SFDR

2024 Statement on Principal Adverse Impacts of investment decisions on sustainability factors

June 2025

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For the purposes of this report, the following definitions shall apply[1]:

(1) 'scope 1, 2 and 3 GHG emissions' means the scope of greenhouse gas emissions referred to in points (1)(e)(i) to (iii) of Annex III to Regulation (EU) 2016/1011 of the European Parliament and of the Council1.

(2) 'greenhouse gas (GHG) emissions' means greenhouse gas emissions as defined in Article 3, point (1), of Regulation (EU) 2018/842 of the European Parliament and of the Council2.

(3) 'weighted average' means a ratio of the weight of the investment by the financial market participant in an investee company in relation to the enterprise value of the investee company.

(4) 'enterprise value' means the sum, at fiscal year-end, of the market capitalisation of ordinary shares, the market capitalisation of preferred shares, and the book value of total debt and non-controlling interests, without the deduction of cash or cash equivalents;

(5) 'companies active in the fossil fuel sector' means companies that derive any revenues from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade, of fossil fuels as defined in Article 2, point (62), of Regulation (EU) 2018/1999 of the European Parliament and of the Council3 ;

(6) 'renewable energy sources' means renewable non-fossil sources, namely wind, solar (solar thermal and solar photovoltaic) and geothermal energy, ambient energy, tide, wave and other ocean energy, hydropower, biomass, landfill gas, sewage treatment plant gas, and biogas;

(7) 'non-renewable energy sources' means energy sources other than those referred to in point (6);

(8) 'energy consumption intensity' means the ratio of energy consumption per unit of activity, output or any other metric of the investee company to the total energy consumption of that investee company;

(9) 'high impact climate sectors' means the sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006 of the European Parliament and of the Council4 ;

(10) 'protected area' means designated areas in the European Environment Agency's Common Database on Designated Areas (CDDA);

(11) 'area of high biodiversity value outside protected areas' means land with high biodiversity value as referred to in Article 7b(3) of Directive 98/70/EC of the European Parliament and of the Council5 ;

(12) 'emissions to water' means direct emissions of priority substances as defined in Article 2(30) of Directive 2000/60/EC of the European Parliament and of the Council6 and direct emissions of nitrates, phosphates and pesticides ;

(13) 'areas of high water stress' means regions where the percentage of total water withdrawn is high (40-80%) or extremely high (greater than 80%) in the World Resources Institute's (WRI) Water Risk Atlas tool "Aqueduct";

(14) 'hazardous waste and radioactive waste' means hazardous waste and radioactive waste;

(15) 'hazardous waste' means hazardous waste as defined in Article 3(2) of Directive 2008/98/EC of the European Parliament and of the Council7 ;

(16) 'radioactive waste' means radioactive waste as defined in Article 3(7) of Council Directive 2011/70/Euratom8 ;

(17) 'non-recycled waste' means any waste not recycled within the meaning of 'recycling' in Article 3(17) of Directive 2008/98/EC;

(18) 'activities negatively affecting biodiversity-sensitive areas' means activities that are characterised by all of the following:

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[1] C_2022_1931_1_EN_annexe_acte_autonome_part1_v6.pdf (europa.eu)

(a) those activities lead to the deterioration of natural habitats and the habitats of species and disturb the species for which a protected area has been designated;

(b) for those activities, none of the conclusions, mitigation measures or impact assessments adopted pursuant to any of the following Directives or national provisions or international standards that are equivalent to those Directives have been implemented:

(i) Directive 2009/147/EC of the European Parliament and of the Council9 ;

(ii) Council Directive 92/43/EEC10;

(iii) an Environmental Impact Assessment (EIA) as defined in Article 1(2), point (g), of Directive 2011/92/EU of the European Parliament and of the Council11;

(iv) for activities located in third countries, conclusions, mitigation measures or impact assessments adopted in accordance with national provisions or international standards that are equivalent to the Directives and impact assessments listed in points (i), (ii) and (iii);

(19) 'biodiversity-sensitive areas' means Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas ('KBAs'), as well as other protected areas, as referred to in Appendix D of Annex II to Commission Delegated Regulation (EU) 2021/213912;

(20) 'threatened species' means endangered species, including flora and fauna, listed in the European Red List or the IUCN Red List, as referred to in Section 7 of Annex II to Delegated Regulation (EU) 2021/2139;

(21) 'deforestation' means the temporary or permanent human-induced conversion of forested land to non-forested land;

(22) 'UN Global Compact principles' means the ten Principles of the United Nations Global Compact;

(23) 'unadjusted gender pay gap' means the difference between average gross hourly earnings of male paid employees and of female paid employees as a percentage of average gross hourly earnings of male paid employees;

(24) 'board' means the administrative, management or supervisory body of a company;

(25) 'human rights policy' means a policy commitment approved at board level on human rights that the economic activities of the investee company shall be in line with the UN Guiding Principles on Business and Human Rights;

(26) 'whistleblower' means 'reporting person' as defined in Article 5(7) of Directive (EU) 2019/1937 of the European Parliament and of the Council13;

(27) 'inorganic pollutants' means emissions within or lower than the emission levels associated with the best available techniques (BAT-AEL) as defined in Article 3, point (13) of Directive 2010/75/EU of the European Parliament and of the Council14, for the Large Volume Inorganic Chemicals- Solids and Others industry;

(28) 'air pollutants' means direct emissions of sulphur dioxides (SO_2), nitrogen oxides (NO_x), non-methane volatile organic compounds (NMVOC), and fine particulate matter ($PM2,5$) as defined in Article 3, points (5) to (8), of Directive (EU) 2016/2284 of the European Parliament and of the Council15, ammonia (NH_3) as referred to in that Directive and heavy metals (HM) as referred to in Annex I to that Directive;

(29) 'ozone depletion substances' mean substances listed in the Montreal Protocol on Substances that Deplete the Ozone Layer

For the purposes of this report, the following formulas shall apply:

(1) 'GHG emissions' shall be calculated in accordance with the following formula:

$$\sum_{n}^{i} \left(\frac{\text{current value of investment}_i}{\text{investee company's enterprise value}_i} \times \text{investee company's Scope}(x)\ GHG\ emissions_i \right)$$

(2) 'Carbon footprint' shall be calculated in accordance with the following formula:

$$\frac{\sum_{n}^{i} \left(\frac{\text{current value of investment}_i}{\text{investee company's enterprise value}_i} \times \text{investee company's Scope 1, 2 and 3 GHG emissions}_i \right)}{\text{current value of all investments (€M)}}$$

(3) 'GHG intensity of investee companies' shall be calculated in accordance with the following formula:

$$\sum_{n}^{i} \left(\frac{\text{current value of investment}_i}{\text{current value of all investments (€M)}} \times \frac{\text{The country's Scope 1, 2 and 3 GHG emissions}_i}{\text{Gross Domestic Product}_i(€M)} \right)$$

(4) 'GHG intensity of sovereigns' shall be calculated in accordance with the following formula:

$$\sum_{n}^{i} \left(\frac{\text{current value of investment}_i}{\text{current value of all investments (€M)}} \times \frac{\text{The country's Scope 1, 2 and 3 GHG emissions}_i}{\text{Gross Domestic Product}_i(€M)} \right)$$

(5) 'Inefficient real estate assets' shall be calculated in accordance with the following formula:

$$\frac{\left(\begin{array}{l}(\text{Value of real estate assets built before 31/12/2020 with EPC of C or below}) + \\ (\text{Value of real estate assets built after 31/12/2020 with PED below NZEB in Directive 2010/31/EU})\end{array}\right)}{\text{Value of real estate assets required to abide by EPC and NZEB rules}}$$

For the purposes of the formulas, the following definitions shall apply:

(1) 'current value of investment' means the value in EUR of the investment by the financial market participant in the investee company;

(2) 'enterprise value' means the sum, at fiscal year-end, of the market capitalisation of ordinary shares, the market capitalisation of preferred shares, and the book value of total debt and non-controlling interests, without the deduction of cash or cash equivalents;

(3) 'current value of all investments' means the value in EUR of all investments by the financial market participant;

(4) 'nearly zero-energy building (NZEB)', 'primary energy demand (PED)' and 'energy performance certificate (EPC)' shall have the meanings given to them in paragraphs 2, 5 and 12 of Article 2 of Directive 2010/31/EU of the European Parliament and of the Council16.

