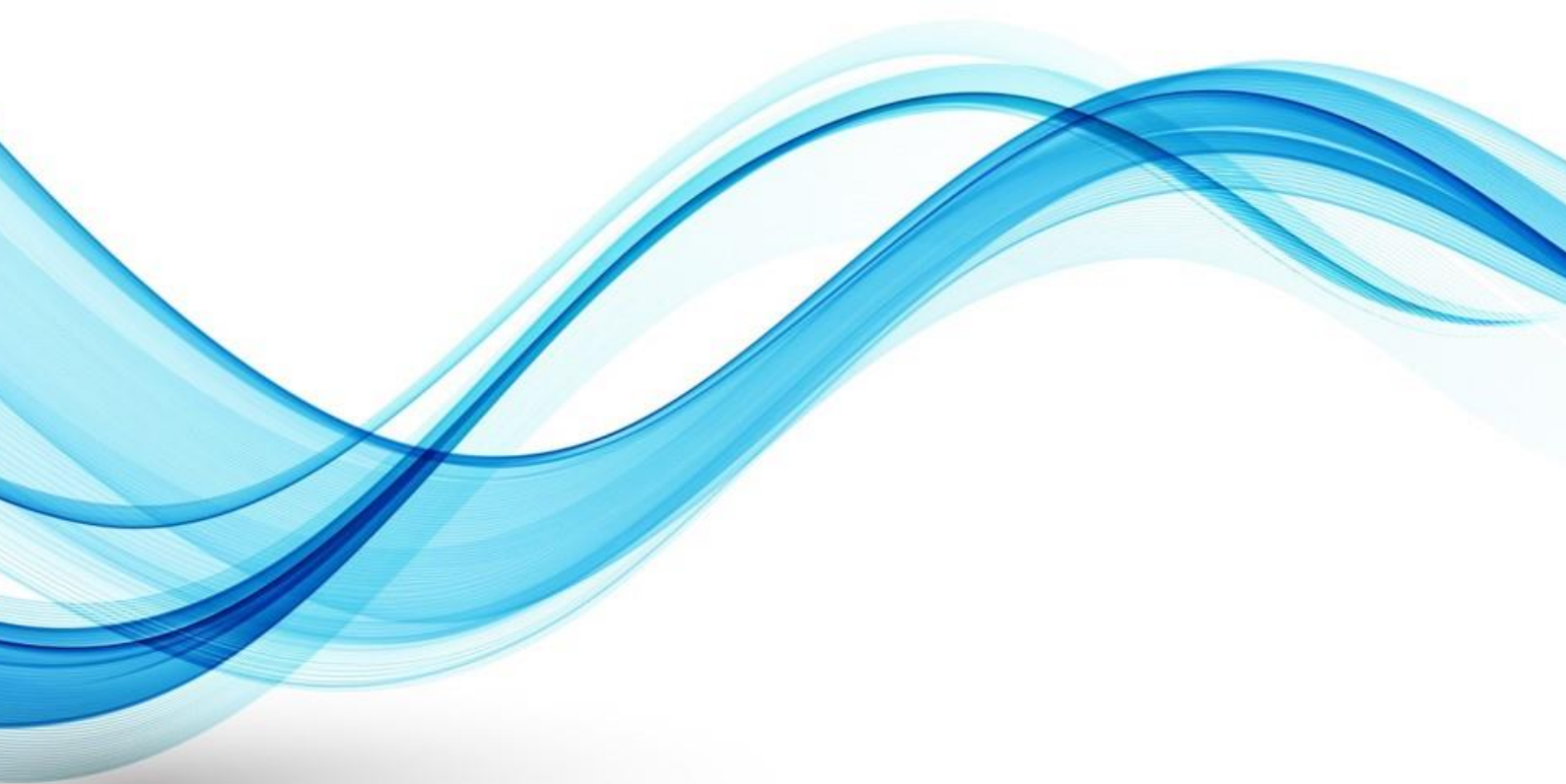


# Responsible Business Conduct Policy

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**Alfred Berg Kapitalforvaltning AS**

November 2022



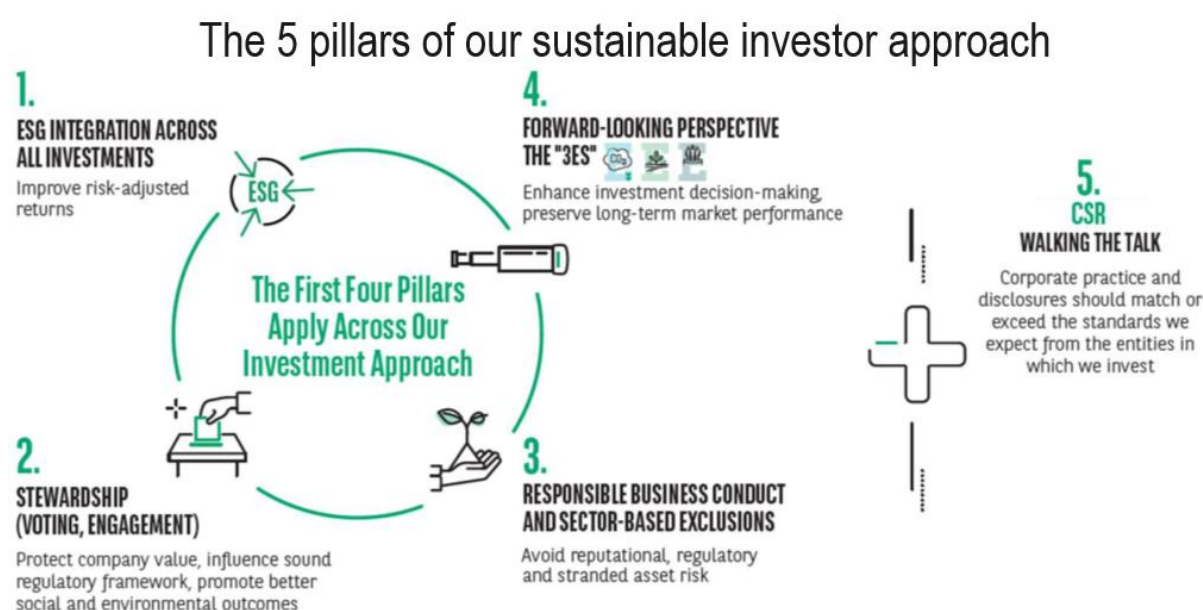
Alfred Berg is an affiliate of BNP Paribas AM. Alfred Berg has adopted BNP Paribas AMs RBC policy, with some adjustments. Alfred Berg has also added the following exclusions:

The exclusion of alcohol producing companies

Inclusion of the Norwegian Government Pension Fund Global's list of excluded companies

In a fast changing world, our focus is on achieving long-term sustainable investment returns for our clients. In line with this, we are committed to adopting a sustainable-investment approach for the full range of our investment strategies. We believe this is in the financial interest of our clients, and of the economy at large. At Alfred Berg, we define sustainable investment as including four components, all of which are utilized by BNP Paribas AM. One of these components is Responsible Business Conduct (RBC) and product-based exclusions.

#### Alfred Berg– Sustainable investment approach



We are committed to incorporating RBC standards into our investment criteria and stewardship practices and this document details how we do this in practice.

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

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## 1. IMPLEMENTATION OF RESPONSIBLE BUSINESS CONDUCT REQUIREMENTS FOR ALL OUR INVESTMENTS

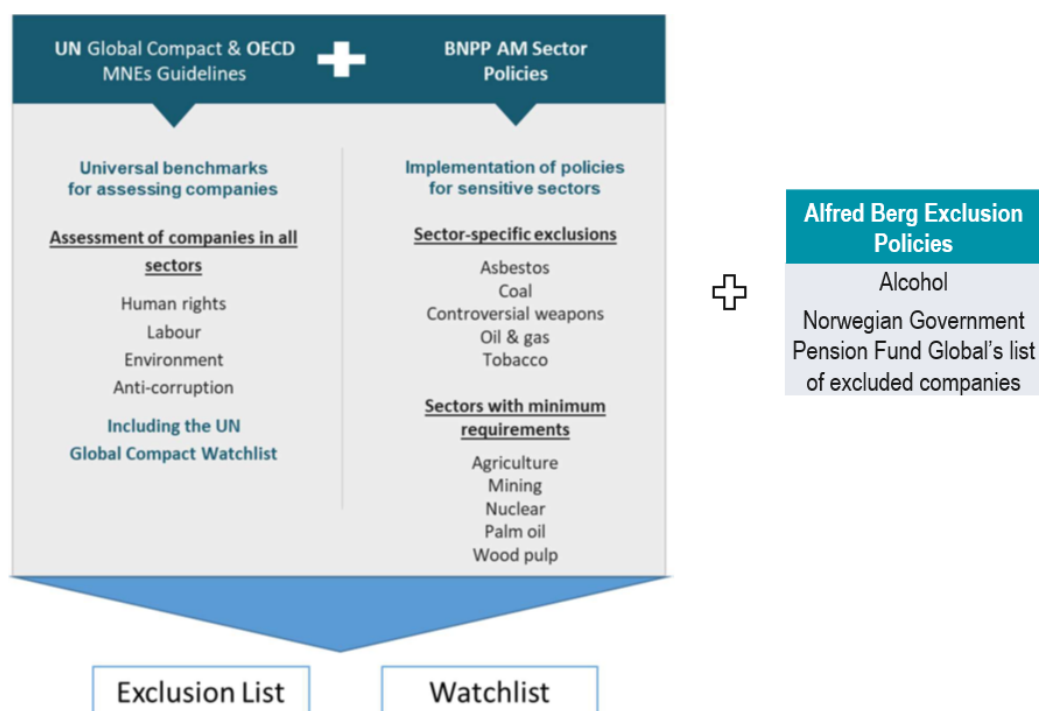
We are aware that RBC impacts the value and reputation of entities in which we invest. We expect companies to meet their fundamental obligations in the areas of human and labor rights, protecting the environment and ensuring anti-corruption safeguards, wherever they operate, in line with the UN Global Compact Principles and OECD Guidelines for Multinational Enterprises (OECD MNEs Guidelines). These are shared frameworks, recognized worldwide and applicable to all industry sectors, based on the international conventions in the areas of human rights, labor standards, environmental stewardship and anti-corruption. We aim to engage with companies where they fall short, and exclude the worst offenders.

We have a series of sector policies that set out the conditions for investing in particular sectors, and guide our screening requirements and stewardship activities. These criteria are based on relevant international conventions and regulations (including the supplemented criteria provided by the OECD for sensitive sectors such as responsible agricultural supply chains or conflict minerals), 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 in order for Alfred Berg to invest. We do this because if the activities in question are not conducted properly, then they could cause serious social or environmental damage (such as palm oil). In addition to the compulsory standards, 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.

We have another set of policies that commit us to exclude particular sectors or activities (tobacco, coal, controversial weapons or asbestos), as we deem them to be in violation of international norms, or to cause unacceptable harm to society and/or the environment, without counterbalancing benefits. These are generally sectors where engagement makes little sense.

RBC should be considered as an enhanced risk management tool that can help avoid reputational, regulatory and stranded asset risk.

