



— BNP PARIBAS WEALTH MANAGEMENT

# SUSTAINABLE INVESTMENT GUIDE

— #POSITIVE IMPACT

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# // 01

— OUR GLOBAL APPROACH

## «POSITIVE BANKING» AS A NEW MOTO

— OUR VISION

“Positive Banking” expresses the vision of BNP Paribas by combining our banking business in the broad sense, which is to offer our customers an increasingly efficient and tailored service, with our contribution to building a more balanced, sustainable world.

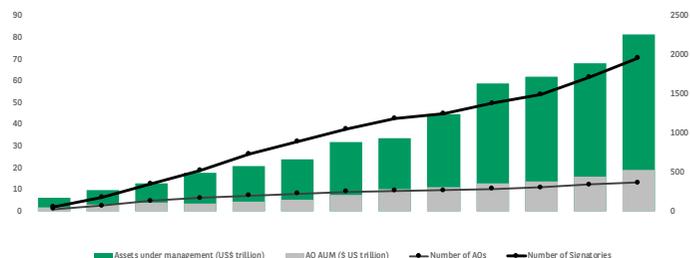
### A fundamental part of BNP Paribas’s activities model

«Positive Banking» is at the core of our economic model and is crucial to the success of the bank. Current changes in our society drives our 2020 strategic plan, structured around the three main pillars of performance, digitalisation and commitment.

### INVESTMENT CONTEXT

#### ESG\* IS GROWING FAST

United Nations Principles for Responsible Investing has grown to over **1,900 signatories** with **\$81.7 Trillion in AUM\***



Source: BNP Paribas Asset Management as of 31/03/2019 - For illustration purposes only.  
ESG\*: Investment analysis that incorporates environmental, social, and corporate governance factors into the investment process. ESG terminology was developed by the United Nations Principles for Responsible Investing (UNPRI).

### — 4 PILLARS OF OUR CSR\* APPROACH

Positive impact financing and investment constitute the first commitment in the Economic Responsibility pillar of the Group’s CSR policy. BNP Paribas is committed to supporting the economy in an ethical way, in particular by rolling out a system to combine “innovation” and “positive impact”.



#### Economic Responsibility

Financing the economy in an ethical manner



#### Civic Responsibility

Being a positive agent for change



#### Social Responsibility

Developing and engaging people



#### Environmental Responsibility

Combating climate change

\*SRI Socially Responsible Investment.

\* CSR: Corporate, Social and Responsible approach.

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— OUR GLOBAL APPROACH

## BNP PARIBAS, A COMMITTED BANK

BNP Paribas' engagement with society is entering a new era. Our society is evolving. Our future is full of opportunities, but also of risks, principally due to rising inequalities and climate change. No country, business or individual can win in the long term in a world that loses. We firmly believe that collective progress will be achieved only through growth that is both sustainable and equitable.

As a major international company and financial services group, we have the human, technological and financial resources to push boundaries, to be part of the solution and to take a leading role.

### — WHAT IS SUSTAINABLE FINANCE?

According to the **United Nations Environment Programme (UNEP)**, it is a form of finance that "serves to deliver a positive contribution to one or more of the three pillars of sustainable development (economic, environmental and social) once any potential negative impacts to any of the pillars have been duly identified and mitigated".

Intended for financial institutions and investors, these principles outline a common framework for financing the 17 Sustainable Development Goals (SDGs), which aim to end poverty by 2030 while protecting the planet.

**BNP Paribas has committed to doing its part in this collective effort.**



### — OUR CONTRIBUTION TO GLOBAL INITIATIVE



### — OUR MARKET RECOGNITIONS



### — OUR PRESENCE IN SUSTAINABLE INDICES



\* CSR: Corporate, Social and Responsible approach



— BNP PARIBAS WEALTH MANAGEMENT

# BECOME A SUSTAINABLE INVESTOR



**Vincent Lecomte**  
Co-CEO of BNP Paribas Wealth Management

**We are clearly seeing a major shift in what investors want to do with their money.** Sustainability is progressively becoming a **top-of-mind criterion for decision making by investors** around the world.

