

For professional investors – December 2023

GLOBAL SUSTAINABILITY STRATEGY 2023-2025



BNP PARIBAS
ASSET MANAGEMENT

The sustainable
investor for a
changing world



About us

BNP Paribas Asset Management (BNPP AM) is BNP Paribas Group's dedicated asset management business that employs more than 3 000 people in more than 30 countries, including a large commercial presence in Europe and the Asia-Pacific region.

BNPP AM manages EUR 524 billion* of assets serving individual, corporate and institutional clients in more than 60 countries. We offer investment solutions for individual investors (through internal distributors within BNP Paribas Group and external distributors), and corporate and institutional investors including insurance companies, pension funds and official institutions. We offer portfolio investment expertise in line with clients' long-term sustainable performance expectations, including active, conviction-based strategies, multi-assets and systematic & quantitative investments, liquidity solutions, emerging markets and private assets.

Our purpose

Our purpose is to achieve long-term sustainable returns for our clients, by placing sustainability at the heart of our strategy and investment philosophy.

Understanding and supporting the transition to a sustainable economy is a core objective. It guides our strategy, our culture, our structure, our products, our processes, the way we engage with our clients and with the companies and the markets we invest in.

About this document

Our Global Sustainability Strategy (GSS) sets out our multi-year, strategic approach to integrating sustainability considerations into how we invest and operate as an organisation. It is supplemented by numerous policy documents which detail our approach in specific areas – such as how we undertake proxy voting and company engagement, implement our Responsible Business Conduct policy and our ESG Integration Principles and Guidelines. These documents contain more detail about our specific policies as well as their scope. All policies, strategies and sustainability related reports are publicly available [here](#) on our corporate website. The way we implement the GSS into our products or services is described in the relevant pre-contractual documentation produced for each type of product or services.

* BNP Paribas Asset Management, as of 30 September 2023. Joint Ventures included.





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FOREWORD

SUSTAINABILITY: THE HEART OF OUR STRATEGY



Sandro Pierri
CEO, BNP Paribas Asset Management

Over the coming years, the asset management industry will face far-reaching change, driven by the need to reallocate capital towards a more sustainable and inclusive economy, new geopolitical dynamics, evolving regulation, technological transformation and changing demographics. These highly interconnected dynamics are creating a rapidly shifting investment environment.

The scale of impending disruption is unprecedented. It will require long-term investors to reposition their portfolios for sustainable growth, and a radically different level of thinking across the entire financial system than has been the case in the past. We also acknowledge that current conflicts and the associated geopolitical and economic uncertainty they bring could be a headwind to progress in the near term.

Our long-established commitment to sustainability has given us the strength and expertise to navigate this environment and deliver sustainable returns to our clients. However, the transition to the new world is too complex to face alone. It is only by working with clients, issuers, regulators and peers that we can build and pursue an effective, successful path forward. Our Global Sustainability Strategy helps to strengthen our conviction and guide our actions.

We remain firmly committed to delivering long-term sustainable returns to our clients in this world in transition.

Sandro Pierri,
CEO



INTRODUCTION



Jane Ambachtsheer
Global Head of Sustainability

We published the first iteration of our Global Sustainability Strategy (GSS) in 2019, setting forth our plan for implementing sustainability across our organisation. An incredible amount has happened since then, including the global Covid-19 pandemic; the war in Ukraine and conflict in the Middle East and the resulting humanitarian, geopolitical and energy market fall-out; and an unprecedented string of climate-related physical disasters. Financial markets have seen the implementation of the European Sustainable Finance Disclosure Regulation (SFDR), the most stringent and far-reaching financial sustainability framework yet seen.

Despite these transformational events, when we reassessed our strategy towards sustainability, we found that the fundamentals of our approach have not changed.

This document provides an update for our clients and stakeholders on our approach to sustainability and our priorities for the coming two years.

- **The first part covers the ‘what’** – our commitment, investment beliefs and ambition to put sustainability at the heart of what we do. It outlines our key priorities in the coming years: further strengthening our **unique culture**; continuing bold **stewardship**; employing a **science-based, transparent** approach to research; expanding our range of **sustainability themed-solutions**; enhancing our focus on emerging markets and broadening our approach to **impact investing**.
- **The second part covers the ‘who’** – reflecting how our governance and organisation are structured to meet our aims.
- **The last part covers the ‘how’** – our approach to sustainability, including a description of the **six pillars** we employ to strengthen the way we invest, including how we generate investment ideas, construct optimal portfolios, control for risk and engage with companies and markets. It defines how we respond to the diverse needs of our broad client base while protecting their interests.

Despite the challenges of the last three years, numerous developments encourage optimism:

- The **Glasgow Financial Alliance for Net Zero (GFANZ)**, launched in 2021, now includes more than 550 financial institutions representing 50 countries¹.
- While the risk of climate overshoot – exceeding the Paris Agreement goal of limiting average global warming to 1.5°C – is high and rising, scenarios such as the Inevitable Policy Response’s 2023 Forecast Policy Scenario² and the latest Announced Pledges Scenario of the International Energy Agency (IEA) 2023 World Energy Outlook³ suggest that **temperature rise could peak below 2°C (~1.8°C)**. The Climate Overshoot Commission⁴ has been established to help recommend an integrated strategy to reduce and manage the risk of overshoot.
- During COP15, the 2022 UN Biodiversity conference, an agreement was reached to **protect at least 30% of the planet’s land and water⁵ by 2030**.
- The success of the **Task Force on Climate-related Financial Disclosures** (TCFD) prompted the launch of the **Task Force on Nature-related Financial Disclosures** (TNFD) and the **Taskforce on Inequality and Social-related Financial Disclosures** (TISFD).
- The **US Inflation Reduction Act** and **Europe’s Green Deal Industrial Plan** provide unprecedented incentives for climate investment and action to reduce emissions across sectors.

We are actively involved in many of these initiatives, and we integrate the opportunities they present into our research, strategy and approach. As long-term investors with our clients’ interests at heart, we will continue to use our voice and our influence to push towards more sustainable outcomes for the companies and markets in which we invest.

Jane Ambachtsheer,
Global Head of Sustainability

1. Source: GFANZ as at 30/08/2023.
2. Global climate policy forecast predicts ‘well below 2°C’ Paris Agreement climate goals will be met – IPR (transitionmonitor.com)
3. <https://www.iea.org/reports/world-energy-outlook-2023>
4. [Climate Overshoot Commission](#)
5. See Target 2 of the Kunming-Montreal Global Biodiversity Framework, available [here](#)





PART I

OUR BELIEFS, AMBITION AND COMMITMENT

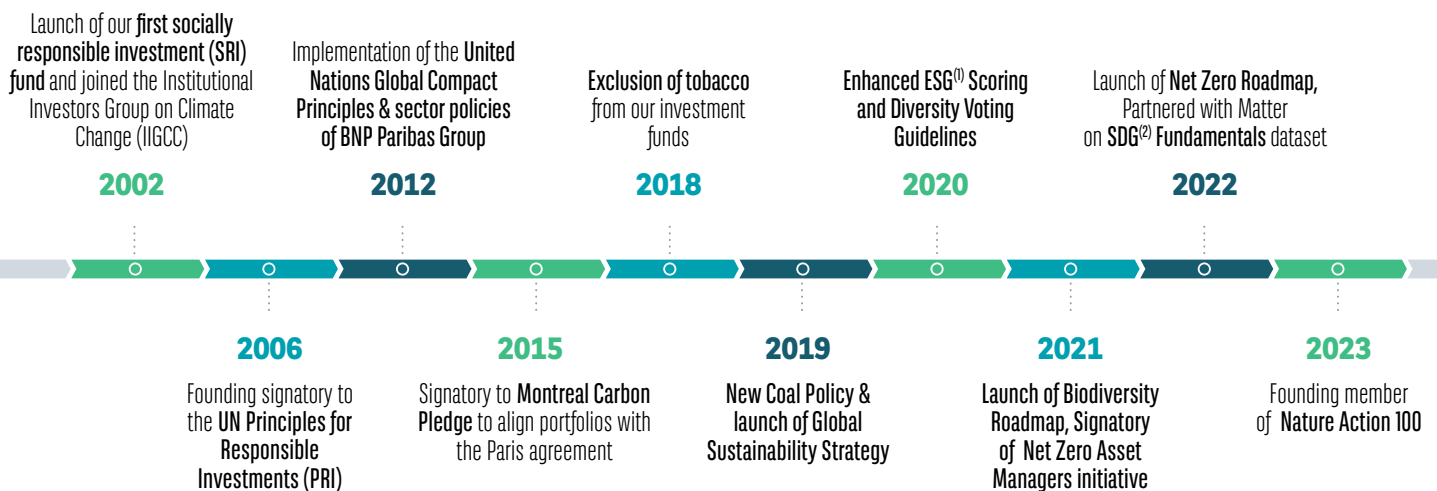


BNPP AM's sustainability journey began in 2002 with the launch of our first socially responsible investment fund. We joined the Institutional Investors Group on Climate Change (IIGCC) shortly afterwards, and in 2006 we were a founding signatory to the UN-supported Principles for Responsible Investment (PRI). In 2012, we introduced and implemented the United Nations Global Compact Principles as a standard across our investment funds and in 2015 we committed to aligning our portfolios with the Paris Agreement.

In 2019, we launched our first Global Sustainability Strategy, underpinning the pillars of our sustainability approach. In 2021, having sufficiently progressed our transition to put sustainability at the heart of what we do, we adopted our new tagline '*The sustainable investor for a changing world*'. The same year, we launched our comprehensive [Biodiversity Roadmap](#) and supported the launch of the Taskforce on Nature-related Financial Disclosures (TNFD).

We strengthened our commitment to the Paris Agreement by joining the Net Zero Asset Managers (NZAM) initiative and published our [Net Zero Roadmap](#) in 2022, covering our [10 commitments](#) spanning our investments, stewardship and operations. We also announced the launch of Nature Action 100 at COP15, a collaborative initiative with the objective of reversing nature loss. Our ambitious integration of environmental, social and governance (ESG) considerations into our product offerings has resulted in more than 90% of our European-domiciled open-ended funds' assets under management (AUM) being categorised as sustainable (Article 8 or 9) under the SFDR (as of September 2023).

Committed to sustainability since 2002



Source: BNPP AM as at November 2023

(1) ESG: Environmental, Social & Governance. ESG assessments are based on BNPP AM's proprietary methodology which integrates all 3 aspects of E, S & G
 (2) SDG: United Nations Sustainable Development Goals

I. SUSTAINABILITY AT THE CORE OF OUR INVESTMENT BELIEFS

Our investment beliefs underpin our approach by weaving together investment teams that cover different asset classes, geographies and themes. Sustainability is a core component of this, as outlined below.

BNPP AM investment beliefs

Conviction driven

In a changing world, our conviction-based investment philosophies provide scope to capture both short and long-term opportunities for value creation. Our approaches combine a thorough understanding of market dynamics and fundamentals (at security, sector, and thematic levels), enabling high conviction positions and a dynamic allocation of capital across varied time horizons.

Risk management

The value created through our research and idea generation needs to be carefully preserved through appropriate risk utilisation.

Powered by people

People drive investment decisions. We are committed to attracting, nurturing, and retaining diversity of talent. We align incentives to our clients' long-term sustainable objectives.



Sustainable

By integrating sustainability considerations across our investment processes, we create the opportunity to deliver better outcomes for our clients, markets and the planet.

