

MARKETING COMMUNICATION - FOR PROFESSIONAL INVESTORS

NET ZERO: 10 COMMITMENTS BY BNP PARIBAS ASSET MANAGEMENT



BNP PARIBAS
ASSET MANAGEMENT

The sustainable investor for a changing world

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FOREWORD



Sandro Pierri
CEO



Jane Ambachtsheer
Global Head of Sustainability

At BNP Paribas Asset Management (BNPP AM), we have put sustainability at the heart of our business strategy and made it one of our core investment beliefs. We believe the shift towards a lower-carbon, environmentally responsible and more inclusive economy is essential to ensure the long-term sustainability of not only the world we live in, but also capital markets. It is thus fundamental to our mission: to deliver long-term, sustainable returns to our clients.

Accordingly, we have been contributing to the fight against climate change for many years. In 2021, we signed up to achieving net zero portfolio emissions by 2050 or sooner.

To get there, we are publishing this net zero roadmap. It frames our commitments and the actions we will take.¹ This roadmap allows us

– as the sustainable investor for a changing world – to adapt to the climate change risks and opportunities that lie ahead.

Initially, our actions will focus on 50% of our assets under management – some EUR 250 billion. For these *listed equity and corporate bond* holdings, we believe we have the tools and the data to achieve net zero emissions by 2050. We intend to expand this scope to 100% over time.

Getting to net zero by 2050 will not be easy: global stakeholders across the investment, corporate and political worlds must navigate towards this path in a complex geopolitical landscape. It will be critical to continue to work together with clients, companies, governments and civil society towards this aim. We will rise to the challenge.



1. This is a summary of Committed to climate: Our net zero roadmap highlighting our 10 commitments. [Read the full document](#)

OVERVIEW

We have been working on sustainable investing for 20 years. In 2019, we crystallised our approach in our Global Sustainability Strategy. In 2021, we completed our transition to becoming a sustainable asset manager by changing our tagline to *'The sustainable investor for a changing world'*. A strong component of our strategy has been our pledge 'to make a substantive contribution to the low-carbon energy transition'.

We have bolstered this pledge by signing up to the Net Zero Asset Managers (NZAM) initiative. In this paper, we present our net zero commitments, covering investments, stewardship, and our operations.

OUR NET ZERO COMMITMENTS IN BRIEF

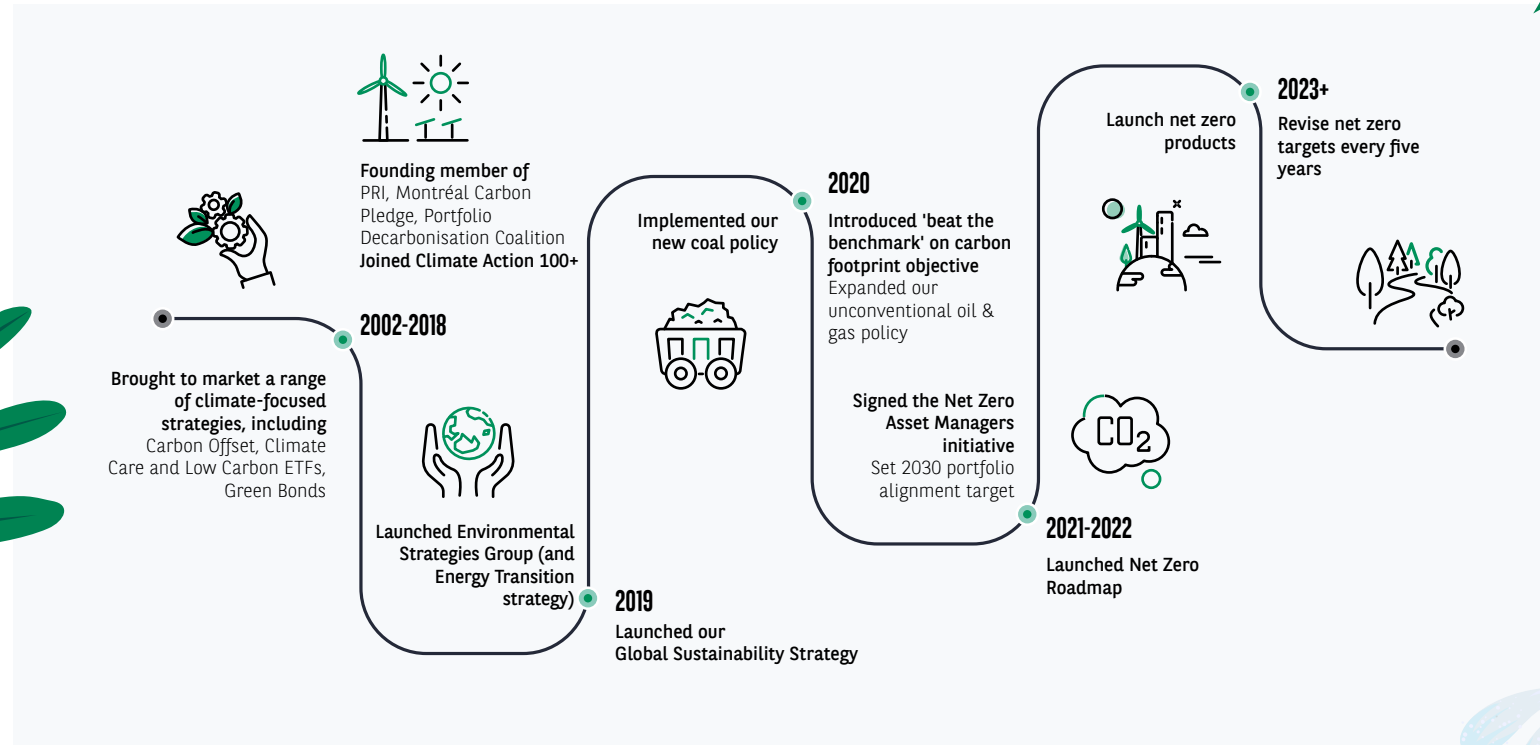
Investments	1.	Reduce the carbon footprint of selected investments a) 30% by 2025 b) 50% by 2030
	2.	Align investments with net zero a) 60% to be Achieving, Aligned or Aligning with Net Zero by 2030 b) 100% to be net zero aligned by 2040
	3.	Exit coal We will not invest in mining companies that do not have a strategy to exit thermal coal activities, and power generators that still use coal in energy generation, in 2030 for EU and OECD countries and in 2040 for the rest of the world
	4.	Substantially increase our climate and environmentally themed investments
	5.	Engage with our clients on their transition towards net zero investing
Stewardship	6.	a) Vote for climate action to encourage companies to report on their carbon footprint, and for the largest greenhouse gas emitters to achieve net zero by 2050 or sooner b) Vote for thoughtful shareholder proposals and submit our own proposals to accelerate corporate action on climate change
	7.	Engage with companies on net zero so that our investments achieve net zero emissions by 2050 or sooner
	8.	Advocate for net zero aligned climate policy and seek to ensure that our lobbying supports achieving global net zero emissions by 2050 or sooner
Operations	9.	Reduce our operational emissions footprint, improve energy efficiency, use more green energy
	10.	Report on progress in TCFD ² -aligned reports