They want not just **returns but also to have an impact on an issue**, be it **environmental or social**. This trend is even reinforced by their increased willingness **to have a view on this impact, e.g. through reports and KPIs.**

— #POSITIVE IMPACT

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— BECOME A SUSTAINABLE INVESTOR

## POSITIVE IMPACT BY BNP PARIBAS WEALTH MANAGEMENT

At BNP Paribas Wealth Management, we are convinced that a real turning point is taking place in the financial world where sustainable investment will take the forefront.

— WITH BNP PARIBAS WEALTH MANAGEMENT



### Combine Performance & Impact

Perform a deeper risk/opportunity analysis



### Align investments & personal convictions

From exclusion to ESG, integration and Impact, find your suitable SRI approach



### Benefit from a unique methodology

Tailor-Made Investments proposal based on a unique rating methodology



### Access to Positive Impact Experts

Support from our dedicated positive impact Solutions team

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— BECOME A SUSTAINABLE INVESTOR

## COMBINE PERFORMANCE & IMPACT

— HOW TO COMBINE PERFORMANCE & IMPACT?

**Socially and Responsible Investing (SRI) is an investment approach that integrates Environmental, Social and Governance (ESG) considerations and factors in the investment process in addition to the traditional financial analysis.**

- SRI invests in companies with sustainable business plans and objectives to generate long term competitive financial return as well as contribute to a positive societal impact.
- Each investor can define their own strategy while building a sustainable portfolio of investments. Measurement is therefore key in determining the impact of an investment.



### 80%

of studies show that good sustainability practices can positively influence stock price performance.

Taking into account ESG criteria enables better identification of risks & opportunities and increases shareholder value.



### IDENTIFY RISKS

Detect and exclude companies that present ESG risks that can negatively affect the financial performance of a company.

#### Example

- A company that has strong health and safety policies and programs in place for its employees reduces risk of workplace accidents, strikes, etc.



### DETECT GROWTH OPPORTUNITIES

In all sectors and geographies, good ESG practices within companies lead to cost reduction, cost saving and ultimately lower cost of capital in the mid to long term. Good ESG practices also gives access to opportunities linked to innovation.

#### Example

- A company that reduces its waste volume, controls the impact of its products on the environment and reduce costs.
- A company involved in the irrigation business in water-scarce areas commercializes a long-term business offer.

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— BECOME A SUSTAINABLE INVESTOR

## ALIGN YOUR INVESTMENT TO YOUR OWN CONVICTIONS

### — DEFINE A SRI STRATEGY

As each investor is unique, his approach to sustainability will be unique and we aim to cater to those specificities by defining core SRI strategies that incorporate personal convictions and financial objectives to build an investment strategy tailored to his/her needs.

### — HOW WE ACHIEVE SRI OBJECTIVES?

SRI provides the possibility to bridge convictions and investments without having to forego market-rate financial returns. It is a for profit approach that enables the clients to align either their entire investment strategy or a portion of their portfolio with their principles by applying deliberate and thoughtful selection across all asset classes and geographies.

Our clients will have access to a range of solutions and products that can be used to build sustainability into an investment framework. We can work on a variety of options to provide tailor made sustainable investment strategies.