Research driven

Research is the foundation on which we build our market views to support our convictions. We apply quantitative and fundamental approaches to our research; our culture is based on curiosity, collaboration and challenge.

Global perspective

A global perspective is needed to make better investment decisions in an increasingly interconnected world.



Our multi-faceted approach also involves a more detailed set of investment beliefs focused on sustainability:



BEHAVING AS A 'UNIVERSAL OWNER' HELPS TO SHAPE A MORE SUSTAINABLE ECONOMIC FUTURE

As a global investor, diversified across asset classes, regions and sectors, our 'universal owner' mind-set recognises that externalities creating profits in one place (a sector or country), can reduce value elsewhere or in the future that we generally cannot diversify away from. We believe the economic model that will best serve investors in the long term is one focused on low-carbon, healthy ecosystems. We also believe the way we invest and engage with companies, governments and regulators can help shape the world around us. Our seeking to actively address systemic risks can help promote greater market stability and improve market beta, while aiming to deliver similar or better financial returns over the long term.



ESG INTEGRATION CAN ENHANCE THE WAY WE INVEST



ESG considerations are interpreted and taken into account by market participants in different ways. Coupled with inconsistent levels of disclosure by companies, this can lead to market inefficiencies which can create opportunities for ESG-savvy investors. While we expect corporate disclosure to increase, shifts in consumer, investor and regulatory expectations will likely persist in a dynamic environment experiencing secular change (e.g., driven by climate change). Against this background, we believe we make better investment decisions by identifying and sourcing relevant ESG data and integrating it into our investment analysis and decision-making^{[9],[10]}.



OUR FIDUCIARY DUTY IS ALIGNED WITH SUSTAINABILITY

We have a duty to our clients to make well-informed investment decisions, taking reputational, operational, financial and system-level risks and opportunities into careful consideration. ESG factors inform our risk and opportunity assessment across these dimensions and help us better understand the impact on companies of systemic risks. It is also our duty to help our clients define the objectives that are important to them and to build portfolios that are consistent with these. Trade-offs can occur, particularly where companies/sectors are excluded from an investable universe. These can affect tracking error and may lead to periods of relative underperformance.



STEWARDSHIP IS BOTH AN OPPORTUNITY AND AN OBLIGATION



As long-term investors, we believe we should use stewardship – proxy voting, company engagement and policy advocacy – to encourage companies, governments and markets towards better outcomes. We are transparent in our approach to stewardship and the outcomes we achieve. Collaboration with other investors can often improve the likelihood of success and create efficiencies for all parties involved in a dialogue.



'WALKING THE TALK' IS CRITICAL TO ACHIEVING EXCELLENCE



We believe our corporate practices and disclosures should match or exceed the standards we expect from the entities in which we invest. We integrate sustainability considerations across our business, including how we manage our facilities, foster diversity within our workforce and our company boards, and how we engage with our employees.

In 2024, we will produce a white paper covering how we put these investment beliefs into practice and how they intersect with investment risk, performance and real-world outcomes.

II. OUR 2023-2025 AMBITION

Over the past year, we have explored the areas of focus that we felt were most important in helping us achieve our ambition. This has enabled us to identify **six strategic priorities** for the near and medium term to help us deliver long-term, sustainable returns for our clients .

NEAR TERM

1.



Produce science-led, transparent research: We draw on robust scientific and academic models and frameworks to inform our thinking, underpinned by strong data and control processes. We strive to be both science-based and transparent in our approach, partnering with multiple stakeholders to push towards common frameworks and progress on shared goals. We will deepen our relationship with academia, for example the academic network GRASFI (the Global Research Alliance for Sustainable Finance and Investment), to support this objective.

3.



Mobilise capital towards investment solutions that embed sustainability and meet clients' long-term needs. Over the years we have launched various investment solutions to help our clients progress through different stages of their sustainability journey (best-in-class, multi-factor strategies that embed sustainability-related constraints, sustainable thematic offerings, Paris-aligned benchmark strategies, net zero solutions supporting the energy transition, etc.). We will continue to broaden our range of investment solutions, enabling a wide spectrum of investors to meet their sustainability objectives.

2.



Maintain our bold stewardship approach: Over many years, we have seen tangible results from our bold stewardship strategy. We strive to build our position as a stewardship leader with robust and credible policies and outcomes, including our work on policy advocacy. We will continue along this path – engaging directly, and in collaboration with other investors – across a range of topics, and reporting our results.

4.



Continue to invest in our sustainable culture: We have made significant progress in building a sustainability-focused culture within and throughout our firm, and it will remain a top priority as it is now embedded in our Employee Value Proposition. Specific targets and programmes are included in the sixth pillar of our approach: CSR - Walking the Talk.

MEDIUM TERM

5.



Drive sustainability in emerging markets: Already and in the future, most people in the world live in emerging markets. This is where the biggest emissions-based and biodiversity pressures on the planet occur, and thus where there is the greatest need to shift towards more sustainable energy systems and land use. BNPP AM has a significant presence in emerging markets – particularly in Asia. We are increasingly using this as an anchor to support our work on enabling a net zero, environmentally sustainable and inclusive transformation in the global economy. This includes working partnerships with local colleagues and clients to develop regionally relevant ESG research and engage with local companies and regulators. We will provide updates on this work and its outcomes in our annual sustainability report.

6.



Achieve a tangible impact: A growing number of our clients seek to invest for impact. We strive to help them achieve this by:

- Offering individual investment strategies on impact investing
- Improving the outcome and impact measurement of our broader range of strategies
- The way we measure and take responsibility for our own impact as a firm, for example, by using research programmes to explore our firm-wide impact on biodiversity loss and deforestation.

Over the coming years, we will release further information about our approach to impact investing, clarifying how it applies to each asset class, and how it relates to evolving industry definitions and regulatory frameworks.



INTERNAL PRIORITIES

In addition to our six strategic priorities, we will focus on several internal priorities.

1.



Continue to invest in our ESG Data Programme

This programme supports the development and deployment of our growing range of ESG research methodologies (including related to the SFDR, net zero and the UN Sustainable Development Goals (SDGs)). We are strengthening our internal capabilities to ensure that high quality data is available to support investment analysis, portfolio construction, measurement and reporting. We will continue to develop this programme over the coming years.

2.



Provide a range of educational opportunities to colleagues and clients:

- Invest significantly to provide our employees with the required level of knowledge, recognising that sustainability issues are rapidly evolving.
- Expand the range of education and training tools for our clients, notably via our Investment Academy

3.



Sharpen our strategic communication and knowledge sharing:

- Embed our science-based and transparent philosophy within our communications, increasing external impact and avoiding the risk of greenwashing.
- Foster knowledge sharing, drawing upon the deep experience and intellectual capital which exists across teams to build and nurture our sustainable culture and for the ongoing benefits of our clients and teams.



III. OUR COMMITMENT: BE “THE SUSTAINABLE INVESTOR FOR A CHANGING WORLD”

Our purpose is to achieve **long-term returns for our clients**, by placing sustainability at the heart of our strategy and investment philosophy.

We seek to **minimise the adverse impacts** of our investments, **use our influence to help shape a better future**, and **allocate capital towards companies that are contributing to positive change**. The dialogue established with our clients on sustainable investing is essential, and we also need to consider their sustainability-related preferences. To do this efficiently, it is important to provide our sales and client service representatives with the right tools, in a variety of formats, to enable relevant and useful engagement.

We have an important role to play in bringing our clients along the sustainability journey. We do this through the training we provide via our Investment Academy, created in 2009 with the purpose of sharing

knowledge and expertise with our clients, as well as by using a variety of communication channels. Our marketing and communication teams have long been committed to reporting on our actions and producing a wide range of media (brochures, videos, client events, podcasts, articles, infographics) that enable our clients to understand the challenges and opportunities related to sustainability topics, our approach, and the solutions we offer.

Since the launch of our first GSS in 2019, we have undertaken additional commitments to deliver on our vision to be the sustainable investor for a changing world, notably through our [Biodiversity](#) and [Net Zero Roadmaps](#).





PART II

THE PEOPLE

WHO MAKE IT HAPPEN



At BNP Paribas Asset Management, our Employee Value Proposition focuses on the potential for sustainability to improve global economic, natural capital and societal conditions while achieving long-term sustainable returns for our clients.

For us, the greatest potential lies in people. At BNPP AM, this is at the heart of what we do; our people are proud of the impact they make, notably through our contribution to a better future.

We believe our people make the most meaningful impact on the world when they are living up to their full potential. That is why we have built a culture of empowerment that helps release the potential within each of our employees, nurtures it and allows it to flourish.

We believe that through our objective to embed sustainability in all we do – our investments, our people, our processes, our operations and other aspects of our business – we can build a culture of sustainability that will help us to deliver our business strategy more effectively.

I. OUR PEOPLE

To support our firm-wide sustainability approach, each team has an important role to play.

A. THE SUSTAINABILITY CENTRE

The Sustainability Centre drives the firm's approach to sustainability. This dedicated team of more around 35 ESG experts is responsible for developing and implementing the firm's Global Sustainability Strategy, ESG Integration Principles and Guidelines, stewardship policy and implementation, and Responsible Business Conduct Policy.

They also work towards our ambitious targets related to the energy transition, healthy ecosystems and greater equality in our societies. The Sustainability Centre plays a crucial role in measuring, tracking and reporting on BNPP AM's progress on sustainability.

Within the Sustainability Centre, we have multidisciplinary ESG expertise in the following teams:

- Sustainability Research
- Stewardship
- Social Business
- Corporate Social Responsibility (CSR)
- ESG Specialist team

Members of the Sustainability Centre are located in Boston, Hong Kong, London, New York, Paris, Singapore and Toronto. This means they can bring regional expertise to the global team and work closely with local investment and sales teams.



B. ESG CHAMPIONS

Our network of ~140 ESG Champions, as of September 2023, plays a key role in linking our investment and sales teams with our Sustainability Centre and disseminating information across the business. They are subject matter experts within their relevant teams, pursue specialised ESG education and certifications and have performance objectives reflecting their responsibilities. ESG Champions also act as a first point of contact on sustainability matters in their respective teams, actively sharing knowledge and contributing to meeting our sustainability priorities. We also have ESG Correspondents in each asset class, who act as key partners on ESG topics (such as ESG methodology developments, data updates and reporting).

C. INVESTMENT TEAMS

Investment teams and processes are at the core of implementing our sustainability approach. Analysts and portfolio managers integrate ESG factors into company, asset and sovereign evaluations in different ways, depending on the individual investment strategy.

Our Chief Investment Officers (CIOs) ensure that their teams implement our ESG Integration Guidelines and achieve any sustainability-related commitments which have been taken at a portfolio level. The Investment Committee is also involved in guiding the evolution of our ESG methodologies.

A positive feedback loop exists between the investment teams and the Sustainability Centre: Portfolio managers actively contribute to ESG research – both from a methodological perspective and regarding individual company scoring and analysis – and engage in discussions about how best to integrate sustainability themes into product development and client reporting. Dynamic dialogue also takes place in relation to joint engagements by investment teams and Sustainability Centre colleagues with companies and policymakers on a range of topics.



D. QUANTITATIVE RESEARCH GROUP (QRG)

Our QRG comprises around 30 technical experts. The team works closely with the Sustainability Centre to co-develop numerous ESG scoring datasets, undertake relevant research and monitor the link between ESG integration and investment performance. It also plays a key role in the firm-wide ESG data program.

