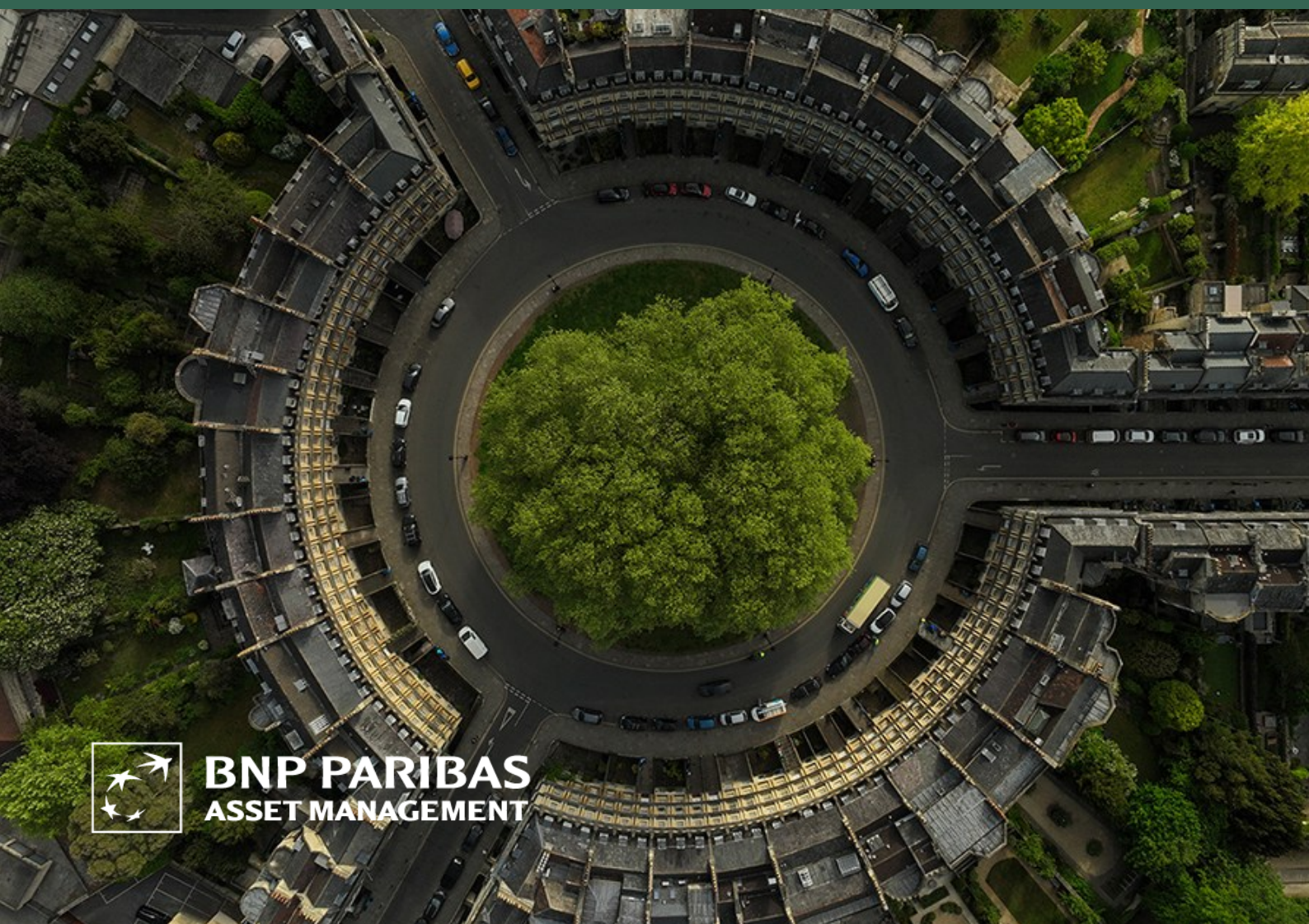
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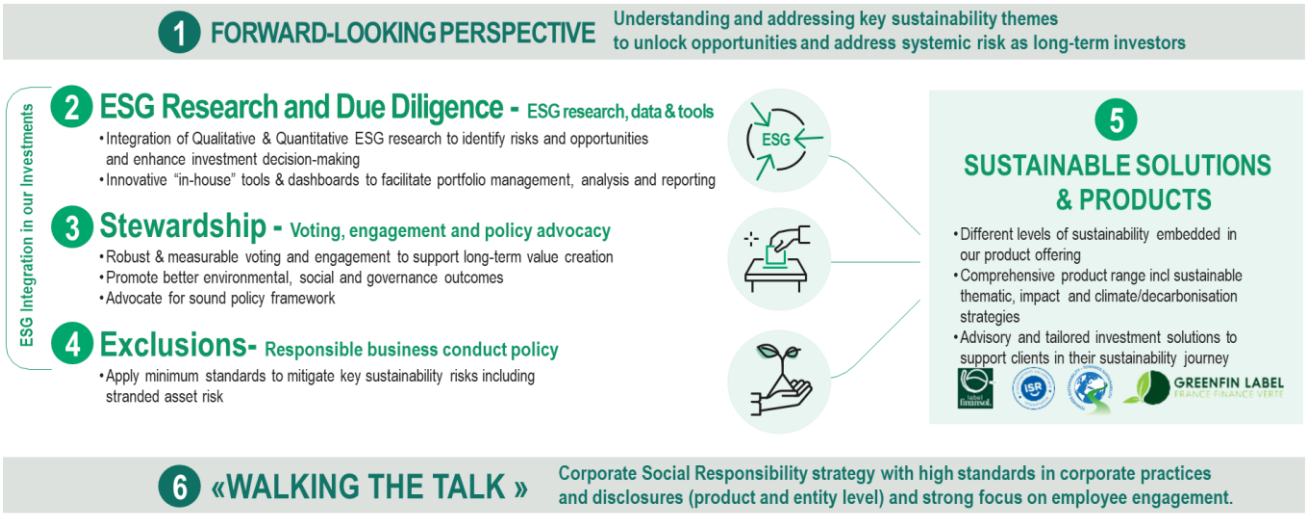
BNP PARIBAS ASSET MANAGEMENT

Responsible Business Conduct Policy



Introduction

At BNP Paribas Asset Management (BNPP AM), sustainability is at the core of our investment approach and how we aim to create long-term value for clients and society. It is embedded in our investment process, helping us to identify opportunities and manage long-term risks. Our approach to sustainability is built on six pillars, one of which is the exclusion of certain activities and practices through our Responsible Business Conduct ("RBC") policy.



BNPP AM is committed to incorporating RBC standards into its investment criteria and stewardship activities and this document details how we do this in practice.

The RBC Policy is consistent with BNPP AM's adherence to the UN Principles for Responsible Investment (PRI) since 2006 and BNP Paribas Group's commitment to corporate responsibility and sustainable development.

1. Approach to Responsible Business Conduct (RBC)

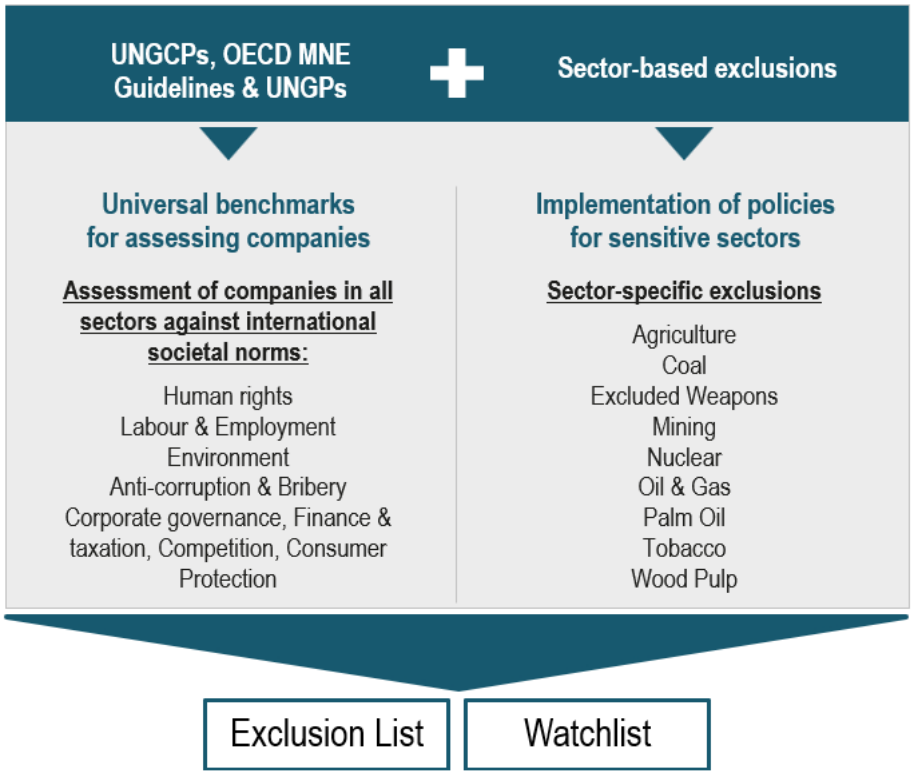
At BNPP AM, we believe that RBC impacts the ability or license to operate and reputation of entities in which we invest, which in turn can impact their value. BNPP AM's RBC should therefore be considered as an enhanced risk management tool that can help avoid reputational, regulatory and stranded asset risks.

BNPP AM expects 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 (UNGCPs), OECD Guidelines for Multinational Enterprises (OECD MNE Guidelines) and UN Guiding Principles on Business and Human Rights (UNGPs). These are shared frameworks, recognised worldwide and applicable to all industry sectors, based on the international conventions in the areas of human rights, labour standards, environmental stewardship and anti-corruption. BNPP AM aims to engage with companies where they fall short and exclude the worst offenders.

We also have a series of sector policies that set out 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. In each sector, we highlight mandatory sector RBC requirements which have to be met by issuers for BNPP AM to invest. We do this because if the activities in question are not conducted properly, then they could cause serious social or environmental damage.

In addition to the mandatory requirements, we have also developed additional criteria that we encourage companies to comply with. The latter provides a good framework for further analysis and dialogue with companies, outlining our expectations in terms of management of risks specific to certain sectors and / or practices.

Overview of BNPP AM's Responsible Business Conduct (RBC) approach:



2. Scope

This policy applies to the following:

- Legal entities:
  - This Policy applies in principle to all BNPP AM legal entities and affiliates, including joint ventures where BNPP AM's ownership is above 50%; joint ventures over which BNPP AM or the BNP Paribas Group do not have operational control are encouraged to adopt and implement this Policy.
  - Where BNPP AM entities in Emerging Markets manage and sell local funds within their domestic markets, this Policy applies. The exception is Indonesia[1], where an adapted version of this policy has been implemented to manage local market risks and is annually reviewed with our long-term aim being to align all eligible aspects of our business with this policy.
  - When applying this Policy to newly acquired entities or in the event of mergers, we will work to integrate the requirements of this Policy in a phased way that protects client interests and respects market and operational considerations. Specifically with respect to mergers, parties will work together to update this Policy in a way that allows sufficient time for parties to comply fully. Investors may refer to the information provided in the current legal documentation to determine which policies apply to a specific product at any given time.
- Portfolios:
  - The policy applies at the level of directly held instruments, in general with no look-through[2] except when local laws or regulations require to do so.
  - The policy applies in principle to all active portfolios under BNPP AM's management, unless the client has given different instructions for its dedicated fund or mandate;
  - Passive and index strategies:
    - Although we look for ways to ensure consistent application of the RBC where possible, implementation of the RBC policy is not always possible for passive strategies. Legal documentation at product level specifies whether and how the RBC policy, or an alternative exclusion-policy is applied;
    - In particular, there are exceptions for some portfolios which replicate the composition of indices and systematic, formula-based or factor-tilt investment strategies (e.g. certain passive ETFs and indexed funds for example). For these portfolios, the RBC exclusion list may be applied fully or partially, or equivalent exclusions, in the framework of optimised replication when it is possible or when the index family/provider incorporates the same or equivalent requirements as BNPP AM's exclusion list. In cases of synthetic replication, this policy's exclusion list is at least part of the minimum requirements implemented at the level of the substitute basket physically held by the fund, in addition to potential exclusions already applied as part of the replication;
    - For passive strategies, an exclusion-list covering Excluded Weapons banned by international treaties is applied systematically (see section 5. Sector-specific exclusions on Excluded Weapons).
    - As with active strategies, clients of dedicated funds or mandates can opt out of RBC application.
- Instruments:
  - The exclusion list and watchlist apply to all types of securities (e.g., equities, bonds, convertible bonds) issued by companies, as well as bonds issued by related financial vehicles. These restrictions apply to securities negotiated on primary and secondary markets.