### Overview of Alfred Berg/BNP Paribas AM's responsible business conduct and sector-based solutions approach



## 2. SCOPE

This policy applies to the following:

- All active and passive open-ended funds managed or delegated by Alfred Berg/BNP Paribas AM entities. There are exceptions of some portfolios which replicate the composition of indices/systematic investment strategies (e.g. indexed funds). For these portfolios, this policy's exclusion list may be applied in the framework of the optimized replication when it is possible or when the index family/provider incorporates the same requirements as Alfred Berg/BNP Paribas 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.
- As of 2023, this policy will become the default approach for new client segregated accounts, mandates and dedicated funds. Clients may however choose to opt out of this Policy. We work with existing clients to seek their approval to apply this Policy to existing segregated accounts, mandates and dedicated funds.
- In the case of products implementing buy and hold strategies, such as fixed maturity plans, we will apply the Alfred Berg/BNP Paribas AM Responsible Business Conduct Policy in force as at the time of investments. 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 fund accounting implications.
- Joint ventures over which BNP Paribas AM or the BNP Paribas Group do not have operational control are encouraged to adopt and implement this Policy.
- Where we use external investment managers for our open-ended funds, we ask them to incorporate Responsible Business Conduct policies in line with our sustainable investment philosophy. Subject to legal and technical constraints, we use this policy in the evaluation of external managers in funds of funds and buy lists.
- Excluded from the RBC policy will be the use of index ETF's and derivatives (listed and OTC) and third party funds. However in the selection of index ETF's, derivatives and third party funds, Alfred Berg will endeavor to adhere to the RBC policy as much as practically possible.

## 3. IMPLEMENTATION PRINCIPLES

We are committed to ensuring the consistent<sup>1</sup> implementation of our Responsible Business Conduct policy to all open-ended funds managed or delegated by Alfred Berg/BNP Paribas AM entities, but related exclusions are not currently applied to all client mandates and dedicated funds. In 2023, this will become the default approach for new mandates and dedicated funds, and we will approach existing clients to seek their approval to apply the policy to existing mandates and dedicated funds.

Affiliated entities over which Alfred Berg, BNP Paribas AM or the BNP Paribas Group do not have operational control are invited to adopt this strategy and implement the components of our Responsible Business Conduct Policy. Where we use affiliates or external investment managers for our open-ended funds, we expect them to incorporate Responsible Business Conduct policies in line with our sustainable investment philosophy. We are progressively adapting some local entities where we do not have operation control to implement our Responsible Business Conduct Policy. In all cases, our open-ended funds are managed in line with our sustainable investment philosophy, even where management is delegated to external asset managers.

In applying our Responsible Business Conduct Policy, we take into account specific circumstances as they relate to the environmental, social and governance practices of individual issuers. Alfred Berg bases its judgment on data gathered from issuers and third-party research providers, and does its best to gather relevant information. However, it is dependent on the quality, accuracy and timeliness of the information collected.

We strive to implement this Policy in the best interest of our clients and operate at arms' length from the BNP Paribas Group

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<sup>1</sup> Subject to technical and legal constraints.

and its subsidiaries or affiliate companies.

Our Responsible Business Conduct Policy is publicly available on Alfred Berg's website and is reviewed regularly in order to reflect the evolution of ESG standards and market practices.

#### 4. HOW TO INTEGRATE RBC REQUIREMENTS IN INVESTMENTS

The following principles govern our implementation of Responsible Business Standards within our investment processes:

1. Investment universes are periodically screened with a view to identify issuers that are potentially in breach of UN Global Compact Principles and OECD MNEs guidelines and/or mandatory requirements applicable to controversial sectors and products.
2. This assessment is conducted either conducted by within BNP Paribas AMs Sustainability Centre, on the basis of internal analysis and information provided by external experts, and in consultation with BNP Paribas Group CSR Team. Companies not covered by the BNP Paribas AM's Sustainability Center is covered by external providers.
3. As a result of this process, Alfred Berg establishes and maintains two lists:
  - An **exclusion lists** of issuers that are associated with serious and repeated breaches of UN Global Compact Principles and/or mandatory requirements related to controversial sectors and products.
  - A **watchlist** of issuers that are at risk of breaching ESG standards and with whom BNP Paribas AM engage in a dialogue to encourage improvements.
4. The exclusion list and watchlist are communicated by CIOs to 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 three months after communication by CIOs.
5. The exclusion list applies to all open-ended funds managed by Alfred Berg, with the exception of portfolios which replicate the composition of indices (eg indexed funds). In the case of perfect or optimized physical replication, the exclusion list is not applied contrary to synthetic replication where exclusions rule. Exceptions may also be granted in cases where exclusions from actively managed portfolios would result in significant market risk versus the benchmark.
6. In the case of products implementing buy and hold strategies, such as fixed maturity plans, we will apply the Alfred Berg Responsible Business Conduct policy in force as at the time of investments. 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 fund accounting implications.
7. The exclusion list applies to all types of securities (equities, bonds, convertible bonds...) issued by aforementioned companies, as well as bonds issued by related financial vehicles. It also applies to participation notes and derivatives issued by third-parties on such securities. These restrictions apply to securities negotiated on primary and secondary markets, as well as OTC instruments.
8. This Policy, including the watchlists and the exclusion lists, does not apply to short sales of securities, in respect of products implementing short positions within their investment strategies.
9. Pre-trade and post-trade compliance checks are conducted by Investment Compliance teams to ensure that exclusions lists are implemented by all relevant portfolios.
10. Subject to legal and technical constraints, ESG standards also apply to:
  - Segregated accounts, mandates and dedicated funds (subject to client information or approval where required) where clients choose not to opt-out of this policy
  - Funds delegated to external asset managers (subject to amendment of relevant Investment Management Agreements or Investment Guidelines);

## 5. THE PRINCIPLES FOR RESPONSIBLE INVESTMENT (PRI) ([WWW.UNPRI.ORG](http://WWW.UNPRI.ORG))

BNP Paribas AM was one of the founding signatories of the PRI in 2006.

The PRI is the world's leading proponent of responsible investment. It works to understand the investment implications of environmental, social and governance (ESG) factors and to support its international network of investor signatories in integrating these factors into their investment and ownership decisions. The PRI acts in the long-term interests of its signatories, of the financial markets and economies in which they operate and ultimately of the environment and society as a whole.

The PRI is truly independent. It encourages investors to use responsible investment to enhance returns and better manage risks, but does not operate for its own profit; it engages with global policy makers but is not associated with any government; it is supported by, but not part of, the United Nations.

The six Principles for Responsible Investment are a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating ESG issues into investment practice.

The Principles were developed by investors, for investors. They have nearly 2300 signatories, from over 50 countries, representing more than US\$95 trillion as of the end of 2018.

- **Principle 1:** We will incorporate ESG issues into investment analysis and decision-making processes.
- **Principle 2:** We will be active owners and incorporate ESG issues into our ownership policies and practices.
- **Principle 3:** We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- **Principle 4:** We will promote acceptance and implementation of the Principles within the investment industry.
- **Principle 5:** We will work together to enhance our effectiveness in implementing the Principles.
- **Principle 6:** We will each report on our activities and progress towards implementing the Principles.

## 6. NORM BASED SCREENING: THE GLOBAL COMPACT PRINCIPLES ([WWW.UNGLOBALCOMPACT.ORG](http://WWW.UNGLOBALCOMPACT.ORG))

The Global Compact 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, labor, the environment and the fight against corruption.

These ten principles are inspired by the Universal Declaration of Human Rights, the International Labor Organization'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.

### LABOR 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 labor;
- **Principle 5:** the effective abolition of child labor; 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.

## 7. NORM BASED SCREENING: THE OECD GUIDELINES FOR MULTINATIONAL ENTERPRISES ([HTTP://MNEGUIDELINES.OECD.ORG/RESPONSIBLE-BUSINESS-CONDUCT-MATTERS.HTM](http://mneguidelines.oecd.org/responsible-business-conduct-matters.htm))

The guidelines comprise eight chapters.

### I. Concepts and Principles

The first chapter of the *Multinational Enterprise (MNE) Guidelines* sets out the concepts and principles that put into context all of the recommendations in the subsequent chapters. These concepts and principles (e.g. obeying domestic law is the first obligation of enterprises) are the backbone of the *Guidelines* and underline the fundamental ideas behind the *Guidelines*.

### II. General Policies

This chapter is the first to contain specific recommendations to enterprises in the form of general policies that set the tone and establish a framework of common principles for the subsequent chapters. It includes important provisions such as implementing due diligence, addressing adverse impacts, engaging stakeholders, and others.

### III. Disclosure

Clear and complete information on the enterprise is important to a variety of users. This chapter calls on enterprises to be transparent in their operations and responsive to increasingly sophisticated public demands for information.

### IV. Human Rights

Enterprises can have an impact on virtually the entire spectrum of internationally recognized human rights. As such, it is important that they meet their responsibilities. This new chapter of the *Guidelines* draws on and is aligned with the UN "Protect, Respect and Remedy" Framework and the *Guiding Principles on Business and Human Rights* that operationalize that framework.

### V. Employment and Industrial Relations

The ILO is the competent body to set and deal with international labor standards and to promote fundamental rights at work as recognized in the ILO 1998 Declaration on Fundamental Principles and Rights at Work. This chapter focuses on the role the *Guidelines* have in promoting observance among MNEs of the international labor standards developed by the ILO.

### VI. Environment

The environment chapter provides a set of recommendations for MNEs to raise their environmental performance and help maximize their contribution to environmental protection through improved internal management and better planning. It broadly reflects the principles and objectives of the Rio Declaration on Environment and Development and Agenda 21.

### VII. Combating Bribery, Bribe Solicitations and Extortion

Bribery and corruption are damaging to democratic institutions and the governance of corporations. Enterprises have an important role to play in combating these practices. The OECD is leading global efforts to level the playing field for international businesses by fighting to eliminate bribery. The recommendations in the *Guidelines* are based on the extensive work the OECD has already done in this field.

### IX. Science and Technology



This chapter recognizes that MNEs are the main conduit of technology transfer across borders. It aims to promote technology transfer to host countries and contribution to their innovative capacities.

#### X. Competition

This chapter focuses on the importance of MNEs carrying out their activities in a manner consistent with all applicable competition laws and regulations, taking into account the competition laws of all jurisdictions in which their activities may have anti-competitive effects. Enterprises need to refrain from anti-competitive agreements, which undermine the efficient operation of both domestic and international markets.

#### XI. Taxation

The *Guidelines* are the first international corporate responsibility instrument to cover taxation, contributing to and drawing upon a significant body of work on taxation, most notably the OECD Model Tax Convention and the UN Model Double Taxation Convention between Developed and Developing Countries. This important chapter covers fundamental taxation recommendations.

#### VIII. Consumer Interests

The *Guidelines* call on enterprises to apply fair business, marketing, and advertising practices and to ensure the quality and reliability of the products that they provide. This chapter draws on the work of the OECD Committee on Consumer Policy and the Committee on Financial Markets, and of other international organizations, including the International Chamber of Commerce, the International Organization for Standardization and the UN.

## 8. SECTOR-SPECIFIC ESG STANDARDS SCREENING

In addition to the OECD MNEs Guidelines and UN Global Compact Principles, we have a series of sector policies that set out the conditions for investing in particular sectors, and guide our screening requirements. We do this because if the activities in question are not conducted properly, they could cause serious social or environmental damage.

We have another set of policies that commit us to excluding particular sectors or activities (such as tobacco, unconventional oil and gas, coal, controversial weapons or asbestos), as we deem them to be in violation of international norms, or to present unacceptable harms to society or the environment, without counterbalancing benefits. These are generally sectors where engagement makes little sense.

Our sector policies cover the following areas:

- **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 will 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 labor).
- **Nuclear:** 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.
- **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.
- **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.

In the following pages, we provide a comprehensive overview for each policy, including a description of the two types of criteria – compulsory and recommended – 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 Alfred Berg to invest in a company.