E. PRODUCTS AND STRATEGIC MARKETING (PSM)

This team leads on the alignment of BNPP AM products with our approach to sustainability. It ensures a consistent application of ESG key performance indicators (KPIs) across our product range, ensuring suitable sustainability naming practices, and anticipating and aligning with sustainable regulation and labels. The team also plays a key role in helping to lead the GCG (Global Client Group) ESG Champions network and educating our clients and colleagues on sustainable regulation topics.

PSM works hand-in-hand with the Sustainability Centre and investment teams to develop and promote high-conviction sustainability strategies and products. Innovation is focused on building new sustainability-themed investment strategies, as well as working with clients to develop customised products that meet their investment and sustainability preferences. PSM also has a key role in building our digital and data capabilities to support the integration of sustainability criteria into products.

F. CENTRAL FUNCTIONS AND TEAMS

Our central functions (**Compliance, Legal and Risk**) and many other teams play an important role in implementing our sustainability agenda. For example, sustainability risks are included in the risk function's control framework, to ensure that the sustainability-related roles and responsibilities linked to delivering our sustainability processes have appropriate procedures, controls and monitoring in place. The Legal team provides regulatory intelligence and is responsible for the interpretation of legal texts. The RISK Investment Monitoring & Control team monitors adherence to our Responsible Business Conduct policy, as well as our commitments under different regulations and industry labels. The IT team plays a critical role in delivering our ESG Data Program. The HR team is a core partner in developing and delivering our sustainability education programme.

G. GLOBAL CLIENT GROUP (GCG)

Our sustainability approach also helps support clients to achieve their own sustainability priorities. Relationship teams encourage clients to adopt relevant parts of our sustainability strategy for mandates, provide updates to clients about regulatory developments, and promote investment practices integrating sustainability across the industry. Our marketing and communication teams ensure our clients and colleagues are aware of sustainability-related approaches and developments, and regularly communicate our sustainability activities. We provide a wide range of sustainability education opportunities for clients, an area we will continue to focus on in the coming years.

A wide range of other teams (Communications, Operations, etc.) are involved in bringing our sustainability principles and practices to life.





II. SUSTAINABILITY FRAMEWORK

We expect high standards of governance from the companies in which we invest, including on all sustainability matters, and we hold ourselves to the same standards. Our sustainable investing approach is managed by a company-wide governance framework which ensures our sustainability-related policies and practices are embedded and implemented appropriately throughout our business, and that all new initiatives are well-conceived, properly structured and delivered effectively.

Our governance system ensures board and executive level oversight of the implementation of the GSS and our business strategy. At an operational level, we believe it is an effective mechanism to ensure that our policies and processes align with our ambition and that there is continuous communication among stakeholders.

BNPP AM EXECUTIVE BOARD

Strategic oversight of overall business

Chair: CEO

BNPP AM EXECUTIVE COMMITTEE

Strategic oversight of sustainability approach

Chair: CEO

SUSTAINABILITY COMMITTEE

Oversees and validates our approach to sustainability

Chair: CEO

INVESTMENT COMMITTEE

Approves sustainability methodologies and monitors ESG integration

Chair: Global Head of Investments

STEWARDSHIP COMMITTEE

Reviews voting and engagement implementation

Co- Chairs: Equities CIO & Global Head of Sustainability

GLOBAL PRODUCT COMMITTEE

Approves sustainability characteristics of products

Chair: Global Head of Products and Strategic Marketing

EXECUTIVE CSR COMMITTEE

Oversees the implementation of our approach to Corporate Social Responsibility

Chair: Head of Corporate Social Responsibility

OTHER ESG-RELATED PROGRAMMES OR COMMITTEES

SUSTAINABLE REGULATION PROJECT

Oversees the development and implementation of regulatory related methodologies, definitions, disclosures and processes.

Co- Chairs: Global Head of Products and Strategic Marketing & Global Head of Sustainability

SUSTAINABLE METHODOLOGY OVERSIGHT COMMITTEE*

Oversee and validate ESG methodologies that are linked to regulatory/label frameworks

Sustainability Centre, Quantitative Research Group, digital and IT

*sub-Committee of the Sustainability Regulation Programme

ESG INTEGRATION STEERING COMMITTEE

Manage the scoring evolution process and ensure deepening implementation of our ESG Integration Guidelines

Sustainability Centre, Investments and Quantitative Research Group

ESG DATA PROGRAM

Support the development and deployment of various research methodologies and internal data capabilities to support investment analysis, portfolio construction & measurement and reporting

Sustainability Centre, Quantitative Research Group, digital and IT

- **Implementation is monitored by our internal control systems**
- **Integrated into BNP Paribas Group Sustainability**





III. BNP PARIBAS: STRONGER IN SUSTAINABILITY TOGETHER

Our sustainability culture and ambition is strengthened by being part of the BNP Paribas Group. We benefit from access to resources and colleagues with a breadth of experience across many fields. BNPP AM is involved in our group-wide sustainability architecture, participating in committees, sharing research and

data, ideas and experiences with colleagues from BNP Paribas Group's Company Engagement & CSR, and Investment & Protection Services. We can thus make the most of each other's expertise and gain synergies from our efforts towards our sustainability commitments.



BNP PARIBAS 'NETWORK OF EXPERTS IN SUSTAINABILITY TRANSITION' (NEST)

The BNP Paribas Group's Network of Experts in Sustainability Transition, or NEST, comprises over 700 sustainable finance experts (as at November 2023) from across BNP Paribas business lines and functions. By pooling their expertise to support the transition of Group clients, NEST members can contribute beyond their own businesses by sharing knowledge and supporting clients across the Group. This network includes members from BNPP AM's Sustainability Centre and several BNPP AM ESG Champions.



PART III

OUR APPROACH TO SUSTAINABILITY



OVERVIEW OF OUR APPROACH

The 6 pillars of our approach

1.

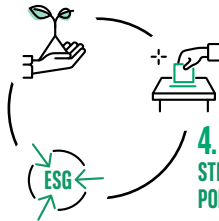
FORWARD-LOOKING PERSPECTIVE: THE '3Es' (Energy transition, healthy Ecosystems, and Equality)

Enhance investment decision-making, preserve long-term market performance



2. RESPONSIBLE BUSINESS CONDUCT (RBC) AND SECTOR-BASED EXCLUSIONS

Articulate expectations for responsible business conduct and sensitive sectors; avoid regulatory and stranded asset risk



3. ESG INTEGRATION

Enhance risk-adjusted outcomes

4. STEWARDSHIP (VOTING, ENGAGEMENT, POLICY ADVOCACY)

Protect company value, influence sound regulatory framework, promote better social and environmental outcomes



5. SUSTAINABILITY IN OUR PRODUCT RANGE

Provide investment solutions to help our clients through their sustainability journey



6. CORPORATE SOCIAL RESPONSIBILITY (CSR) WALKING THE TALK

Our corporate practices and disclosures should match or exceed the standards we expect from the entities in which we invest

Our Investments

Our products

Our operations

Our approach provides a strong framework, built to recognise that systemic risks such as climate change or biodiversity loss cannot be fully addressed through exclusions or the integration of factors in portfolio management. Our stewardship activities and strategy with regard to the 3Es complement and amplify our efforts to reduce material investment risks, as well as systemic risks that require collective and urgent action.



PILLAR I: FORWARD-LOOKING PERSPECTIVE – THE ‘3ES’

We believe the optimal economic model can be built on a successful **Energy transition, healthy Ecosystems, and greater Equality in our societies – our 3Es**. Taken together, these form a pathway to economic sustainability that will enable us, as investors, to safeguard long-term returns. These themes guide our strategic research, stewardship, responsible business conduct, sustainable thematic investing and CSR approach. They are also reflected in the other pillars of our approach to sustainability, and our roadmaps describe our detailed strategy and targets.

In pursuing these three topics:

- We can invest in the companies and sectors that are part of the solution, encouraging their growth and benefiting from their success through our allocation of capital.
- We can divest from companies that we believe to be at risk from inevitable structural changes, and whose behaviour is too much at variance with our own beliefs and investor preferences.
- We can integrate our knowledge and perspectives on the 3Es into our investment processes across asset classes. This optimises our ability to make well-informed decisions – particularly in a world with imperfect information and inconsistent levels of knowledge – thus helping to protect and enhance investment outcomes for clients.
- We can exercise investor stewardship – through our proxy voting and engagement activity – and via discussions with policymakers, regulators and governments.

E#1: ENERGY TRANSITION




Energy transition describes the structural shifts in the global energy system. Ignited by the climate crisis, it has four main drivers: public policy, technology, changing consumer preferences and changing investor preferences. These operate in a feedback loop, making it likely that the energy transition will intensify and accelerate over the next decade. The transition is an opportunity in the short, medium and long term to boost growth, both from increased investment in the low-carbon economy and by fostering innovation and technological progress.

Our approach to the energy transition incorporates the notion of a ‘just transition’ to ensure that the shift will be inclusive and responsive to the needs of displaced workers and those communities and regions most affected by climate change (aligning with **E#3, ‘Equality’**).

Those that do not adapt will be left behind, so a strong component of our strategy has been our pledge ‘to make a substantive contribution to the low-carbon energy transition’. We bolstered this pledge by signing up to the Net Zero Asset Managers (NZAM) initiative in 2021. In 2022, we published our **Net Zero Roadmap** of our investment, stewardship and operational net zero commitments⁶. These are outlined in the table in the next page. While our initial commitment covers 50% of our assets under management, we aim to increase this proportion of AUM to ensure we reach net zero by 2050 or earlier.

6. Please refer to our Net Zero Road Map for a detail presentation of our commitments: extension: <https://docfinder.bnpparibas-am.com/api/files/F5EE3377-26CE-4DFD-B770-DBD29323D78B>

Commitments

 <p>Investments</p>	1	<p>Reduce the carbon footprint of our in-scope corporate investments (Scopes 1 and 2)⁷ a. 30% by 2025 b. 50% by 2030</p>
	2	<p>Align with net zero a. 60% of in-scope investments to be Net Zero Achieving, Aligned or Aligning (“NZ: AAA”) by 2030 b. 100% of in-scope investments to be NZ:AAA by 2040</p>
	3	<p>Exit coal We will exclude mining companies that do not have a strategy to exit thermal coal activities, and power generators that still have coal capacity in their generation mix, in 2030 for European Union and OECD countries and in 2040 for the rest of the world.</p>
	4	<p>Invest in climate solutions Substantially increase our climate and environmentally themed investments</p>
	5	<p>Engage with our clients Engage with our clients to transition towards net zero investing</p>
 <p>Stewardship</p>	6	<p>Vote for climate action a. Signal our expectation that companies report on their carbon footprint, and that the world’s largest greenhouse gas (GHG) emitters set an ambition to achieve net zero by 2050 or sooner b. Vote in favour of thoughtful shareholder proposals and submit proposals of our own to accelerate corporate action on climate change.</p>
	7	<p>Engage with companies on net zero Implement an engagement strategy that is consistent with our ambition for all assets under management to achieve net zero emissions by 2050 or sooner.</p>
	8	<p>Advocate for NZ 2050 aligned climate policy Play an active role in advocating for net zero aligned policy, and seek to ensure that any relevant direct and indirect policy advocacy that we undertake is supportive of achieving global net zero emissions by 2050 or sooner.</p>
 <p>Operations</p>	9	<p>Reduce our operational emissions footprint Continue to offset our operational emissions while we improve energy efficiency and use more green energy.</p>
	10	<p>Report on progress Produce TCFD⁸ aligned reporting.</p>

We look forward to working with clients, the companies in which we invest, peers and governments on achieving a critical mission: a net zero economy by mid-century. Further details on our Energy Transition approach are available in our [Net Zero Roadmap](#).

