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SUSTAINABLE BY NATURE SEQUEL: RECONNECTING TO OUR OCEAN



BNP PARIBAS
ASSET MANAGEMENT

The sustainable
investor for a
changing world

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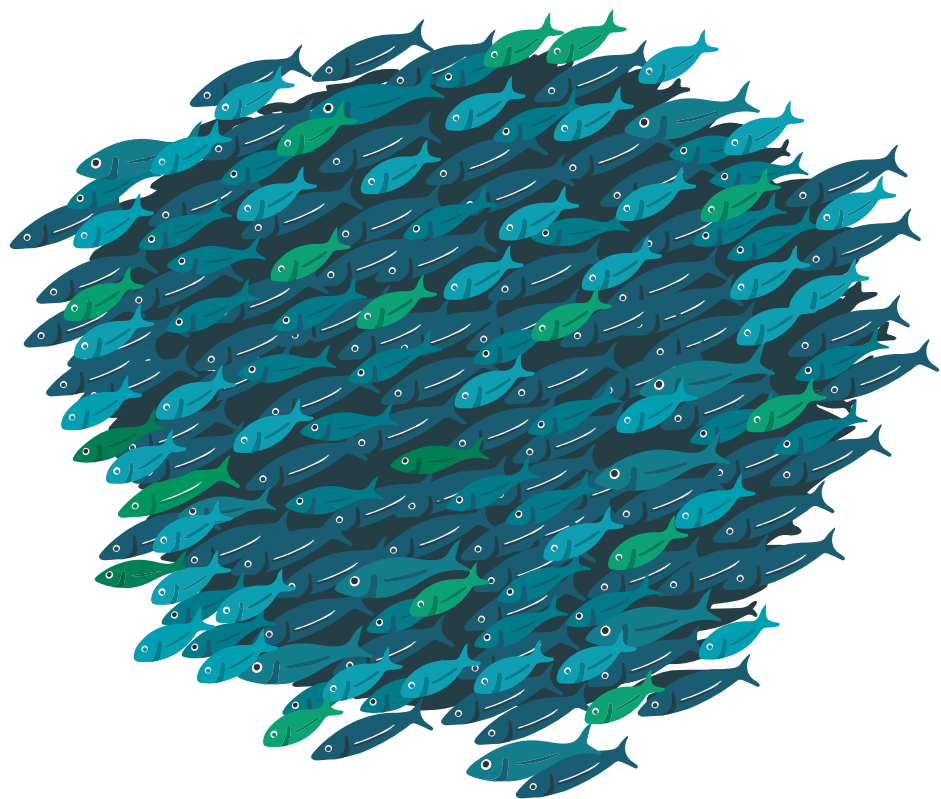
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FOREWORD

