

## BNP Paribas Investment Partners

## About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2013-14 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

## Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted. This results in some Principles not being explicitly highlighted. For instance, Principle 1 and 2 cannot be implemented without implementing Principle 3, but there are cases when Principle 3 is not explicitly highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
⌛	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

## PRI disclaimer

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# Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	n/a							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	✓	Private							✓
OO 08	Breakdown of AUM by market	✓	Private							✓
OO 09	Additional information about organisation	✓	Private							✓
OO 10	RI activities for listed equities	✓	Public							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public						✓	
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	✓	Private							✓
OA 07	Governance, management structures and RI processes	✓	Private							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	✓	Private							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	✓	Private	✓						
OA 14	Allocation of assets to environmental and social themed areas	✓	Private	✓						
OA 15	ESG issues for internally managed assets not reported in framework	✓	Private							✓
OA 16	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
OA 17	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
OA 18	Innovative features of approach to RI	✓	Private							✓
OA 19	Internal and external review and assurance of responses	✓	Private							✓

Indirect – Manager Selection, Appointment and Monitoring				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SAM 01	Description of RI considerations	✓	Public	✓					✓	
SAM 02	Role of investment consultants	✓	Public				✓			
SAM 03	RI factors in selection, appointment and monitoring across asset classes	✓	Public							✓
SAM 04	Breakdown of passive, active quant and active fundamental	✓	Private							✓
SAM 05	ESG incorporation strategies	✓	Public	✓	✓					
SAM 06	Selection processes (listed assets)	✓	Public	✓					✓	
SAM 07	Appointment considerations (listed assets)	✓	Private				✓			
SAM 08	Monitoring processes (listed assets)	✓	Public	✓						
SAM 09	Percentage of (proxy) votes cast	🔒	n/a		✓					
SAM 10	Selection processes (non-listed assets)	🔒	n/a	✓					✓	
SAM 11	Appointment considerations (non-listed assets)	🔒	n/a				✓			
SAM 12	Monitoring processes (non-listed assets)	🔒	n/a	✓					✓	
SAM 13	Description of RI considerations in 'other' asset classes	✓	Private	✓					✓	
SAM 14	Percentage of externally managed assets managed by PRI signatories	✓	Private	✓					✓	
SAM 15	Examples of ESG issues in selection, appointment and monitoring processes	✓	Private		✓					
SAM 16	Disclosure of RI considerations	✓	Public						✓	

Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Private	✓						
LEI 02	Description of ESG incorporation	✓	Private	✓						
LEI 03	Percentage of each incorporation strategy	✓	Public	✓						
LEI 04	Type of ESG information used in investment decision	✓	Private	✓						
LEI 05	Information from engagement and/or voting used in investment decision-making	✓	Private	✓						
LEI 06	Types of screening applied	✓	Public	✓						
LEI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
LEI 08	Processes to ensure fund criteria are not breached	✓	Private	✓						
LEI 09	Types of sustainability thematic funds/mandates	✓	Public	✓						
LEI 10	Description of ESG integration	✓	Private	✓						
LEI 11	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 12	Processes to ensure integration is based on robust analysis	✓	Private	✓						
LEI 13	Aspects of analysis ESG information is integrated into	✓	Private	✓						
LEI 14	ESG issues in index construction	🔒	n/a	✓						
LEI 15	How ESG incorporation has influenced portfolio composition	✓	Private	✓						
LEI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	✓	Private	✓						
LEI 17	Examples of ESG issues that affected your investment view / performance	-	n/a	✓						
LEI 18	Disclosure of approach to ESG incorporation	✓	Public		✓				✓	

Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	✓	Private		✓					
LEA 02	Reasoning for interaction on ESG issues	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 04	Objectives for engagement activities	✓	Public		✓					
LEA 05	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 06	Objectives for engagement activities	✓	Public		✓					
LEA 07	Role in engagement process	🔒	n/a		✓		✓			
LEA 08	Monitor / discuss service provider information	🔒	n/a		✓				✓	
LEA 09	Share insights from engagements with internal/external managers	✓	Private	✓	✓					
LEA 10	Tracking number of engagements	✓	Public		✓					
LEA 11	Number of companies engaged with, intensity of engagement and effort	✓	Private		✓					
LEA 12	Engagements on E, S and/or G issues	✓	Private		✓					
LEA 13	Companies changing practices / behaviour following engagement	✓	Private		✓					
LEA 14	Examples of ESG engagements	✓	Private		✓					
LEA 15	Disclosure of approach to ESG engagements	✓	Public		✓				✓	
LEA 16	Description of approach to (proxy) voting	✓	Private		✓					
LEA 17	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 18	Percentage of voting recommendations reviewed	🔒	n/a		✓					
LEA 19	Confirmation of votes	✓	Private		✓					
LEA 20	Securities lending programme	✓	Private		✓					
LEA 21	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 22	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 23	Proportion of ballot items that were for/against/abstentions	✓	Private		✓					
LEA 24	Shareholder resolutions	✓	Private		✓					
LEA 25	Examples of (proxy) voting activities	✓	Private		✓					
LEA 26	Disclosing voting activities	✓	Public		✓				✓	

Direct - Fixed Income				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
FI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Private	✓						
FI 02	Breakdown of investments by credit quality	✓	Private							✓
FI 03	Description of ESG incorporation	✓	Private	✓						
FI 04	Percentage of each incorporation strategy	✓	Public	✓						
FI 05	Type of ESG information used in investment decision	✓	Private	✓						
FI 06	Types of screening applied	✓	Public	✓						
FI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
FI 08	Processes to ensure fund criteria are not breached	✓	Private	✓						
FI 09	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
FI 10	Description of ESG integration	🔒	n/a	✓						
FI 11	Review of ESG issues while researching companies/sectors	🔒	n/a	✓						
FI 12	Processes to ensure integration is based on robust analysis	🔒	n/a	✓						
FI 13	Incorporation of ESG issues into analysis and decision making	✓	Public	✓						
FI 14	ESG issues in index construction	🔒	n/a	✓						
FI 15	How ESG incorporation has influenced portfolio composition	✓	Private	✓						
FI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	✓	Private	✓						
FI 17	Examples of ESG issues that affected your investment view / performance	✓	Private	✓						
FI 18	Disclosure of approach to ESG incorporation	✓	Public		✓				✓	
FI 19	Engagement with corporate issuers	✓	Private		✓					
FI 20	Engagement with government issuers	✓	Private		✓					

# BNP Paribas Investment Partners

## Reported Information

## Public version

## Organisational Overview

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## Basic Information

OO 01	Mandatory	Gateway/Peering	General
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**OO 01.1** Select the services you offer.

