JULY 2023

SFDR DISCLOSURE STATEMENT: SUSTAINABILITY RISK INTEGRATION AND PAI CONSIDERATIONS AT ENTITY-LEVEL

This statement refers to 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. Disclosures made in respect of the article 5 of SFDR can also be found in our Remuneration Policy.
PAI: Principal Adverse Impacts on sustainability factors.

BNP PARIBAS
ASSET MANAGEMENT

The sustainable investor for a changing world

CONTENTS

INTRODUCTION

At BNP Paribas Asset Management (BNPP AM) we believe that our fiduciary duty is aligned with sustainability and that we have a duty to our clients to make well-informed investment decisions: ESG (environmental, social and governance) factors are a key element of this. We also have to consider the sustainability-related preferences of our clients, and we seek to minimise the adverse impacts of our investments by using our investments, our voice and our leverage to help shape a better future. However, this does not mean that all the investment products we distribute are necessarily disclosing under article 8 or article 9 under the SFDR regulation.

BNPP AM has been active in sustainability since 2002, when we launched our first socially responsible investment fund and set up a dedicated ESG research team – the precursor of our Sustainability Centre. We were a founding signatory of the Principles for Responsible Investment (PRI) in 2006. Since then, we have strived to implement all six principles with increasing effectiveness, and continue to develop our approach, regularly reporting on our achievements in terms of meeting the goals of the PRI.

In 2011, we established our first Responsible Investment Policy, based on responsible ownership and the progressive integration of ESG considerations. This included responsible business conduct requirements based on the UN Global Compact (UNGC) Principles in the selection of issuers, as well as in-house sector policies to monitor our investments in sensitive sectors.

In 2019, we published our Global Sustainability Strategy (GSS), which established a roadmap for putting sustainability at the heart of our investment approach. Targets include progressively aligning our portfolios with the aims of the Paris Agreement, and the document sets out the three key thematic focus areas of our sustainability efforts, or the '3Es': Energy transition, Environmental sustainability and Equality and inclusive growth. These themes inform our strategic research agenda, thematic investments, corporate engagement and public policy advocacy. Our approach reflects the systemic changes necessary to achieve sustainable and inclusive economic growth.

We have progressively incorporated sustainability considerations into our investment range. This means that we work to integrate the key pillars of our sustainability approach as defined in our GSS, a critical component of which is ESG integration, i.e. having our analysts and portfolio managers incorporate relevant ESG factors into their evaluation of companies or assets, and investment decision-making processes. The other pillars are Stewardship (voting and engagement activities), Responsible Business Conduct Expectations (including our exclusion list), and a Forward-Looking Perspective (focusing on shaping a more sustainable future) and Investment Solutions for sustainability.

At entity-level, the implementation of the pillars of our GSS allows us to minimise the principal adverse impacts of our investments on society and the environment and some of them help us to focus on ESG sustainability risks in our portfolios. The division of ESG factors into material sustainability risks and adverse impacts is not always clear-cut, making it difficult at times to categorise them at the firm level. The application of ESG analysis and Stewardship activity to a portfolio, for example, can result in improvements to corporate behaviour, and though the exclusion of a company from a portfolio for violation of our RBC Policy may not reduce societal impacts, it may protect the portfolio from related risks. Ultimately, the materiality of an ESG risk will depend on the investment strategy, timeframe of the investment, underlying investment universe, as well as other factors.

Within the scope of the investments we propose to our clients, we have strategies that disclose under article 8 and article 9 and we also have some strategies that are not disclosing under article 8 or 9.

This statement is made in relation to BNP PARIBAS ASSET MANAGEMENT Luxembourg and BNP PARIBAS ASSET MANAGEMENT France and its branches, together hereafter referred as BNPP AM in this document.

This statement is organised in two parts:

- The first section provides an overview of how we integrate sustainability risks in investment decisions and investment advice
- The second addresses principal adverse impacts and our due diligence process.

PART 1.

SUSTAINABILITY RISKS

We believe that analysing investments using environmental, social and governance (ESG) criteria helps us take into account a wider set of risks and opportunities, which in turn, helps us make better-informed investment decisions; in other words, our fiduciary duty is aligned with sustainability. Sustainability topics can be imperfectly or differently understood, under-researched or inefficiently priced, with inconsistent levels of disclosure. Against this background, integrating ESG factors into investment analysis and decision-making helps our portfolio managers to identify and assess areas of risk or opportunity which may not be understood by all market participants, thereby providing them with the potential to achieve relative advantage.

This first part of our SFDR Statement gives an overview of:

1. Our approach to investing sustainably
2. Our ESG scoring process
3. How we analyse ESG factors and assess their materiality
4. Asset-class specificities of our ESG integration process

1.1 Our approach to investing sustainably

At entity-level, BNPP AM relies on the following pillars of sustainability when designing investment strategies and providing financial advice:

1. **ESG Integration:** Our ESG scoring and integration approach is applied across a wide range of investment strategies. By integrating a consideration of relevant ESG factors into our investment decisions, we can identify and assess areas of risk or opportunity, offering a relative advantage. Please refer to our ESG integration principles and guidelines.
2. **Stewardship (proxy voting, engagement, and public policy)**: Shareholder engagement and public policy advocacy activities are undertaken on behalf of our assets under management, with a strong focus on addressing adverse impacts to society and the environment from corporations and other market participants. Please see our 2023 Governance and Voting Policy, 2023 Stewardship Policy, 2023 Public Policy Advocacy Policy and 2022 Voting Report.
3. **Responsible business conduct (RBC) and sector-based exclusions policies (RBC Policy)**: We strive to apply the RBC Policy to many actively managed open-ended mutual funds. We review and update these policies regularly to reflect the changing understanding of science, societal expectations and market realities. Since 2020, this RBC Policy became the default approach for new client segregated accounts, mandates and dedicated funds. Clients may however choose to opt out of this Policy. We work with existing clients to seek their approval to apply this Policy to existing segregated accounts, mandates and dedicated funds.
4. **Forward-looking perspective – the '3Es'** (Energy transition, Environmental sustainability, Equality & inclusive growth): As set out in Part II of our GSS, we measure our exposure to several key issues across our assets under management, and undertake related research and engagement. Our Global Sustainability Strategy outlines in detail our roadmap and commitments relating to the 3Es.
5. **Investment solutions for sustainability**: Our goal is to integrate sustainability dimensions across our investment strategies, according to the four core pillars of our approach mentioned above. We also offer some solutions that go further receiving one or several labels (delivered by independent organisations, such as 'Label ISR' in France), or having a sustainable investment objective (for example sustainable thematic or impact strategies).

The details on the progress made to achieve our goals can be found in our latest Sustainability Report.

We recognise that systemic risks such as climate change or biodiversity loss cannot be fully addressed through ESG integration in portfolio management. Our Stewardship activities, RBC policies and strategy with regard to the 3Es complement and amplify our efforts to reduce material risks to investments, as well as systemic risks that require collective and urgent action.

Together, these approaches strengthen the way we invest, including how we generate investment ideas, construct optimal portfolios, control for risk, and use our influence with companies and markets.

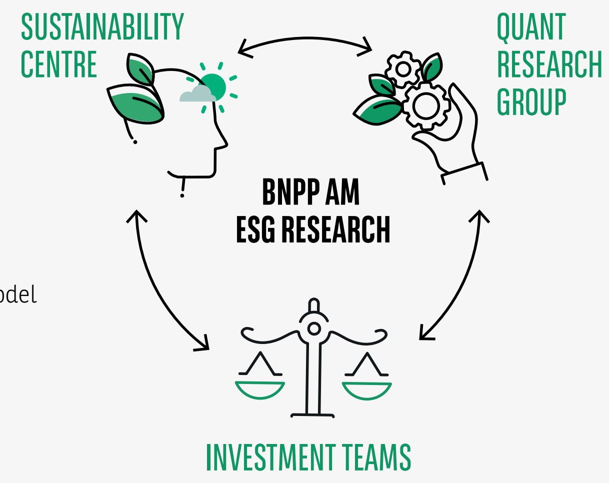
1.2 ESG scoring process

Underpinning our sustainable approach is our ESG scoring framework. We chose to build our own proprietary ESG scoring framework to ensure that ESG scores are tailored to our needs and because we believe in the merits of looking beyond a headline ESG score to evaluate individual metrics and components that can be valuable sources of insight into investment risk and opportunities. We apply an additional layer of data quality and control to the underlying metrics we source from third parties to narrow our focus to the indicators which we deem to have sufficient coverage, quality and insight. Our independent Sustainability Centre also as the ability to implement corrections and qualitative overlays to correct data, update it or infuse it with our first-hand knowledge and insights.

SUSTAINABILITY CENTRE
- Owns the model
- Selects relevant ESG indicators
- Defines weights based on materiality research (incl. SASB* framework)
- Assesses underlying data quality

QUANT RESEARCH GROUP
- Analyses data quality and coverage
- Corrects biases & metric correlation
- Minimises the number of indicators and enhance data model
- Normalises indicators and scores

INVESTMENT TEAMS
- Suggest ESG scoring methodology enhancements
- Provide data corrections / overlays
- Apply research and scores to company analysis, engagement and portfolio construction



Covering more than 13,000 issuers, our ESG scoring process provides insights that help our portfolio managers pinpoint a company's performance on material ESG issues, and integrate these into their investment decisions. Compared to other frameworks, our methodology is markedly differentiated, with a more focused number of ESG metrics, and a clear preference for 'performance' over 'policy' indicators.

1.3 ESG factors analysed and how materiality is rated

Our Sustainability Centre oversees the development and implementation of our strategy to investing sustainably – a strategy governed by our Sustainability Committee, which includes members of BNPP AM's Executive and Investment Committees and is chaired by the CEO.

Our team of ESG analysts and specialists carries out ESG research on issuers in our investment universe. Our sector-specific ESG research covers a broad range of potentially material risks, including systemic risks to the environment and society, from climate change and incidences of bribery and corruption, to consumer privacy breaches.

ESG analysts are in charge of assessing companies' ESG performance and monitoring compliance with our Responsible Business Conduct Policy.

Our research culminates in a proprietary ESG performance score for each company, with these scores accessible to relevant portfolio management teams. In addition, investment teams receive updates to the list of issuers that fail to meet the standards set out in our RBC Policy and are therefore not eligible for investment in portfolios where our RBC is applied. A 'watch list' of names with whom we are engaging to encourage improvements is also shared; these names are ineligible for investment in some of our strategies (e.g products with some specific sustainability labels or requirements).

Recognising that ESG risks and opportunities are not always comparable between sectors and regions, our scoring framework divides the issuers covered into 20 sectors and 4 geographic areas, creating 80 groups of geographic and sector peers.

We apply the precautionary principle when identifying ESG risks in our ESG analysis and rating: If a 'risk' is defined as a negative event that may or may not occur sometime in the future, then biodiversity loss and climate change should be viewed as 'threats', not 'risks.' There is a great deal of uncertainty regarding how these issues may play out, and how negative and far-reaching the outcomes will be, but it is quite clear that 'business as usual' will lead us to economic and ecological disaster, and we must change course.

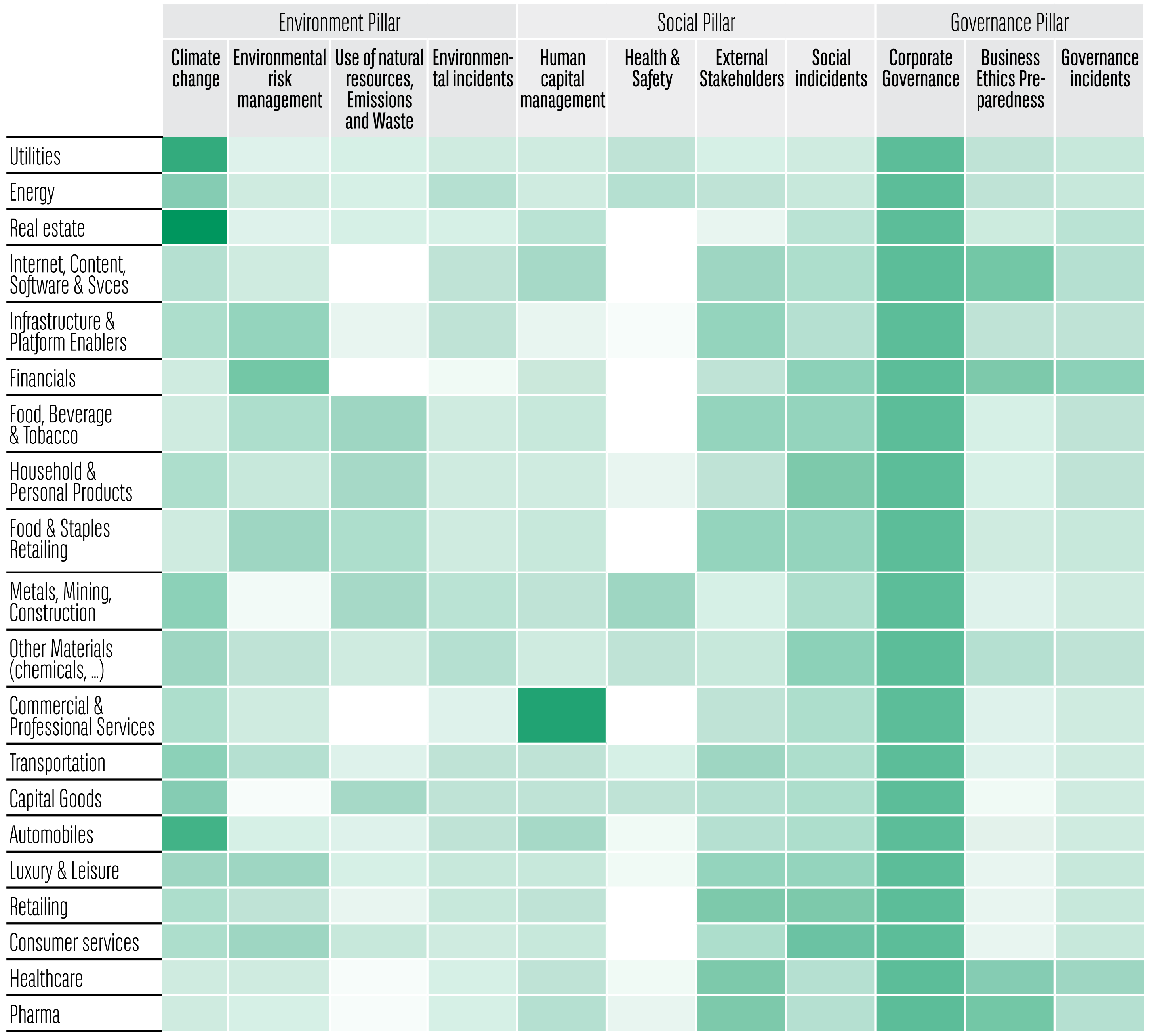
In other words, it is difficult to obtain evidence for the financial impact that threats to the environment may have before the damage occurs, primarily due to the vastly different timeframes at play: by the time an environmental risk becomes financially material to a company, it may be too late to reverse the damage to the environment. The situation is similar for a number of social aspects. The uncertainty and difficulty in measuring the impact that surrounds – at least today – environmental and social harm should not be used as an excuse for not taking action to avert related threats.