BGL BNP Paribas S.A. considers principal adverse impacts of its investment decisions on sustainability factors.
Within BGL BNP Paribas S.A., discretionary portfolio management (DPM) for Wealth Management clients in Luxembourg and Banque Privée Luxembourg clients in Luxembourg is carried out by the BNP Paribas Wealth Management business line in Luxembourg. BNP Paribas Wealth Management in Luxembourg relies on the set-up, methodologies and investment universe defined by Wealth Management business line at head office level (BNP Paribas Wealth Management).

This statement on Principal Adverse Impacts on sustainability factors covers the **reference period** from January 1st, 2024, to December 31st, 2024.

Summary of the Principal Adverse Impacts

This statement is established in accordance with the rules defined by the Regulatory Technical Standards of European Regulation 2019/2088, known as SFDR, Sustainable Finance Disclosure Regulation. Its objective is to assess the Principal Adverse Impacts on sustainability factors (PAIs) generated by companies or governments that are the subject of financial investments as part of the Discretionary Portfolio Management activities within BGL BNP Paribas (including BNP Paribas Wealth Management business line in Luxembourg and Banque Privée Luxembourg business line in Luxembourg).
The PAIs are therefore quantitative indicators enabling this assessment. They require a large amount of data for their calculation, the reliability of which may vary depending on whether they are based either on the statements of issuers (corporates, states, etc.) or on estimates made by data providers.
The sustainable data market is in complete evolution, particularly on PAI data. The regulations defining these data, and their publication are very recent, like CSRD requiring companies to publish a certain number of Environmental, Social and Governance (ESG) data which came into force in January 2024.

Given this situation, a BNP Paribas Wealth Management policy of qualitative consideration of the main negative impacts is in place in Discretionary Portfolio Management activities of BGL BNP Paribas since 2022, as explained below in the section entitled "Description of policies to identify and prioritise main adverse impacts on sustainability factors" (notably BNP Paribas Wealth Management approach on principal adverse impacts relies on a set of extra-financial data sources and analysis composed of BNP Paribas Group sector policies, BNP Paribas Asset Management issuers' ESG screening and BNP Paribas Wealth Management analysis of asset management companies and recommended funds and exchange-traded funds (ETFs)).
Moreover, the ESG analysis of financial assets carried out by BNP Paribas Asset Management is based on indicators from external providers, internal qualitative research and International Institutions, that are, for some of them, correlated with Principal Adverse Impacts (PAIs). The impacts of these indicators and their weight in the final sustainability rating of the asset vary according to the specificity of the asset class, the issuer, the region or the sector concerned. They are described in the methodologies of specific ESG analysis.

It can also be noted that BGL BNP Paribas Discretionary Portfolio Management, when investing in external funds, with respect to PAIs consideration, depends on: (i) the management choices of the external asset managers, known a posteriori and (ii) the choice of data providers they rely upon, as their data may significantly vary

from the ones of BNP Paribas Asset Management's data providers. Indeed, significant discrepancies on quantitative data of certain PAIs have been identified from one data provider to another.

For the reporting of 2022, BNP Paribas Wealth Management chose Clarity AI as data provider to calculate the PAIs. All the information are available in the [reporting published in 2023.](#) To ensure consistency within the Group, BGL BNP Paribas has decided to follow BNP Paribas Wealth Management decision in 2023 to rely upon BNP Paribas Asset Management's approach and methodology, and therefore to use its data providers, benefiting from its in-depth due diligence on data quality and coverage. This due diligence allowed the selection of the providers offering the most relevant data for each PAI. For more details, please refer to the Data Source section below.

Description of the Principal Adverse Impacts on sustainability factors

Indicators applicable to investments in investee companies					
Adverse sustainability indicator	Metric	Impact 2023[2]	Impact 2024[3]	Explanation	Actions taken and actions planned, and targets set for the next reference period
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS					
Greenhouse gas emissions (GHG)	1. GHG emissions[4] Scope 1 GHG emissions (tons CO2e)	103 561	118 459	**Issuers coverage rate[5] for scopes 1 and 2: 88%** Regarding scope 1&2, BNP Paribas Asset Management has decided to use a tiered approach, blending data sourced from the Carbon	Regarding the selection of equities and bonds and BNP Paribas Asset Management's funds, BNP Paribas Wealth Management and BGL BNP Paribas apply the Group positions and sector policies including an oil and gas sector policy. This policy encompasses criteria on unconventional oil and gas[6]. It was

[2] PAIs based on BNP Paribas Asset Management data.

[3] PAIs based on BNP Paribas Asset Management data.

[4] On scopes 1, 2 and 3, the difference observed between the coverage and the eligible rates tend to underestimate the PAI absolute value. To avoid underestimation and provide a more complete assessment, a higher value of the PAI is computed, by extending to the perimeter of eligible issuers without any data, the average amount observed on the rest of the eligible issuers, i.e. a pro rata is performed based on the eligible issuers already reporting values on scopes 1, 2 and 3.

[5] The issuer coverage rate is computed by dividing the coverage rate by the eligible rate. Eligible rate is the percentage of eligible assets for a specific PAI, meaning categories of assets that are suitable to receive a non-null value for that specific PAI. The coverage rate for a specific PAI is the percentage of assets that have a non-null value for that specific PAI.

[6] Unconventional oil and gas exclusion criteria:
- BNP Paribas Group excludes companies involved in unconventional oil and gas activities, that do not comply with applicable local laws and regulations as well as with international conventions ratified by their operating countries.
- BNP Paribas Group excludes companies for which the business linked to unconventional oil and gas represents a significant part of their revenues.
- BNP Paribas Group excludes companies involved in unconventional oil and gas that do not comply with the following principles:
  - Companies must have their headquarters located in countries that are not under financial sanctions from France, EU, USA and UN.
  - Companies must not use child or forced labour as defined in the International Labour Organization (ILO) Conventions.
  - Companies must 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.
  - Companies must disclose or provide information at company level on their performance related to water use, waste generation, energy consumption, GHG emissions, and land reclamation strategy.

Excluded companies are not part of the BNP Paribas Wealth Management Recommended Universe

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		Scope 2 GHG emissions (tons CO2e)	25 817	30 907	Disclosure Project (CDP), Bloomberg, and Trucost, with final review of estimated data based on a proprietary machine learning mode. This approach allows to maximise both coverage of directly reported figures and confidence in the estimated data used.	strengthened in 2023, excluding issuers not respecting a set of criteria[7]. At BNP Paribas Wealth Management level, the application of the Group's position and sector policies is done through the application of [BNP Paribas Asset Management Responsible Business Conduct (RBC) Policy](#)[8]. The latter is in line with the Group's positions and sector policies and covers a higher number of issuers. The RBC acts as a first negative filter to the investable universe of BNP Paribas Wealth Management. It then selects products from the reduced universe to form its recommended universe[9] based on financial and extra-financial criteria.

