

TRANSPARENCY CODE
BNP PARIBAS EASY
Low Carbon 100 Europe PAB

JUNE 2022

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LIST OF FUNDS COVERED BY THIS TRANSPARENCY CODE

FUND NAME	STRATEGY	ASSET CLASS	EXCLUSIONS APPLIED BY THE FUND	FUND AUM AT 16/06/22 (€M)	DOCUMENTS
BNP Paribas Easy Low Carbon 300 World PAB	Strategy - Exclusion - Best-in-Class (climate score) - Selectivity	Global Large Cap Equities	- UNGC - Tobacco - Defence - Aerospace - Fossil fuels - Controversial weapons - ESG controversies	15	Documents
BNP Paribas Easy Low Carbon 100 Europe PAB	Strategy - Exclusion - Best-in-Class (climate score) - Selectivity	Europe Large Cap Equities	- UNGC - Tobacco - Defence - Aerospace - Fossil fuels - Controversial weapons - ESG controversies	686	Documents
BNP Paribas Easy Low Carbon 100 Eurozone PAB	Strategy - Exclusion - Best-in-Class (climate score) - Selectivity	Eurozone Large Cap Equities	- UNGC - Tobacco - Defence - Aerospace - Fossil fuels - Controversial weapons - ESG controversies	20	Documents



GENERAL DATA ON THE MANAGEMENT COMPANY

2A. NAME OF THE MANAGEMENT COMPANY IN CHARGE OF THE FUND(S) TO WHICH THIS CODE APPLIES

BNP Paribas Asset Management (BNPP AM)

14 rue Bergère

75009 Paris

<https://www.bnpparibas-am.fr/>

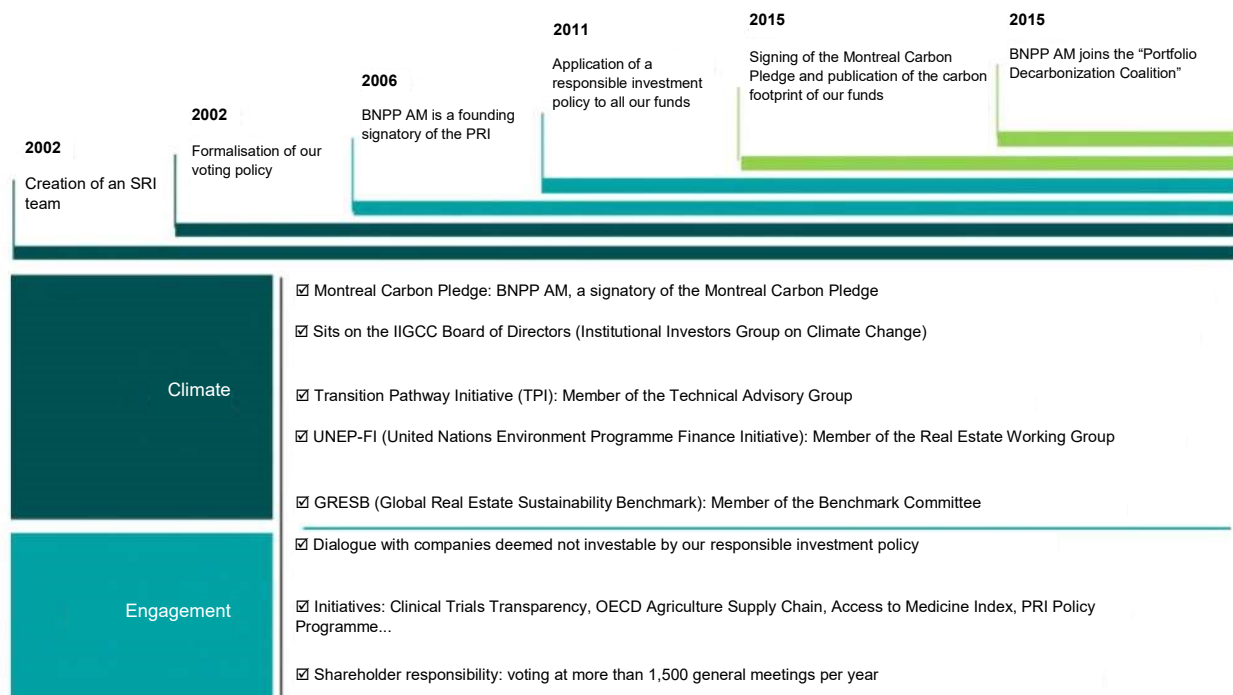
2B. WHAT ARE THE HISTORY AND PRINCIPLES OF THE RESPONSIBLE INVESTOR APPROACH OF THE MANAGEMENT COMPANY?

Responsible investment is a strategic area of development for BNPP AM, which has been committed for many years to integrating the **Environmental, Social and Governance** (ESG) dimensions into its products.

BNP Paribas Asset Management is one of the founding members and signatories of the **United Nations Principles for Responsible Investment** ([UN PRI](#)) and has adopted a responsible investment policy for all of its management teams, which is reviewed and validated twice a year by BNPP AM's CIO. This responsible investor approach is one of the pillars of the **Corporate Social Responsibility** (CSR) approach adopted by BNP Paribas Asset Management and is formalised in the **Charter Social and Environmental Responsibility Charter of BNPP AM**. We publicly report on the progress and results of our CSR approach in the [Responsible Investor Report](#).

[Responses to the PRI questionnaire](#)

Link to the [CSR Charter](#)



BNPP AM's Global Sustainability Strategy

For BNP Paribas Asset Management, investing responsibly is not just about adopting the social and environmental values we share with our clients, but also investing for a better future for our clients and future generations.

That is why we are aware of the importance of our role as a responsible investor, and it is in the interests of our clients that we bring this message to the companies in which we invest. We need to develop lasting relationships that enable us to engage more effectively and more relevantly on issues

of the future such as the energy transition, environmental protection and equality and inclusive growth. These “3Es” are the forward-looking vision we describe in our “Global Sustainability Strategy”.

[Global Sustainability Strategy](#)

In 2019, we strengthened our investment philosophy with the implementation of six sustainable investment convictions:

1. ESG integration helps us achieve better risk-adjusted returns.

Sustainable investing can both reduce risks and generate additional returns over the long term. We are convinced that this concept is still misunderstood, too little studied and evaluated financially, with little consistency in the indicators that are published.

In this context, we will make better investment decisions if we systematically and explicitly integrate ESG factors into our analysis.

2. Investing sustainably is part of our fiduciary duty

Regarding our clients, we have the duty to make investment decisions that take into account the reputational risks, as well as the operational and financial risks faced by the companies in which we choose to invest. ESG factors are an important component of this.

3. Dialogue with companies is an opportunity but also a duty

As long-term investors, we believe that we need to use engagement and voting to influence companies and the economy as a whole. We believe that this commitment is generally more effective than exclusion - although divesting can be a last resort.

4. We invest over the long term and for a sustainable future

We analyse the past in order to better anticipate future developments, while promoting an economic model that will be more favourable in the long term - a model focused on sustainable, low-carbon and inclusive growth.

5. A sustainable future economy relies on sustainable investment practices

Our way of investing and working with companies and governments can help shape the world around us. We believe that managing ESG risks will help to promote greater market stability and long-term sustainable growth, while promoting the return on our investments.