2.. The Task Force on Climate-related Financial Disclosures seeks to improve and increase reporting of climate-related financial information. For more, see [Task Force on Climate-Related Financial Disclosures | TCFD](https://www.fsb-tcfd.org/) (fsb-tcfd.org))



Addressing climate change and the energy transition

Over the years, we have worked on multiple initiatives to address climate change and the energy transition



Source: BNP Paribas Asset Management, as at November 2022

WHAT IS COVERED BY OUR 10 COMMITMENTS

We will focus on *listed equities and corporate* bonds in the first phase in our move to net zero portfolio emissions. This translates into about half (50%) of our assets under management (AUM). This includes Article 8 and 9 funds under the Sustainable Finance Disclosure Regulation (SFDR). The commitments also apply to those funds and mandates that are managed in line with our Responsible Business Conduct (RBC) policy.

The commitments do not apply yet to mandates where clients have not signed up to our RBC policy, as well as money managed by our advisory and affiliate

businesses and in sub-advised funds. They also do not apply to investments in securities issued by governments and agencies, derivatives and private assets (see boxes below).

As a leading proponent of the transition to a net zero future, we are working to continuously enhance the tools and metrics to assess exposure to climate risks and opportunities, and to track and report on our net zero commitments. We will steadily grow the proportion of our holdings that fall within the scope of our commitments to reach 100% by 2050 or earlier.

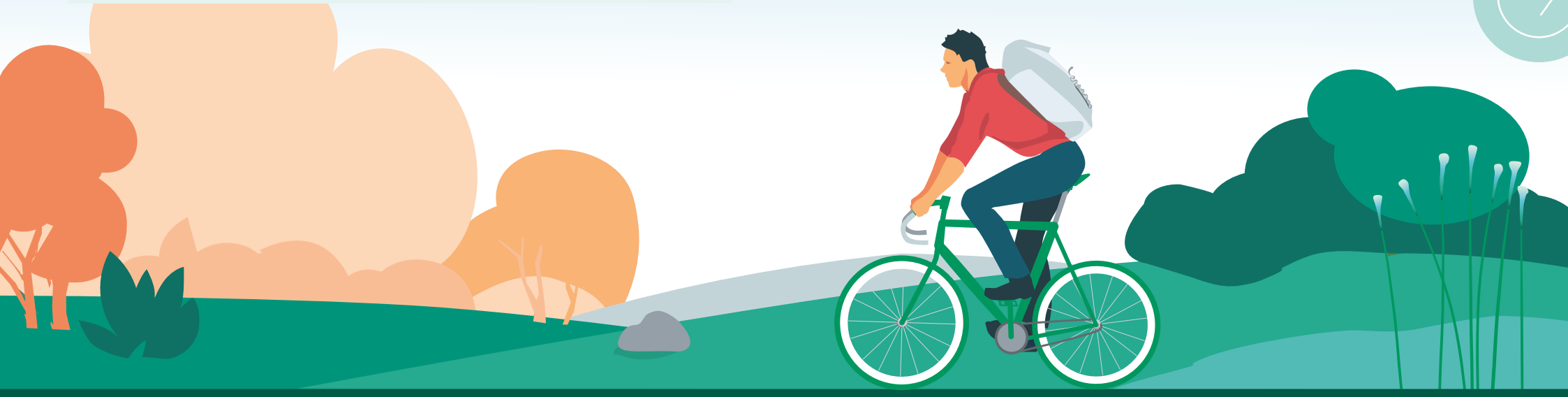
Sovereign bonds

Our net zero commitments do not apply yet to sovereign bonds, partly because we feel measures of carbon and temperature alignment are not widely agreed for this asset class and because, as asset manager, we have less direct influence on climate policy and policy outcomes.