[7] Criteria:
- BNP Paribas Group excludes energy companies that derive 10% or more of their activities from unconventional oil and gas, from a previous threshold of 30%
- BNP Paribas Group now excludes energy companies that derive 10% or more of their exploration and production activities from the Arctic region
- BNP Paribas Group now excludes energy companies with oil and gas reserves in the Amazon as well as those actively developing related infrastructure in the Amazon
- Companies that do not meet the mandatory criteria are excluded. By exception, some of them may be added to a monitoring list, meaning they are eligible for investment subject to regular review, if they have credible climate commitments and realistic transition plans.

BNP Paribas Wealth Management provides its clients with products (equities, bonds and internal funds) that comply with this policy and encourages external managers to adopt the standards defined in this policy.

[8] Mining Companies that match with one of the following criteria are excluded:
- 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: BNP Paribas Asset Management will exclude all power generators that meet any of the following criteria:
- are adding operational coal-fired power generation capacity
- have a carbon intensity above the 2017 global average of 491 gCO2/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 327 gCO2/kWh by 2025, otherwise they will be excluded from the investment portfolios.

[9] The Recommended Universe means the financial instruments selected by BNP Paribas Wealth Management and recommended to BGL BNP Paribas clients.

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		Scope 3 GHG emissions (tons CO2e)	1 063 172	1 793 869	**Issuers coverage rate for Scope 3: 9%** While GHG emissions disclosure has improved, most companies worldwide still do not disclose this information. This is even more problematic for Scope 3 GHG emissions. BNP Paribas Asset Management has decided to use only the highest quality disclosed data and to not supplement the data with estimates as Scope 3 GHG emissions estimates vary dramatically across vendors. The increase of value between 2023 and 2024 can be explained by the increased coverage for Scope 3 and the increase of assets under management invested in companies that do report on Scope 3.	For Discretionary Portfolio Management, as extra-financial criteria, BGL BNP Paribas considers MiFID ESG regulatory information and the Clover ratings (results of its proprietary Clover evaluation that assesses the responsibility level of financial instruments, by asset class), when applicable: - For single lines, Clover ratings take into account BNP Paribas Asset Management's ESG scoring methodology for issuers which considers their carbon footprint reduction trajectory, as defined by the IEA[10]. - For internal funds, BNP Paribas Wealth Management relies on BNP Paribas Asset Management's roadmap to achieve Net Zero portfolio emissions by 2050[11], applying to all its proprietary funds. As BNP Paribas Asset Management's funds represent a significant part of BNP Paribas Wealth Management's recommended universe, they contribute to the reduction of GHG emissions. - Regarding funds managed by external asset managers, BNP Paribas Wealth Management carries out an assessment of these external asset managers, based on a due diligence questionnaire, including questions on: (1) their membership to the

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[10] International Energy Agency

[11] Out of 10 commitments, the following ones will notably impact investments:

- Reducing the carbon footprint of its investments by 30% by 2025, and by 50% by 2030 (against a 2019 baseline)
- Aligning its investments with net zero, targeting 60% of in-scope investments to be in companies Achieving, Aligned or Aligning with Net Zero by 2030, growing to 100% by 2040
- Exiting coal by 2030 in European Union and OECD countries and by 2040 in the rest of the world

Other commitments concern the shareholder commitment and operations of BNP Paribas Asset Management.

It can be noted that under this methodology, the assets under management of BNP Paribas Wealth Management in 2023 have the following breakdown: 5% relate to issuers that have reached carbon neutrality, 44% relate to issuers aligned with the objectives of the Paris Agreement, 22% relate to issuers in the process of aligning, 29% relate to non-aligned issuers.

					The coverage and quality of Scope 3 GHG emissions data is still considered to be very low which could lead to distorted reporting figures that would be difficult to interpret by market participants independently and in reference to other asset managers.	Net Zero Asset Manager initiative and details of the commitments made; (2) the validation by SBTi (Science Based Target initiative) of their decarbonisation plan; (3) the methodology for measuring and publishing their GHG emissions; (4) participation in collaborative engagement initiatives such as Climate Action 100 + or Carbon Disclosure Project (CDP).
		Total GHG emissions (tons CO2e)	187 675	327 283	Issuers **coverage rate for total GHG emissions: 91%** While the overall effective coverage figure is high, please note that issuers for which data on Scope 3 was not available were assigned a 0 for this indicator. This explains why the total GHG emissions were lower than the sum of scopes 1, 2 and 3. In 2024, the overall coverage for Scope 3 emissions has increased from 5% to 29%. Hence the total GHG emissions for the period is higher than in 2023, even if the reported Scope 3 value is lower than in 2023. Considering the Scope 3 GHG emissions low data quality and volatility, a trend in our total GHG emissions based on scope	

				1, 2 and 3 GHG emissions cannot be asserted.
2. Carbon footprint	Carbon footprint (tons CO2e/EUR M invested)	55	86	**Issuers coverage rate: 91%** **For information, scopes 1&2 amount to 45 tons CO2e/EUR M invested.** Please refer to PAI 1 explanations about scope 1&2, scope 3 and total for the calculation methodology of PAI 2. However, the higher amount of tons of CO2e/EUR M invested reported for 2024 compared to 2023 can be explained by the increased amount of assets under management invested in issuers that increased their carbon emissions. Considering the scope 3 GHG emissions' low data quality and volatility, a trend in our carbon footprint based on scope 1, 2 and 3 GHG emissions cannot be asserted.
3. GHG intensity of investee companies	GHG intensity of investee companies (tons CO2e/EUR M revenue)	104	130	**Issuers coverage rate: 91%** **For information, scope 1&2 amounts to 81 tons CO2e/EUR M revenue.** Please refer to PAI 1 explanations about scope 1 & 2, scope 3 and total for the

					calculation methodology of PAI 3. Between the 2024 and 2023 value, the increase can be explained, as mentioned for total GHG emissions on PAI, by the change of coverage of Scope 3 GHG emissions. Considering the scope 3 GHG emissions low data quality and volatility, a trend in our GHG intensity based on scope 1, 2 and 3 GHG emissions cannot be asserted.	
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	7.33%	7.24%	**Issuers coverage rate: 94%** Identification of companies active in the fossil fuel sector has been achieved based on percentages of revenue derived from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade of thermal coal, natural gas and oil. The underlying data is not identifying companies involved in "distribution of gas" but BNP Paribas Asset Management has engaged with the data provider in order to assess the feasibility	In 2025, BNP Paribas Wealth Management will be updating its Clover evaluation methodologies. With the new methodology, equities and bonds of the oil and gas sector will not obtain more than three Clovers, out of five. For funds, a maximum exposure to companies that could be involved in the oil and gas sector will be reflected in the Clover rating. As of now, with the current methodology, there is no link between a rating in Clovers and a possible exposure to fossil fuels, even if the latter is part of the analysis. The new methodology will be an enhanced tool to answer clients' demands in this sector and monitor BNP Paribas Wealth Management's recommended universe.

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					of capturing this activity in the near future.	