[1] Through our local subsidiary PT BNP Paribas Asset Management.
[2] I.e., the policy does not extend to the underlying assets held by any intermediary investment vehicle in which the portfolios invest.

The policy does not apply to the following:

- Portfolios:
  - Funds of funds or funds of hedge funds composed of funds which are not under the management of BNPP AM. Nevertheless, due diligence processes are implemented when selecting external funds to assess their sustainability credentials and the existence of exclusion policies. When selecting active strategies in traditional asset classes, an exclusion policy covering anti-personnel landmines and cluster bombs is systematically required (see section 5. Sector-specific exclusions on Excluded Weapons);
  - Tenants in real estate portfolios, unless the client has given specific guidance. Although the policy does not apply systematically, BNPP AM's teams review tenant's counterparty risks (including on ESG topics) during the due diligence process.
  - Dedicated funds or mandates where the client has opted-out from the Responsible Business Conduct policy.
  - Portfolios managed as part of a white labelling agreement, where the client has opted-out from the Responsible Business Conduct policy.
- Instruments:
  - Participation notes and derivatives issued by third parties on securities covered by the policy, including over-the-counter (OTC) derivatives;
  - Short sales of securities, in respect of products implementing short positions within their investment strategies.

3. Implementation Principles

The following principles govern our implementation of this Policy within our investment processes:

1. The RBC policy criteria are proposed by the Sustainability Centre, considering also BNPP Group Positions and Sector policies[3]. They are regularly reviewed, and any change is validated by BNPP AM's Sustainability Strategic Committee. Material changes are subject to a final sign-off from BNPP AM's Executive Board.
2. The RBC list is then updated at least annually with a view to identify issuers that are potentially in breach of UNGCPs, OECD MNE Guidelines and UNGPs or mandatory requirements applicable to sensitive sectors. This assessment is conducted within our Sustainability Centre based on external data sources (including ESG data products, information reported by companies or dialogue with companies) and internal analysis, and in consultation with BNP Paribas Group CSR Team.
   - The initial list is developed based on quantitative criteria and data from third parties as well as internal analysis and is then reviewed via an internal consultation process. The initial list of issuers is comprised of two different statuses:
     - **Excluded:** Issuers that are excluded based on association with serious and repeated breaches of norms and/or mandatory requirements related to sensitive sectors; Exclusion criteria are "cascaded", and thus applied by default to subsidiaries[4] of excluded companies, including if they act as a securities issuance entity for or act in a similar sector as the related excluded company. Subsidiaries may be removed from the exclusion-list if they do not operate in the same sector, or are identified as not breaching exclusion criteria (e.g. subsidiary of an energy group operating only in renewables);
     - **Watchlist**: Issuers that are assigned watchlist status either because they are at risk of breaching the standards set out in this Policy or have already breached them but implemented remediation

[3] Group positions and sector policies | BNP Paribas
[4] For the purpose of this policy, the term « subsidiary » shall mean any entity, individual, firm or corporation, directly or indirectly, through one or more intermediaries, controlled or owned by excluded companies (with > 50% of the subsidiaries' shares owned directly or indirectly).

measures, and which we monitor regularly. We may engage with them to encourage improvements[5]. Watchlist issuers are not required to be excluded under this Policy but may have portfolio implications for certain portfolios[6].

- The RBC list is then approved via BNPP AM's ESG Methodologies, Data and Monitoring committee, which is attended by representatives from Sustainability Centre, Investment teams as well as Data, Risk and Compliance teams.
- Once approved, the RBC list is shared by BNPP AM's Sustainability Centre to Chief Information Officers (CIOs) and investment teams on a regular basis. As a result, investment teams should not initiate new investments in excluded companies with immediate effect. Existing investments should be divested from relevant portfolios based on market conditions but not later than one month after communication.
- Exceptions may be granted in cases where exclusions from actively managed portfolios would result in significant market risks versus the benchmark, on a case-by-case basis following assessment by Risk teams, as in the US High Yield and Collateralized Loan Obligations ("CLOs") businesses which we recently acquired as part of a corporate transaction[7] (see Oil & Gas section for more details). Exemptions are annually reviewed with our long-term aim being to align all eligible aspects of our business with this policy.
- Pre-trade and post-trade compliance checks are conducted by the Risk Investment Monitoring & Control teams, to ensure that all relevant portfolios conform to the RBC list.
- Specific implementation conditions apply in the following cases:
  - Buy & hold strategies: In the case of products implementing buy and hold strategies, such as, but not limited to, fixed maturity plans or some insurance mandates, we will apply the version of this Policy in force at the time of investment. Should one of the holdings in such a product subsequently (i.e. post-investment) be added to our exclusion list, the holding will be grandfathered (that is, no obligation to sell or otherwise divest such holding), given the fixed structure of the portfolio and the potential impact of such trades on the portfolio's target yield based on which clients may have based their investment decision, as well as other potential accounting implications;
  - Similarly, for certain alternative products such as CLOs, Mutual Securitization Funds ("FCT" in French), close-ended alternative funds and other alternative products, if the divestment is considered impossible, such holdings in portfolio could be kept until maturity following an internal validation process.

3. In applying this Policy, we take into account specific circumstances as they relate to the environmental, social and governance practices of individual issuers. We base our judgments on data gathered from issuers and third-party research providers, and we do our best to gather and assess relevant information. However, this assessment depends on the quality, accuracy and timeliness of the information collected.

4. We implement this Policy in the best interest of our clients and operate at arms' length from the BNP Paribas Group and its subsidiaries or affiliated companies.

5. This Policy is publicly available on our website and is reviewed regularly in order to reflect the evolution of ESG standards and market practices. Changes to this policy are tracked in the Policy Revision History table at the end of this document.

[5] While not a hard and fast rule. Watchlist issuers are generally issuers that are close to but not fully violating a given policy and/or companies violating a given policy but committed to transition. Engagement is not required or triggered by default with all Watchlist companies but is used discretionarily in cases where we think change is possible and/or where there is uncertainty as to company policy violation. Where practical to do so we have specified in each sectorial policy some of the conditions we look for in considering a Watchlist designation.

[6] Specifically, Article 9 funds do not own Watchlist names based on our Sustainable Investment definition and related investment requirements. Some sustainability labeled funds will also exclude Watchlist names to comply with label requirements (e.g. selectivity in French ISR label). Please refer to individual fund prospectus language for details.

[7] The adapted approach for US High Yield and US CLOs will apply progressively from January 2027.

6. For funds with specific sustainability-related labels, or complying with regulatory requirements encompassing exclusionary rules[8], these funds will also follow the specific exclusion requirements required by the relevant label where applicable.

4. Norm-based Screening

Background

BNPP AM aims to avoid investing in companies which cause, contribute to or are linked to violations of international norms and standards in a material manner, focusing in particular on the UNGCPs, OECD Guidelines for MNEs and the UNGPs. Those standards notably focus on Human Rights, Society, Labour and Environment. We believe this helps us to avoid reputational damage and to proactively manage related financial risks.

Scope

We exclude companies which we consider to be in violation of any of the following conventions (UNGCPs, OECD MNE Guidelines, UNGPs) and their associated principles which we believe represent a universal floor for company operation with respect to human rights, labour, governance and environmental practices. When assessing companies for norm-based violations, as a rule of thumb we analyse companies based on the direction of involvement (direct vs indirect) and the nature of the product(s)/service(s) in question (bespoke or general). Where the company activity is directly involved in e.g. a human rights abuse it is more likely to be excluded. Similarly, if the product or service of the company is bespoke for the purposes, for example a human rights abuse, then it is more likely to be also excluded.

General Principles for Norm-Based Exclusion Evaluation		
Direction	**Product / Service Type**	
	Bespoke	**General**
Direct	Excluded	Excluded or Watchlist
Indirect	Excluded or Watchlist	Eligible

Data sources

We use Sustainalytics data, in particular from their Global Standards Screening database, with possible qualitative adjustments based on internal research within the BNPP AM Sustainability Centre validated under BNPP AM sustainability governance by the relevant committee.

UN Global Compact Principles

The UNGC is the world's largest corporate sustainability initiative which aims to "embrace, promote and ensure compliance with" universal principles in the area of human rights, labour, the environment and the fight against corruption. These ten principles are inspired by the Universal Declaration of Human Rights, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption:

Human Rights:

- **Principle 1**: Businesses should support and respect the protection of internationally proclaimed human rights; and
- **Principle 2**: make sure that they are not complicit in human rights abuses.

[8] E.g.: ESMA Guidelines on funds' names using ESG or sustainability-related terms: Guidelines on funds' names using ESG or sustainability-related terms.

Labour Standards:

- **Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- **Principle 4**: the elimination of all forms of forced and compulsory labour;
- **Principle 5**: the effective abolition of child labour; and
- **Principle 6**: the elimination of discrimination in respect of employment and occupation.

Environment:

- **Principle 7**: Businesses should support a precautionary approach to environmental challenges;
- **Principle 8**: undertake initiatives to promote greater environmental responsibility; and
- **Principle 9**: encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption:

- **Principle 10**: Businesses should work against corruption in all its forms, including extortion and bribery.

OECD Guidelines for Multinational Enterprises

The OECD Centre for Responsible Business Conduct's MNE Guidelines (hereafter the "Guidelines") are recommendations addressed by governments to multinational enterprises and use RBC standards and recommendations to help businesses minimise the adverse impacts of their operations, products, services and/or supply chains. They cover the following key areas:

- **Concepts, Principles & General Policies:** The concepts, principles and general policies (*e.g.* obeying domestic law is the first obligation of enterprises) are the backbone of these Guidelines and include important provisions such as law compliance, risk-based due diligence, addressing adverse impacts, stakeholder engagement (notably within the value chain);
- **Disclosure:** Promoting transparency and responsiveness to public information demands;
- **Human Rights:** Ensuring alignment with the UN "Protect, Respect and Remedy" framework and the UNGPs;
- **Employment & Industrial Relations:** Promoting observance of international labour standards as defined by the ILO;
- **Environment:** Encouraging improved environmental performance in line with the UN 2030 Agenda and the SDGs;
- **Corruption:** Combatting bribery, solicitations, and extortion to ensure fair corporate governance;
- **Consumer Interests:** Ensuring fair business practices and the quality and reliability of products;
- **Science & Technology:** Promoting the transfer of technology and innovative capacities to host countries;
- **Competition:** Requiring compliance with applicable competition laws to prevent anti-competitive agreements;
- **Taxation:** Providing fundamental recommendations for responsible corporate taxation.

UN Guiding Principles on Business and Human Rights

States and businesses have distinct but complementary responsibilities under the UNGPs. These principles apply to all States, and all businesses regardless of their size, sector, location, ownership and structure. Comprising 31 principles, the UNGPs are organised by under a dedicated framework based on 3 pillars: Protect, Respect and Remedy. The 3 pillars define the duties of States and businesses to protect human rights. Each pillar provides a set of actionable steps to ensure the protection of human rights within the context of business operations.