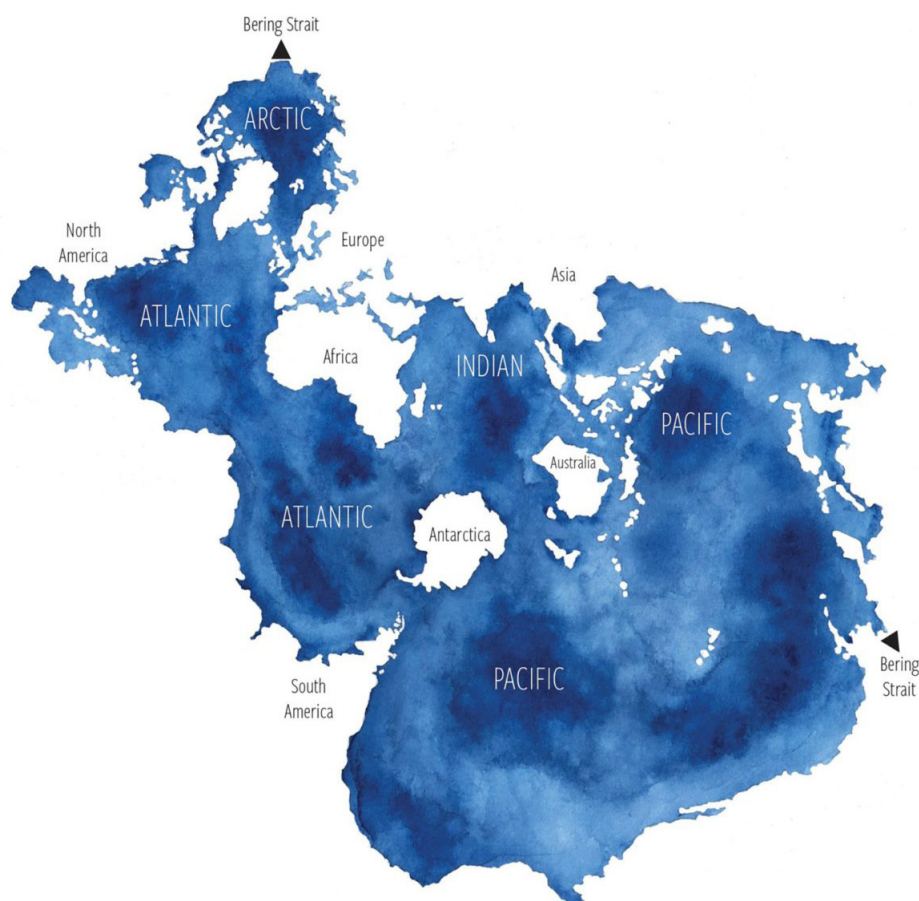


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At BNP Paribas Asset Management (BNPP AM), we recognise that – alongside [climate change](#) – [inequality](#) and [biodiversity loss](#) are creating risks to businesses and increasing systemic risk for the financial system. The ocean is the world's largest ecosystem, covering [71%](#) of the Earth's surface, yet only around 10% of marine life has been discovered so far, leaving an estimated [1-2 million species](#) still undocumented. Its annual economic value is estimated at [USD2.5 trillion](#) and [millions of jobs](#) depend on it. At the same time, biodiversity protection and ecosystem services also offer countless new business opportunities. But the ocean's health is being severely threatened by human activities, leading to the '[blue acceleration](#)' – the rapid industrialisation of the ocean since the turn of the 21st century.



I. A HEALTHY OCEAN FOR A SUSTAINABLE ECONOMY

KEY DRIVERS OF OCEAN DEGRADATION

Direct exploitation of species is the main pressure on marine ecosystems according to the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services ([IPBES](#)), particularly driven by the wild capture fishing industry (think about tuna or sharks), and to a lesser extent ornamental marine products and marine bioprospecting/biotechnology. It is essential that companies in the sector improve their fishing technique to limit bycatch and take into account fish stocks.

Looking at the European Union, only [28%](#) of assessed stocks are sustainably fished and in good biological condition. In addition, illegal, unreported and unregulated (IUU) fishing accounts for up to [26 million tonnes](#) of fish caught annually globally. On the other hand, aquaculture can disrupt local ecosystems in several ways, when farmed organisms escape or through the impact of sea lice and diseases that arise when fish are kept in high densities.

Land and sea use change also makes a significant contribution to nature and biodiversity loss, by converting coastal habitats such as mangroves and lagoons, or seagrass beds. This is driven most notably by sectors with significant coastal and marine infrastructure such as tourism, ports and aquaculture, as well as activities such as dredging, coastal protection and coastal and deep-sea mining. Companies involved in the protection of coastal ecosystems or tourism must take this into account and thus favour nature-based systems (e.g., planting or preserving a tide-resisting mangrove forest instead of building a concrete dam).

We are already seeing some species suffer the consequences of climate change, because the CO₂ being absorbed by the ocean is acidifying the ocean waters. Scientists are alarmed by the effects of this on marine biodiversity, including coral reefs (which could completely disappear by [2050](#) in a 2°C global warming scenario, with deep consequences on fisheries, tourism, etc.), oysters (which are sentinels of ocean health) and species with soft shells. Warming ocean temperatures are also leading to major changes on several fronts: physical (e.g., sea level rise), commercial (e.g., changing shipping routes) and geopolitical (e.g., defence/security issues).

Marine biodiversity is also affected by various types of pollution which directly threaten mammals or seabirds. We must therefore act and limit the pollution of the ocean, 80% of which originates on land. Plastic pollution affects every single place in the ocean in proportions that are hard to imagine. Fertilisers that arrive in coastal ecosystems have produced [more than 400](#) 'dead zones' in the ocean. Other sources of ocean pollution include:

- Sulphur emissions into water from shipping
- Leaks from offshore oil and gas operations
- Effluent from seafood aquaculture operations
- High salinity water from desalination
- Noise from offshore wind turbine construction
- Solid waste and sewage from tourism, shipping and ports.

Treating some of these and preventing them from being carried into the ocean is the role of companies that specialise in waste management or water treatment.

In another sector such as shipping, companies can find ways to avoid collisions with cetaceans. Reducing the impact of this sector on marine biodiversity is a real challenge, as it needs to include preventing the spread of invasive species that survive in ballast water or cling to the hulls of boats.

