

Statements about the integration of sustainability risks and the consideration of the principal adverse impacts on sustainability factors in investment and insurance advice and portfolio management activities and the remuneration policy¹

1. General information

BNP Paribas Group's mission is to contribute to responsible and sustainable growth by financing the economy and advising clients according to the highest ethical standards. The Group's Corporate Social Responsibility (CSR) policy is one of the main components of this approach. In line with the United Nations' Sustainable Development Goals (SDGs), it is based on four pillars (economic, social, civic and environmental) that reflect its CSR challenges, as well as the Bank's concrete achievements.

In 2019, BNP Paribas Group has published its corporate purpose, a text which was prepared by the BNP Paribas Executive Committee, based on three texts resulting from a work with many different employees. These include: the Shared Convictions (Mission and Vision), the Code of conduct and the Engagement Manifesto.

Moreover, BNP Paribas Group has been committed for several years by setting itself additional obligations in several sensitive sectors through:

- Financing and investment policies in the following sectors: agriculture, palm oil, defense, nuclear energy, paper pulp, coal energy, mining and non-conventional hydrocarbons (for an updated list of policies, please see the [link](#))
- A [list of excluded goods and activities](#) such as tobacco, drift nets, the production of asbestos fibres, products containing PCBs (polychlorinated biphenyls), or the trading of any species regulated by the CITES convention (Convention on international trade in endangered species of wild fauna and flora) without the necessary authorisation;
- Restriction lists which define the level of monitoring and constraint applied to companies which do not fully meet the Group's CSR requirements.

In line with the United Nations' SDGs, the Group actively participates in designing and implementing long-term social and environmental solutions within the framework of both the Principles for Responsible Investment (PRI) and the Principles for Responsible Banking (PRB).

¹ Statements made in accordance to applicable provisions under Articles 3, 4 and 5 of the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ([Disclosure Regulation or SFDR](#)). This statement is not applicable to BNP Paribas DAB. For more information please refer to section 5 below.



2. Integration of sustainability risks in investment decision-making process and investment or insurance advice

Sustainability risks means an environmental, social or governance (ESG) event or condition that, if it occurs, could cause actual or potential material negative impact on the value of the investment

BNP Paribas S.A (hereafter BNP Paribas), as financial advisor and as financial market participant, takes into account sustainability risks when selecting or recommending financial instruments to its clients.²

BNP Paribas does so, through the application of its sector policies (see above) that excludes certain activities, and thus takes sustainability risks into account via the regular risk-return assessment of each covered product.

In addition, the BNP Paribas Group commits to maintaining an open, constructive relationship with its external stakeholders (customers, suppliers, SRI investors, advocacy NGOs, etc.) in order to achieve three objectives: anticipate change in its business lines and improve products and services; optimise risk management and have a positive impact on society.

3. Consideration of adverse impacts of investment decisions on sustainability factors

Principal adverse impacts on sustainability factors refer to adverse impacts of investment decisions on sustainability factors that mean environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters

When selecting and recommending investment products, BNP Paribas takes into account the impact of the underlying investment on sustainability factors. BNP Paribas considers the principal adverse impacts in its investment and insurance advice and decisions through the approach described below.³

The BNP Paribas approach on principal adverse impacts relies on set of principles and extra-financial data sources

- a. **The BNP Paribas Group sectorial policy:** BNP Paribas applies these policies to frame its financing and investment actions in the most sensitive sectors; this may ultimately result in excluding certain sectors or companies (BNP Paribas Group [sector policies](#)). In order to define these policies, the Group takes into consideration a set of regulatory requirements, evaluation criteria and good industry practices.
- b. **The BNP Paribas Asset Management ESG screening on issuers of bonds and equities :** BNP Paribas can leverage upon the BNP Paribas Asset Management (BNP Paribas AM) data and policies classifying issuers of bonds and equities in accordance to sustainability factors. The roadmap developed by BNP Paribas Asset Management is to be found in the [Global Sustainability Strategy](#).

Below the various elements that make up sustainable investing:

² For insurance products distributed by BNP Paribas ERE to its corporate clients, the sustainability risks and principal adverse sustainability impacts are taken into account by BNP Paribas Cardif when designing these products. Please refer to BNP Paribas Cardif statement ([link](#)).

³ For insurance products distributed by BNP Paribas ERE, see footnote above.