To arrive at ESG scores that provide useful investment insights, we select metrics and weights within our ESG scoring framework using three criteria:

1. **Materiality:** We reward companies that score highly on ESG issues that are material to their business, based on the expertise from our Sustainability Centre, as well as frameworks such as SASB and empirical studies
2. **Measurability and insight:** We give preference to performance or numeric metrics over policies or programmes
3. **Data quality and availability:** We favour metrics for which data is of reasonable quality and readily available so that we can compare issuers fairly

Our Materiality Heat Map

We group the individual metrics in our ESG scoring framework into 11 common themes; however, the underlying metrics used to assess performance under each theme vary by sector. The materiality Heat Map below provides a visual representation of the weights applied to each theme for each sector in our scoring model. A darker shade of green indicates a higher weight, and a lighter shade of green a lower weight



Sovereigns

BNPP AM ESG scoring for sovereigns provides a view on the ESG performance of a country and enables us to compare countries with different levels of economic development. In addition, it assesses countries' commitments concerning climate change as we aim to engage with them on this issue. Finally, similar to our company-scoring model, it incorporates qualitative inputs derived from investment teams' in-depth knowledge, and from dialogue and engagement with debt management officials and policymakers.

Our Sovereign ESG data model has an equal weight for each of the E-pillar (14 themes), S-pillar (12 themes) and G-pillar (7 themes), comprising a total of 225 KPIs structured around 33 key themes.

ESG and financial performance
We believe that unmanaged or unmitigated sustainability risks can impact the returns of financial products. Due to the nature of sustainability risks and specific topics such as climate change, the chance of sustainability risks impacting the returns of financial products is likely to increase over longer-term time horizons linked to increased incidence of both physical and transition-related risks.

Share prices of companies with strong sustainability practices typically demonstrate less volatility and have fewer large drawdowns[1]. Specifically, adverse impacts from sustainability risks can affect companies via a range of mechanisms, such as 1) lower revenue; 2) higher costs; 3) damage to, or impairment of, asset value; 4) higher cost of capital; and 5) fines or regulatory risks[1].

1. 4 ESG integration process: Overview

Wherever applicable, analysts and portfolio managers integrate a consideration of relevant ESG factors into their company, asset and sovereign evaluation and investment decision-making or financial advice. The process to integrate and embed ESG factors is guided by formal ESG Integration Guidelines, a set of common guidelines, and then by tailored approaches by asset class and/or investment strategy. This process (see below) is overseen by the Sustainability Centre.

An example of a typical investment process

Investment philosophy	Research and idea generation	Portfolio construction	Risk management	Engagement	Voting	Disclosure and reporting

- **Investment Philosophy:** Investment strategies are guided by an investment philosophy, which is a set of underlying beliefs that influence investment teams when they are managing their funds. Wherever applicable, relevant ESG considerations have been integrated into investment philosophies across BNPP AM to ensure consistency.
- **Idea Generation:** At the idea generation stage, investment teams think broadly about future investment opportunities. Integrating ESG factors allows investment teams to include or discard opportunities based on ESG considerations. For example, some strategies identify the highest-rated ESG entities in a universe as a priority for additional financial analysis
- **Portfolio Construction:** ESG factors can be used in a number of ways at the portfolio construction stage, such as to screen companies, to overweight or underweight positions, or to tilt portfolios, as in our Multi-Factor portfolios that have a systematic tilt away from carbon-intensive entities and towards high ESG performers.
- **Risk Management:** We have a fiduciary duty to our clients to take all risks into consideration, including ESG or sustainability risks.
- **Voting & Engagement:** Proxy voting activity is led by our Stewardship team, which liaises with portfolio managers to seek input on strategic votes. Engagement on governance and sustainability topics is typically led by this team, while investment teams also include ESG topics in their ongoing company meetings.
- **Performance:** As per our ESG Integration Guidelines, for a wide range of strategies, we monitor the ESG score and/or carbon footprint of some investments versus their benchmarks. For eligible strategies, we aim to outperform on ESG characteristics at product-level. We report on these two KPIs to clients where they are available.

1 Source: Morgan Stanley, Sustainable Reality: Analyzing Risk and Returns of Sustainable Funds, 2019
2 For more information on transmission mechanisms and channels of impact, see: 1) NGFS First comprehensive report "A call for action", 2019; 2) the Sustainability Accounting Standards Board (SASB); 3) Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

The process to integrate and embed ESG* factors is guided by formal ESG Integration Principles and Guidelines, as outlined below. Criteria outlined in these documents can apply as a whole, or in part, to products that integrate ESG.

Common ESG Integration Guidelines

PHILOSOPHY

Some common principles for **ESG integration will apply** across all asset classes, while others are asset class or strategy-specific

RESEARCH

We will typically avoid investing in a public entity without ESG analysis, with a process for qualitative ESG analysis available to investors. We maintain minimum coverage thresholds for funds, performing qualitative ESG analysis in the absence of a quantitative ESG rating when thresholds are in breach.

We **will avoid investing** in a private entity without **performing ESG due diligence**

STEWARDSHIP & ENGAGEMENT

We will avoid investing in a weakly rated entity (in active portfolios) without documenting the risks and/or engaging or planning to actively engage in the near future

Where weakly rated entities are non-responsive to engagement, we may use our voting rights and oppose key resolutions at their general meetings. As a last resort, we **may disinvest from weakly rated entities which do not respond to engagement**

KPIS & REPORTING**

We aim to hold portfolios with more positive ESG scores than their respective (invested) benchmarks

We aim to **hold portfolios with a lower carbon footprint** than their respective (invested) benchmarks

Source: BNP Paribas Asset Management, June 2023

* ESG: Environmental Social and Governance.
** KPI: Key performance indicator The initial focus for the above KPIs is corporate issuer scores (e.g. sovereigns, derivatives and cash excluded at this stage).

1. 5 Scope of ESG integration process

Our ESG Integration Guidelines apply across our AUM where applicable, with the exception of specific products as specified in our prospectuses.

In 2018, BNPP AM set up an ESG Validation Committee to support the process of ESG integration and ensure that the majority of investment products managed by BNPP AM were in line with our ESG Integration Guidelines. By the end of 2019, we had validated all relevant strategies by having each investment team present its proposed ESG Integration Process for review and validation by the Committee. The review of all relevant investment strategy does not imply that our ESG integration Principles and Guidelines apply to all our product. Today, when a new strategy is launched, wherever applicable, the Sustainability Centre reviews it and wherever applicable, it is validated as part of the Global Product Committee approval process.

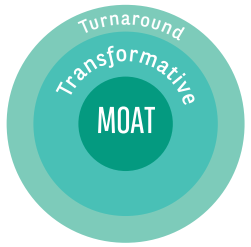
Note for Index funds and ETFs following our ESG integration Guidelines the process is different in nature:

- Index funds and ETFs using the full replication method and tracking ESG indices, the following elements are analysed, including, but not limited to: source and quality of ESG data used, legitimacy and expertise of the ESG data and/or index provider(s), ESG index methodology including ESG sector exclusions and integration of ESG criteria for securities selection and weightings, portfolio diversification across sectors and countries, scalability and liquidity of the index, EU BMR compliance, ESG rating of the index versus the relevant investment universe, requirements of the relevant benchmark in terms of ESG disclosure, Paris Aligned Benchmark (PAB) or Climate Transition Benchmark (CTB) classification.
- Index funds and ETFs using the synthetic replication method or specific products structured with forward financial instruments will integrate ESG, at least in the assets physically held by those products, through the exclusion of one or several low-scoring deciles at swap inception (for instance they will at the very least exclude companies that fall into the 10th decile – worst performers – based on our ESG scoring).

1. 6 Practical examples of ESG integration across asset classes

Our common ESG Integration Principles apply across geographies and asset classes (e.g. equities, fixed income, private debt and real assets, multi-asset and quantitative solutions). Following the ESG validation process, wherever applicable, investment team's investment process integrates ESG in line with our common ESG Integration Principles. Below are a couple of examples illustrating this.

Example of ESG integration in equities – Greater China equities

IDENTIFY THEMES & SCREENING	FUNDAMENTAL RESEARCH & VALUATION	STOCK SELECTION & DISCUSSION	PORTFOLIO CONSTRUCTION & RISK MANAGEMENT
• Filter out stocks with insufficient liquidity and size, or failing to meet BNPP AM* Responsible Business Conduct standards • Use proprietary quantitative screening including ESG factors	• Conduct company specific fundamental research: - Industry & Company Dynamics; - ESG assessment; - Balance Sheet Strength; - Valuation. • Identify the intrinsic value & valuation upside.	 • "Growth Framework" approach to adapt to China's fast shifting dynamics. • ESG and Stewardship debated	• Determine position weight based on conviction and risk/reward. • Monitor daily performance and risk metrics. • Perform strict sell discipline including for ESG reasons & rigorous risk controls embedded to protect* gains and mitigate risks. • Implement multi-layered risk management.

Generating high conviction ideas through a disciplined and repeatable approach

* BNP Paribas Asset Management does not provide any formal capital guarantee for this strategy.
Source: BNP Paribas Asset Management, June 2023.

EXAMPLE OF ESG INTEGRATION IN PRIVATE DEBT

ESG PROCESS

PRELIMINARY ESG REVIEW	ESG ASSESSMENT	IMPACT ASSESSMENT	PORTFOLIO REVIEW AND REPORTING
• Using the BNP Paribas Group and BNPP AM framework screening tools • Using BNPP AM proprietary taxonomy of activities•	• Qualitative assessment of the ESG performance of the infrastructure project • Shared and sector-specific ESG indicators • In-depth study of the material ESG issues	• Environmental and climate impact assessment • Assessment of the induced and avoided emissions • Assessment of the net contribution to the energy and ecological transition	• Annual review based on environmental and climate impact • ESG reporting
MANAGEMENT TEAM ESG RESEARCH	ESG RESEARCH	ICEBERG DATA LAB (CONSULTING FIRM)	MANAGEMENT TEAM ESG RESEARCH

Source: BNP Paribas AM, September 2020.

PART 2.

PRINCIPAL ADVERSE IMPACTS

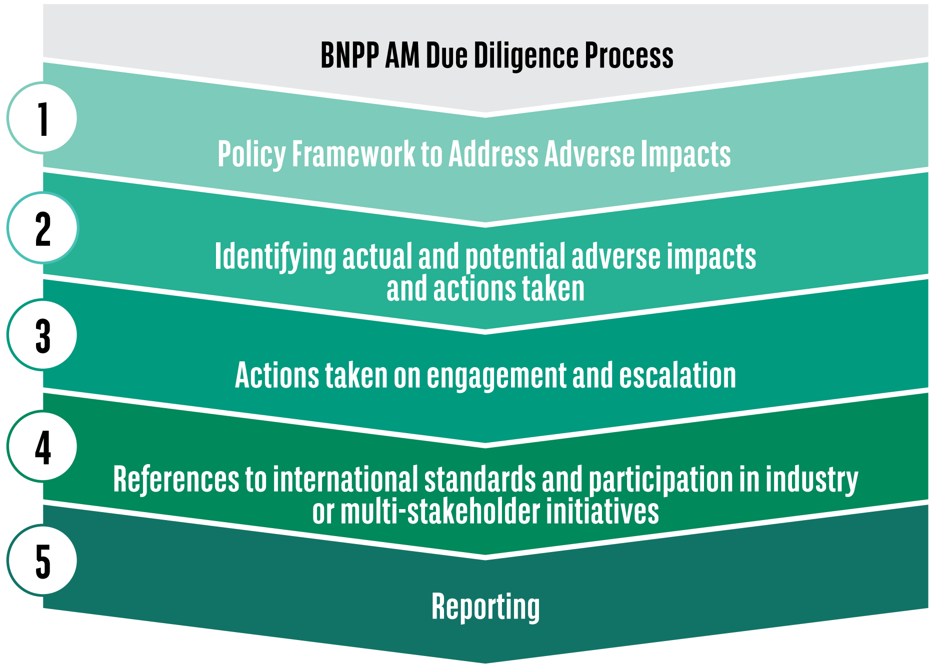
This section explores how BNPP AM considers Principal Adverse Impacts on sustainability factors (PAI) at the entity level, and covers the reference period from 1 January 2022 to 31 December 2022.