7. “Scope 1” refers to the direct emissions from sources that are owned or controlled by the company. “Scope 2” refers to the indirect emissions linked to the company’s purchased or acquired electricity, heat, steam and cooling. “Scope 3” refers to all other indirect emissions, including those related to the use of its products. Scope 3 emissions are not included in the calculation since the measurement of these emissions is not standardised or considered sufficiently reliable yet to be used in reporting. Given the importance of scope 3 emissions in most sectors, we are evolving our approach to calculating scope 3 emissions with the aim of including it in our approach in the future.

8. <https://www.fsb-tcfd.org/>

FOCUSING ON HIGH-EMITTING SECTORS

As part of our net zero commitment, we will progressively align our investments in the highest carbon-emitting sectors with a global target. We have already started with the Power Generation and Oil & Gas sectors, as defined in our [Responsible Business Conduct Policy](#).

Our holdings in the power sector track the International Energy Agency's Sustainable Development Scenario for power generation, and our overall exposure to coal power production is limited. As we do not have scientific benchmarks based on activity metrics for mining companies, we have selected thresholds we believe are strict enough to reduce our overall exposure to coal mining. We have been reducing the threshold over time and will continue to do so. We will exclude mining companies with thermal coal activities and power generators that still have coal capacity in their generation mix, in 2030 for European Union and OECD countries and in 2040 for the rest of the world.

In oil & gas, we have exclusions and mandatory criteria in place for companies with significant involvement in the exploration, production, trading and/or pipeline distribution of shale oil or gas, oil sands and other oil & gas resources, especially in sensitive areas. We recently strengthened our policy on unconventional oil & gas and on particularly sensitive areas in terms of climate and biodiversity, namely the Arctic and Amazon regions.

Looking ahead, our priority is to start to align our investments in other high-emitting sectors, beyond power production. We will continue our engagement to drive the energy transition through collaborative initiatives like Climate Action 100+ (CA100+) and the Asia Investor Group on Climate Change (AIGCC) Asian Utilities Engagement Programme, and through individual engagement.

As we continually strive to improve our knowledge of climate-related risks and opportunities, we are undertaking several related-research projects to develop better tools and metrics to assess related exposures, as well as tracking and reporting against our net zero commitments⁹.



9. Examples of our key research work streams are outlined in our net zero roadmap available here: <https://docfinder.bnpparibas-am.com/api/files/F5EE3377-26CE-4DFD-B770-DBD29323D78B>

E#2: HEALTHY ECOSYSTEMS

Healthy ecosystems provide humanity with a vast range of crucial services, many of them irreplaceable:

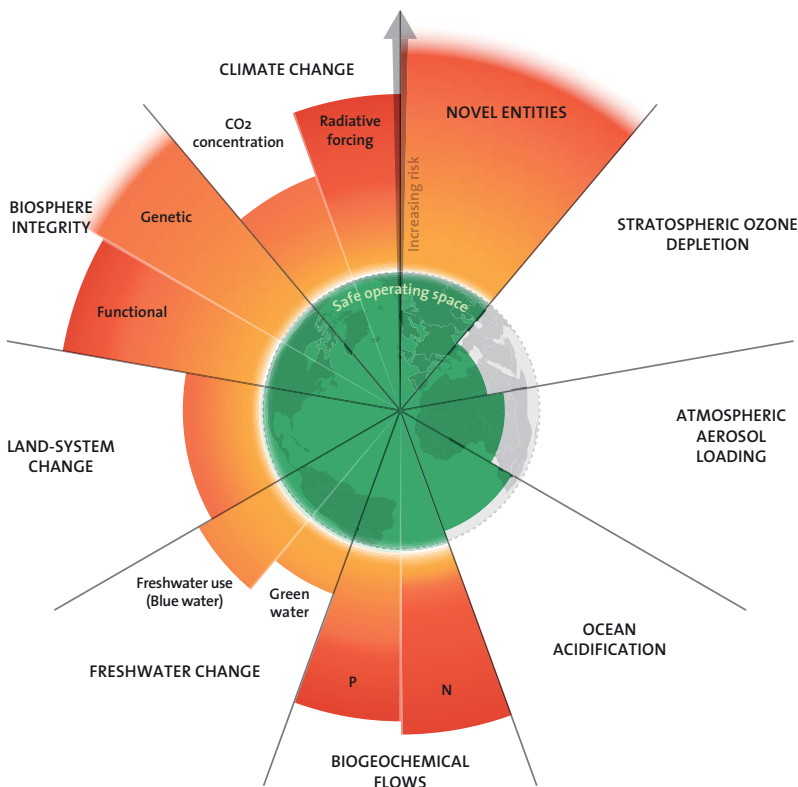
- Provisioning services (food, fresh water, fuel, pharmaceuticals, etc.)
- Regulating and maintenance services (climate regulation, erosion control, water purification, pest control, soil health, etc.)
- Cultural services (recreation, tourism, scientific and intellectual development, spiritual enrichment, etc.).

These ‘ecosystem services’ underpin our global economy, generally off our balance sheets, unnoticed, until they disappear. **55%** of global GDP¹⁰ is moderately or highly dependent on high-functioning biodiversity and ecosystem services.

According to the world’s leading scientists, the natural world is in crisis. We are losing biodiversity – the fabric of life on Earth – at an alarming rate. We are in the midst of Earth’s sixth mass extinction event: approximately 25% of all species on Earth is at risk of extinction by 2050 – about one million species of plants and animals¹¹. **The biodiversity crisis presents a unique threat to our economies, our investments and our way of life.**

As an asset manager with a broad range of clients who all depend upon a stable biosphere, we have the dual responsibilities of understanding how our investments impact nature – our role in driving this crisis – and understanding how nature loss may translate into financial risks.

The planetary boundaries



Source: [Stockholm Resilience Centre](https://www.stockholmresilience.org/), September 2023.

In 2009, the Stockholm Resilience Centre introduced the planetary boundaries concept, which focuses on the nine systems that regulate the stability of the Earth.

In early 2022, scientists announced that the Earth has crossed six of the nine planetary boundaries demarcating the safe operating space for humanity:

- Pollution from ‘novel entities’
- Freshwater use
- Climate change
- Biosphere integrity
- Biogeochemical flows
- Land-system change.

This unravelling of nature, already underway, poses an existential threat to humanity and the economy.

In September 2023, scientists were able to map out all nine boundary processes, confirming six of nine are being crossed.

10. Gross Domestic Product

11. See: <https://www.ipbes.net/news/Media-Release-Global-Assessment>

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“The value of biodiversity is that it makes our ecosystems more resilient, which is a prerequisite for stable societies; its wanton destruction is akin to setting fire to our lifeboat.”

Johan Rockstrom, Director,
Potsdam Institute for Climate Impact Research (PIK).

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In 2021, we published our [biodiversity roadmap, Sustainable by Nature](#), setting forth our views on the nature and urgency of this crisis and how we as an investor can and should respond to it. We used a variety of tools to understand our own dependencies and impacts on nature and analysed our global assets under management to understand our exposure to water and deforestation risks.

In 2022, we published our first biodiversity footprint (see call out box). We also updated BNPP AM's Responsible Business Conduct policy, including how we approach the wood pulp, palm oil and agriculture sectors.

Our overall objective is two-fold: to improve how we invest by better understanding and evaluating environmental risks and opportunities; and to reduce the environmental impact of our investments. We have two specific targets with respect to our water and forest footprints:

- **Improve the water efficiency of our investments**, especially in water-stressed areas, and measure and disclose the water footprint of our portfolios. We encourage water-intensive companies operating in water-stressed areas to significantly improve their water efficiency while ensuring water access to local communities.
- **Support global efforts to end forest loss by 2030**. Our target is for relevant companies in our portfolios to: Adopt No Deforestation, No Peat and No Exploitation (NDPE) commitments for agricultural commodities (palm oil, soy, paper, timber and beef products); Adopt NDPE commitments by 2030 for non-agricultural sectors (mining, metals, infrastructure, etc.).

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FOCUS ON OUR BIODIVERSITY FOOTPRINT

In 2022, BNP Paribas Asset Management published the first results of its research to determine the [biodiversity footprint](#) of its investments, following collaboration with Iceberg Data Lab and I Care & Consult, which enabled the development of a tool to identify and quantify the potential negative biodiversity impacts of portfolio companies.




In 2023, BNPP AM updated its analysis based on the Corporate Biodiversity Footprint (CBF) method.

This [biodiversity footprint](#) assessment enables us to establish a baseline against which we can monitor our performance. It also provides a high-level compass to identify where closer analysis of individual issuers is warranted. This complements the suite of tools and analysis our ESG analysts perform at the sector and issuer level and helps to identify key targets for direct engagement by our stewardship team and portfolio managers.



Healthy ecosystems: objectives and targets

Our new areas of focus for 2023-2025 are shown in the following table, identified alongside the relevant pillar of our sustainability approach and the relevant Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) pressure:

	IPBES pressure ¹²	Area of focus for 2023-2025
 Investments	Land/water/sea use change	Update our Forest analysis from 2021 Explore an evolution to our Agriculture policy, to address seafood and other ocean-related topics
	Resource use/replenishment	Update our Water analysis from 2021 Conduct new deep dives: planetary health diets, food waste Review our potential investment exposure to the IUCN ¹³ Red list Index, Red List of Ecosystems, Species Extinction risk
	Pollution	Update our Water analysis from 2021 Conduct new deep dives: plastics, pesticides, chemicals
	All pressures	Continue existing initiatives such as SUSTAIN , SELINA , PBAF or TNFD Strengthen and promote our range of nature-based solutions; Establish BNPP AM Future Forestry Fund (with IWC acquisition)
 Stewardship	Land/water/sea use change	Participate in Nature Action 100; Investor Policy Dialogue on Deforestation (IPDD)
	Resource use/replenishment	Participate in Nature Action 100; ARE Sustainable Proteins; FAIRR
	Pollution	Participate in Nature Action 100; Investor Initiative on Hazardous Chemicals (IIHC); Business Coalition for a Global Plastics Treaty
	Invasive species and others	Participate in Nature Action 100; Blue Economy ETF engagement activity
	All pressures	Support and file shareholder resolutions; continue our role in the Open Letter to Governments on the Water Crisis
 Operations	All pressures	Provide BNPP AM colleagues with opportunities for training and development, including biodiversity Fresk workshops, specific training and volunteer opportunities Reduce the impact on biodiversity of our operations.

Further details on our existing commitments and achievements in terms of environment sustainability are available in our [biodiversity roadmap](#) and in our [biodiversity footprint](#).