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

## Our exclusion policies cover:

- Coal: We continue to progressively align our portfolios with the Paris Agreement by implementing a significantly tighter exclusion policy on companies that are engaged in the mining of thermal coal and the generation of electricity from coal.
- Unconventional oil and gas: We continue to progressively align our portfolios with the goals of the Paris Agreement by introducing exclusions and mandatory criteria for companies with significant involvement in the exploration, production, trading and/or pipeline distribution of shale oil or gas, oil sands, and oil and gas resources located in the Arctic region as defined by BNP Paribas AM<sup>28</sup>. By January 2021, BNP Paribas Group's policy will fully apply.
- Tobacco: We do not invest in tobacco manufacturing companies as part of our commitment to Tobacco Free Portfolios.
- Controversial weapons: We do not invest in companies involved in the production, trading and storage of controversial weapons. These include cluster ammunition and antipersonnel landmines, chemical and biological weapons, and nuclear/depleted uranium weapons. Most of these weapons are covered by international conventions and investments are already prohibited by some jurisdictions.
- Alcohol: We do not invest in alcohol manufacturing companies.
- Pornography: We do not invest in pornography manufacturing and distribution companies.
- Asbestos: We do not invest in companies involved in the extraction or production of asbestos fibers which are banned today in more than 50 countries.

## PALM OIL

### Background

Development of oil palm 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. It also serves as an important source of nutrition for families in many countries worldwide<sup>2</sup>.

Responsible players and sustainability practices exist in the palm oil sector, and as a global financial institution, Alfred Berg/BNP Paribas AM is convinced that they should be supported. Such an approach can bring long-term benefits to its customers and to society at large. Several initiatives have been launched in order to address environmental and social issues and ensure a gradual shift towards good practices on the palm oil sector, one of the most prominent being the Roundtable on Sustainable Palm Oil (RSPO).

By following the RSPO Principles and Criteria as part of the certification process, palm oil companies commit to transparency, compliance with applicable laws and regulations, use of appropriate best practices, environmental responsibility, conservation of natural resources and biodiversity, responsible consideration of employees, of individuals and communities affected by growers and mills, as well as responsible development of new mills. RSPO members usually have a time-bound plan for full certification of all their operations.

Alfred Berg/BNP Paribas AM believes that the RSPO has made, and is still making, a major contribution to the adoption of sustainability practices within the palm oil sector, through its wide-reaching, consensus-based, and multi-stakeholder approach. BNP Paribas is also a RSPO member.

An increasing number of companies have taken further steps by taking "No Deforestation, No Peat, No Exploitation" (NDPE) commitments, applicable to their entire supply chains. BNP Paribas is fully supportive of these commitments and encourages the dissemination of these best practices to other actors in the palm oil sector.

As a participant to the Soft Commodities Compact, BNP Paribas is committed to participate in the alignment of the banking industry practices with the objective of achieving zero net deforestation by 2020 in the palm oil sector.

BNP PARIBAS AM will consider new developments in this sector and might amend this policy to take them into account.

<sup>2</sup> See for example: "Key Sustainability Issues in the Palm Oil Sector – A Discussion Paper for Multi-Stakeholders Consultations", Cheng Hai Teoh, for the World Bank Group, 2010.

Therefore, BNP Paribas AM will continue, under certain conditions set out in this document, to invest in the palm oil sector as it believes that it can be produced in a sustainable way.

### **Companies Concerned.**

This policy applies to 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. This policy also applies to the development of new palm oil projects (plantations and/or mills).

### **Upstream palm oil companies**

#### **Mandatory Requirements**

Alfred Berg/ BNP Paribas AM requires that Upstream Palm Oil Companies (plantations and mills):

- 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 for full RSPO certification of their operations.

In addition, Alfred Berg/ BNP Paribas AM requires that Upstream Palm Oil Companies:

- Have a policy in place prohibiting the use of child or forced labor;
- Have a human resources policy in place covering key labor 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...);
- 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<sup>3</sup>, 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 minimize 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;
  - Minimize the use of artificial fertilizers;
  - Reduce GHG emissions from palm oil mills<sup>4</sup>.

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<sup>3</sup> 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/>

<sup>4</sup> Such as through (i) the implementation of methane (CH<sub>4</sub>) capture from palm oil mill effluent (POME) and (ii) the reduction of fossil fuel use through

- Do not use, except in very specific and exceptional situations, pesticides that are categorized as WHO Class Ia or Ib, or that are listed by the Stockholm or Rotterdam Conventions;
- Have a policy in place to minimize the use of pesticides, and have a time-bound plan to terminate the use of paraquat;

Alfred Berg/BNP Paribas AM requires that Upstream Palm Oil Companies 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.

Alfred Berg/BNP Paribas AM also requires that Upstream Palm Oil Companies have a time-bound plan for public reporting on the implementation of their sustainability commitments, and for the independent verification of such reporting.

It should be noted that several of the above requirements are consistent with the “No Deforestation, No Peat, No Exploitation” (NDPE) commitments taken by an increasing number of palm oil companies.

Alfred Berg/BNP Paribas 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.

### Evaluation Criteria

Alfred Berg/BNP Paribas AM will assess whether Upstream Palm Oil Companies (plantations and mills):

- Have a time-bound plan for full RSPO certification of their fresh fruit bunches supply base (or similar verification mechanism for smallholders<sup>5</sup>);
- 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<sup>6</sup>;
- 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 criticized 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

BNP Paribas 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.

#### Evaluation Criteria

In addition, Alfred Berg/BNP Paribas AM will assess whether Downstream Palm Oil Companies (i.e. refiners and traders):

- 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;

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implementation of more efficient processes and/or substitution with other energy sources (e.g. residues such as fiber and shell, methane captured from POME).

<sup>5</sup> According to the RSPO, smallholders are “farmers who grow oil palm, alongside with subsistence crops, where the family provides the majority of labor and the farm provides the principal source of income, and the planted oil palm area is less than 50 hectares”

<sup>6</sup> E.g. through aerial surveys (satellite imagery, use of drones) or field surveys.

- 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.
  - No use of child/forced labor
  - 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 criticized 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.

## Sector Glossary

The following definitions apply in this 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 ([http://haze.asean.org/?wpfb\\_dl=163](http://haze.asean.org/?wpfb_dl=163)).

**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<sup>7</sup>.

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<sub>2</sub>);

- Production, transport and application of artificial fertilizers, leading to emissions of CO<sub>2</sub> and nitrous oxide (N<sub>2</sub>O);
- Anaerobic decomposition of organic material in palm oil mill effluents, leading to emissions of methane (CH<sub>4</sub>).

**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

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<sup>7</sup> <http://www.forestpeoples.org/guiding-principles/free-prior-and-informed-consent-fpic>

Values defined as follows<sup>8</sup>:

- 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.

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->

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<sup>8</sup> HCV Resource Network (<http://www.hcvnetwork.org/about-hcvf/the-six-high-conservation-values>).



US/Default.aspx), and exporting countries are obliged to make sure that producers within their jurisdiction comply.

**RSPO Principles and Criteria (2013):** The RSPO Principles and Criteria for Sustainable Palm Oil Production are the standard against which palm oil producers can be certified. Each of the following eight principles is declined into criteria (<http://www.rspo.org/resources/key-documents/certification/rspo-principles-and-criteria>):

- Principle 1: Commitment to transparency
- Principle 2: Compliance with applicable laws and regulations
- Principle 3: Commitment to long-term economic and financial viability
- Principle 4: Use of appropriate best practices by growers and millers
- Principle 5: Environmental responsibility and conservation of natural resources and biodiversity
- Principle 6: Responsible consideration of employees and of individuals and communities affected by growers and mills
- Principle 7: Responsible development of new plantings
- Principle 8: Commitment to continuous improvement in key areas of activity

**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). The list of such substances can be found below: <http://chm.pops.int/TheConvention/ThePOPs/ListingofPOPs/tabid/2509/Default.aspx>

**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 [http://www.who.int/ipcs/publications/pesticides\\_hazard/en/](http://www.who.int/ipcs/publications/pesticides_hazard/en/)), Ia being “extremely hazardous” and Ib being “highly hazardous”.

## 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 recognized to be concentrated in the forestry management phase and wood pulp production process. BNP Paribas Asset Management, in accordance with BNPP 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...)
- 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).

Regarding forestry management/harvesting and the wood supply chain, The Forest Stewardship Council (FSC) and the Programme for Endorsement of Forest Certification Schemes (PEFC) are the two main international certification schemes. They provide assurance for the sustainable management of the forest. FSC or PEFC certification brings concrete answers to the main CSR issues related to plantation and forest management, but one has to take into consideration that today only 9% of the world's forests are certified by these two forest certification organizations. We are aware though that other certification schemes exist that contribute to sustainable forest management.

In relation to the wood pulp production process, the Group has noted that, as for all heavy industrial activities, the activity generates various polluting effluents in water, soil and air and may raise health and safety issues for the pulp mill workers and



surrounding communities. Environmental Management System (EMS) and Health and Safety Management System (HSMS) are today a recognized way to manage such issues.

Alfred Berg/BNP Paribas AM will continue, under certain conditions set out in this document, to invest in wood pulp sector as it believes that it can be produced in a sustainable and responsible way.

### **Companies Concerned**

These guidelines apply to 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.

### **Mandatory Requirements for Forestry Management**

Alfred Berg/BNP Paribas 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. These include Convention on International Trade on Natural Species of Wild Flora and Fauna, Convention on Biological Diversity, International Labor Organization Convention 169 Concerning Indigenous & Tribal Peoples in Independent Countries, ILO Conventions on Forced Labor and Worst Forms of Child Labor.

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

- Do not use child or forced labor 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<sup>9</sup>;
- Do not convert UNESCO World Heritage Sites into industrial wood plantations;
- Do not convert Wetlands on the Ramsar list 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 company shall certify (and to the extent feasible demonstrate) that it is not responsible directly or indirectly for such conversion;
- Have a clear and stringent 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.

### **Evaluation Criteria for Forestry Management**

Alfred Berg/BNP Paribas AM encourages upstream pulp companies to move towards higher standards of sustainability. Concerning forest management, Alfred Berg/Paribas Asset Management 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

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<sup>9</sup> 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).

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<sup>10</sup>;
- 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<sup>11</sup>.
- BNP Paribas 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.
- BNP Paribas 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.

### **Mandatory Requirements for Pulp Production**

Alfred Berg/BNP Paribas 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.

Alfred Berg/BNP Paribas 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 organizations. 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 detections limits. BNP Paribas believes that ECF and TCF are so far the best available techniques to manage sustainable bleaching.

As a result BNP Paribas requires that pulp producers:

- Will develop new pulp mills using ECF or TCF technology if the bleaching process is necessary;
- 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<sup>12</sup> ;
- Provide a monitoring plan of the workforce health and safety conditions on a regular basis.

### **Evaluation Criteria for Pulp Production**

Alfred Berg/BNP Paribas AM encourages downstream pulp companies to move towards higher standards of sustainability. Alfred Berg/BNP Paribas AM believes that FSC and PEFC are currently the best available set of criteria for fiber 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;

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<sup>10</sup> This five-year period will start at the official publication date of this policy.

<sup>11</sup> ibid

<sup>12</sup> 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.

- 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, Alfred Berg/BNP Paribas 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, BNP Paribas encourage 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<sub>2</sub> emissions.

In relation to Environmental & Social Management Systems (ESMS) and Health & Safety Management Systems (HSMS), BNP Paribas AM believes that ISO 14001 and OHSAS 18001 are currently the best available sustainability certificates for industrial processes and Alfred Berg/BNP Paribas 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 14 001 (or equivalent EMS certification scheme) certified within a five-years period<sup>13</sup>;
- To set up and implement a HSMS and to develop a plan to have their activities OHSAS 18 001 (or equivalent HSMS certification scheme) certified within a five-year period<sup>14</sup>.

