



BNP PARIBAS

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theam QUANT FUNDS
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FLASH UPDATE

THEAM QUANT EUROPE CLIMATE CARBON OFFSET PLAN AWARDED THE LUXFLAG LABEL

MARKETING COMMUNICATION | FOR PROFESSIONAL CLIENTS ONLY | OCTOBER 2020

LIQUID INVESTMENT STRATEGY WITH HIGH ESG STANDARDS

The strategy is exposed to the performance of listed European equities with high Environmental, Social and Governance (ESG) standards, selected on the basis of their carbon footprint and energy transition strategy, while the residual carbon footprint of the portfolio is offset every quarter. Now recognized by the "LuxFLAG" label, it awards investments that demonstrate a strong ESG integration and criteria throughout the entire investment process.



The THEAM Quant Europe Climate Carbon Offset Plan has been granted the use of the ESG LuxFLAG[®] label for the period 1-Oct-20 to 30-Sep-21

STRATEGY REMINDER

The financial objective of the strategy of returning a similar risk/return profile to the benchmark index has been met by the fund, which since launch has recorded an overall performance of 3.71% (compared to 3.53% for the Stoxx Europe 600 Index)¹



ESG FILTERS

- The FCP ("Fonds commun de placement", open-ended collective investment fund) provides exposure to European listed companies² with high ESG standards, excluding the ones:
- With a Vigeo Eiris ESG score in the lowest 25% in their sector or below 30/100
 - Involved in armament, nuclear, alcohol, tobacco, gambling, pornography or in other controversial activities
 - With a BNP Paribas Asset Management ESG score of 9 or 10 (10 being the worst score)

1 2 3 4 5 6 7 8 9 10



PORTFOLIO CONSTRAINTS³

- The selection of companies is made to ensure liquidity and risk reduction:
- Liquidity:** 10 M EUR average daily volume (over 1 and 6 months)
 - Risk reduction through **diversification**:
 - Individual stock weighting between 0 and 1% (Min 100 stocks)
 - Sector weighting: < 30% difference vs sector weight in the Benchmark
 - A 5% tracking error⁴ with the benchmark STOXX Europe 600 NTR index



CLIMATE CARE FOCUS

- Companies are also selected based on their carbon emissions and energy transition strategy following a scoring method provided by Vigeo Eiris:
- Among the intense emitters⁵ only those with the best energy transition strategy in their sector can be selected
 - The portfolio will have an average carbon footprint, normalised by companies' enterprise value, reduced by at least 50% compared with the initial universe of eligible companies.
 - The final selection must maximise its Vigeo Eiris Energy transition score under the above constraints



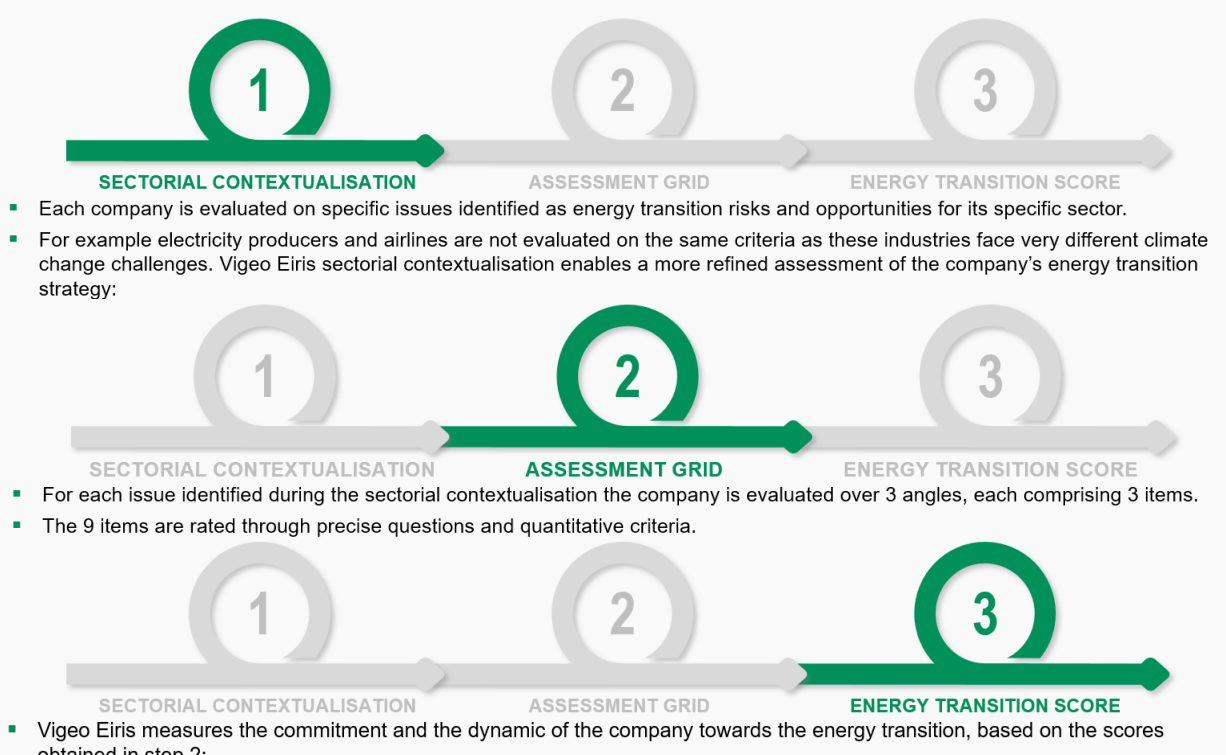
CARBON OFFSETTING

- The residual carbon footprint of the portfolio is offset every quarter:
- The management company will assess the carbon footprint of the selected companies (Scope 1 and 2) and determine the amount of VERs (Verified Emission Reductions certificates) necessary for offsetting the carbon footprint of the FCP²
 - VERs from the **Kasigau Corridor REDD+ project** will be purchased and immediately cancelled so as to materialise the offsetting and be properly recognised
 - The Kasigau corridor REDD + project contributes to 11 out of the 17