### — EXAMPLES



I want to improve my risk return ratio

**ESG Integration**

Example: SRI\* ; Best in Class Approach



I want to align my investment with my values

**Value Based Investment**

Example: Controversial Weapons



I would like to change the world

**Impact Investing**

Example: Low Carbon

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– BECOME A SUSTAINABLE INVESTOR

## RISK, RETURN, IMPACT...IDENTIFY YOUR PRIORITIES

### Investor's convictions

### Impact Intensity



Traditional Investments



"I want to exclude from a portfolio controversial sectors"



"I want to mitigate the risks deriving from the challenges the world facing"



"I want to benefit from the opportunities resulting from the global challenges"



"I want to make a positive impact on a specific theme (climate, water, education)"



"I want to make a targeted impact on a specific project"



# OUR SUSTAINABLE INVESTMENT SERVICES

## — DISCRETIONARY PORTFOLIO MANAGEMENT

Discretionary Portfolio Management provides you with a wide range of Socially Responsible Investment mandates according your investor profile and your personalised rules.

Our responsible mandates offer to you an active management solution using direct and indirect investments while benefitting from our portfolio and risk management expertise. They take into consideration your financial and extra-financial requirements and combine a selection of both multi-sectorial funds and thematic funds.



### YOUR EXPERTS

**Your Relationship Manager**  
is in charge of your relationship with the bank.



**Your Portfolio Manager**  
is in charge of managing your portfolio according to your objectives.

### Impact & SRI Experts

are in charge of extra-financial analysis, SRI profiling and SRI methodology.

## — ADVISORY SERVICE

Our advisory service provides you with SRI solutions among all asset classes aligned with your investments objectives, needs and your personal convictions. Your investment manager will advise you by selecting SRI solutions in link with your investor profile.

These SRI investment opportunities are selected jointly by our dedicated financial and impact experts. Thanks to this process, benefit from a double check of your investments: financial analysis and extra-financial analysis.



### YOUR EXPERTS

**Your Relationship Manager**  
is in charge of your relationship with the bank.



**Your Investment Manager**  
is managing your investments according your own investment rules.

### Impact & SRI Experts

are in charge of extra-financial analysis, SRI profiling and SRI methodology.



### INVESTMENT SOLUTIONS & SERVICES



**Responsible Investment Mandates**  
are available depending on your investor profile and currency.



**Extra Financial Reporting**



### INVESTMENT SOLUTIONS & SERVICES



**Asset Classes:**  
Equities, Bonds, Funds, Structured Products, Private Equity



**Extra Financial Reporting**

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— BECOME A SUSTAINABLE INVESTOR

## POSITIVE IMPACT EXPERTS

### — ACCESS TO IMPACT EXPERTS

Since 2007, we have developed a real expertise in responsible Investing. Our specialists select products that provide social or environmental added value and financial performance, and propose a range of services to assist you in your responsible investment initiative.

Our team will also provide you with:

- Detailed diagnosis of your portfolio.
- Guidance to help you re-orient your portfolio towards greater impact.
- Selection of assets according to your SRI Investor Profile.



### myIMPACT APP

**BNP Paribas Wealth Management has developed a unique App, which allow clients to determine their «imp'actor» profile. myImpact was co-created with clients.**

MyImpact is an informative tool allows you to define your expectations as an investor or philanthropist, learn more about positive impact solution that match your values and discussion with your advisor, take part in the development of responsible finance.



### CONTACT US

**Don't hesitate to contact your Relationship Manager to discuss about our responsible investment solutions.**



# APPENDIX

— DEFINE YOUR OWN IMPACT INTENSITY

— UNIQUE SRI ANALYSIS METHODOLOGY

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— BECOME A SUSTAINABLE INVESTOR

## DEFINE YOUR OWN IMPACT INTENSITY

### — ESG INTEGRATION

The implementation of a sustainable investment strategy seeks to select actors (companies, countries, supranational bodies, etc.) by looking at two complementary perspectives: traditional financial analysis and extra-financial analysis based on ESG criteria.

ESG criteria relate to three specific areas:

#### Environmental

**Targeting the direct or indirect environmental impact of companies' activity.**

Examples: CO2 emissions, water resource management, energy management, waste management, etc.

#### Social

**Relating to the impact of actors' activity on their employees, their clients, their suppliers and civil society.**

Examples: quality of work life, respect for communities, waste safety, etc.