Nevertheless, we currently assess the climate performance of sovereigns and aim to enhance these methodologies, so that we can have full confidence in including sovereign bonds in the scope of our net zero commitments in future. For instance, we use physical climate risk and climate mitigation policies as part of our ESG scoring model. To improve our assessment, we are working on estimating the carbon footprint of sovereign issuers.

Private markets

In this segment, most of our corporate, real estate and infrastructure funds are beyond the initial investment period, limiting our ability to change the emissions trajectory. However, we have already implemented climate change-related risk assessment methods in our private markets portfolios and intend to apply our commitments to future fund launches.



OUR COMMITMENTS

INVESTMENTS

1 – Reduce the carbon footprint of investments (scope 1 and 2) by 30% by 2025 and by 50% by 2030 (versus 2019)

We believe the emission reductions we are targeting are consistent with the required cuts in global GHG emissions to achieve net zero emissions by 2050. This commitment includes scope 1 and 2 emissions (see glossary below). It will be refined or expanded once we evolve our approach to measuring scope 3 emissions.

We started measuring the carbon footprint of our SRI-labelled equity funds and mandates in 2011. In May 2015, we committed to progressively measuring and reporting the carbon footprint of our open-ended funds as signatories to the Montreal Carbon Pledge. Today, we systematically measure the carbon footprint of both equity and fixed income portfolios and our ESG Integration Guidelines include the objective for actively managed portfolios to have a lower carbon footprint³ than that of their benchmarks.

At the end of 2019, the aggregated carbon footprint of BNPP AM’s funds (under the scope of our commitment) was 91.72 tCO₂/m€ invested. This is the baseline for the commitment⁴ in our net zero roadmap. We will aim to reduce this number by 30% by 2025 and by 50% by 2030.

2 – Align 60% of investments with net zero by 2030 and all investments by 2040

To measure the net zero alignment of companies, we have opted for a proprietary framework largely inspired by the Paris Aligned Investment Initiative (PAII) Net Zero Investment Framework.⁵ This triple-A (NZ:AAA) framework is based on widely recognized sources.⁶ It allows us to assess the alignment of each company to net zero. This classifies companies into three categories:

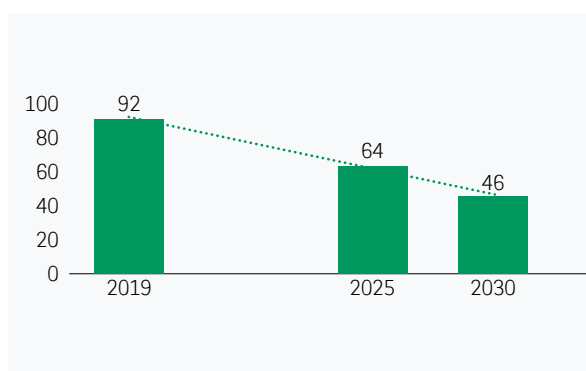
- Achieving net zero: Companies already achieving net zero
- Aligned to net zero: Companies with a pathway compatible with achieving carbon neutrality by 2050
- Aligning towards net zero: Companies in the process of being aligned with a net zero pathway.

Sixty percent of our investments should fall into these categories by 2030 and 100% by 2040. This will put us on track to achieve full net zero portfolio alignment by 2050.

3. See the glossary in the appendix for details on our carbon footprint methodology
4. Note this reflects our exposures as of year-end 2019 with no re-baselining performed. If our firm-wide assets, region or sector allocation shifts dramatically over time (e.g. as a result of a merger or acquisition), we may apply a re-baselining methodology. If we do so, we will be transparent about the rationale and methods used.
5. Net zero investment framework implementation guide <https://www.iigcc.org/download/net-zero-investment-framework-implementation-guide/?wpdmdl=4425&refresh=61c444d8e6d101640252632>
6. See the glossary for details on the sources used

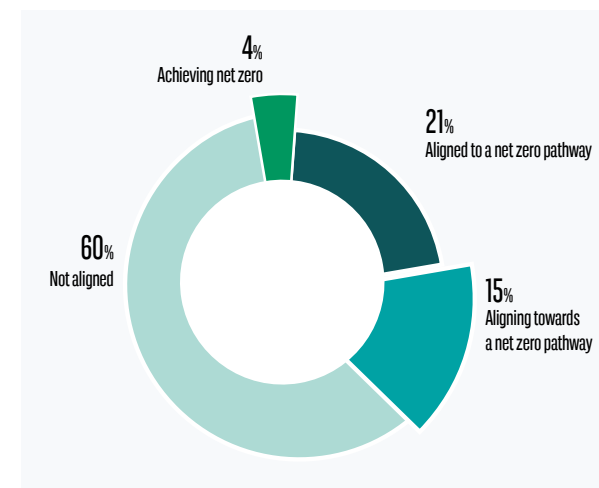


Reducing BNPP AM's carbon footprint (tCO₂e/mEUR)