INTERNATIONAL POLICY TO THE RESCUE

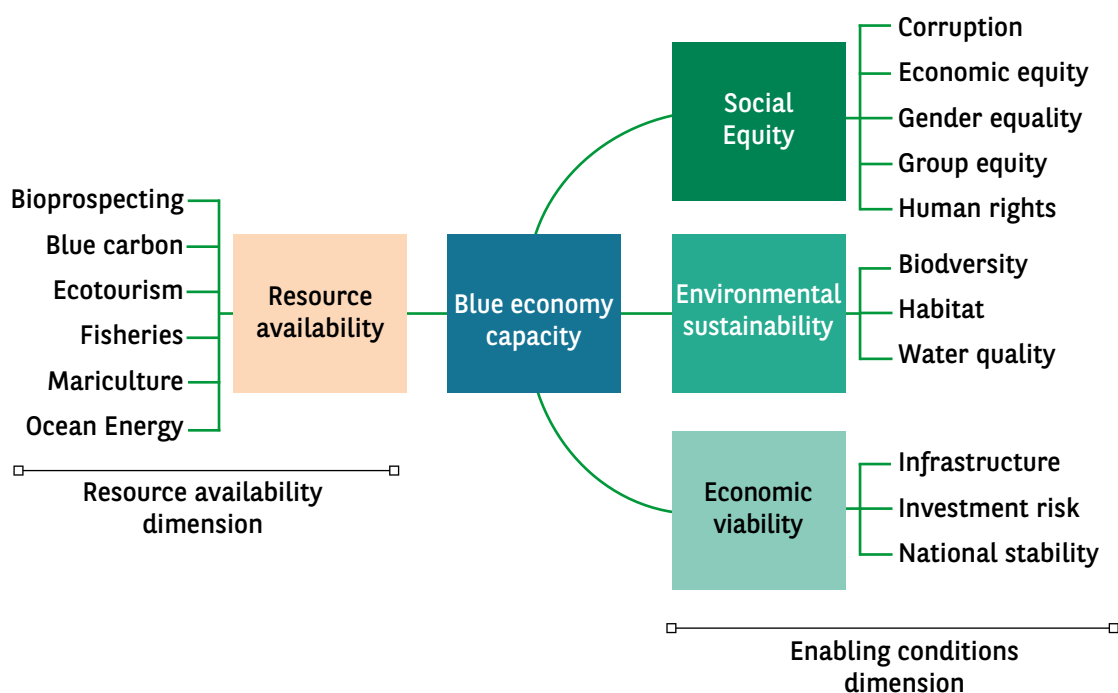
Fortunately, international policy is evolving to protect the world's waters. Landmark agreements include:

- The Paris Agreement under the UN Framework Convention on Climate Change held in Paris in 2015
- The Kunming-Montreal Global Biodiversity Framework negotiated at COP15 in December 2022
- The UN High Seas Treaty agreed in March 2023
- The Global Framework on Chemicals established in September 2023.

The International Maritime Organization (IMO) is also working on a [net zero goal](#) for the global shipping sector by 2050. The missing piece is the UN Treaty on Plastics; the International Negotiating Committee meets next session in August 2025. This year will also mark the third UN Ocean Conference (UNOC 3) to be held in Nice in June, aiming to accelerate action and mobilise all actors to conserve and use the ocean sustainably.

The future of the global ocean economy is currently envisioned as advancing towards a 'blue economy'—socially equitable, environmentally sustainable and economically viable ocean industries, as described below.

Indeed, it is important not to forget the social dimension: breaches of labour rights and impacts on local communities are issues faced by all of ocean sectors, but are particularly significant for the fishing, aquaculture, shipping ports and tourism industries.



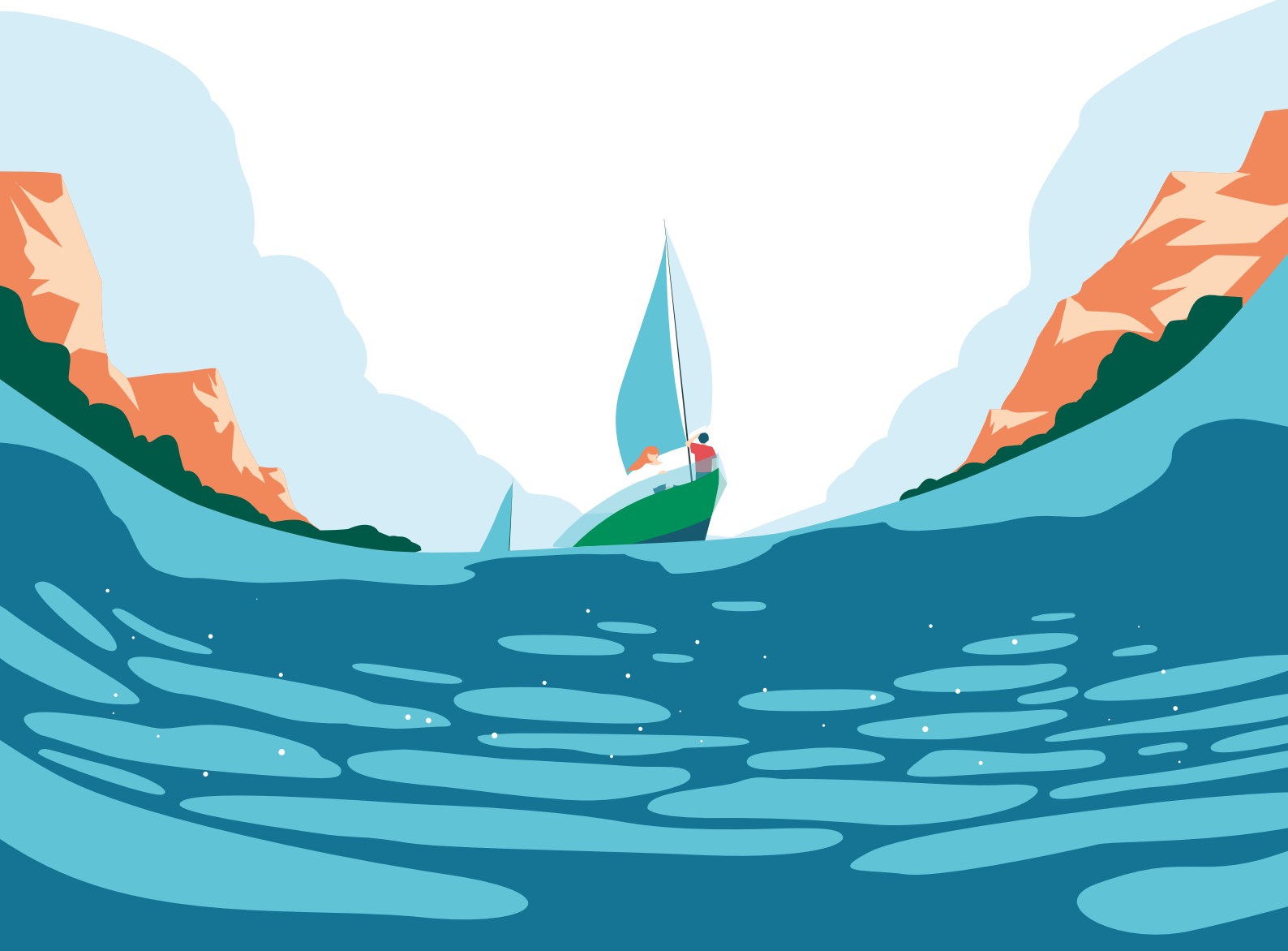
Source: Cisneros-Montemayor, A.M., Moreno-Báez, M., Reygondeau, G. et al. Enabling conditions for an equitable and sustainable blue economy. Nature 591, 396–401 (2021). <https://doi.org/10.1038/s41586-021-03327-3>