☒ Fund management

% of assets under management (AUM) in ranges

- ☐ <10%  
☐ 10-50%  
☒ >50%

☒ Fund of funds, manager of managers, sub-advised products

% of assets under management (AUM) in ranges

- ☒ <10%  
☐ 10-50%  
☐ >50%

☐ Other, specify

☐ Execution and advisory only services

OO 02	Mandatory	Peering	General
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**OO 02.1** Select the location of your organisation's headquarters.

France

**OO 02.2** Indicate the number of countries in which you have offices (including your headquarters).

- ☐ 1  
☐ 2-5  
☐ 6-10  
☒ >10

**OO 02.3** Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

3200

OO 03	Mandatory	Descriptive	General
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**OO 03.1**

Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

☒ Yes

**OO 03.2**

List your subsidiaries that are separate PRI signatories and indicate if you would like to report their RI activities in your organisation's consolidated report.

Name of PRI signatory subsidiary	RI implementation reported here on a consolidated basis
CAM Gestion	<input checked="" type="radio"/> Yes <input type="radio"/> No
Impax AM	<input type="radio"/> Yes <input checked="" type="radio"/> No
	<input type="radio"/> Yes <input type="radio"/> No
	<input type="radio"/> Yes <input type="radio"/> No
	<input type="radio"/> Yes <input type="radio"/> No
	<input type="radio"/> Yes <input type="radio"/> No

☐ No

**OO 03.3**

Additional information. [Optional]

BNP Paribas Asset Management has been a UNPRI signatory since 2006; BNP Paribas Investment Partners since 2011.

**OO 04**

**Mandatory**

**Gateway/Peering**

**General**

**OO 04.1**

Indicate the year end date for your reporting year.

31/12/2013

**OO 04.2**

Indicate your total AUM at the end of your reporting year.

	trillions	billions	millions	thousands	hundreds
Total AUM		479	000	000	000
Currency	EUR				
Assets in USD		630	935	968	703

**OO 04.3** Indicate the level of detail you would like to provide about your asset class mix.

- ☐ Approximate percentage breakdown to the nearest 5% (e.g. 45%)
- ☒ Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

OO 06	Mandatory	Descriptive	General
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**OO 06.1** To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

- ☒ Publish our asset class mix as broad ranges

	Internally managed (%)	Externally managed (%)
Listed equity	10-50%	<10%
Fixed income – corporate	10-50%	<10%
Fixed income – government	10-50%	<10%
Fixed income – other	10-50%	<10%
Private debt	<10%	<10%
Private equity	<10%	<10%
Property	<10%	<10%
Infrastructure	<10%	<10%
Commodities	<10%	<10%
Hedge funds	<10%	<10%
Forestry	<10%	<10%
Farmland	<10%	<10%
Inclusive finance	<10%	<10%
Cash	10-50%	<10%

Other (1), specify	10-50%	<10%
Other (2), specify	<10%	<10%

	'Other (1)' specified
--	-----------------------

Balanced

	'Other (2)' specified
--	-----------------------

Alternative + structured + indexed

☐ Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

## Gateway asset class implementation indicators

OO 10	Mandatory	Gateway	General
OO 10.1	<p>Select the responsible investment activities your organisation implemented, directly and/or indirectly, for listed equities in the reporting year.</p> <p><input checked="" type="checkbox"/> We incorporate ESG issues into investment decisions on our internally managed assets</p> <p><input checked="" type="checkbox"/> We address ESG incorporation, engagement and/or (proxy) voting in our external manager selection, appointment and/or monitoring processes</p> <p><input checked="" type="checkbox"/> We engage with companies on ESG issues via our staff, collaborations or service providers</p> <p><input checked="" type="checkbox"/> We cast our (proxy) votes directly or via service providers</p> <p><input type="checkbox"/> None of the above</p>		
OO 10.2	<p>Indicate if your combined internally and externally managed listed equities are 10% or more of your total AUM.</p> <p><input checked="" type="radio"/> Yes, our total listed equities are 10% or more of our total AUM</p> <p><input type="radio"/> No, our total listed equities are less than 10% of our total AUM</p>		
OO 11	Mandatory	Gateway	General

**OO 11.1**

Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.

- ☒ Fixed income – corporate
- ☒ Fixed income – government
- ☒ Fixed Income – other
- ☐ Private debt
- ☐ Private equity
- ☐ Property
- ☐ Infrastructure
- ☐ Commodities
- ☐ Hedge funds
- ☐ Forestry
- ☐ Farmland
- ☐ Inclusive finance
- ☒ Cash
- ☒ Other (1)
- ☐ Other (2)
- ☐ None of the above

'Other (1)' [as defined in OO 05]

Balanced

'Other (2)' [as defined in OO 05]

structured + indexed + alternatives

**OO 11.2**

Indicate if in the reporting year you addressed ESG incorporation and/or active ownership in your external manager selection, appointment and/or monitoring processes in the following externally managed asset classes.

