

Sustainability Rating

Methodology to assess the sustainability of Sustainable Bonds



BNP PARIBAS
WEALTH MANAGEMENT

The bank
for a changing
world

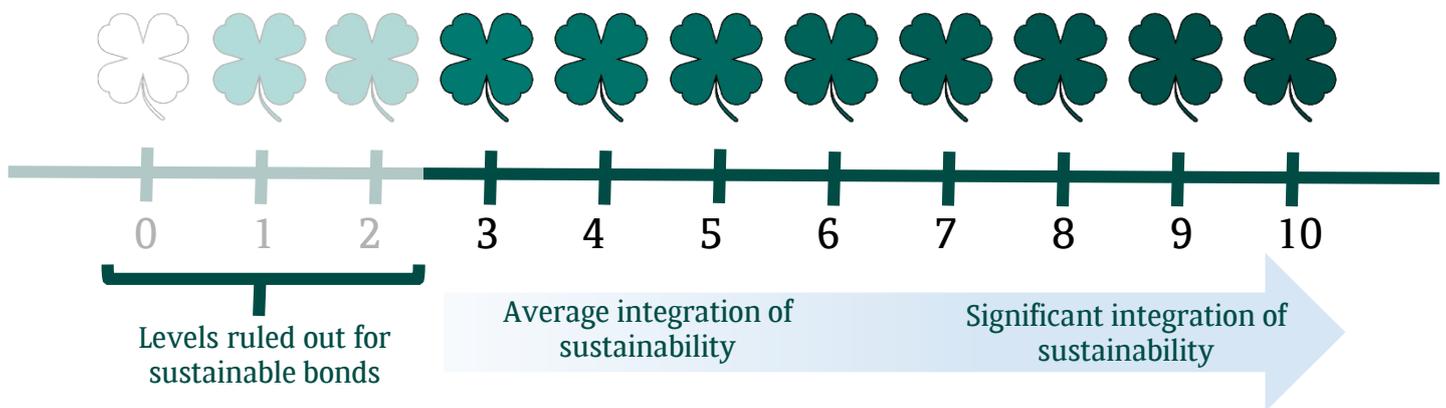
Compare the sustainability of Green, Social and Sustainability Bonds

A sustainability rating for recommended Sustainable Bonds (Green Bonds, Social Bonds, and Sustainability Bonds) is assigned. The rating combines (1) a thorough analysis of the environmental and/or social impact of the underlying sustainable projects, with (2) the analysis of the ESG (Environmental, Social, corporate Governance) practices of issuers in each sector.

The methodology analyses the four components of the Green Bond Principles and Social Bond Principles:

- The **use of proceeds** in order to verify the environmental/social benefits of underlying projects
- The **process for project evaluation and selection**
- The **management of proceeds**
- The existence and the **quality of the reporting** (proceeds' allocation and impact of the projects)