6. Applying CSR standards in line with issuers' expectations is crucial to achieving excellence

As a responsible company, we must adopt standards for our operational practices that are at least as strict as those we expect from the entities in which we invest. This is a priority for us. We are considering how to integrate sustainable development practices further into all aspects of our business, including the management of our working environment and involvement of our employees.

The pillars of sustainable investing:

For BNPP AM, sustainable investing has four pillars. Together, they contribute to the improvement of our management practices, notably through new investment ideas, optimisation of the composition of our portfolios, risk control and making the most of our influence on the companies and markets in which we operate.

1. ESG integration

Our analysts and managers consider relevant ESG factors throughout the investment process. In accordance with BNPP AM's convictions, this process allows them to identify risks or opportunities that other market participants may not be aware of, and which therefore provide them with a comparative advantage. The ESG integration process is guided by common formal principles and is overseen by an ESG Validation Committee. Our objective is to have each investment process - and by definition, each investment strategy - reviewed and approved by this committee between now and 2020. Further information is available in our document "ESG Integration Policy", available on request.

2. Voting, dialogue and engagement

We are investing thoughtfully in companies and have established detailed voting guidelines on a number of ESG issues. We believe a stronger dialogue with issuers can improve our investment processes and enable us to better manage risks for our clients.

Our Sustainability Centre managers and experts engage with the companies in which we invest, with the aim of encouraging them to commit to improving their practices and creating long-term value. In addition, we frequently meet with governments to discuss ways to combat climate change and address ESG issues as a whole.

We work closely with our peers and various civil society organisations, for example by participating in the Climate Action 100+ initiative to reduce the greenhouse gas emissions of the world's largest emitters.

3. Responsible business conduct and sector exclusions

We expect companies to respect, wherever they operate, the ten fundamental principles set out in the United Nations Global Compact, particularly with regard to human rights, labour rights, environmental protection and the fight against corruption. For active engagement, we identify companies that are lacking in these areas and exclude those that violate these fundamental principles.

We also have a set of sector policies that define investment conditions in specific sectors and guide our selection criteria and engagement practices. These policies are defined for activities that, if not carried out correctly, may cause serious social or environmental damage (such as palm oil production).

A second series of policies commits us to excluding specific sectors or products (tobacco, coal, controversial weapons and asbestos) because we believe that they are in violation of international standards or cause unacceptable harm to society or the environment without providing more benefits in return.

Our detailed approach is described in our “ [Responsible Business Conduct Policy](#)”.

4. A forward-looking vision: the ‘3Es’

The best performing investors grow from the lessons of the past and are focused on the future, especially in a rapidly changing world. We believe that three key points underpin a more sustainable and inclusive economic system: the energy transition; environmental protection; and equality. We have defined a set of objectives and developed key performance indicators to indicate how we will align our research, portfolios and engagement with companies and governments along these three issues, the “3Es”. These key indicators include:

- The carbon intensity (gCO₂/kWh) of management vis-à-vis the “Sustainable Development Scenario” (SDS) of the International Energy Agency (IEA); the portion of assets under management that are “green” (energy transition, Sustainable Development Goals - SDG - 7, 9 and 13);
- The “water” footprint of our management, the number of companies that commit to developing or have a policy in place on “No Deforestation, No Peat, No Exploitation” (NDPE) (environmental protection, SDG 6, 15);
- % of female directors on boards or number of company commitments to sustainable capital allocation decisions (equal access to inclusive growth for each, SDG 5, 8 and 10).

BNPP AM has developed a roadmap for implementing the Strategy over the next three years. In 2020, BNPP AM will focus on measuring and reporting on the impact and progress of its “Sustainability” initiatives. The company will gradually introduce additional objectives in line with each of the 3Es and the UN Sustainable Development Goals (SDGs), which refer to them.

2C. HOW DID THE MANAGEMENT COMPANY FORMALISE ITS RESPONSIBLE INVESTOR APPROACH?

BNP Paribas Asset Manager's responsible investor approach is formalised at [its website](#).

2D. HOW IS THE ISSUE OF ESG RISKS/OPPORTUNITIES ASSESSED, INCLUDING THOSE RELATED TO CLIMATE CHANGE, BY THE MANAGEMENT COMPANY?

The ESG risks identified in our responsible investment policy are reputational but also regulatory, operational, legal and financial. They can be grouped together by major areas: non-compliance with human rights, failure to respect the fundamental rights of workers, non-respect for the environment, and corrupt practices.

These main ESG risks are addressed through the minimum ESG standards required before each investment as defined by our responsible investment policy. Companies that do not meet our ESG requirements are considered to be high ESG risks and are excluded from our investment scope, with some exceptions (indexed funds that replicate the index).

As part of the adoption of our climate strategy, a discussion was initiated internally on the incorporation of 2°C scenarios in our investment policy as well as the consideration of the various risks related to climate change.

We have identified three types of carbon risks

- transition risks (risks generated by the process of adjusting to a low-carbon economy. Policy changes, technological and physical risks could lead to a revaluation of the value of a large number of assets as costs and/or opportunities materialise.
- physical risks (Consequences caused by climate events and/or weather events such as floods and storms that cause physical damage or disrupt trade).
- liability risks (Consequences that could occur if parties who have suffered losses or damage due to the effects of climate change take action against the companies they consider to be responsible to obtain compensation. Such actions could occur against companies that extract and emit carbon and, if they are covered by liability insurance, their insurers.)

Some climate change risks are currently being addressed through the central coal and mining sector policies applied within BNPP AM, which contain criteria for reducing our investments in thermal coal.

In order to contribute positively to the energy transition, BNPP AM has initiated a review of our role as an investor for a low-carbon economy. We signed the Montreal Carbon Pledge as well as the Portfolio Decarbonation Coalition and adopted [a climate strategy](#) in 2016 with 3 main pillars:

- Capital allocation (identifying and measuring carbon risks in our investments; taking these risks into account and reducing them, developing our offering of low-carbon solutions and financing the energy transition)
- Responsible practices (integration of climate change in our voting at general meetings, engagement with companies on their climate strategy)
- Transparency and involvement (taking into account our public commitments and publishing our actions; raising awareness and supporting our clients)

2E. WHAT TEAMS ARE INVOLVED IN THE RESPONSIBLE INVESTMENT ACTIVITY OF THE MANAGEMENT COMPANY?

The teams involved in the responsible investment activity are mainly located in the Sustainability Centre (24 people). This comprises:

- The engagement and voting policy team
- ESG research
- The team dedicated to solidarity finance
- ESG specialists
- CSR

As the Sustainability Centre is independent of the management teams, each SRI fund is managed within a management team by specialised managers.

2F. HOW MANY SRI ANALYSTS AND SRI MANAGERS ARE EMPLOYED BY THE MANAGEMENT COMPANY?

The ESG research team, led by Alex Bernhardt, is made up of eight extra-financial analysts with specific sector and thematic coverage.

Thanks to its experience and expertise, the team has developed a proprietary extra-financial rating for issuers, which allows it to generate a list of issuers eligible for investment, but also an overall list of ESG scores for all transmitters. In order to strengthen the integration of ESG criteria throughout the company, extra-financial analysts also provide ESG research to BNPP AM's main global investment centres, so that they can integrate ESG elements as well as other asset classes and investment strategies

About thirty managers are involved on a daily basis around SRI funds, i.e. around 20 full-time equivalents.

2G. IN WHAT RESPONSIBLE INVESTMENT INITIATIVES IS THE MANAGEMENT COMPANY INVOLVED?