II. WHAT HAVE WE DONE?

As investors and stewards of our clients' assets, we believe we have a role to play in contributing to the sustainability of marine ecosystems. The main objective of this document is to provide an easy-to-read BNPP AM 'ocean digest', including these highlights:

- When it comes to embedding ocean-related data into our own analysis and assessments, in 2024 we launched an internal Ocean Sectors Framework with Planet Tracker and participated in the [investor call for better ocean-related data](#).
- In line with our approach to sustainability-related investing, we launched the world's first 'blue economy' exchange-traded fund in 2020 to invest in leading companies in the sustainable use of ocean resources, selected from five ocean-related themes: energy and resources, pollution reduction, fish and seafood, maritime transport, and coastal life. In addition, our private assets teams launched the [first impact loan facility](#) for coral reef conservation in 2024.
- Our stewardship team has taken steps to [conserve](#) horseshoe crab populations by asking 28 pharmaceutical companies to stop using horseshoe crab blood to test for endotoxins. Horseshoe crab blood is used to test every vaccine, injectable drug and medical device implanted in a human. By using a regulator-approved synthetic alternative, horseshoe crab species have a better chance of recovering.

The ocean theme is addressed in our biodiversity roadmap, based on the six pillars of our sustainability approach.



1. FORWARD-LOOKING PERSPECTIVE – OUR 3 ‘E’S

We believe an optimal economic model can be built on a successful **E**nergy transition, healthy **E**cosystems, and greater **E**quality in our societies – our 3 ‘E’s. Taken together, they form a pathway to economic sustainability that will enable us, as investors, to safeguard long-term returns.

We can integrate our knowledge of and perspectives on the 3 ‘E’s into our investment processes across asset classes. This optimises our ability to make well-informed decisions – particularly in a world with imperfect information and inconsistent levels of knowledge – thus helping to protect and enhance investment outcomes for our clients. We collaborate with several partners to ensure the ocean theme is better reflected in financial decision-making, such as:

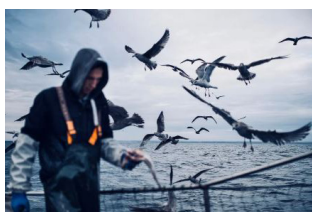


PAPERS



Capitals Coalition

2018, Finance Sector Supplement to the Natural Capital Protocol: BNP Paribas Asset Management Seafood and Plastics Case Study



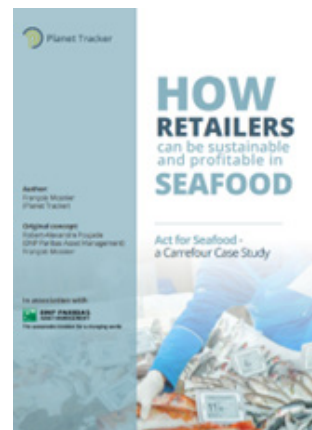
UNEP Finance Initiative

2022, UNEP FI Blue Economy engagement case study



Planet Tracker

2022, Carrefour research paper with Planet Tracker



DATA

Statement from the private financial sector to ESG data providers: The urgent need for better ocean-related data to make informed investment decisions

2024, investors supporting the statement:

- BNP Paribas Asset Management
- Federated Hermes Limited
- Mirova
- Robeco
- Storebrand Asset Management

2. RESPONSIBLE BUSINESS CONDUCT (RBC)

We believe that asset managers have a constructive role to play to help companies transition their business models onto a more sustainable path. But we exclude companies where we believe the company's behaviour or business model poses unacceptably high risks to investors, society or the environment.