- ☒ Fixed income – corporate
- ☒ Fixed income – government
- ☒ Fixed Income – other
- ☐ Private debt
- ☐ Private equity
- ☐ Property
- ☐ Infrastructure
- ☐ Commodities
- ☐ Hedge funds
- ☐ Forestry
- ☐ Farmland
- ☐ Inclusive finance
- ☒ Cash
- ☒ Other (1)
- ☐ Other (2)
- ☐ None of the above

'Other (1)' [as defined in OO 05]

balanced

'Other (2)' [as defined in OO 05]

structured + indexed + alternatives

**OO 12**
**Mandatory**
**Gateway**
**General**
**OO 12.1**

The modules and sections that you will be required to complete are listed below. They are based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. Note, you are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Direct - Fixed Income and Infrastructure are always voluntary.

**Core modules**

- ☒ Organisational Overview
- ☒ Overarching Approach (including assets which do not have a separate module)

**RI implementation directly or via service providers**

Direct - Listed Equity incorporation

- ☒ Listed Equity incorporation

Direct - Listed Equity active ownership

- ☒ Engagements
- ☒ (Proxy) voting

Direct - Fixed Income

- ☒ Fixed Income - Corporate
- ☒ Fixed Income - Government

Direct - Other asset classes with dedicated modules

**RI implementation via external managers**

Indirect - Selection, Appointment and Monitoring of External Managers

- ☒ Listed Equities
- ☒ Fixed Income - Corporate
- ☒ Fixed Income - Government
- ☒ Fixed Income - Other
- ☒ Cash
- ☒ Other (1)

**Closing module**

- ☒ Closing module

**Note:** Please make sure your response to this indicator is complete and confirmed before you progress. Your response will determine which tailored modules and sections you will be presented with.

# BNP Paribas Investment Partners

## Reported Information

## Public version

## Overarching Approach

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## Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General
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**OA 01.1** Indicate if you have a responsible investment policy.

☒ Yes

☐ No

**OA 01.2** Indicate if you have other guidance documents or more specific policies related to responsible investment.

☒ Yes

☐ No

**OA 01.3**

Provide a brief description of the key elements of your responsible investment policy or, if you do not have a policy, of your overall approach to responsible investment. [Optional]

In 2012 our Executive Committee decided to position BNPP IP as a leading Responsible Asset Manager

Our CEO Philippe Marchessaux communicated the ambition internally and externally: « Invest for tomorrow - Invest for a changing world », 01/25/2012

Being a Responsible Investor is an ambition embedded in our Corporate Social Responsibility (CSR) policy.

Our CSR strategy is based on two pillars:

- « What we are »: Corporate Responsibility
- « What we do » : Responsible Investments

Why BNPP IP became a Responsible Investor?

Because we need to fulfill and anticipate our clients' expectations

Because BNPP IP endorsed the Principles for Responsible Investment (supported by the United Nations) (BNPP AM is one of the founding signatories of UNPRI in 2006).

Because of BNP Paribas Group's commitment to sustainable development

BNPP IP adopted a responsible investment policy in 2012.

It can be split in 3 main objectives:

- Responsible Ownership: to exercise our voting rights at AGMs to foster high corporate governance standards, and good social and environmental practices.
- Progressive integration of ESG standards in all our investment processes
- Sector-specific ESG standards to monitor our investment in sensitive activities (reputational risk)

On top of this, BNPP IP promotes SRI solutions and has been developing a range of funds amounting for a total of 20 billion euros under management and advisory.

1) Responsible ownership :

Each investment partner must define and implement a voting policy.

Each voting policy must be consistent with some guidelines divided in four themes:

Approval of reports and accounts

Financial operations

Executive appointments and remuneration

Others issues (e.g. related-party transactions)

These guidelines are public and detailed in BNPP IP Responsible Investment Policy (see intranet)

Local market conditions are taken into account in each voting policy

## 2) Progressive integration of ESG standards:

ESG standards based on the 10 UN Global Compact (UN GC) Principles

The UN GC is a shared framework recognized worldwide applicable to all economic sectors

Our aim is to avoid investing in those companies that are associated with serious and repeated breaches of the UN GC Principles:

By excluding from our investments those companies; and

By encouraging compliance through engagement

## 3) Sector-specific ESG standards:

In addition, BNPP IP implements a series of ESG standards related to investments in controversial sectors and products.

The aim is not to exclude some activities from our investments but to define mandatory requirements in line with voluntary industry standards.

BNPP IP has developed a set of criteria to assess companies operating in sensitive activities.

Each set of criteria provides us a defined framework to engage with companies in a fructiferous dialogue.

--> Aim to foster good practices in sensitive activities

Sector policies governing financing and investments (as of March 2014):

Controversial weapons (Dec. 2010)

Palm oil (Dec. 2010) and Wood pulp (Sept. 2011)

Nuclear power generation (Feb. 2011)

Coal-fired power generation (Sept. 2011)

Mining (2013)

Tar sands (2013)

Position paper on essential agricultural commodities (July 2011)

Goods and activities on exclusion list (Dec 2011)

OA 02	Mandatory	Core Assessed	PRI 6
OA 02.1	Indicate if your responsible investment policy is publicly available.		
<input checked="" type="radio"/> Yes			
OA 02.2	Provide a URL to your responsible investment policy.		

URL
-----

[http://www.bnpparibas-ip.fr/publications/documents/other/IP/documentlist/csr/20131101\\_bnppip-responsible-investment-policy\\_eng\\_fre.pdf](http://www.bnpparibas-ip.fr/publications/documents/other/IP/documentlist/csr/20131101_bnppip-responsible-investment-policy_eng_fre.pdf)

☐ No

<b>OA 02.3</b>	Indicate if your other policies or guidance documents related to responsible investment are publicly available.
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☒ Yes