¹ Launch date is 1st of March 2019. The performance reported is net of fees and is relative to share class S (TQECCESS FP Equity) for the period that goes from the launch to the 11th of October 2020. The performance net of fees from the launch to 1st of March 2020 was +1.88%, while the performance net of fees from the launch to 31st of December 2019 was +11.92%. 2 To do this, the FCP is exposed to the BNP Paribas Equity Europe Climate Care NTR strategy index. 3 These internal guidelines are mentioned for your information only and are subject to change. Prospectus guidelines and the KIID are leading. 4 This represents the standard deviation in the series of differences between the performances of the portfolio and of the Benchmark index. 5 Companies are graded into four categories in line with their carbon emissions level (Scope 1 + Scope 2). "Intense" emitters are those whose emissions are greater than 10 Mt CO2 equivalent. See slide 38 in appendix for details. 6 The offsetting of the FCP's carbon footprint can be considered as partial to the extent that (i) the management company does not take Scope 3 into account in the calculation of the carbon emissions and that (ii) it offsets only the carbon emissions relating to the composition of the portfolio and not those relating to the financial instruments held as the FCP's assets when a synthetic replication method is used.

ZOOM ON ENERGY TRANSITION METHODOLOGY



Source: Vigeo Eiris, July 2015. For illustrative purposes only.

BENEFITS OF THE KASIGAU CORRIDOR REDD+ PROJECT

The Kasigau project contributes to 11 of the 17 Sustainable Development Goals



Wildlife

Protection of over 300 wildlife species, including more than 2,000 endangered African elephants



Environment

Enables the protection of 500,000 acres of native forest and contributes to the reduction of over 1 million tons of CO₂ a year (Project lifespan of 30 years)



Communities

- Creation of more than 300 jobs, the majority of which are filled directly by the community, with 30% of the workforce being female
- Development of eco-tourism, agroforestry and jobs linked to parkland conservation



Fair sharing of proceeds

- A third of the income is paid back to the 4,500 landowners involved in the project
- The project's expenditures are then paid, including the salaries of over 300 local employees
- The remaining funds are paid into local community projects, such as education scholarships and access to water initiatives.

THE FIRST REDD+ PROJECT TO ISSUE REDD+ CARBON CREDITS UNDER THE VERIFIED CARBON STANDARD (VCS) AND THE CLIMATE COMMUNITY AND BIODIVERSITY STANDARD (CCB)¹.

Source: <https://www.wildlifeworks.com/kenya>, August 2020, 1VCS is the first worldwide voluntary programme for certification of greenhouse gas (GHG) emission reduction projects and was elected "Best voluntary standard" by Environmental Finance in 2018

LUXFLAG



The primary objective of the **LuxFLAG ESG Label** is to reassure investors that the Investment Product actually incorporates ESG (Environmental, Social, Governance) criteria throughout the entire investment process. The eligibility criteria for the ESG Label **require applicant funds to screen 100% of their invested portfolio according to one of the ESG strategies** and standards recognised by LuxFLAG.

Advantages of the label:

- The LuxFLAG ESG strategies must include:**
 - Best-in-class / best effort strategies: Approach where leading or best-performing investments within a universe, category, or class are selected or weighted based on ESG criteria.
 - Multiple exclusion strategies: An approach that excludes multiple investments or classes of investment from the investible universe.
- The investors can be confident that:**
 - Their money is invested taking ESG factors into considerations
 - Investment Product is annually reviewed by an expert panel and meets internationally recognised standards
 - The Investment Product demonstrates a responsible commitment to the ESG values
- LuxFLAG labelled investments are:**
 - Systematically presented worldwide at roadshows and respective events and publications
 - Benefit from a special listing on fund databases, distribution platforms and fund selectors resources

ENHANCES THE INVESTMENT FUND VISIBILITY

REINFORCED CREDIBILITY TOWARDS INVESTORS

HELPS REACHING THE INTERNATIONAL INVESTMENT COMMUNITY

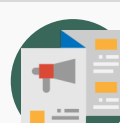
Source: <https://www.luxflag.org/>

Useful Links



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To know more about the THEAM funds



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To know more about the fund

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The investments in the funds are subject to market fluctuations and the risks inherent in investments in securities. The value of investments and the income they generate may go down as well as up and it is possible that investors will not recover their initial outlay, the funds described being at risk of capital loss. For a Complete description and definition of risks, please consult the last available prospectus and KIID of the funds .



"THEAM Quant" is the generic name given to a broad range of systematic strategies designed by BNP Paribas Global Markets and mostly implemented in Funds managed by BNP Paribas Asset Management

Fund Name	Management Company	Type of Fund	ISIN	BBG Ticker	Ongoing Charges ^{1,2}	SRRI ³
THEAM Quant - Europe Climate Carbon Offset Plan	BNP Paribas Asset Management	FCP UCITS (eligible for PEA)	FR0013397734	TQECCEC FP	0.82% (0.07%)	5

1. Ongoing charges for Institutional share class, for more information of all share classes available, please consult the prospectus on <https://www.bnpparibas-am.com/en>.
2. Including cost of offsetting the carbon footprint.
3. Synthetic risk and reward indicator. On a scale 1 to 7, the higher the risk, the longer the recommended investment horizon.

Disclaimer

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