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| | 5. Share of non-renewable energy consumption and production | Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage | 5.1 – Consumption: 63%

5.2 – Production: 63% | 5.1 – Consumption: 57%

5.2 – Production: 60% | **5.1 – Consumption**
Issuers coverage rate: 81%

5.2 – Production
Issuers coverage rate: 2%

This PAI is actually two indicators in one: Production and consumption. The production indicator is only relevant to energy producers (e.g. utilities).

The consumption indicator is more broadly applicable across sectors. Both production and consumption information are inconsistently disclosed by market actors though coverage ratios tend to be much higher for consumption.

The underlying data used is based on reported data only and the exhibited low coverage could lead to distorted reporting figures and make them difficult to interpret by market participants independently and in reference to other asset managers. | These PAIs and/or PAI-adjacent indicators are taken into account in the Clover qualitative methodology used in BGL BNP Paribas Discretionary Portfolio Management[12]:

- For equities and bonds and BNP Paribas Asset Management funds, these PAIs are embedded in BNP Paribas Asset Management ESG scoring methodology.

- For external asset managers funds, BNP Paribas Wealth Management assesses the way they address controversies and negative impacts on ESG factors.

With the gradual improvement of data reported by issuers, BNP Paribas Wealth Management will continue to progressively integrate these PAIs within its responsible investment framework[13]. |

[12] Please refer to the section below: "Description of policies to identify and prioritise Principal Adverse Impacts on sustainability factors"
[13] Defined as the overall tools and processes used to build and monitor BNP Paribas Wealth Management's recommended universe on the basis of ESG criteria (application of BNP Paribas Asset Management's Responsible Business Conduct -RBC- policy to some asset classes, use of the Clover evaluation, MiFID ESG criteria, the ESG scoring system of BNP Paribas Asset Management and due diligence processes for external funds)

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| 6. Energy consumption intensity per high impact climate | Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate

GWh/EUR M revenue

NACE Sectors:

A (agriculture, forestry and fishing)

B (mining and quarrying)

C (manufacturing)

D (electricity, gas, steam air conditioning supply)

E (water supply; sewerage, waste management and remediation activities)

F (construction)

G (wholesale and retail trade; repair of motor vehicles and motorcycles)

H (transportation and storage)

L (accommodation and food service | Total: 0.99

A: 0.49

B: 0.81

C: 0.61

D: 4.23

E: 2.04

F: 0.17

G: 0.26

H: 3.64

L: 0.82 | Total: 0.34

A: 0.12

B: 0.73

C: 0.24

D: 1.27

E: 0.50

F: 0.15

G: 0.09

H: 1.31

L: 0.63 | **Issuers coverage rate: 34% (total data)**

An exact fit for this PAI does not exist since the exact split of energy consumption per high impact climate sector is not provided by any data vendor.

Therefore, an assumption has been made that one company belongs to its primary NACE[14] and the total energy consumption figure is associated with this primary NACE code. Therefore, there is no sector-related split of energy consumption per company. |

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[14] The Statistical classification of economic activities in the European Community, abbreviated as NACE

		activities)				
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	7.57%	6.32%	**Issuers coverage rate: 93%** This PAI is not directly reported by companies and therefore the assessment is based on incidents research to identify negatively affecting activities performed by companies which then can be matched spatially to sensitive areas as defined by the Natura 2000 network of protected areas, the UNESCO World Heritage Sites as well as other protected areas referred to by the Delegated Regulation. This approach has the following limitations: 1. The access to the Key Biodiversity Area (KBA) database is not public, hence reducing the possibility to match locations. 2. An assessment of operations located in or near to biodiversity sensitive areas would require a spatial perspective which, as of now, is not available due to the lack of asset level databases. Hence, the only spatially explicit data that we use is provided by the data vendor's incidents research.	In 2021, the BNP Paribas Group decided to further strengthen its commitments to biodiversity. Based on the studies of the Intergovernmental Science Policy Platform on Biodiversity and Ecosystem Services (IPBES), the BNP Paribas Group has published a [public position](#) to better explain and structure its actions in the face of the five major threats[15] to biodiversity. This PAI and/or PAI-adjacent indicators have been taken into account in the Clover qualitative methodology used in BGL BNP Paribas Discretionary Portfolio Management[16]: - For equities and bonds and BNP Paribas Asset Management funds, this PAI is embedded within BNP Paribas Asset Management ESG scoring methodology[17]. BNP Paribas Asset Management's rating system includes nature related indicators, which reflect real negative events that have occurred, such as water pollution, deforestation, presence in key areas for biodiversity, etc. BNP Paribas Wealth Management's Clover rating methodology is based on this rating system. Although this data already provides valuable information to its management teams, BNP Paribas Asset Management has also been developing a corporate biodiversity footprint indicator leveraging Iceberg Data Lab data in order to develop and provide biodiversity data tailored to the

[15] Land-use and marine-use changes, direct exploitation of certain organisms, climate change, pollutions, invasive species

[16] Land-use and marine-use changes, direct exploitation of certain organisms, climate change, pollutions, invasive species

[17] Please refer to BNP Paribas Asset Management Biodiversity Roadmap: https://docfinder.bnpparibas-am.com/api/files/940B42EF-AFFF-4C89-8C32-D9BFBA72BF24

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						needs of a global investor.
						- For external asset managers funds, BNP Paribas Wealth Management assesses the way they address controversies and negative impacts on ESG factors. With the gradual improvement of data reported by issuers, BNP Paribas Wealth Management will continue to progressively integrate the PAI within its responsible investment framework[18].
Water	8. Emissions to water	Tons of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average (tons/EUR M invested)	0.08	0.00	**Issuers coverage rate: 0.39%** Most companies worldwide still do not disclose this information. Companies also inconsistently report pollutants. Data providers capture different emission types and there is some uncertainty about which should be considered as per the regulation. For these reasons, BNP Paribas Asset Management decided to employ a more conservative approach and get data from a data provider which captures a more comprehensive list of pollutants for the purpose of this metric: direct emissions of nitrates, phosphate, and pesticides, and direct emissions of priority substances as defined in Article 2(30) of Directive 2000/60/EC of the European Parliament and of the Council (e.g., heavy metals, loads of organic pollutant parameters such as biochemical	This PAI and/or PAI-adjacent indicators have been taken into account in the Clover qualitative methodology used in BGL BNP Paribas Discretionary Portfolio Management[19]: - For equities and bonds and BNP Paribas Asset Management funds, this PAI is embedded within BNP Paribas Asset Management ESG scoring methodology. - For external asset managers funds, BNP Paribas Wealth Management assesses the way they address controversies and negative impacts on ESG factors. With the gradual improvement of data reported by issuers, BNP Paribas Wealth Management will continue to progressively integrate the PAI within its responsible investment framework[20].

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[18] Defined as the overall tools and processes used to build and monitor BNP Paribas Wealth Management's recommended universe on the basis of ESG criteria (application of BNP Paribas Asset Management's Responsible Business Conduct -RBC- policy to some asset classes, use of the Clover evaluation, MiFID ESG criteria, the ESG scoring system of BNP Paribas Asset Management and due diligence processes for external funds)

[19] Please refer to the section below:" Description of policies to identify and prioritise Principal Adverse Impacts on sustainability factors"

[20] Defined as the overall tools and processes used to build and monitor BNP Paribas Wealth Management's recommended universe on the basis of ESG criteria (application of BNP Paribas Asset Management's Responsible Business Conduct -RBC- policy to some asset classes, use of the Clover evaluation, MiFID ESG criteria, the ESG scoring system of BNP Paribas Asset Management and due diligence processes for external funds)

					oxygen demand (BOD) and chemical oxygen demand (COD), nitrogen and phosphorus compounds). The exhibited very low coverage could lead to distorted reporting figures and make them difficult to interpret by market participants independently and in reference to other asset managers.	