Acting within organisations

We work closely with leading organisations in the area of responsible investment to promote sustainable development and improve our common practices

- **IIGCC** - International Investors Group on Climate Change
- **UNEP FI** – United Nations Environment Programme Finance Initiative.
- **EFAMA** - European Fund and Asset Management Association
- **AFG** responsable - Association Française de la Gestion Financière
- **FIR** - Forum pour l'Investissement Responsable.
- **GRESB** - Global Real Estate Sustainability Benchmark
- **ICGN** – International Corporate Governance Network
- **European Commission / EFIG** (Energy Efficiency Financial Institution Group)
- **PRI Montreal Carbon Pledge**
- **Portfolio Decarbonization Coalition**
- **GBP** – Green Bond Principles
- **Climate Action 100+**

BNP Paribas Asset Management has also joined several multi-lateral initiatives such as Access To Medicine Index, Access To Nutrition Index, OECD Guidelines on Agriculture, EITI - Extractive Industries Transparency Initiative, ICCR Investor Statement on Bangladesh, etc.

2H. WHAT IS THE TOTAL SRI ASSETS UNDER MANAGEMENT OF THE MANAGEMENT COMPANY?

At the end of December 2021, our assets under management in SRI amounted to €132.5 billion.

2I. WHAT IS THE PERCENTAGE OF THE MANAGEMENT COMPANY'S SRI ASSETS RELATIVE TO TOTAL ASSETS UNDER MANAGEMENT?

At the end of December 2021, SRI assets represented 24,7% of BNP Paribas Asset Management's total assets under management.

2J. WHAT PUBLIC SRI FUNDS ARE MANAGED BY THE MANAGEMENT COMPANY?

The complete list of our SRI UCITS can be found under the [Fund research](#) heading of our country websites by selecting the “SRI” indicator in the Type tab.

Our SRI products correspond to demand from clients to reconcile financial performance with environmental and social added value. Our SRI expertise is based on more than 17 years of experience and now covers a full range of investment solutions (mandates, dedicated funds and open-ended UCITS) and asset classes adapted to investors’ objectives (equities, credit, government and supranational bonds, diversified management, indexing, etc.).

BNPP AM's SRI offering (also known as Sustainable +) is organised into three types of approaches: “Enhanced ESG” funds, “Thematic” funds and “Impact” funds.

The “**Enhanced ESG**” approach includes, in particular, the “Best in Class” approach that targets companies and governments that demonstrate best social and environmental practices, while respecting good governance rules.

Other strategies with a “Enhanced ESG” approach will integrate ESG criteria into the portfolio construction process, through a number of criteria, such as

- At least 20% increase in the portfolio's ESG rating relative to its benchmark index
- Exclusion of 10% of stocks with the worst ESG rating (Decile 10)
- Normative and sector-based exclusion defined in BNP Paribas’ sector policies (question 3.C)

The “**Thematic**” approach focuses on issuers with high environmental or social added value in identified areas. Investments are concentrated in sectors that provide solutions to our society's major environmental and social challenges. In order to be eligible for thematic funds as defined by BNP Paribas AM, companies must generate more than 20% or 50% of their revenues in the targeted activities.

“**Impact**” funds invest with the intention of contributing to the achievement of a social and/or environmental impact in addition to financial performance. It must be possible to measure this impact.

GENERAL DATA ON THE SRI FUND(S) PRESENTED IN THIS TRANSPARENCY CODE

3A. WHAT OBJECTIVE(S) IS/ARE SOUGHT BY TAKING ESG CRITERIA INTO ACCOUNT IN THE FUND(S)?

The BNP Paribas Easy Low Carbon 100 Eurozone PAB, BNP Paribas Easy Low Carbon 100 Europe PAB and BNP Paribas Easy Low Carbon 300 World PAB are listed index fund, commonly referred to as ETFs or tracker funds, which tracks the performance of the indices Euronext Low Carbon 100 Eurozone PAB, Euronext Low Carbon 100 Europe PAB and Euronext Low Carbon 300 World PAB. We will therefore describe the characteristics of the replicated indices in detail throughout this transparency code.

The objective of these funds is to support the energy transition by investing in a selection of most virtuous companies in their efforts to reduce their CO₂ emissions as well as “green” companies generating more than 50% of their revenue from low energy consumption technologies (renewable or efficient energies). This significantly reduces the carbon footprint of its investment compared to that of a traditional equity universe.

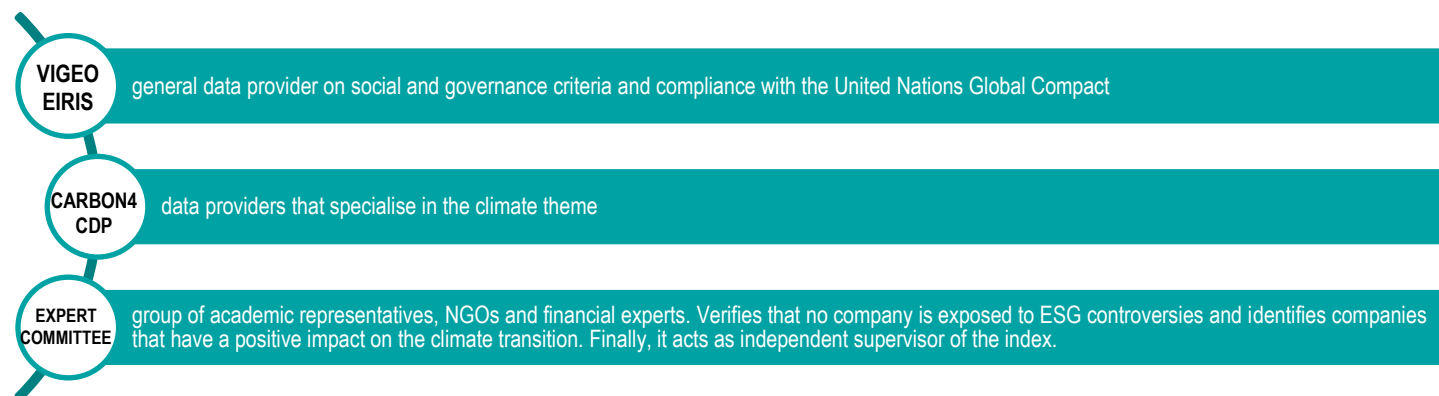
The methodology of the replicated indices takes into account the objectives set out in the Paris Climate Agreement (Paris Aligned Benchmark), in addition to the criteria already defined above.

3B. WHAT INTERNAL AND EXTERNAL RESOURCES ARE USED FOR THE ESG ASSESSMENT OF ISSUERS FORMING THE INVESTMENT UNIVERSE OF THE FUND(S)?

The choice of the Euronext Low Carbon indices is based on a rigorous analysis of the characteristics of the latter.

The product development, sales and management teams identify the needs of clients and the indices available on the market in this area and their ESG methodologies and data used. It is then a matter of selecting an index (a) that is sufficiently representative of an SRI philosophy, (b) whose methodology is systematic and (c) based on quality research, (d) that is liquid and diversified and also that respects BNP Paribas Asset Management's responsible investment philosophy. To do this, the product development and management teams verify the consistency of these indices and the quality of ESG research and rating at BNP Paribas Asset Management's Sustainability Centre department (this team is independent of product management and development).

Euronext, as an index provider, compiles the ESG and carbon data provided by the following sources to select the stocks of the Euronext Low Carbon PAB index:



3C. WHAT ESG CRITERIA ARE TAKEN INTO ACCOUNT BY THE FUND(S)?