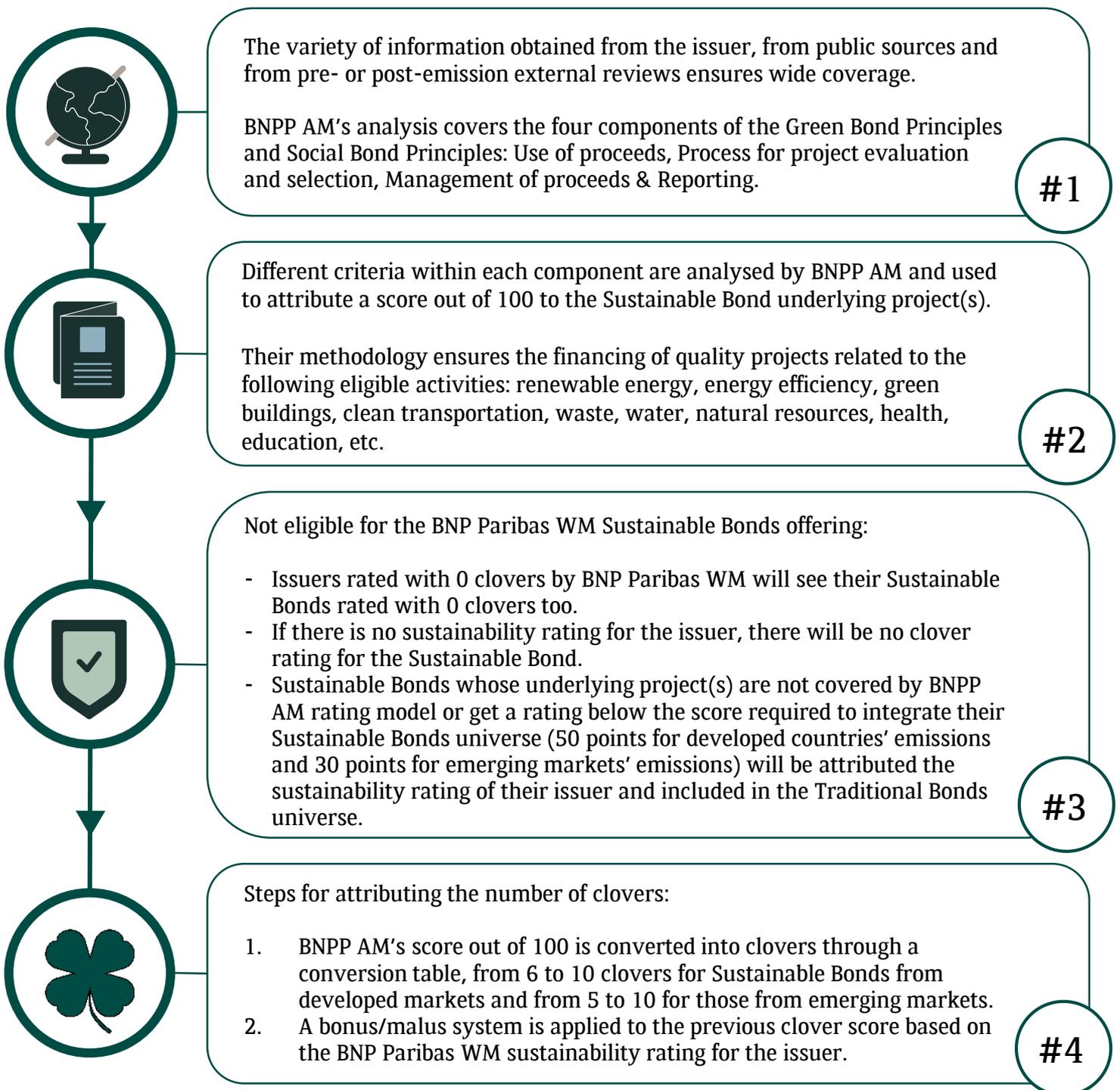
Sustainability Rating of Sustainable Bonds



A rating based on the best sources

<p>#1 Comprehensive coverage</p>	<p>#2 Recognized and varied sources</p>	<p>#3 A differentiated approach</p>
<ul style="list-style-type: none"> • More than 300 recommended Sustainable Bonds analysed (from sovereign and corporate issuers). • Sustainable Bonds being part of the Bloomberg Barclays MSCI Global Green Bond Index, plus sustainable bonds off index. • Coverage of developed markets and emerging markets Sustainable Bonds. 	<p>BNP Paribas Asset Management (BNPP AM) Sustainability Center proprietary rating model, based on the Green Bond Principles and Social Bond Principles for the analysis of underlying projects, and on various sources for the ESG rating for issuers:</p> <ul style="list-style-type: none"> - Sustainability - Trucost/S&P/Carbone 4 - ISS ESG - Vigeo Eiris - International organisations (UN, OECD, WHO, etc.) 	<ul style="list-style-type: none"> • Sustainable Bonds are positioned on a granular scale from 3 to 10 clovers. • Ratings are plotted on a curve similar to a normal distribution, with a high number of scores between 7 and 8 clovers. • The list with the sustainability ratings for Sustainable Bonds is documented and updated on a quarterly basis.

A 4-step methodology



Key points

- The sustainability rating methodology for Sustainable Bonds incorporates the environmental and/or social impact of underlying projects. It also takes into account the ESG criteria for companies' practices and activities.
- We draw on the research of ESG analysts at BNP Paribas Asset Management, based on the best sources of information available.
- Our rating methodology follows the same logic and a common approach across all asset classes to compare all financial instruments (funds, equities, classic bonds, etc.) in a portfolio.