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- **An ESG assessment of issuers relying on a limited set of robust ESG metrics, selected based on materiality, measurability, data quality and availability, using the following sources notably:**
 - **External providers** specialized in "ESG" research, as well as ESG and mainstream brokers;
 - **Internal qualitative research:** insights from BNP Paribas AM's ESG analysts assessing ESG performance of issuers and reviewing provider data, based on direct contacts with issuers, academics, institutions, civil society research, issuer official publications;
 - **International institutions** like Eurostat, OECD, United Nations, World Bank, International Energy Agency, World Health Organization.
 - **A Stewardship Strategy** that includes exercise of voting rights, dialog and proactive individual and collaborative engagement with corporate and other issuers, and engagement with public policy makers on sustainability issues
 - **A Responsible Business Conduct policy** aimed at companies' compliance with fundamental rights, in the areas of human and labour rights, environment protection and anti-corruption, based on the ten United Nations Global Compact Principles. It targets to avoid reputational or regulatory risk.
 - **A Forward-looking perspective:** BNP Paribas AM has identified three critical pre-conditions for a more sustainable and inclusive economic system: an Energy transition to a low carbon economy; Environmental sustainability; and Equality and inclusive growth. Together, these '3Es' represent the pathway to the economic sustainability that enables investors to safeguard long-term returns.
- c. **Analysis of asset management companies and of recommended funds and ETFs:** BNP Paribas gathers sustainability information from asset managers, based on a due diligence proprietary questionnaire
- **Funds:** questions covering 6 areas, either on the management company and/ or the fund regarding ESG practices and exclusions, voting and engagement policies, transparency, sustainability of the asset management company, sustainable thematic, impact
 - **ETFs:** questions covering the 6 above mentioned areas
 - **Open-ended Alternative Investment Funds:** covering 7 areas

Based on this information, BNP Paribas excludes financial instruments from its recommended universe on ESG criteria, i.e. sector-based exclusions, norm-based exclusions, exclusion of issuers with the lowest ESG ratings among comparable issuers. Due diligence also identifies how ESG controversies are taken into account in the fund's investment process.

When made available, BNP Paribas will enrich its data sources with the indicators in accordance with European regulation updates and integrate them in its principal adverse impact policy.

The BNP Paribas sustainability rating enables classification and information on principal adverse sustainability impacts

Based on these sources, BNP Paribas establishes, through its proprietary methodology ("Clover"), a sustainability rating on all financial instruments of its recommended universe, be the instrument sustainable or not. The scores vary from 0 to 10 clovers, which enables to classify instruments on a scale based on their level of integration of sustainability.

BNP Paribas aims at allocating a sustainable rating on the whole recommended universe. The scoring enables to compare sustainability of instruments within or across asset classes:

- **Equities and bonds:** the methodology, based on the data feed of BNP Paribas AM, rates the sustainability of the instruments, taking into account the ESG criteria of the activity and practice of the company, as well as the ESG criteria of the sector it operates in.

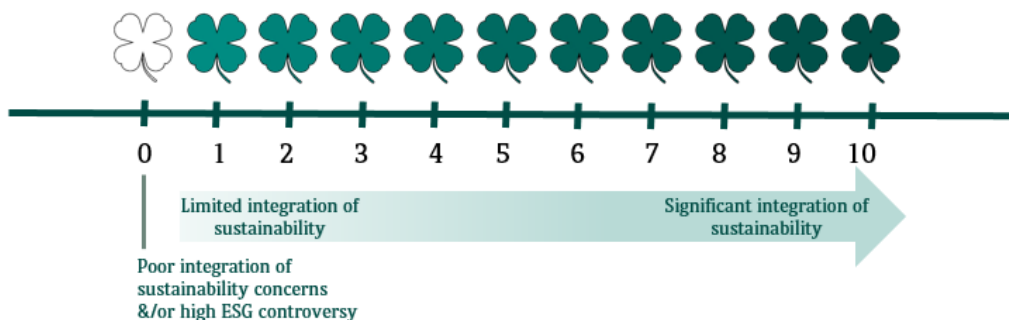


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- **Funds and ETFs:** the proprietary methodology enables the rating of the sustainability of the funds and ETFs

Clover Rating Scale



BNP Paribas Discretionary Portfolio Management (DPM) services applies the following ESG guidelines

On behalf of its clients, DPM seeks to promote a sustainable offer. Leveraging on its expertise regarding the analysis of ESG criteria, DPM aims at implementing a sustainable approach within the different asset classes and investment vehicles managed across the mandates.