The ESG analysis of the Euronext Low Carbon PAB indices cover the following seven criteria:

1. Social and governance criteria
2. United Nations Global Compact
3. Sensitive sectors and activities
4. ESG controversies
5. Climate rating
6. Green companies

7. The objectives of the Paris Aligned Benchmark (PAB)

1. Social and governance criteria

First, Vigeo-Eiris assigns a social rating and a governance rating for companies in the selection universe (the Euronext® Eurozone 300 index for example) in order to exclude the worst 30 (90 for the Euronext Low Carbon World 300 PAB fund).

The social rating includes all criteria relating to the company's social and societal impacts, in terms of:

- Internal Human Resources (for example, social dialogue, career management, health and safety policies)
- Respect for Human Rights (fundamental human rights, respect for privacy, personal security, property rights, etc.)
- Involvement in the community (promotion and contribution to local economic and social development, optimisation of the economic and social impact of the company's activities, development of voluntary initiatives and efforts to take into account the impact of the company's activity on the community, etc.)
- Customer relations (customer information, responsible relationships with customers, etc.)
- Sustainable relations with suppliers and integration of social factors into the company's supply chain (freedom of association, abolition of child labour and forced labour, non-discrimination policy, etc.)
- In some sectors, the social pillar also includes the company's management of product safety (for example, food companies are responsible for the safety of their products for consumers, as non-compliance with this principle may represent a health risk).

The governance rating includes:

- All criteria relating to the company's internal governance bodies and systems (namely the topics of the Board of Directors, internal audits and controls, shareholders, executive compensation)
- The company's behaviour in terms of professional ethics (prevention of corruption, prevention of anti-competitive practices, responsible lobbying, etc.).

2. United Nations Global Compact

Companies that do not comply (or are likely not to comply) or do not assume their fundamental responsibilities with respect to human rights, labour, the environment and the fight against corruption are excluded from the investment universe.

For this purpose, Vigeo-Eiris refers to the Ten Principles of the United Nations Global Compact (UNGC). The latter invites business leaders to "adopt, support and enforce in their sphere of influence" a set of fundamental values in the areas of human rights, labour standards, the environment and the fight against corruption. The 10 Principles are inspired by the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the United Nations Convention Against Corruption.

Human rights

- Principle 1: Businesses are invited to promote and respect the protection of international human rights law in their sphere of influence; and
- Principle 2: ensure that their own companies are not complicit in human rights abuses.

Labour standards

- Principle 3: Businesses are invited to respect freedom of association and to recognise the right to collective bargaining;
- Principle 4: the elimination of all forms of forced or compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

- Principle 7: Companies are invited to apply the precautionary approach to environmental problems;
- Principle 8: undertake initiatives aimed at promoting greater environmental responsibility; and
- Principle 9: promote the development and dissemination of environmentally friendly technologies.

Fight against corruption

- Principle 10: Businesses are invited to act against corruption in all its forms, including extortion and bribery.

3. Sensitive sectors and activities

In addition to the social, governance and principles of the United Nations Global Compact, exclusions are made in relation to sensitive sectors and activities. These policies are based in particular on applicable international conventions and regulations and on the CSR policies of the BNP Paribas Group.

These exclusions cover the following IBC sub-sectors: Tobacco (3785), Defence (2717) and Aerospace (2713).

The Indices exclude companies with activities linked to fossil fuels. This includes companies with fossil fuel reserves, those whose activity derives from research, collecting, refining or transporting coal, oil or gas, and those using fossil fuels to produce electricity.

In addition, no company classified as involved in the following is eligible to be in the indices:

- Manufacture of conventional weapons/armaments and/or their essential components as well as civilian firearms (if summed >5% turnover),
- Manufacture of controversial weapons such as cluster bombs, anti-personnel mines and anti-vehicle mines, depleted uranium weapons, biological and chemical weapons, blinding laser weapons, non-detectable fragments and incendiary weapons
- Manufacture of tobacco (>0% as defined by V.E)

4. ESG controversies

In the event of serious controversies, the expert committee may decide to exclude certain companies. The grounds for the decision include controversies about environmental, social or corporate governance (ESG).

A controversy will be classified as serious according to several dimensions: the impact of the incident (gravity and magnitude), the level of recurrence of the incident, the level of responsibility of the company, the response of the company and the consequences of the incident.

5. Climate rating

The climate rating is calculated based on carbon data from Carbon 4 and CDP. It will be used to select the 85 companies (at least) with the best climate rating in each sector.

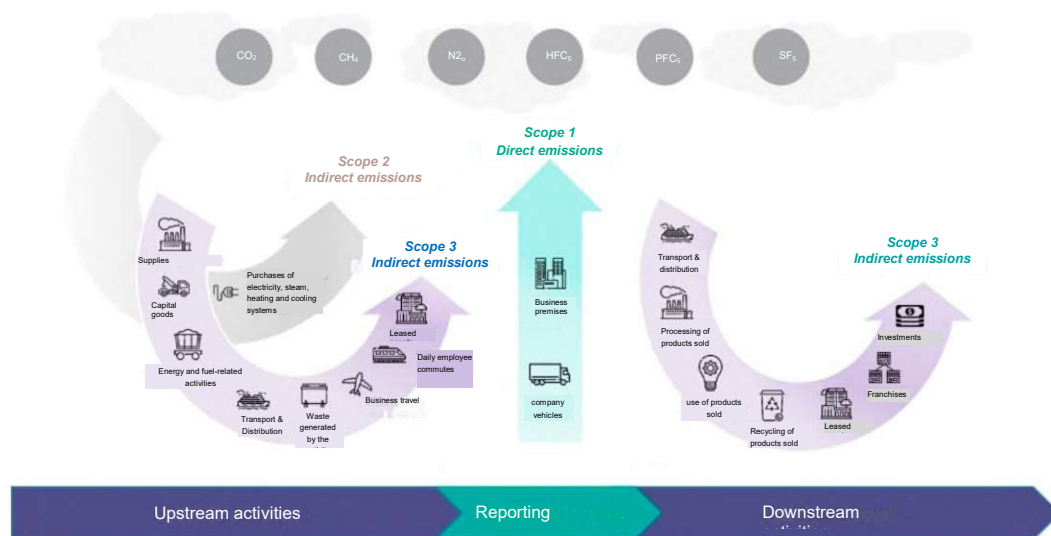
Carbon 4 rating

The Carbon 4 rating is used to assess a company's impact on climate change and its contribution to reducing greenhouse gas emissions, taking into account the generated emissions (scope 1, 2 and 3), avoided emissions and forward-looking analysis.

Scope 1: direct emissions related to the manufacture of the product. For example, if the production of the product required the use of oil or fuel combustion or if the production of the product generated CO₂ or methane emissions.

Scope 2: indirect emissions related to the energy consumption needed to manufacture the product. They are referred to as indirect emissions related to energy consumption.

Scope 3: other indirect emissions: other greenhouse gas emissions that are not directly linked to the manufacture of the product but to other stages of the product life cycle (supply, transport, use, end of life, etc.). For example, the extraction of these raw materials necessary for the production of a product, their processing and transport to the production plant. Similarly, the end of life of a product or its recycling also emit greenhouse gases.