Principal adverse impacts statement

As a broadly diversified global asset manager, BNPP AM's adverse impacts are primarily indirect, through the entities in which we invest. We are therefore heavily dependent upon issuer and third-party reporting, in addition to our own research. More than twenty years since the launch of the UN Global Compact Principles that lay out fundamental corporate responsibilities in the areas of human rights, labour, environment and anti-corruption, and more than ten years since the adoption of the UN Guiding Principles on Business and Human Rights, the state of corporate social and environmental due diligence remains insufficient and has room for progress. We seek to address this issue in part through engagement with companies, by supporting shareholder proposals asking companies to adopt meaningful social and environmental due diligence programmes, and through public policy advocacy. Nevertheless, as relatively few entities in our large investible universe conduct meaningful due diligence and/or disclose the results of these efforts, we are not yet at the stage where we can adequately identify all principal adverse impacts that may be related to the companies, assets or sovereigns we are investing in.

As corporate reporting requirements mostly focus on financial information, most issuer-provided information on adverse impacts is currently voluntarily produced (Note: this is expected to change in Europe with the entry into force of the Corporate Sustainability Reporting Directive). This, combined with usual lack of due diligence programmes on principal adverse impacts at entity level, means that many of the most significant adverse impacts can be sometimes inappropriately identified or disclosed. In addition to a lack of reliable information, our ability to influence outcomes is limited by a variety of factors including the limited leverage available to a minority investor. This is particularly true for sovereigns.

Nevertheless, we embrace our responsibility to identify and mitigate our principal adverse impacts. Our framework for identifying and addressing adverse impacts is outlined below.



Step 1 – BNPP AM Policy Framework to Address Adverse Impacts

Our policy framework addresses PAI in primarily three documents: 1) our Responsible Business Conduct (RBC) Policy, which identifies for exclusion industries and behaviours that present a high risk of adverse impacts in violation of international norms; 2) our ESG Integration Guidelines, which helps our investment teams identify ESG risks, including those related to PAI; and 3) our 2023 Stewardship Policy and 2023 Governance and Voting Policy, setting out how we exercise our voting rights as a responsible steward and engage with issuers.

Our approach to sustainability is managed by a company-wide governance framework. This framework ensures that our sustainability policies and practices are embedded and implemented appropriately throughout our business, and that any new initiative is well conceived, properly structured and delivered effectively. Several committees are set up to frame our sustainability policies:

- BNPP AM executive committee: strategic oversight of sustainability approach
- BNPP AM Sustainability Committee: oversees and validates our approach to sustainability
- BNPP AM Investment Committee: approves sustainability methodologies and monitors ESG integration
- BNPP AM Stewardship Committee: reviews voting and engagement implementation

Our RBC Policy was last approved in December 2022 by the BNPP AM Sustainability Committee. It provides sector-specific guidance to identify and prioritise adverse impacts based on the nature of the economic activity, and in many cases, the geography in which these economic activities take place. These policies establish criteria for the exclusion of certain types of activities that present an unacceptable risk to society or the environment, such as tobacco or thermal coal production, as well as criteria for evaluating other activities, such as palm oil production, that are not strictly excluded but require closer scrutiny. They identify general areas where the risk of adverse impacts is more significant, and therefore help us in assessing investee companies operating within those sectors against predefined criteria.

Our RBC Policy also establishes a common framework for investments and economic activities through the implementation of the UN Global Compact (UNGC) Principles. As the Global Compact establishes broad, aspirational principles, a risk-based approach is taken at the issuer level to assess potential breaches of international standards based on available data. This analysis may result in the exclusion of a company from our actively managed portfolios, or it may lead to direct engagement with the issuer to obtain more information or attempt to influence the company's behaviours.

After the RBC Policy is applied, our ESG Integration Guidelines come into force, in which we articulate a series of commitments material to our consideration of PAI:

- ESG analysis of individual entities will concentrate on those factors deemed to be material for the respective sector by the Sustainability Centre, with input from the investment teams.

- We will typically avoid investing in a public entity without ESG analysis, with a process for qualitative ESG analysis available to investors. We maintain minimum coverage thresholds for funds (90% for developed markets and 75% for emerging markets, mid-small caps and high yield), performing qualitative ESG analysis in the absence of a quantitative ESG rating when thresholds are in breach. We will avoid investing in a privately owned entity without performing ESG due diligence (which could include qualitative analysis, or receiving a completed ESG questionnaire).

- We aim to hold portfolios with a more positive ESG scores than their respective (invested) benchmarks.

We implement our ESG Integration Guidelines primarily by providing our investment teams with proprietary ESG scores. Our ESG scoring framework includes consideration of several PAI and PAI-adjacent indicators. The Risk team is aware of all the portfolios which apply the RBC and will halt, pre-trade, any investments in excluded names. Risk is also aware of portfolios applying ESG Integration Guidelines and monitor compliance with commitments made.

Our 2023 Stewardship Policy was last approved by the Stewardship Committee in December 2022. Our 2023 Governance and Voting Policy was approved in March 2023 by the Stewardship Committee and the board of BNPPAM. They outline what we expect of public companies and how we carry out our ownership responsibilities. We are committed to being a 'future maker', using our investments and our ability to engage with companies and policymakers to advocate for low-carbon, environmentally sustainable and inclusive economies. The responsibility for the implementation of these policies lies with the Stewardship team within the Sustainability Centre that is tasked with covering the global scope of issuers in terms of voting and engagement. The team publishes reports annually on these activities.

- As an integral element of our investment process, we vote at the annual general meetings of companies in which we invest on behalf of our clients. Voting rights are exercised on equities for mutual funds, UCITS, AIFs, foreign investment funds, mandates and for Employee Investment Funds for which voting rights are delegated to BNPP AM[2]. We are committed to ensuring that we consistently exercise our voting policy across portfolios and markets, subject to technical and legal constraints. We engage with companies in the context of voting at their AGMs, coordinating such dialogue with portfolio managers, ESG analysts and stewardship analysts, so that final voting decisions feed into the qualitative elements of our ESG ratings.

- Our engagement practices encompass our public equity holdings – both actively and passively managed – and extend beyond them. We regularly engage with the issuers of green bonds to ensure the investment is appropriate for our clients, and with sovereigns on material ESG issues that may impact the characteristics of sovereign bonds. Within our private debt business, we engage corporate borrowers on a wide range of ESG characteristics and apply strict environmental standards to our real assets portfolios. We also actively engage with public policymakers, helping them shape the markets in which we invest and the rules that guide and govern company behaviours, with a particular focus on corporate disclosure, climate policy, and corporate governance.

Step 2 – Identifying and assessing principal adverse impacts

Data sources
Our ESG research analysis and findings are independent and based on a wide variety of sources not limited to ESG data providers. They include the knowledge we gain from participating in various investment forums and communities, our relationships with academic institutions and aspects of civil society (a list of the initiatives we participate in is available in our most recent Sustainability Report). With respect to market data providers, we select them using a two-step due diligence process. Our Quantitative Research Group begins by analysing providers' data sets, which includes examining the coverage of data and its quality, and a statistical review of estimation methodologies, among other items. At the same time, the Sustainability Centre performs a qualitative review of methodologies used and the relevance of selection criteria.

Our market data team oversees governance related to the relationship with the provider, and as part of this process, we perform an annual review of our market data contracts.

Our external specialised providers and what they offer are as follows:
- Sustainalytics provides us with raw data metrics that we use selectively to feed our ESG scoring model and PAI reporting. We also use this provider for preliminary UNGC analysis, controversies offerings, and research related to PAI metrics.
- Trucost, CDP, Maplecroft, TPI and SBTi: we use these data providers for our climate change and physical risk analysis. Trucost also provides us with Scope 1 and 2 carbon emissions data.
- CDP also provides us with underlying data for selected PAI metrics.
- CDP, Trucost, Forest 500, TRASE, SPOTT, FAIRR, and Iceberg Data Lab provide us with deforestation and biodiversity metrics we use to assess and report on the biodiversity footprints of our portfolios and holdings.
- ISS and Proxinvest provide us with their governance research, data to feed our ESG scoring model, and selected PAI metrics.
- Beyond Ratings provides us with data and research used in our ESG sovereign research and scoring framework.
- ESG and mainstream brokers provide us with research papers and other market information

2 For more details, please refer to our Governance and Voting Policy

When information is not readily available
For only a few PAIs we already had data readily available through our existing ESG research. Therefore, we initiated a comprehensive research and data selection project in order to assess PAI data solutions from different providers.

In case the level of disclosure of some PAIs is very low, we have considered estimated data from data providers. Our priority has been to rely on reported data only. However, in a very limited number of cases where we deemed the data quality is sufficient, we have been relying on estimates.

In addition, we have been engaging with some data providers to further improve the data quality of some PAIs. Through our rigorous data provider selection process and ESG Research analysis we strive to ensure the best level of data quality to assess the PAIs. Limitations related to quantitative data are detailed in the column "explanation" of the table above.

Our quantitative reporting of PAIs at BNPP AM entity level is disclosed in separate documents, available on this page of our corporate website. In addition, we also choose to disclose at fund level the quantitative values of some of the PAIs, depending on the data coverage we reach for each fund. While our calculation methodologies are consistent for each PAI between our entity report and our fund-level European ESG Templates (EETs)[3], in some cases we report data in this entity level report which is not reported in EETs. The reason for this discrepancy relates primarily to effective data coverage issues at fund level. Specifically, we apply a rule at fund level which only permits PAI reporting for a fund if effective data coverage is above 50% for the indicator and eligible assets in the fund are above 5%.

Step 3 – Engagement and escalation

We take a holistic view in our engagements, focusing on issues that may be financially material as well as those that present the most salient risks to society or the environment, consistent with our obligations under the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the set of international treaties and laws that underpin the UN Global Compact Principles.

It is also consistent with our obligations, as fiduciaries, to do what we can to mitigate systemic risks that impact our clients and future investment opportunities, such as climate change, biodiversity loss, and inequality. These systemic risks are often the focus of our long-term thematic engagements. See our Global Sustainability Strategy, detailing the overarching thematics, i.e. the '3Es' (Energy transition, Environmental sustainability, and Equality and inclusive growth) that we believe are necessary conditions for a sustainable economic system.

As mentioned above, our stewardship activities contribute to considering and addressing the different PAIs. Through our engagement and proxy voting, we address topics related to the 14 mandatory Corporates PAIs (with the exception of PAI 12), the 3 voluntary Corporate PAIs we selected, as well as the 2 Sovereign PAIs. For example, for PAI 1, 2, 3, we are a member of the Climate Action 100+ initiative (CA100+), we have advocated for Paris-aligned corporate climate lobbying, and we engage with portfolio companies to evaluate the potential for us to work with them to enhance their decarbonization ambitions. In terms of proxy voting, we consider the topics covered by PAI 1, 2, 3 through our votes on climate and environmental proposals (e.g. shareholder or management proposals) but also apply climate and environmental considerations to other key items on the agenda (cf. Section 3.6.1 "The application of ESG considerations to Management resolutions" of our Voting Policy). For instance, by doing so, we oppose management resolutions of companies that do not properly report on their carbon footprint, and we can also support shareholder proposals when they align with our ESG expectations. More details for each of the other PAI can be found in the appendix.

Our Stewardship approach is based on the following engagement strategies: (i) engagement related to corporate governance and voting; (ii) thematic engagement, with a focus on the '3Es'; (iii) engagement linked to ESG performance.

3 The EET is an initiative developed by FinDatEx which aims to exchange machine readable ESG data in relation to financial products in order to allow distributors and intermediaries to fulfill their own requirements under SFDR and MiFID2.

This includes provisions for escalation when engagement produces insufficient progress. Indeed, investor-issuer dialogue is the foundation of good stewardship, allowing for trusting relationships to be built over time and permitting solution-oriented discussions. However, there are times when stronger measures are necessary to encourage a company to come to the table and discuss our concerns. In such cases where more robust action is called for, we may, inter alia, make public statements, propose shareholder resolutions, call an extraordinary general meeting, or intervene jointly with other institutions. As a last resort, we may divest entities that do not respond to engagement and show no sign that they will place greater emphasis on sustainability in the future. These decisions are taken on a case-by-case basis, to ensure that our concerns have been properly heard and dealt with. Our shareholder proposal filing strategy is approved by the Stewardship Committee once a year, as are specific decisions about filing each shareholder proposal.

Each year we monitor the performance of issuers linked to the topics covered under the different PAI and take it into account when we review our engagement priorities and proxy voting decisions. As an illustration, on PAI 1, we monitor the disclosure of GHG emissions by publicly listed corporates and apply sanction votes on key items at their general meetings (Discharge of Board and Management / Board Re-elections / Financial Statements and Director and Auditor Reports) when they fail to disclose their absolute GHG emissions appropriately. On the engagement side, we consider the GHG emissions and related reduction targets, and we prioritize the dialogue with companies identified as the world's largest GHG emitters as part of the Net Zero Company Benchmark. Our engagement focuses on the alignment of their climate strategy with an ambition to achieve net-zero GHG emissions by 2050 or sooner, underpinned by credible decarbonisation strategies and intermediary targets, in line with global efforts to limit warming to 1.5 degrees Celsius. Escalation measures taken on a case-by-case basis are based on the monitoring of their performance from year-to-year, including opposition votes on key items at the general meetings, public statements, and filing shareholder proposals.

Step 4 – References to international standards and participation in industry or multi-stakeholder initiatives

BNPP AM recognises that in many situations addressing principal adverse impacts on society and the environment requires a collective effort. We also acknowledge that we can be far more influential when working with others, and that we can benefit from partnering with organisations dedicated to the analysis, research or advocacy of individual ESG issues.

BNPP AM is a signatory of the Net Zero Asset manager initiative and we aim to align our portfolio with the Paris agreement. This commitment underscores our treatment of PAI 1 through 6. Concerning the environmental sustainability focus of PAI 7 through 9, our desire to consider and address these is underscored by the COP 15-announced Nature Action Initiative we are a member of and the Taskforce on Nature-related Financial Disclosures (TNFD) to which we are a deputy member.