5. Sector-specific Exclusions

In addition to the OECD MNEs Guidelines, the UNGCPs and the UNGPs, we have a series of sector policies that set out the conditions for investing in particular sectors and guide our screening requirements. This set of policies requires us to exclude sectors or activities, which, if they are not conducted properly, could cause serious social or environmental damage, as we deem them to be in violation of international norms or to present unacceptable harms to society or the environment without counterbalancing benefits. Our sectoral policies cover the following areas:

- **Agriculture**: The objective of this policy is to address some major environmental, social and governance issues of the agriculture sectors and to establish guidelines to conduct business in a responsible manner.
- **Coal**: We continue to implement significantly tighter exclusion criteria on companies that are engaged in the mining of thermal coal, the generation of electricity from coal or are involved in the coal value chain.
- **Excluded weapons**: We do not invest in companies involved in the production, trading and storage of certain weapons prohibited by international conventions. These include, but are not necessarily limited to, anti-personnel landmines, cluster munitions, chemical and biological weapons, nuclear weapons, non-detectable fragment weapons and blinding laser weapons. Most of these weapons are already prohibited by some jurisdictions.
- **Mining**: The objective is to ensure that we do not invest in companies that use Mountain Top Removal (MTR) technics or exhibit poor ESG standards and practices.
- **Nuclear power**: This policy aims at addressing the ethical issues of the nuclear power sector and at establishing guidelines for conducting business in a responsible manner. The objective is to ensure that we invest in companies that operate in countries with a proper legal framework, use appropriate technologies and adopt adequate health & safety monitoring and accident prevention measures.
- **Oil and Gas**: Our approach focuses on companies involved in the exploration, production, trading and/or pipeline distribution of unconventional resources or activities located in sensitive areas from a biodiversity point of view.
- **Palm oil and Wood pulp**: Our aim is to encourage the production of sustainable palm oil and wood pulp by investing only in companies that meet minimum environmental and social standards. Consequently, we do not invest in companies that do not adhere to such minimum standards (e.g. by converting protected areas into palm oil and wood plantations or using child/forced labour).
- **Tobacco**: We do not invest in companies that manufacture tobacco as part of our commitment to Tobacco Free Finance Pledge[9]. We also maintain restrictions on investments in tobacco distributors/retailers.
  In the following pages, we provide a comprehensive overview for each sectorial policy, including a description of the two types of requirements that we apply to our investments:

Mandatory requirements are to be understood as sine qua non: those that have to be met without exception for BNPP AM to invest in a company.

Evaluation or engagement criteria provide a framework for further contextual analysis and dialogue with companies, based on which BNPP AM may decide not to invest even if mandatory requirements are met.

Agriculture

Background

BNPP AM identifies the following key environmental and social stakes linked to the agriculture sector:

[9] The Pledge - Tobacco Free Portfolios

- Ecosystem and biodiversity,
- Water use and water pollution, greenhouse gas (GHG) emissions, use of agrochemicals,
- Working conditions and human rights,
- Health and safety,
- Land tenure and local community rights,
- Global food security,
- Food safety and traceability, and
- Animal welfare.

Scope

Agriculture activities covered in this policy are production of seeds/grains, farming, origination & collection operations and/or primary processing of agricultural products as defined below:

- Production of seeds/grains covers the selection and multiplication of seeds/grains for the purpose of distribution, storage or sale;
- Farming covers the cultivation of soil, production of crops and raising of livestock and poultry (breeding, feeding, and general care) and forest management (forestry);
- Origination & collection operations cover the sourcing, the transport and storage logistics of agricultural products from where they are produced to a point where they are stored or undergo primary transformation. This includes activities of physical agricultural products merchants and traders;
- Primary processing is the first transformation of raw agricultural products - e.g. oil crushing, cocoa grinding, sugar extraction, milk drying and slaughtering.

Agriculture activities not covered in this policy:

- Manufacturers or distributors of agricultural machinery, pesticides and fertilisers;
- Manufacturers of processed food and beverage; (secondary or further processed products, packaged food);
- Retailers of food and beverage;
- Fish, seafood and aquatic products;
- Palm oil and wood pulp related activities (please refer to their dedicated sector policies).

The indicators below are used by BNPP AM to define the scope of projects and companies:

Type	Indicators	Source
Quantitative	Sum of agriculture-related revenues* >10%	Factset
Qualitative	Inclusion in third-party or NGO ranking or list (including Forest & Finance, Floresta 250, TRASE)	Multiple
	Inclusion in BNP Paribas Group Agriculture exclusion policy's[10] exclusion list	Internal

*Agriculture-related revenues as per below RBICS L6:

Factset RBICS L6 ID	RBICS L6 Name
501510101010	Cattle Ranching and Farming
501510101015	Chicken Egg Production
501510101020	Chicken Meat Production

[10] Group positions and sector policies | BNP Paribas

501510101025	General Animal Production
501510101030	Hog and Pig Farming
501510101035	Poultry and Egg Production
501510152010	Citrus Fruit Farming
501510152015	Mixed Fruit, Nut and Vegetable Farming
501510152020	Non-Citrus Fruit Farming
501510152025	Nut Farming
501510152030	Vegetable Farming
501510152510	Nursery and Tree Production
501510153010	Other Crop Farming
501510153020	Diversified Oilseed and Grain Farming
501510153025	Sugarcane Farming
501510153030	Cannabis Farming
501510153510	Diversified Oilseed and Grain Farming
501510153515	Corn Farming
501510153520	Other Oilseed and Grain Farming
501510153525	Cotton Farming
501510153535	Soybean Farming
501510201010	Diversified Agriculture Production
501510251010	Animal Feed Manufacturing
501510251015	Crop Processing
501510251020	Other Agricultural Support Activity
501510251025	Other Agricultural Support Activity Providers
501510251030	General Support Activity Providers for Agriculture

Mandatory requirements for agriculture companies

BNPP AM only invests in agriculture companies which comply with the following requirements:

- Have a water management plan and disclose water consumption;
- Do not use child or forced labour[9];
- Have a grievance mechanism in place through which workers' concerns can be raised and addressed;
- Respect the rights of workers to organise in a trade union or ensure workers' interest and voice can be heard within the company[10];
- Do not discriminate against employees and applicant for employment[11];
- Have a Human Resources policy or a Code of Conduct;
- Have a policy in place to protect worker's health and safety conditions and disclose health and safety track record;

  Have a policy in place to obtain the Free, Prior and Informed Consent (FPIC) of the local communities impacted by new agriculture projects and have a grievance mechanism in place through which local communities' concerns can be raised and addressed;
- Do not engage in land grabbing practices.

Engagement criteria for agriculture companies

Taking stock of FAO global roadmap that aims to deliver food security and nutrition for all without breaching planetary boundaries, we will also use the below criteria to inform the engagements we may undertake with companies in the agricultural value chain:

- The company has adopted targets to avoid forest and natural ecosystem conversion linked to the production or the consumption of Forest and Ecosystem Risk Commodities (FERCs). Based on our findings, our priority FERCs and areas are the following: cocoa linked to Côte d'Ivoire and Ghana, palm oil linked to Indonesia, Malaysia and Colombia, beef and soy linked to Amazon, Cerrado and Gran Chaco biomes;
- The company is working towards fully traceable supply chains, particularly in relation to products that carry a high risk of environmental and/or social harms;
- The company's animal welfare standards are guided by the Business Benchmark on Farm Animal Welfare (BBFAW);
- The company is considering the adoption of targets to reduce its food loss and waste as set in Global Biodiversity Framework target 16, Sustainable Development Goals 13.1 and initiative Champions 12.3;
- The company is considering the adoption of targets to increase the share of regenerative farming practices and of natural vegetation and/or EU/USDA organic farming enhancing ecosystem services and environmental assets (such as soil health) in its agricultural land footprint as defined in Global Biodiversity Framework target 2 and target 10, as well as Sustainable Development Goals 2.3.2;
- The company is considering the adoption of targets to reduce nitrogen load and pesticide use in its agricultural land footprint as defined in Global Biodiversity Framework target 7.
- The company has adopted a policy on Genetically Modified Organisms (GMOs) and New Breeding Techniques (NBTs), which includes a systematic risk assessment based on precautionary principle and a clear labelling in case of distribution;
- The company has adopted a climate strategy which includes GHG reduction targets;
- The company is considering disclosing and reducing its agri-methane emissions, as well as other GHG emissions;
- The company is mitigating Antimicrobial Resistance (AMR) risk in its animal protein supply chains;
- The company is considering increasing the share of products based on alternative proteins.

We will use the below criteria to inform the engagements we may undertake with pesticides manufacturers and distributors / other agrochemical / phosphate or nitrogenous fertilizer manufacturers:

- The company is adopting time-bound plans to phase out Highly Hazardous Pesticides;
- The company is diversifying into organic-based fertilizers, and preventative and alternative methods to manage pests.

The table below summarises how BNPP AM assesses projects and companies' compliance against its Agriculture policy:

RBC Agriculture status	Conditions	Source
Eligible	All mandatory requirements (abovementioned) and engagement criteria are met	Sustainalytics & internal
Watchlist	One mandatory requirement only partially met	Sustainalytics
	Already in flagged as "Watchlist" and >50% revenues derived from meat production	Factset & Internal
	"Watchlist' status in BNP Paribas Group Agriculture exclusion list	Internal
Excluded	One mandatory requirement not met	Sustainalytics
	Already in flagged as "Excluded" and >50% revenues derived from meat production	Factset & Internal

	"Excluded" status in BNP Paribas Group Agriculture exclusion list	Internal
	"High" (controversies category 4) and "Severe" (category 5) on "Land Use & Biodiversity" in Sustainalytics' Controversies Research methodology	Sustainalytics

Specific exclusions of soft commodity derivative instruments

BNPP AM does not invest in instruments such as commodity futures and ETFs based on food ("soft") commodities or enter into speculative transactions that may contribute to price inflation in basic agricultural or marine commodities (such as wheat, rice, meat, soy, sugar, dairy, fish, and corn).

Data sources

We rely on Sustainalytics ESG & Controversies Research, Factset, as well as companies' annual reports and third-party public information to assess companies under the Agriculture policy.

Palm Oil

Background

Development of palm oil plantations can have several adverse impacts on local communities, climate change and ecosystems. However, the environmental and social issues in the palm oil sector mainly depend on the way palm oil is produced and milled. Responsible palm oil can indeed limit these impacts. By contrast, palm oil production is a major source of income and provides a livelihood to millions of people in developing countries[11].

Scope

This policy applies to projects and companies directly involved in the upstream and downstream palm oil value chain and companies for which it represents a significant part of their activities:

- "Upstream" refers to crude palm oil production (plantations and/or mills);
- "Downstream" refers to crude palm oil refining and/or trading.

Other companies further down the value chain (producers or traders of palm oil derivatives, or manufacturers and retailers of ingredients and products containing palm oil) are not in the scope of this policy.

The indicators below are used by BNPP AM to define the scope of projects and companies (one or multiple):

Indicators	Source
Share of annual revenues generated from palm oil is ≥5%	Sustainalytics or Factset
Inclusion in third-party or NGO ranking or list (including SPOTT Palm oil ESG policy transparency assessments, Forest 500, Forest & Finance)	Multiple
Having a "critical" impact on deforestation and natural ecosystems conversion according to CDP[12]	CDP
Inclusion in BNP Paribas Group Palm Oil exclusion policy's[13] exclusion list	Internal

[11] Palm oil: Economic and environmental impacts
[12] CDP: Turning Transparency to Action
[13] Group positions and sector policies | BNP Paribas

Upstream Palm Oil Companies

Mandatory Requirements

BNPP AM requires that Upstream Palm Oil Companies (plantations and mills):

- Be members of the Roundtable on Sustainable Palm Oil (RSPO), or have a time-bound plan to become RSPO members;
- Have published an up-to-date communication on progress;
- Have a time-bound plan for full RSPO certification of their operations.

In addition, BNPP AM requires that Upstream Palm Oil Companies:

- Have a policy in place prohibiting the use of child or forced labour;
- Have a human resources policy in place covering key labour issues of the sector – incl. no human trafficking, payment of minimum wage, maximum working hours, and the right to freedom of association and collective bargaining – covering all workers including contract, temporary, casual and migrant workers (as applicable);
- Have a policy in place to protect workers' health and safety conditions, and disclose their safety track record (work accidents, fatalities, etc.);
- Have a policy in place to obtain the free, prior and informed consent (FPIC) of indigenous and local communities, prior to developing new oil palm plantations;
- Have a formal grievance mechanism in place to identify and address concerns from their internal and external stakeholders;
- Have a policy in place to conduct High Conservation Value (HCV) assessments before developing new oil palm plantations, and to protect the HCV areas identified within their concessions;
- Have a policy in place to conduct High Carbon Stock (HCS) assessments before developing new oil palm plantations[14], and to protect the HCS forests identified within their concessions.
- Do not develop new oil palm plantations on:
    - UNESCO World Heritage Sites;
    - Wetlands on the Ramsar list;
    - Alliance for Zero Extinction sites;
    - IUCN Category I-IV areas.
- Have the following policies in place, in order to minimise GHG emissions:
    - No-burning for the development of oil palm plantations;
    - No development of new oil palm plantations on peatlands, regardless of depth;
    - Implement best management practices for existing oil palm plantations located on peatlands;
    - Minimise the use of artificial fertilisers;
    - Reduce GHG emissions from palm oil mills[15].
- Do not use, except in very specific and exceptional situations, pesticides that are categorised as WHO Class Ia or Ib, or that are listed by the Stockholm or Rotterdam Conventions;
- Have a policy in place to minimise the use of pesticides, and have a time-bound plan to terminate the use of paraquat;

[14] As of the publication date of this Policy, the HCS Approach resulting from the convergence process that ended in November 2016 is considered as the best available methodology: http://highcarbonstock.org/agreement-on-unified-approach-to-implementing-no-deforestation-commitments/

[15] Such as through (i) the implementation of methane (CH4) capture from palm oil mill effluent (POME) and (ii) the reduction of fossil fuel use through implementation of more efficient processes and/or substitution with other energy sources (e.g. residues such as fibre and shell, methane captured from POME).

