

Section 1

BNP Paribas S.A.

Statement related to the disclosure's obligations

relating to 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 (SFDR)

BNP Paribas Group's mission is to contribute to responsible and sustainable growth by financing the economy and advising clients according to high 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 endorsed 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 many years by setting itself additional obligations in several sensitive sectors through:

- Financing and investment policies in the following sectors: agriculture, palm oil, defence, 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 BNP Paribas 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).

Scope of the statement

The information specified in the statements apply to BNP Paribas SA and its EU branches (in Germany and in Spain).

The reference to Wealth Management business line ("WM") refers to the Banque Privée France Private Banking & Wealth Management, in Germany and Wealth Management in Spain.

Note that specific information can be inserted in the local statements to cover the local specificities of the different business lines.

Section 2

Information about BNP Paribas S.A. policy on 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., as financial advisor and as financial market participant, takes into account as much as possible sustainability risks when selecting or recommending investment products to its clients.¹

BNP Paribas S.A. does so, through the application of the relevant sector policies to securities, bonds and investment products manufactured and actively managed by BNP Paribas S.A. and its subsidiaries, and thus, takes sustainability risks into account via the regular risk-return assessment of each covered product.

With respect to investment products manufactured by other asset managers or product manufacturers, the information on their sector policies is collected and taken into consideration through our proprietary Clover methodology which is explained below.

The occurrence of an environmental, social or governance event can have a negative impact on the value of an investment, insofar as it can affect issuers of investment products in several ways: a decrease in income, an increase in costs, an impairment or damage in the value of the asset, an increase in the cost of capital, or fines and regulatory risks. Such an event may therefore lead to a change in the portfolio investment strategy, for example by excluding certain issuers.

The long-term increase in these sustainability risks with a negative impact on investment product is to be expected, in particular due to climate change.

In addition, BNP Paribas S.A. uses an internal rating called the Clover methodology to assess and compare the sustainability level of these investment products with or without sustainability features.

This proprietary methodology is being deployed within the recommended investment universe. This score is shown on a scale from 0 to 10 which allows BNP Paribas to identify as much as possible sustainability risks and integrate those risks in investment decisions or when advising clients on financial instruments or insurance products.

This rating enables BNP Paribas S.A., as a financial advisor and as a financial market participant, to identify investment products for which the occurrence of an event or situation, in the environmental, social or governance field, could have a real or potential negative impact on the value of these products.

More information on the methodology is available on our [website](#).

¹ 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.

However, investment products with a high level of sustainability risk can be invested or recommended to clients if it meets client's other investment objectives, investor profile or diversification needs.

Finally, BNP Paribas S.A. commits maintaining an open, constructive relationship with its external stakeholders (customers, suppliers, sustainable investors, advocacy NGOs, etc.) 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.

Section 3

Information about BNP Paribas S.A. policy as Financial Market Participant on considering the principal adverse impacts on sustainability factors for portfolio management ²

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.

As financial market participant, BNP Paribas S.A. takes into account the impact of the underlying investment on sustainability factors (environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters).

BNP Paribas S.A. considers the principal adverse impacts in its portfolio management decisions through the approach detailed hereafter.

BNP Paribas' approach on principal adverse impacts relies on a set of extra-financial data sources and analyses:

The BNP Paribas Group policy: The BNP Paribas sector policy: BNP Paribas S.A. coordinates investment actions in sensitive sectors, excluding a number of sectors or companies, see BNP Paribas public [sector policies](#) developed in cooperation with independent experts. On each sector, BNP Paribas takes into consideration a set of mandatory requirements, of evaluation criteria and of good industry practices when they exist.