Waste	9. Hazardous waste ratio	Tons of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average (tons/EUR M invested)	3.43	2.05	Issuers coverage rate: 86% BNP Paribas Asset Management captures both hazardous and radioactive waste as reported by companies.	This PAI and/or PAI-adjacent indicators have been taken into account in the Clover qualitative methodology used in BGL BNP Paribas Discretionary Portfolio Management[21]: - For equities and bonds and BNP Paribas Asset Management funds, this PAI is embedded within BNP Paribas Asset Management ESG scoring methodology. - For external asset managers funds, BNP Paribas Wealth Management assesses the way they address controversies and negative impacts on ESG factors. With the gradual improvement of data reported by issuers, BNP Paribas Wealth Management will continue to progressively integrate the PAI within its responsible investment framework[22].
SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.23%	0.15%	Issuers coverage rate: 93% For this indicator there is wide variance across data vendors due to different assessment of the PAI. Most vendors rely on news article analysis and AI/NLP models in order to flag potential violations. In some cases, some data vendors perform a manual	BNP Paribas Wealth Management applies a zero Clover scoring on each issuer excluded by BNP Paribas Asset Management. Those exclusions are associated with serious and repeated breaches of UNGC Principles and/or mandatory requirements related to controversial s and products. Criteria regarding these BNP Paribas Asset Management exclusions are available in BNP Paribas Asset Management RBC Policy.

[21] Please refer to the section below:" Description of policies to identify and prioritise Principal Adverse Impacts on sustainability factors"

[22] Defined as the overall tools and processes used to build and monitor BNP Paribas Wealth Management's recommended universe on the basis of ESG criteria (application of BNP Paribas Asset Management's Responsible Business Conduct -RBC- policy to some asset classes, use of the Clover evaluation, MiFID ESG criteria, the ESG scoring system of BNP Paribas Asset Management and due diligence processes for external funds)

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| | | | | | review in order to opine on the validation of the identified cases.

BNP Paribas Asset Management employs an approach which consists of multiple layers of manual assessment performed by specialised research teams (both external and internal), company contact and engagement (in some cases) as well as additional governance layers and review committees which can further evaluate and challenge the final assessments. Please note that the performed assessment is based on all UNGC principles and OECD guidelines, including environmental norms.

This is part of BNP Paribas Asset Management Responsible Business Conduct (RBC) policy which is applied to the equity and bond investable universe of BNP Paribas Wealth Management, as a negative filter. The RBC also applies, by definition, to BNP Paribas Asset Management's funds (except where noted) which are a significant part of BNP Paribas Wealth Management's recommended universe.

On the other hand, external funds are screened against the same universal benchmarks by BNP Paribas Wealth Management's Clover evaluation methodology. | In June 2023, BNP Paribas Wealth Management has strengthened its policy, excluding from its Recommended Universe all issuers subject to exclusion according to BNP Paribas Asset Management RBC Policy.
That policy will lead to a reduction of the exposure to issuers who are in breach with UNGC Principles and/or OECD Multinational Entreprises guidelines.

BNP Paribas Wealth Management's update of its Clover evaluation methodologies will lead to potential hard cut on this PAI, after a necessary engagement with asset managers. |

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	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises.	45.10%	37.56%	**Issuers coverage rate: 93%** For this indicator there is wide variance across vendors due to different interpretations of the PAI. Some vendors flag very few issuers as non-compliant with the PAI, whereas others flag almost all as non-compliant. Data providers reporting low figures typically rely on the existence of policies addressing any UNGC principle or OECD guideline, not policies addressing all UNGC principles. Market reporting of this value could change in either direction based on future clarifications from regulators which may be forthcoming. Please note that the performed assessment is based on all UNGC principles and OECD guidelines, including environmental norms.

	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	3.94%	0.48%	**Issuers coverage rate: 10%** Most companies worldwide still do not disclose this information. Some vendors attempt to report figures disclosed by companies which are not based on the exact regulatory definition which could lead to data inconsistencies. Some vendors increase the coverage for this indicator by relying on figures provided by international companies' local branches and thus not fairly representing the truly global footprint of the company and the impact it has on this indicator. BNP Paribas Asset Management has decided to rely on reported figures which are strictly consistent with the regulatory definition and to not use proxy values.	These PAIs and/or PAI-adjacent indicators have been taken into account in the Clover qualitative methodology used in BGL BNP Paribas Discretionary Portfolio Management[23]: - For equities and bonds and BNP Paribas Asset Management funds, these PAIs are embedded within BNP Paribas Asset Management ESG scoring methodology. - For external asset managers funds, BNP Paribas Wealth Management assesses the way they address controversies and negative impacts on ESG factors. With the gradual improvement of data reported by issuers, BNP Paribas Wealth Management will continue to progressively integrate the PAIs within its responsible investment framework[24].
	13. Board gender diversity	Average ratio of female to male board members in investee companies	36.36 %	33.62 %	**Issuers coverage rate: 89%** The underlying data is collected directly from companies (by BNP Paribas Asset Management chosen data provider)	

[23] Please refer to the section below:" Description of policies to identify and prioritise Principal Adverse Impacts on sustainability factors"

[24] Defined as the overall tools and processes used to build and monitor BNP Paribas Wealth Management's recommended universe on the basis of ESG criteria (application of BNP Paribas Asset Management's Responsible Business Conduct -RBC- policy to some asset classes, use of the Clover evaluation, MiFID ESG criteria, the ESG scoring system of BNP Paribas Asset Management and due diligence processes for external funds)

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| | 14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons) | Share of investments in investee companies involved in the manufacture or selling of controversial weapons | 0% | 0% | **Issuers coverage rate: 94%**

Identification of companies involved in controversial weapons has been achieved based on research performed by the data provider and identifying evidence of activity and involvement in anti-personnel mines, cluster munitions and biological and chemical weapons. | BNP Paribas Wealth Management applies BNP Paribas Asset Management's RBC to equities, bonds as a negative filter when building its recommended universe. The RBC also applies, by definition, to BNP Paribas Asset Management's funds (except where noted).
The RBC states investee companies involved in the manufacturing, or the selling of excluded weapons are excluded. |

Indicators applicable to investments in sovereigns and supranationals						
Adverse sustainability indicator		**Metric**	**Impact 2022**	**Impact 2023**	**Explanation**	**Actions taken and actions planned and targets set for the next reference period**
Environmental	**15. GHG intensity**	GHG intensity of investee countries (tons CO2e/EUR M GDP)	25.74	28.75	**Issuers coverage rate: 94%** For Scope 1 & 2, BNP Paribas Asset Management has decided to use a dataset that combines country level reporting from multiple sources with estimation models that ensure that data is available for all countries across any given year. It has also been decided to include estimated emissions related to land use, land-use change and forestry (LULUCF) which leads overall to higher reported figures. However, Scope 3 data are available only until 2018 which is inconsistent with Scope 1 & 2 data availability which covers 2019 and therefore Scope 3 is not included in the reported figures	This PAI and/or PAI-adjacent indicators have been taken into account in the Clover qualitative methodology used in BGL BNP Paribas Discretionary Portfolio Management[25]: - For equities and bonds and BNP Paribas Asset Management funds, this PAI is embedded within BNP Paribas Asset Management ESG scoring methodology. - For external asset managers funds, BNP Paribas Wealth Management assesses the way they address controversies and negative impacts on ESG factors. With the gradual improvement of data reported

[25] Please refer to the section below: "Description of policies to identify and prioritise Principal Adverse Impacts on sustainability factors"

						by issuers, BNP Paribas Wealth Management will continue to progressively integrate the PAI within its responsible investment framework[26].