- Have a time-bound plan to ensure that all their third-party suppliers of fresh fruit bunches are compliant with their sustainability commitments and policies;
- Have a time-bound plan for public reporting on the implementation of their sustainability commitments, and for the independent verification of such reporting.

Engagement Criteria

When engaging with Upstream Palm Oil Companies (plantations and mills), we may focus our discussion on company performance in the following areas:

- Have a time-bound plan for full RSPO certification of their fresh fruit bunches supply base (or similar verification mechanism for smallholders[16]);
- Have a policy to increase yields of oil palm plantations;
- Are working with smallholders on good agricultural practices, yield improvement and RSPO certification (or similar verification mechanism), through the provision of technical assistance and training;
- Have adopted the necessary tools and practices to monitor implementation of their no deforestation commitments, notably throughout their supply chain[17];
- Have submitted to the RSPO concession maps for all the countries in which they operate, where permitted by law;
- Have a policy in place covering fire prevention, monitoring and suppression on the land they manage and in the vicinity of their estates;
- Have been regularly and repeatedly criticised for their environmental, social or governance performance on material issues, including through complaints submitted to the RSPO Complaints System, and whether they have taken actions to address such issues.

Downstream Palm Oil Companies

Mandatory requirements

BNPP AM requires that Downstream Palm Oil Companies (i.e. refiners and traders):

- Be RSPO members (or have a time-bound plan to become RSPO members);
- Have published an up-to-date communication on progress;
- Have a time-bound plan to achieve full RSPO certification of their operations.

Engagement Criteria

When engaging with Downstream Palm Oil Companies (i.e. refiners and traders), we may focus our discussion on company performance in the following areas:

- Have a time-bound plan to trade and/or process only RSPO-certified palm oil;
- Are working to improve the traceability of their palm oil supply;
- Have a time-bound plan to ensure that their palm oil suppliers are compliant with the following standards:
    - No development in HCS forests;
    - No development in HCV areas;
    - No burning for the development of new plantations;
    - No development on peat, regardless of depth;

[16] According to the RSPO, smallholders are "farmers who grow oil palm, alongside with subsistence crops, where the family provides the majority of labour and the farm provides the principal source of income, and the planted oil palm area is less than 50 hectares".
[17] E.g. through aerial surveys (satellite imagery, use of drones) or field surveys.

- No use of child/forced labour;
- Respect land tenure rights, incl. the free, prior and informed consent of indigenous and local communities;
- Have a human resources policy covering all workers (no human trafficking, payment of minimum wage, maximum working hours, and the right to freedom of association and collective bargaining);

- Have been regularly and repeatedly criticised for their environmental, social or governance performance on material issues, including through complaints submitted to the RSPO Complaints System, and whether they have taken actions to address such issues.

The table below summarises how BNPP AM assesses projects and companies'compliance against its palm oil policy:

RBC Palm Oil status	Conditions	Source
Eligible	All mandatory requirements in SPOTT Palm oil ESG policy transparency assessments are met	SPOTT
Watchlist	One downstream and/or upstream mandatory requirement of SPOTT Palm oil ESG policy transparency assessments only partially met	SPOTT
	"Watchlist' status in BNP Paribas Group Palm Oil exclusion list	Internal
Excluded	One downstream and/or upstream mandatory requirement of SPOTT Palm oil ESG policy transparency assessments not met	SPOTT
	"Excluded" status in BNP Paribas Group Palm Oil exclusion list	Internal
	"High" (controversies category 4) and "Severe" (category 5) on "Land Use & Biodiversity" in Sustainalytics' Controversies Research methodology	Sustainalytics

Data sources

We rely on Sustainalytics ESG & Controversies Research, SPOTT[18], as well as companies' annual reports and third-party public information to assess companies under the Palm oil policy.

Wood Pulp

Background

The demand for paper product is set to increase significantly over the coming years, and this development is likely to have significant impacts on the sustainability efforts of the sector. Regarding the pulp and paper production chain, most of these impacts are recognised to be concentrated in the forestry management phase and wood pulp production process. BNPP AM, in accordance with BNP Paribas Group, identifies five main sustainability issues linked to the wood pulp industry:

- Environmental and biodiversity issues linked to the deforestation and the industrial wood plantations to supply wood resources to the pulp mills;
- Social issues linked to the development of a pulp mill or an industrial wood plantation project (respect of local people rights, involvement of local communities, job development, etc.);

[18] Palm oil: ESG policy transparency assessments - SPOTT.org | SPOTT.org

- Water and wastewater management in the pulp process, particularly dioxin emissions from bleaching;
- Occupational health and safety in wood plantations and pulp mills;
- Environmental management in pulp mills (including air emissions and waste management).

Scope

This policy applies to projects and companies directly involved in the upstream or downstream wood pulp value chain:

- Upstream refers to the industrial wood plantations and forest harvesting activity of pulp producers, whereas downstream refers to wood pulp producers, including for their own use, and traders.
- Other companies further up or down the value chain (paper making companies which do not produce their own pulp, chemicals manufacturers and machinery manufacturers as well as paper retailers and distributors) are not within the scope of these guidelines.

The indicators below are used by BNPP AM to define the scope of projects and companies (one or multiple):

Indicators	Source
Share of annual revenues generated from wood pulp is ≥5%	Factset
Inclusion in third-party or NGO ranking or list (including SPOTT Timber & pulp ESG policy transparency assessments, Forest 500, Forest & Finance)	Multiple
Having a "critical" impact on deforestation and natural ecosystems conversion according to CDP	CDP
Inclusion in BNP Paribas Group Wood pulp exclusion policy's[19] exclusion list	Internal

Forestry Management

Mandatory Requirements

BNPP AM requires that upstream pulp companies:

- Comply with existing social and environmental laws, at a local or state/provincial level, as well as with international regulations ratified by their operating countries.

In order to ensure that basic social requirements are met and to limit negative impacts on climate change and biodiversity, BNPP AM requires that upstream pulp companies:

- Do not use child or forced labour manpower;
- Will not develop a new plantation on land owned or occupied by local communities without having (and in line with the FSC or PEFC principles and criteria):
  - Conducted a free, prior and informed consultation process,
  - Achieved an acceptable compensation arrangement, and
  - Implemented an efficient grievance mechanism;
- Do not use illegally harvested wood[20];
- Do not convert UNESCO World Heritage Sites into industrial wood plantations;
- Conduct a High Conservation Value (HCV) assessment before developing a new plantation;
- Do not convert High Conservation Value forests (HCVF) into new plantations. In case a company's plantation is located on land formerly occupied by HCVF, the clearing must have occurred no later than 2001, and the

[19] Group positions and sector policies | BNP Paribas

[20] Illegal logging definition for this policy is the list of illegal logging acts given by the FAO Committee on Paper and Wood Products in their study *Defining illegal logging: what it is, and what is being done about it?* (2003).

company shall certify (and to the extent feasible demonstrate) that it is not responsible directly or indirectly for such conversion;

- Have a clear peat land management procedure in place for any new plantation located on peat land;
- Have a no-burn policy, in line with the recommendations of the ASEAN policy on zero burning or other regional best practice;
- Provide a monitoring plan of the workforce health & safety conditions on a regular basis.

Engagement Criteria

BNPP AM encourages upstream pulp companies to move towards higher standards of sustainability. Concerning forest management, BNPP AM believes FSC and PEFC are currently the best available set of criteria for sustainability in this industry and encourages upstream pulp companies:

- To become an active member of their national FSC or PEFC multi-stakeholders governance systems (or any equivalent forest management initiative that may emerge);
- In the case of pulp producers buying wood from external parties, to ask to their suppliers to have their forest or plantation FSC or PEFC certified or to design and implement action plans to have the forest or the plantation certified within a five-years period[21];
- In the case of forest and plantation managers, to have their forest or plantation FSC or PEFC certified or to design and implement action plans to have the forest or the plantation certified within a five-years period[22].
- BNPP AM also encourages upstream pulp companies to present a clear and stringent environmental management procedure for existing plantations. This procedure will clearly indicate how the project is dealing with agro-chemicals, water and biodiversity management. In case of an external supply of wood for the pulp mill, the company must ask such procedure to its suppliers;
- BNPP AM strongly encourages upstream pulp companies to develop alternatives to plantations on peat lands, as peatlands are valuable for the various and crucial ecosystem services they provide. These functions and values include biodiversity maintenance, carbon and water storage, as well as water regulation and quality;
- To not convert Wetlands on the Ramsar list into industrial wood plantations.

Pulp Production

Mandatory Requirements

BNPP AM requires that pulp producers:

- Comply with existing social and environmental laws, at a local or state/provincial level, as well as with international regulations ratified by their operating countries;
- Concerning wood supply, pulp producers must verify that their wood sourcing respect the mandatory requirements applicable to Forestry Management.

BNPP AM is aware that Absorbable Organic halogens (AOX) may be emitted in the water when the process uses a bleaching step. This particular type of pollution coming from pulp mills has been pointed out by NGOs and health organisations. Over recent years, chlorine and hypochlorite have largely been phased out as primary bleaching chemicals. Indeed, Elementary Chlorine Free (ECF) and Totally Chlorine Free (TCF) processes allow obtaining concentrations of dioxins and furans in the effluents that are under the detection limits. BNPP AM believes that ECF and TCF have been so far the best available techniques to manage sustainable bleaching.

As a result, BNPP AM requires that pulp producers:

- Will develop new pulp mills using ECF or TCF technology if the bleaching process is necessary;

[21] This five-year period will start at the official publication date of this policy.
[22] *Ibid.*

- Will make the transition of their process towards ECF or TCF technology in case of already existing plants;
- Will present a management plan to monitor and control various water effluents level and air emission indicators listed by the applicable IFC Environmental, Health, and Safety (EHS) Guidelines for Pulp and Paper Mills. As of the publication date of this policy, these parameters are the followings: Flow, pH, TSS, COD, BOD5, AOX, Total N, Total P[23];
- Provide a monitoring plan of the workforce health and safety conditions on a regular basis.

Engagement Criteria

BNPP AM encourages downstream pulp companies to move towards higher standards of sustainability. BNPP AM believes that FSC and PEFC are currently the best available set of criteria for fibre sourcing sustainability in the pulp industry and encourages downstream pulp companies (i.e. pulp producers and traders):

- To obtain the FSC or PEFC Chain of Custody (CoC) certification for their activities. They are also encouraged to set up policies requiring that their suppliers (i) have their own plantations FSC or PEFC certified within a five-year period as well as (ii) encourage the traceability of sources of wood for the pulp industry by securing FSC or PEFC CoC certification for their activities. In any case, downstream pulp companies should present a credible sourcing plan for wood (at the beginning of the project in case of new pulp mills); mentioning if needed an external supply of wood and specifying what is this external source;
- To become an active member of their national FSC or PEFC multi-stakeholders governance systems (or any equivalent forest management initiative that may emerge).

Concerning water and air emissions, BNPP AM encourages pulp producers:

- To ensure that emission levels at all their pulp mills are under or equal to the levels presented in the IFC EHS Guidelines for Pulp and Paper Mills (Annex B on "Effluents and Emissions Guidelines"). In the case they are higher than such emission levels, BNPP AM encourages pulp producers to develop efficient action plans to correct these deviations and decrease emissions until they are below the IFC's levels;
- To present (at the beginning of the project in case of a new pulp mill) a credible energy sourcing plan and the impact of this energy mix on CO_2 emissions.