BNPP AM has divested from several companies for breaching the United Nations Global Compact (UN GC) and/or the OECD Guidelines for Multinational Enterprises (OECD MNE) and/or [BNPP AM Responsible Conduct](#) sector policies for their adverse impact on ocean, mainly due to:

- The trading of protected species (such as sharks)
- Industrial fishing in the high seas
- Severe environmental pollution (such as mining tailings)
- Oil & gas companies involved in the Arctic region

3. ESG INTEGRATION

To help investors make informed decisions and direct capital towards companies that either contribute to or help resolve harm to the ocean, credible data aligned with international standards is essential. Since the release of the ocean case study with Capitals Coalition in 2018, we have been aiming to:

- Embed ocean-related data into our own analysis and assessments
- Highlight areas of ocean-related risks and opportunities within our portfolios to improve our decision making
- Engage on ocean-related topics with our investee companies
- Identify and allocate capital for ocean-related opportunities.

In June 2024, we launched an Ocean Sectors Framework to provide a comprehensive overview of the major socio-environmental impacts, risks and opportunities for sustainable investment in ocean sectors. This framework was developed in collaboration with Planet Tracker, an award-winning non-profit think-tank focused on sustainable finance.



However, in defining best practice companies within these sectors, we encountered significant data gaps when applying the indicators from our ocean sectors framework. As a response, we participated in the Investor Statement for better ocean-related data. The statement strongly encourages ESG data providers to enhance their development of ocean-related data points and tools. It advocates for innovative methods to capture the dependencies, impacts, risks and opportunities related to ocean investments, thereby supporting the implementation of the Kunming-Montreal Agreement.

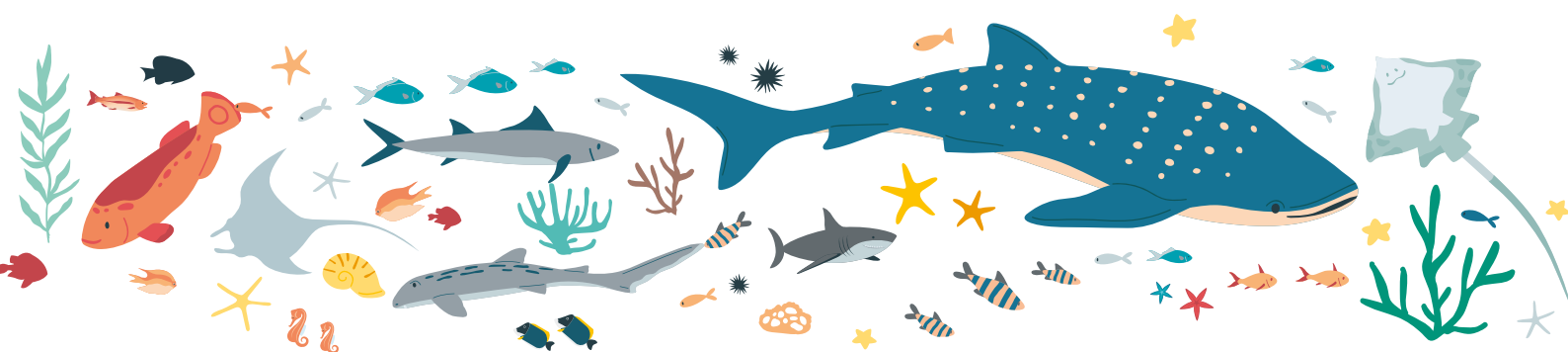
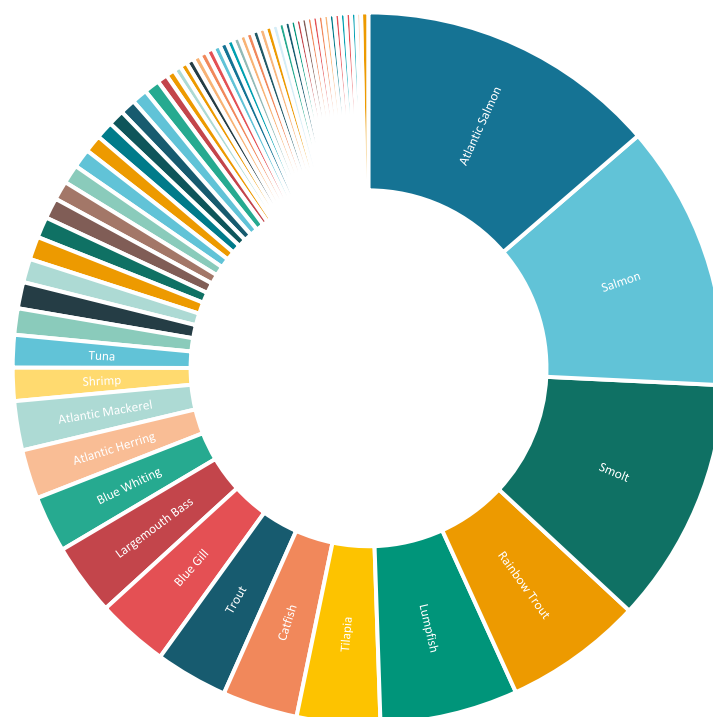
OCEAN SECTORS