The RBC Policy mentioned in step 1 "Policy Framework to Address Adverse Impacts", illustrates a number of international standards that BNPP AM adheres to and which may lead to the exclusion of companies active in certain sectors. In particular, PAIs numbers 4, 10 and 11 are at least partially considered and addressed by our RBC which evaluates companies for exposure to coal, oil & gas, and violations of the OECD Principles for Multinational enterprises and the United Nations Global Compact. Finally, there are numerous controversial weapon conventions that we adhere to that help us to consider and address PAI 14.

Beyond the standards and groups mentioned above, BNPP AM is active in a number of industry groups and collaborative engagement initiatives as outlined in our 2023 Stewardship Policy and annual sustainability report. These include, but are not limited to, the Principles for Responsible Investing, the Institutional Investors Group on Climate Change (IIGCC), Climate Action 100+, Task Force on Climate-related Financial Disclosures (TCFD) and the Global Network Initiative. See Appendix 6 for the complete list.

Details regarding the methodology and data used to assess the different PAI (and thereby the adherence to International Standards and alignment to the Paris Agreement) can be found in the section "Step 2 - Identifying and assessing principal adverse impacts".

Step 5 – Reporting

Our RBC Policy is publicly available to inform our clients and the markets of our expectations for corporate behaviour. We do not publicly report the entities on our exclusion list.

We publish information about our Stewardship activities as part of our annual sustainability report (supplemented by more frequent information on our website). All of our reporting can be found on our public website: https://www.bnpparibas-am.com/en/sustainability-documents/

SFDR RTS (Regulatory Technical Standards) requires fund managers to describe actions taken at the entity level to consider PAIs. MiFID requires distributors to ask clients about their sustainability preferences, in particular regarding the percentage of SFDR Sustainable Investment (option a), the percentage of investments aligned with the EU taxonomy (option b) or the consideration of PAIs (option c). The tables below outline how BNPP AM considers and addresses or mitigates each of the 14 mandatory and 3 voluntary PAIs for Corporates, 2 mandatory PAIs for Sovereigns and 2 mandatory and 2 voluntary PAIs for Real Estate Assets.

In terms of quantitative reporting, we have been conducting a comprehensive research and data selection project in order to assess PAI data solutions from different sources and to provide a quantitative reporting at fund and entity level. In particular, we have been reviewing the methodology of the different providers and assessed the extent to which each matched the regulatory definition of the PAIs. Then we conducted some quantitative analysis through descriptive statistics (coverage, number of valid values, etc). This extensive quantitative analysis was complemented by a qualitative analysis based upon a review of specific issuer data results and comparing against various relevant available disclosures (e.g., sustainability reports, financial statements, etc). Appendix 5 below further describes the PAIs on which we are reporting at fund and entity levels.

APPENDIX 1 – CONSIDERATION OF MANDATORY CORPORATE PAI AT ENTITY LEVEL

The table below describes how each of the five pillars of our sustainability approach contributes to 'consider and address or mitigate' qualitatively each of the 14 mandatory corporate PAI at entity level.

Indicator	Metric	Data Availability	Pillar 1 ESG Integration	Pillar 2 Stewardship (voting, engagement)	Pillar 3 Responsible Business Conduct and sector-based exclusions	Pillar 4 Forward-looking perspective: the '3Es'	Pillar 5 Investment solutions for sustainability	Conclusion
1. GHG Emissions	Scope 1 Scope 2 Scope 3 Total Emissions	High High Low Low	• Several indicators related to GHG emissions are currently embedded in our proprietary ESG scoring framework: -Absolute GHG emissions (scope 1+2 as of today) - Carbon intensity – also enforced at fund level via the 'BTB rule' - Carbon intensity trend - Sector-specific carbon performance metrics (ex: carbon intensity of generation, fleet emissions for automotive sector) - Scope of GHG reporting - GHG risk management - GHG reduction programme - Incidents related to a company's failure to manage direct and indirect GHG emissions through non-compliance with environmental regulations - Incidents related to the negative impact of products and services on carbon emissions • <u>Carbon footprint of our funds</u>: we have been measuring the carbon footprint of our "Investment solutions for sustainability" equity funds and mandates since 2011. In May 2015, we were among the first signatories of the Montreal Carbon Pledge, and committed to progressively measure and report the carbon footprint of our open-ended funds. Today, wherever relevant, we measure the carbon footprint of both equity and fixed income portfolios. An internal dashboard is prepared for the Investment Committee on a bi-weekly basis tracking the performance of a range of funds versus their respective (invested) benchmarks on ESG and carbon performance. • <u>BNPP AM factsheets</u> are evolving to include when relevant two new indicators – ESG Global Score and the carbon footprint of the fund versus the benchmark. Wherever applicable, we aim to hold portfolios with more positive ESG characteristics than their respective (invested) benchmarks.	**Engagement** • We are a **member of the Climate Action 100+ initiative (CA100+)**, a collective effort by institutional investors to engage the world's largest corporate greenhouse gas emitters. The objective of this initiative is to push corporates to implement a strong governance framework that clearly articulates the board's accountability for and oversight of climate change risk, provides enhanced corporate disclosure, and takes action to reduce greenhouse gas emissions across the value chain, consistent with the Paris Agreement's goal. BNPP AM leads, or co-leads, engagement with ten companies in Europe, the US and Asia. We also take part in other dialogues led by other investors in CA100+, and lend our name to all engagements undertaken in the name of this initiative with all companies, in our capacity as supporter • **Engagement on corporate climate lobbying:** since 2018, we have advocated for Paris-aligned corporate climate lobbying and witnessed a rapid uptake by institutional investors on this topic. In this context, we can use the filing of shareholder proposals as an escalation measure. • **Engagement related to our Coal Policy:** we engage individually with portfolio companies to confirm the emissions intensity of their power generation and evaluate the potential for us to work with companies to enhance their decarbonization ambitions. We also engage with those companies whose carbon intensities are close to, but still not in line with our policy. **Proxy voting** • We apply climate-related expectations to our voting exercise, as detailed in our voting policy. As an example, we oppose management resolutions on the approval of discharge of the board, board reelections or financial statements (depending on the market) at companies that do not properly report	• Exclusion of thermal-coal mining companies that meet any of the following criteria: -are developing or planning to develop thermal coal extraction capacities (new mines or expansion of existing ones) - derive more than 10% of their revenues from the mining of thermal coal - produce more than 10 million tons of thermal coal per year - do not have a strategy to exit from thermal-coal activities by 2030 in European Union and OECD countries and by 2040 for the rest of the world • Exclusion of all power generators that meet any of the following criteria: - are adding operational coal-fired power generation capacity to their power portfolio - have a carbon intensity above the <u>IEA SDS</u> threshold of 400 gCO_2/ kWh in 2022, declining towards 345.6 gCO_2/kWh by 2025. • In addition to the above, we will systematically exclude any power generators that still have coal capacity in their generation mix in 2030 in European Union and OECD countries, and by 2040 for the rest of the world. • Exclusion of oil and gas companies significantly involved in unconventional oil and gas activities • Our exclusion list and watch list are communicated by CIOs to investment teams on a regular basis. Pre-trade and post-trade compliance checks are conducted by Investment Compliance teams to ensure that exclusion lists are implemented by all relevant portfolios within 3 months of the list being updated.	• Efforts are underway to evaluate Scope 3 carbon data for inclusion in internal assessment frameworks. Due to lack of disclosure of meaningful scope 3 emissions by corporates and to high variance of estimation models by data providers we decided to limit our disclosure of scope 3 emissions within the PAI for the time being. We are still working on our internal estimation model but are not yet able to use it for reporting purposes. • Efforts are underway to develop our own carbon data estimation model using machine learning techniques. • Due diligence on third-party data vendor offerings related to PAI indicators 5 and 6 where data availability is currently low. • We committed to the Net Zero Asset Managers initiative in 2021 and from 2023 we will start to report annually on our progress. We have intermediate targets of reducing the carbon footprint of our in-scope corporate investments by 30% in 2025 and 50% by 2030, from a 2019 baseline (scope 1 and 2). About half (50%) of BNPP AM's AUM are in the scope of our initial commitment – a calculation made by focusing on funds in our range that are currently Article 8 or Article 9 under the Sustainable Finance Disclosure Regulation (SFDR). These funds have formally adopted our better-than-benchmark ESG target described below and also apply our Responsible Business Conduct (RBC) policy. Our commitment also includes Article 6 funds and mandates which have adopted our RBC policy. Please refer to appendix 6 for more details.	At entity-level, some of our strategies address the climate thematic: • BNPP AM is one of the leaders in Europe on thematic funds4: - Several disclosing under Article 9 funds totaling €20bn in assets under management as of 31/12/2022. - Several Paris Aligned Benchmark (PAB)/ Climate Transition Benchmark (CTB)/ Index funds totaling €10bn in assets under management as of end of Q1 2023. These funds represent 36% of the AUM of our total ETFs. • EU zero carbon ambition fund. • 161 labelled funds (including Towards Sustainability Quality Standards) totaling €122bn in assets under management as of 31/12/2022.	The indicators included in our scoring model, in addition to our stewardship, application of RBC, research and thematic/labelled funds, allow us to consider and address or mitigate PAI 1.
2. Carbon footprint	Carbon footprint	High[5]						The indicators included in our scoring model, in addition to our stewardship, application of RBC, research and thematic/labelled funds, allow us to consider and address or mitigate PAI 2.
3. GHG intensity of investee companies	GHG intensity of investee companies	High[6]						The indicators included in our scoring model, in addition to our stewardship, application of RBC, research and thematic/labelled funds, allow us to consider and address or mitigate PAI 3

4 Source: Broadridge, Morningstar, BNPP AM.
5 Currently does not take into account Scope 3.
6 Currently does not take into account Scope 3.

Indicator	Metric	Data Availability	Pillar 1 ESG Integration	Pillar 2 Stewardship (voting, engagement)	Pillar 3 Responsible Business Conduct and sector-based exclusions	Pillar 4 Forward-looking perspective: the '3Es'	Pillar 5 Investment solutions for sustainability	Conclusion
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	High	• The indicators listed above for PAI 1/2/3 can be used as proxy. In particular, the sector-specific carbon performance indicators are mainly focused on companies from the fossil fuel sectors.	on their carbon footprint (Scope 1, 2 and 3, when appropriate) or their climate lobbying activities, nor communicate or constructively engage about their climate strategy. In addition, we expect from companies identified as the world's largest corporate greenhouse gas emitters that they publicly announce their ambition to achieve net-zero GHG emissions by 2050 or sooner. This results in a significant opposition vote at general meetings for climate-related considerations. •We support shareholder proposals when they align with our ESG expectations, as detailed in our Governance & Voting Policy. • We file or co-file climate-related shareholder proposals in the context of our climate engagements as part of our escalation policy (see section I.4).				The proxy indicators included in our scoring model, in addition to our stewardship, application of RBC, research and thematic/labelled funds, allow us to consider and address or mitigate PAI 4. Conventional oil and gas companies are addressed through our ESG scoring model, stewardship, research and thematic/labelled funds but not through our RBC
5. Share of non-renewable energy consumption and production	Share of non- renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	Low (for consumption) High (for production)	• Two proxy indicators related to renewable energy use are currently embedded in our proprietary ESG scoring framework for the relevant sectors: - Robustness of renewable energy programme to increase the use of renewable energy. - Share of primary energy use coming from renewable energy.					The proxy indicators included in our scoring model in addition to our stewardship, application of RBC, research and thematic/labelled funds, allow us to consider and address or mitigate PAI 5. The share of non-renewable energy production is partially and indirectly covered by our RBC.
6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	Low	• A proxy indicator is embedded in our proprietary ESG scoring framework: -absolute GHG emissions, which covers Scope 2 (and therefore indirect emissions from purchased energy)					The proxy indicators included in our ESG scoring model, in addition to our stewardship, research and thematic/labelled funds, allow us to consider and address or mitigate PAI 6. The energy consumption intensity is indirectly covered in our ESG scoring.
7. Activities negatively affecting biodiversity- sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversty-sensitive areas where activities of those investee companies negatively affect those areas	Low	• Some proxy indicators related to biodiversity protection embedded in our proprietary ESG scoring framework for the relevant sectors include: - Incidents related to supplier failures to protect biodiversity - Assessment of the quality of programmes to protect biodiversity - Assessment of the guidelines and reporting on the closure and rehabilitation of sites - Assessment of the company's oil spill reporting and performance • Assessment of the strength of oil and gas producers' initiative to manage the environmental risks associated with deep-water drilling operations	**Engagement** • Alongside our efforts to better understand our own dependencies and impacts on nature, and to integrate these insights into our investment decision-making, we are engaging with portfolio holdings on several of the key drivers of biodiversity loss, including climate change and deforestation, in addition to engagements focused on water issues and pesticide use. • We participate in the annual CDP Non-Disclosure Campaign designed to encourage companies with big impacts on climate, forests and water to improve their disclosure using the long-established and widely used CDP questionnaires. • We are working with other institutional investors through collective initiatives linked to Environmental Sustainability (cf. Page 85 of our 2022 Sustainability Report).	• Our RBC Policy sets minimum requirements regarding ecosystem and biodiversity (mandatory and evaluation criteria) for companies in the agriculture, palm oil, wood pulp and mining sectors. RBC also sets minimum requirements regarding pesticides from companies in the palm oil and agriculture sectors. • In particular, we aim to invest only in companies that do not develop new farming projects in protected areas (UNESCO World Heritage Sites, wetlands on the Ramsar list, Alliance for Zero Extinction sites, International Union for Conservation of Nature (IUCN) Category I-IV areas, peatlands), and that are not involved in the trade of any plant or animal species or product governed by the CITES (Convention on International Trade in Endangered Species) and not authorized by a CITES permit.	• We published our biodiversity roadmap in May 2021. We have used a variety of tools to understand our own dependencies and impacts, and conducted analysis of our global assets under management (AUM) to understand our exposure to water and deforestation risks (forest and water footprint). • We published in June 2022 the BNPP AM Biodiversity Footprint which details initial findings of research on the potential biodiversity footprint of our investments. • Fund the development of biodiversity indicators for corporates for CDP's disclosure questionnaire. • Understand companies' land use or other environmental footprints based on supply chain data • Determine to what extent retailers' buying and selling decisions support sustainable fishing or contribute to overfishing (case study with Planet Tracker on Carrefour).	• At entity-level, some active and passive strategies address the biodiversity topic. : - Active: - BNPP Funds Ecosystem Restoration - BNPP Funds Environmental Absolute Return Thematic Equity (EARTH) - BNPP Funds SmaRT Food Passive - BNPP Easy ECPI Circular Economy Leaders UCITS ETF - BNPP Easy ECPI Global ESG Blue Economy ETF	The proxy indicators included in our ESG scoring model, in addition to our stewardship, application of RBC, research and thematic/labelled funds, allow us to consider and address or mitigate PAI 7.