Emissions saved

A company belonging to a carbon-intensive sector could significantly contribute to the reduction of emissions, perhaps by creating a product or process that consumes less energy. These emissions are therefore “virtual” emissions that would exist if the company did not actively reduce them. For example, a company producing glass wool allows for better insulation of buildings and reduces energy consumption and thus saves carbon emissions.

Forward-looking analysis

Such an assessment includes an analysis of R&D investments and spending that will help reduce carbon emissions, as well as an analysis of the company's positioning and strategy to combat global warming.

CDP rating

CDP is a global not-for-profit organisation that collects and gathers business data on key risks related to climate change, water and corporate forests. For the climate aspect, CDP provides companies with a questionnaire on their environmental performance. Respondent companies are evaluated at four consecutive levels:

- 1) quality of publications
- 2) awareness of this theme
- 3) management of environmental issues
- 4) leadership

6. Green companies

The list of Green Companies is constructed out of the 1000 highest Companies with the highest Free Float market capitalization in Europe at the Review Cut-Off Date for the Annual Review. These Companies should have at least 50% of their turnover related to low carbon technologies (renewables or energy efficiency) and being part of the following ICB sectors:

- Renewable Energy (601020)
- Construction & Materials (501010)
- Electricity (651010)
- Electronic & Electrical Equipment (502020)
- Industrial Engineering (502040)
- Industrial Transportation (502060)

Should this list count less than 10 companies, the ‘50% of turnover’ condition may be alleviated by the Expert Committee.

The list of Green Companies with their respective turnover related to low carbon technologies will be made public after the Annual review on Euronext website: <https://www.euronext.com/fr/products/indices/QS0011131735-XAMS/marketinformation>.

These “Green” companies must also meet liquidity criteria: the company must be able to be sold within 5 days, and the daily volume of sales processed should not represent more than 30% of the average daily volume of the last 3 months.

7. The objectives of the Paris Aligned Benchmark (PAB)

As previously mentioned, the Euronext Low Carbon PAB Indices incorporate the objectives of the Paris Aligned Benchmark.

Some of the PAB criteria are listed below:

- Reduction of carbon intensity compared to the initial investment universe: -50%
- Annual decarbonisation trajectory of the index: At least 7% annual carbon intensity reduction of the index
- Exposure to sectors with high climate challenges: The aim is to avoid “replacement” of carbon intensive sectors with low carbon-intensive sectors that would only have a very limited contribution to the fight against climate change. This constraint makes it possible to schematically reallocate from “brown” to “green”
- Exclusions: The PAB has climate exclusions on fossil fuels, with different thresholds given their carbon content. For electricity, the threshold comes from the European taxonomy defined by the same group of technical experts.

3D. WHAT PRINCIPLES AND CRITERIA RELATED TO CLIMATE CHANGE ARE TAKEN INTO ACCOUNT BY THE FUND(S)?

For the BNP Paribas Easy Low Carbon 100 Eurozone PAB, BNP Paribas Easy Low Carbon 100 Europe PAB and BNP Paribas Easy Low Carbon 300 World PAB, the main ESG risks are addressed via the minimum ESG standards developed above in part 3C. Companies that do not meet these requirements are considered at risk and are excluded from the investment scope of the replicated indices.

On the other hand, companies whose activity is linked to fossil fuels are also excluded from the selection. This includes companies with fossil fuel reserves, those whose activity derives from research, collecting, refining or transporting coal, oil or gas, and those using fossil fuels to produce electricity.

The climate dimension is also taken into account thanks to the climate rating used to assess each company's impact on climate change and their contribution to reducing greenhouse gas emissions.

In addition, the identification of “green” companies contributing positively to the energy transition and their overweighting in the final selection of the replicated indices reflects a desire to take into account the 2°C scenario in which they have a dominant position.

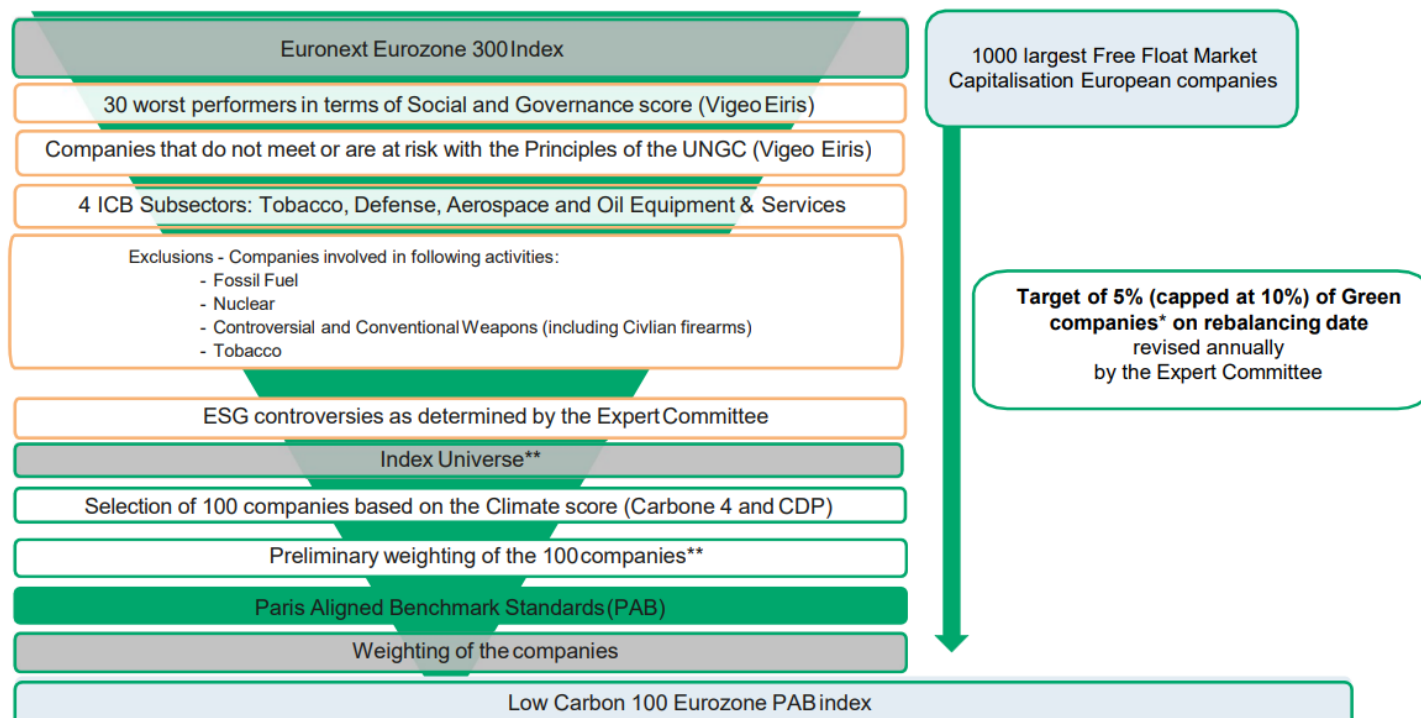
Finally, the indices' commitment to meeting the objectives of the PAB is an additional factor in considering climate risks.

3E. WHAT IS THE ISSUER'S ESG ANALYSIS AND EVALUATION METHODOLOGY (CONSTRUCTION, EVALUATION SCALE, ETC.)?