In order to mitigate principal adverse impacts into investment decisions during the due diligence process, DPM relies on its own proprietary extra financial rating methodology for each asset class (0 to 10 clovers), based on the specificities of the financial instruments and issuers.

ESG integration is the first level of consideration for sustainable development in portfolio management. In addition to traditional financial analysis; Environmental (E), Social (S) and corporate Governance (G) practices become a selection criteria. Considering BNP Paribas rating methodology, financial instruments with at least 1 clover are being given priority to enter into selection.

For “sustainable mandate”, the extra financial rating of a financial instrument is a key prerequisite. Selection is mainly performed among financial instruments having at least 5 clovers. The sustainability rating of the product is a robust basis allowing to identify principal adverse impacts on a product, and take into account the principal adverse impacts by classifying the product, or even, when relevant, excluding the product, and then informing the client.

4. Transparency of remuneration policy in relation to the integration of sustainability risks

As part of its social responsibility, BNP Paribas promotes sustainability and considers sustainability risks. To encourage engagement of its employees on these matters, BNP Paribas integrates sustainability risks in its remuneration policies.

BNP Paribas Group remuneration principles accordingly require that the variable remuneration of financial market participants and financial advisors does not encourage excessive risk-taking with respect to sustainability risks for investment and financial advice in relation to financial products governed by the European SFDR regulation.



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5. You can refer to the following links for more information on the integration of the sustainability risk, the consideration of principles adverse impact on sustainability factors and on the remuneration policy

- **Banque Privée France**

<https://mabanqueprivée.bnpparibas/fr/informations/politiques>

- **Banque de détail en France**

<https://mabanque.bnpparibas/fr/epargner/fonds-investissement/nos-engagements-pour-une-epargne-durable>

- **Hello Bank**

<https://www.hellobank.fr/fr/client/notre-offre/fonds/nos-engagements-pour-une-epargne-durable>

- **BNP Paribas Wealth Management Germany**

[https://wealthmanagement.bnpparibas/content/dam/wm-](https://wealthmanagement.bnpparibas/content/dam/wm-countries/Germany/Rechtliches/Artikel%203_4_Informationen_zur_Nachhaltigkeit.pdf)

[countries/Germany/Rechtliches/Artikel%203_4_Informationen_zur_Nachhaltigkeit.pdf](https://wealthmanagement.bnpparibas/content/dam/wm-countries/Germany/Rechtliches/Artikel%203_4_Informationen_zur_Nachhaltigkeit.pdf)

[https://wealthmanagement.bnpparibas/content/dam/wm-](https://wealthmanagement.bnpparibas/content/dam/wm-countries/Germany/Rechtliches/Artikel%205_Verg%C3%BCtungspolitik_im_Zusammenhang_mit_der_Integration_von%20Nachhaltigkeitsrisiken.pdf)

[countries/Germany/Rechtliches/Artikel%205_Verg%C3%BCtungspolitik_im_Zusammenhang_mit_der_Integration_von%20Nachhaltigkeitsrisiken.pdf](https://wealthmanagement.bnpparibas/content/dam/wm-countries/Germany/Rechtliches/Artikel%205_Verg%C3%BCtungspolitik_im_Zusammenhang_mit_der_Integration_von%20Nachhaltigkeitsrisiken.pdf)

- **Private Banking Germany**

<https://www.wealthmanagement.bnpparibas.de/web/Das-Team/Wer-wir-sind/Soziale-Verantwortung>

- **BNP Paribas DAB, Germany :**

<https://b2b.dab-bank.de/Header/Ueber-uns/Unternehmen/Nachhaltigkeit/>

- For its mandates under discretionary portfolio management (DMP mandates), BNP Paribas DAB relies on the DJE AG, an external advisor. DJE AG does not follow the sector policies, lists of excluded goods and activities and restriction lists defined by BNP Paribas. In consequence BNP Paribas DAB does not adhere to the principles set out above when executing the portfolio management services in these strategies. Instead BNP Paribas DAB follows the sustainability rating methodology proprietary to DJE, AG.

- **BNP Paribas Wealth Management Spain**

[Link a BNP Paribas Wealth Management: Inversiones Sostenibles](#)



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