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[26] Defined as the overall tools and processes used to build and monitor BNP Paribas Wealth Management's recommended universe on the basis of ESG criteria (application of BNP Paribas Asset Management's Responsible Business Conduct -RBC- policy to some asset classes, use of the Clover evaluation, MiFID ESG criteria, the ESG and AAA scoring systems of BNP Paribas Asset Management and due diligence processes for external funds)

| Social | 16. Investee countries subject to social violations | Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law. | Relative: 3.70% Absolute: 4 | Relative: 3.67% Absolute: 4 | **Issuers coverage rate: 94%** The definition of what constitutes a "social violation" as mentioned in this PAI is not explicitly described in the regulation. Other frameworks such as the "Towards Sustainability" label from Febelfin exist but are more prescriptive. Identification of countries subject to social violations has been achieved based on research performed by BNP Paribas Asset Management's data provider and identifying relevant controversies related to social topics. The social topics considered are the following: civil conflict, state repression, transnational conflict, violent crime, labour rights, discrimination. | This PAI and/or PAI-adjacent indicators has been taken into account in the Clover qualitative methodology used in BGL BNP Paribas Discretionary Portfolio Management: - For equities and bonds and BNP Paribas Asset Management funds, this PAI is embedded within BNP Paribas Asset Management ESG scoring methodology, based on several indicators linked to social violations. - For external asset managers funds, BNP Paribas Wealth Management assesses the way they address controversies and negative impacts on ESG factors. With the gradual improvement of data reported by issuers, BNP Paribas Wealth Management will continue to progressively integrate the PAI within its responsible investment framework[27]. |

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[27] Defined as the overall tools and processes used to build and monitor BNP Paribas Wealth Management's recommended universe on the basis of ESG criteria (application of BNP Paribas Asset Management's Responsible Business Conduct -RBC- policy to some asset classes, use of the Clover evaluation, MiFID ESG criteria, the ESG scoring system of BNP Paribas Asset Management and due diligence processes for external funds)

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Indicators applicable to investments in real estate assets						
Adverse sustainability indicator		Metric	Impact 2022	Impact 2023	Explanation	Actions taken and actions planned and targets set for the next reference period
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	N/A	N/A	Not applicable: no direct investments in real estate assets	Not applicable: no direct investments in real estate assets
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	N/A	N/A	Not applicable: no direct investments in real estate assets	Not applicable: no direct investments in real estate assets

Table 2
Additional climate and other environment-related indicators

Adverse sustainability impact	Adverse sustainability impact (qualitative or quantitative)		Metric	Impact 2023	Impact 2024	Explanation	Actions taken and actions planned and targets set for the next reference period
	Indicators applicable to investments in investee companies						
	CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Emissions	**4. Investments in companies without carbon emission reduction initiatives**	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	31.2%	39%	**Issuers coverage rate: 95%** The regulatory definition of this PAI raises some questions on the meaning of "aimed at aligning with the Paris Agreement" and "carbon emission reduction initiatives". BNP Paribas Asset Management took a conservative approach by considering only companies with targets aligned with the Paris Agreement (<=2℃) as successfully passing this PAI.	On-going works to strengthen the BNP Paribas Wealth Management policy and best take into account this PAI (see mandatory PAIs 1-4).

	SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS					
Adverse sustainability impact	**Adverse sustainability impact (qualitative or quantitative)**	**Metric**	**Impact 2023**	**Impact 2024**	**Explanation**	**Actions taken and actions planned and targets set for the next reference period**
Indicators applicable to investments in investee companies						
Human Rights	**9. Lack of a human rights policy**	Share of investments in entities without a human rights policy	3.2%	4.3%	**- Issuers coverage rate: 93%** Identification of companies with lack of Human Rights policy has been achieved based on research performed by BNP Paribas Asset Management's data provider and identifying relevant evidence.	BNP Paribas Wealth Management applies a zero Clover scoring on each issuer excluded by BNP Paribas Asset Management. Those exclusions are associated with serious and repeated breaches of UNGC Principles and/or mandatory requirements related to controversial sectors and products. Criteria regarding these BNP Paribas Asset Management exclusions are detailed in BNP Paribas Asset Management RBC Policy. In June 2023, BNP Paribas Wealth Management has strengthened its policy, excluding from its recommended universe all issuers subject to exclusion according to BNP Paribas Asset Management's RBC Policy. That policy will lead to a reduction of the exposure to issuers who are in breach with UNGC Principles and/or OECD Multinational Entreprises guidelines.

<u>Description of policies to identify and prioritise Principal Adverse Impacts on sustainability factors</u>

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, BGL BNP Paribas 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).

BGL BNP Paribas considers Principal Adverse Impacts in its portfolio management decisions through the approach of BNP Paribas Wealth Management detailed hereafter.

BNP Paribas Wealth Management approach on Principal Adverse Impacts relies on a set of extra-financial data sources and analyses.

(1) FOR SINGLE LINES

a. **Information used as a mandatory negative filter to build BNP Paribas Wealth Management's recommended universe**
   As part of the BNP Paribas Group, BNP Paribas Wealth Management applies <u>the Group's positions and sector policies.</u> They lay down some strict ESG criteria to govern financing and investments in sensitive areas. They include mandatory requirements, evaluation criteria and good industry practices when they exist.
   In particular, for its investment activities, BNP Paribas Wealth Management applies the Group's positions and sector policies considering **the Responsible Business Conduct (RBC) policy of BNP Paribas Asset Management which is in line with the Group's positions and sector policies. Compared to the Group's framework, the RBC addresses a wider scope of issuers, in line with BNP Paribas Asset Management's investable universe**. The RBC policy aims at avoiding reputational and 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. BNP Paribas Asset Management's RBC is also, by definition, applied to products manufactured by BNP Paribas Asset Management.
   At BNP Paribas Wealth Management's level, the RBC is **applied to the single lines' investable universe of BNP Paribas Wealth Management as a negative filter.**
   On the basis of this first filter, BNP Paribas Wealth Management selects the products of its recommended universe considering other extra-financial criteria as well as financial ones.

b. **Complementary information used for the selection of products or for further insights on products of BNP Paribas Wealth Management's**

recommended universe: BNP Paribas Asset Management's ESG screening of bonds and equities

- **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, World bank, 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 Forward-looking perspective** or the "3Es" measures the exposure to three key issues being Energy transition, Environmental healthy Ecosystems sustainability and Equality and inclusive growth.