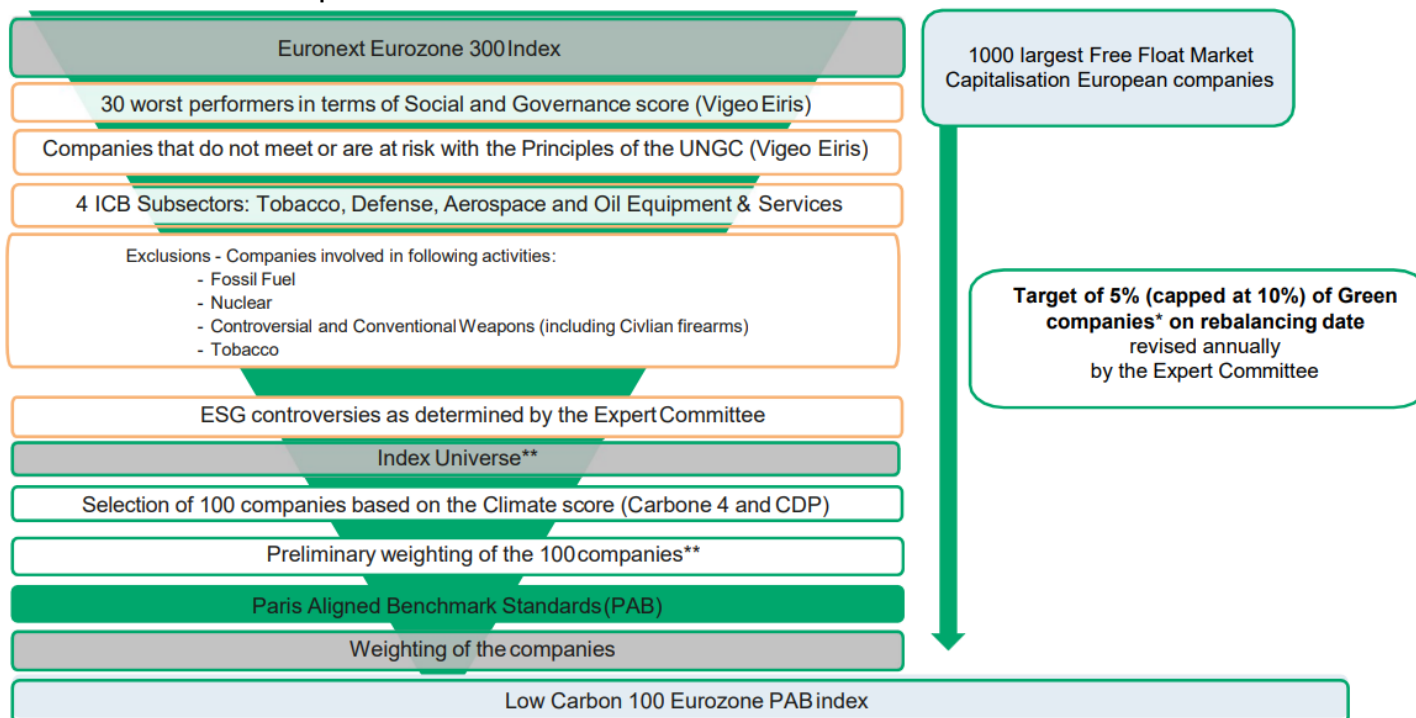
As seen in 3.C, the Euronext Low Carbon PAB Indices are built using several ESG indicators. Each indicator is calculated by an ESG data provider (Vigeo-Eiris, Carbon 4, CDP and the expert committee) and compiled by Euronext to select securities from a Global universe of large caps.

The charts below are a summary of the different selection steps for the BNP Paribas Easy Low Carbon 100 Eurozone PAB, BNP Paribas Easy Low Carbon 100 Europe PAB and BNP Paribas Easy Low Carbon 300 World PAB indices.

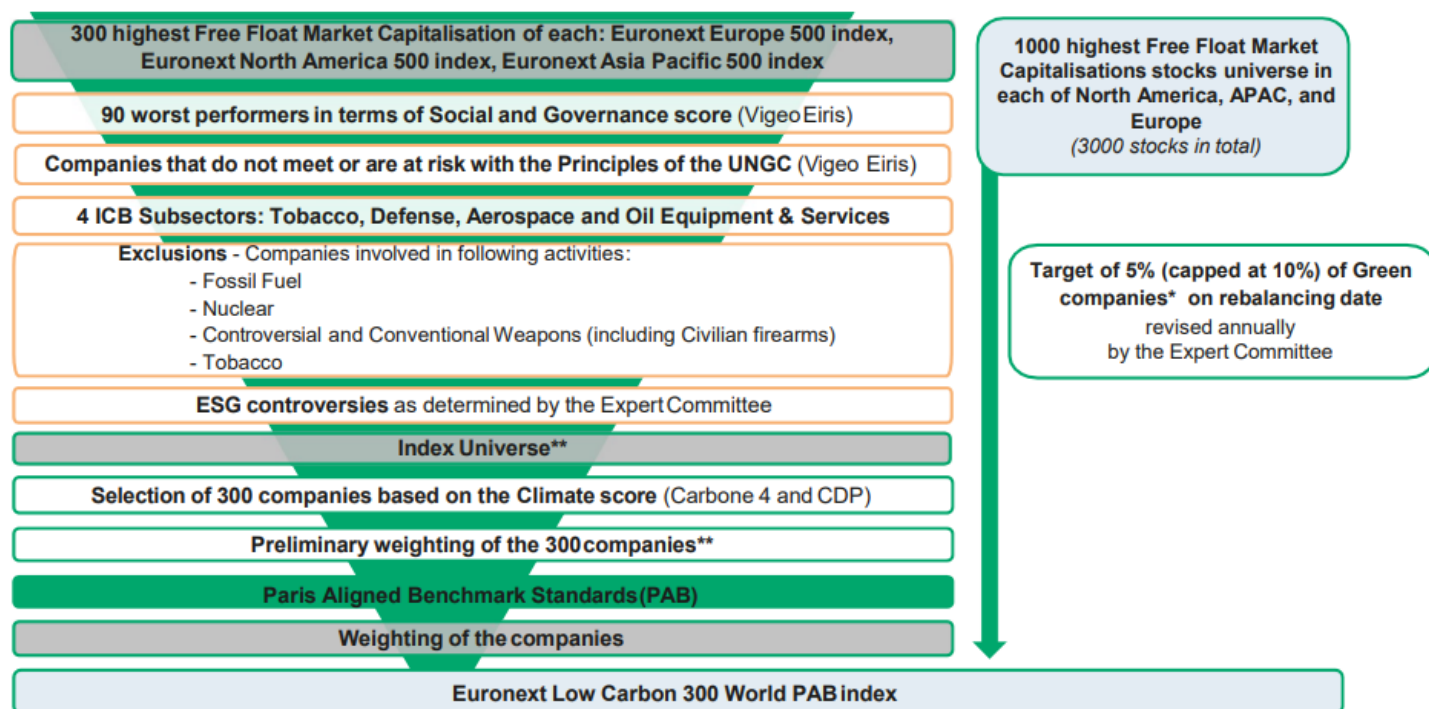
Euronext Low Carbon 100 Eurozone PAB Index



Euronext Low Carbon 100 Europe PAB Index



Euronext Low Carbon 300 World PAB Index



1. EXCLUSIONS

The first step consists of using several ESG filters described in section 3.C on the universe (Euronext® Eurozone 300 index):