Indicator	Metric	Data Availa-bility	Pillar 1 ESG Integration	Pillar 2 Stewardship (voting, engagement)	Pillar 3 Responsible Business Conduct and sector-based exclusions	Pillar 4 Forward-looking perspective: the '3Es'	Pillar 5 Investment solutions for sustainability	Conclusion
				• We are also working to launch 'Nature Action 100' – a collaborative shareholder engagement platform – with other institutional investors. **Proxy voting** Wherever relevant, we apply ESG considerations to our voting decisions, in line with our voting policy. For companies that do not meet our ESG expectations in relation to this PAI indicator, we will oppose the following categories of resolutions, depending on the market: Discharge of Board and Management / Board Re-elections / Financial Statements and Director and Auditor Reports.		• Test the ENCORE biodiversity module on our portfolios to better understand biodiversity impacts and prioritize engagement with mining companies • We target to publish in 2023 a paper analyzing if BNPP AM is on the right track in terms of curbing and halting deforestation and natural ecosystems conversion.		
8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	Low	• Some proxy indicators related to water effluents are embedded in our proprietary ESG scoring for the relevant sectors: -Assessment of the strength of a company's initiative to treat effluent generated through its production process prior to release to the environment. - Incidents related to a company's management and disposal of hazardous waste that have a potential negative impact on human health and lead to contamination of water, land and air. • Our ESG scoring framework also includes some indicators on water intensity/use.	**Engagement** • Our focus is to improve the water efficiency of our investment portfolios, in particular in water-stressed areas. • We aim to encourage water-intensive sector companies operating in water-stressed areas to significantly improve their water efficiency while ensuring water access to local communities. • To achieve this, we engage priority companies on the topic and encourage them to disclose under the CDP Water initiative, as part of our participation in the annual CDP Non-Disclosure Campaign. We have also been engaging mining companies on tailings management. • BNPP AM is a signatory of the Open Letter to Governments on the Water Crisis, an initiative led by CDP. • We are working with other institutional investors through collective initiatives linked to Environmental Sustainability (cf. Page 85 of our 2022 Sustainability Report). **Proxy voting** • Wherever relevant, we apply ESG considerations to our voting decisions, in line with our voting policy. For companies that do not meet our ESG expectations in relation to this PAI indicator, we will oppose the following categories of resolutions, depending on the market: Discharge of Board and Management / Board Re-elections / Financial Statements and Director and Auditor Reports.	• Our RBC Policy sets minimum requirements regarding water use or quality (mandatory and evaluation criteria) for companies in the agri- culture and wood pulp sectors.		• At entity-level, some funds address the water topic: BNPP Easy ECPI Global ESG Blue Economy ETF • BNPP Aqua and BNPP Funds Aqua BNPP Funds Ecosystem Restoration	The proxy indicators included in our ESG scoring model, in addition to our stewardship, application of RBC, research and thematic/labelled funds, allow us to consider and address or mitigate PAI 8.

Indicator	Metric	Data Availability	Pillar 1 ESG Integration	Pillar 2 Stewardship (voting, engagement)	Pillar 3 Responsible Business Conduct and sector-based exclusions	Pillar 4 Forward-looking perspective: the '3Es'	Pillar 5 Investment solutions for sustainability	Conclusion
9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	Low	• Some proxy indicators related to hazardous waste are embedded in our proprietary ESG scoring framework for the relevant sectors: - Assessment of the strength of a company initiative to reduce hazardous waste from its own operations. - Assessment of a company's programme to manage the environmental risks associated with radioactive waste indicator analysed for utilities and the capital goods sector. - Incidents related to a company's poor management and disposal of hazardous waste, radioactive waste that have a potential negative impact on human health and lead to contamination of water, land and air.	**Engagement** • Since the publication of the Global Industry Standard on Tailings Management in 2020, we have engaged mining companies on how these changes will impact their strategy, to identify the main challenges for the implementation of these new standards. We expect such engagement to foster a more transparent environment for waste management and to ease the assessment of the risk exposure by companies for investors' worth. **Proxy voting** We apply ESG considerations to our voting decisions, in line with our voting policy. For companies that do not meet our ESG expectations in relation to this PAI indicator, we will oppose the following categories of resolutions, depending on the market: Discharge of Board and Management / Board Re-elections / Financial Statements and Director and Auditor Reports.	Our RBC Policy sets minimum requirements regarding waste management (mandatory and evaluation criteria) for companies in the nuclear, agriculture, unconventional oil and gas, wood pulp and mining sectors.	Due diligence on third-party data vendor offerings related to PAI 9 where data availability is currently low.		The proxy indicators included in our scoring model, in addition to our stewardship and application of RBC, allow us to consider and address or mitigate PAI 9
10. Violations of UN Global Compact Principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been in- volved in violations of the UNGC Principles or OECD Guidelines for Multinational Enterprises	High	• Proprietary ESG scoring model includes consideration of several incidents related to the ten UNGC Principles such as: corporate governance misconduct, access to basic services, community relations, tax avoidance, accounting misconduct, labour relations, lobbying and public policy, sanctions, bribery and corruption, anti-competitive practices, violation of human rights, etc.	**Engagement** • We strive to engage with companies at risk of violation of one or more of the UNGC Principles or OECD MNEs. BNPP AM either engages with and/or excludes companies that are subject to serious controversies, in line with our Responsible Business Conduct (RBC) Policy. • If engagement with companies does not lead to enough progress, we exclude them from our portfolios as an escalation measure or can also oppose (see proxy voting paragraph below). • We address concerns on human rights through our participation in the Global Network Initiative (GNI), seeking to implement the GNI Principles on freedom of expression and privacy (we serve on the GNI board). • We are active members of the newly launched 'Advance' programme of the PRI, encouraging companies to fully implement the UN Guiding Principles on Human Rights and the OECD Guidelines for Multi-National Companies (MNCs), thereby contributing to delivering equality and inclusive growth. • We are working with other institutional investors through collective initiatives linked to Equality and Inclusive Growth (cf. Page 85 of our 2022 Sustainability Report **Proxy voting** • We apply the requirements of our	• 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 and OECD Guidelines for Multinational Enterprises (OECD MNE Guidelines). These are shared frameworks, recognised worldwide and applicable to all industry sectors, based on the international conventions in the areas of human rights, labour standards, environmental stewardship and anti-corruption. We aim to engage with companies where they fall short, and exclude the worst offenders. • Investment universes are periodically screened with a view to identifying issuers that are potentially in breach of UNGC Principles and OECD MNE Guidelines and/or mandatory requirements applicable to controversial sectors and products. • BNPAM establishes and maintains two lists: - An exclusion list of issuers that are associated with serious and repeated breaches of UNGC Principles and/or mandatory requirements related to controversial sectors and products. - A watch list of issuers that are at risk of breaching ESG standards and with whom we engage in a dialogue to encourage improvements.	Ongoing and regular evaluations of companies potentially in violation of UNGC Principles..	• At entity-level, our labelled strategies address this issue: 161 labelled funds (including Towards Sustainability Quality Standards) totaling €122bn in assets under management as of 31/12/2022	The application of our RBC, in addition to our stewardship, as well as inclusion in proprietary research and application in our thematic/labeled funds allows us to consider and address or mitigate PAI 10.

Indicator	Metric	Data Availa-bility	Pillar 1 ESG Integration	Pillar 2 Stewardship (voting, engagement)	Pillar 3 Responsible Business Conduct and sector-based exclusions	Pillar 4 Forward-looking perspective: the '3Es'	Pillar 5 Investment solutions for sustainability	Conclusion
11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact Principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC Principles or OECD Guidelines for Multinational Enterprises or grievance/ complaints handling mechanisms to address violations of the UNGC Principles or OECD Guidelines for Multinational Enterprises	Medium	• Signatory to the following standards embedded in proprietary ESG rating: UNGC, UN PRI, UNEPFI, Equator Principles • Several policy and programme data related to UNGC Principles and OECD Guideline thematics embedded in proprietary ESG rating: - Indigenous rights policy - Human rights programmes - Human rights policy - Collective bargaining agreements - Discrimination policy - Freedom of association policy - Lobbying and political expenses - Political involvement policy - Money laundering policy - Business ethics programme - Whistle-blower programmes - Bribery and corruption programmes - Bribery and corruption policy - Environmental policy	Responsible Business Conduct (RBC) Policy to our voting exercise, by opposing key resolutions (I.e. Discharge of Board and Management / Board Re-elections / Financial Statements and Director and Auditor Reports) when the company is involved in serious violations of our RBC Policy – including violations of the UN Global Compact Principles and our Sector Policies. This results in a significant opposition vote linked to our RBC Policy at general meetings.	• Our exclusion list and watch list are communicated by CIOs to investment teams on a regular basis. Pre-trade and post-trade compliance checks are conducted by Investment Compliance teams to ensure that exclusion lists are implemented by all relevant portfolios.		N/A	The proxy indicators included in our ESG scoring model in addition to our RBC, stewardship and research allow us to consider and address or mitigate PAI 11.
12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	Low	• Our proprietary ESG rating does not yet include an indicator directly related to gender pay gap due to data coverage concerns, but includes a proxy[13] indicator related to the quality of a company's diversity programs. • We intend to evolve our proprietary ESG rating model and add a performance indicator related to gender pay gap.			• We aim to publish a roadmap on equality and inclusive growth themes during 2023-4. This roadmap will set the path to further consider topics such as gender pay gap and gender board diversity. • Current research topics across these issues include: - Due diligence with alternative data vendors to improve the coverage on gender representation and pay gap indicators. - Research on corporates activities contributions to a wide range of stakeholder value.	• At entity-level, some funds have investment processes addressing the inclusive growth topic: e.g. our Inclusive Growth strategy: we developed an inclusive growth model based on five pillars identified as the main drivers of impact and action for companies to contribute to inclusive growth: decent work; social mobility; access to primary goods; business ethics; and de- carbonization. The final 'inclusive score' awarded to each company is based on an over-weighting of social criteria (which account for 65% of the inclusive score, compared to 20% for governance criteria and 15% for environmental criteria). The result is an investment universe that is truly focused on the 'S' of ESG. A proxy indicator is included in our inclusive growth model which indicates whether the company has a quantitative gender pay gap breakout in public filings.	The proxy indicators included in our ESG scoring model. In addition to our research and thematic/labelled funds, allow us to consider and address or mitigate PAI 12.
13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	High	• This metric is embedded in our proprietary ESG rating.	**Engagement** • In line with our Governance & Voting Policy, we have an engagement campaign in place regarding board diversity, focusing on where we have important exposure. Each year, we engage companies as part of this campaign and monitor our engagement success, resulting in concrete policy changes. The results are communicated in our annual Sustainability Report. • We are working with other institutional investors through collective initiatives linked to Equality and Inclusive Growth (cf. Page 85 of our 2022 Sustainability Report). **Proxy voting** • As part of our voting policy, we set expectations regarding the level of gender diversity within boards of directors of companies. In 2023, we increased our requirement through more ambitious thresholds: - 35% in mature countries, i.e., for Europe, North America, Australia, New Zealand, and South Africa, with exceptions possible in cases where the proportion of women is between 20-35%. - 20% in emerging countries, i.e., for all other markets with exceptions possible in cases where the proportion of women is between 10-20%.				The indicator included in our ESG scoring model, in addition to our stewardship, research and thematic/ labelled funds, allow us to consider and address or mitigate PAI 13.

Indicator	Metric	Data Availa-bility	Pillar 1 ESG Integration	Pillar 2 Stewardship (voting, engagement)	Pillar 3 Responsible Business Conduct and sector-based exclusions	Pillar 4 Forward-looking perspective: the '3Es'	Pillar 5 Investment solutions for sustainability	Conclusion
14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	High	N/A	**Proxy voting** • We apply the requirements of our Responsible Business Conduct (RBC) Policy to our voting exercise, by opposing key resolutions (I.e. Discharge of Board and Management / Board Re-elections / Financial Statements and Director and Auditor Reports) when the company is involved in serious violations of our RBC Policy – including violations of the UN Global Compact Principles and our Sector Policies, among which Controversial Weapons. This results in a significant opposition vote linked to our RBC Policy at general meetings.	• As per our RBC policy, we do not wish to invest in companies involved in the manufacture, trade or storage of 'controversial weapons', or any other activity involving controversial weapons. These include cluster ammunition and anti-personnel landmines, chemical and biological weapons, and nuclear/depleted uranium weapons. Most of these weapons are covered by international conventions and investments are already prohibited in some jurisdictions. • Our exclusion list and watch list are communicated by CIOs to investment teams on a regular basis. Pre-trade and post-trade compliance checks are conducted by Investment Compliance teams to ensure that exclusion lists are implemented by all relevant portfolios.	N/A	• At entity-level, our labelled strategies address this issue: - 161 labelled funds (including Towards Sustainability Quality Standards and FNG) totaling €122bn in assets under management as of 31/12/2022	The application of our RBC (and incorporation of it in our Stewardship), as well as thematic/labelled funds allows us to consider and address or mitigate PAI 14.