## Key Definitions

The following definitions apply in these guidelines:

**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 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 plantations<sup>15</sup>.

**BOD5:** 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 (COD) measures the amount of organic compounds in water.

**ECF:** Elementary Chlorine Free (ECF) is the process for bleaching the pulp. It allows obtaining concentrations of dioxins and furans in the effluents that are under the detections limits.

**EMS:** Environmental Management System. It can be recognized 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

<sup>13</sup> This five-year period will start at the official publication date of this policy for companies.

<sup>14</sup> Ibid.

<sup>15</sup> <http://www.rspo.org/?q=page/864>

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<sup>16</sup>):

- Forest areas containing globally, regionally or nationally significant concentrations of biodiversity values (e.g. endemism, endangered species);
- 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;
- Forest areas that are in or contain rare, threatened or endangered ecosystems;
- Forest areas that provide basic services of nature in critical situations (e.g. watershed protection, erosion control);
- Forest areas fundamental to meeting basic needs of local communities (e.g. subsistence, health);
- 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 recognized 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).

**Peatlands:** Wetland in which substantial peat accumulation—at least one foot (30 cm)—has taken place<sup>17</sup>. 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.

- Firstly, undrained peatlands are unique natural resources forming distinct ecosystems of great biodiversity importance for the maintenance of genetic, species and habitat levels.
- 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.
- Finally, peatlands have been major global carbon stores for millennia. Peatlands also emit CO<sub>2</sub> and CH<sub>4</sub>, 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 (N<sub>2</sub>O)<sup>18</sup>.

<sup>16</sup> [http://www.pwc.co.uk/eng/issues/forest\\_finance\\_home.html](http://www.pwc.co.uk/eng/issues/forest_finance_home.html)

<sup>17</sup> Charman, D. 2002. Peatlands and environmental change. J. Wiley & Sons, London & New York, p. 301

<sup>18</sup> Sources: Assessment on Peatlands, Biodiversity and Climate change, UNEP-GEF 2007, Strategy for responsible peatland management, IPS 2010

**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 Organization (ATO) and International Tropical Timber Organization'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:

1. Maintenance and enhancements of forest resources and their contribution to global carbon cycles
2. Maintenance and enhancement of forest ecosystem health and vitality
3. Maintenance of productive functions of forests
4. Maintenance, conservation and enhancement of biodiversity
5. Maintenance and enhancement of protective functions in forest management
6. 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<sup>19</sup>).

**TCF:** Totally Chlorine Free (TCF) 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<sup>20</sup>

## NUCLEAR POWER GENERATION

### Background

In 2010, the worldwide nuclear power sector provided around 2 755 TWh, almost 1/8th of the electricity produced in the world<sup>21</sup>. The most important producing countries are the United States of America (with 104 nuclear reactors) and France (58 reactors)<sup>22</sup>. According to the IEA<sup>23</sup>, the share of nuclear power in generation will continue increasing with more than 130 GW of new additions over the period between 2010 and 2035 and extended lifetime for several plants.

Furthermore, countries that chose to develop their nuclear industry consider that it has positive impacts, especially on economic

<sup>19</sup> [http://www.ramsar.org/cda/en/ramsar-documents-list/main/ramsar/1-31-218\\_4000\\_0](http://www.ramsar.org/cda/en/ramsar-documents-list/main/ramsar/1-31-218_4000_0)

<sup>20</sup> <http://whc.unesco.org/en/list/>

<sup>21</sup> 2012 World Energy Outlook. 2 756 TWh in 2010 were generated through nuclear power, i.e. 12.9% of the total 21,431 TWh generated in the world <http://www.iea.org/publications/freepublications/publication/kwes.pdf>

<sup>22</sup> [http://www.iaea.org/About/Policy/GC/GC56/GC56Documents/French/gc56-2\\_fr.pdf](http://www.iaea.org/About/Policy/GC/GC56/GC56Documents/French/gc56-2_fr.pdf)

<sup>23</sup> [http://www.worldenergyoutlook.org/docs/weo2010/WEO2010\\_ES\\_English.pdf](http://www.worldenergyoutlook.org/docs/weo2010/WEO2010_ES_English.pdf)

development, energy security of supply and greenhouse gas emissions reduction.

Alfred Berg/BNP Paribas Asset Management, as financial institutions, may provide financial products and services to governmental entities supporting and / or to companies developing civil nuclear power. Alfred Berg/BNP Paribas 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.

Alfred Berg/BNP Paribas 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. Alfred Berg/BNP Paribas 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.

### **Companies Concerned**

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).

Alfred Berg/BNP Paribas 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.

### **Mandatory Requirements applicable to Companies involved in a Nuclear Power Plant (NPP)**

The Nuclear Company only owns or operate 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<sup>4</sup>;
  - 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;
  - Existence of national and/or local prevention and emergency plans adapted to the geographical specifics, including external hazards (such as flooding or earthquake risks).

### **Evaluation Criteria applicable to Companies involved in a Nuclear Power Plant (NPP)**

In addition to the above mandatory requirements, Alfred Berg/BNP Paribas 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.

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

### **Mandatory Requirements applicable to Companies involved in the Nuclear Fuel Cycle**

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.

### **Evaluation Criteria applicable to Companies involved in the Nuclear Fuel Cycle**

In addition to the above mandatory requirements, Alfred Berg/BNP Paribas 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.

Alfred Berg/BNP Paribas 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. Alfred Berg/BNP Paribas 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.

### **Key Definitions**

**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’ center 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:

- Levels 1–3 are called "incidents"
- 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.

**OECD:** Organization 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.

**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. BNP Paribas 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.

## AGRICULTURE

With 6% of the world's GDP and 30% of the employment, agriculture is a key sector in today's economies. Its importance is going to grow in the next decades: the global demand for agricultural commodities and food will increase as the world population is expecting to approach 9 billion by 2050, with a major contribution of developing countries. In addition, the supply of agricultural goods could be threatened by the adverse impacts of climate change.

Agriculture is a major source of income and provides a livelihood to millions of people in both developed and developing countries. Globally there are around half a billion smallholder farmers growing half of the world's food needs on plots smaller than two hectares. Investing in agriculture is one of the most effective strategies for reducing hunger and promoting sustainability.

Technical and scientific evolutions have brought new agricultural practices. The business takes different forms from rain-fed farming to hydro culture, from small scale to large farms, from GMO based to artisanal agriculture.

If not managed properly, agriculture development can have several adverse impacts on local communities, ecosystems and climate change. These environmental and social issues can be tackled by a sustainable growth in the sector that is highly dependent on farming practices.

Alfred Berg/BNP Paribas AM identifies the following key environmental and social stakes linked to the agriculture sector:

- Ecosystem and biodiversity
- Water use and water pollution, 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
- Animal welfare

The following sector policy reflects our commitment to support the development of sustainable agricultural practices taking into consideration the key issues mentioned above.

## Activities under 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 fertilizers;
- 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).

## Mandatory requirements

BNP Paribas will only invest in agriculture companies which comply with the following requirements.

## General environmental management\*

Have a water Management Plan and disclose water consumption.

## Ecosystem and biodiversity

Are not involved in the trade of any plant or animal species or products governed by the Convention on International Trade in Endangered Species of Wild Fauna or Flora (CITES) not authorized by a CITES permit.

## Working conditions and human rights

- Do not use child or forced labor;
- Have a grievance mechanism in place through which workers' concerns can be raised and addressed;
- Respect the rights of workers to organize in a trade union or ensure workers' interest and voice can be heard within the company;
- Do not discriminate against employees and applicant for employment.

Moreover:

- Have a Human Resources policy or a Code of Conduct.

## Health & Safety

Have a policy in place to protect worker's health and safety conditions and disclose health and safety track record.

## Land tenure and local communities rights\*

- 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.

### **Food Safety and traceability**

Have a policy on food safety and traceability covering their sourcing and own operations.

### **Additional requirements for Farming activities**

In addition to the requirement applying to all agriculture companies, BNP Paribas AM will only invest in companies that:

#### **Ecosystem and biodiversity**

- Do not develop new farming projects in the following protected areas: UNESCO World Heritage Sites
- Conduct a High Conservation Value (HCV) assessment or equivalent prior to developing new farming projects, especially on Key Biodiversity Areas, and commit to not adversely impact HCV areas in a manner that would result in the irremediable loss of one or more of the six High Conservation Values.\*

#### **Agrochemicals**

- Do not use the following products, except in exceptional cases:

Substances that have been banned under the Stockholm Convention on Persistent Organic Pollutants (POP); Substances listed in Annex III of the Rotterdam Convention;

- Pesticides categorized as WHO Class 1A or 1B.
- Have a policy to minimize the use of pesticides and fertilizers (incl. Paraquat).

### **Physical agricultural products merchants and traders**

Alfred Berg/BNP Paribas AM will only provide financial products or services to physical agricultural products merchants and traders which: Food Safety and traceability

- Have a policy on food safety and traceability covering their sourcing and their own operations

### **Evaluation criteria**

Alfred Berg/BNP Paribas AM will also carry out an analysis of the considered Agriculture companies. The following evaluation criteria will be considered as key areas of due diligence. We will therefore assess whether companies:

- Have obtained or plan to obtain ISO 14001 certification, or equivalent certification, within a five year period;
- Put in place measures to monitor and reduce GHG emissions including CO<sub>2</sub> (carbon dioxide) and CH<sub>4</sub> (methane), energy consumption, waste generation and disposal, and to ensure soil integrity;\*
- Publish externally audited annual environmental and social reports;\*
- Have been regularly and repeatedly criticized for their environmental, social and governance performance on material issues, and whether actions have been taken to address them;
- Engage in sustainable initiatives as listed in Good industry practices section on page 31 Working conditions and human rights
- Have a policy in place covering maximum working hours;
- Provide workers training program on environmental risks and social issues.\* Health and Safety
- Have obtained or plan to obtain OHSAS 18001 certification or equivalent certification, within a five year period;

Have a health and safety policy which includes measures to avoid and reduce hazards, in particular through the training of workers.

#### **Global food security\***

- Engage and cooperate with small-scale producers:
- Provide training on improved growing techniques and on health and safety issues including agrochemicals use;
- Agree on fair market practices, e.g. fair and transparent terms of trade, quality requirements, pricing structure and access to dispute resolution mechanisms.
- Minimize food wastage during harvesting, storages and transport. Food Safety and traceability
- Have or plan to obtain ISO 22 000 certification (which is based on HACCP Principles), or equivalent food safety management certification, within a five-year period.

Additional criteria for Farming activities

In addition to the criteria applying to all agriculture companies, BNP Paribas will determine whether the farming companies: Ecosystem and biodiversity\*

- Integrate High Carbon Stock (HCS) analysis when developing new farming projects, and work with the relevant experts in that field. Agrochemicals
- Implement an Integrated Pest Management plan for their farming operations;
- Do not use or plan to eliminate the use of pesticides included in the SIN List for their operations. Global food security\*
- Avoid and minimize the potential adverse impacts on local subsistence agriculture when developing a new farming project (by the introduction of new crops or the replacement of existing local crops, for biofuel production or any other type of non-subsistence farming activity).

#### Additional criteria for Livestock and poultry activities

In addition to the criteria applying to all agriculture companies, BNP Paribas will determine whether companies, for their livestock and poultry activities:

#### Animal Welfare

- Operate in line with the IFC's Good Practice Note on Improving Animal Welfare in Livestock Operations, in particular adopt good management practices on animal husbandry, housing systems, genetics and breed selection;
- Implement the "Business Benchmark on Farm Animal Welfare" recommended policies and management systems.