In relation to Environmental & Social Management Systems (ESMS) and Health & Safety Management Systems (HSMS), BNPP AM believes that ISO 14001 and OHSAS 18001 are currently the best available sustainability certificates for industrial processes and BNPP AM encourages pulp producers:

- To set up and implement an EMS dealing with air, water emissions, waste management, soil and groundwater contamination and to develop a plan to have their activities ISO 14001 (or equivalent EMS certification scheme) certified within a five-years period[24];
- To set up and implement a HSMS and to develop a plan to have their activities OHSAS 18001 (or equivalent HSMS certification scheme) certified within a five-year period[25].

The table below summarises how BNPP AM assesses projects and companies' compliance against its wood pulp policy:

[23] More specifically, such indicators are listed in the Annex B "Effluents and Emissions Guidelines / Resource Use Benchmarks" of the IFC EHS Guidelines on Pulp and Paper Mills.
[24] This five-year period will start at the official publication date of this policy for companies.
[25] *Ibid*.

RBC Wood pulp status	Conditions	Source
Eligible	All mandatory requirements in SPOTT Timber & pulp ESG policy transparency assessments are met	SPOTT
Watchlist	One downstream and/or upstream mandatory requirement of SPOTT Timber & pulp ESG policy transparency assessments only partially met	SPOTT
	"Watchlist' status in BNP Paribas Group Palm Oil exclusion list	Internal
Excluded	One downstream and/or upstream mandatory requirement of SPOTT Timber & pulp ESG policy transparency assessments not met	SPOTT
	"Excluded" status in BNP Paribas Group Wood pulp exclusion list	Internal
	"High" (controversies category 4) and "Severe" (category 5) on "Land Use & Biodiversity" in Sustainalytics' Controversies Research methodology	Sustainalytics

Data sources

We rely on Sustainalytics ESG & Controversies Research, SPOTT[26], as well as companies' annual reports and third-party public information to assess companies under the Palm oil policy.

Thermal Coal

Background

We see at least three good reasons to adopt a policy aiming to reduce our exposure to coal progressively and to phase out coal by 2030 in OECD and Europe and by 2040 for the rest of the world. Coal is a major contributor to global warming. In 2023, coal combustion was responsible for 41.5% of global CO_2 emissions[27] making it the largest single source contributing to **global warming**. Coal combustion is also one of the largest sources of **air pollution**. Finally, if the Paris Agreement delivers on its climate goals, coal usage will need to be substantially reduced creating potential **stranded assets** for companies and investors. According to the Net Zero Emissions (NZE) Scenario of the International Energy Agency (IEA), global coal demand should be reduced by 70% by 2035 from 2023 levels creating "*a risk that recently commissioned coal assets fail to recover their investment*".

Scope

This policy applies to:

- Companies in the thermal coal mining sector;
- Companies in the thermal coal power generation sector;
- Companies providing dedicated services to coal value chain.

Mandatory requirements for thermal coal mining

BNPP AM does not invest in mining companies that meet any of the following criteria:

[26] Timber and pulp: ESG policy transparency assessments - SPOTT.org | SPOTT.org
[27] World Energy Outlook 2024

- are developing or planning to develop thermal coal extraction capacities (new mines or expansion of existing ones) as well as any broader industry players involved in development of new coal assets (infrastructure or value chain);
- derive more than 10% of their revenues from the mining of thermal coal;
- produce more than 10 million tonnes of thermal coal per year;
- do not have a strategy to exit from thermal coal activities by 2030 in European Union and OECD countries and by 2040 for the rest of the world.

Mandatory requirements for thermal coal electricity production

BNPP AM does not invest in all power generators that meet any of the following criteria:

- are developing new coal-fired power generation capacity;
- where total coal power generation capacity is above 10GW.

If coal represents more than 5% of total revenues, BNPP AM does not invest in any company involved in power generation that meet any of the following criteria:

- where coal is above 20% of their power production;
- where coal is above 30% of their installed capacity;
- still have coal capacity in their generation mix in 2030 in European Union and OECD countries, and in 2040 for the rest of the world.

Mandatory requirements for thermal coal-related activities

We exclude any company that derives more than 20% of its revenue from thermal coal-related activities, including products and services that support thermal coal extraction or distribution (e.g. engineering, construction, transport, etc.).

Additional evaluation criteria

BNPP AM acknowledges the importance of encouraging companies to reduce their dependence on coal mining and coal-fired power generation in order to align their activities with the Paris Agreement. Miners and power generators that fulfil any of the exclusion criteria but make credible commitments to reducing their coal-based activities to levels consistent with the Paris Agreement may be added to the Watchlist.

When considering whether to add a company to our watchlist, we will consider whether the company has:

- committed to no new coal; companies developing new coal mines or power projects cannot be placed on our watchlist;
- committed to phasing out coal (2030 for EU/OECD countries and 2040 for the rest of the world);
- a net-zero commitment by 2050 in place, supplemented by clear GHG reduction targets in the short, medium and long term;
- a downward trend in fossil fuel capacities and upward trend in renewables capacity (or non-fossil related activities for mining players); or a relative growth in renewables higher than growth in gas;
- a CapEx plan oriented towards renewables (or non-fossil related activities for mining players).

Once a company is on the watchlist, our Sustainability Centre or investment centre will engage directly with these companies on the above criteria. Companies on the watchlist are reviewed on a regular basis to assess their commitment to the goals of our policy. No exemptions will be made for companies that develop either new thermal coal mining, coal infrastructure or power capacity.

For existing captive coal power plants used for energy intensive processes such as steel, aluminium and cement plants in emerging countries, we exclude companies with more than 500MW of captive coal power plants and companies building new captive coal power plants.

Data sources

We use a number of sources to understand if companies meet the requirements of this policy, including publicly available data (including, Urgewald, TPI, companies' annual reports, Global Energy Monitor) as well as data we purchase from external data providers such as S&P Trucost, CDP and Sustainalytics.

Oil and Gas

Background

The energy sector is a significant contributor to global greenhouse gas emissions, responsible for almost three-quarters of the emissions produced since the pre-industrial age, according to the International Energy Agency. But energy is also essential to support economic and social progress as well as to help other sectors decarbonize their activities. The transition to low-carbon sources of energy is at the heart of the global response to climate change and the goal of this policy is to support oil and gas companies with their transition while screening out those that are not adapting quickly enough.

Scope

This policy applies to:

- Companies involved in unconventional oil and gas: companies that own or operate unconventional oil and gas exploration and production assets, pipelines transporting unconventional oil or gas, and/or LNG export terminals supplied with unconventional gas. Trading companies involved in unconventional oil and gas are also covered;
- Companies linked to sensitive areas as defined below.

Mandatory requirements related to the entire oil & gas sector

We only invest in energy companies that:

- Have their headquarters located in countries that are not under financial sanctions from France, the European Union, the U.S.A., or the United Nations;
- Do not use child or forced labour as defined in the International Labour Organization (ILO) Conventions[28].

We also expect companies to:

- Have a policy in place on workers' health and safety and disclose or provide their track record regarding health and safety at company level;
- Disclose or provide information at company level on their water use, waste generation, energy consumption, GHG emissions including scopes 1 & 2 (reporting on scope 3 is highly encouraged), and land reclamation strategy.

Mandatory requirements related to unconventional oil and gas activities

We only invest in energy companies that derive less than 10% of their activities in Unconventional Oil and Gas. This ratio is assessed as follows:

[28] C 138 Minimum Age Convention, 1973; C 182 Worst Forms of Child Labor Convention, 1999; C 29 Forced Labor Convention, 1930

- For pure upstream oil and gas players, on the basis of their reserves: we only invest in upstream companies having less than 10% of unconventional reserves;
- For diversified energy companies, on the basis of the Unconventional Ratio (defined as share of total revenues from their upstream activities, multiplied by the share of non-conventional reserves): we only invest in diversified Energy companies with an Unconventional Ratio below 10%;

OR

- Energy companies that generate less than 10% of their revenues from Unconventional Oil and Gas.

In addition to the above, we exclude from our investment universe trading companies for which unconventional oil and gas resources represent more than 30% of their business as well as companies that own or operate pipelines or LNG export terminals supplied with more than 30% of their volume in unconventional oil and gas.

For portfolios with significant exposure to US High Yield and directly managed US CLOs[29], we only exclude producers with less than 100kboepd of shale and tight oil & gas and more than 30% of their total production derived from shale and tight oil & gas. In line with our implementation principles, this policy element is reviewed on at least an annual basis.

We also exclude bonds issued on the primary market by oil and gas exploration and production companies. Financial instruments dedicated to positive environmental or social objectives, such as green, social or sustainability bonds, may be eligible for investment provided they meet our evaluation criteria.

Mandatory requirements related to operations in sensitive areas

We only invest in companies deriving less than 10% of their exploration and production activities from the Arctic region, with this ratio computed as follows:

- Pure oil and gas players are assessed based on their reserves in this area as a percentage of their total reserves;
- Diversified oil and gas companies are assessed based on an Arctic Ratio. This ratio is calculated as the percentage of total reserves in the Arctic multiplied by the share of total revenues from upstream activities;

OR

- Energy companies that generate less than 10% of their revenues from activities in the Arctic Region.

We do not invest in companies with oil and gas reserves in the Amazon (see Glossary below), as well as the ones actively developing related infrastructure in these areas.

Additional evaluation criteria (Transition plan assessment)

Companies that do not meet the above criteria may be added to our Watchlist, meaning they are eligible for investment subject to regular review, if they have credible climate commitments and realistic transition plans. When assessing whether to add a company to our Watchlist, we will consider whether the company has:

- Public commitment to align with a 1.5°C or net zero strategy by 2050;
- Board supervision of company's climate strategy and climate commitments;
- Intermediary GHG reduction targets (2030 at a maximum) if possible, a) in absolute value and b) addressing Scope 1, 2 & 3 emissions aligned with NZE pathway;
- GHG emissions measured and reported annually;
- Consistent CapEx program to support the company's transition strategy towards a low carbon business model.

[29] This follows a corporate transaction and will be applicable from January 2027.

Engagement criteria

Where the above expectations are not met, these topics can inform the engagements we may undertake with oil and gas companies to encourage them to establish and strengthen long term plans and targets towards sustainable and low carbon business models. We will also use the below criteria to inform the engagements we may undertake with Energy companies.

General criteria:

- the company has public policies and targets on key environmental, social and governance issues and discloses its related performance;
- if the company is subject to regular and repeated criticism or controversies about its environmental, social, security (including the use of security forces), or governance performance on material issues, the actions taken by the company to address such issues.

Health, Safety, Security and Environment criteria:

- the company is involved in research or multi-stakeholders' efforts (such as OGCI) to monitor and address key environmental and social issues;
- the company has a convincing environmental, social, health and safety track record;
- the company has a flaring and venting policy in place;
- the company considers biodiversity issues when developing projects;
- the company's oil and gas activities (existing operations or new projects) are in line with the IFC Performance Standards and the applicable World Bank Group Environmental, Health, and Safety Guidelines (both General and Industry Sector EHS Guidelines).

Human rights and governance criteria:

- The company has committed to respect human rights in the way it conducts business;
- The company has implemented a stakeholder engagement plan, which includes a consultation process for communities affected by the development of new oil and gas projects;
- The company has a grievance mechanism in place through which stakeholders' concerns can be raised and addressed;
- The company discloses payments made to host governments (such as royalties, taxes and profit sharing);
- The company has a policy in place to support the sustainable development of local communities.

Data sources

We rely on a number of sources to understand if companies meet the requirements of this policy, including publicly available data (e.g. Urgewald, companies' annual reports) as well as data we purchase from external data providers such as Wood MacKenzie, S&P Trucost and Sustainalytics.

Nuclear Power Generation

Background

BNPP AM, as a financial institution, may provide financial products and services to governmental entities supporting and / or to companies developing civil nuclear power. BNPP AM considers that it is essential - both for the countries under consideration and for the international community as a whole - that any country undertaking a nuclear power program or developing additional nuclear power plants is not only willing but also capable of meeting essential requirements regarding safety, security, non-proliferation, protection of populations and of the environment for future generations.

BNPP AM has defined the present sector policy to identify specific requirements to select companies that take into account the above-mentioned considerations.