☒ Yes, all

☐ Yes, some

<b>OA 02.4</b>	List these other policies or guidance documents related to responsible investment that are publicly available and their URLs.
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Policy or document name	URL
Proxy voting policy	<a href="http://www.bnpparibas-ip.fr/publications/documents/other/IP/static/voting-policy/governance-and-voting-principles-2013_fre.pdf">http://www.bnpparibas-ip.fr/publications/documents/other/IP/static/voting-policy/governance-and-voting-principles-2013_fre.pdf</a>
Sector policy: controversial weapons	<a href="http://comprese.bnpparibas.com/applis/wCorporate/wCorporate.nsf/docsByCode/LDIO-8CJESM/\$FILE/Politique%20Sectorielle%20Defense.pdf">http://comprese.bnpparibas.com/applis/wCorporate/wCorporate.nsf/docsByCode/LDIO-8CJESM/\$FILE/Politique%20Sectorielle%20Defense.pdf</a>
Sector policy: palm oil	<a href="http://comprese.bnpparibas.com/applis/wCorporate/wCorporate.nsf/docsByCode/LDIO-8CJESM/\$FILE/Politique%20Sectorielle%20Huile%20de%20palme.pdf">http://comprese.bnpparibas.com/applis/wCorporate/wCorporate.nsf/docsByCode/LDIO-8CJESM/\$FILE/Politique%20Sectorielle%20Huile%20de%20palme.pdf</a>
Sector policy: pulp paper	<a href="http://comprese.bnpparibas.com/applis/wCorporate/wCorporate.nsf/docsByCode/JTAN-8LNB89/\$FILE/Politique%20sectorielle%20p%C3%A2te%20C3%A0%20papier%202011%2009%2012.pdf">http://comprese.bnpparibas.com/applis/wCorporate/wCorporate.nsf/docsByCode/JTAN-8LNB89/\$FILE/Politique%20sectorielle%20p%C3%A2te%20C3%A0%20papier%202011%2009%2012.pdf</a>
Sector policy: nuclear energy	<a href="http://comprese.bnpparibas.com/applis/wCorporate/wCorporate.nsf/docsByCode/JTAN-8LNB89/\$FILE/CSR%20nuclear%20power%202011%2009%2012.pdf">http://comprese.bnpparibas.com/applis/wCorporate/wCorporate.nsf/docsByCode/JTAN-8LNB89/\$FILE/CSR%20nuclear%20power%202011%2009%2012.pdf</a>
Sector policy: coal-fired power plants	<a href="http://comprese.bnpparibas.com/applis/wCorporate/wCorporate.nsf/docsByCode/JTAN-8LNB89/\$FILE/Politique%20sectorielle%20charbon%202011%2009%2012.pdf">http://comprese.bnpparibas.com/applis/wCorporate/wCorporate.nsf/docsByCode/JTAN-8LNB89/\$FILE/Politique%20sectorielle%20charbon%202011%2009%2012.pdf</a>

☐ No

**OA 02.5**

Additional information. [Optional]

Philippe Marchessaux, BNPP IP CEO, statement: [http://www.bnpparibas-ip.fr/publications/documents/other/IP/documentlist/csr/20121109\\_csr-charte\\_fre.pdf](http://www.bnpparibas-ip.fr/publications/documents/other/IP/documentlist/csr/20121109_csr-charte_fre.pdf)

**OA 03**

**Mandatory**

**Core Assessed**

**PRI 1,2**

**OA 03.1**

Indicate the components/types and coverage of your responsible investment policy and guidance documents.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> (Proxy) voting policy <input checked="" type="checkbox"/> Engagement/active ownership policy <input checked="" type="checkbox"/> Specific guidelines on corporate governance <input checked="" type="checkbox"/> Specific guidelines on environmental issues <input checked="" type="checkbox"/> Specific guidelines on social issues <input type="checkbox"/> Asset class-specific guidelines <input checked="" type="checkbox"/> Screening/exclusion policy <input checked="" type="checkbox"/> Other, specify <b>watchlist of companies</b> <input type="checkbox"/> Other, specify	<input type="radio"/> Applicable policies cover all AUM <input checked="" type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

OA 03.2

Comment on any variations or exceptions in the coverage of your responsible investment policy. [Optional]

We are committed to ensure consistent implementation of our Responsible Investment Policy to all **open-ended funds** managed or delegated by BNP Paribas Investment Partners entities, and, subject to client information or approval where required, segregated accounts and investment mandates (approx 240 Million EUR as of Dec 31, 2013).

Management entities over which BNP Paribas Investment Partners or the BNP Paribas Group do not have operational control are invited to adopt and implement this Policy on a best effort basis. External investment managers are actively monitored and encouraged to adopt similar ESG standards.

In applying our Responsible Investment Policy, we take into account specific circumstances as they relate to the governance, social responsibility, and environmental policies and practices of individual issuers. BNP Paribas Investment Partners bases its judgment on data gathered from issuers and third-party research providers, and does its best to gather relevant information. However, it is dependent on the quality, accuracy and up-to-datedness of information collected.

We strive to implement this Policy in the best interest of our clients and operate at arms' length from the BNP Paribas Group and its subsidiaries or affiliate companies.

Our Responsible Investment Policy is publicly available on BNP Paribas Investment Partners' website and is reviewed regularly in order to reflect the evolution of ESG standards and market practices.

OA 04

Mandatory

Core Assessed

General

OA 04.1

Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

☒ Yes

☐ No

## Objectives and strategies

OA 05

Mandatory

Gateway/Core Assessed

General

OA 05.1

Indicate if your organisation sets objectives for its responsible investment activities.

☒ Yes

OA 05.2

Indicate how frequently your organisation sets or revises objectives for responsible investment.

☒ At least once per year

☐ Less than once per year

**OA 05.3**

Indicate how frequently your organisation formally reviews performance against its objectives for responsible investment.

- ☐ Quarterly
- ☐ Biannually
- ☒ Annually
- ☐ Every two years or less
- ☐ It is not reviewed
- ☐ No

**OA 05.4**

Additional information. [Optional]

BNPP IP responsible investment policy is updated and validated by BNPP IP's CIO twice a year.

An update of the UN Global compact exclusion and watch lists is done twice a year and validated by BNPP IP's CIO.

Sector policies are updated on a yearly basis in coordination with BNPP Group.

BNPP AM and partners voting policies are updated on a yearly basis. A reporting of the voting season is done at year end every year.

