, and as necessary throughout the year. This is reviewed alongside financial performance and used to inform portfolio engagement and design. For example, this has led to greater allocation to particular impact themes which meet our dual impact and financial returns objectives, influenced geographical allocation, and funding gaps where our capital can make a material difference.
- Staff working on the impact strategy are rewarded for delivering the impact and financial performance of our funds, and for achieving the overall objectives of the AXA Impact Investing Strategy.
- ESG objectives and targets are integrated into the compensation scheme for all investment platform heads and senior management.

PRINCIPLE 3

ESTABLISH THE MANAGER'S CONTRIBUTION TO THE ACHIEVEMENT OF IMPACT:

The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels.[10] The narrative should be stated in clear terms and supported, as much as possible, by evidence.

- The AXA Impact Investing Strategy contributes private capital to businesses and projects that can be shown to provide positive impact benefits to underserved people and the planet. In many cases, investee businesses face challenges in accessing capital to execute their business plans.
- We play an important role in the ecosystem. Our decisions to allocate capital help demonstrate the commercial opportunity in impact-focused businesses: first-time fund managers; businesses and fund managers in developing countries; and businesses and fund managers targeting significant, underserved societal challenges.
- We also aim to be a long-term provider of capital, aiding our investees by providing additional capital through funding rounds, as a co-investment resource for our General Partners (GPs) and creating long-term partnerships with credible managers to advise on impact-focused mandates.

10 For example, this may include: improving the cost of capital, active shareholder engagement, specific financial structuring, offering inno¬vative financing instruments, assisting with further resource mobilization, creating long-term trusted partnerships, providing technical/ market advice or capacity building to the investee, and/or helping the investee to meet higher operational standards

PRINCIPLE 4

ASSESS THE EXPECTED IMPACT OF EACH INVESTMENT, BASED ON A SYSTEMATIC APPROACH:

For each investment the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact[11] potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: (1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact?[12] The Manager shall also seek to assess the likelihood of achieving the investment's expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations.

In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager's strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards[13] and follow best practice.[14]

- We assess the expected impact of our investment as a core part of our investment process. The alignment of a prospective investment with the relevant impact objectives of a fund is a gateway criterion against which all investments are assessed.
- We have evolved our process for assessing the impact of each investment over time. Following the introduction of the Impact Management Project (IMP), we have established an assessment framework for prospective investments using the IMP's Five Dimensions of Impact as part of our due diligence process to ascertain the expected impact contribution of each investment. Post investment, we continue to monitor the impact performance of each investment relative to the IMP framework.
- We take account of the Global Impact Investing Network's (GIIN) Navigating Impact Project, IRIS+, Harmonised Indicators for Private Sector Operations (HIPSO) and the Joint Impact Indictors (JII) to confirm strategic goals, the expected contributions of each investment and the impact metrics and key performance indicators relevant to different themes. These industry standards ensure that impact metrics are relevant and are a credible yardstick in measuring the impact performance of our investments.
- Our objective is that each investment clearly states the impact metrics and key performance indicators (KPIs) against which impact performance will be assessed. We work with our investees to agree relevant and credible impact metrics and indicators against which regular reporting will be provided. We reinforce this objective by including reporting terms in side-letters and other investment documents, through our active participation in investor governance bodies and through our engagement with investees.
- We also influence our investees to go beyond impact metrics and indicators by establishing impact performance targets. This is still a relatively nascent practice, particularly for fund investments, but we believe it is a necessary discipline to underpin the credibility of impact investments.

11 Focus shall be on the material social and environmental impacts resulting from the investment. Impacts assessed under Principle 4 may also include positive ESG effects derived from the investment.

12 Adapted from the Impact Management Project (www.impactmanagementproject.com).

13 Industry indicator standards include HIPSO (https://indicators.ifipartnership.org/about/); IRIS (iris.thegiin.org); GIIRS (http://b-analytics. net/giirs-funds); GRI (www.globalreporting.org/Pages/default.aspx); and SASB (www.sasb.org), among others.

14 International best practice indicators include SMART (Specific, Measurable, Attainable, Relevant, and Timely), and SPICED (Subjective, Participatory, Interpreted & communicable, Cross-checked, Empowering, and Diverse & disaggregated), among others.

PRINCIPLE 5

ASSESS, ADDRESS, MONITOR, AND MANAGE POTENTIAL NEGATIVE IMPACTS OF EACH INVESTMENT:

For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage Environmental, Social and Governance (ESG)[15] risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice.[16] As part of portfolio management, the Manager shall monitor investees' ESG risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.

