



# STATEMENT ON PRINCIPAL ADVERSE IMPACTS OF INVESTMENT ADVICE ON SUSTAINABILITY FACTORS

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Pursuant to Regulation (EU) 2019/2088 (SFDR) article 4, which applies from 10 March 2021, BGL BNP Paribas makes available to you information in relation to its policies on adverse sustainability impacts.

*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.*

## **BGL BNP Paribas sustainability classification and selection of the financial instruments:**

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

- a. **The Principle Adverse 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 Impact (PAI<sup>1</sup>) if one at least of the mandatory PAI 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 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 PAI, cf. Appendix 1 Mandatory corporate indicator of the [Sustainability risk integration and PAI considerations](#) document detailing for each PAI how it is embedded within the scoring methodology

The analysis realised by BGL BNP Paribas as financial advisor, allows the classification, when possible, of financial instruments according to MIFID definition of 'sustainability preferences'<sup>2</sup>.

## **BGL BNP Paribas consider and address the following principal adverse impacts when advising on sustainability factors for securities and bonds:**

- PAI number 10 and 11 by relying on several international standards that BNP Paribas adheres to, in particular: The UN Global Compact principles and Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises OECD Principles for Multinational enterprises which may lead to the exclusion

of companies active in certain sectors. PAIs number 10 and 11 are considered and addressed by BNP Paribas Asset Management Responsible Business Conduct which evaluates and excludes companies exposed to issuers who are in breach with UNGC Principles and/or OECD Multinational Enterprises guidelines.

- PAI number 14, in particular: Exposure to controversial weapons. The following controversial weapons conventions are taken into account to consider and address PAI number 14: Oslo Convention on Cluster Munitions (2008) and Ottawa Treaty on Landmines (1999), Biological and Toxin Weapons Convention (1972), Chemical Weapons Convention (1993). All investee companies involved in the manufacturing, or the selling of controversial weapons are excluded.

## **BGL BNP Paribas consider and address the following principal adverse impacts when advising on sustainability factors of third-party asset management companies and recommended funds and ETFs:**

- PAI number 10 for clients with sustainability preferences according to MiFID II by relying on several international standards that BNP Paribas adheres to, in particular: UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises. For this purpose, BNP Paribas Wealth Management reviews European ESG Templates (EET) and the sales prospectus provided by Asset Management companies to ensure PAI number 10 is considered. In case of non-consideration BNP Paribas Wealth Management takes steps to mitigate risk and/or minimize exposure on PAI number 10 violation.
- PAI number 14 for all clients with or without sustainability preferences according to MiFID II, in particular: Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons). For this purpose, BNP Paribas Wealth Management reviews European ESG Templates (EET) and the sales prospectus provided by Asset Management companies to ensure PAI number 14 is considered. In case of a non-consideration or an exposure the financial product will be excluded.

For Reception and Transmission of Orders (RTO) the client does not receive any advice and no investment recommendations. In this case BGL BNP Paribas does not consider the above-mentioned PAIs.

<sup>1</sup> PAI being listed in table 1 of Appendix 1 of SFDR RTS.

<sup>2</sup> Article 2(7) MIFID Delegated Regulation 2017/565