The implementation of the responsible investment policy is reviewed every week in a transversal committee called Responsibility in action and composed of Gaetan Obert (Head of SRI/ESG), Helena Vines Fiestas (Head of Sustainability Research, Jacky Prudhomme (Head of ESG integration), Beatrice Verger (Head of SRI promotion and development.) and Sonia Liman (Head of CSR communication).

concerning SRI managed funds, the SRI investible universes are updated every month through the release of a SRI buy list sent to all the SRI portfolio managers by the Sustainability research team.

## Governance and human resources

**OA 08****Mandatory****Gateway/Core Assessed****General****OA 08.1**

Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.

## Roles present in your organisation

- ☐ Board members or trustees
- ☒ Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
- ☒ Oversight/accountability for responsible investment
  - ☒ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Other Chief-level staff or head of department, specify
- Gaetan Obert, Head of RI**
- ☒ Oversight/accountability for responsible investment
  - ☒ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Portfolio managers
- ☐ Oversight/accountability for responsible investment
  - ☒ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Investment analysts
- ☐ Oversight/accountability for responsible investment
  - ☒ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Dedicated responsible investment staff
- ☒ Oversight/accountability for responsible investment
  - ☒ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☐ External managers or service providers
- ☒ Other role, specify
- risk function**
- ☒ Oversight/accountability for responsible investment
  - ☒ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☐ Other role, specify

**OA 08.2**

Indicate the number of dedicated responsible investment staff your organisation has. [Optional]

Number

100



**OA 08.3**

Additional information. [Optional]

see OA 07.1 +

The number of 100+ people is both for the ESG integration (40+ ESG correspondents worldwide + 1 head of ESG integration) and SRI funds management and development (portfolio managers, sustainability research team, products specialists).

The responsibility in action task force can rely on a network of 40+ ESG correspondents worldwide in all the investment centers. Their responsibility, under the coordination made by Jacky Prudhomme, Head of ESG Integration, is to diffuse BNPP IP responsible investment policy and the corresponding exclusion lists, to centralise all the ESG-related questions of the portfolio managers and to send them to Jacky, and last but not least to be intermediate with the portfolio managers to organise the ESG engagement campaign with the issuers.

## Promoting responsible investment

**OA 10****Mandatory****Core Assessed****PRI 4,5****OA 10.1**

Indicate if your organisation is a member of and/or participant in any collaborative organisation or initiatives that promote responsible investment.

☒ Yes

**OA 10.2**

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

**Select all that apply**

- ☐ Asian Corporate Governance Association
- ☐ Association for Sustainable & Responsible Investment in Asia
- ☐ Australian Council of Superannuation Investors
- ☒ CDP Climate Change

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☒ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Commitment taken by BNP Paribas Group

- ☐ CDP Forests
- ☐ CDP Water
- ☐ CFA Institute Centre for Financial Market Integrity
- ☐ Council of Institutional Investors (CII)
- ☐ Eumedion
- ☒ Extractive Industries Transparency Initiative (EITI)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☒ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Commitment taken by BNP Paribas Group

- ☐ Global Investors Governance Network (GIGN)
- ☒ Global Real Estate Sustainability Benchmark (GRESB)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☒ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

We are active members, we are in constant contact with GRESB and are developing an engagement strategy alongside members.

- ☒ Institutional Investors Group on Climate Change (IIGCC)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☐ Moderate
- ☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

We are active members at IIGCC in two working groups: corporate and property working group. We have organised and host events, co-written papers and conduct engagement at corporate and at EU level.

☒ Interfaith Center on Corporate Responsibility (ICCR)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☒ Basic
- ☐ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

We are signatories and actively collaborate in one of their initiatives - the investor support to the Accord.

☒ International Corporate Governance Network (ICGN)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☒ Basic
- ☐ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Signatories & participate in their conferences.

- ☐ Investor Group on Climate Change, Australia/New Zealand (IGCC)
- ☐ Investor Network on Climate Risk (INCR)/CERES
- ☐ Local Authority Pension Fund Forum
- ☒ Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☒ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Signatories. We actively participate in a handful of the clearinghouse engagement initiatives e.g. PRI labour standards in agricultural supply chains; PRI fracking; and supportive in others e.g. PRI for RIO.

- ☒ Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify

Eurosif and French SIF

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☒ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

We are members and active in certain areas e.g. we are part of the lobbying and policy group at EUROSIF.

- ☐ Shareholder Association for Research and Education (Share)
- ☒ United Nations Environmental Program Finance Initiative (UNEP FI)

Your organisation's role in the initiative during the reporting period (see definitions)
--

- ☐ Basic  
☐ Moderate  
☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
--

We are active members at the property working group. We have co-written papers and conduct engagement at at EU level.

☒ United Nations Global Compact

Your organisation's role in the initiative during the reporting period (see definitions)
--

- ☐ Basic  
☒ Moderate  
☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
--

BNP Paribas Group is a signatory. And BNPP IP has adopted the respect of the UN Global Compact principles as a requirement for all the company we invest in.

☒ Other collaborative organisation/initiative, specify

AFG (French Association of Asset Managers)

Your organisation's role in the initiative during the reporting year (see definitions)
--

- ☐ Basic  
☐ Moderate  
☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

We are active member of the SRI commission.

We head the ESG integration working group.

☒ Other collaborative organisation/initiative, specify

EFAMA (European Federation of Asset Managers)

Your organisation's role in the initiative during the reporting year (see definitions)

☐ Basic

☐ Moderate

☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

We are active members of the SRI commission.

Christian Dargnat, BNPP IP's CIO is Chairman of EFAMA and has decided to make responsible investment a strategic priority in his mandate at EFAMA.