This policy may evolve over time. BNPP AM will especially consider and take into account studies and policies regarding best practices for nuclear plants for electricity generation and may update this document based on new information and parallel initiatives.

Scope

These guidelines apply to companies involved in a Nuclear Power Plant (NPP) as owner or operator of the nuclear island, and to companies involved in the nuclear fuel cycle (defined as uranium enrichment, fuel fabrication, used fuel recycling and/or storage and disposal of nuclear waste).

BNPP AM expects Nuclear Companies to comply with existing local laws and licensing arrangements as well as with international conventions ratified by their operating countries. In addition to compliance with these regulations, these guidelines set additional criteria to be respected by Nuclear Companies.

Companies involved in a Nuclear Power Plant (NPP)

Mandatory Requirements

The Nuclear Company only owns or operates NPPs whose nuclear reactors have a design which is similar to reactors operated in a Reference Nuclear Country or which has been validated by the NSA of a Reference Nuclear Country. The Nuclear Company has a global policy ensuring radiation monitoring (both on site and around the site) and the protection of workers. There is an independent chain of control to monitor the safety of the nuclear operations.

The following requirements have to be applied to the incorporation country of the Nuclear Company and of its parent company:

(i) Proper legal framework:

- An official approval by the government and the supervising bodies of the civil nuclear power sector has been obtained for the NPP project;
- Protection of workers is required in the regulatory framework;
- Existence of a plan for the development of long-term solutions for the management of high and intermediate level nuclear waste;
- Existence of a plan for the dismantling of NPPs.

(ii) International cooperation:

- Host country is signatory to the Non-Proliferation Treaty (or an equivalent bi-lateral agreement on nuclear energy safety and proliferation with a Reference Nuclear Country);
- The last available Comprehensive Safeguards Agreement Report by the IAEA doesn't mention any specific issues or any lack of information that would hinder the monitoring of the nuclear facilities of the host country;
- The NPPs of the host country dedicated to producing electricity are used for peaceful purposes[4];
- Participation in the IAEA Incident Reporting System (IRS) (in case of a country with no prior nuclear facility, this participation is planned before the commissioning of the first NPP in such new entrant country).

(iii) Nuclear Safety Agency:

- Existence of a Nuclear Safety Agency (NSA) or an equivalent state agency that covers at least the control of Nuclear Power Plants throughout its life cycle;
- The NSA has the statutory power to run inspections that can lead to sanctions.

(iv) Political stability and country security:

- Host country offers a satisfactory level of stability allowing visibility over a safe and long-term operation of the NPP. This level of stability and security is assessed against the following criteria:
- Host country is not subject to international sanctions;
- NPP project is not located in a conflict zone[5];
- Existence of national and/or local prevention and emergency plans adapted to the geographical specifics, including external hazards (such as flooding or earthquake risks).

Additional evaluation criteria

In addition to the above mandatory requirements, BNPP AM will consider further evaluation criteria to assess the standards of Nuclear Companies against those of the main Nuclear Companies of a Reference Nuclear Country (for those involved in a NPP). The objective of these criteria is to evaluate the capacity of the Nuclear Company to effectively monitor and mitigate environmental and social impacts.

Companies involved in the Nuclear Fuel Cycle

Mandatory Requirements

The mandatory requirements detailed above for NPPs have to be applied to the incorporation country of the Nuclear Company and of its parent company.

Operating licenses of the Nuclear Company are not suspended in the host country, nor in any Reference Nuclear Country.

There is an independent chain of control to monitor the safety of the nuclear operations.

The Nuclear Company has put in place policies and procedures to prevent and limit any radiation emission.

Additional evaluation criteria

In addition to the above mandatory requirements, BNPP AM will consider further evaluation criteria to assess the standards of Nuclear Companies against those of the main Nuclear Companies of a Reference Nuclear Country (for those involved in the nuclear fuel cycle). The objective of these criteria is to evaluate the capacity of the Nuclear Company to effectively monitor and mitigate environmental and social impacts.

BNPP AM will therefore evaluate their long-term financial strength as well as their experience (including the experience of their top management) and track record regarding safety, security and environment. BNPP AM will also evaluate the thoroughness of their subcontractor selection process, their transparency, as well as their cooperation with peers, supervisory bodies (in particular those from Reference Nuclear Countries), and international research programs.

Data source

We directly rely on information provided by BNP Paribas Group as part of its Nuclear energy sector policy[30].

Excluded Weapons

Background

BNPP AM recognises that sovereignty and security are essential to the protection of democracies and their citizens. As a leading asset manager, we are sensitive to the position of the Council of the European Union of 27 May 2024,

[30] Group positions and sector policies | BNP Paribas

which considers that the European Union must increase its defence preparedness and strengthen its sovereignty, in particular by ensuring the availability of defence goods and strengthening the defence industrial and technological base of its Member States. Defence and security companies, large companies, mid-caps and SMEs provide local employment and nourish a vast economic ecosystem, from research and development to the services associated with the implementation of the equipment produced. However, the nature of defence goods exposes companies to certain risks that have long been identified by the international community and recalled in the European Union's Common Position 944/2008. In order to reconcile the control of these risks with respect for the right to self-defence of States, the international community has established various instruments designed to regulate the arms trade, eliminate categories of weapons incompatible with international humanitarian law and prevent the proliferation of weapons of mass destruction.

Certain weapons, namely cluster munitions, antipersonnel mines, chemical and biological weapons and nuclear weapons are regulated by international conventions[31]. The potential for the irresponsible end-use of military, security or police equipment is an important issue in the defence sector. We also recognise that international trade in weapons is particularly exposed to the risk of corruption and money laundering.

Scope

At the date of publication of this Policy, BNPP AM excludes the following weapons:

- Anti-personnel mines: the Ottawa Convention, which took effect in March 1999, bans the use of antipersonnel mines;
- Cluster munitions: the Convention on Cluster Munitions (Oslo Convention) adopted in 2008 prohibits the use, stockpiling, production and transfer of cluster munitions;
- Nuclear weapons: the Nuclear Non-proliferation Treaty (NPT) of 1968, which took effect in 1970, aims at inhibiting the proliferation of nuclear weapons[32];
- Biological and chemical weapons: the Biological and Toxin Weapons Convention (BTWC) of 1972 and the Chemical Weapons Convention (CWC) of 1993 outlaw biological and chemical weapons;
- Non-detectable fragment weapons and blinding laser weapons: the Convention on Certain Conventional Weapons (CCW) of 1980 prohibits the use of non-detectable fragment weapons (Protocol I which took effect in 1983) and blinding laser weapons (Protocol IV which took effect in 1998).

Due to the varying definitions of prohibited weapons across the different jurisdictions in which we operate, and our clients are based in, and changing norms and interpretations of international protocols, we may exclude additional weapons.[33]

Mandatory requirements

BNPP AM does not invest in companies involved in the manufacture, trade or storage of weapons described in this policy, or any other activity involving these weapons. BNPP AM applies a 0% revenue threshold for involvement in the weapons described in this policy.

BNPP AM considers that a company is involved in the weapons described in this policy when the company:

- Produces, trades, or stores them or components that are specifically designed for these weapons (dedicated components) and which represent a critical component required for the functioning of the weapon (key component) and /or;

[31] Considering the regulatory nature of these international conventions on cluster munitions, antipersonnel landmines, chemical and biological weapons, and certain nuclear weapons where countries have not signed the Non-Proliferation Treaty, those weapons are excluded across all portfolios, unless prohibited by local regulations.
[32] BNPP AM makes an exception for government controlled nuclear weapon programs in NATO countries that are authorised to possess nuclear weapons under the Nuclear Non-Proliferation Treaty.
[33] For example, in addition to the excluded weapons listed above, we also exclude depleted uranium and white phosphorus.

- Provides assistance, technologies or services dedicated to these weapons.

Furthermore, BNPP AM does not invest in companies involved in the following types of equipment and activity:

- Companies which have been identified by France, the EU, the United States, or the UN Security Council, as having deliberately participated in the violation of embargos on arms and internal repression equipment imposed by these authorities.

Engagement criteria

In addition to the above, if engaging with companies, we will discuss with them whether they produce, sell or buy equipment on the EU list of goods which have no practical use other than for the purpose of "capital punishment, torture or other cruel, inhuman or degrading treatment or punishment".[34]

Data sources

BNPP AM main relies on ISS ESG as its primary source for assessing company involvement in excluded weapons.

Mining

Background

The mining sector provides mineral resources which are essential inputs to most sectors of the economy. World population growth, combined with the expectations of developing countries populations for higher levels of infrastructures, services and goods comparable to those enjoyed by the populations of most developed countries, are two factors that contribute to the increasing demand for mineral resources, while available mineral reserves get progressively scarcer and more difficult to access.

The mining sector also represents a significant share of national revenue in a wide range of countries and the responsible development of the mining industry is absolutely crucial in terms of revenue generation, employment and infrastructure development.

These considerations should however be balanced against the specific environmental, social, and governance risks associated to the mining industry. These cover water use and quality (especially in areas subject to water scarcity), waste generation, local air pollution and greenhouse gases emissions, land use and impacts on biodiversity, human rights impacts (land reclamation, working conditions, local communities' health and safety, population influx, physical or economic resettlement, impacts on indigenous people's livelihood and cultural identity), as well as governance (revenue transparency, environmental and social policies) and benefit sharing issues such as local job creation and contribution to local economic and social development.

Scope

This policy applies to companies, groups or joint ventures owning mining assets and which are involved in exploration, development or operation of such mining assets.

Mandatory requirements

BNPP AM does not invest in companies that:

- Have their headquarters located in countries under financial sanctions from France, the European Union or the USA, or the UN;

[34] Commission Implementing Regulation (EU) No 775/2014 of 16 July 2014 amending Council Regulation (EC) No 1236/2005 concerning trade in certain goods which could be used for capital punishment, torture or other cruel, inhuman or degrading treatment or punishment: Implementing regulation - 775/2014 - EN - EUR-Lex

- Use child or forced labour as defined in the ILO Conventions[35];
- Cannot provide a track record regarding health and safety at company level;
- Cannot disclose or provide on demand information at company level on their performance related to water use, waste and GHG emissions as well as strategies regarding land reclamation.

We will implement BNP Paribas Group's exclusion list related to companies involved in asbestos extraction and Mountain Top Removal (MTR). Please see the Coal section of this document for additional requirements related to thermal coal mining.

Data source

We directly rely on information provided by BNP Paribas Group as part of its Mining sector policy[36].

Tobacco

Background

Some 180 countries have signed the World Health Organisation's Framework Convention on Tobacco Control, which aims to cut consumption by 30% by 2025 through new regulations and tax increases that will make tobacco less affordable. In September 2017, the UN Global Compact – a cornerstone of our responsible investment policy – officially announced its decision to exclude producers and/or manufacturers of tobacco. Worth noting is that this decision was made in direct support of the UN's Sustainable Development Goal number 3 – 'Ensure healthy lives and promote well-being for all at all ages'. Given our accountability as an asset manager for financing companies having a severe public health impact, BNPP AM decided in late 2017 to exit the tobacco sector. Tobacco was already excluded from all our funds integrating ESG criteria, but we consider that it is now crucial to divest from tobacco manufacturers in all our mainstream investments. This decision is aligned with BNP Paribas Group's decision to cease financing and investment activities related to tobacco companies.

Scope

This policy applies to:

- Agricultural companies active in the cultivation of tobacco;
- Companies manufacturing & distributing tobacco products, including the manufacture of cigarettes, cigars, tobacco for pipes and snuff, smokeless tobacco products and e-liquid / complete e-cigarettes as well as companies that distribute their own label tobacco products.

Mandatory requirements

BNPP AM does not invest in companies that:

- Derive more than 0% of their revenues from activities related to the production of tobacco;
- Derive 30% or more of their revenues from tobacco-related products or the retailing of these products.

Data source

We rely on Sustainalytics product involvement datasets for the Tobacco policy.