Aquaculture - algae/seaweed	Marine renewable energy
Aquaculture – seafood	Offshore oil and gas
Coastal and deep-sea mining	Ornamental marine products
Coastal and marine tourism	Ports
Desalination	Shipping
Dredging and coastal protection	Submarine cables
Marine bioprospecting / biotechnology	Wild capture fishing

Building on our historical collaboration with Planet Tracker, we also tested the [Seafood Database](#)¹ to understand the dependency of our investments on fish species. We learnt (from the limited data available) that we are exposed to 101 fish species but almost half of our investments in the seafood sector depend on salmonids (wild/farmed salmon and trout).

We need to undertake further work to understand our exposure to potential overfishing and IUU fishing risks.

BNPP AM fish species mix in our portfolios



¹ Source: BNPP AM, Planet Tracker, [Seafood-Database-Update-Briefing-Note.pdf](#), as of January 2025. Total Assets under Management in scope €300 billion. Scope of database: 300 companies, 750 species. As the database does not provide the exact percentage of revenues derived from companies by species, we considered that if three species are identified by Planet Tracker for a given company, our exposure would be one third to each species.

4. STEWARDSHIP

As mentioned above, we believe that asset managers have a key role to play in helping companies transition their business models onto a more sustainable path. We expect companies to assess and report on their key impacts and dependencies on the ocean, beginning with companies in priority sectors such as seafood and shipping. Below is an overview of BNPP AM's ocean-related stewardship initiatives. More details are available [here](#).



VOTING

In 2024, we supported 17 shareholder proposals relating to the ocean on issues such as plastic, circular materials (materials that are part of a closed-loop system that are used, reused and recycled as many times as possible to minimise waste and resource depletion), deep-sea mining and farmed salmon, i.e., 90% of all topics filed on this theme.



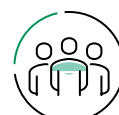
INDIVIDUAL ENGAGEMENT

337 ocean-related engagements since 2021, including the ones linked to our [Blue Economy ETF engagement](#) with selected actors in the seafood and shipping sectors.



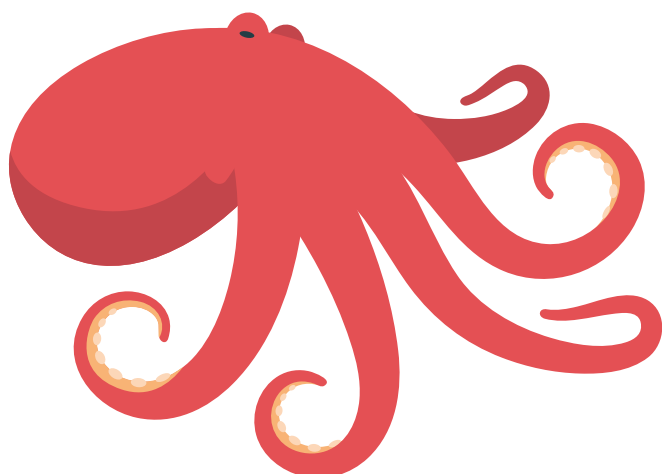
PUBLIC POLICY ADVOCACY

- Signatory to the [Open Letter to Governments on the Water Crisis](#), February 2023
- Input into development of new [Global Framework on Chemicals](#), agreed September 2023
- Signatory to the [Business Coalition for a Global Plastics Treaty](#), September 2022



COLLABORATIVE ENGAGEMENT

- Participant in FAIRR Protein Diversification and FAIRR Sustainable Aquaculture engagement
- Steering Committee member of the Investor Initiative on Hazardous Chemicals (IIHC); leading one related engagement, supporting six others.



"The financial materiality of nature is especially tangible when it comes to the ocean and seafood production. 90 percent of fish stocks are already overexploited or maximally exploited, and 20 percent come from illegal, unreported or unregulated fishing where forced labour is also commonplace. Leading investors are increasingly recognising the opportunities of credible traceability systems and innovative aquaculture feed ingredients in enabling the long-term sustainable growth of blue foods."

Max Boucher,
Head of Nature Programmes, FAIRR

ADDRESSING GLOBAL PHARMACEUTICAL DEPENDENCY ON HORSESHOE CRABS



YEAR / PROGRESS

**2021**

Wrote to 14 pharmaceutical companies based in the US, Europe and Asia, to encourage them to transition to the widely approved synthetic alternatives.

**2022**

Raised the issue with the Pharmaceutical Supply Chain Initiative (PSCI), whose members comprise 80 of the world's largest pharmaceutical companies, and a working group was formed.