☐ Other collaborative organisation/initiative, specify

☐ Other collaborative organisation/initiative, specify

☐ No

OA 11

Mandatory

Core Assessed

PRI 4

OA 11.1

Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

☒ Yes

**OA 11.2**

Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

- ☒ Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- ☒ Provided financial support for academic or industry research on responsible investment
- ☒ Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- ☒ Spoke publicly at events and conferences to promote responsible investment
- ☒ Wrote and published in-house research papers on responsible investment
- ☒ Encouraged the adoption of the PRI
- ☒ Other, specify

Series of ESG focus conferences: the "Sustainable Development circle"

☐ No

**OA 11.3**

Additional information. [Optional]

BNPP IP established some years ago a learning programme run by a dedicated team, we call it the "investment academy". Their role is double fold: to provide training for clients as well as internal staff and key stakeholders, e.g. investment consultants. Since a bit more than a year a session on Sustainable Investment as a whole is included in all training sessions. In London, in collaboration with BNPParibas CIB we have launched a series of raising awareness conferences, run by a committee specially created under the name of Sustainable Capital Markets Committee; of which the sustainable research team is along representatives from different business lines.

We have participated at several conferences to promote responsible investment e.g. at New York, London, Amsterdam and Rotterdam, and in Paris.

We also host a PhD finance working on SRI financial materiality.

BNPP IP also releases ESG/SRI related newsflow and articles in its internal and external magazines and newsletters.

Last but not least, BNPP IP organizes ESG related conferences in the framework of le Cercle du Développement durable/the sustainable development circle mixing hosting external experts and internal specialists and talking about our modern Society's main ESG challenges and solutions that can be provided.

# BNP Paribas Investment Partners

## Reported Information

### Public version

#### Indirect – Manager Selection, Appointment and Monitoring

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.



## Overview

SAM 01	Voluntary	Descriptive	PRI 1-6
--------	-----------	-------------	---------

<b>SAM 01.1</b>	Provide a brief description of how your organisation includes responsible investment considerations in your investment manager selection, appointment and monitoring processes.
-----------------	---

BNP Paribas Investment Partners (BNPP IP) uses advisory services of FundQuest Advisor (FQA) for the selection, appointment and monitoring of external managers and funds (external to BNP Paribas group). FQA is a 100% owned BNPP IP subsidiary and is the fund selection arm of the group, with a focus on long only investment products invested in listed securities. FQA provides recommendations for the selection of external managers to BNPP IP mostly:

For the delegation of management of BNPP IP products (white labelling). In those cases of external delegation of internal funds, each external manager is encouraged to respect the minimum ESG practises implemented by BNPP IP (notably through the exclusion of a list of companies that do not respect UN Global Compact principles, or involved in controversial activities/business).

For multi-management products invested in external funds. FQA provides buy-lists of external funds in which BNP Paribas Asset Management/BNPP IP funds of funds can invest. In those cases, FQA gathers information about Responsible Investment policies applied by external managers under review, and has developed a screening and scoring methodology regarding ESG and SRI practises applied. The implementation of this ESG scoring system for each external fund selected is currently under progress.

SAM 02	Mandatory	Core Assessed	PRI 4
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<b>SAM 02.1</b>	Indicate if your organisation uses investment consultants and/or fiduciary managers in the selection, appointment and/or monitoring of external managers.
-----------------	---

☒ Yes

<b>SAM 02.2</b>	Indicate how your organisation uses investment consultants and/or fiduciary managers in the selection, appointment and/or monitoring of external managers. [Optional]
-----------------	---

☒ We use investment consultants in our selection and appointment of external managers

Asset class
-------------

- ☒ Listed Equity (LE)
- ☒ Fixed income - corporate (FIC)
- ☒ Fixed income - government (FIG)
- ☐ Private equity (PE)
- ☐ Infrastructure (INF)
- ☐ Property (PR)
- ☐ Other asset classes
- ☒ We use investment consultants in our monitoring of external managers

Asset class
-------------

- ☒ Listed Equity (LE)
- ☒ Fixed income - corporate (FIC)
- ☒ Fixed income - government (FIG)
- ☐ Private equity (PE)
- ☐ Infrastructure (INF)
- ☐ Property (PR)
- ☐ Other asset classes
- ☐ We use fiduciary managers

<b>SAM 02.3</b>	Indicate if your organisation considers responsible investment in the selection, appointment and/or review processes for investment consultants and/or fiduciary managers.
-----------------	--

- ☐ Responsible investment is included in the selection process for investment consultants
- ☐ Consultants' responsibilities in relation to responsible investment in manager selection, appointment and monitoring processes are included in our contractual agreements with them
- ☒ Responsible investment is considered when reviewing investment consultants' advice on manager selection and performance monitoring
- ☐ We do not consider responsible investment in the selection, appointment and/or review processes for investment consultants.

☐ No

<b>SAM 02.4</b>	Additional information. [Optional]
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As explained in the question 1.1, Fundquest advisor provides investment advisory services on external (non BNP Group funds) funds

<b>SAM 03</b>	<b>Mandatory</b>	<b>Gateway</b>	<b>General</b>
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<b>SAM 03.1</b>	Indicate for which of the following externally managed asset classes your organisation, and/or your investment consultants, consider responsible investment factors in investment manager: (a) Selection, (b) Appointment (investment management agreements/contracts), and (c) Monitoring
-----------------	--

Select all that apply

Asset classes	(a) Selection	(b) Appointment	(c) Monitoring
Listed equity	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Fixed income - corporate	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Fixed income - government	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Fixed income - other	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Cash	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (1) [as defined in Organisational Overview module]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### Listed equity (LE), fixed income corporate (FIC) and fixed income government (FIG)

#### Overview

<b>SAM 05</b>	<b>Mandatory</b>	<b>Gateway</b>	<b>PRI 1,2</b>
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<b>SAM 05.1</b>	Indicate which of the following ESG incorporation strategies you encourage or require your external manager(s) to implement on your behalf:
-----------------	---

	Active investment strategies
--	------------------------------

Active investment strategies	LE	FIC	FIG
Screening	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Thematic	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Integration	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

#### Passive investment strategies

Passive investment strategies	LE	FIC	FIG
Screening	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Thematic	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Integration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

#### SAM 05.2

Indicate if - on your externally managed assets - you engage directly, via service providers, or via your external manager.