- Exclusion of 30 companies with the worst social and governance ratings
- Exclusion of companies that do not comply with or may not comply with the United Nations Global Compact
- Exclusion of companies in the ICB Tobacco, Defence and Aerospace sub-sectors
- Exclusion of fossil fuel-related companies
- Exclusion of companies with ESG controversies or linked to controversial weapons
- Exclusion of companies involved in the production of tobacco
- Exclusion of manufacturers of conventional weapons/armaments and/or their essential components as well as civilian firearms (if summed >5% turnover)

2. SELECTION OF THE COMPANIES OF THE EURONEXT LOW CARBON PAB INDEX

Breakdown between the green companies pocket and the “non-green” pocket (preliminary weight):

- Weighting of the green pocket 15% in terms of companies number
- Weighting of the non-green pocket: 100% - Weight of the green pocket

Companies with the highest climate rating

The next step is to select companies from the minimum non-green pocket in the universe after filtering out SG exclusions based on their climate rating. This climate rating detailed in 3.C uses the carbon score of Carbon 4 on a scale of 1 to 15 (1- excellent; 15 - very bad) and CDP on a scale from A to D- (A - excellent; D- very bad) based on a bonus/malus system detailed below:

CDP Score Alphabet	Bonus) / Malus (+)	(-)
A	-1.5	
A-	-1.2	
B	-0.9	
B-	-0.6	
C	0	
C-	0.6	
D	0.9	
D-	1.2	
F**	1.5	
Not requested to respond	0	

F**: Failure to provide sufficient information to be evaluated. Companies who are requested to disclose their data and fail to do so, or fail to provide sufficient information. This does not necessarily mean a failure of environmental stewardship.

For example, a company with a Carbone 4 score of 2 and a CDP score of A- (equivalent to a bonus of -1.2) will get a climate score of 0.8.

“Green” companies

This section is composed entirely of Green Companies. The target number of Green Companies is set to 15% in terms of number of companies. The sum of the number of Green Companies ('NG') and non-Green Companies will be the total number of index constituents.

The sum of the number of Green Companies ('NG') and Non-green Companies will be the total number of index constituents. If the number of Green Companies available for inclusion into the index is below 15%, the number of non-Green companies will be increased so that the total number of index constituents reaches the target number of companies.

3. WEIGHTING

Aggregate target weight of the green companies is currently set to 5% and may be increased as a result of Step 2 below.

The 5% allocation is revised annually by the Expert committee, considering different criteria such as the number of Green companies, their Free Float Market Capitalisation and average daily traded value. In the long term, an increase in the target weight is envisaged.

The weights of the individual Green Companies are subject to liquidity constraints. These constraints aim at maintaining the replicability of the index in real-life market conditions:

- 1) The Green companies are equally weighted (EW) for a total size of the Green pocket of 5%, under liquidity constraints
- 2) The Green companies weight is the higher of: - EW from Step 1 - The theoretical Free Float Market Capitalization (FFMC) weight², subject to the liquidity constraint
- 3) If step 2 is activated, the total weight of the green pocket goes beyond 5% and is capped at 10%.

The weight of eligible securities is then adjusted by successive iteration in order to meet the decarbonisation criteria of the PAB.

3F. HOW OFTEN IS THE ESG ASSESSMENT OF ISSUERS REVISED? HOW ARE CONTROVERSIES MANAGED?

The expert committee is responsible for reviewing the composition of the indices annually, effective after the third Friday of December and half-yearly in June in case of controversy or following an exceptional revision of the methodology.

MANAGEMENT PROCESS

4A. HOW ARE THE RESULTS OF ESG RESEARCH TAKEN INTO ACCOUNT IN PORTFOLIO CONSTRUCTION?

The results of ESG research are taken into account in the portfolio construction through various criteria used to compose the replicated index: Companies with the 30 worst social and governance ratings of Vigeo-Eris are not eligible for investment for the Low Carbon 100 Europe PAB and Low Carbon 100 Eurozone PAB indexes (90 worst are excluded for the Low Carbon 300 World PAB), as well as companies that do not comply (or may not comply) with the United Nations Global Compact. The same applies to companies involved in the manufacture of controversial weapons and fossil fuels, as well as the tobacco, defence and aerospace sectors. Moreover, there are exclusions on ESG controversies defined by the expert committee.

In addition, the indices are constructed using a best-in-class climate approach, based on the climate ratings of Carbon 4 and CDP, while integrating the objectives of the PAB.

4B. HOW ARE CLIMATE CHANGE CRITERIA TAKEN INTO ACCOUNT IN PORTFOLIO CONSTRUCTION?

As indicated in question 3.E, the companies that make up the Euronext Low Carbon PAB indices are either selected based on their climate rating or by their qualification as "Green" and therefore contribute positively to the energy transition.

The incorporation of PAB criteria is also an element that considers climate change.

In addition, companies that do not meet the ESG criteria detailed in Section 3C are considered an ESG risk and are excluded from the investment universe.

4C. HOW ARE ISSUERS IN THE FUND'S PORTFOLIO TAKEN INTO ACCOUNT WHEN THEY ARE NOT SUBJECT TO ESG ANALYSIS (EXCLUDING UCIS)?

All of the portfolio constituents of the BNP Paribas Easy Low Carbon 100 Eurozone PAB, BNP Paribas Easy Low Carbon 100 Europe PAB and BNP Paribas Easy Low Carbon 300 World PAB undergo ESG analysis.

4D. HAS THE ESG EVALUATION PROCESS AND/OR MANAGEMENT PROCESS CHANGED IN THE PAST TWELVE MONTHS?

The BNP Paribas Easy Low Carbon 100 Eurozone PAB and BNP Paribas Easy Low Carbon 300 World PAB did not undergo any changes since inception.

The BNP Paribas Easy Low Carbon 100 Europe PAB methodology evolved in December 2020 to integrate the PAB objectives.

4E. IS A PORTION OF THE FUND'S ASSETS INVESTED IN SOLIDARITY-BASED ORGANISATIONS?

The BNP Paribas Easy Low Carbon 100 Eurozone PAB BNP Paribas Easy Low Carbon 100 Europe PAB and BNP Paribas Easy Low Carbon 300 World PAB do not invest in solidarity-based organisations.

4F. DOES/DO THE FUND(S) ENGAGE IN SECURITIES LENDING/BORROWING?

The BNP Paribas Easy Low Carbon 100 Eurozone PAB BNP Paribas Easy Low Carbon 100 Europe PAB and BNP Paribas Easy Low Carbon 300 World PAB do not carry out securities lending/borrowing transactions in accordance with the prospectus.

4G. DOES/DO THE FUND(S) USE DERIVATIVES? IF YES, PLEASE DESCRIBE:

The BNP Paribas Easy Low Carbon 100 Eurozone PAB, BNP Paribas Easy Low Carbon 100 Europe PAB and BNP Paribas Easy Low Carbon 300 World PAB are not designed to use derivatives to gain exposure to the market. However, in order to ensure the liquidity of index funds on a daily basis and minimise transaction costs, the management team uses listed derivatives on an ancillary basis (around 1% of assets under management).

4H. DOES/DO THE FUND(S) INVEST IN UCIS?

The BNP Paribas Easy Low Carbon 100 Eurozone PAB BNP Paribas Easy Low Carbon 100 Europe PAB and BNP Paribas Easy Low Carbon 300 World PAB can invest up to 10% of their net assets in shares or units issued by UCITS or other UCIs according to the prospectus.