**2023**

PSCI published a position paper on the use of horseshoe crabs in the pharmaceutical sector, outlining three key 'good practices, including an end to the use of the blood of two species of Asian horseshoe crab, one of which is endangered, and to minimize the use of horseshoe crab blood including a switch to synthetic alternatives'. Referencing the PSCI position paper, we began a second round of engagements with 17 companies in the US and Europe.

**2024**

104 interactions with 28 companies. Several reported to us substantive progress in switching to synthetic alternatives, particularly for testing lab water, and/or have developed plans or are testing them for use in new product development. Filed a shareholder resolution with Amgen to try to secure progress and negotiated a withdrawal in exchange for a public report which it published in December. Described its plan to phase-out the use of horseshoe crab-derived reagents in favour of synthetic alternatives. Took part in several conferences during the year to contribute to other organisations' work that complements ours, and to amplify our messages and impact. Co-hosted an event at Cape May, New Jersey, to witness the annual horseshoe crab spawn and red knot migration. Several companies attended.

5. SUSTAINABILITY IN OUR PRODUCT RANGE

Achieving Sustainable Development Goal 14 (life below water) requires up to [\\$175 billion](#) annually, yet only [\\$30 billion](#) has been disbursed since 2010, making it the most underfunded goal. The ocean funding gap requires the attention of financial institutions. As such, we are offering ocean-related strategies across listed and private assets.

PASSIVE STRATEGY

- The Passive ECPI Global ESG Blue Economy strategy, aiming to help support the objectives of SDG 14, Life Below Water, that invests in leading companies in the field of sustainable use of ocean resources, selected in five ocean clusters: Coastal Livelihood (coastal protection, eco-tourism), Energy & Resources (offshore wind, marine biotech, wave & tidal), Fish and Seafood (wild catch fisheries, aquaculture farming, aquaculture breeding & genetics), Pollution Reduction (recycling/waste management companies, environmental services), Shipping Lanes (container shipping, ship equipment).

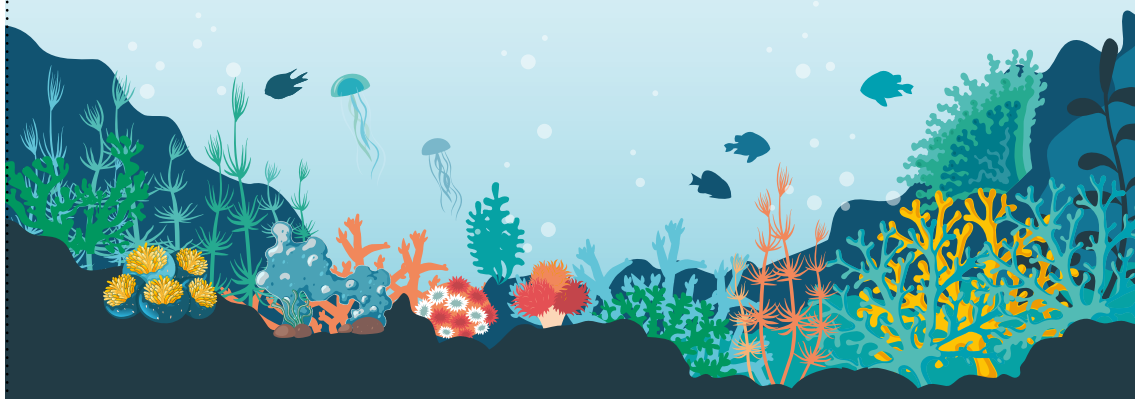
PRIVATE ASSETS

- BNP Paribas Impact line for natural capital, investing in nature-based solutions and mature technologies aiming at the preservation and/or restoration of natural ecosystems and functions
- BNP Paribas Solar Impulse Venture strategy that includes an ocean / blue economy thematic.