	LE	FIC
We engage directly or via service providers on our externally managed assets	<input type="checkbox"/>	<input type="checkbox"/>
We require our external managers to engage on our behalf	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

#### SAM 05.3

Indicate if - on your externally managed listed equities - you cast your (proxy) votes directly, via service providers, or via your external manager.

	<b>LE</b>
We cast our (proxy) votes directly or via service providers on our externally managed assets	<input type="checkbox"/>
We require our external managers to cast our (proxy) votes on our behalf	<input type="checkbox"/>
None of the above	<input checked="" type="checkbox"/>

<b>SAM 05.4</b>	Additional information. [Optional]
-----------------	------------------------------------

Fundquest Advisor assesses how selected external managers incorporate ESG criteria and socially responsible practises into the managEment of their funds. ExTernal funds selected can potentially use very different approaches including screening, thematic or any other methodology combining different iSR approaches. The analys is of those ESG criteria used by recommended external managers is currently in progress within Fundquest Advisor.

When BNPP IP delegates the management of its portfolio, we also delegate the proxy voting to the asset manager. We just ensure the proxy voting is done but we are not yet is a phase were we impose our own proxy voting policy and votes.

When feasible and depending of the type of funds, we also request the delegated AM to comply with our responsible investment lists of exclusion.

## Selection

<b>SAM 06</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 1-6</b>
<b>SAM 06.1</b>	Indicate whether your organisation, and/or your investment consultant, in the manager selection process for listed assets, typically do any of the following:		
	General		

	LE	FIC	FIG
Review the manager's responsible investment policies	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Discuss managers' governance and management of responsible investment activities	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Meet staff with responsible investment responsibilities to assess their skills and competence	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Discuss minimum responsible investment expectations that managers must meet	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Discuss the role managers have played in collaborative initiatives	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Ask whether the organisation is a signatory to the PRI and/or other relevant organisations	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review the manager's responsible investment reporting to clients and/or the public, including PRI reporting	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Discuss the type of ESG reporting you expect	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Assign specific weighting to ESG factors in your manager evaluation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other general aspects in your selection process, specify	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

ESG incorporation

	LE	FIC	FIG
Evaluate the quality and coverage of ESG research used by managers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Assess how the manager incentivises brokers to provide ESG research	<input type="checkbox"/>	n/a	n/a
Assess managers' ESG incorporation strategies and ability to identify and manage ESG issues	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Discuss with managers how ESG issues have impacted specific investment decisions and, where relevant, stock or portfolio performance	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Evaluate index providers' ESG incorporation when designing the index	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other ESG incorporation issues in your selection process, specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<b>SAM 06.2</b>	Provide additional information relevant to your organisation's selection approach for listed assets. [Optional]
-----------------	---

Fundquest advisor is currently implementing a systematic analysis and scoring of ESG practises of recommended external managers.

Even if we don't engage through the delegated AM, FQA nevertheless discuss with the managers about their engagement processes and how the information gained through engagement is incorporated into investment decision-making. The same is done about the manages voting processes.

## Monitoring

<b>SAM 08</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 1</b>
<b>SAM 08.1</b>	Indicate whether your organisation, and/or your investment consultant, in the dialogue and monitoring of your external manager typically do any of the following:		
	General		

	LE	FIC	FIG
Include responsible investment as a standard agenda item at performance review meetings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Highlight examples of good responsible investment practice by other managers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Review the manager's responsible investment reporting, for example PRI-generated responsible investment reports	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Encourage your managers to consider joining responsible investment initiatives/organisations or participate in collaborative projects with other investors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Include responsible investment criteria as a formal component of overall manager performance evaluation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other general aspects of your monitoring, specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

#### ESG incorporation

	LE	FIC	FIG
Request information on ESG incorporation in specific investment decisions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other ways you monitor ESG incorporation, specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If you select any 'Other' option(s), specify

na

#### Communication

SAM 16

Mandatory

Core Assessed

PRI 6



**SAM  
16.1**

Indicate if your organisation proactively discloses any information about responsible investment considerations in your indirect investments.

- ☐ Yes, we disclose information publicly
- ☒ Yes, we disclose information to clients/beneficiaries only

**SAM  
16.3**

Indicate what type of information your organisation proactively discloses to clients and/or beneficiaries about your indirect investments.

- ☒ How responsible investment considerations are included in manager selection, appointment and monitoring processes
- ☒ Details of the responsible investment activities carried out by managers on your behalf
- ☒ E, S and/or G impacts and outcomes that have resulted from your managers' investments and active ownership
- ☐ Other, specify
- ☐ We do not proactively disclose information to the public and/or clients/beneficiaries

# BNP Paribas Investment Partners

## Reported Information

### Public version

#### Direct - Listed Equity Incorporation

## PRI disclaimer

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## ESG incorporation in actively managed listed equities

### Implementation processes

LEI 03

Mandatory

Gateway/Core Assessed

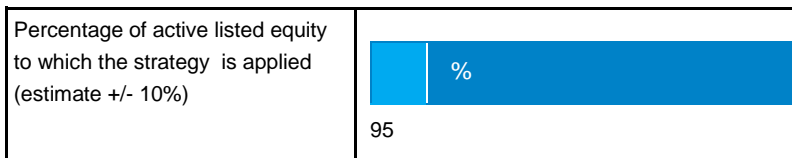
PRI 1

LEI 03.1

Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies.