12. Details of our climate change approach are available in "E#1: Energy transition"

13. IUCN: International Union for Conservation of Nature, [IUCN Red List of Threatened Species, Red List of Ecosystems | Home \(iucnrl.org\)](#)

E#3: EQUALITY

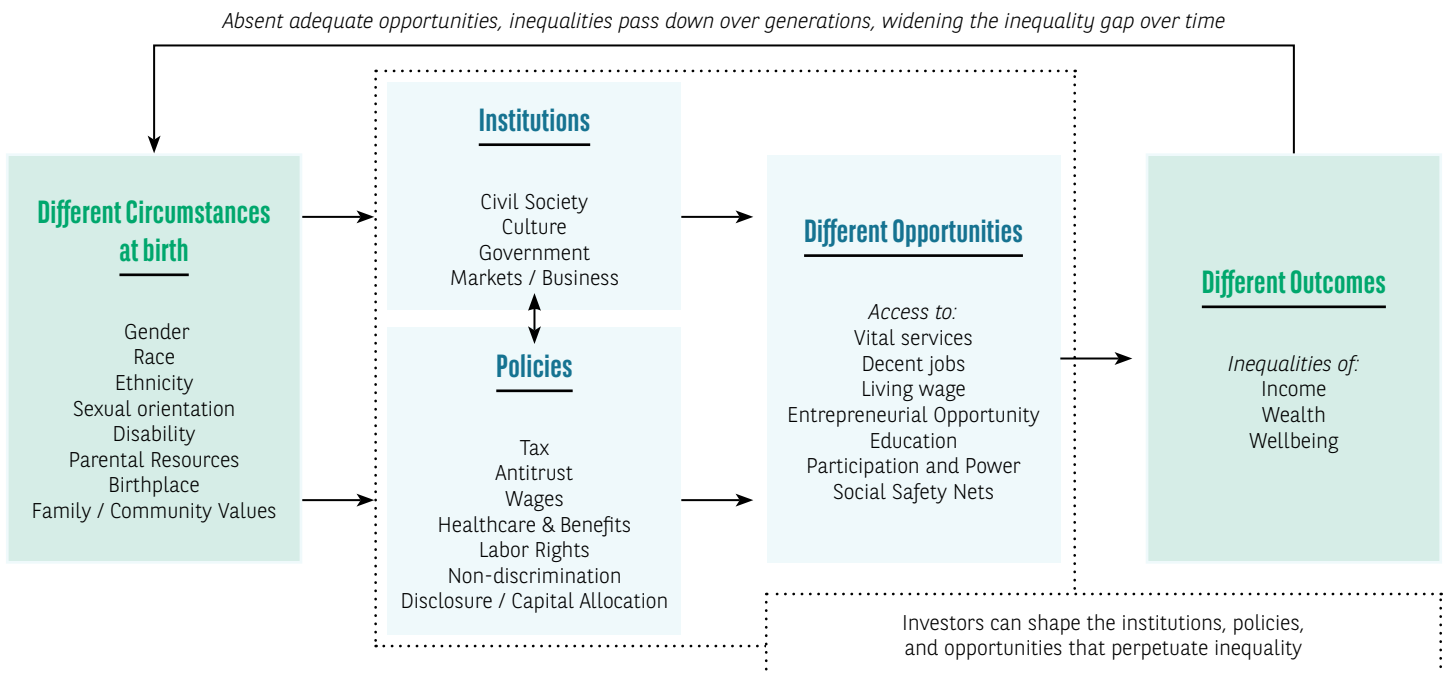
Of the three ESG elements, investors have been slower to take action on addressing social ('S') issues and associated risks than they have environmental ('E') issues, despite social risks posing an increasing threat to social stability and global markets. Gender and racial/ethnic inequality, human rights and worker rights, among many other social issues, have become increasingly important to society, companies and investors. Underpinning and reinforcing many of these social risks is inequality, or the inequitable distribution of income, wealth and wellbeing.

Historically, inequality has been understood and measured through income disparity, often at country-level through poverty rates. Through this lens, the world has made significant progress in reducing extreme inequality. But the nature of inequality has changed since 1980. So-called 'between-country' inequality, which rose between 1920 and 1980, has since declined strongly, while 'within-country' inequality, which declined between 1910 and 1980, has increased significantly since.¹⁴ Today the global bottom 50% captures only 8% of total income and 2% of wealth (measured as Purchasing Power Parity (PPP)), while the global top 10% captures 52% of total income and 76% of total household wealth.¹⁵ This wealth concentration has been especially true for the ultra-rich.

We view inequality holistically, starting from different circumstances of birth, often amplified by institutions and policies, enabling access to different opportunities, leading to inequitable and unequal outcomes (see Figure 1, below). In calling for greater equality, we are not challenging the many benefits of competition – for wealth creation, innovation and even societal well-being. Rather, we are pointing to a problem that threatens the legitimacy of the competitive marketplace. Unequal access to opportunities widens the gap between the wealthy and the rest of society, threatening social mobility, cohesion and stability, and creating downward pressure on aggregate demand.

On the flip side, investors can address inequality as an opportunity: to foster economic growth, reverse wage stagnation and increase purchasing power, and improve financial market stability along with social cohesion. Addressing gender or racial discrimination and investing more in employees has the potential to yield trillions of dollars-worth of benefits for global economies.^{16,17}

Figure 1: A holistic perspective of inequality



14. Sources and series: wir2022.wid.world/methodology and Chancel and Piketty (2021).

15. Ibid.

16. W. K. Kellogg Foundation. 2018. The Business Case for Racial Equity. <https://wkkf.issuelab.org/resource/the-business-case-for-racial-equity-new-mexico.html>

17. World Economic Forum. 2021. Upskilling for shared prosperity. <https://www.weforum.org/publications/upskilling-for-shared-prosperity/>

The 3Es are interconnected

The Energy transition, healthy Ecosystems and Equality (3Es) are interrelated in complex ways – both driving and undermining our ability to achieve each one. For example, at the nexus of our Energy and Equality themes is the ‘just transition’ – the concept that the greening of the economy must be fair and inclusive, create decent work opportunities and leave no one behind. As outlined in our [Net Zero Roadmap](#), we strongly believe that the transition to a low-carbon economy will boost prosperity, but that this prosperity must be equitable and inclusive for workers, communities and affected stakeholders.

We emphasise the just transition because it reduces systemic risk, enhances human capital and strengthens companies’ social licence to operate and successfully decarbonise. We already engage with companies on the just transition topic and will further elaborate how we assess company performance in this regard in future.

Our role in understanding and addressing equality

Our objective is two-fold: to improve the way we invest by better understanding and evaluating social risks and opportunities; and to play a constructive role by promoting equality and challenging corporate actions that compromise investors’ ability to achieve broad-based wealth creation.




To date, we have made significant strides in gaining a better understanding and evaluating the impact of inequality in our sustainability approach. For example:

- Our [Responsible Business Conduct policy](#) (pillar II) uses normative frameworks such as the UN Global Compact to exclude the worst actors on key issues that severely impact inequality such as human rights, labour standards and anti-corruption
- Our [proprietary ESG scoring model](#) (pillar III) includes a range of corporate indicators linked to inequality (e.g., worker health & safety, supply chain standards). For some of these themes, we track programmes and policies (e.g., freedom of association, diversity programmes) because that has traditionally been the only available data. For other themes we track performance metrics (e.g., employee turnover rate, employee fatality rate), which we view as crucial for undertaking rigorous assessments and managing social risks
- We offer clients the opportunity to invest in thematic strategies linked to social themes (such as our Inclusive Growth and Social Bond strategies).

Looking ahead, we have outlined the following objectives and targets in our approach for tackling inequality.



Areas of focus on Equality for 2023-2025

 Investments	1	Introduce additional data points and vendor(s) to enhance our ability to undertake social-specific analysis of portfolios using novel data/approaches and incorporate enhanced social indicators into our proprietary ESG Scoring Models (corporate and sovereign)
	2	Develop new and promote existing investment strategies linked to equality and social themes
	3	Review our Responsible Business Conduct (RBC) policies on adherence to international human rights and social norms in our investment processes
	4	Conduct deep dives on just transition, gender equality and migration
 Stewardship	5	Proxy voting: Focus further on addressing both the causes and symptoms of systemic inequality through our proxy voting on issues such as board composition and executive compensation. Look to expand our policy to tackle other aspects of inequality to drive greater inclusivity.
	6	Shareholder proposals: Support well-crafted shareholder resolutions designed to reduce corporate contributions to inequality and clarify our approach to making decisions. Explore the potential to submit shareholder proposals on these topics, where warranted.
	7	Corporate engagement: Expand our engagements on equality priorities, tailored to the drivers of inequality unique to each region, through bilateral dialogues and collaborative initiatives. Consider joining other relevant initiatives that address the priorities set out in our Equality Roadmap.
 Operations	8	Public policy and standard setting: Seek opportunities to influence public policy through engagement with policymakers and standard setters, such as through the development of social taxonomies and related industry initiatives.
	9	Build a gender-balanced and inclusive workplace by setting targets for women on internal boards, senior management positions and in our leadership pipeline (talents). See Pillar 6 in this paper for our specific commitments on this topic.
	10	Support programmes that aim to get young people facing systemic barriers to success into the workforce

Further details on our thinking and approach will be available in our **Equality Roadmap**, to be published in 2024.

PILLAR II: RESPONSIBLE BUSINESS CONDUCT (RBC)

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 international conventions on human rights, labour standards, environmental stewardship and anti-corruption. We aim to engage with companies where they fall short and exclude the worst offenders.

We also have a series of sector policies that govern the conditions for investing in sensitive sectors and guide our screening requirements and stewardship activities. These criteria are based on relevant international conventions and regulations, BNP Paribas Group CSR Policies and voluntary industry standards.

PILLAR III: ESG INTEGRATION

We believe that analysing investments using ESG criteria helps us account for a wider set of risks and opportunities and better understand the role of companies in driving systemic risks and addressing the challenges of the transition towards a more sustainable and inclusive economy. This helps us make better-informed investment decisions in line with our fiduciary duty. We accomplish this through the application of our [ESG Integration Principles & Guidelines](#), and the development of proprietary sustainability research.

Our approach to ESG integration embraces the double materiality principle – that the sustainability characteristics of an investment are a two-sided coin:

- Sustainability risks and opportunities, e.g., financial risks posed by the investment because of its particular characteristics (such as a financial loss incurred by a company because of a heatwave)
- The externalities of an investment, i.e., negative or positive impacts on the environment or society from the activities of an investee entity (such as soil pollution associated with building an industrial plant).

In each sector, we highlight mandatory requirements which must be met by issuers if BNPP AM is to invest in them. This provides a good framework for further analysis and dialogue with companies.

We have policies that can lead us to exclude particular sectors or activities (tobacco, coal, controversial weapons, etc.) when we view them to be in violation of international norms, or to cause unacceptable harm to society and/or the environment, without counterbalancing benefits.

Our [Responsible Business Conduct \(RBC\) policy](#) applies to our eligible open-ended funds¹⁸ managed or delegated by BNPP AM entities – the applicability of our RBC policy is stated in their prospectuses. Since 2020, this policy has been the default approach for new client segregated accounts, mandates and dedicated funds. We are engaging with clients to further extend the applicability of this policy across mandates.

OVERVIEW OF OUR ESG INTEGRATION PROCESS

We score and integrate ESG factors across a wide range of investment strategies through investment research, universe screening, idea generation, security valuation, portfolio construction, risk management, asset allocation and scenario analysis. This process is guided by our formal internal ESG Integration Principles and Guidelines as well as regulatory and/or voluntary (e.g., sustainability label) requirements.

While recognising there is a diversity of possible approaches, we have defined a set of standard indicators to serve as evidence of the integration of ESG factors in our relevant portfolios.

In line with the Sustainable Finance Disclosure Regulation (SFDR), how we approach and use our frameworks is disclosed in the dedicated documents annexed to the funds' prospectuses, web pages and annual reports. The SFDR documentation articulates how our products take into account the double materiality principle (that is, how investee businesses

18. There are exceptions for some portfolios (e.g., ETFs and indexed funds, buy and hold strategies, etc.). Please refer to the RBC policy available [here](#) for further details on its scope of application.

affect the world and how the world affects them). It describes the binding elements of each investment strategy relating to each fund's positioning on ESG criteria and on other SFDR criteria such as the minimum proportion of sustainable investments and of investments aligned with the EU Taxonomy.