- All investments must respect AXA IM's Responsible Investment Policies. Our overarching policies include the AXA IM Climate Risks Policy, AXA IM Ecosystem Protection and Deforestation Policy, AXA IM Controversial Weapons Policy, AXA IM Soft Commodities Policy and AXA IM ESG Standards Policy - Our sustainability policies and reports - BNP Paribas Asset Management - Corporate English
- We also take account of ESG best practice standards and norms including the IFC Performance Standards on Environmental and Social Sustainability (IFC Performance Standards); World Bank Group Environmental, Health and Safety Guidelines; OECD Guidelines for Multinational Enterprises, UN Guiding Principles on Business and Human Rights; the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work; and the International Bill of Human Rights.
- We identify ESG issues of relevance to underlying businesses and investment strategies and, as part of the due diligence process, ensure that there are appropriate strategies and resources to manage and mitigate those issues. For fund investments, we expect our GPs to manage relevant ESG risks and we monitor the GP's execution of this responsibility as part of our regular review of investments.
- For our direct investments, we incorporate agreed ESG Action Plans in side-letters and other legal documents and establish timelines to execute relevant ESG Action Plans. We monitor and review progress relative to steps required under the Action Plans as part of our quarterly review of investments and more frequently as necessary.
- If during our monitoring process we identify ESG concerns that have not been appropriately managed or addressed, and our engagement has been unsuccessful, our corrective actions will depend on the nature of the investment.

15 The application of good ESG management will potentially have positive impacts that may or may not be the principal targeted impacts of the Manager. Positive impacts resulting from ESG matters shall be measured and managed alongside with, or directly embedded in, the impact management system referenced in Principles 4 and 6.

16 Examples of good international industry practice include: IFC's Performance Standards (www.ifc.org/performancestandards); IFC's Corporate Governance Methodology (www.ifc.org/cgmethodology), the United Nations Guiding Principles for Business and Human Rights (www.unglobalcompact.org/library/2); and the OECD Guidelines for Multinational Enterprises (http://mneguidelines.oecd.org/ themes/human-rights.htm).

PRINCIPLE 6

MONITOR THE PROGRESS OF EACH INVESTMENT IN ACHIEVING IMPACT AGAINST EXPECTATIONS AND RESPOND APPROPRIATELY:

The Manager shall use the results framework (referenced in Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action.[17] The Manager shall also seek to use the results framework to capture investment outcomes.[18]

- We document expected financial returns and impact returns, qualitative and quantitative, of each investment in the Investment Committee memos as part of our due diligence on prospective investments. This may be subject to further refinement following investment but serve as a concrete signpost relative to which impact performance can be evaluated.
- We work with our investees to agree impact metrics and KPIs that form a credible basis for monitoring the impact performance of investments. We rely on a range of resources including research from credible organisations, IRIS+, the UN SDGs to establish metrics and indicators.
- We establish a clear expectation for our investments to provide information on financial and impact performance and the type of information and the frequency of reporting is reflected in investment documents. For investments made through funds or advisers, the fund manager is responsible for collating information from businesses and projects and providing this information to us in the agreed format on a regular basis. For direct investments, we agree on reporting format, information and frequency directly with investees and reflect these requirements in investment documents.
- We provide regular reporting to our LPs through fund quarterly reports and via the BNPP AM Alts Impact Hub, our proprietary online reporting tool. The BNPP AM Alts Impact Investing Annual Review also provides insight into our impact strategy and investments.
- We negotiate membership or participation on investor-led governance committees e.g., LPACs and boards, as an important tool to monitor both the impact and financial performance of our investments. In addition, we conduct ad hoc meetings with and visits to underlying companies and projects to assess and monitor the level and quality of impact being generated.
- The performance of investments is reviewed following the regular reporting cycle and at specially constituted meetings of our Investment Committee. Where we have concerns about the performance – financial or impact – of an investment, our preference is to engage actively with investees.
- The range of options to deal with investments that cause concern would be determined by the nature of the investment, and whether we are direct or indirect investors. While early divestment is an option available for more liquid investments such as microfinance, this is an option that may not be readily available for other types of investments. In addition, for investments in funds our options would be influenced by the GP and other Limited Partners.

17 Actions could include active engagement with the investee; early divestment; adjusting indicators/expectations due to significant, unfore¬seen, and changing circumstances; or other appropriate measures to improve the portfolio's expected impact performance.