[35] C138 Minimum Age Convention, 1973; C182 Worst Forms of Child Labour Convention,1999; C29 Forced Labour Convention, 1930.
[36] Group positions and sector policies | BNP Paribas

6. Policy Revision History

Date	Revision
2026	• Update as part of the integration of AXA Investment Managers (AXA IM) & BNP Paribas Real Estate Investment Mangers (REIM) into BNPP AM • Update to Thermal Coal Policy • Update to Agriculture Policy • Update to Wood Pulp Policy • Update to Palm Oil Policy • Update to Excluded Weapons Policy • Update to Oil and Gas Policy • Update to Tobacco Policy
2025	• Update to Oil and Gas Policy • Update to Coal Policy • Update to Scope (regarding acquisitions and mergers) • Update to Excluded Weapons policy
2024	• Update of Scope and Implementation Principles sections • Update to Coal Policy • Update to Oil and Gas Policy
2023	• Update to Oil and Gas Policy • Update to Controversial Weapons Policy • Clarification of mandatory and engagement criteria within sector policies • Update to Oil and Gas Policy • Update to Tobacco Policy exclusion thresholds
2022	• Clarification of Scope and Implementation Principles sections • Update to Coal Policy
2021	• Update to Coal Policy • Update to section 2 (regarding affiliate entities)
2020	• Update to Coal Policy • Update to Unconventional Oil and Gas Policy • Update to section 3 regarding short selling • Addition of Unconventional Oil and Gas Policy (to replace Oil Sands Policy) • Addition of Policy Revision History table

7. Glossary

Agriculture

The following definitions apply in the Agriculture policy:

- **Agricultural value chain:** See guidance in Planet Tracker's Financial Markets Roadmap for Transforming the Global Food System: Financial-Markets-Roadmap-Executive-Summary.pdf
- **Agri-methane emissions**: See guidance in Planet Tracker's Financial Markets Roadmap for Transforming the Global Food System: Financial-Markets-Roadmap-Executive-Summary.pdf
- **Alternative proteins**: See guidance in Planet Tracker's Financial Markets Roadmap for Transforming the Global Food System: Financial-Markets-Roadmap-Executive-Summary.pdf
- **Food loss and waste**: See TNFD sector guidance – Food and agriculture Additional-Sector-Guidance-Food-and-Agri.pdf
- **Highly Hazardous Pesticides**: Pesticides that present particularly high levels of acute or chronic hazards to health or environment. ShareAction recommends using the PAN List PAN International List of highly hazardous Pesticides (HHPs) March 2021 (pan-uk.org), which is used based ChemSec Product Portfolio (chemsec.org)
- **Pesticides manufacturers and distributors**: Companies deriving any revenues from manufacturing or distribution of insecticides, fungicides, herbicides or nematicides.
- **Regenerative farming practices**: See TNFD sector guidance – Food and agriculture Additional-Sector-Guidance-Food-and-Agri.pdf

Palm Oil

The following definitions apply in the Palm Oil policy:

- **ASEAN Policy on Zero Burning**: In response to the land and forest fires that affected the ASEAN region in 1997/98, the ASEAN Environment Ministers agreed to adopt the policy on zero burning at the 6th ASEAN Ministerial Meeting on Haze in April 1999, and to promote its application by plantations in the region. Guidelines for the implementation of this policy have been developed to provide advice to plantation owners, managers, supervisory staff and contractors on the application of the zero-burning technique for oil palm plantations development.
- **Free, Prior and Informed Consent (FPIC):** The principle that a community has the right to give or withhold its consent to proposed projects that may affect the lands they customarily own, occupy or otherwise use[37].

According to the RSPO Principles & Criteria 7.5: "No new plantings are established on local peoples' land where it can be demonstrated that there are legal, customary or user rights, without their free, prior and informed consent. This is dealt with through a documented system that enables these and other stakeholders to express their views through their own representative institutions".

- **Greenhouse gas (GHG) emissions**: In the palm oil sector, GHG emissions are mainly the result of:
    - Land use change (deforestation, peatlands drainage, vegetation burning), and the use of fossil fuels in palm oil mills, leading to emissions of carbon dioxide (CO_2);
    - Production, transport and application of artificial fertilisers, leading to emissions of CO_2 and nitrous oxide (N_2O);
    - Anaerobic decomposition of organic material in palm oil mill effluents, leading to emissions of methane (CH_4).

[37] Free, Prior and Informed Consent (FPIC) - Forest Peoples Programme

- **High Carbon Stock (HCS) Forests**: Initial work on the HCS methodology started in 2011 through multi-stakeholder field-based research in Indonesia and Africa, with the objective to identify land that is forest and should be conserved, and land that is degraded and can be developed. HCS forests are those identified as High, Medium, Low Density and Young Regenerating Forests under the following vegetation strata characteristics:
    - High Density Forest: Remnant forest of advanced secondary forest close to primary condition;
    - Medium Density Forest: Remnant forest but more disturbed than High Density Forest;
    - Low Density Forest: Appears to be remnant forest but is highly disturbed and recovering;
    - Young Regenerating Forest: Mostly young regrowth forest but with occasional patches of older forest;
    - Scrub: Recently cleared areas with some woody regrowth and grass-like ground cover;
    - Cleared/Open Land: Very recently cleared land with mostly grass or crops and few non-crop woody plants;
    - Scrub and Cleared/Open Land areas may be developed.

Following 12 months of discussions, in November 2016 the two different HCS methodologies that had been developed in parallel have been merged into the High Carbon Stock Approach (HSCA).

- **High Conservation Value (HCV) areas**: The areas necessary to maintain or enhance one or more High Conservation Values defined as follows[38]:
    - Concentrations of biological diversity including endemic species, and rare, threatened or endangered species, that are significant at global, regional or national levels (e.g. the presence of several globally threatened bird species);
    - Large landscape-level ecosystems and ecosystem mosaics that are significant at global, regional or national levels and that contain viable populations of the great majority of the naturally occurring species in natural patterns of distribution and abundance. (e.g. a large tract of Mesoamerican flooded grasslands and gallery forests with healthy populations of Hyacinth Macaw, Jaguar, Maned Wolf, and Giant Otter, as well as most smaller species);
    - Rare, threatened, or endangered ecosystems, habitats or refugia (e.g. patches of a regionally rare type of freshwater swamp); Basic ecosystem services in critical situations, including protection of water catchments and control of erosion of vulnerable soils and slopes (e.g. forest on steep slopes with avalanche risk above a town);
    - Sites and resources fundamental for satisfying the basic necessities of local communities or indigenous peoples (for livelihoods, health, nutrition, water, etc.), identified through engagement with these communities or indigenous peoples (e.g. key hunting areas for communities living at subsistence level);
    - Sites, resources, habitats and landscapes of global or national cultural, archaeological or historical significance, and/or of critical cultural, ecological, economic or religious/sacred importance for the traditional cultures of local communities or indigenous peoples, identified through engagement with these local communities or indigenous peoples (e.g. sacred burial grounds within a forest management area or new agricultural plantation).
- **Key Biodiversity Area**: KBAs incorporate information from the IUCN Red List of Threatened Species, BirdLife International's Important Bird Areas, Plantlife International's Important Plant Areas, IUCN's Important Sites for Freshwater Biodiversity, and sites identified by the Alliance for Zero Extinction. KBAs are identified at the national, sub-national or regional level by local stakeholders using the two globally standard criteria of vulnerability and irreplaceability, and therefore must contain:
    - One or more globally threatened species;
    - One or more endemic species which are globally restricted to the site or surrounding region;
    - Significant concentrations of a species (e.g. important migratory stops, nesting sites, nurseries or breeding areas); and/or
    - Globally significant examples of unique habitat types and species assemblages.

[38] HCV Resource Network: HCV Approach | HCV Network

For more information, please see: http://www.biodiversitya-z.org/content/key-biodiversity-areas-kba

- **Local communities**: People living in or near a site intended to be converted into a palm oil plantation, and who can be adversely affected by such a development.
- **Paraquat**: The trade name for one of the most widely used herbicides. It is quick-acting and non-selective, killing green plant tissue on contact. It is toxic to animals and human beings, and linked to development of Parkinson's disease. In the United States, paraquat is classified as "restricted use", which means that it can be used by licensed applicators only. In the European Union, paraquat has been forbidden since 2007.
- **Palm oil mill / palm oil mill effluent**: A palm oil mill processes fresh fruit bunches coming from oil palm plantations and produces crude palm oil (CPO). The CPO is usually then sold to traders or refiners (i.e. downstream palm oil companies) for further processing. Palm Oil Mill Effluent (POME) is the liquid waste resulting from the CPO production process, highly acidic and with high biological and chemical oxygen demand.
- **Peatland**: A soil that contains at least 65% organic material, is at least 50 cm in depth, covers an area of at least 1 ha, and is acidic in nature (Driessen, 1978; Wösten & Ritzema, 2001).
- **Rotterdam Convention:** The Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade is a multilateral treaty to promote shared responsibilities in relation to importation of hazardous chemicals, signed in 1998 and effective in 2004. The convention promotes open exchange of information and calls on exporters of hazardous chemicals to use proper labelling, include directions on safe handling, and inform purchasers of any known restrictions or bans. Signatory nations can decide whether to allow or ban the importation of chemicals listed in the treaty (http://www.pic.int/TheConvention/Chemicals/AnnexIIIChemicals/tabid/1132/language/en-US/Default.aspx), and exporting countries are obliged to make sure that producers within their jurisdiction comply.
- **RSPO Principles and Criteria (2024)**: The RSPO Principles and Criteria for Sustainable Palm Oil Production are the standard against which palm oil producers can be certified. https://rspo.org/wp-content/uploads/2024-RSPO-Principles-and-Criteria-Version-4.2_Booklet_13052026.pdf
- **Stockholm Convention**: The Stockholm Convention on Persistent Organic Pollutants is an international environmental treaty, signed in 2001 and effective from May 2004, that aims to eliminate or restrict the production and use of persistent organic pollutants (POPs)[39].
- **UNESCO World Heritage Sites**: Designated cultural and natural heritage areas around the world that are considered to be of outstanding value to humanity and which are listed under the World Heritage Convention (http://whc.unesco.org/en/list).
- **Wetlands on the Ramsar list**: These wetlands are defined as "Sites containing representative, rare or unique wetland types" or "Sites of international importance for conserving biological diversity" listed in the Convention on Wetlands adopted in Ramsar, Iran in 1971 (http://www.ramsar.org/).
- WHO Class Ia or Ib pesticides correspond to the pesticides that pose the greatest risks to human health according to the World Health Organisation's Recommended Classification of Pesticides by Hazard (The WHO Recommended Classification of Pesticides by Hazard and guidelines to classification, 2019 edition), Ia being "extremely hazardous" and Ib being "highly hazardous".

Wood Pulp

The following definitions apply in the Wood Pulp policy:

- **AOX**: Absorbable Organic halogen is a group of halogenated organic substances that are able to absorb onto activated carbon.
- **ASEAN no burn policy**: In response to the land and forest fires that affected the ASEAN region in 1997/98, the ASEAN Environment Ministers agreed to adopt the policy on zero burning at the 6th ASEAN Ministerial Meeting on Haze in April 1999, and to promote its application by plantations in the region. The guidelines for the

[39] The list of such substances can be found below: Listing of POPs in the Stockholm Convention

implementation of this policy have been developed to provide advice to plantation owners, managers, supervisory staff and contractors on the application of the zero burning technique for development of oil palm plantations40.