Based on the data provided by BNP Paribas Group and BNP Paribas Asset Management, BNP Paribas Wealth Management 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 regulation[28];
- Rate equities and bonds according to the BNP Paribas Wealth Management's proprietary Clover evaluation;
- Consider and address PAI 10 by relying on a number of international standards that BNP Paribas adheres to, in particular: the UN Global Compact (UNGC) principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises which may lead to the exclusion of companies active in certain sectors. PAI number 10 is considered and addressed by BNP Paribas Asset Management Responsible Business Conduct by which companies are evaluated and excluded if they are in breach with UNGC Principles and/or OECD Multinational Entreprises guidelines.
- Consider and address PAI 14, in particular: exposure to controversial weapons. The following controversial weapons conventions are taken into account to consider and address PAI 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. More information on the Clover evaluation is available on BNP Paribas Wealth Management's [website.](#)

Based on the above, BGL BNP Paribas is in a position to:

- Exclude or select issuers (equities and bonds),

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[28] Article 2(7) MIFID Delegated Regulation 2017/565

- Identify equities and bonds when possible, according to 'sustainability preferences' as defined by the MiFID delegated regulation[29]

(2) FOR FUNDS AND ETFs

a. **For funds and ETFs, BNP Paribas Wealth Management applies BNP Paribas Asset Management's RBC on a best-effort basis** as restriction of activity lists cannot be communicated externally. This does not apply to funds manufactured by BNP Paribas Asset Management[30] and distributed by BNP Paribas Wealth Management as, by definition, they are in line with BNP Paribas Asset Management's RBC.

b. **Analysis of asset management companies and recommended funds and ETFs[31]:**
   BNP Paribas Wealth Management gathers sustainability information from asset managers, based on a proprietary due diligence questionnaire:
   - **Funds:** comprehensive questions covering seven areas: (1) Responsibility of the asset management company (ESG integration and Corporate Social Responsibility or CSR initiatives); (2) ESG practices and exclusions applied by the fund and the asset management company (quality of ESG analysis, selectivity, monitoring and controls, sector and normative exclusions); (3) Voting and engagement policies related to financial instruments held; (4) Transparency of investments and the analysis methodology; (5) Relevance and implementation of the sustainability theme; (6) Quality of the approach of investing in Green, Social and Sustainability bonds; (7) Positive impact on society or on the environment;
   - **ETFs:** questions covering the seven above mentioned areas;
   - **Open-ended Alternative Investment Funds:** comprehensive questions covering seven areas as well as one area specific to hedge funds.

   BNP Paribas Wealth Management looks at the percentage of available investment 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 Wealth Management 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 Wealth Management is in a position to:

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[29] Article 2(7) MIFID Delegated Regulation 2017/565
[30] Except where noted
[31] Exchange-Traded Fund

- Classify, when possible, funds and ETFs according to MIFID definition of "sustainable preferences"[32];
- Consider and address PAI 10 by relying on several international standards that BNP Paribas Group 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) 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 10 violation.
- Consider and address PAI 14, 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) within 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.

Based on the above, BGL BNP Paribas is in a position to:

- Select asset managers, funds and ETFs;
- Identify funds and ETFs when possible, according to 'sustainability preferences' as defined by the MiFID delegated regulation[33].

For the avoidance of doubt, neither BGL BNP Paribas nor BNP Paribas Wealth Management consider the Principal Adverse Impacts on sustainability factors for derivative instruments and financial products[34] classified as Article 6 under SFDR in its clover methodology.

The date on which the governing body of the financial market participant approved those policies

BNP Paribas Wealth Management approach on adverse sustainability impacts has been approved at the end of March 2021 and updated in June 2025.

Such approach on principal adverse impacts has been approved by the Executive Committee of BGL BNP Paribas on 23 September 2024.

Responsibility for the implementation of those policies

The BNP Paribas Wealth Management Sustainability Office is responsible for the elaboration of the Clover evaluation and for the attribution of Clovers ratings to financial instruments of the BNP Paribas Wealth Management recommended universe. Within BGL BNP Paribas, the BNP Paribas Wealth Management Discretionary Portfolio Management teams are responsible for the implementation of this policy in portfolios.

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[32] Article 2(7) MIFID Delegated Regulation 2017/565
   [33] Article 2(7) MIFID Delegated Regulation 2017/565
[34] ETFs and external funds

Methodologies to select optional PAI

The optional PAIs 4 and 9 are linked to mandatory PAIs 1-4 and 10-11, on which BNP Paribas Wealth Management pay particular attention to. The selection of these PAIs, identical to those of BNP Paribas Asset Management, thus making it possible to maintain an overall consistency of the ESG scoring methodological framework.

Any associated margin of error: the fact that (i) eligible issuers are not fully covered, and (ii) among covered issuers, a part of data has been estimated by data providers when data directly reported by issuers was not available, could generate some margin of error.

Data sources

The data provider of PAI computation is BNP Paribas Asset Management[35].

The ESG research analysis and findings of BNP Paribas Asset Management are independent and based upon a wide variety of sources not limited to ESG data providers. They include the knowledge gained from participating in various investment forums and communities, relationships with academic institutions and aspects of civil society (a list of the initiatives BNP Paribas Asset Management participates in is available in its most recent Sustainability Report). With respect to market data providers, BNP Paribas Asset Management selects them using a two-step due diligence process.
- Its Quantitative Research Group begins by analysing providers' data sets, which includes examining the coverage of data and its quality, and a statistical review of estimation methodologies, among other items.
- At the same time, the Sustainability Centre performs a qualitative review of methodologies used and the relevance of selection criteria.

BNP Paribas Asset Management's market data team oversees governance related to the relationship with the providers, and as part of this process, performs an annual review of its contracts.

The external data providers of BNP Paribas Asset Management are the following:
- Sustainalytics provides raw data metrics that BNP Paribas Asset Management uses selectively to feed its ESG scoring model and PAI reporting. BNP Paribas Asset Management also uses this provider for preliminary UNGC analysis, controversies offerings, and research related to PAI metrics.
- Trucost, CDP, Bloomberg, TPI, SBTi and Climate Action 100 are used for climate change and physical risk analysis. Trucost also provides scope 1 and 2 carbon emissions data.
- CDP also provides underlying data for selected PAI metrics.
- CDP, Trucost, Forest 500, TRASE, SPOTT, and Iceberg Data Lab provide deforestation and biodiversity metrics used to assess and report on the biodiversity footprints of portfolios.
- ISS provides governance research.
- Beyond Ratings provides data and research on sovereign issuers.
- FactSet provides financial and enterprise value data.

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[35] Please refer to more detailed information regarding BNP Paribas Asset Management's selection of providers p.40-41 of the latest BNP Paribas Asset Management Sustainability report

- ESG and mainstream brokers provide research papers and other market information.

When information is not readily available

The priority is to rely on data directly reported by issuers. In case the level of disclosure of some PAIs by issuers is very low, BNP Paribas Asset Management has then considered estimated data from data providers when the data quality is deemed sufficient.

In addition, it has been engaging with some data providers to further improve the data quality of some PAIs. Through its rigorous data provider selection process and ESG Research analysis BNP Paribas Asset Management strive to ensure the best level of data quality to assess the PAIs.

Engagement policies

Neither BNP Paribas Wealth Management nor BGL BNP Paribas has an engagement policy as part of its Discretionary Portfolio Management activities: each client directly exercises his or her voting rights regarding shares in companies held in the portfolio.

Regarding funds managed by BNP Paribas Asset Management and selected by BNP Paribas Wealth Management and BGL BNP Paribas, the engagement policy is as follows:

Given BNP Paribas Asset Management's global presence and the wide geographic scope of its clients' holdings, they endeavour to engage with issuers consistently across all regions. Their engagement priorities and strategies are guided by their Global Sustainability Strategy (GSS), outlining our three sustainability priorities firm-wide: the energy transition to deliver a low-carbon global economy, the protection of ecosystems and greater equality in our society, in addition to their Responsible Business Conduct policy, which covers a range of international human rights norms among other topics. They maintain an active programme of bilateral engagement on a wide range of ESG issues. These engagements are designed to enhance the long-term value of their shareholdings and lead to better corporate ESG practices. Collaboration with other investors and key stakeholders can help them achieve common aims, particularly with respect to mitigating systemic environmental and social risks.