APPENDIX 2 – CONSIDERATION OF VOLUNTARY CORPORATE PAI AT ENTITY LEVEL

The table below describes how each of the five pillars of our sustainability approach contributes to 'consider and address or mitigate' qualitatively our voluntary PAIs at entity level.

'Consider, Address and Mitigate' the PAI Indicator in Practice

Category	Indicator	Metric	Data Availability	Pillar 1 ESG Integration	Pillar 2 Stewardship (voting, engagement)	Pillar 3 Responsible Business Conduct and sector-based exclusions	Pillar 4 Forward-looking perspective: the '3Es'	Pillar 5 Investment solutions for sustainability	Conclusion
Emissions	**4. Investments in companies without carbon emission reduction initiatives**	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	Medium	An indicator 'Assessing the quality of an issuer's GHG reduction programme' is embedded in proprietary ESG scoring framework	See PAI 1-3	See PAI 1-3	We committed to the Net Zero Asset Managers initiative in 2021 and from 2023 we will start to report annually on our progress. Our goal is for 60% of our corporate investments (equity and fixed income) to fall into NZ:AAA (Achieving, Aligned or Aligning) categories by 2030 and 100% by 2040. Please refer to appendix 6 for more details.	At entity-level, some funds have a GHG emissions reduction objective aligned with science (selection based on SBTI, CDP and TPI data sources) such as PAB index funds or CTB funds.	The indicators included in our ESG scoring model, in ad- dition to our stewardship, application of RBC, research and thematic/ labelled funds, allow us to consider and address or mitigate (voluntary) PAI 4.
Social and employee matters	**4.Lack of a supplier code of conduct**	Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour)	High	An indicator on social supply chain standards is embedded in our proprietary ESG rating	See PAI 10 and 11 BNPP AM has supported the Bangladesh Accord.	See PAI 10 and 11	See PAI 10 and 11	N/A	The proxy indicators included in our ESG scoring model, in addition to our stewardship, application of RBC and research, allow us to consider and address or mitigate (voluntary) PAI 4.
Human rights	**9.Lack of a human rights policy**	Share of investments in entities without a human rights policy	High	An indicator 'human rights policy' is embedded in our proprietary ESG rating	See PASI 10 and 11	See PASI 10 and 11	See PASI 10 and 11	N/A	The proxy indicators included in our ESG scoring model, in addition to our stewardship, application of RBC and research, allow us to consider and address or mitigate (voluntary) PAI 9.

APPENDIX 3 – CONSIDERATION OF SOVEREIGN AND SUPRANATIONAL PAI AT ENTITY LEVEL

The table below describes how each of the five pillars of our sustainability approach contributes to 'consider and address or mitigate' qualitatively the two sovereign PAI at entity level.

Indicator	Metric	Data Avail-ability	Pillar 1 ESG Integration	Pillar 2 Stewardship (voting, engagement)	Pillar 3 Responsible Business Conduct and sector-based exclusions	Pillar 4 Forward-looking perspective: the '3Es'	Pillar 5 Investment solutions for sustainability	Conclusion
15. GHG intensity	GHG intensity of investee countries	High (Scope 1+2) Low (Scope 3)	Our Sovereign Carbon footprint includes consideration of various related metrics: • Scope 1: CO_2 emissions from PRIMAP-hist including Land Use, Land use Change and Forestry (LULUCF) • Scope 2: CO_2 emissions by energy source from IEA, used to estimate the imported carbon from electricity generation. Imported carbon from electricity generation=CO_2 emissions/(total energy supply*total purchased electricity) • Carbon Footprint carbon footprint=total GHG emissions (scope 1 + scope 2)/GDP(PPP-adjusted) Our current proprietary ESG scoring framework for sovereigns includes consideration of various related metrics including: • Environmental indicators (85 indicators covering 14 themes) • An assessment of the countries' commitment to reduce their GHG emissions to comply to the 2°C limit, with regards to their Nationally Determined Contributions • Information on the countries' policies adopted for tackling climate change provided by the London School of Economics For pure sovereign fund, we aim to hold portfolios with more positive ESG characteristics than their respective (invested) benchmarks.	• In line with our Public Policy Advocacy Policy, we advocate both to strengthen ESG considerations within the financial sector and, more broadly, to improve sustainability-related regulation for the markets in which we invest. Public policy can affect the ability of long-term investors to generate sustainable returns and create value. We therefore actively engage policymakers, helping to shape the markets in which we invest and the rules that guide and govern company behaviours. - As an example, BNPP AM is a signatory to the 2019, 2021 and 2022 Global Investor Statements to Government on the Climate Crisis. In 2022, the statement called on governments to ensure that the 2030 targets in their Nationally Determined Contributions (NDCs) align with the goal of limiting global temperature rise to 1.5ºC and to implement domestic policies and take prompt action to realize that goal. - BNPP AM also joined the PRI-coordinated Collaborative Sovereign Engagement on Climate Change. The goal of the initiative is to support governments and associated entities, like financial regulators and central banks, to take all steps to mitigate climate change risks in line with the Paris Agreement. • As part of our Stewardship Policy, we also target sovereigns beyond corporate issuers through our engagement initiatives. We participate in ex-ante (prior issuance) and ex-post (12-24 months post issuance) investor meetings with thematic bond issuers, to gather information outside documentation and encourage improvements in the structure of the thematic bonds that could lead to 'greener' assets being selected, dropping of 'less desirable' assets from the eligible portfolio, or encourage publishing green and social impact reports to address questions that are needed for ex-post assessment steps. Similarly, we engage in dialogue with sovereign bond issuers about the terms of their bonds and concerning the countries' policies and performance on key ESG issues that might influence their ability to service their debt.		We have developed and integrated an internal Sovereign Carbon Footprint methodology taking into account the following metrics: • Scope 1: CO_2 emissions from PRIMAP-hist including Land Use, Land use Change and Forestry (LULUCF) • Scope 2: CO2 emissions by energy source from IEA, used to estimate the imported carbon from electricity generation: Imported carbon from electricity gen- eration = CO2 emissions/(total energy supply*total purchased electricity) • Carbon footprint = total GHG emissions (scope 1 + scope 2)/GDP(PPP-adjusted) • Scope 3: data has been sourced from the OECD and will be used for select reporting purposes but the information is outdated (2018 at latest) and therefore incongruent with available scope 1 and 2 data which is more recent. Research into alternative scope 3 sovereign carbon estimation is underway.	Some funds are investing in Green and Sustainability Sovereign bonds with climate related use of proceeds and therefore con- tribute to the reduction of the GHG emissions and countries' carbon footprint.	The indicators included in our ESG scoring model, in addition to our stewardship, research and thematic/labelled funds, allow us to consider and address or mitigate PAI 15.

Indicator	Metric	Data Avail-ability	Pillar 1 ESG Integration	Pillar 2 Stewardship (voting, engagement)	Pillar 3 Responsible Business Conduct and sector-based exclusions	Pillar 4 Forward-looking perspective: the '3Es'	Pillar 5 Investment solutions for sustainability	Conclusion
16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations Principles and, where applicable, national law	High	Several indicators linked to social violations are embedded in our proprietary sovereign ESG scoring framework, including: • Labour & Social Protection including Child Labour adjusted Human Development Index (HDI), Children in employment, female & total (% of children ages 7-14), Child employment in agriculture and in manufacturing (%) • Control of Corruption • Democratic Life: Voice and Accountability, Firms with female top manager, Rule of Law • Security: Refugee population by country or territory of asylum, Military expenditure (% of central government expenditure), Military expenditure (% of GDP), Armed forces personnel (% of total labour force) In addition, countries in our system must qualify as investible sovereigns for some of our sustainability funds, such as those with the Towards Sustainability Quality Standard label and Verbändekonzept market practice, for further details please see Pillar 5 Sustainable + funds section of PAI 16.		Sovereign investment universes are periodically screened with a view to identifying severe controversial countries that are potentially in breach of our minimum requirements. -BNP Paribas Group's internal framework implies restrictive measures on certain countries and / or activities that are considered as being particularly exposed to money laundering and terrorism financing related risks. • BNP Paribas Group's internal approach mainly refers to official lists (e.g. FATF list of jurisdictions having strategic deficiencies in their AML/CFT regime ; EU list of high-risk third countries with AML/CFT deficiencies ; "States Sponsor of terrorism" and "Terrorist Safe Havens" lists from the US Department of State etc...) or list of countries under embargo. • At BNPP AM, the Sovereign ESG assessment is conducted within our Sustainability Centre on the basis of internal analysis and information provided by external experts and data providers. Severe controversial countries are flagged on a dedicated exclusion list, which is sent to all relevant BNPP AM's portfolio managers. Pre-trade and post-trade compliance checks are conducted by Investment Compliance teams to ensure that sovereign exclusions are implemented by all portfolio managers.	• For funds benefiting from the label Towards Sustainability Quality Standard: the label exclusion list is updated on an annual basis. • Our sovereign ESG scoring model is updated on an annual basis.Sustainable Investment definition and SDG framework for sovereigns are currently in development. However, the Sustainable Development Goals (SDG) metrics are included in BNPP AM's ESG sovereign scores through a wide range of indicators within the E-pillar (14 themes), S-pillar (12 themes) and G-pillar (7 themes), comprising a total of 225 KPIs structured around 33 key themes.	• Countries in our system must qualify as investible sovereigns for some of our sustainability funds, such as those with the Towards Sustainability Quality Standard label. • BNPP AM has about 122 Towards Sustainability labelled funds totaling €110bn in assets under management as of 31/12/2022. • According to the Towards Sustainability Quality Standard, a sustainable financial product shall not finance (e.g. via sovereign issued instru- ments): - States that have not ratified or have not implemented in equivalent national legislation: • the eight fundamental conventions identified in the International Labour Organisation's declaration on Fundamental Rights and Principles at Work • at least half of the 18 core International Human Rights Treaties - States which are not party to •the Paris Agreement •the UN Convention on Biological Diversity • the Nuclear Non-Proliferation Treaty - States with particularly high military budgets (>4% GDP) - States considered 'Jurisdictions with strategic AML/CFT deficiencies' by the FATF - States with less than 40/100 on the Transparency International Corruption Perception Index - States qualified as 'Not Free' by the Freedom House 'Freedom in the World' survey • The 30% leeway is currently only available to US federal issued sovereign bonds and Japan issued sovereign bonds. The UK as issuer is expected to be compliant with the sovereign bond criteria and thus would not need to use the 30% leeway. • A sovereign issuer of a use-of-proceeds bond does not need to comply with the criteria for sovereign bonds. The evaluation of use-of-proceeds instruments issued by sovereigns is left to the discretion of the asset manager.	The indicators included in our ESG scoring model in addition to our stewardship, application of exclusions, research and thematic/labelled funds allow us to consider and address or mitigate PAI 16.

APPENDIX 4 - CONSIDERATION OF MANDATORY AND VOLUNTARY CORPORATE PAI AND SOVEREIGN PAI AT PRODUCT LEVEL

Based on a combination of the different pillars of our sustainability approach (i.e. ESG integration, stewardship, Responsible Business Conduct, Forward-looking perspective), all our article 8 and 9 products consider and address or mitigate PAIs qualitatively. In addition, appendix 5 provide details on how we will quantitatively report on PAIs at product level.

The implementation of our sustainability approach differs between listed assets and private assets due to the specificities of these asset classes. For example, ESG assessments of private assets don't rely on the ESG score used for listed assets due to the lack of coverage by data providers and use specific approaches instead. The table below describes how the different pillars of our sustainability approach apply to Private Assets. We rely on these pillars to consider and address or mitigate corporate and voluntary PAIs and real estate PAIs for Private Assets funds.