Source: BNP Paribas Asset Management, October 2022

Breakdown of in-scope corporate assets under management



Source: BNP Paribas Asset Management, based on TPI, SBTi, CA 100+ and CDP data, as at June 2022



3 – Exit coal-related investment – by 2030 for EU and OECD countries and by 2040 for the rest of the world

Using our existing Responsible Business Conduct (RBC) policy, we are restricting investments in coal to:

- Manage stranded asset risk
- Improve the climate profile of our holdings
- Avoid investing in the most climate-damaging activities.

We have progressively strengthened our coal policy since its inception.

Under this commitment, we exclude **mining companies** that do not have a strategy to exit thermal coal activities and **power generators** that will still use coal by 2030 in European Union and OECD countries, and by 2040 for the rest of the world.⁷

For now, we will continue to use the [IEA SDS scenario](#). We do not plan to adopt the IEA Net Zero energy scenario for power producers and segment our power generation carbon intensity benchmark regionally.

Our priority is to align investments in other high carbon intensive sectors not yet addressed and align portfolios beyond power production.

4 – Increase investments in climate and environmentally themed solutions substantially

While the shift to a net zero carbon economy creates risks, it also generates significant opportunities in existing technologies such as wind and solar or new technologies such as clean tech. Trillions of dollars of investment will be needed, be they for climate adaptation or mitigation technologies.⁸

Today, BNPP AM is one of the leaders in sustainable thematic investment, with more than EUR 21.4 billion in sustainable thematic funds that focus on environmental, climate and social themes.

Beyond our existing strategies investing in climate and environmentally themed opportunities, we will continue to innovate and provide solutions for clients in line with our net zero commitment in multiple asset classes (equities, fixed income, passive investing, private markets, etc.).

5 – Partnering with our clients on their net zero journey

In our interconnected financial system, we must work together if we want to have a net zero economy by 2050. Accordingly, we will collaborate with clients and encourage them to join us in our efforts to reach this common goal.

This engagement will take several forms, such as:

- Communicate regularly on our net zero strategy with periodic updates on developments and progress
- Provide clients with educational and training tools on net zero
- Publish thought leadership on climate change and net zero topics
- Develop climate & environmentally themed investment solutions including metrics enabling clients to assess the net zero alignment of their portfolios
- Work with institutional clients to provide them with tailor-made investment solutions.

7. Details of our coal policy are available in the glossary

8. The [Energy Transitions Commission](#) estimates that to develop these technologies and others such as bioenergy to decarbonise aviation, heavy goods transport and agriculture, investment of USD 1 trillion to USD 2 trillion a year is needed. Adoption of low carbon technologies is forecast to grow exponentially over the next decades requiring an estimated USD 275 trillion of investment by 2050, according to [McKinsey \(2021\)](#).



OUR COMMITMENTS

STEWARDSHIP

6 – Vote for climate action

We expect companies to report on their GHG emissions. We want the world’s largest emitters to set a goal of net zero emissions by 2050 or sooner, backed by clear transition plans. We will support shareholder proposals as well as submit shareholder proposals of our own to accelerate corporate action in both areas.

We have incorporated climate change considerations into our [proxy voting](#) guidelines. Accordingly, we will use our votes to encourage companies to:

- Properly report on all greenhouse gas emissions related to their activities (scopes 1 and 2 for all companies, scope 3 where appropriate)
- Communicate or constructively engage with regard to their business strategy on climate adaptation or their climate lobbying strategy.
- Set an ambition to achieve net zero emissions by 2050 or sooner.

For companies that do not meet our expectations, we will oppose resolutions on discharge of the board and management, board re-elections, and financial statements. We may consider how a company performs compared to peers in terms of climate strategy.

We will seek to apply our policies consistently in all markets.

7 – Engage companies on net zero

As a member of the [Climate Action 100+](#) effort to engage with the main corporate GHG emitters, we are taking a role in dialogues with electric utilities, oil & gas companies and airlines in Europe, North America and Asia – three industries that are critical for bringing about the energy transition.

We are emphasising corporate climate lobbying in our engagements, and in particular activities that present significant risks to investors and our economies. We have helped launch the [Global Standard on Responsible Climate Lobbying](#) to evaluate corporate climate lobbying reports.

To promote sustainability, with a focus on deforestation and water, we have worked on the launch of [Nature Action 100](#)⁹ with other institutional investors. This is centred on reversing nature loss by engaging companies and policymakers.