GLOSSARY

ESG
In the financial community, these initials refer to the Environmental, Social and Governance (ESG) criteria, which are used to complete the traditional financial analysis of issuers. ESG criteria assess the extent to which issuers are responsible for the environment and their stakeholders (employees, customers, suppliers, subcontractors, partners, local community, etc.).

Sustainable Bonds (Green, Social and Sustainability)

Sustainable Bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance in part or in full new and/or existing eligible Green and/or Social Projects. The Green Bond Principles, the Social Bond Principles and the Sustainability Bond Guidelines published by the International Capital Market Association (ICMA) promote integrity in the Sustainable Bond market through four core components: use of proceeds, process for project evaluation and selection, management of proceeds and reporting.

Green Bonds

Green Bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible green projects, which are aligned with the four core components of the Green Bond Principles.

Social Bonds

Social Bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible social projects, which are aligned with the four core components of the Social bond Principles.

Sustainability Bonds

Sustainability Bonds are bonds where the proceeds will be exclusively applied to finance or re-finance a combination of both Green and Social Projects. Sustainability Bonds are aligned with the four core components of both the Green Bond Principles and Social Bond Principles with the former being especially relevant to underlying green projects and the latter to underlying social projects.

DISCLAIMER

This marketing document is provided by the Wealth Management business of BNP Paribas, a French public limited company with a capital of € 2,499,597,122, registered office 16 bd des Italiens 75009 Paris - France, registered at RCS Paris under number 662,042,449, authorised in France, under the number 662,042,449, supervised and authorised as a Bank by the European Central Bank ("ECB") and in France by the French "Autorité de Contrôle Prudentiel et de Résolution" ("ACPR") and the French "Autorité des Marchés Financiers" ("AMF") (hereinafter BNP Paribas). As a marketing document, it has not been produced in accordance with regulatory constraints to ensure the independence of investment research and is not subject to the prior transaction ban. It has not been submitted to the AMF or other market authority. This document is confidential and intended solely for use by BNP Paribas SA and companies of their Group ("BNP Paribas") and the persons to whom this document is issued. It may not be distributed, published, reproduced or revealed by recipients to other persons or reference to another document without the prior consent of BNP Paribas.

This document is for informational purposes only and does not constitute an offer or solicitation in any State or jurisdiction in which such offer or solicitation is not authorised, or with persons in respect of whom such offer, solicitation or sale is unlawful. It is not, and should under no circumstances be considered as a prospectus. The information provided has been obtained from public or non-public sources that can be considered to be reliable, and although all reasonable precautions have been taken to prepare this document, and, in the event of any reasonable precautions, the accuracy or omission of the document shall not be recognised. BNP Paribas does not certify and guarantees any planned or expected success, profit, return, performance, effect, effect or profit (whether from a legal, regulatory, tax, financial, accounting or other point of view) or the product or investment. Investors should not give excessive confidence in theoretical historical information relating to theoretical historical performance. This document may refer to historical performance; Past performance is not a guide to future performance.

The information contained in this document has been drafted without taking into account your personal situation, including your financial situation, risk profile and investment objectives. Before investing in a product, the investor must fully understand the risks, including any market risk associated with the issuer, the financial merits and the suitability of such products and consult its own legal, tax, financial and accounting advisers before making an investment decision. Any investor must fully understand the characteristics of the transaction and, if not otherwise provided, be financially able to bear the loss of his investment and want to accept such risk. The investor should remember that the value of an investment as well as the income from them may fall as well as rise and that past performance is not a guide to future performance. Any investment in a product described is subject to prior reading and to an understanding of the product documentation, in particular that which describes in detail the rights and duties of the investors and the risks inherent in an investment in that product. In the absence of any written provision, BNP Paribas does not act as an investor's financial adviser for its transactions.

The information, opinions or estimates contained in this document reflect the author's judgement on the day of his drafting; they must not be considered as authority or be substitutes by anyone in the exercise of his or her own judgement and subject to change without notice. Neither BNP Paribas nor any BNP Paribas Group entity will be liable for any consequences that may arise from the use of the information, opinions or estimates contained in this document.

By receiving this document you agree to be bound by the above limitations. © BNP Paribas (2021). All rights reserved.

CONNECT WITH US



wealthmanagement.bnpparibas



BNP PARIBAS
WEALTH MANAGEMENT

**The bank
for a changing
world**