18 Outcomes are the short-term and medium-term effects of an investment's outputs, while the outputs are the products, capital goods, and services resulting from the investment. Adopted from OECD-DAC (www.oecd.org/dac/).

PRINCIPLE 7

CONDUCT EXITS CONSIDERING THE EFFECT ON SUSTAINED IMPACT:

When conducting an exit,[19] the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.

- We provide a range of capital, directly to enterprises in the form of equity or debt or indirectly through funds. Our influence over exit decisions is correlated with the type of capital and mode of investments.
- For investments made in funds, the GP leads on exit discussions and our focus is on selecting and influencing GPs to take account of impact considerations when investing and conducting exits.
- For direct investments, our discipline starts with our selection process, and we consider impact dilution risk as the business scales or changes ownership as part of our due diligence process. Our key exit discipline is to invest in business models that are supported by and benefit from providing solutions to a defined underserved beneficiary group or environmental challenge over the long term; and where impact considerations will support the rationale for acquisition by a purchaser.
- Where appropriate we agree global access terms with our investees, embedding impact considerations into legal agreements which require investees and potential acquirers to continue to pursue impact objectives over a defined period following exit.
- Ultimately, exits will be determined taking account of a range of factors including: impact considerations, investment type, other investors, whether direct or fund investments; level of holdings; fund term; and fiduciary duty to our clients.

19 This may include debt, equity, or bond sales, and excludes self-liquidating or maturing instruments.

PRINCIPLE 8

REVIEW, DOCUMENT, AND IMPROVE DECISIONS AND PROCESSES BASED ON THE ACHIEVEMENT OF IMPACT AND LESSONS LEARNED:

The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.

- Our strategy was established to provide funding to investments that generate intentional, measurable and positive social and environmental benefits, in addition to financial returns. A review of the impact performance of investments at an investment, portfolio and strategy level is a critical aspect of how value is created for our investors and beneficiaries.
- We have evolved and improved our practice over time and now require all investments, direct and funds, to establish relevant impact targets both qualitative and quantitative, to allow for a more structured evaluation of impact performance. This is in addition to financial returns expectations that are established at the time of investments.
- We document expected financial and impact returns, qualitative and quantitative, of each investment in the Investment Committee memos as part of our due diligence on prospective investments. This may be subject to further refinement following investment but serve as a concrete signpost relative to which impact performance can be evaluated during and post the tenure of our investment.
- The impact performance of investments is reviewed regularly on a proactive basis, reactively in line with reporting cycles, or after engagement with investee companies as members of investor governance committees.
- We have developed the BNPP AM Alts Impact Hub, a modular, tech-based solution to manage, monitor, evaluate and report on investment impact. This solution enhances our stewardship of investments and the impact performance of the strategy overall.
- The insights from our review process inform the effectiveness and use of our impact investing capital. Insights from the review process have been used to define and refine our investment strategy, impact objectives and themes, investment partners, investment returns expectations, operational due diligence, risk appetite, geographical priorities, target beneficiaries and as a critical input to define and establish impact targets for future investments.

PRINCIPLE 9

PUBLICLY DISCLOSE ALIGNMENT WITH THE PRINCIPLES AND PROVIDE REGULAR INDEPENDENT VERIFICATION[20] OF THE ALIGNMENT:

The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Impact Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns

This Disclosure Note affirms the alignment of the impact management systems of AXA IM's Impact Investing Strategy with the Operating Principles for Impact Management and will be updated annually.

Our impact management system was reviewed and verified independently of the management company by EY & Associés in April 2023. The independent report on our impact management system is available at Impact Investing | AXA IM Alts (axa-im.com)

Information on the current independent verifier is as follows:

Name and Address

EY & Associés
Tour First, TSA 14 444
92 037 La Defence Cedex, France.

Qualifications

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities. EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. For more information about our organization, please visit ey.com."

Most Recent Review

30 April 2023

The information contained in this Disclosure Statement has not been verified or endorsed by the Global Impact Investing Network ("the GIIN") or the Secretariat or Advisory Board. All statements and/or opinions expressed in these materials are solely the responsibility of the person or entity providing such materials and do not reflect the opinion of the GIIN. The GIIN shall not be responsible for any loss, claim or liability that the person or entity publishing this Disclosure Statement or its investors, Affiliates (as defined below), advisers, employees or agents, or any other third party, may suffer or incur in relation to this Disclosure Statement or the impact investing principles to which it relates. For purposes hereof, "Affiliate" shall mean any individual, entity or other enterprise or organization controlling, controlled by, or under common control with the Signatory.