We are also part of several other climate-related collaborative initiatives

8 – Advocate for climate policy

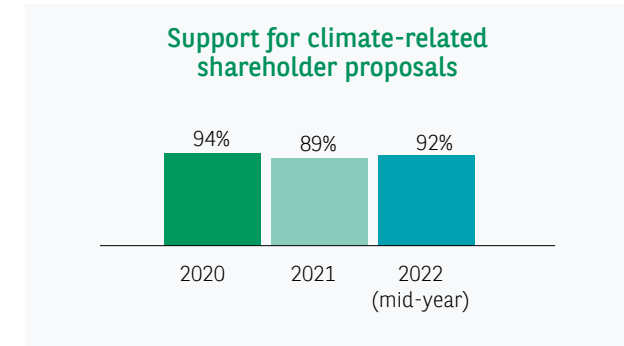
Beyond proxy voting and corporate engagement, it is critical for investors to engage in public policy advocacy to ensure everything is done to move society as quickly as possible to net zero.

More and more, investors are focusing on the importance of strong pro-climate public policy and the role that both investors and companies are playing in influencing that policy.

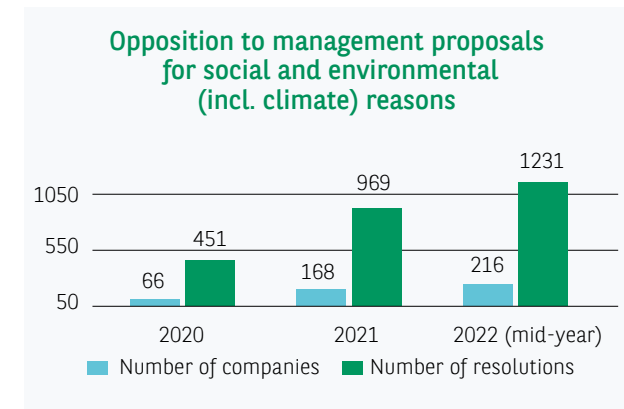
The biggest challenge in achieving net zero portfolio alignment is to get the global economy on a net zero path. Until this is realised, the investable universe

for net zero investors will shrink. This underlines the importance of taking a forward-looking perspective and long-term engagement, also in public policy.

An example of our advocacy is our effort as a signatory of the [Global Investor Statement to Governments on the Climate Crisis](#) to encourage countries to bolster their contributions under the Paris Agreement and ensure an orderly transition to net zero.



Source: [Sustainability Report 2021](#) and BNPP AM data as of end-June 2022



Source: [Sustainability Report 2021](#) and BNPP AM data as of end-June 2022

9. An initiative focused on reversing nature loss by 2030

OUR COMMITMENTS

OUR OPERATIONS

9 – Reduce our operational footprint

As a sustainable asset manager, our corporate practices and disclosures should match, or exceed, the standards that we expect from the entities in which we invest. This will reduce our negative impact on society and build a culture that is consistent with our investment philosophy.

We encourage employees to incorporate sustainability principles into their day-to-day activities, whether that is in investments, sales or operational roles.

To reduce our footprint, we have a three-pronged strategy called Mission Zero:

- Cut emissions by improving our operations
- Buy green energy where possible
- Offset any remaining residual emissions.

To address the emissions intensity of our footprint, a number of our **offices** are powered by green or low emissions energy. Moving to flexible working and new ways of working will require less office space, reducing our footprint. Where we move offices, we will prefer green certified office space.

On our **digital operations**, we are engaging with suppliers on our environmental goals and adjusting contracts; we are converting old data centres into state-of-the-art facilities; we are striving to reuse

and recycle IT equipment; we are educating staff on limiting the impact of digital activity.

On **waste reduction**, we are implementing a multi-year action including switching out of single-use plastic, running paperless competitions and establishing recycling streams for specialised waste. We are working to ensure that employees have the latest knowledge on sustainability issues. We offer **training** programmes such as the CFA Certificate in ESG Investing and a course on sustainability and finance developed by BNP Paribas and the [Cambridge Institute for Sustainable Leadership](#).

We have integrated sustainability goals with performance assessments, financial rewards and professional development. We have added to ESG targets to investment decisions. We will look at how these can be incorporated further in our remuneration philosophy.