#### Criteria for seeds/grains producing companies Food safety and security

- Can demonstrate the quality and safety of their seeds/grains;
- Provide transparent and comprehensive information on the seeds/grains usage and on the consequences of their use, especially for products in which gene technology is incorporated (GMOs).
- Criteria for physical agricultural products merchants and traders Supply Chain Governance and Traceability
- Set up policies to source or trade agricultural products from companies that do not contradict the mandatory requirements listed in section 3.2.1 of this policy.

#### Good industry practices

BNP Paribas also encourages agriculture companies to follow internationally recognized best practices on the key environmental, social and societal stakes of the agriculture sector. The Group encourages companies, depending on their activities:

- To adhere to the FAO Voluntary Guidelines on the responsible Governance of tenure;
- To follow the FAO-OECD Guidance for Responsible Agricultural Supply Chains;
- To comply with World Bank Group Environmental, Health and Safety Guidelines both general and specific to the Agribusiness and Food production sectors;
- To become an active member of Global G.A.P and comply with SAN Standards;
- To implement the IFC Good Practice Note on Improving Animal Welfare in Livestock Operations;
- To follow the CEO Water Mandate Corporate Water Disclosure Guidelines<sup>13</sup>;
- To comply with the CGF Responsible Soy Sourcing Guidelines.
- Agricultural commodities producers are encouraged to have their crop fields or plantations certified against the RTRS, BCI, Bonsucro or UTZ (as defined in section 8) principles and standards by 2020. In particular, cattle farmers are encouraged to have their production systems certified against the SCPS Standards (SAN) by 2020.
- Agricultural commodities primary processors and traders are encouraged to set up policies requiring that their suppliers become certified against the RTRS, BCI, Bonsucro, UTZ or SCPS principles and standards, by 2020.
- Forest managers and processors of timber products are encouraged to have their forest concessions certified against the Forest Stewardship Council (FSC) or the Program for the Endorsement of Forest Certification (PEFC) standard by 2020.

Moreover, BNP Paribas has committed itself to Zero Deforestation

## GLOSSARY

The following definitions apply in this policy:

**Agrochemical Alliance for Zero Extinction sites (AZE)**

A chemical substance used in agricultural production systems to maintain soil fertility (compost or fertilizer), control weeds (herbicide), combat pests (insecticides, fungicides, nematicides, rodenticides, etc.) or stimulate growth.

The AZE is a joint initiative of worldwide biodiversity conservation organizations, which aims to prevent extinctions by identifying and safeguarding key sites, each one of which is the last remaining refuge of one or more Endangered (EN) or Critically Endangered (CR) species. AZE sites contain >95% of the known global population of a given EN or CR species, or >95% of the population for one life history segment (e.g. breeding or wintering) of the EN or CR species. It also has distinctive features and definable boundaries. For the above reasons, the loss of an AZE site would result in the extinction of a species in the wild.

<http://www.zeroextinction.org/index.html>

**Biofuel**

A type of energy derived from renewable plant and animal materials. Examples of biofuels include ethanol (often made from corn in the United States and sugarcane in Brazil), biodiesel (vegetable oils and liquid animal fats), green diesel (derived from algae and other plant sources) and biogas (methane derived from animal manure and other digested organic material).

**Distributors**

Distributors sell agricultural inputs (fertilizers, farm equipment...) to agriculture companies

**Forest**

Land spanning more than 0.5 hectares with trees higher than 5 meters and a canopy cover of more than 10 percent, or trees able to reach these thresholds *in situ*. It does not include land that is predominantly under agricultural or urban land use.

Source: FAO <http://www.fao.org/docrep/014/am665e/am665e00.pdf>

**Free, Prior and Informed Consent (FPIC)**

Free, prior and informed consent (FPIC) refers to the rights of local communities, particularly indigenous peoples, to participate in decision making about issues impacting them. The principle of FPIC within international development is most clearly stated in the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP). Article 10 states: "Indigenous peoples shall not be forcibly removed from their lands or territories. No relocation shall take place without the free, prior and informed consent of the indigenous peoples concerned and after agreement on just and fair compensation and, where possible, with the option of return."

**HACCP (Hazard analysis and critical control points) Principles**

HACCP is a systematic preventive approach to food safety and biological, chemical, and physical hazards in production processes that can cause the finished product to be unsafe, and designs measurements to reduce these risks to a safe level.

- 1 - Conduct a Hazard Analysis Principle
- 2 - Identify the Critical Control Points Principle
- 3 - Establish Critical Limits Principle
- 4 - Monitor Critical Control Points Principle
- 5 - Establish Corrective Action Principle
- 6 - Verification Principle

7 - Recordkeeping The HACCP system can be used at all stages of a food chain, from food production and preparation processes including packaging, distribution, etc.

<b>IFC's Good Practice Note on Improving Animal</b>	This Note is part of the IFC's commitment to provide enhanced support to its clients in the development of a responsible and forward-looking approach to livestock operations to, among other things, help producers access and maintain entry into high quality and
<b>Welfare in Livestock Operations</b>	value market segments. It also provides guidance on a range of approaches to animal welfare. It covers traditional livestock production (dairy, beef, broiler chickens, layer chickens, pigs, and ducks) and aquaculture in intensive and extensive systems (although this policy does not apply to aquaculture). <a href="http://www.ifc.org/wps/wcm/connect/67013c8046c48b889c6cbd9916182e35/IFC+Good+Practice+Note+Animal+Welfare+2014.pdf?MOD=AJPERES">http://www.ifc.org/wps/wcm/connect/67013c8046c48b889c6cbd9916182e35/IFC+Good+Practice+Note+Animal+Welfare+2014.pdf?MOD=AJPERES</a> (December 2014)
<b>Integrated Pest Management (IPM)</b>	A long-term prevention strategy to combat pests, involving a combination of techniques, such as biological control (use of beneficial insects or microbes), use of crop-resistant varieties and the use of alternative agricultural practices (spraying, fertilizing or pruning). The objective of IPM is to make conditions less favorable for pest development. Pesticides are used only when the damage caused by pests is greater than the level that the farmer can economically sustain.
<b>IUCN (International Union for Conservation of Nature) I-IV</b>	IUCN protected area management categories classify protected areas according to their management objectives. The categories are recognized by international bodies such as the United Nations and by many national governments as the global standard for defining and recording protected areas and as such are increasingly being incorporated into government legislation. - Ia Strict Nature Reserve - Ib Wilderness Area

- II National Park
- III Natural Monument or Feature
- IV Habitat/Species Management Area

**Key Biodiversity Areas**

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.  
 For more information:  
<http://www.biodiversitya-z.org/content/key-biodiversity-areas- kba>

**Land grabbing**

Contentious issue of large-scale land acquisitions concerning the buying or leasing of large pieces of land in developing countries, by domestic and transnational companies, governments, and individuals.

**Management Plan**

A management plan summarizes the commitment of a company or project to address and mitigate the identified risks and impacts of its operations (through avoidance, minimization, and compensation/offset), as well as to monitor and improve its performance. Management plans are usually translated into operational procedures.

**Origination operations**

Supply chain services and commodity management between producers and suppliers

Originators usually provide producers with liquidity and physical asset base and storage capacity to improve commodity flow into key markets.

**Paraquat**

Paraquat is 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.

**Peat lands**

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).

**Physical agricultural products merchants and traders**

Link between producers and industries: agriculture commodity traders offer services to both sellers and buyers (which may be other traders/merchants), and may provide integrated logistics and distribution required for purchase and delivery of the right product at the right time, and managing the risks involved.



<b>Polyculture</b>	<p>Agriculture using multiple crops in the same space, in imitation of the diversity of natural ecosystems, and avoiding large stands of single crops, or monoculture. It includes multi-cropping, intercropping, companion planting, beneficial weeds, and alley cropping. Polyculture, though it often requires more labor, has several advantages over monoculture:</p> <ul style="list-style-type: none"> <li>• The diversity of crops avoids the susceptibility of monocultures to disease.</li> <li>• The greater variety of crops provides habitat for more species, increasing local biodiversity. This is one example of reconciliation ecology, or accommodating biodiversity within human landscapes. It is also a function of a biological pest control program.</li> </ul>
<b>Rotterdam Convention</b>	<p>Multilateral treaty to promote shared responsibilities in relation to importation of hazardous chemicals. The objectives are to promote shared responsibility and cooperative efforts among Parties in the international trade of certain hazardous chemicals in order to protect human health and the environment from potential harm and to contribute to the environmentally sound use of those hazardous chemicals. The chemicals listed in Annex III include pesticides and industrial chemicals that have been banned or severely restricted for health or environmental reasons by two or more Parties and which the Conference of the Parties has decided to subject to the Prior Informed Consent (PIC) procedure. There are a total of 47 chemicals listed in Annex III, 33 are pesticides (including 4 severely hazardous pesticide formulations) and 14 industrial chemicals.</p> <p><a href="http://www.pic.int/TheConvention/Chemicals/AnnexIIIChecklistofChemicals/tabid/1132/language/en-US/Default.aspx">http://www.pic.int/TheConvention/Chemicals/AnnexIIIChecklistofChemicals/tabid/1132/language/en-US/Default.aspx</a></p>
<b>SIN List</b>	<p>The Substitute It Now (SIN) List has been developed by the International Chemical Secretariat (ChemSec). This list is a database of chemicals identified as Substances of Very High Concern based on the criteria established by the EU chemicals regulation REACH. The full list can be found at <a href="http://sinlist.chemsec.org">http://sinlist.chemsec.org</a></p>
<b>Soil salinization</b>	<p>Following irrigation, the water added to the soil is used by the crop or evaporates directly from the moist soil. The salt contained in this irrigation water is left behind in the soil and accumulates, leading to soil salinization unless it is removed or dissolved. Soil salinization can have dramatic consequences, through the reduction of soil fertility, and is considered as a major source of desertification worldwide. Source: <a href="http://www.fao.org/docrep/r4082e/r4082e08.htm#7.2.2soilSalinity">http://www.fao.org/docrep/r4082e/r4082e08.htm#7.2.2soil Salinity</a></p>
<b>Stockholm Convention on Persistent Organic Pollutants</b>	<p>A global treaty to protect human health and the environment from chemicals that remain intact in the environment for long periods, become widely distributed geographically, accumulate in the fatty tissue of humans and wildlife, and have harmful impacts on human health or on the environment.</p> <p>Exposure to Persistent Organic Pollutants (POPs) can lead to serious health effects including certain cancers, birth defects, dysfunctional immune and reproductive systems, greater susceptibility to disease and damages to the central and peripheral nervous systems.</p> <p><a href="http://chm.pops.int/TheConvention/ThePOPs/ListingofPOPs/tabid/2509/Default.aspx">http://chm.pops.int/TheConvention/ThePOPs/ListingofPOPs/tabid/2509/Default.aspx</a></p>