Private Asset strategy	PAI indicator	Pillar 1 ESG Integration	Pillar 2 Stewardship (voting, engagement)	Pillar 3 Responsible Business Conduct and sector-based exclusions	Pillar 4 Forward-looking perspective: the '3Es'	Conclusion
Social Business Investments	All 14 mandatory Corporate Indicators +3 voluntary Corporate indicators	The investment universes are exclusively composed of issuers with the following characteristics: • Small size (around 17 employees per company – source: INSEE) • Belonging to the "Economie Sociale et Solidaire" which mainly provide beneficiaries with social actions, social services and support to companies (source: Observatoire national de l'ESS, 2022). Other industries and real estate companies have limited sizes which mitigate environmental negative impacts. In addition, Social Impact Bond systematically undergo an ESG analysis using a proprietary method to all new investments and to the existing portfolio. This analysis aims at identifying the level of awareness and control of ESG risks of the companies invested by the fund. It includes criteria related to each of the Corporates PAI when assessed material for the issuer. This ESG analysis follows a three-steps process: 1. A materiality analysis is conducted to identify material ESG issues for the sector concerned and the issuer assessed. 2. An interview is conducted with the issuer to discuss the various risks identified. The investment team takes advantage of this exchange to raise the points of improvement identified and encourage the structure to improve. 3. A synthesis is made on the basis of the information collected. The structure is scored on a scale of 1 to 4. The worst rating would result in an exclusion from the investment portfolio. The analysis is updated annually.	The investment team encourages the issuers to report on PAI when material and when the investment type allows it.	Some exclusions related to some PAIs		The investment universe specificities (small size of issuers, mainly in social services) allow us to consider and address or mitigate all the 14 Corporates mandatory PAI and the 3 voluntary PAI. In addition, for BNP Paribas Social Business Impact fund, a dedicated ESG analysis allows to consider and address or mitigate all the 14 Corporates mandatory PAI and the 3 voluntary PAI.
Infrastructure debt	• Article 8 Fund: Mandatory Corporate PAI 1, 2, 10, 14 • Article 9 Fund: All 14 mandatory Corporate Indicators	The Manager's ESG integration policy includes a series of commitments, which are material to consideration of principal adverse sustainability impacts, and guides the internal ESG integration process. The proprietary framework for infrastructure includes: 1. Preliminary ESG review: Sponsor Assessment to ensure compliance with BNPP AM's ESG policies and good ESG credentials (including RBC). Using BNP Paribas Group and BNP Paribas framework qualitative criteria – namely the sponsor's ESG management system, ESG policies and standards – and quantitative criteria on environmental and social performance. 2. Alignment with the taxonomy selected for each strategy, (Proprietary Green Taxonomy, EU Taxonomy etc, depending on each strategy) 3. Qualitative ESG Assessment: Assessment of the ESG performance of the project based on shared and sector specific ESG indicators which are related to the PAI. 4. Impact assessment: external review of the Asset's Environmental & Climate Impact done by an independent consultant (Iceberg Data Lab) which focuses on several metrics including (Induced GHG emissions, Avoided GHG emissions, 2°C alignment and NEC (Net Environmental Contribution). 5. Portfolio reporting: ESG reporting on 4 climate indicators a. Induced emissions linked to construction, operation, maintenance and asset use; b. Avoided emissions through asset optimisation and when compared to a reference scenario; c. Alignment with a 2°C trajectory based on the sectoral decarbonisation approach method; d. Assessment of the Environmental and climate impact of the project as measured by the NEC based on a -100% to +100% scale (with 0% representing the sectorial mean and 100% the best available solution).		Subject to RBC See Appendix 1 for details per PAI	The 2°C alignment assessment is part of the standard ESG analysis we do on each project. It is done by Iceberg Data Lab.	Our ESG integration assessment, in addition to application of exclusions, research and thematic/labelled funds allow us to consider and address or mitigate PAI 1, 2, 10, 14 of Infrastructure debt Article 8 fund, and all the 14 Corporates mandatory PAI of Infrastructure debt Article 9 fund.

Private Asset strategy	PAI indicator	Pillar 1 ESG Integration	Pillar 2 Stewardship (voting, engagement)	Pillar 3 Responsible Business Conduct and sector-based exclusions	Pillar 4 Forward-looking perspective: the '3Es'	Conclusion
Corporate debt	• SME: Mandatory Corporate PAI 4, 10, 14 • Global Loans: Mandatory Corporate PAI 4, 10, 14 +Voluntary Corporate PAI 4	A manual verification of the selected PAI is performed for each borrower based on data shared by the borrower and/or public data.		Subject to RBC See Appendix 1 for details per PAI Compliance with the RBC is performed for each borrower based on data shared by the borrower and/or public data		Our ESG integration assessment, in addition to application of exclusions, allow us to consider and address or mitigate PAI 4, 10, 14 of SME Fund, and PAI 4, 10, 14 and voluntary PAI 4 of Global Loans Fund.
Real Estate debt[4]	17. Exposure to fossil fuels through real estate assets 18. Exposure to energy-inefficient real estate assets Voluntary 18: GHG Emissions Voluntary 19: Energy consumption	The Manager's ESG integration policy includes a series of commitments, which are material to consideration of principal adverse sustainability impacts, and guides the internal ESG integration process. The proprietary ESG assessment framework for Real Estate includes: 1. Preliminary ESG review: Sponsor Assessment to ensure compliance with BNPP AM's ESG policies and good ESG credentials (including RBC). Using BNP Paribas Group and BNP Paribas framework qualitative criteria – namely the sponsor's ESG management system, ESG policies and standards – and quantitative criteria on environmental and social performance. 2. Qualitative ESG assessment: Assessment of the ESG performance of the project based on shared and sector specific ESG indicators. 3. Impact assessment: external review of the Asset's Environmental & Climate Impact done by an independent consultant (Iceberg Data Lab) which focuses on several metrics including (Induced GHG emissions, Avoided GHG emissions, 2°C alignment and NEC (Net Environmental Contribution) 4. Portfolio reporting: ESG reporting on[4] climate indicators • Indirect emissions linked to construction, operation, maintenance and asset use; • Avoided emissions through asset optimisation and when compared to a reference scenario; • Alignment with a 2°C trajectory based on the sectoral decarbonisation approach method; • Contribution to the energy and ecological transition as measured by the NEC based on a -100% to +100% scale (with 0% representing the sectorial mean and 100% the best available solution). Real Estate projects with a NEC below -10% are not eligible and the fund must maintain an average NEC of +10%.		Subject to RBC See Appendix 1 for details per PAI	The 2°C alignment assessment is part of the standard ESG analysis we do on each project. It is done by Iceberg Data Lab.	Our ESG integration assessment, in addition to application of exclusions, research and thematic/labelled funds allow us to consider and address or mitigate PAI 1, 2, 10, 14 of Infrastructure debt Article 8 fund, and all the 14 Corporates mandatory PAI of Infrastructure debt Article 9 fund.

When investing in external funds, the Manager relies on the processes put in place by the external managers for the consideration of principle adverse sustainability impacts. An assessment of external managers' ESG integration process including exclusion policies and SFDR considerations is performed and bespoke requirements requirements can be added in side letters when deemed necessary.

4 The below indicators refers to Private Assets Real estate strategies where BNPP AM acts as an investor and is not the landlord of the properties.

APPENDIX 5 – PAI QUANTITATIVE REPORTING

The table below sums up the PAIs on which we report quantitatively on at BNP PARIBAS ASSET MANAGEMENT Luxembourg and BNP PARIBAS ASSET MANAGEMENT France entity level, as well as the PAIs we report quantitatively on at fund level and under which conditions. While our calculation methodologies are consistent for each PAIs between our entity report and our fund-level reporting, in some cases we report data at entity level which is not reported at fund level. The reason for this discrepancy relates primarily to effective data coverage issues at fund level. Specifically, we apply a rule at fund level which only permits PAI reporting for a fund if effective data coverage is above 50% for the indicator and eligible assets in the fund are above 5%.

Please refer to our principal adverse sustainability impacts statement of BNP PARIBAS ASSET MANAGEMENT Luxembourg and BNP PARIBAS ASSET MANAGEMENT France for more details regarding entity level reporting.

The information included in the table below is based on the regulation requirements, internal methodology, subjective assumptions and data; and may evolve over time depending from the clarifications of the regulators or on the evolution of our internal methodologies.

	PASI Indicator	Quantitative reporting at entity level	Quantitative reporting at product level, through the EET (European ESG Template). The EET is an initiative developed by FinDatEx which aims to exchange machine readable ESG data in relation to financial products in order to allow distributors and intermediaries to fulfill their own requirements under SFDR and MiFID2.
CORPORATES MANDATORY	**1. GHG Emissions (Scope 1 & 2)**	Yes	Yes, in case the product has an effective data coverage above 50% and more than 5% of eligible assets
	2. Carbon footprint (Scope 1 & 2)	Yes	Yes, in case the product has an effective data coverage above 50% and more than 5% of eligible assets.
	3. GHG intensity of investee companies (Scope 1 & 2)	Yes	Yes, in case the product has an effective data coverage above 50% and more than 5% of eligible assets.
	1, 2, 3 PAI – Scope 3	Yes	No The methodology and calculation for this PAI has been defined by BNPP AM Sustainability Centre. The Sustainability Centre ESG analysts reviewed the data available in the market from various providers to assess data quality, coverage, methodologies and identify any discrepancies. This extensive quantitative analysis was complemented by a qualitative analysis based upon a review of specific issuer data results and comparing against various relevant available disclosures (e.g., sustainability reports, financial statements, etc). Our Sustainability Centre analysts concluded that the data quality is not sufficient to be reported. As is well understood in the industry, Scope 3 carbon data is very rarely disclosed and estimates vary dramatically across data providers. Where data is disclosed typically it is done so inconsistently. All of these factors could distort reporting figures and make them difficult to interpret by market participants independently and in reference to other asset managers. Efforts are underway to evaluate Scope 3 carbon data for inclusion in internal assessment frameworks. Even though we don't report on Scope 3, PAI 1, 2 and 3 are currently addressed with the available Scope 1 & 2 data.
	4. Exposure to companies active in the fossil fuel sector	Yes	Yes, in case the product has an effective data coverage above 50% and more than 5% of eligible assets.
	5. Share of non-renewable energy consumption and production	Yes	Yes, in case the product has an effective data coverage above 50% and more than 5% of eligible assets.
	6. Energy consumption intensity per high impact climate sector	Yes	Yes, in case the product has an effective data coverage above 50% and more than 5% of eligible assets.
	7. Activities negatively affecting biodiversity sensitive areas	Yes	Yes, in case the product has an effective data coverage above 50% and more than 5% of eligible assets.
	8. Emissions to water	Yes	No The methodology of calculation for this PAI has been defined by BNPP AM Sustainability Centre. The Sustainability Centre ESG analysts reviewed the data available in the market from various providers to assess data quality, coverage, methodologies and identify any discrepancies. This extensive quantitative analysis was complemented by a qualitative analysis based upon a review of specific issuer data results and comparing against various relevant available disclosures (e.g., sustainability reports, financial statements, etc). . Our Sustainability Centre analysts concluded that the data quality is not sufficient to be reported as, for this indicator there is very low disclosure (and high estimation error for entities that do not report) which could distort reporting figures. Data providers also capture different emission types and there is some uncertainty about which should be considered as per the regulation. Companies also inconsistently report pollutants. For these reasons reporting on this PAI at fund level seemed imprudent at this stage. Even if we don't report the quantitative data, this PAI is addressed in a qualitative way as we have proxy indicators related to the strength of a company's initiative to treat effluents generated through its production process in our ESG scoring methodology to follow progress. In addition, our biodiversity roadmap commitment leads us to increase stewardship activities through collective initiatives and opposing financial statements/ director and auditor reports (and, in some geographies, the discharge of directors or board elections) at general meetings of companies that do not align with our biodiversity expectations, as expressed in our Governance & Voting Policy.

5 Effective data coverage corresponds to the data coverage divided by eligible assets. Eligible assets are the assets which could provide data and correspond to the Corporates AUM (or Sovereign AUM for PAI 15 and 16 or Real Estate AUM for PAI 17 and 18) divided by the total AUM.

	PASI Indicator	Quantitative reporting at entity level	Quantitative reporting at product level, through the EET (European ESG Template). The EET is an initiative developed by FinDatEx which aims to exchange machine readable ESG data in relation to financial products in order to allow distributors and intermediaries to fulfill their own requirements under SFDR and MiFID2.
CORPORATES MANDATORY	**9. Hazardous waste ratio**	Yes	No The methodology of calculation for this PAI has been defined by BNPP AM Sustainability Centre. The Sustainability Centre analysts reviewed the data available in the market from various providers to assess data quality, coverage, methodologies and identify any discrepancies. This extensive quantitative analysis was complemented by a qualitative analysis based upon a review of specific issuer data results and comparing against various relevant available disclosures (e.g., sustainability reports, financial statements, etc). Our Sustainability Centre analysts concluded that the data quality is not sufficient to be reported as, for this indicator there is very low disclosure (and high estimation error for entities that do not report) which could distort reporting figures. In addition, some data providers don't capture radioactive waste reported values whereas it is requested by the regulation. For these reasons reporting on this PAI at fund level seemed imprudent at this stage. Even if we don't report the quantitative data, this PAI is addressed in a qualitative way as we have proxy indicators related to the strength of a company initiative to reduce hazardous waste from its own operations in our ESG scoring methodology to follow progress. In addition, our biodiversity roadmap commitment leads us to increase stewardship activities through collective initiatives and opposing financial statements/director and auditor reports (and in some geographies, the discharge of directors or board elections) at general meetings of companies that do not align with our biodiversity expectations, as expressed in our Governance & Voting Policy.
	10. Violations of UNGC principles and OECD Guidelines for Multinational Enterprises	Yes	Yes, in case the product has an effective data coverage above 50% and more than 5% of eligible assets.
	11. Lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises	Yes	No The methodology of calculation for this PAI has been defined by BNPP AM Sustainability Centre. The Sustainability Centre analysts reviewed the data available in the market from various providers to assess data quality, coverage, methodologies and identify any discrepancies. This extensive quantitative analysis was complemented by a qualitative analysis based upon a review of specific issuer data results and comparing against various relevant available disclosures (e.g., sustainability reports, financial statements, etc). For this indicator there is wide variance across data providers due to different interpretations of the PAI. Some data providers flag very few issuers as non-compliant with the PAI, whereas others flag almost all as non-compliant. Data providers reporting low figures typically rely on the existence of any policy to address UNGC principles, not policies to address all UNGC principles or OECD guidelines (and grievance mechanisms). Market reporting of this value could change dramatically in either direction based on future clarifications from regulators which may be forthcoming. In this context, we believe it is more prudent to wait before reporting at the fund level. Even if we don't report the quantitative data, this PAI is addressed in a qualitative way as we have several policy and programs indicators related to UNGC Principles and OECD MNEs guidelines in our ESG scoring methodology to follow progress. In addition, we strive to engage with companies at risk of violation of one or more of the UNGC Principles or OECD MNEs. BNPP AM either engages with and/or excludes companies that are subject to serious controversies, in line with our Responsible Business Conduct (RBC) Policy.
	12. Unadjusted gender pay gap	Yes	No The methodology of calculation for this PAI has been defined by BNPP AM Sustainability Centre. The Sustainability Centre analysts reviewed the data available in the market from various providers to assess data quality, coverage, methodologies and identify any discrepancies. This extensive quantitative analysis was complemented by a qualitative analysis based upon a review of specific issuer data results and comparing against various relevant available disclosures (e.g., sustainability reports, financial statements, etc). Our Sustainability Centre ESG analysts concluded that the data quality is not sufficient to be reported as, for this indicator there is very low disclosure which could distort reporting figures. Some data providers attempt to report figures disclosed by companies which are not based on the exact regulatory definition which could lead to data inconsistencies and some data providers increase the coverage for this indicator by relying on figures provided by international companies' local branches and thus not fairly representing the truly global footprint of the company and the impact it has on this indicator. Even if we don't report the quantitative data, this PAI is addressed as we have proxy indicators related to the quality of a company's diversity programs. We aim to publish a roadmap on equality and inclusive growth themes as at end of 2023. This roadmap will set the path to further consider topics such as gender pay gap and gender board diversity.
	13. Board gender diversity	Yes	Yes, in case the product has an effective data coverage above 50% and more than 5% of eligible assets.
	14. Exposure to controversial weapons (anti personnel mines, cluster munitions, chemical weapons and biological weapons)	Yes	Yes, in case the product has an effective data coverage above 50% and more than 5% of eligible assets.