This is of particular importance in how we position our product range and assess our contribution to the reallocation of capital towards companies that are instrumental in the transition towards a more

sustainable economy. We monitor our aggregate capital allocation towards companies identified as 'Sustainable' (under SFDR) in European open-ended funds classified as Article 8 or 9. As of November 2023, these funds had on average an overweight of +15% in 'Sustainable' investments versus their respective benchmark or universe¹⁹.

Please refer to our [ESG Integration Principles and Guidelines](#) for further details on our firm-wide approach and prospectuses for details at product level.

INTEGRATING ESG AT VARIOUS STAGES OF THE INVESTMENT PROCESS

Investment beliefs and universe screening:

Investment strategies are guided by our underlying [beliefs](#), which influence investment teams in developing investment strategies and managing portfolios.

Idea generation and security valuation: Integrating ESG factors at the idea generation stage allows our 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, while some exclude the lowest-rated ESG entity from their universe (e.g.: best in class). Other strategies are explicitly structured around a sustainability theme (such as the energy transition).

Portfolio construction and risk management: ESG factors can be used at the portfolio construction stage

to screen companies, overweight or underweight positions, or tilt portfolios. For example, our multi-factor portfolios are systematically tilted away from carbon-intensive entities and towards high ESG performers. Many of our SFDR Article 8 and 9 funds also have to outperform their benchmark (or investment universe) on ESG ratings.

Post-investment (monitoring engagement, voting, performance, reporting): 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. All commitments linked to sustainability-related indicators at the fund level (as stated in the legal documentation of each fund), are monitored continuously by the portfolio managers and by an independent team.

BNPP AM communicates on the scope of its assets integrating ESG criteria, which corresponds to the sum of assets held in products applying a binding ESG criteria in their investment process. This scope includes products applying at least BNPP AM's RBC Policy (Pillar II in this strategy document), as well as products classified as Article 8 or 9 under the SFDR. As of September 2023, assets integrating ESG criteria totalled EUR 346 billion.

19. Analysis performed on our European open-ended funds classified as Article 8 or 9 under the SFDR for which relevant a benchmark or universe is available.

FOCUS ON PROPRIETARY SUSTAINABILITY RESEARCH

Inconsistent, non-standardized, unaudited and largely voluntary disclosures by companies are a major challenge for investors' ESG integration. Recent regulatory and voluntary initiatives aim to address this by harmonising the ESG indicators that matter to investors. Such initiatives include the EU's ESG disclosures frameworks (part of the Corporate Sustainability Reporting Directive), the International Sustainability Standards Board (ISSB), and, in the US, work undertaken by the Securities and Exchange Commission. We are supportive of these efforts and provide input to consultations on the development of a healthy ESG data ecosystem.

The non-correlation among ESG rating providers points to a lack of consensual ESG views and embedded biases in ESG rating model design and output. We thus chose to build our own [proprietary ESG scoring framework](#) to ensure scores are tailored to our needs and investment beliefs.

Our proprietary sustainability research encompasses quantitative and qualitative ESG views from our Sustainability Centre ESG analysts, our investment team ESG Champions and Correspondents and our Quantitative Research Group experts.

We apply our own definition of materiality – built on the latest thought leadership, our ESG analysts'

extensive track record and the detailed industry/subject matter expertise of our sector specialist analysts and portfolio managers – to hand-pick our metrics and weigh them appropriately. We look beyond headline values to evaluate individual metrics that can give valuable 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 that we deem to have sufficient coverage, quality, and insight.

Covering nearly 13 000 issuers of securities (as at November 2023), this helps our portfolio managers pinpoint an issuer's performance on material ESG issues and integrate these into their investment decisions. We believe our methodology is markedly differentiated, with a more focused number of ESG metrics and a clear preference for 'performance' over 'policy' indicators.

We apply a similar mindset to most of the ESG indicators we use: a keen focus on finding the best fit-for-purpose data for each use, either via extensive market due diligence or by partnering with third parties to create data solutions and advance best practices around a particular data point when there is a market gap (e.g., [Net Zero alignment](#), the [SDGs](#), [Biodiversity](#)).



SCIENCE-BASED AND TRANSPARENT RESEARCH

We have made an active decision to draw upon high-quality academic research to support the development of new methodologies and inform the development of new sustainability policies and processes. To do so, we anchor our sustainability research on a 'science-based and transparent' principle, recognising the value of working hand-in-hand with external experts and standard-setters, including in the field of academia. In this regard, we are a proud founding sponsor of the [Global Research Alliance for Sustainable Finance and Investment](#).

We have also co-developed a UN Sustainable Development Goals (SDG) alignment methodology with Danish fintech, Matter. The [SDG Fundamentals methodology](#) covers the alignment/misalignment of issuers across [all 17 SDGs](#). Applying criteria grounded on a rigorous interpretation of UN metadata on hundreds of SDG targets and associated indicators, the methodology stays true to the 17 broad SDGs and minimises the risk of greenwashing by avoiding subjective or loose interpretations of them.



PILLAR IV: STEWARDSHIP

Promoting good ESG standards is an essential element of delivering our ownership responsibilities. We believe meaningful engagement with issuers can enhance our investment processes and better enable us to successfully manage long-term risk for our clients.

Our Sustainability Centre experts and portfolio managers are in regular contact with companies we invest in, emphasising long-term value creation. We also meet issuers of thematic and sovereign bonds

to provide feedback on their proposed issuances and meet country representatives to discuss national climate change commitments and policies, and other sustainability related policies and regulation.

We collaborate closely with our peers and civil society organisations to take action to shape the future to the benefit of our clients and wider society, for example through participation in the Climate Action 100+ and Nature Action 100 initiatives, and many others.

WE VIEW VOTING AND ENGAGEMENT AS BOTH AN OBLIGATION AND AN OPPORTUNITY

- We cannot deliver our commitment to clients without undertaking effective voting, engagement and policy advocacy to encourage investee companies to improve
- Meaningful engagement with issuers enhances our investment processes so we can manage long-term risk for our clients by promoting strong ESG practices in our investee companies
- As ESG performance can be material to financial performance, our voting and engagement can reduce risk, unlock value and positively impact the world by encouraging the adoption of better corporate practices and transparency
- We exclude companies, sectors, or activities that are in violation of international norms, or that cause unacceptable harm to society and/or the environment. We engage to drive change, but if our engagement is not effective, divestment can be a last resort
- Appropriate and comprehensive corporate disclosure is fundamental to sound investment decision-making.
- Collaboration with other long-term investors and stakeholders can help to achieve our common environmental and social aims, particularly when engaging with companies and regulatory bodies
- We have a duty to advocate for policymakers to deliver legislation, regulation and standards that foster sustainable and equitable development, and that address systemic risks and market failures.

OUR APPROACH TO VOTING AND ENGAGEMENT

We are committed to being a ‘future maker’, using our investments and our influence with companies, policymakers and standard setters, to contribute to the transition to low-carbon, environmentally sustainable and inclusive economies.

To ensure our activities are effective, consistent and support our objectives and duties as fiduciaries, they are detailed in our [Stewardship Policy](#), our [Governance and Voting Policy](#) and our [Public Policy Advocacy Policy](#), and are reviewed annually, revised as needed and approved by the Stewardship Committee. We also report yearly on our stewardship activities.



VOTING

We exercise our rights and responsibilities by making considered voting decisions in line with our policy. Voting is core to delivering our fiduciary duty. It drives better corporate governance and sustainability practices.



ENGAGEMENT

Informed proactive engagement with equity and bond issuers aims to improve their performance on governance and sustainability. Engagement in turn informs our votes and influences issuers’ eligibility for investment and ESG ratings. It is also designed to counter global systemic risks and market failures.



PUBLIC POLICY

Active engagement with regulators and policymakers to help shape the markets in which we invest and the rules that guide and govern company behaviour.

ESCALATION PROCESS

Investor-issuer dialogue is the foundation of good stewardship – it allows trusting relationships to be built, permitting candid solution-oriented discussions about issues that might not otherwise be addressed. Dialogue, however, is a two-way street and there are times when stronger measures are necessary to encourage a company to come to the table and discuss our concerns.

When more robust action is required, we can make public statements, propose shareholder resolutions, call an extraordinary general meeting or intervene jointly with other institutions. These decisions are taken case-by-case to ensure our concerns have been properly heard and dealt with. Our shareholder proposal filing strategy is approved annually by the Stewardship Committee, as are decisions about the filing of specific shareholder resolutions.

PILLAR V: SUSTAINABILITY IN OUR PRODUCT RANGE

To integrate sustainability across our product range, we layer several frameworks and methodologies involving key indicators to ensure any sustainability claim we make at product level can be demonstrated.

ARTICULATING THE DIFFERENT SUSTAINABILITY FRAMEWORKS IN OUR PRODUCT RANGE

The initial frameworks that we apply to our products are our [RBC](#) and ESG integration approaches (pillars II and III). These address the sustainability risks to which our products are exposed and the negative impacts that the product could have on sustainability outcomes.

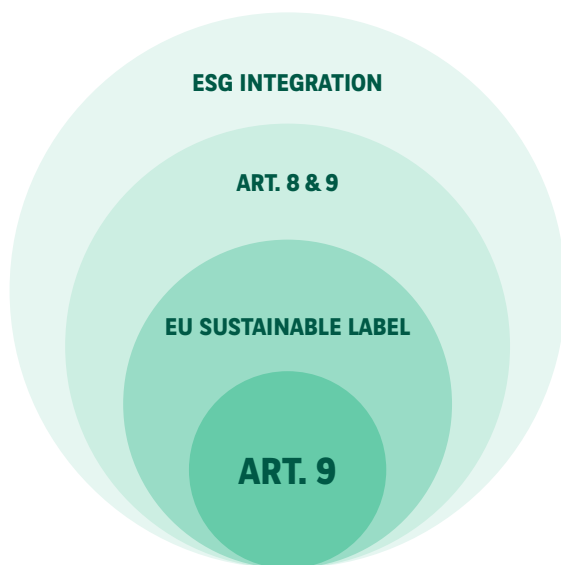
The next step is to apply the framework we have developed to implement the Sustainable Finance Disclosure Regulation (SFDR) and transform our product range into the categories it introduced: Articles 8 and 9²⁰. We use our ESG integration framework (when relevant) to define a set of minimum criteria that our products must meet to be classified in either category.

Our Article 8 and 9 product range is built using robust proprietary methodologies and enhanced reporting capabilities to position them in line with the criteria defined by client ESG preferences. We strongly support the objective of the European framework for sustainable finance to reallocate capital towards companies that are instrumental in the transition towards a more sustainable economy and the positioning of our product range is rooted in this philosophy: we offer our clients the investment tools to partake in the transformation of our economy.

The final step of product classification involves adherence to European sustainability labels, for example, the label “ISR” in France, or the label “Towards Sustainability” in Belgium. Our labelling policy shows our commitment to sustainability while following external standards recognised by the market.

Figure 2: BNPP AM product classification framework

Our goal is to apply a consistent approach to classifying our products: the ESG attributes of our products are reflected in product-level legal documentation.



€346.0bn integrating ESG criteria

Applying a constraint qualifying for Art. 8 & 9 or applying BNPP AM RBC (exclusion policy).