#### Governance

**Relating to the way in which structures are managed, administered and controlled.**

Examples: corruption, respect for shareholders, independence of the board of directors.

### — BEST IN CLASS

The best-in-class approach is a type of ESG stock picking consisting in preferring companies with the best extra-financial rating within their business sector, without favouring or excluding a sector relative to the market index used as an initial reference.

### — EXCLUSIONS / SECTOR POLICIES

Since 2010, BNP Paribas has defined internal rules, more stringent than regulation, to frame its activities in sectors that are considered as being sensitive from an environmental and/or social point of view and where the Group is largely exposed. In 2019, 9 sector policies have been validated by the Group's Executive Committee, and help the Group manage its ESG risks.

Defence & Weapons  
Palm Oil  
Paper Pulp

Nuclear Energy  
Mining Industry  
Farming

Tobacco Industry  
Coal-Fired Energy Generation  
Unconventional Oil & Gas

### — SDGS

The Sustainable Development Goals (SDGs), also known as the Global Goals, are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.

### — IMPACT

Impact investing is an investment strategy that seeks to generate synergies between the social, environmental and societal impact on the one hand, and a neutral or positive financial return on the other. Impact investing therefore differs from socially responsible investment insofar as its primary motivation is a measurable impact across the project's entire lifetime.

## UNIQUE SRI ANALYSIS METHODOLOGY

At BNP Paribas Wealth Management, we consider measurement and validation of impact as a cornerstone for sustainable investment. We have developed our in-house methodology to assess a company's overall ESG\* effectiveness and historical performance to provide investors with a comprehensive product offer and information.

### — SUSTAINABILITY INDICATORS

#### Sustainability Indicator for companies

The Sustainability Indicator provided in your proposal directly derives from the corporate's ESG\* analysis. ESG analysis relies on BNP Paribas Asset Management's expertise as well as that of the specialized information collected from external providers. More than 800 companies of Wealth Management recommended Equity universe and 500 issuers of WM recommended Bonds universe are rated by dedicated ESG analysts, who are sourcing information from the companies, brokers, and 6 ESG information agencies.

The Sustainability Indicator ranks issuers on a 0 to 5 clovers scale and is sector specific: ESG key issues are identified per sector and companies are then assessed among their peers. BNP Paribas Wealth Management considers that companies satisfy minimum ESG standards when they get 2 clovers out of 5.

### — IN-HOUSE METHODOLOGY

**A scoring matrix based on a set of in-house developed ESG indicators provides an overall ESG score for each company from 0 to 100, interpreted in the context of the peer group.**

Companies rated between 1 to 100 are benchmarked against their peers in terms of their ESG performance based on a set of in-house developed ESG indicators. Classification is made according to the GICS® categories in most cases.

#### Sustainability Indicator for funds and indices

The Sustainability Indicator provided in your proposal directly derives from an analysis of the funds' management process on sustainability criteria. When a fund claims itself to be sustainable, BNP Paribas Wealth Management analysts screen out the product on 5 main domains (Integration of ESG in the investment process, Transparency, Exclusion Policy, Voting & Engagement Policy, Asset management company's Responsibility) and rate the fund on a 0 to 5 clovers scale.

The Sustainability Indicator applies to multisector and thematic funds (specific criteria). BNP Paribas Wealth Management considers that funds satisfy minimum ESG standards when they get 1 clover out of 5.

Our ESG research findings are independent, based on various sources, not limited to ESG data suppliers, completed by regular direct contact with issuers.



BEGINNER



INTERMEDIATE



ADVANCED



EXPERT



LEADER

\*ESG : A company's Corporate and Social Responsibility (CSR) policy sets out its contribution to the Sustainable Development Goals of the United Nations. CSR brings together all the best environmental, social and governance practices that the company seeks to implement, and which are assessed using ESG criteria.

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**BNP PARIBAS**  
**WEALTH MANAGEMENT**

The bank  
for a changing  
world