	PASI Indicator	Quantitative reporting at entity level	Quantitative reporting at product level, through the EET (European ESG Template). The EET is an initiative developed by FinDatEx which aims to exchange machine readable ESG data in relation to financial products in order to allow distributors and intermediaries to fulfill their own requirements under SFDR and MiFID2.
SOVEREIGN	**15. GHG intensity (Scope 1 & 2)**	Yes	Yes, in case the product has an effective data coverage above 50% and more than 5% of eligible assets.
	15. GHG intensity (Scope 3)	Yes	No The methodology of calculation for this PAI has been defined by BNPP AM Sustainability Center. The Sustainability Centre ESG analysts reviewed the data available in the market from various providers to assess data quality, coverage, methodologies and identify any discrepancies. This extensive quantitative analysis was completed by a qualitative analysis based upon a review of the various relevant evidence available. Our Sustainability Centre ESG analysts concluded that the data quality quality is not sufficient to be reported. Sovereign carbon emissions for Scope 3, provided by OECD, is as of 2018. However, Scope 1 & 2 data, already sourced by different providers, correspond to 2019 and therefore, our ESG analysts from the Sustainability Center do not recommend to mix carbon emissions from different years. Even if we don't report the quantitative value, this PAI is addressed in a qualitative way through our proprietary ESG scoring framework for sovereigns which assesses countries' commitment to reduce their GHG emissions to comply with the 2°C goal of the Paris Agreement, with regards to their Nationally Determined Contributions, and analyzes countries' policies adopted for tackling climate change. As part of our Stewardship Policy, we target sovereigns through our engagement initiatives & more particularly around thematic bond issuance as sovereign bonds with climate related use of proceeds may contribute to decrease the carbon footprint of countries and increase avoided emissions.
	16. Investee countries subject to social violations	Yes	Yes, in case the product has an effective data coverage above 50% and more than 5% of eligible assets.
REAL ESTATES MANDATORY	**17. Exposure to fossil fuels through real estate assets**	Yes	Yes, in case the product has an effective data coverage above 50% and more than 5% of eligible assets. The process to enable the production of this PAI is being setup in collaboration with an external data provider, we anticipate the availability of this data later this year for new investments. Past investments will not be covered.
	18. Exposure to energy-inefficient real estate assets	No	No The process to enable the production of this PAI is being setup in collaboration with an external data provider, we anticipate the availability of this data later this year for new investments. Past investments will not be covered.
CORPORATE VOLONTARY	**Voluntary 4E.** **Investments in companies without carbon emission reduction initiatives**	Yes	Yes, in case the product has an effective data coverage above 50% and more than 5% of eligible assets.
	Voluntary 4S. Lack of a supplier code of conduct	Yes	Yes, in case the product has an effective data coverage above 50% and more than 5% of eligible assets.
	Voluntary 9S. Lack of a human rights policy	Yes	Yes, in case the product has an effective data coverage above 50% and more than 5% of eligible assets.
	Voluntary RE 18: GHG emissions	Yes	Yes, in case the product has an effective data coverage above 50% and more than 5% of eligible assets.
REAL ESTATES VOLUNTARY	**Voluntary RE 19: Energy consumption intensity**	Yes	Yes, in case the product has an effective data coverage above 50% and more than 5% of eligible assets.

APPENDIX 6 – ADHERENCE TO INTERNATIONAL STANDARDS

BNPP AM was a founding signatory of the Principles for Responsible Investment (PRI). We respond every year to the PRI detailed report and we have received an A or A+ rating, the highest possible, on a continuous basis. We also report every year on our progress against the six principles of the PRI in our annual Sustainability Report.

BNPP AM is an active member of the following industry, multi-stakeholder or public initiatives and networks in relation to sustainable finance, environmental, social or governance issues:

Our 2022 memberships and pledges

MEMBERSHIPS AND INITIATIVES WE PARTICIPATE IN	SUPPORTER SINCE	ENERGY TRANSITION	ENVIRONMENTAL SUSTAINABILITY	EQUALITY AND INCLUSIVE GROWTH	OTHER
Align (European Commission, WCMC Europe, Capitals Coalition, Arcadis, ICF, UNEP-WCMC)	2021		X		
Asia Investor Group on Climate Change (AIGCC)	2018	X			
Association Française de la gestion financière (AFG)	10+ years				X
CDP	2012	X	X		
Ceres	2019	X	X		
Climate Action 100+	2017	X			
Council of Institutional Investors (CII)	2018				X
Eumedion	2018				X
European Fund and Asset Management Association (EFAMA)	10+ years				X
Farm Animal Investment Risk and Return Initiative (FAIRR)	2021	X	X		
Forum pour l'investissement responsable (FIR)	10+ years				X
Global Network Initiative (GNI)	2018			X	
GNI Principles on Freedom of Expression and Privacy (GNI)	2018			X	
Green Bond Principles (International Capital Markets Association)	2017	X	X		
Hong Kong Principles of Responsible Ownership (Hong Kong Securities and Futures Commission)	2019				X
Inevitable Policy Response (IPR)	2021	X			
Institutional Investors Group on Climate Change (IIGCC)	10+ years	X			
International Corporate Governance Network (ICGN)	10+ years				X
Investidores Pelo Clima (Brazil)	2022	X			
Investor Agenda (AIGCC, CDP, Ceres, IICC, IIGCC, UNPRI, UNEP-FI)	2018	X			
Malaysian Code for Institutional Investors (Securities Commission Malaysia)	2019				X
Montréal Carbon Pledge (PRI, UNEP-FI)	2015	X			
Nature Action 100	2022		X		
Net Zero Asset Managers initiative	2021	X			
New Plastics Economy Global Commitment (Ellen MacArthur Foundation, UNEP)	2018		X		
Operating Principles for Impact Management (International Finance Corporation)	2019	X	X	X	
Partnership for Biodiversity Accounting Financials (PBAF)	2021		X		
PRI Advance	2022			X	
Principles for Responsible Investment (PRI)	Founding member				X
SPOTT Palm oil, Timber, Pulp and Paper (Zoological Society of London)	2018		X		
Sustainable Trading	2022				X
Task Force on Climate-related Financial Disclosures (TCFD)	2017	X			
Tobacco-Free Finance Pledge (Tobacco-Free Portfolios)	2018			X	
Transition Pathway Initiative	2018	X			
UK Stewardship Code	2022				X
UN Environment Programme Finance Initiative (UNEP-FI)	10+ years	X	X		

As part of the BNP Paribas Group, we are committed to observing the following standards:

Universal principles
For many years, BNP Paribas' actions have followed the framework of:
- United Nations Global Compact (Advanced level);
- United Nations Women's Empowerment Principles.

Financial industry principles
BNP Paribas actively participates in designing and implementing long-term social and environmental solutions within the framework of:
- Equator Principles;
- UNEP FI's Principles for positive impact finance;
- Principles for Responsible Banking
- Principles for Responsible Investment (PRI)
  - BNP Paribas Asset Management
  - BNP Paribas Real Estate Investment Management
  - BNP Paribas Cardif

Commitments specific to the environment
BNP Paribas' environmental commitments:
- Banking Environment Initiative (BEI) and its Soft Commodities Compact;
- Roundtable on Sustainable Palm Oil (RSPO);
- Science Based Target initiative;
- Breakthrough Energy Coalition;
- Task Force on Climate-related Financial Disclosures (TCFD);
- Katowice Agreement;
- Act4nature initiative;
- Afep's commitments to the circular economy;
- Medef's Business Climate Pledge

Policies and procedures related to ethical business practices
BNP Paribas holds itself to the highest ethical standards and is committed to responsible business conduct through a suite of policies and procedures, including:
- Employee Code of Conduct
- Statement of BNP Paribas on human rights;
- Anti-Corruption Policy;
- Charter for responsible representation with respect to public authorities;
- Sustainable Sourcing Charter for BNP Paribas suppliers;
- BNP Paribas Responsible Business Principles.

The above policies can be found on the Group's website at: https://group.bnpparibas/en/publications

Aligning our portfolios with the objectives of the Paris Agreement

Our objective is to make a substantive contribution to the transition to carbon neutrality by 2050. We have three targets to structure our work towards this objective:

1. To progressively align our investment portfolios with the goals of the Paris Agreement.
2. To encourage our investee companies and countries to align their strategies with the goals of the Paris Agreement.
3. To encourage policymakers to adopt measures that align with the goals of the Paris Agreement.

Aligning our portfolios

Our goal is for 60% of our corporate investments (equity and fixed income) to fall into NZ:AAA (Achieving, Aligned or Aligning) categories by 2030 and 100% by 2040. This will enable us to achieve 100% net zero alignment of our corporate portfolio by 2050[6].

Measuring company or portfolio alignment to a specific climate pathway is subject to uncertainty. Among all the alignment methodologies, degree-warming metrics are attractive as they use the same wording as climate science and seem quite easy to understand. These degree-warming methodologies assign a temperature score to a company or portfolio based on their future carbon emission pathway and compare it to a pathway compatible with a specific climate scenario.

Unfortunately, numerous degree-warming methodologies are available that generate highly diverse outputs. These methodologies vary in terms of scenario(s) used, measurement approaches, time frames and scales of measurement used, resulting in highly inconsistent temperature estimates at the company level[7]. As noted by the Portfolio Alignment Team[8], "a degree-warming metric has the potential to be a powerful tool – but it is less understood, difficult to construct and requires further work on both methods and data inputs to ensure transparency, robustness and consistency across the degree-warming methodologies".

To overcome these uncertainties, BNPP AM has decided to use a framework to measure the alignment of its investments in corporates largely inspired by the Paris Aligned Investment Initiative (PAII) Net Zero Investment Framework[9]. This triple-A (NZ:AAA) framework is based on various sources: Transition Pathway Initiative (TPI)[10] Science Based Targets initiative (SBTi)[11], Climate Action 100+[12] and Carbon Disclosure Project (CDP)[13]. Most are publicly available, and have goals linked to classifying companies in categories depending on their level of alignment with net zero. We intend to further enhance our alignment assessment methodology in the future.
More information on the different sources used can be found in the Net Zero Roadmap.

To achieve its commitments, BNP Paribas Asset Management needed a way to not only assess carbon footprints today, but also how those carbon footprints are likely to change moving forward and the alignment of that change with Net Zero.
The Implied Temperature Rise indicator, which translates corporate GHG reduction targets into a projected global temperature change outcome, facilitates this assessment. This indicator is designed to translate greenhouse gas emissions pathways into predicted global temperature figures. This allows for a comparative evaluation of historical emissions trends as well as future emissions targets based on the forecast temperature impact of those trends and targets. With additional granularity built into forecasting models to account for differences between economic sectors, the Implied Temperature Rise would let a user compare target ambitions of, for example, a healthcare company against those of a major coal mining company. BNPP AM has selected the warming function based ITR of the CDP-WWF, which leverages up to 400 scenarios for its ITR calculation. The full methodology for the CDP-WWF ITR can be found here: CDP-WWF methodology.

Please refer to our Net Zero Roadmap: https://docfinder.bnpparibas-am.com/api/files/F5EE3377-26CE-4DFD-B770-DBD29323D78B for more information.

Green share of our investments

In our Net Zero roadmap, we committed to Substantially increase our climate and environmentally themed investments. There is a clear call to action for private investors to move money flows toward climate solutions such as greater energy and water efficiency, the large-scale use of clean hydrogen, precision irrigation and carbon capture. Our product range already includes strategies seeking to invest in climate opportunities and we will continue to innovate and provide investment solutions to our clients.

6 BNPP AM will continue to improve its NZ:AAA assessment methodology, and thus we may adapt our commitment and disclosures accordingly as the measurement approach evolves.
7 cookbook.pdf (ademe.fr)
8 PAT-Report-20201109-Final.pdf (tcfdhub.org)
9 https://www.iigcc.org/download/net-zero-investment-framework-implementation-guide/?wpdmdl=4425&refresh=61c444d8e6d101640252632
10 Overview of the TPI – Transition Pathway Initiative
11 About Us – Science Based Targets
12 About Climate Action 100+ | Climate Action 100+
13 https://www.cdp.net/en/info/about-us

APPENDIX 7 - REVISION HISTORY

Date	Revision
August 2022	• Minor updates to Part I • Addition of appendix describing how each of the five pillars of our sustainability approach contributes to consider each PAI.
July 2023	• Update of Part I and II • Update of the appendix describing how each of the five pillars of our sustainability approach contributes to consider each PAI. • Addition of an appendix detailing the PAIs on which we are going to quantitatively report on at entity and fund level

July 2023 - Design: Creative Services BNPP AM - P2307057

VIEWPOINT

BNP PARIBAS
ASSET MANAGEMENT

The sustainable investor for a changing world