- a. **The BNP Paribas Asset Management issuers' ESG³ screening:** Regarding bonds and equities, BNP Paribas S.A. relies on the BNP Paribas Asset Management information, sources and policies specifically designed towards sustainability. Regarding the selection process of issuers, the pillars of the [Global Sustainability Strategy](#) developed by BNP Paribas Asset Management enable to deploy a classification of issuers based on various sustainability factors:

² SFDR regulation article 4.1a, 4.2, 4.5a and SFDR Delegated regulation article 11

³ Environmental, Social and Governance

- **The ESG assessment**, based on materiality, measurability, data quality and availability, focuses on a limited set of robust ESG metrics, among these sources:
 - **External providers**: organizations specializing in ESG data and research, as well as ESG and mainstream brokers,
 - **Internal qualitative research**: insights from BNP Paribas Asset Management's ESG analysts assessing ESG performance and reviewing provider data, based on direct contacts with issuers, academics, institutions, civil society research, issuer official publications,
 - **International institutions**: Eurostat, OECD, United Nations, Worldbank, International Energy Agency, World Health Organization.
- **The Stewardship Strategy** includes proactive engagement with corporate and other issuers, and engagement with public policy makers on sustainability issues.
- **The [Responsible Business Conduct policy](#)** aims at avoiding reputational, regulatory risks; it fosters companies' compliance with fundamental rights, in the areas of human and labour rights, environment protection and anti-corruption, based on the 10 [United Nations Global Compact Principles](#).
- **The Forward-looking perspective** or the '3Es' measure the exposure to the three key issues being Energy transition, Environment and Equality.

Based on the set of BNP Paribas Group and BNP Paribas Asset Management data, BNP Paribas S.A. is in a position to:

- Exclude or select issuers (equities and bonds),
- Identify equities and bonds when possible, according to 'sustainability preferences' as defined by the MiFID delegated regulation⁴,
- Rate equities and bonds according to the WM proprietary clover methodology

More information on the methodology is available on our [website](#).

b. Analysis of asset management companies and recommended funds and ETF⁵s:

BNP Paribas S.A. gathers sustainability information from asset managers, based on a due diligence proprietary questionnaire:

- **Funds**: comprehensive 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**: comprehensive questions covering 7 areas.

⁴ Article 2(7) MIFID Delegated Regulation 2017/565

⁵ Exchange-Traded Fund

BNP Paribas S.A. looks at the percentage of available universe excluded based on ESG considerations, i.e., sector-based exclusions, norm-based exclusions, activity-based exclusions and worst ESG ratings among peers. Due diligences also identify the way ESG controversies are taken into account during the fund investment process.

BNP Paribas S.A. relies on the set of data provided by the asset manufacturers on the financial product ESG characteristics according to the European ESG template (EET format defined by Findatex), i.e.:

- Data on taxonomy aligned investment within the financial instrument (percentage of alignment, based on the E.U. Taxonomy Regulation),
- Data on sustainable investment within the financial instrument (percentage of sustainable investment, based on the SFDR regulation), and
- Data on mandatory Principle Adverse Sustainable Indicators.

Thanks to this double level of analysis when selecting funds and ETFs, BNP Paribas S.A. is in a position to:

- Select asset managers, funds and ETFs;
- Classify, when possible, funds and ETFs according to MIFID definition of 'sustainable preferences'⁶ defining a classification system.

For the avoidance of doubt, BNP Paribas does not at this stage consider on derivative instruments the principal adverse impacts on sustainability factors.

On an annual basis, the statement of BNP Paribas S.A. on the Principal Adverse Impacts of investment decisions on sustainability factors will be published on its website.

⁶ Article 2(7) MIFID Delegated Regulation 2017/565

Section 4

Information about BNP Paribas S.A. policy as financial adviser on considering the principal adverse impacts of investment advice on sustainability factors⁷

BNP Paribas S.A. sustainability classification and selection of the financial instruments:

The classification and the selection of financial instruments regarding Principal Adverse Sustainable Impacts is based on:

- a. The Principle Adverse Sustainable Indicators published by the asset managers or by the manufacturers of structured notes for each financial instrument:** A financial instrument is considered as taking into account the E, S or G category of Principle Adverse Sustainable Indicators (PASI⁸) if one at least of the mandatory PASI of the E, S or G category is taken into account;
- b. Equities and bonds:** The methodology, based on the data feed of BNP Paribas Asset Management, rates the sustainability of the financial 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. In its proprietary ESG scoring framework, BNP Paribas Asset Management takes into account the mandatory PASI, cf. Appendix 1 Mandatory corporate indicator of the [Sustainability risk integration and PASI considerations](#) document detailing for each PASI how it is embedded within the scoring methodology

The analysis realised by BNP Paribas S.A. as financial advisor, allows the classification, when possible, of financial instruments according to MIFID definition of 'sustainable preferences'⁹.

⁷ SFDR Delegated regulation art.11

⁸ PASI being listed in table 1 of Appendix 1 of SFDR RTS.

⁹ Article 2(7) MIFID Delegated Regulation 2017/565

Section 5

Information about BNP Paribas S.A. policy as financial adviser on considering the principal adverse impacts of insurance advice on sustainability factors¹⁰

Insurance companies are manufacturers of their life insurance contracts which are subject to SFDR disclosure requirements. In particular, for Cardif Assurance Vie and Cardif Retraite, manufacturer of life insurance contracts distributed by BNP Paribas S.A., you can refer to their SFDR statement.

BNPP as financial adviser relies on the information provided by insurance companies on the general fund and on the underlying options as per SFDR classification to take into consideration PAI.

Regarding the Euro Funds of Cardif Assurance Vie and Cardif Retraite, the latter consider the Principal Adverse Sustainability Impacts: please refer our CSR policies - BNP Paribas Cardif.

The classification and the selection of the underlying options regarding Principal Adverse Sustainable Impacts is based on

- **For underlying options based on funds, ETFs, structured products:** The Principle Adverse Sustainable Indicators provided by the manufacturer to BNP Paribas, an underlying option being considered as taking into account the E, S or G category of Principle adverse sustainable Impact (PASI¹¹) if one at least of the mandatory PASI of the E, S or G category is taken into account.
- **For underlying options based on equities and bonds:** The methodology relying on the data feed of BNP Paribas Asset Management, 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. In its proprietary ESG scoring framework, BNP Paribas Asset Management takes into account the mandatory PASI, cf. Appendix 1 Mandatory corporate indicator of the [Sustainability risk integration and PASI considerations](#) document detailing for each PASI how it is embedded within the scoring methodology.

The analysis realized by the BNP Paribas as insurance advisor, allows the classification, when possible, of underlying options according to IDD definition of 'sustainable preferences'.

¹⁰ SFDR Delegated regulation art.11

¹¹ PASI being listed in table 1 of Appendix 1 of SFDR RTS.

Section 6

Information on Transparency of remuneration policy in relation to the integration of sustainability risks

BNP Paribas S.A. societal commitment involves promoting sustainability and limiting sustainability risks. To promote employee involvement in its subjects, BNP Paribas S.A. has for several years integrated sustainability risks into its compensation policies, in particular through CSR indicators representative of the four pillars of the Group's policy and impacting in part the annual variable compensation of Group managers or the long-term compensation of key employees.

Moreover, the BNP Paribas Group's remuneration principles require that the variable compensation of financial market participants and financial advisors does not lead them to take excessive sustainability risks through the investments and investment advice they are required to give to their clients on financial products governed by the European SFDR regulation. These elements must be taken into account for the persons concerned in the annual performance appraisal process.

At the same time, BNP Paribas S.A. compensation policy aims to promote professional behaviour in line with the principles set out in the Group's Code of Conduct, any breach of these principles being taken into account in the assessment of individual performance for all employees, and in particular for the Group's regulated populations.

This Code sets out the Group's rules and requirements to support its aspirations to contribute to responsible and sustainable global development and to have a positive impact on society at large. This involvement rests on three pillars: (i) promoting respect for human rights, (ii) protecting the environment and combating climate change, and (iii) acting responsibly in public representation.