€266.4bn Article 8 or 9 under SFDR

Applying an ESG constraint, resulting in having ESG scoring better-than-benchmark investment universe for example. This constraint is controlled and documented in funds' legal documentation.

€134.8bn with a European Sustainability label

Receiving one or several labels, delivered by States or independent organisations, such as 'Label ISR', 'Towards Sustainability', 'LuxFlag', etc. This comes with strict guidelines regularly audited by external parties.

€19.9bn Article 9 under SFDR

Having a sustainable investment objective.

Source: BNPP AM as at September 2023. Please note that this is for illustration purpose only and that the size of the circles is not at scale.

20. At the time of publication, a consultation on the implementation of the Sustainable Finance Disclosure Regulation (SFDR) was ongoing, with the outcome as yet unknown.

PROVIDING DISTRIBUTORS WITH SOLUTIONS TO MEET END CLIENTS' ESG PREFERENCES

Since the entry into force of the addendum to the Markets in Financial Instruments Directive (MIFID II) and Insurance Distribution Directive (IDD) regulation in August 2022, distributors of investment products have been required to add a questionnaire to their clients' suitability test to collect ESG preferences.

Three criteria are now added to the clients' profiles:

- Whether they want their portfolio to take into account negative sustainability impacts²¹
- Whether they want to set a minimum proportion of sustainable investments²²
- Whether they want a minimum proportion of investments aligned with the European Taxonomy criteria.

BNPP AM's product offering uses robust proprietary methodologies to address each of these criteria to give product distributors the building blocks they need to fulfil their clients' ESG preferences. For each European product classified as Article 8 or 9 under the SFDR, its positioning in relation to these criteria is defined and disclosed in its precontractual documentation.

PROVIDING OUR CLIENTS WITH SOLUTIONS TO INVEST IN SUSTAINABILITY

We provide our clients with investment solutions that focus on companies positively contributing to the transition towards a more sustainable economy. Our sustainability-focused product offering is organised around four main families spanning asset classes, from listed equities and bonds to private markets and real assets.

- **Labelled funds:** These products adhere to one or more of the European sustainability labels such as ISR in France or Towards Sustainability in Belgium which are based on defined sustainability standards and periodically audited by a third-party.
- **Sustainable thematic solutions:** These allow investors to access specific sustainable transition themes by focusing their investments on a universe of companies or projects whose products, services or operations positively contribute to that theme. As market leader in sustainable thematics²³, BNPP AM offers a wide range of solutions covering various asset classes, investments styles and themes.
- **Decarbonisation solutions:** These products cover a wide range of strategies implementing greenhouse gas (GHG)-related constraints. They include low-carbon products integrating GHG-related portfolio-level constraints such as alignment with Paris-Aligned Benchmarks²⁴ (PABs) and strategies focused on net-zero alignment, where each company must comply with a definitive GHG transition pathway according to the criteria laid out, e.g. in our NZ:AAA framework, which identifies companies that are achieving, aligned or aligning with net zero.
- **Impact solutions:** BNPP AM adheres to established market standards when identifying a product to be included in the impact category, such as the Operating Principles for Impact Management (OPIM)²⁵. We have had a dedicated thought leadership taskforce working on impact solutions since 2019.

While the above solutions may be covered within SFDR Article 8 and 9 categories, many involve a more demanding approach than standard Article 8 products due to the specific frameworks they implement. As such, they provide a rich platform of solutions for clients seeking a demanding, sustainability-focused approach to investing.

21. Negative impacts are identified by Principle Adverse Sustainability Impacts under SFDR. BNPP AM's entity level PASI report is available [here](#)

22. SFDR sets out a framework for identifying 'Sustainable Investments'. More information about BNPP AM's approach to quantifying this is available [here](#).

23. Morningstar data, BNPP AM analysis as of end of September 2023

24. EU regulation 2020/1818 introduces standards for the methodology of low-carbon benchmarks in the EU, in line with its Action Plan Financing Sustainable Growth. The act outlines minimum requirements for the design of PABs and EU Climate Transition Benchmarks (CTBs), which are based on the commitments set forth in the Paris Agreement.

25. Our most recent Impact Principles Disclosure Statement can be found on our corporate website



BUILDING SUSTAINABLE SOLUTIONS

In addition to the building blocks outlined above, our solutions and client advisory team works with clients to propose a holistic approach using proprietary methods to build sustainable portfolios. In this way, we help clients to:

- Define sustainability objectives and indicators aligned to their sustainable ambition(s)
- Analyse their current portfolio based on the relevant sustainable indicators to determine the baseline position (if applicable)

- Propose portfolio adjustments to meet their sustainability objectives via the choice of building blocks or the creation of a dedicated sustainable portfolio
- Report on the sustainability characteristics of their investments.

PILLAR VI: 'WALKING THE TALK': OUR CSR APPROACH

'Walking the talk' is critical to achieving excellence. To achieve our objectives requires us to build a culture of sustainability from the inside out. That is why we added our Corporate Social Responsibility (CSR) strategy as the sixth pillar of our sustainability approach.

Our CSR strategy has four main strands, all underpinned by a foundation of strong governance.

ZERO EMISSIONS

Just as we are striving to align our investment portfolios with the objectives of the Paris Agreement, we plan to do the same with our own operational emissions. This is one of the 10 commitments we have made in our [Net Zero Roadmap](#). We have three primary areas of emissions in our operations: our physical premises, our IT use and employee business travel. We will tackle our emissions using a three-pronged approach, in order of priority:

- Increase the energy efficiency of our operations
- Use green or low-carbon electricity
- Offset any residual emissions

BNP Paribas Group has established a new target for GHG emissions of **1.85 tCO₂e per employee by 2025**. We are currently ahead of this target, but we know we have gaps in our reporting so our goal over this period will be to work on improving our operational emissions data.

ZERO WASTE

Recognising the relationship between GHG emissions and resource management, one of our long-term environmental goals is to stop waste going to landfill sites by focusing on three key areas over the term of this plan:

- Reducing paper consumption
- Eliminating single-use plastic
- Taking a responsible end-of-life approach to our IT assets.

CREATING A CULTURE OF DIVERSITY, EQUITY, INCLUSION AND BELONGING

We believe Diversity, Equity, Inclusion and Belonging (DEI&B) is a powerful lever to unlock potential and can differentiate us as an outstanding asset manager. We want to build an inclusive workplace so all employees can thrive. At BNPP AM and through BNP Paribas Group, we are focusing our efforts in five major areas:

- Professional equity
- Multiculturalism and diversity of origins
- Disability
- Gender and LGBTQIA+²⁶
- Age and intergenerational relations

26. Lesbian, Gay, Bisexual, Transgender, Queer or questioning, Intersex, Asexual, and more

We are continuously striving to develop a working environment that fosters diversity, inclusion and equal employment opportunity. This philosophy applies across all of the firm’s recruitment, training, career mobility, promotion, job benefits and pay, performance appraisals, discipline and dismissal.

We have established a number of BNP Paribas Group’s employee networks within BNPP AM, such as: CulturALL, Afrinity, PRIDE, Mixcity and LatAmigos. We continue to educate our people on DEI&B issues through conferences on topics including gender,

multiculturalism, LGBTQIA+, women and men’s health, neurodiversity and disability.

We understand how important it is to recognise the different backgrounds, life experiences and cultures of our staff, embracing this diversity helps us better serve the needs of our clients and contributes to an inclusive, high-performing workplace. Diversity fosters creativity, better decision-making, drives innovation and enriches our talent pool. To this end, we see diversity, equity and inclusion as a strategic priority and gender equality a cornerstone of our diversity agenda.

WOMEN IN ASSET MANAGEMENT

We are operating in a highly competitive market and the demand for talent – specifically mid-level and senior women in fund management positions – is high and increasing. In an industry that remains male-dominated, we compare well to our competitors. Yet we can still do more. Accordingly, we have the following ambitions for women in all levels of our organisation by 2025:

- 50% women on internal boards – we reached 44% in 2022
- 40% women in senior management positions – we reached 35% in 2022
- 50% women in our talent programme (our leadership pipeline) – we reached 44% in 2022

We want to complement our targets for women in the workforce with programmes and initiatives designed to help build a culture of inclusion, allowing our employees to be comfortable being themselves so that they can fully unlock their potential.



HELPING YOUNG PEOPLE OVERCOME BARRIERS TO SUCCESS

Our community initiatives revolve around helping young people overcome systemic barriers to success. Concretely, that means helping young people from socio-economically disadvantaged backgrounds gain confidence through mentorships and acquire the vital job experience they need through internships.

While our volunteer efforts are wide-ranging, we focus many of them on helping young people. For instance, in Hong Kong, we partnered with Lingnan University to create a programme to give students insights into working for a global financial institution.

In France, a number of employees participate in our partnership with Chemins d’Avenirs, acting as mentors to young people in rural areas. In the UK, we partner with Headstart Action, offering work placements for young people to enhance their employability and we offer internships as part of the CFA UK Women in Investments programme.



Volunteering helps us ‘walk the talk’: every volunteer, act and every hour given back helps to build stronger, more resilient communities. It also helps each of us develop both professional and personal skills while better connecting us with our colleagues and society.

In 2023, we galvanized our firm around a global week of volunteering – [Community Impact Week](#) – where one third of our employees in 19 countries volunteered over 3 000 hours to causes in the community. Our Executive CSR Committee and our CEO have decided to continue this annual event next year and beyond.

SUSTAINING OUR CULTURE THROUGH ONGOING TRAINING

Sustainability issues are rapidly evolving, and it is critical that our employees keep up to date if they are to achieve their objectives. Sustainability education is a key lever to building a strong sustainability culture, to attract and retain employees and to ensure we successfully deliver on our business strategy.

+700

employees
have received a
sustainable finance
external certification

76%

of employees
said they had
the correct level
of sustainability-
related training to
perform their role

We are investing significantly to ensure our employees have the most current knowledge on sustainability issues. In 2022, we formalised our approach by launching the **Sustainability Academy @AM**. This dovetails well with our 2 Hours 2 Learn initiative, which encourages employees to set aside at least two hours a month to work on their professional development.

Our Sustainability Academy offers six different training paths depending on the level of knowledge each employee requires. Some of the paths include external sustainable finance-related certifications and as of November 2023, over 700 employees had received certifications.

TRANSPARENCY AND REPORTING

Transparency is essential to good stewardship and a necessary step towards a sustainable financial system. We recognise that our clients are entitled to information about our sustainability policies and practices.

We believe that we also have a responsibility to explain to other stakeholders – including governments and civil-society organisations – how we define and implement our commitments to sustainability. This allows our stakeholders to understand our approach, engage in well-informed discussions about our practices and processes, and hold us to account on our commitments. We also benefit, as engagement with our stakeholders allows us to reflect on our approach and generates suggestions as to how we can improve.

We commit to continuing to publish an annual Sustainability Report that demonstrates the value our approach creates for our clients, as well as our Stewardship Report, Voting Report and Principles for Responsible Investment (PRI) Transparency Report to provide an overview of our sustainability-related activities for the year. These are the mechanisms we use to deliver reports linked to our net zero commitment. We also publish a number of annual reports required by regulations such as the SFDR in Europe.

In addition, we will continue to evolve the extra-financial reporting on investment portfolios that we provide to clients, and to regularly release thought leadership pieces as well as share information about our approach and perspectives with the media.

CONCLUSION



We are living and investing in a dynamic time, with geopolitics, macroeconomics and regulation in constant evolution. Further contributing to the complexity, climate change, growing social inequality and environmental damage are impacting the current and future performance of companies and markets.