20 The independent verification may be conducted in different ways, i.e., as part of a financial audit, by an independent internal impact assessment committee, or through a portfolio/fund performance evaluation. The frequency and complexity of the verification process should consider its cost, relative to the size of the fund or institution concerned, and appropriate confidentiality

RISK SECTION

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 fund described being at risk of capital loss. For a complete description and definition of risks, please consult the last available prospectus and KID of the fund. Investors considering subscribing to a fund should read carefully its most recent prospectus and KID that can be downloaded free of charge from our site. Past performances or achievement is not indicative of current or future performance.

The information contained in this Disclosure Statement has not been verified or endorsed by the Global Impact Investing Network ("the GIIN") or the Secretariat or Advisory Board. All statements and/or opinions expressed in these materials are solely the responsibility of the person or entity providing such materials and do not reflect the opinion of the GIIN. The GIIN shall not be responsible for any loss, claim or liability that the person or entity publishing this Disclosure Statement or its investors, Affiliates (as defined below), advisers, employees or agents, or any other third party, may suffer or incur in relation to this Disclosure Statement or the impact investing principles to which it relates. For purposes hereof, "Affiliate" shall mean any individual, entity or other enterprise or organization controlling, controlled by, or under common control with the Signatory.

BNP PARIBAS ASSET MANAGEMENT Europe, "the investment management company", is a simplified joint stock company with its registered office at 1 boulevard Haussmann 75009 Paris, France, RCS Paris 319 378 832, registered with the "Autorité des marchés financiers" under number GP 96002.
This material is issued and has been prepared by the investment management company.
This material is produced for information purposes only and does not constitute:
1. an offer to buy nor a solicitation to sell, nor shall it form the basis of or be relied upon in connection with any contract or commitment whatsoever or
2. investment advice.

This material makes reference to certain financial instruments authorised and regulated in their jurisdiction(s) of incorporation. No action has been taken which would permit the public offering of the financial instrument(s) in any other jurisdiction, except as indicated in the most recent prospectus of the relevant financial instrument(s), or on the website (under heading "our funds"), where such action would be required, in particular, in the United States, to US persons (as such term is defined in Regulation S of the United States Securities Act of 1933). Prior to any subscription in a country in which such financial instrument(s) is/are registered, investors should verify any legal constraints or restrictions there may be in connection with the subscription, purchase, possession or sale of the financial instrument(s).
Investors considering subscribing to the financial instrument(s) should read carefully the most recent prospectus and Key Information Document (KID) and consult the financial instrument(s') most recent financial reports.
These documents are available in the language of the country in which the financial instrument(s) is authorised for the distribution and/or in English as the case may be, on the following website, under heading "our funds": https://www.bnpparibas-am.com/
Opinions included in this material constitute the judgement of the investment management company at the time specified and may be subject to change without notice. The investment management company is not obliged to update or alter the information or opinions contained within this material. Investors should consult their own legal and tax advisors in respect of legal, accounting, domicile and tax advice prior to investing in the financial instrument(s) in order to make an independent determination of the suitability and consequences of an investment therein, if permitted. Please note that different types of investments, if contained within this material, involve varying degrees of risk and there can be no assurance that any specific investment may either be suitable, appropriate or profitable for an investor's investment portfolio.
Given the economic and market risks, there can be no assurance that the financial instrument(s) will achieve its/their investment objectives. Returns may be affected by, amongst other things, investment strategies or objectives of the financial instrument(s) and material market and economic conditions, including interest rates, market terms and general market conditions. The different strategies applied to financial instruments may have a significant effect on the results presented in this material. Past performance is not a guide to future performance and the value of the investments in financial instrument(s) may go down as well as up. Investors may not get back the amount they originally invested.
The performance data, as applicable, reflected in this material, do not take into account the commissions, costs incurred on the issue and redemption and taxes.
You can obtain this by clicking here: www.bnpparibas-am.fr/investisseur-professionnel/synthese-des-droits-des-investisseurs a summary of investor rights in French. BNP PARIBAS ASSET MANAGEMENT Europe may decide to terminate the arrangements made for the marketing of its collective investment undertakings/financial instruments, in the cases covered by the applicable regulations.

July 2026 - Design: Creative Services BNPP AM - P2607028

BNP PARIBAS
ASSET MANAGEMENT