<b>Traceability</b>	The ability to follow the movement of a food through specified stage(s) of production, processing and distribution. The traceability/product tracing tool should be able to identify at any specified stage of the food chain (from production to distribution) from where the food came (one step back) and to where the food went (one step forward), as appropriate to the objectives of the food inspection and certification system. (Codex Alimentarius Commission, CAC 2006).
<b>UNESCO World Heritage Sites</b>	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. <a href="http://whc.unesco.org/en/list">http://whc.unesco.org/en/list</a>
<b>Wetlands on the Ramsar List</b>	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 ( <a href="http://www.ramsar.org/">http://www.ramsar.org/</a> ).
<b>WHO Class Ia or Ib</b>	Correspond to the pesticides that pose the greatest risks to human health according to the World Health Organization's Recommended Classification of Pesticides. Hazard 1a being "extremely hazardous" and 1b being "highly hazardous". ( <a href="http://www.who.int/ipcs/publications/pesticides_hazard/en/">http://www.who.int/ipcs/publications/pesticides_hazard/en/</a> )
<b>World bank Group's Agribusiness and Food Production EHS Guidelines</b>	Technical reference documents with general and industry- specific examples of good international industry practices. The Environmental, Health and Safety (EHS) Guidelines contain the performance levels and measures that are generally considered to be achievable at reasonable costs by existing technology. <a href="http://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+sustainability/our+approach/risk+management/ehsguidelines">http://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+sustainability/our+approach/risk+management/ehsguidelines</a> .
<b>Zero net deforestation</b>	<p>The BEI follows the CGF's explanation of "zero net deforestation", itself derived from WWF's guidance:</p> <ul style="list-style-type: none"> <li>• "Zero net deforestation" can be distinguished from "zero deforestation", which means no deforestation anywhere.</li> <li>• "Zero net deforestation" acknowledges that some forest loss could be offset by forest restoration. "Zero net deforestation" is not synonymous with a total prohibition on forest clearing. Rather, it leaves room for change in the configuration of the land-use mosaic, provided the net quantity, quality and carbon density of forests is circumstances, conversion of forests in one site may contribute to conservation of the wider landscape (e.g. reducing livestock grazing conversion of forest areas in the buffer zone to provide farmland)</li> </ul> <p>However, "zero net deforestation" is not achieved through the conversion of forests into fast growing plantations. Such conversion would count as a loss against the target.</p> <ul style="list-style-type: none"> <li>• Approaches to implementing a "zero net deforestation" policy should focus on forests with a High Conservation Value (HCV)<sup>1</sup> or that are considered High Conservation Sites (HCS)<sup>2</sup>.</li> </ul> <p>Please see <a href="http://www.hcvnetwork.org/">http://www.hcvnetwork.org/</a> for a working definition  Please see <a href="http://www.greenpeace.org/international/global/international/Briefing-2013.pdf">http://www.greenpeace.org/international/global/international/Briefing-2013.pdf</a> for a working definition of HCS</p>

## COAL

### Requirements

#### Thermal-coal mining:

Alfred Berg/BNP Paribas AM will exclude mining companies that meet any of the following criteria:

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

#### Electricity production:

Alfred Berg/BNP Paribas AM will exclude all power generators that meet any of the following criteria:

- are adding operational coal-fired power generation capacity to their power portfolio
- have a carbon intensity above the 2020 global average of 463 gCO<sub>2</sub>/kWh. This exclusion will be further tightened following the Paris-compliant trajectory for the sector as determined by the International Energy Agency ('IEA') Sustainable Development Scenario (SDS). This means power generators' carbon intensity will need to fall to 346 gCO<sub>2</sub>/kWh by 2025, otherwise they will be excluded from our investment portfolios.
- 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.

#### Thermal-coal mining and electricity production monitoring:

Alfred Berg/BNP Paribas 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 do not meet the above criteria but make credible commitments to reducing their coal-based activities to levels consistent with the Paris Agreement may be added to a watchlist list.

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 commitment in place, including 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 a relative growth in renewables higher than growth in gas
- A CAPEX plan oriented towards renewables; and/or
- How far their current CO<sub>2</sub> intensity is from the CO<sub>2</sub> intensity of their local SDS.

Once a company is on the watchlist, our stewardship team or portfolio managers will engage directly with these companies on the above criteria. Companies on the watchlist will be engaged with and reviewed at least once per year to assess their commitment to the goals of our policy. No exemptions will be made for companies that develop either new thermal coal mining or power capacity.

For existing captive coal power plants used for energy intensive processes such as steel, aluminum and cement plants in emerging countries, if they represent a very limited installed capacity of less than 500 MW, and if the company is diversifying its energy supply away from coal, we may consider putting the company in the watchlist. If the company is involved in building new captive coal power plants, it is ineligible for inclusion in the watchlist and will be automatically be excluded.

#### Policy implementation and definitions:

**Data:** We use a number of sources to understand if companies meet the requirements of this policy, including publicly available data (CDP, Urgewald, TPI, Benchmarking Air Emissions, company reports, Global Energy Monitoring) as well as data we purchase from external data providers such as Trucost and Sustainalytics.

**CO<sub>2</sub> intensity:** the ratio between carbon dioxide (CO<sub>2</sub>) emissions of a power plant and the quantity of electricity generated by this same power plant, during a given timeframe (typically one year). This ratio is expressed in gCO<sub>2</sub>/KWH, for example.

## Background

There are **three reasons** why we have decided to exclude coal from our portfolios and why we have decided to do so now.

### 1. To tackle climate change

The decision to exclude companies overly exposed to thermal coal is in line with, and a step towards achieving, the commitment we took in 2016 to progressively align our portfolios to the Paris Agreement Goal of keeping temperature rises well-below 2°C above pre-industrial levels.

Keeping temperature rises well below 2°C requires a massive and rapid reduction of greenhouse-gas (GHG) emissions. The current use of coal worldwide is incompatible with this target. Indeed, coal combustion is the largest single source of global warming, while the power sector itself is the largest single source of coal combustion. Reducing emissions from coal is therefore the most effective way of moving towards an energy system consistent with the Paris Agreement. According to the IEA's SDS, almost all of the emissions reductions from the energy sector required by 2025 to align the global emissions pathway with the Paris Agreement – 2.8Gt out of a total 3Gt – come from cutting back on the use of coal in power generation.

### 2. To reduce air pollution and improve human health

The policy also responds to an increasing concern over **air pollution and the impact on human health**. According to the World Health Organization, approximately 4.2 million people die every year from outdoor air pollution<sup>24</sup>.

This is caused by:

- 75% of SO<sub>2</sub> emissions linked to power generation are due to coal combustion
- 70% of NO<sub>x</sub> emissions linked to power generation are due to coal combustion
- 90% of PM 2.5 (particulate matter) linked to power generation are due to coal combustion

### 3. To avoid stranded asset risk

Finally, the policy also responds to the need to manage the risk of fossil-fuel assets becoming stranded in a strong climate-change mitigation scenario. Owing to its high carbon content and the fact that 73% of coal consumption is in power generation – where increasingly cheaper alternatives exist – coal is at greater risk of being stranded in the near term **than oil and gas**.

- **Policy risk:** coal phase-outs have been announced in a number of EU countries (UK, Netherlands, France, Finland, Italy, and most recently Germany), and compensation policies will not necessarily cover all costs. Other jurisdictions are likely to go down this path over the next decade for both climate and public-health reasons (in total 24 countries or other jurisdictions have already committed to phasing out coal in power generation)<sup>25</sup>.
- Carbon pricing is likely to be more widely adopted over the next decade as well.
- **Technology risk:** Renewables are becoming ever more competitive, and in certain jurisdictions wind and solar are not only already cheaper than *new* coal capacity but are also close to being cheaper than *existing* coal capacity. This will become a much more widespread feature of power markets across the world over the next decade as renewable costs continue to fall and carbon pricing becomes more widespread.
- **Virtuous feedback loop between policy and technology:** With strong support from public policy in the form of subsidies, huge amounts of capital have been deployed in renewables over the last decade, enabling economies of scale and hence more ambitious targets which then drive further cost economies of scale in renewables. This feedback loop could be replicated with the ramp-up of energy-storage technologies.
- **Commodity-price risk:** In some jurisdictions – most notably the US – cheap gas has already largely priced coal out of the market.
- **Carbon capture and storage:** Carbon-capture and storage technology has long been held out as the savior of coal, but it has simply not attracted the investment necessary to drive economies of scale and has probably missed its window as a large-scale solution at global scale given the renewables revolution and the improving

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<sup>24</sup> See WHO, Air Pollution, 2019.

<sup>25</sup> See Greenpeace, Global Shift, October 2017. This reports list 22 political jurisdictions (10 nation states, 7 US states, and a number of cities such as Beijing and New Delhi) that have committed to phasing out coal in power generation, and since then Italy and Germany have joined the list.

economics of energy storage.

## UNCONVENTIONAL OIL AND GAS

### Background

Along with the adoption of the Paris Agreement in December 2015, BNP Paribas, a long-time partner of the energy sector, has joined in the international effort to keep global warming below 2°C above the pre-industrial levels. Since then, BNP Paribas has committed to the energy transition and already launched various actions to lower the carbon intensity of its portfolio and improve the impact of its activities on the environment.

Fossil fuels, especially natural gas, could play an important part in the global energy transition, as long as the resources are produced with the best possible practices in order to limit associated greenhouse gases emissions and other potential adverse impacts.

The transportation and power sectors, originally built upon fossil resources, still need to rely partly on oil and natural gas during the transition period. Unconventional oil and gas production currently represents around 10% of global oil and gas production. This share is expected to grow as unconventional oil and gas now respectively account for 55% and 44% of recoverable resources<sup>26</sup>.

Oil and gas are defined as unconventional if the oil or gas resource is spread out diffusely over a large area and is unlikely to migrate throughout the sedimentary layers and such formations may require the need for unconventional extraction (and sometimes processing) techniques.

The rapid increase in the number of unconventional oil and gas projects has generated a higher level of risks resulting in part from inadequate control on companies' practices. However, the impact of these unconventional activities can be mitigated by implementing best practices, an area we will focus on when investing in these types of companies.

This policy focuses on the unconventional resources accounting for the highest production volumes and/or the most critical environmental impacts i.e. shale gas, shale oil and oil sands.

This policy also covers oil and gas exploration and production from the Arctic region as defined by BNP Paribas<sup>28</sup>. This definition recognizes the extreme environment in which such activities would take place, and the additional risks these would create in case of accidents, especially oil spills.

We will continue to support the energy transition, however we will no longer invest in companies with projects with the highest environmental and social adverse impacts, and will favor companies who are committed to take an active role in the energy transition and who apply the highest industry standards.

This policy defines a set of rules and procedures regarding financial products or services provided by BNP Paribas entities, including BNP Paribas AM and Alfred Berg. They aim at addressing social and environmental issues of the unconventional oil and gas industry and establishing guidelines for conducting business in the most possible responsible manner.

### Definition of unconventional oil and gas

Unconventional oil and gas resources cover shale oil or gas, oil sands as well as oil and gas resources located in the Arctic region<sup>29</sup>. Activities

This policy covers:

- Unconventional oil and gas projects: exploration and production of unconventional oil and gas resources, pipelines

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<sup>26</sup> Source: IEA World Energy Outlook 2016

<sup>27</sup> Source : Petroleum Resources Management System by American Association of Petroleum Geologists (AAPG), Society of Petroleum Engineers (SPE), World Petroleum Council (WPC), Society of Petroleum Evaluation Engineers (SPEE)

<sup>28</sup> The Arctic region is defined as the offshore area featuring the widest ice coverage over a 12 months period – i.e. during the February to March period according to the National Snow and Ice Data Center.

<sup>29</sup> The Arctic region is defined as the offshore area featuring the widest ice coverage over a 12 months period – i.e. during the February to March period according to the National Snow and Ice Data Center

transporting unconventional oil or gas, as well as LNG export terminals supplied with unconventional gas. It covers both greenfield and brownfield projects;

- 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.

### **Rules and standards of the policy**

Alfred Berg/BNP Paribas AM requires companies involved in unconventional oil and gas to comply with applicable local laws and regulations as well as with international conventions ratified by their operating countries. This policy also sets additional criteria to be respected by these companies.