THE BUSINESS OF MARINE PROTECTED AREAS



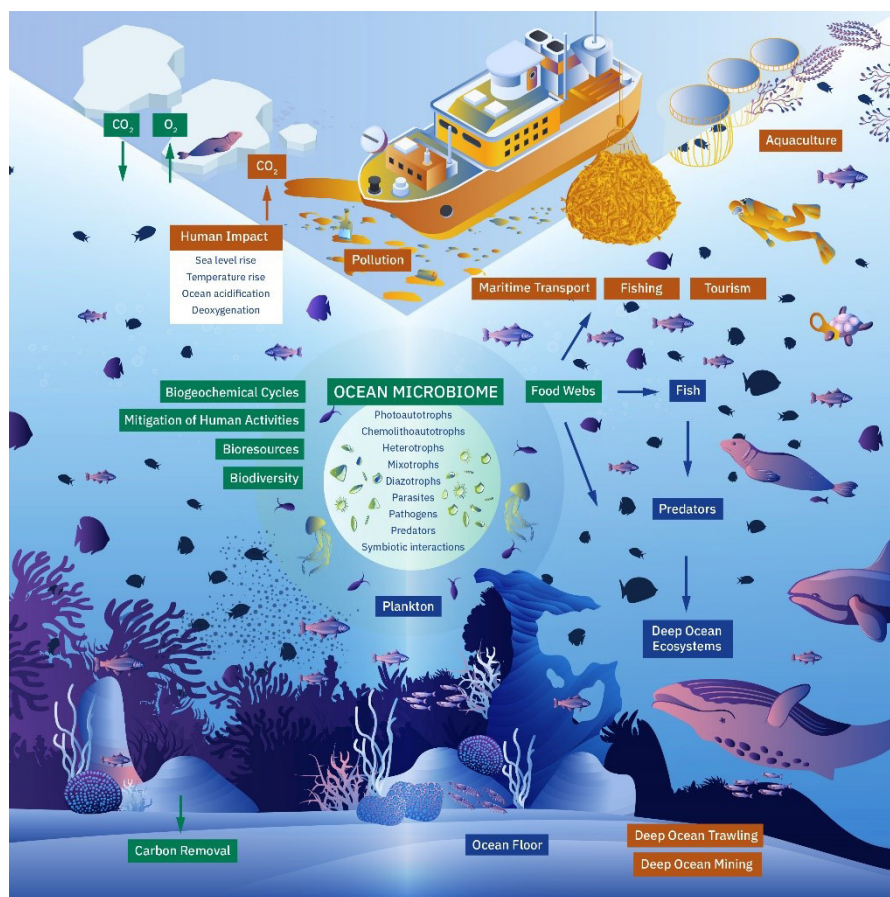
In October 2024, Blue Alliance Marine Protected Areas and BNP Paribas launched [Blue Finance](#), a \$35 million impact loan facility aimed at supporting reef-positive businesses within Marine Protected Areas (MPAs) across Indonesia, the Philippines, Tanzania and Cabo Verde. This initiative seeks to regenerate 1.8 million hectares of coral reef ecosystems and enhance the livelihoods and food security of approximately 110,000 local community members. Blue Alliance is a global initiative dedicated to scaling up marine conservation efforts by developing sustainable financing solutions for MPAs. Its mission is to protect and restore vital ocean ecosystems while supporting local communities that depend on them. Through innovative impact-driven financing, Blue Alliance enables long-term conservation management, ensuring biodiversity protection, climate resilience and sustainable livelihoods. The facility employs a blended finance model, combining philanthropic capital from partners with private investments to attract impact-focused investors. The targeted businesses include responsible ecotourism, community-based aquaculture, blue carbon credits and sustainable fisheries, all designed to reduce coral reef degradation and promote economic opportunities for local communities.



6. CORPORATE SOCIAL RESPONSIBILITY (CSR)

We believe that 'walking the talk' is critical to achieving excellence. We believe that immersing our employees in a more sustainable work environment will help them to more authentically incorporate sustainability principles into their day-to-day activities, whether that is in investments, sales or operational roles. Accordingly, we have increased our efforts to raise employee awareness on ocean preservation.

- Phased-out single-use plastic bottles and cups in our offices
- 100+ colleagues participated in shoreline and river cleanups as part of our Community Impact Week since 2022 across some of our offices (Indonesia, Japan, the Netherlands, Singapore, Sweden and the UK)
- Progressively rolled out half-day workshops (or 'fresques') on ocean in 2025, drawing upon the success of previous climate and biodiversity fresques. The ocean 'fresque' is a great opportunity to connect our workforce with the latest ocean science, such as research concerning the ocean microbiome that ensures the well-being of marine ecosystems, and ultimately, our well-being.



Source: [Illustration](#) by Chris Bowler, CNRS / Rayne Zaayman-Gallant and Tabea Rauscher, EMBL

CONCLUSION

We hope this document provides our clients and stakeholders with a better understanding of the concrete measures BNPP AM is taking to protect the ocean.

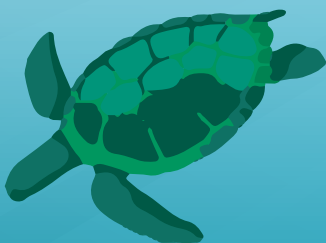
We are continuing our efforts across the six pillars of our sustainability approach. We want to do more research on our risk and opportunities in ocean-related themes, such as plastics and chemicals, which are gaining momentum on policymakers' agendas and, without question, require greater investor attention. Capitalising upon our work on seafood species, we will seek to expand this type of analysis to other sectors to understand how to prioritise species conservation.

We call on data providers to really take seriously our call with other investors: we have adopted an ocean sector framework, but without the help of the data providers, it will be harder to change our investment decision-making and drive more impactful engagement.

We want to continue to provide solutions to address ocean-related challenges.

We will continue to collaborate with our ocean-related partners and stakeholders, such as Planet Tracker, FAIRR, UNEP FI, WBA, TNFD, SASB, Minderoo Foundation, IUCN, WWF, GRI, CDP and The Economist, to name just a few.

We hope the wider investment community will be encouraged to look more closely at how their activities can be honed to better protect the ocean, sitting at the heart of the climate-biodiversity-equality nexus.



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VIEWPOINT



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ASSET MANAGEMENT

The sustainable
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