As mentioned above, BNP Paribas Asset Management stewardship activities contribute to considering and addressing the different PAIs. Through engagement and proxy voting, it addresses topics related to the 14 mandatory Corporates PAI (with the exception of PAI 12), the two voluntary corporate PAIs, as well as the two sovereign PAIs. For example, for PAIs 1, 2, 3, as a member of the Climate Action 100+ initiative (CA100+), it advocates for Paris-aligned corporate climate lobbying and engages with portfolio companies about their decarbonization efforts. In terms of proxy voting, BNP Paribas Asset Management considers the topics covered by PAIs 1, 2, 3 through its voting activity on climate and environmental proposals (whether through shareholder or management proposals), but also applies climate and environmental considerations to other key items on the agenda (see Section III. Voting guidelines, Sub-section 5. Environmental and social proposals and considerations of the Governance & Voting Policy). For instance, by doing so, it opposes management resolutions of companies that do not properly report on their carbon footprint and can support shareholder proposals that align with its ESG expectations (see Sub-section 6. Shareholder Proposals).

The Stewardship approach of BNP Paribas Asset Management is based on the following engagement strategies: (i) engagement linked to voting; (ii) thematic

engagement, with a focus on the "3Es"; and (iii) engagement linked to issuer performance. More details are available on each category in our [2024 Stewardship Policy](#).

Investor-issuer dialogue is the foundation of good stewardship, allowing for trusting relationships to be built over time and permitting solution-oriented discussions about issues that might not otherwise be addressed. However, there are times when stronger measures are necessary to encourage a company to reform its practices, or even to come to the table and discuss BNP Paribas Asset Management' concerns. Therefore, the stewardship approach includes provisions for escalation when engagement produces insufficient progress. In such cases where more robust action is called for, BNP Paribas Asset Management may, inter alia, vote against a company's board discharge or elections or financial accounts, submit private questions to companies' top management, either individually or collectively submit public questions at general meetings, file/co-file shareholder proposals at general meetings, making public statements rarely, but when deemed appropriate, announce its voting intentions ahead of time; and additional legal strategies.

As a last resort, BNP Paribas Asset Management may divest entities that do not respond to engagement and show no sign that they will place greater emphasis on sustainability in the future. These decisions are taken on a case-by-case basis, to ensure that BNP Paribas Asset Management' concerns have been properly heard and dealt with. BNP Paribas Asset Management' shareholder proposal filing strategy is approved by the Stewardship Committee once a year, as are specific decisions about filing each shareholder proposal.

Each year, BNP Paribas Asset Management monitors the performance of issuers linked to the topics covered under the different PAIs and takes it into account when reviewing engagement priorities and proxy voting decisions. As an illustration, on PAI 1, it monitors the disclosure of GHG emissions by publicly listed corporates and applies sanction votes on key items at their general meetings (Discharge of Board and Management/Board Re-elections/Financial Statements and Director and Auditor Reports) when they fail to disclose their absolute GHG emissions appropriately. On the engagement side, BNP Paribas Asset Management considers the GHG emissions and related reduction targets, prioritizing the dialogue with companies identified as the world's largest GHG emitters as part of the Net Zero Company Benchmark. Its engagement focuses on the alignment of their climate strategy with an ambition to achieve net-zero GHG emissions by 2050 or sooner, underpinned by credible decarbonisation strategies and intermediary targets, in line with global efforts to limit warming to 1.5 degrees Celsius.

Regarding funds from external asset managers selected by BNP Paribas Wealth Management and BGL BNP Paribas, the engagement policy is one of the assessment criteria for the Clover rating. Through its proprietary methodology, BNP Paribas Wealth Management analyses and assesses the policies and the voting and engagement exercise of asset managers outside the BNP Paribas Group, selected among the financial products recommended to its clients. BNP Paribas Wealth Management collects sustainable information from asset managers, based on an internal due diligence questionnaire adapted to the specificities of each asset class:
- Funds: nearly 140 questions covering seven areas about the management company and/or the fund, regarding ESG practices and exclusions, voting and engagement policies, transparency, sustainability of the management company, sustainable theme, impact.
- ETFs: around 30 questions on the seven areas mentioned above.
- Open Alternative Investment Funds: around 150 questions covering eight areas (7 areas specific to traditional funds and one specific area covering short positions).

BNP Paribas Wealth Management analyses collected information, and, with respects to funds, often provides feedback to asset managers in the form of an email highlighting the areas of satisfaction and the improvements expected in terms of commitment.

References to international standards

BNP Paribas Wealth Management approach on Principal Adverse Impacts above mentioned, relies upon a number of international standards that the BNP Paribas Group adheres to, in particular:

- The OECD Principles for Multinational enterprises and the United Nations Global Compact which may lead to the exclusion of companies active in certain sectors. PAI 10 is considered and addressed by the RBC policy of BNP Paribas Asset Management which evaluates companies for exposure to violations of the OECD Principles for Multinational enterprises and the United Nations Global Compact. This analysis is taken into account by the BNP Paribas Wealth Management Clover evaluation. Regarding bonds and equities, BNP Paribas Wealth Management takes into account the exclusions decided by BNP Paribas Asset Management. Regarding funds and ETFs, in case of non-consideration of the PAI 10 by an asset manager, BNP Paribas Wealth Management takes steps to mitigate risk and/or minimize exposure on PAI 10 violation.

- Controversial weapons conventions[36] are taken into account to consider and address PAI 14, namely the following ones: 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.

With regards to a climate scenario, BNP Paribas Wealth Management and BGL BNP Paribas are dependent on the producers to create adequate products. As such, given the very little proportion of asset managers doing so, they have not yet been able to choose and implement a forward-looking scenario to monitor their assets under management with. However, BNP Paribas Wealth Management systematically challenges asset managers on their climate transition strategy and Net-Zero products (current and future).

Historical comparison

Historical comparison is available in 2022, 2023 and 2024.

As mentioned in the introduction of the document, for the reporting of 2022 (published in 2023), BNP Paribas Wealth Management chose Clarity AI as data provider to calculate the PAIs. The 2022 report can be found at this address : http://www.bgl.lu/content/dam/publicsite/pdf/documents-officiels/sfdr/publications_sfdr/rapport_pai/PAI_statement_2023.pdf. To ensure consistency within the Group, for its 2023 report and the following, BNP Paribas Wealth Management decided to rely upon BNP Paribas Asset Management approach and methodology, and therefore to use its data providers, benefiting from its in-depth due diligence on data quality and coverage. This due diligence allowed the selection of the providers offering the most relevant data for each PAI.

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[36] Oslo Convention on Cluster Munitions (2008) and Ottawa Treaty on Landmines (1999), Biological and Toxin Weapons Convention (1972), Chemical Weapons Convention (1993)

For the sake of transparency and comparability, BNP Paribas Wealth Management and BGL BNP Paribas have decided to recalculate the 2022 indicators with the BNP Paribas Asset Management methodology in order to compare properly the 2023 indicators.

In the 2024 report, if we consider 2023 and 2024 figures, we observe a heterogeneous trend across the PAIs. For PAIs 1, 2, 3, the very low data quality of scope 3 GHG emissions brings important volatility and makes historical comparison challenging. For some other PAIs, the coverage rate has evolved since last year and this might continue over the years to come.