### **Unconventional oil and gas projects**

Alfred Berg/BNP Paribas AM will not invest in the following greenfield or brownfield projects:

- Exploration and Production of unconventional oil and gas resources;
- Pipelines transporting a significant volume of unconventional oil and gas;
- LNG export terminals supplied by a significant volume of unconventional gas.

### **Companies involved in unconventional oil and gas activities**

Alfred Berg/BNP Paribas AM will not invest in companies that fall under one of the following activities:

- Exploration and production companies for which unconventional oil and gas represent a significant part of their total reserves;
- Diversified<sup>30</sup> companies for which unconventional oil and gas exploration and production represent a significant share of their total revenues;
- Trading companies for which unconventional oil and gas resources represent a significant part of their business;
- Companies that own or operate pipelines or LNG export terminals supplied with a significant volume of unconventional oil and gas.

### **Mandatory requirements**

For companies involved in unconventional oil and gas that are not subject to the above exclusions, BNP Paribas AM applies the following mandatory requirements.

Alfred Berg/BNP Paribas AM will only invest in companies involved in unconventional resources 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 labor as defined in the International Labor Organization (ILO) Conventions<sup>31</sup> ;
- Have a policy in place to protect their 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 performance related to water use, waste generation, energy consumption, GHG emissions, and land reclamation strategy.

## **CONTROVERSIAL WEAPONS**

### **Background**

While Alfred Berg/BNP Paribas AM recognizes the right of countries to defend themselves and protect their national security, the Group acknowledges that the defense sector presents specific risks related to (1) the status of certain weapons, (2) their potential end use, and (3) the risk of corruption:

- (1) Controversial weapons: these weapons have indiscriminate effects and cause undue harm and injuries. Certain controversial weapons, namely cluster munitions, antipersonnel mines, chemical and biological weapons and nuclear weapons are regulated by international conventions.

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<sup>30</sup> i.e. companies with exploration, production as well as midstream and/or downstream activities.

<sup>31</sup> C 138 Minimum Age Convention, 1973 ; C 182 Worst Forms of Child Labor Convention, 1999 ; C 29 Forced Labor Convention, 1930



- (2) Potential irresponsible use of non-controversial weapons: the potential for the irresponsible end-use of military, security or police equipment is an important issue in this sector. This is why some countries are subject to international monitoring and subject to international sanctions and specific embargoes on the weapons trade. As a major European financial institution, the Group recognizes the validity of the position of the European Union Council, which states the five greatest challenges and threats to European Union security are terrorism, proliferation of weapons of mass destruction, regional conflicts, failed states and organized crime. Illicit weapons trade, in particular trade in small arms, figures at the center of four of these five threats. Initiatives at different stages of implementation aim at preventing weapons from being supplied to repressive regimes and/or terrorist groups (embargoes, the EU Code of Conduct on Arms Exports and the Arms Trade Treaty). Alfred Berg/BNP Paribas AM implements strengthened oversight measures to examine transactions involving the most sensitive countries. Until small arms trade has been addressed by an international treaty, the Group's oversight also includes transactions involving small arms.
- (3) Corruption risk: Alfred Berg/BNP Paribas AM also recognizes that international trade in weapons is particularly exposed to the risk of corruption and money laundering. Trade in non-controversial arms may finance dictatorial and/or corrupt regimes and terrorist groups. This is why, in keeping with its commitment to exemplary efforts to fight corruption and money laundering, the Group implements strengthened oversight and control measures. These measures are designed to ensure the traceability of payments, the transparency of commercial and banking intermediaries, knowledge of the destinations of goods and final buyers and the consistency of prices and commissions paid to commercial intermediaries.

### Companies Concerned

Alfred Berg/BNP Paribas AM defines controversial weapons as weapons having indiscriminate effects and causing undue harm and injuries. Certain controversial weapons, namely cluster munitions, antipersonnel mines, chemical and biological weapons and nuclear weapons are regulated by international conventions.

"Controversial weapons" is a concept subject to change over time. At the date of publication of this Policy, Alfred Berg/BNP Paribas AM considers the following to be "controversial weapons":

- Anti-personnel mines: the Ottawa Convention, which took effect in March 1999, bans the use of antipersonnel mines;
- Cluster weapons: 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<sup>32</sup>;
- 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;
- Depleted uranium munitions: no current international convention exists, but BNP Paribas recognizes the concerns of certain stakeholders concerning depleted uranium munitions.

If one of the above-mentioned activities takes place within a subsidiary, the direct parent company is also considered to be involved in controversial weapons if it holds a majority equity interest in the subsidiary. Likewise, any majority owned subsidiary of a company involved in controversial weapons is also deemed to be involved.

Furthermore, Alfred Berg/BNP Paribas AM will not invest in companies involved in the following types of equipment and activity:

- Companies that 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". EU Council Regulation No 1236/2005 imposes a prohibition on exports of such goods;
- Companies which have been identified by the UN, EU, United States or France, as having deliberately participated in

<sup>32</sup> Alfred Berg/BNP Paribas AM makes an exception for government controlled nuclear weapon programs in NATO countries that are authorized to possess nuclear weapons under the Nuclear Non- Proliferation Treaty

<sup>33</sup> 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



the violation of embargos on arms and internal repression equipment imposed by these authorities.

## Mandatory Requirements

Alfred Berg/BNP Paribas AM does not wish to invest in companies involved in the manufacture, trade or storage of "controversial weapons", or any other activity involving controversial weapons.

Alfred Berg/BNP Paribas AM considers that a company is "involved in controversial weapons" when the company:

- Produces, trades, or stores controversial weapons 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;
- Provides assistance, technologies or services dedicated to controversial weapons.

If one of the above-mentioned activities takes place within a subsidiary, the direct parent company is also considered to be involved in controversial weapons if it holds a majority equity interest in the subsidiary. Likewise, any majority-owned subsidiaries of a parent company involved in controversial weapons are also deemed to be involved.

Furthermore, Alfred Berg/BNP Paribas AM will not invest in companies involved in the following types of equipment and activity:

- Companies that 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*". EU Council Regulation No 1236/2005 imposes a prohibition on exports of such goods<sup>34</sup>;
- Companies which have been identified by the UN, EU, United States or France, as having deliberately participated in the violation of embargos on arms and internal repression equipment imposed by these authorities.

## Key Definitions

**Anti-personnel mine:** 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).

**Arms Trade Treaty:** The United Nations Arms Trade Treaty (ATT) is a multilateral treaty that regulates the international trade in conventional weapons - from small arms to battle tanks, combat aircraft and warships - with the objective of preventing and eradicating the illicit trade in conventional arms and preventing their diversion. It was adopted by the UN General Assembly on April 2nd 2013 and entered into force on 24 December 2014.

**Biological weapon:** 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 weapon:** 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

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<sup>34</sup> 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

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:** Controversial weapon is a dynamic concept likely to change in time. As of the publication date of this policy, Alfred Berg/BNP Paribas AM considers the following as “controversial weapons”:

- (a) Anti-personnel mines: the Ottawa Convention, effective since March 1999, bans the use of anti-personnel mines;
- (b) Cluster weapons: the convention on Cluster Munitions (Oslo Convention) adopted in 2008 prohibits the use, stockpiling, production and transfer of cluster munitions;
- (c) Nuclear weapons<sup>35</sup>: the Nuclear Non-proliferation Treaty (NPT) of 1968, effective since March 1970, aims at inhibiting the proliferation of nuclear weapons;
- (d) Biological and chemical weapons: the Biological and Toxin Weapons Convention (BWC) of 1972 and the Chemical Weapons Convention (CWC) of 1993 outlaw biological and chemical weapon;
- (e) Depleted uranium ammunitions: no current Convention exists, but BNP Paribas AM acknowledges the society's general concern over depleted uranium ammunition.

**Depleted uranium ammunition:** Ammunition containing depleted uranium.

**Financial Action Task Force:** The Financial Action Task Force (FATF) is an inter-governmental body whose purpose is the development and promotion of national and international policies to combat money laundering and terrorist financing.

**Internal Repression:** The EU Code of Conduct on Arms Exports defines “Internal Repression” as to “include inter alia, torture and other cruel, inhuman and degrading treatment or punishment, summary or arbitrary executions, disappearances, arbitrary detentions and other major violations of human rights and fundamental freedoms as set out in relevant international human rights instruments, including the Universal Declaration on Human Rights and the International Covenant on Civil and Political Rights.”

**Internal Repression Equipment:** Within the scope of this Policy “Internal Repression Equipment” should be understood as a specific subset of Security and Police Equipment which might be used for internal repression. The EU Code of Conduct on Arms Exports defines “Internal Repression Equipment” as: “equipment which might be used for internal repression [including], inter alia, equipment where there is evidence of the use of this or similar equipment for internal repression by the proposed end-user, or where there is reason to believe that the equipment will be diverted from its stated end-use or end-user and used for internal repression.” There is no definitive list of the types of equipment included in this category, but EU regulations implementing restrictive measures on certain countries sometimes specify a list of equipment covered by an embargo on Internal Repression Equipment<sup>36</sup>.

**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<sup>37</sup>.

**Nuclear weapon:** 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).

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<sup>35</sup> An exception is made for companies that only contribute to government controlled nuclear weapon programs in NATO countries that are permitted to possess nuclear weapons under the Nuclear Non-Proliferation Treaty.

<sup>36</sup> For example, see Annex I of COUNCIL REGULATION (EU) No 36/2012 of 18 January 2012 concerning restrictive measures in view of the situation in Syria; or Annex III of COUNCIL REGULATION (EU) No 588/2011 of 20 June 2011 concerning restrictive measures against President Lukashenko and certain officials of Belarus

<sup>37</sup> For the most recent Common Military List of the European Union at the time of publication of this document please see: <http://eur-lex.europa.eu/legal-content/FR/TXT/PDF/?uri=OJ:C:2015:129:FULL&from=EN>

**Risk of diversion:** The transfers of defense and security equipment to unauthorized users, as well as transfers to authorized users that will use, or are at risk of using the equipment in abusive ways to commit serious violations of human rights. (also see Article 11 of the Arms Trade Treaty)

**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.

**Small Arms and Light Weapons (SALW):** Small arms include revolvers and self-loading pistols, rifles and carbines, assault rifles, sub-machine guns and light machine guns. Light weapons include heavy machine guns, hand-held under-barrel and mounted grenade launchers, portable anti-aircraft guns, portable anti-tank guns, recoilless rifles, portable launchers of anti-tank missile and rocket systems; portable launchers of anti-aircraft missile systems (MANPADS); and mortars of calibers of less than 100 mm. Also included are the following ammunitions and explosives: cartridges (rounds) for small arms, shells and missiles for light weapons, mobile containers with missiles or shells for single-action anti-aircraft and anti-tank systems, anti-personnel and anti-tank hand grenades, landmines, explosives<sup>38</sup>.

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

## ASBESTOS

### Background

The term "asbestos" refers to a set of silicate minerals made up of microscopic fibers. Asbestos was long used in industrial and commercial applications because of its physicochemical properties, including resistance to fire, low thermal, acoustic and electrical conductivity, mechanical resistance, resistance to chemical attacks and elasticity.

The inhalation of asbestos fibers is dangerous and can cause serious illnesses, such as asbestosis and cancer, which can take up to 40 years to develop after the start of exposure.

Asbestos was used on a massive scale for more than 130 years. Asbestos consumption in France peaked between 1973 and 1975.

### Companies Concerned

These guidelines apply to companies involved in asbestos as owner or operator of asbestos mines and asbestos fiber production facilities.