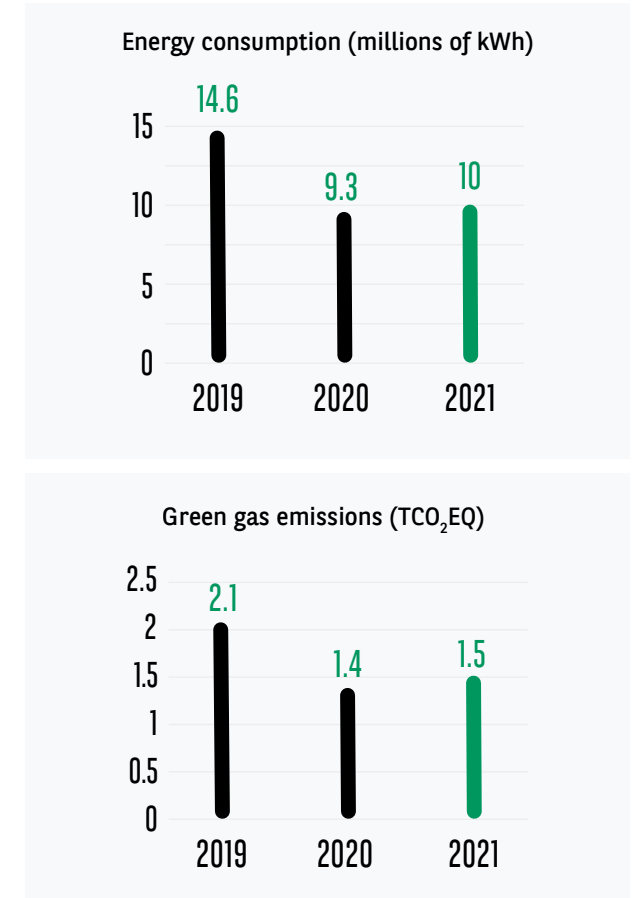
10 – Report on progress

We will produce [TCFD-aligned reporting](#), by both contributing to the [BNP Paribas Group TCFD report](#) and including a TCFD-aligned section in our annual [Sustainability Report](#).

Similar to our expectation that the entities we invest in report transparently and extensively as a necessary step towards a sustainable financial system, we are committed to reporting regularly on our sustainability and climate-related activities and practices.

In the coming years, we will continue to work on improving our reporting for clients and regulators, notably on our climate and net zero capabilities.

Worldwide office buildings



Source: [Sustainability Report 2021](#)



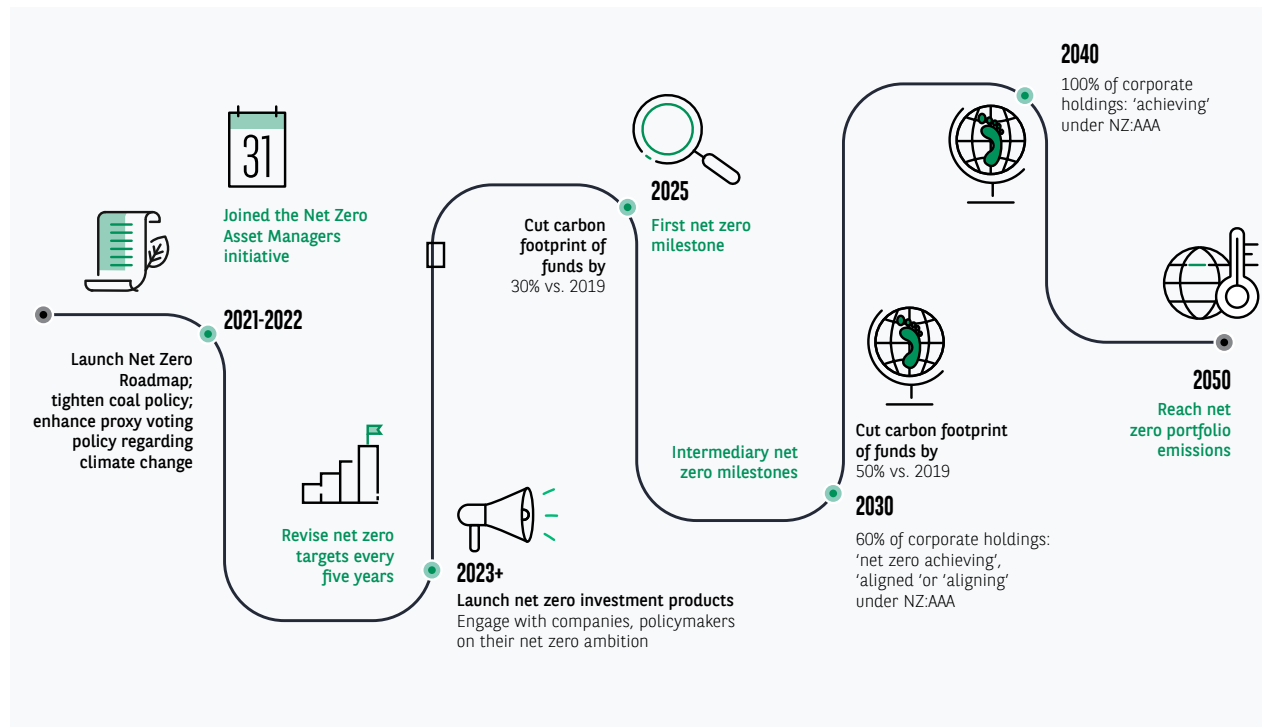
CONCLUSION

This document presents the inaugural commitments by BNP Paribas Asset Management as part of our signing-up to the [⇒ Net Zero Asset Managers \(NZAM\)](#) initiative. These commitments build on the work done over prior years:

- ⇒ [Measuring and reducing the carbon footprint of portfolios](#)
- ⇒ [Integrating climate in our ESG scoring framework](#)
- ⇒ [Using our voting rights actively and engaging with the biggest contributors to climate change](#)
- ⇒ [Advocating for climate-aligned policy](#)
- ⇒ [Providing clients with a broad range of climate-oriented investment solutions.](#)

We aim to increase the amount of our assets under management included in our net zero commitments and strengthen our targets to ensure we reach net zero by 2050 or earlier. We look forward to working with clients, the companies in which we invest, peers and governments on achieving mission critical: a net zero economy by mid-century.