ESG CONTROLS

5A. WHAT INTERNAL AND/OR EXTERNAL CONTROL PROCEDURES ARE PUT IN PLACE TO ENSURE THE PORTFOLIO'S COMPLIANCE WITH THE ESG RULES ESTABLISHED FOR MANAGEMENT OF THE FUND(S)?

Compliance with investment criteria is periodically verified by the management company's internal control, which relies on the list of eligible securities. Index funds may not invest in equities other than those present in the index and may not engage in securities lending transactions in accordance with the prospectus. Both pre- and post-trade controls are performed. In the event of non-compliance, the management team receives an alert in order to correct any anomaly. If there is no response, an escalation procedure is initiated.

Moreover, to ensure portfolio compliance with set rules, Euronext performs periodic rebalancing (annually and semi-annually). At each index rebalancing, the eligible universe is updated and the composition of the index is reassessed according to the criteria set upstream (as mentioned in question 3.F).

In addition, ex-ante and ex-post Tracking Errors of the portfolios are calculated on a weekly basis to ensure that index funds are in line with their benchmark.

ESG IMPACT MEASURES & REPORTING

6A. HOW IS THE ESG QUALITY OF THE FUND(S) ASSESSED?

The ESG quality of the funds is assessed against the impact indicators (see question 6B) and by comparing the funds to their benchmarks.

6B. WHAT ESG IMPACT INDICATORS ARE USED BY THE FUND(S)?

The extra-financial report provides concrete information on the implementation of the fund's SRI investment policy and compares the portfolio to its benchmark using several indicators:

- The average decile of the portfolio shows that the portfolio is invested in securities with better environmental, social and governance practices than its benchmark index.
- For the environmental aspect, carbon intensity is used to compare the level of CO2 emissions between the portfolio and that of the benchmark index.
- For the social aspect, the portfolio's exposure to social controversies is compared to that of the benchmark index.
- The exclusion of securities deemed non-compliant with BNP Paribas Asset Management's Socially Responsible Investment policy and the signing of the United Nations Compact by the portfolio companies give us an indicator on Human Rights.
- For the governance component, we compare the average of the governance ratings according to the methodology developed by BNPP AM's ESG research team to that of its benchmark index.
- The exercise of voting rights provides insight into the support provided, or not, to the draft resolutions presented at the general meetings of the companies in which the portfolio is invested.

6C. WHAT MEDIA CAN BE USED TO INFORM INVESTORS ABOUT THE SRI MANAGEMENT OF THE FUND(S)?

Promoting SRI to our clients mainly involves:

- The production and updating of marketing documents: product sheet, extra-financial report, brochures as well as the provision of educational and explanatory videos of our funds
- Training programmes dedicated to SRI, whether via our websites or during direct actions with financial advisors (BNP Paribas and external advisors) and clients/prospects
- The promotion of our SRI offering via the dedicated page of our [website](#)
- Presence in the specialised press
- Participation in market bodies and leading organisations (AFG, FIR, etc.)

This information is available on our website: www.easy.bnpparibas.com

6D. DOES THE MANAGEMENT COMPANY PUBLISH THE RESULTS OF ITS VOTING POLICY AND ITS ENGAGEMENT POLICY?

For the 3 index funds covered by this code, the voting policy implemented is that of BNP Paribas Asset Management.

As mentioned in point 2.B, voting at general meetings is an integral part of the dialogue with the companies in which BNP Paribas Asset Management invests on behalf of its clients.

Through its commitment to companies in which it is a shareholder, BNP Paribas Asset Management aims to improve the long-term performance of its holdings and encourage best practices based on ESG criteria. The dialogue that takes place with issuers ahead of a general meeting makes it possible to obtain additional information on draft resolutions, explain its voting policy, and express any reservations about resolutions that would be contrary to its policy. The latter is regularly updated to take into account changes in governance codes and market practices.

BNPP AM publishes the results of its voting policy and engagement policy on its website:

[GOVERNANCE AND VOTING POLICY](#)

[2020 VOTING REPORT](#)

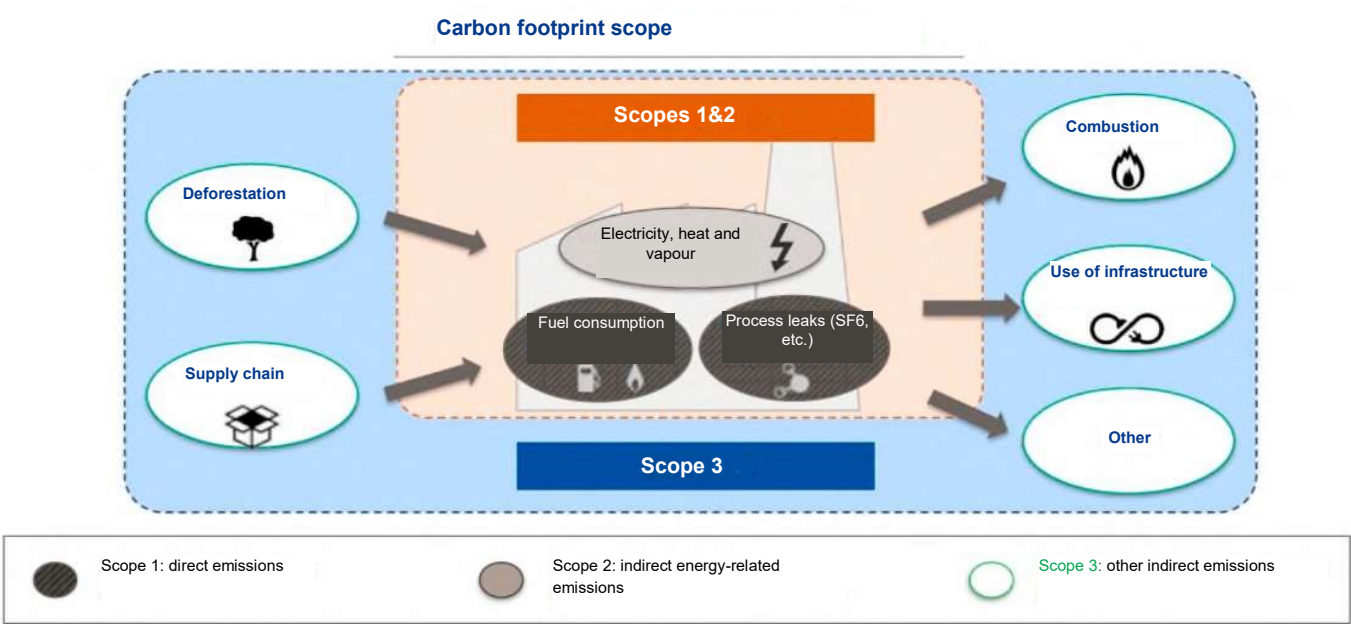


NOTE: Investments in the funds are subject to market fluctuations and the risks inherent in investing in securities. The value of investments and the income they generate may rise and fall, and investors may not fully recover their investment. The funds described present a risk of capital loss. For a more detailed definition and description of the risks, please refer to the fund's prospectus and KIID. Before subscribing, we advise you to read the most recent version of the prospectus and the KIID available free of charge on our website: <https://www.bnpparibas-am.fr/>

Past performance is not an indicator of future returns.

APPENDICES

Appendix 1: The fundamentals of the Carbon 4 carbon accounting



Taking into account Scope 1, 2 and 3 emissions is the only way to fully understand climate change issues.



February 2018

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