### Mandatory Requirements

BNP Paribas AM does not want to invest in companies that own or operate asbestos mines and asbestos fiber production facilities.

### Key Definitions

The term "asbestos" refers to a set of silicate minerals made up of microscopic fibers, including:

1/ Loosely bound or unbound (friable) asbestos:

- Loose raw asbestos used as thermal insulation in the form of loose fill insulation or flocking (sprayed on), which can be found in some old steel-framed buildings
- Woven or braided asbestos for thermal insulation of pipes, personal protective equipment, electrical wiring, etc.
- Asbestos paper or board (from 5 to 50mm thick) used for thermal insulation of heaters, suspended ceilings, seals, fireproof partition walls, etc.
- Asbestos felt, mainly used for filters.

2/ Bonded asbestos:

- Asbestos powder added to gypsum plaster mortar, high-bond mortar, bonding agents, plaster patching

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<sup>38</sup> Based on <http://www.un.org/Depts/ddar/Firstcom/SGreport52/a52298.html>

compounds, etc.

- Asbestos mixed with cement (asbestos cement) used in a range of construction materials: corrugated sheets, outside wall sheeting, ventilation ducts, pipes, etc., particularly found in older prefabricated buildings.
- Mineral filler in paints, varnishes, sealants, insulating foam, etc.
- Asbestos added to plastics for seals, coatings, household utensils, brake linings, clutch facings, etc.
- Asbestos added to asphalt for roof waterproofing, anti-corrosion coatings, road surfacing, etc.

More than 50 countries have already banned asbestos, in particular:

1/ Europe:

- The 27 members of the European Union, as well as Iceland, Norway, Switzerland and Turkey;
- Croatia decided to ban asbestos in 2006, but the decision was overturned. Since the country is a candidate to join the European Union, however, it is expected to make the sensible choice to ban asbestos shortly.

2/ North, South and Central America:

- Argentina, Chile, Honduras, Uruguay;
- The situation in the United States is a legally complex one: asbestos is largely banned in the US, but there is no complete ban. On October 4, 2007, the US Senate unanimously voted to pass an act banning the import and use of asbestos. The 1989 ban issued by the United States Environmental Protection Agency (EPA), however, was partly overturned by a court of appeals;
- Prohibitory orders are in force in several states of Brazil, including São Paulo, Rio de Janeiro, Rio Grande do Sul and Pernambuco (N.B. These four states are home to 40% of Brazil's population);
- In a joint declaration signed on June 9, 2010 [see document (in Spanish)], the health ministers of Argentina, Bolivia, Brazil, Chile, Ecuador, Paraguay, Peru, Uruguay and Venezuela underlined the hazards of asbestos and made a commitment to ban asbestos (for those states yet to ban it).

3/ Asia:

- Saudi Arabia, Bahrain, Brunei, South Korea, Israel, Japan, Jordan, Kuwait, Mongolia, Oman, Qatar, Turkey;
- Some countries such as Singapore and Taiwan have issued stringent restrictions which have stopped the use of asbestos;
- The National Health Assembly in Thailand (N.B. Thailand is one of the biggest consumers of asbestos) voted a resolution banning asbestos on December 16, 2010. The ban has not yet come into effect.

4/ Africa:

- South Africa, Algeria, Gabon, Egypt, Mozambique and Seychelles.

5/ Oceania:

- Australia and New Caledonia;
- New Zealand banned the import of raw asbestos, but in theory the import of products containing asbestos is still legal.

## 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 increase the world 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 these countries in terms of revenue generation, employment, infrastructure development and support to production.

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).

### Companies Concerned

These *guidelines* apply to companies, groups or joint-ventures owning mining assets (which represent a significant share of their total assets) and which are involved in exploration, development or operation of such mining assets.

### Mandatory Requirements

Alfred Berg/BNP Paribas AM not want to invest in companies that:

- Have their headquarters located in countries under financial sanctions from France, the European Union or the USA, or the United Nations;
- Use child or forced labor as defined in the International Labor Organization (ILO) Conventions<sup>39</sup>;
- Cannot provide a track record regarding health and safety at company level;
- Are involved in asbestos extraction;
- 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;
- That use Mountain Top Removal (MTR) techniques.

### Key Definitions

**Carbon and Water Disclosure Projects.** The Carbon Disclosure Project (CDP) is an independent not-for-profit organization working to drive greenhouse gas emissions reduction and sustainable water use by business and cities. The CDP works with companies to establish methodologies and encourage disclosure and management of climate and water data (e.g. greenhouse gas emissions, water use and pollution). It also works with investors to assess risks and opportunities related to climate change and water scarcity, flooding, and pollution.

**Extractive Industries Transparency Initiative (EITI):** <http://eiti.org/> The EITI is a global standard ensuring transparency of payments from natural resources companies. It is a coalition of governments, companies, civil society groups, investors, and international organizations.

**Forced labor:** Work or service exacted from a person under threat or penalty, which includes penal sanctions and the loss of rights and privileges, where the person has not offered him/herself voluntarily (Forced Labor Convention n°29, ILO 2001a).

**High Conservation Value (HCV) areas:** High Conservation Value areas are critical areas in a landscape which need to be appropriately managed in order to maintain or enhance High Conservation Values. There are six main types of HCV areas:

- Areas containing globally, regionally or nationally significant concentrations of biodiversity values (e.g. endemism, endangered species, refugia).
- Globally, regionally or nationally significant large landscape-level areas where viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance;
- Areas that are in or contain rare, threatened or endangered ecosystems;
- Areas that provide basic ecosystem services in critical situations (e.g. watershed protection, erosion control);
- Areas fundamental to meeting basic needs of local communities (e.g. subsistence, health);
- Areas critical to local communities' traditional cultural identity (areas of cultural, ecological, economic or religious significance identified in cooperation with such local communities).

## TOBACCO

### Background

Some 180 countries have signed the World Health Organization'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

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<sup>39</sup> C138 Minimum Age Convention, 1973; C182 Worst Forms of Child Labor Convention, 1999; C29 Forced Labor Convention, 1930

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, BNP Paribas AM decided in late 2017 to exit the tobacco sector. Tobacco was already excluded from all our SRI funds 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 recent announcement that it is to cease financing and investment activities related to tobacco companies.

Tobacco differs from other areas of public concern, such as alcohol or junk food, in a number of ways: Public health:

- Seven million people a year die from tobacco-related causes
- 890 000 non-smokers – 28% of whom are children – die from the effects of passive smoking
- If no action is taken to reduce smoking, one billion people in the world may die from related health problems during the 21<sup>st</sup> century.

Human rights abuse:

- Children account for up to 60% of the workforce producing tobacco in 15 countries
- Controversies on the supply chain, where there are many instances of a lack of safety training, and even a lack of basic equipment to protect farmers and young children from exposure to nicotine and toxic pesticides that can cause various diseases.
- Poor housing conditions that often violate internationally recognized standards.

Substantial economic cost:

- EUR 2.1 trillion a year worldwide, which is equivalent to the combined cost of war against terrorism.

This is a non-financial decision and, as such, implementation will be phased to provide our clients both with the scope to seek alternative investment arrangements and to minimize the costs of implementation. We believe there are longer-term benefits for our business associated with our decision:

- It reduces the reputational risks associated with controversial holdings
- It demonstrates that BNPP Asset Management is actively supporting a more responsible economy

## **Companies Concerned**

**Tobacco companies:** We are excluding tobacco manufacturing companies.

## **Mandatory Requirements**

Alfred Berg/BNP Paribas AM will exclude tobacco from our range of actively-managed investment funds. This extends the policy that has been applied to sustainable portfolios since BNP Paribas AM launched its first SRI fund in 2002.

The decision has been taken as part of Alfred Berg/BNPP Asset Management's commitment to responsible investment, incorporating a fiduciary responsibility that encompasses managing environmental, social and governance (ESG) risks. Implementation will be phased in gradually, providing clients with time to seek alternative investment arrangements, should they deem it appropriate. Divestment from portfolios over which Alfred Berg/BNP Paribas AM has full discretion is expected to be complete by the end of 2018.

With seven million people dying annually from tobacco-related causes [1], the decision takes into account concerns about public health, as well as human rights abuses and the substantial economic cost associated with tobacco, believed to be more than EUR 2 trillion a year globally, according to World Health Organization estimates. Some 180 countries have signed the World Health Organization'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 November 2017, the BNP Paribas Group announced its decision to cease financing and investment activities related to tobacco companies.

## ALFRED BERG SPECIFIC EXCLUSIONS

### PORNOGRAPHY

Production and use of pornography having negative social effect on large young and vulnerable groups in the society.

#### **Companies Concerned**

We exclude companies with more than 5% of their revenue from production or distribution of pornography.

Alfred Berg will exclude pornography from our range of actively-managed investment funds.

### ALCOHOL

#### **Background**

The harmful use of alcohol is a causal factor in more than 200 disease and injury conditions. Worldwide 3 million deaths every year result from harmful use of alcohol. This represents 5.3% of all deaths. Overall, 5.1% of the global burden of disease and injury is attributable to alcohol, as measured in disability-adjusted life years (DALYs). Beyond health consequences, the harmful use of alcohol brings significant social and economic losses to individuals and society at large. Alcohol consumption causes death and disability relatively early in life. In people aged 20–39 years, approximately 13.5% of total deaths are attributable to alcohol. There is a causal relationship between harmful use of alcohol and a range of mental and behavioral disorders, other non-communicable conditions and injuries.

During the Sixty-third session of the World Health Assembly, held in Geneva in May 2010, the 193 Member States of WHO reached an historical consensus on a global strategy to reduce the harmful use of alcohol by adopted resolution WHA63.13. The adopted resolution and endorsed strategy gives guidance to both Member States and to the WHO Secretariat on ways to reduce the harmful use of alcohol.

This is a non-financial decision and, as such, implementation will be phased to provide our clients both with the scope to seek alternative investment arrangements and to minimize the costs of implementation. We believe there are longer-term benefits for our business associated with our decision:

It reduces the reputational risks associated with controversial holdings. It demonstrates that Alfred Berg is actively supporting a more responsible economy.

#### **Companies Concerned**

Alcohol companies: We exclude alcohol manufacturing companies with more than 5% of their revenue from production of alcohol.

Alfred Berg will exclude alcohol from our range of actively-managed investment funds.

#### **Alfred Berg specific exclusions:**

We will exclude all companies on the exclusion list disclosed by the Norwegian Government Pension Fund Global's list of excluded companies.

[Observation and exclusion of companies | Norges Bank Investment Management \(nbim.no\)](https://nbim.no)



## ALFRED BERG POLICY REVISION HISTORY

Date	Revision
September 2022 (BNPPAM)	<ul style="list-style-type: none"> <li>• Clarification of Scope and Implementation Principles sections</li> <li>• Update to Coal Policy (annual review of emission intensities and transition plan assessment)</li> </ul>
May 2020 (BNPPAM)	<ul style="list-style-type: none"> <li>• Addition of Policy Revision History table</li> <li>• Addition of Unconventional Oil and Gas Policy to replace Oil Sands Policy</li> </ul>
October 2020 (BNPPAM)	<ul style="list-style-type: none"> <li>• Update to Unconventional Oil and Gas Policy</li> <li>• Update to section 3 regarding short selling</li> </ul>
November 2020 (BNPPAM)	<ul style="list-style-type: none"> <li>• Update to Coal Policy</li> </ul>
February 2021 (BNPPAM)	<ul style="list-style-type: none"> <li>• Update to Coal Policy (annual review of emission intensities)</li> <li>• Update to section 2 regarding affiliate entities</li> </ul>

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