BNP Paribas Asset Management's 2021-2050 climate roadmap



Source: BNP Paribas Asset Management, as at September 2022

You can read more about these topics in our complete *Roadmap to net zero* as well as our latest [⇒ Sustainability Report](#)



CONTACT YOUR LOCAL CLIENT REPRESENTATIVE
FOR MORE INFORMATION



GLOSSARY



Carbon footprint:

We started measuring the carbon footprint of our SRI-labelled equity funds and mandates in 2011. In 2015, we committed to progressively measuring and reporting the footprint of our open-ended funds.

Today, we measure the footprint of both equity and fixed income portfolios. In 2022, we updated our formula to align it with the EU PAI definition for carbon footprint, using the formula:

$$\sum_i \frac{W_{Ptf,i} \times \left(\frac{CO_2e_i}{Enterprise\ Value_i} \right)}{100}$$

$W_{Ptf,i}$: Portfolio weight in company i

CO_2e_i : sum of Scope 1 & 2 CO_2 equivalent emissions expressed in tons for company i

Enterprise value: sum, at fiscal year-end, of the market capitalisation of ordinary shares, the market capitalisation of preferred shares, and the book value of total debt and non-controlling interests, without the deduction of cash or cash equivalents¹⁰

- **Carbon offsetting** – A *carbon offset* refers to a reduction in GHG emissions – or an increase in carbon storage, e.g., through land restoration or tree planting – that is used to offset emissions that occur elsewhere. A *carbon (offset) credit* is a transferrable, certified instrument to represent an emission reduction of one metric tonne of CO_2 . The purchaser of an offset credit can ‘retire’ it and then claim the underlying reduction towards their own GHG reduction goals.¹¹

- **Coal policy** - In 2020, BNPP AM introduced significant updates to its RBC policy which brought into effect a restrictive approach to coal investing. The goals are to manage stranded asset risk while improving the climate profile of our holdings and avoid financing the most climate-damaging activities. The RBC policy addresses companies engaged in mining thermal coal and using thermal coal to generate electricity, and we note that we have progressively strengthened our coal policy since its inception.

BNPP AM excludes **mining companies** that meet any of the following criteria:

- Are developing or planning to develop thermal coal extraction capacities (new mines or expansion of existing ones)
- Derive more than 10% of their revenues from the mining of thermal coal
- Produce more than 10 million tonnes of thermal coal per year
- Do not have a strategy to exit thermal coal activities by 2030 in European Union and OECD countries and by 2040 for the rest of the world.

BNPP AM excludes **power generators** that meet any of the following criteria:

- Are adding operational coal-fired power generation capacity to their power portfolio
- Have a carbon intensity above 420 gCO_2/kWh . This exclusion will be further tightened following the trajectory for the sector as determined by the IEA's Sustainable Development Scenario (SDS). This means power generators' carbon intensity will need to fall to 346 gCO_2/kWh by 2025, or they will be excluded from our investment portfolios.

In addition, we will systematically exclude any power generators that still have coal capacity in their generation mix in 2030 in European Union and OECD countries, and by 2040 for the rest of the world.

- **ESG** – The term covers the wide range of environmental, social and governance criteria and standards applied to sustainable investing, as well as the management of related topics by companies.

- **EU taxonomy** – The official EU classification of economic activities and the conditions under which these activities can be considered sustainable. It aims to help investors, companies, issuers and project promoters navigate the transition to a low-carbon, resilient and resource-efficient economy and offer transparency to end-investors on the alignment of different investment portfolios.¹²

- **Greenhouse gases** – Seven GHGs are included in the Kyoto protocol: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF_6) and nitrogen trifluoride (NF_3).⁴

10. Source: Measuring carbon footprints, www.bnpparibas-am.com/en/measuring-carbon-footprints/. Also watch the video at [Introducing new ESG and carbon footprint reporting \(bnpparibas-am.com\)](#)

11. Source: www.offsetguide.org/understanding-carbon-offsets/what-is-a-carbon-offset/

12. Source: [Using the EU taxonomy as a guide to sustainable recovery \(bnpparibas-am.com\)](#). Further information https://ec.europa.eu/info/sites/info/files/business_economy_euro/banking_and_finance/documents/200309-sustainable-finance-teg-final-report-taxonomy_en.pdf



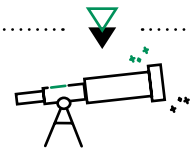
• **Net zero alignment methodology (NZ:AAA)** – BNPP AM uses a framework to measure the alignment of its investments in corporates inspired by the Paris Aligned Investment Initiative (PAII) Net Zero Investment Framework.¹³ This triple-A (NZ:AAA)

framework is set out below, and is based on various sources: Transition Pathway Initiative (TPI)¹⁴, Science Based Targets initiative (SBTi)¹⁵, Climate Action 100+¹⁶ and Carbon Disclosure Project (CDP).¹⁷ Most are publicly available, and have goals linked

to classifying companies in categories depending on their level of alignment with net zero. We intend to further enhance our alignment assessment methodology in the future.