- **BOD**: Biological Oxygen Demand measures the amount of dissolved oxygen needed by aerobic biological organisms in a body of water to break down organic material.
- **COD**: Chemical Oxygen Demand measures the amount of organic compounds in water.
- **ECF**: Elementary Chlorine Free is the process for bleaching the pulp. It allows obtaining concentrations of dioxins and furans in the effluents that are under the detection limits.
- **EMS**: Environmental Management System. It can be recognised by an ISO 14 001 certification or equivalent.
- **FSC Principles and Criteria**: established in 1993 (as reported in the Sustainable Forest Finance Toolkit of the WBCSD), FSC is a system of national and regional standards consistent with 10 principles of SFM that cover the following issues:
    1. Compliance with laws and FSC principles
    2. Tenure and use rights and responsibilities
    3. Indigenous people's rights
    4. Community relations and workers' rights
    5. Benefits from the forests
    6. Environmental impact
    7. Management plans
    8. Monitoring and assessment
    9. Special sites – high conservation value forests (HCVF)
    10. Plantations

  These principles were developed by a global partnership of stakeholders convened by FSC. The principles apply to all tropical, temperate and boreal forests and are to be considered as a whole. All national and regional standards are derived in-country from the 10 principles. The principles are expected to be used in conjunction with national and international laws and regulations, and in compatibility with international principles and criteria relevant at the national and sub-national level (FSC Policy and Standards; principles and criteria of forest stewardship) (FSC, 1996). There is variation in regional standards and in interim standards adopted by auditing bodies.
- **High Conservation Value Forests (HCVF):** are defined as follows (from the Forest Stewardship Council, reported in the Sustainable Forest Finance Toolkit of the WBCSD[41]):
    a) Forest areas containing globally, regionally or nationally significant concentrations of biodiversity values (e.g. endemism, endangered species);
    b) Forest areas containing globally, regionally or nationally significant large landscape level forests, contained within, or containing the management unit, where viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance;
    c) Forest areas that are in or contain rare, threatened or endangered ecosystems;
    d) Forest areas that provide basic services of nature in critical situations (e.g. watershed protection, erosion control);
    e) Forest areas fundamental to meeting basic needs of local communities (e.g. subsistence, health);
    f) Forest areas critical to local communities' traditional cultural identity (areas of cultural, ecological, economic or religious significance identified in cooperation with such local communities).
- **H&S:** Health and Safety Management System. It can be recognised by an OHSAS 18 001 certification or equivalent.
- **Local community:** broad group of people living in or near a forest or plantation, with significant level of dependence on it. The term includes forest dwellers, indigenous forest-adjacent populations and recent immigrants. (Source: IFC Operational Policy on Forestry).

[40] A global partnership to make palm oil sustainable - Roundtable on Sustainable Palm Oil (RSPO)
[41] PwC-WBCSD Sustainable Forest Finance Toolkit - FINAL_161109.ppt

- **Peatlands:** Wetland in which substantial peat accumulation--at least one foot (30 cm)--has taken place42. The peatland substrate is an organic structure built by biological activity. Peatlands are valuable for the various and crucial ecosystem services they provide. These functions and values include biodiversity maintenance, carbon and water storage, solute detention and water regulation and quality.
    a) Firstly, undrained peatlands are unique natural resources forming distinct ecosystems of great biodiversity importance for the maintenance of genetic, species and habitat levels.
    b) Peatlands are also water catchments. They modify water quality and quantity, act as sinks for some substances, produce others, and influence the temporal pattern of water supply to rivers and lakes. The role of peatlands in water regulation depends on maintaining the integrity of their unique hydrology that is independent of but linked to that of adjacent wetlands and the wider landscape.
    c) Finally, peatlands have been major global carbon stores for millennia. Peatlands also emit CO2 and CH4, the amounts being influenced by temperature and water level, both of which are likely to be affected by removal of vegetation, drainage and future climate change. Agriculture on drained peatlands leads to substantial emissions of carbon dioxide and nitrous oxide (N2O)[43].
- **PEFC Principles and Criteria:** Established in 1999 (as reported in the Sustainable Forest Finance Toolkit of the WBCSD), PEFC is a mutual recognition mechanism for national and regional certification systems. Endorsed certification systems are to be consistent with internationally agreed environmental, social and economic requirements such as the Pan-European Operational Level Guidelines (PEOLG), the African Timber Organisation (ATO) and International Tropical Timber Organisation's (ITTO) Guidelines, as well as intergovernmental processes on criteria and indicators for SFM. The elements of SFM covered by these requirements may vary to fit the circumstances of the areas for which they were developed. For instance, the Pan-European Operational Level Guidelines cover the following:
    a) Maintenance and enhancements of forest resources and their contribution to global carbon cycles
    b) Maintenance and enhancement of forest ecosystem health and vitality
    c) Maintenance of productive functions of forests
    d) Maintenance, conservation and enhancement of biodiversity
    e) Maintenance and enhancement of protective functions in forest management
    f) Maintenance of socioeconomic functions and conditions
- Endorsed certification systems are expected to be consistent with international agreements such as ILO core conventions, as well as conventions relevant to forest management and ratified by the countries such as the Convention on Biological Diversity (CBD), CITES and others. There is variation among member certification standards, with some standards exceeding PEFC requirements (PEFC, 2006A).
- **pH:** In chemistry, pH is a measure of the acidity or basicity of an aqueous solution.
- **Ramsar sites:** "Sites containing representative, rare or unique wetland types" and "Sites of international importance for conserving biological diversity" listed in the Convention on Wetlands adopted in Ramsar, Iran in 1971 (Ramsar convention).
- **TCF:** Totally Chlorine Free process for bleaching the pulp replace totally the chlorine by an oxygen bleaching process.
- **Total N:** Total quantity of Nitrogen.
- **Total P:** Total quantity of Phosphor.
- **TSS:** Total Suspended Solids is a water quality measurement, measuring the non-filterable solids concentration in the water.
- **UNESCO World Heritage areas:** Designated cultural and natural heritage areas around the world that are considered of outstanding value to humanity and which are listed under the World Heritage Convention[44].

[42] Charman, D. 2002. Peatlands and environmental change. J. Wiley & Sons, London & New York, p. 301.
[43] Sources: Assessment on Peatlands, Biodiversity and Climate change, UNEP-GEF 2007, Strategy for responsible peatland management, IPS 2010.
[44] UNESCO World Heritage Centre - World Heritage List

Oil & Gas

- **Energy companies:** all companies active in the upstream oil and gas sector, whatever the share of oil and gas produced.
- **Unconventional oil and gas resources:** encompasses shale oil or gas, oil sands as well as extra-heavy oil with a density above 1kg/L corresponding to an API gravity below 10° and coal bed methane.
- **Arctic region**: BNPP AM is extending its definition of the Arctic and adopts the Arctic Monitoring and Assessment Program (AMAP[45]) definition, which is the broadest. An exception is made for Norwegian operated areas based on the fact that Norway has developed the most constraining environmental and operational laws, regulations and monitoring processes in the world.
- **Amazon region:** the Amazon River basin region extends to territories belonging to Brazil, Ecuador, Bolivia, Colombia, Guyana, Venezuela and Peru. The area known as the Sacred Headwaters of the Amazon covers parts of Ecuador and Peru and is formed by the Napo, Pastaza and Marañón river basins. As part of this policy, restrictions will be applied to all protected Category I to IV regions of the classification established by the IUCN (International Union for Conservation of Nature), sites included on the list maintained by the RAMSAR Convention (Convention on Wetlands), sites in the Amazon region classified as World Heritage, sites linked to the Alliance for Zero Extinction (AZE) and the Sacred Headwaters of the Amazon.

Nuclear Power Generation

The following definitions apply in the Nuclear Power Generation policy:

- **Comprehensive Safeguards Agreements**: “Safeguards are activities by which the IAEA can verify that a State is living up to its international commitments not to use nuclear programs for nuclear-weapons purposes” (Extract from IAEA FAQ). Comprehensive Safeguards Agreements are set between countries and the IAEA to enable the latter to pursue various such verifications.
- **IAEA**: International Atomic Energy Agency. The IAEA is the United Nations’ centre of cooperation in the nuclear field. It was set up in 1957 and works with its Member States and multiple partners worldwide to promote safe, secure and peaceful nuclear technologies.
- **INES Scale**: International Nuclear and Radiological Event Scale. It is a tool for communicating to the public in a consistent way, the safety significance of nuclear and radiological events (including events from industrial and medical use of radiation sources, operations at nuclear facilities and transport of radioactive material).
  Events are classified on the scale at 7 levels:
  a) Levels 1–3 are called "incidents";
  b) Levels 4–7 are called "accidents".
  The scale is designed so that the severity of an event is about ten times greater for each increase in level on the scale. Events without safety significance are called “deviations” and are classified Below Scale / Level 0.
- **IRS**: Incident Reporting System. IRS is a joint initiative of IAEA and NEA (OECD Nuclear Energy Agency). This worldwide system collects and analyses information provided by operators. Its ultimate objective is to enhance the safety of NPPs by reducing the frequency and severity of safety significant unusual events at NPPs worldwide.
- **MNEs**: Multinational Enterprises.
- **OECD**: Organisation for Economic Cooperation and Development. High income OECD countries are those with a Gross National Income (GNI) per capita of $12,196 or more, based on the World Bank Atlas method.
- **NPP**: Nuclear Power Plant. Power plant based on nuclear fission designed and operated for the production of electricity.

[45] The Arctic Monitoring and Assessment Program (“**AMAP**”) is the working group of the Arctic Council [intergovernmental forum including 8 Arctic States (Canada, Denmark, Finland, Iceland, Norway, Russia, Sweden, US) and indigenous peoples’ organizations (Inuit, Aleut, Sami and a few others).

- **NPT**: Non-proliferation treaty. The NPT is an international treaty whose objective is to prevent the spread of nuclear weapons and weapons technology, to promote co-operation in the peaceful uses of nuclear energy and to help in achieving nuclear disarmament and general and complete disarmament.
- **NSA**: Nuclear Safety Agency. The NSA is a generic term for the administrative authority in charge of ensuring nuclear control and safety. It regulates nuclear safety and radiation protection in order to protect workers, patients, the public and the environment. It also contributes to informing the citizens.
- **Nuclear fuel cycle**: for the purpose of this policy, the nuclear fuel cycle comprises the following activities: uranium enrichment, fuel fabrication, used fuel recycling and/or storage and disposal of nuclear waste.
- **Reference Nuclear Country**: Defined as any country having demonstrated a high level of nuclear safety and reliability in the operation of a large NPP fleet. BNPP AM defines Reference Nuclear Countries as high income OECD countries with top tier experience in operating NPPs (measured in reactor-years) and no nuclear accidents – as defined by the level 4 and above of the INES scale – recorded on a NPP during the last five years.

Excluded Weapons

- **Anti-personnel mines**: A mine that is designed to be exploded by the presence, proximity or contact of a person and that will incapacitate, injure or kill one or more persons (definition from Ottawa Convention, 1997).
- **Biological weapons**: Are defined in line with the multilateral Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on their destruction (1972):
    a) Microbial or other biological agents, or toxins whatever their origin or method of production, of types and in quantities that have no justification for prophylactic, protective or other peaceful purposes;
    b) Weapons, equipment or means of delivery designed to use such agents or toxins for hostile purposes or in armed conflict.
- **Chemical weapons**: are defined in line with the multilateral Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction (1993):
    a) Toxic chemicals and their precursors, except where intended for purposes not prohibited under this Convention, as long as the types and quantities are consistent with such purposes;
    b) Munitions and devices, specifically designed to cause death or other harm through the toxic properties of those toxic chemicals specified in subparagraph (a), which would be released as a result of the employment of such munitions and devices;
    c) Any equipment specifically designed for use directly in connection with the employment of munitions and devices specified in subparagraph (b).
- **Cluster munitions**: A conventional munition that is designed to disperse or release explosive submunitions each weighing less than 20 kilograms, and includes those explosive submunitions (definition from the Convention on Cluster Munitions, 2008).
- **Controversial weapons**: The term "controversial weapons" has been used since the 2000s by various stakeholders to describe weapons whose use could lead to debate due to the heterogeneity of national legislative frameworks and the absence or inadequacy of international arms control instruments. More recently, "controversial weapons" are defined by Delegated Regulation 2022/1288 of 6 April 2022 supplementing Regulation 2019/2088 as "anti-personnel mines, cluster munitions, chemical weapons or biological weapons". Since "controversial weapons" is a dynamic concept likely to change over time, BNP Paribas Group uses the term "excluded weapons".
- **Military equipment**: All equipment covered by EU Council Common Position 2008/944/CFSP defining common rules governing the control of exports of military technology and equipment as indicated on the most recent Common Military List of the European Union.
- **Nuclear weapons**: A device that is capable of releasing nuclear energy in an uncontrolled manner and which has a group of characteristics that are appropriate for use for warlike purposes (definition from Treaty for the Prohibition of Nuclear Weapons in Latin America and the Caribbean, 1967).
- **Security and Police equipment**: Security and police equipment are the goods and services – including weapons, technology, or training - that enable security and police forces to function. This includes small arms and light

weapons, ammunition, riot control equipment, police vehicles, surveillance equipment as well as training that security and police forces receive.

- **Weapons**: A weapon is generally defined as being a device for use in attack or defence in combat, fighting, or war. Equipment such as radars, binoculars, unarmed trucks are not considered as a weapon.

8. Disclaimer

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