At BNPP AM, we are committing to delivering positive real-world outcomes alongside industry-leading financial returns to clients. We believe a better world is one with an economic model built on a successful Energy transition, healthy Ecosystems, and greater Equality in our societies – our 3Es. Our roadmaps covering these three themes set forth our approach to tackling the key challenges today for the benefit of a better tomorrow. By dedicating sufficient resources to understanding these challenges, and taking on the commitments outlined in these documents, we give ourselves the means to appropriately manage them.

The transition towards a sustainable future is a challenge that cannot be faced alone. We therefore believe it is critical to work in partnership with clients, colleagues, companies, governments, and civil society to move towards a more sustainable future.





APPENDIX



We engage with market participants in various initiatives to better align regulations and policies related to the functioning of financial markets, corporate governance and other topics related to the [3Es](#).

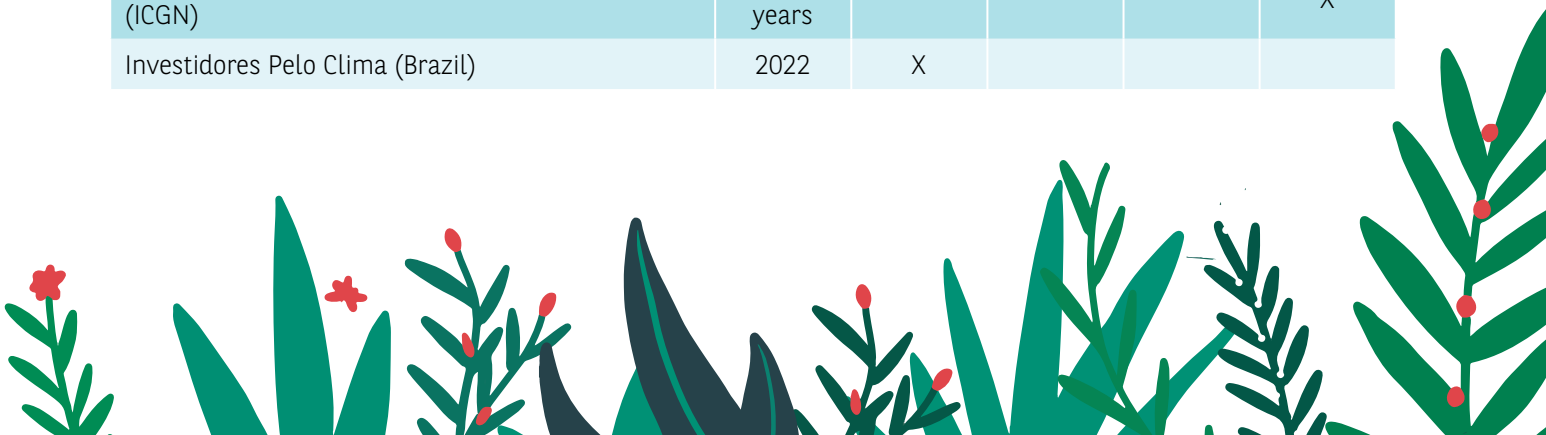
We actively engage policymakers, helping to shape the markets in which we invest and the rules that guide and govern company behaviour. Public policy can affect the ability of long-term investors to generate sustainable returns and create value. It can also affect the sustainability and stability of financial markets, as well as social, environmental, and economic systems.

Investor statements we have signed in the past 3 years	Supporter since	Energy transition	Healthy ecosystems	Equality	Other
Business Call for a UN Plastics Treaty	2021		X		
CDP Open Letter to Governments on the Plastic crisis	2023		X		
Financial Institution Statement ahead of the Convention on Biological Diversity COP15 (Ceres/ Finance for Biodiversity Foundation)	2021		X		
Financial sector statement on biodiversity for COP15 (Investor Agenda)	2021, 2022		X		
G20 Agricultural Subsidies Statement (FAIRR)	2023		X		
Global Investor Statement in Support of an Effective, Fair and Equitable Global Response to COVID-19 (Access to Medicine Index)	2021			X	
Global Investor Statement to Governments on the Climate Crisis (Investor Agenda)	2021	X			
Global Investor Statement Water	2023		X		
Global Roadmap to 2050 for Food and Agriculture: Statement to FAO (FAIRR)	2022	X	X		
Global Standard on Responsible Climate Lobbying	2022	X			
IIGCC Chemical Sector Investor Expectations	2023		X		
Investor Position Statement on Corporate Net Zero Transition Plans (IIGCC)	2021	X			
Investor Statement (FAIRR)	2021		X		
Investor Statement in Support of the Maintenance and Expansion of the Bangladesh Accord	2021			X	
Investor Statement on Tobacco Control	2023			X	
Statement of Support for Extended Producer Responsibility Schemes for Packaging (Ellen MacArthur Foundation)	2021		X		





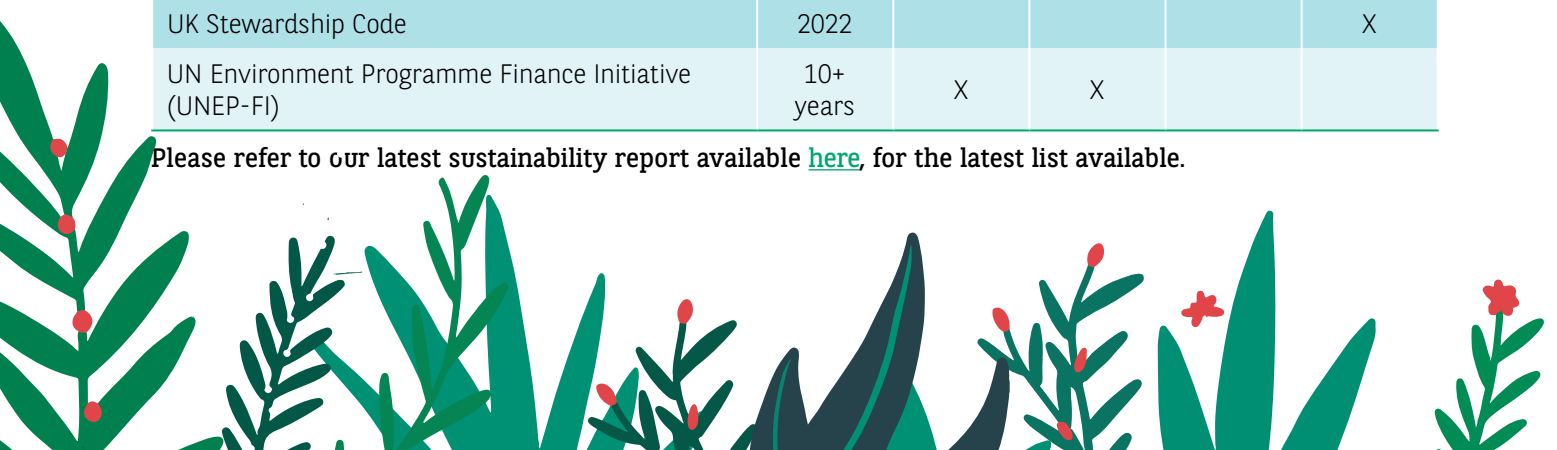
Memberships and initiatives we participate in	Supporter since	Energy transition	Healthy ecosystems	Equality	Other
Access to Medicine Index	2016			X	
Access to Nutrition Initiative (ATNI) - (Investor Expectations on Nutrition, Diets and Health)	2014			X	
Align (European Commission, WCMC Europe, Capitals 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			





Memberships and initiatives we participate in	Supporter since	Energy transition	Healthy ecosystems	Equality	Other
Investor Agenda (AIGCC, CDP, Ceres, IICC, IIGCC, UNPRI, UNEP-FI)	2018	X			
Initiative on Hazardous Chemicals	2023		X		
Investors Against Slavery and Trafficking (IAST)	2023			X	
Investors' Policy Dialogue on Deforestation (IPDD)	2023		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 Engagement Initiative by IIGCC	2023	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			
Task Force on Nature-related Financial Disclosures (TNFD)	2021		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		

Please refer to our latest sustainability report available [here](#), for the latest list available.



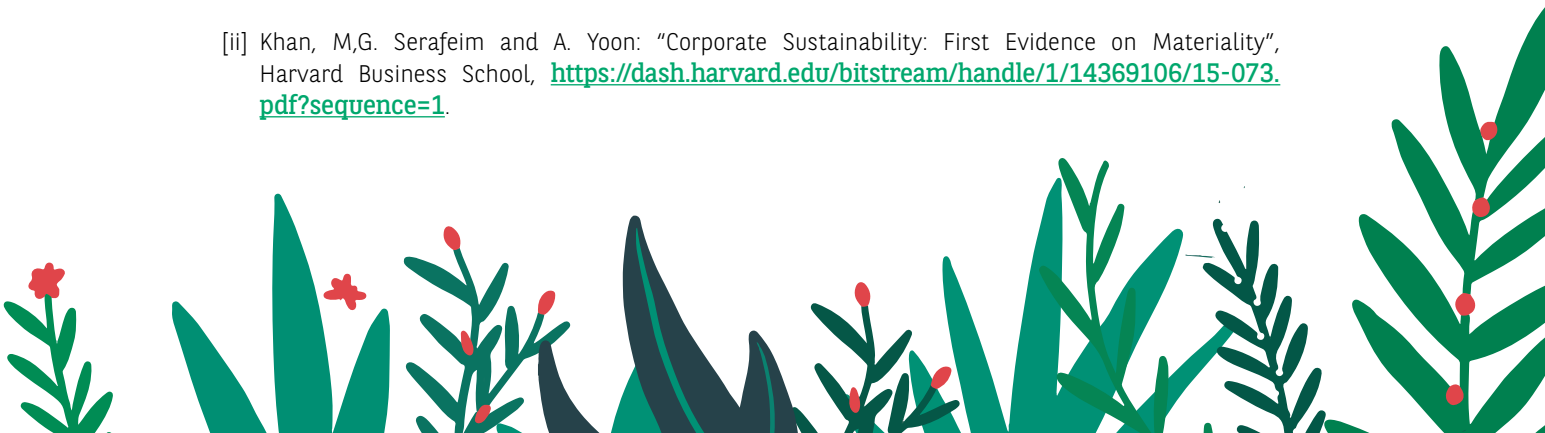


AT A GLANCE



Endnotes

- [i] Whelan, T, Van holt, T, and Clark, C. "ESG AND FINANCIAL PERFORMANCE: Uncovering the Relationship by Aggregating Evidence from 1,000 Plus Studies Published between 2015 – 2020", NYU Stern/Rockefeller Asset Management. [NYU-RAM ESG-Paper 2021-Rev-1.pdf \(rockco.com\)](#)
- [ii] Khan, M.G. Serafeim and A. Yoon: "Corporate Sustainability: First Evidence on Materiality", Harvard Business School, <https://dash.harvard.edu/bitstream/handle/1/14369106/15-073.pdf?sequence=1>.



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Investors are invited to consult the most recent financial reports, which are also available on the website. Investors should consult their own legal and tax advisors prior to investing. Given the economic and market risks, there can be no assurance that the financial instrument(s) will achieve its investment objectives. Their value can decrease as well as increase. In particular, changes in currency exchange rates may affect the value of an investment. Performance is shown net of management fees and is calculated using global returns with time factored in, with net dividends and reinvested interest, and does not include subscription-redemption fees, exchange rate fees or tax. Past performance is not a guarantee of future results.

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VIEWPOINT



BNP PARIBAS
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