BNPP AM's NZ:AAA framework for assessing companies' net zero alignment

Achieving net zero	<ul style="list-style-type: none"> • Companies with at least 50% of their turnover aligned with EU Taxonomy Climate Change Mitigation OR • Companies with at least 50% of their turnover aligned with climate-mitigation-linked SDGs¹⁸ and with no more than 20% of their turnover misaligned with any SDGs OR • Companies committed to net zero and whose current carbon performance is at (or close) to the one needed for its sector by 2050 to reach Net Zero global emissions
Aligned to a net zero pathway	<ul style="list-style-type: none"> • Companies committed to net zero emissions by 2050 AND that have a carbon reduction target assessed as $\leq 1.5^{\circ}\text{C}$¹⁹ OR • Companies with at least 20% of their turnover aligned with EU Taxonomy Climate Change Mitigation OR • Companies with at least 20% of their turnover aligned with climate-mitigation-linked SDGs²⁰ and with no more than 20% of their turnover misaligned with any SDGs.
Aligning towards a net zero pathway	<ul style="list-style-type: none"> • Companies that have a carbon reduction target assessed as below 2°C and not otherwise considered Achieving or Aligned.²¹
Not aligned	<ul style="list-style-type: none"> • All other companies.



- **Scope 1, 2, and 3 emissions** – Emissions are broken down into three categories. 1: Direct emissions from sources that are owned or controlled by the company. 2: Indirect emissions linked to the company's purchased or acquired electricity, heat, steam and cooling. 3: All other indirect emissions, including those related to the use of its products
- **SFDR** – The Sustainable Finance Disclosure Regulation is part of a set of EU regulations seeking to clarify which activities meet sound ESG criteria and what the impact of investments is on stakeholders including the environment and society²²

13. <https://www.iigcc.org/download/net-zero-investment-framework-implementation-guide/?wpdmdl=4425&refresh=61c444d8e6d101640252632>

14. [Overview of the TPI – Transition Pathway Initiative](#)

15. [About Us – Science Based Targets](#)

16. [About Climate Action 100+ | Climate Action 100+](#)

17. [About us – CDP](#)

18. SDG target numbers: 7.2, 7.3, 7.a, 7.b, 9.4

19. 1.5DC temperature alignment is determined based on a variety of different inputs:

- SBti or SBTi tool using CDP data produces a $\leq 1.5\text{DC}$ output for any assessed time frame
- Companies assessed by TPI as having a Management Quality Level 4 & a short & medium or long term carbon performance at or below 1.5°C
- Companies passing indicator 1 to 6 in the CA100+ benchmark ([Structure and Methodologies | Climate Action 100+](#))

20. SDG target numbers: 7.2, 7.3, 7.a, 7.b, 9.4

21. 1.5DC to 2.0DC temperature alignment is determined based on a variety of different inputs:

- SBti or SBTi tool using CDP data produces a $\leq 1.5\text{DC}$ output
- Companies assessed by TPI as having at least a Management Quality Level of 3 & a short, medium or long term carbon performance between 1.5°C and 2°C .
- Companies passing indicator 1 to 3 in the CA100+ benchmark ([Structure and Methodologies | Climate Action 100+](#))
- Companies committed to net zero emissions by 2050 and that are below 2°C as per BNPP AM's enhanced ITR (which is currently under development)

22. Source: [SFDR – Understanding and implementing it \(bnpparibas-am.com\)](#)



DISCLAIMER

Please note that articles may contain technical language. For this reason, they may not be suitable for readers without professional investment experience. Any views expressed here are those of the author as of the date of publication, are based on available information, and are subject to change without notice. Individual portfolio management teams may hold different views and may take different investment decisions for different clients.

This document does not constitute investment advice. The value of investments and the income they generate may go down as well as up and it is possible that investors will not recover their initial outlay. Past performance is no guarantee for future returns. Investing in emerging markets, or specialised or restricted sectors is likely to be subject to a higher-than-average volatility due to a high degree of concentration, greater uncertainty because less information is available, there is less liquidity or due to greater sensitivity to changes in market conditions (social, political and economic conditions). Some emerging markets offer less security than the majority of international developed markets. For this reason, services for portfolio transactions, liquidation and conservation on behalf of funds invested in emerging markets may carry greater risk.

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

Environmental, social and governance (ESG) investment risk: The lack of common or harmonised definitions and labels integrating ESG and sustainability criteria at the EU level may result in different approaches by managers when setting ESG objectives. This also means that it may be difficult to compare strategies integrating ESG and sustainability criteria to the extent that the selection and weightings applied to select investments may be based on metrics that may share the same name, but have different underlying meanings. In evaluating a security based on ESG and sustainability criteria, the investment manager may also use data sources provided by external ESG research providers. Given the evolving nature of ESG, these data sources may for the time being be incomplete, inaccurate or unavailable. Applying responsible business conduct standards in the investment process may lead to the exclusion of securities of certain issuers. Consequently, fund performance may at times be better or worse than the performance of reliable funds that do not apply such standards.

VIEWPOINT



BNP PARIBAS
ASSET MANAGEMENT

The sustainable investor for a changing world