#### ESG incorporation strategy (select all that apply)

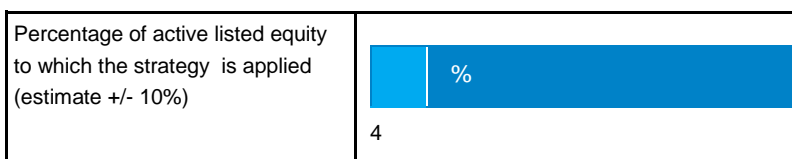
☒ Screening alone (i.e. not combined with any other strategies)



☐ Thematic alone (i.e. not combined with any other strategies)

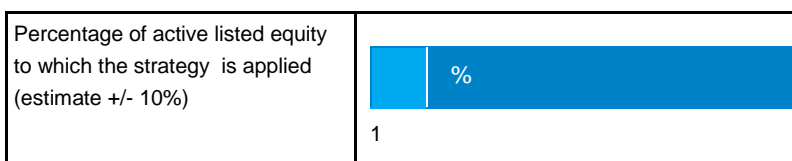
☐ Integration alone (i.e. not combined with any other strategies)

☒ Screening + Integration strategies



☐ Thematic + integration strategies

☒ Screening + thematic strategies



☐ All three strategies combined

☐ No incorporation strategies applied

Total actively managed listed equities

100%

**LEI 03.2**

Describe your primary reasons for choosing a particular ESG incorporation strategy.

BNPP IP applies a responsible investment policy to all its open ended-funds. All the equities are screened using a UN Global filter and a series of exclusion lists for sensitive activities. As of today 109 companies are excluded for not complying to BNPP IP minimum ESG standards.

Next step will be to move towards integration by promoting BNPP IP internal ESG/SRI research in all the investment centers. This has started in 2014 and will continue.

**LEI 03.3**

If assets are managed using a combination of ESG incorporation strategies, describe briefly how these are used in combination. [Optional]

We have developed a series of Socially Responsible Investment (SRI) funds using either Best in class or thematic approach. They of course also comply to BNPP IP responsible investment policy and the exclusion lists.

## (A) Implementation: Screening

**LEI 06****Mandatory****Descriptive****PRI 1****LEI 06.1**

Indicate and describe the type of screening you apply to your internally managed active listed equities.

**Type of screening**

☒ Negative/exclusionary screening

**Screened by**

- ☒ Product
- ☒ Activity
- ☒ Sector
- ☐ Country/geographic region
- ☒ Environmental and social practices and performance
- ☒ Corporate governance

	Description
--	-------------

1) For all funds :

sector policies (palm oil, coal fired power plants, nuclear energy, controversial weapons, mining)

Product: asbestos

ESG practices: minimum ESG standards as requested in the sector policies + compliance with UN Global Compact principles

Corporate Governance: minimum Governance standards as requested in the sector policies + compliances with UN Global Compact

2) For SRI funds: all the above mentioned exclusions + alcohol, tobacco, gambling, pornography, armament sector (if turnover>5% in the activity)

☒ Positive/best-in-class screening

#### Screened by

- ☒ Product
- ☒ Activity
- ☒ Sector
- ☐ Country/geographic region
- ☒ Environmental and social practices and performance
- ☒ Corporate governance

	Description
--	-------------

see above

☒ Norms-based screening

#### Screened by

- ☒ UN Global Compact Principles
- ☒ Universal Declaration of Human Rights
- ☒ International Labour Organization Conventions
- ☒ United Nations Convention Against Corruption
- ☒ OECD Guidelines for Multinational Enterprises
- ☐ Other, specify

Description
-------------

Since 2012, we applied the UN Global Compact Principles as a filter to all the open-ended funds. As a result, we exclude those companies in systematic breach - currently about 30+ companies - from all open funds across BNPP IP. Compliance officers are in charge of ensuring the exclusion list are respected by the portfolio managers.

[http://www.bnpparibas-ip.com/publications/documents/other/IP/documentlist/csr/20131101\\_bnppip-responsible-investment-policy\\_eng.pdf](http://www.bnpparibas-ip.com/publications/documents/other/IP/documentlist/csr/20131101_bnppip-responsible-investment-policy_eng.pdf)

As part of the UN Global Compact filter, we screen more than 5000 companies for their complying with Universal Declaration of Human Rights, the International Labour Organization Conventions, the United Nations Convention Against Corruption and the OECD Guidelines for Multinational Enterprises

UN Global Compact filter:

The following principles govern the implementation of ESG Standards in investment processes:

1. Investment universes are periodically screened with a view to identify issuers that are potentially in breach of UN Global Compact Principles and/or mandatory requirements applicable to controversial sectors and products.
2. This assessment is conducted by our SRI/ESG Research Team on the basis of internal analysis and information provided by external experts (Sustainalytics) and in consultation with BNP Paribas Group CSR Team.
3. As a result from this process, BNPP IP establishes and maintains two lists:
  - ☐ an exclusion list of issuers that are associated with serious and repeated breaches of UN Global Compact Principles and/or mandatory requirements related to controversial sectors and products.
  - ☐ a watchlist of issuers that are at risk of breaching ESG standards and with whom we engage in a dialogue in order to encourage improvements.
4. The exclusion and watchlists are communicated by CIOs to investment teams on a regular basis and are reviewed twice a year. As a result, investment teams should not initiate new investments in excluded companies with immediate effect. Existing investments should be divested from relevant portfolios based market conditions but not later than one month after communication by CIOs.
5. The exclusion list applies to all open-ended funds managed by BNP Paribas Investment Partners entities, with the exception of portfolios which replicate the composition of indices (eg ETFs and indexed funds). Exceptions may also be granted in cases where exclusions from actively managed portfolios would result in significant market risk versus the benchmark.
6. The exclusion list applies to all types of securities (equities, bonds, convertible bonds) issued by aforementioned companies, as well as bonds issued by related financial vehicles. It also applies to participation notes and derivatives issued by third-parties on such securities. These restrictions apply to securities negotiated on primary and secondary markets, as well as OTC instruments.
7. Pre-trade and post-trade compliance checks are conducted by Investment Compliance teams to ensure that exclusions lists are implemented by all relevant portfolios.

#### Sector specific minimum ESG standards:

In addition to the UN Global Compact principles, BNP Paribas Investment Partners implements a series of ESG standards related to investments in controversial sectors and products. These standards are consistent with sector policies adopted by the BNP Paribas Group and cover the following areas:

- ☐ **Palm oil and Wood Pulp** The aim is to encourage the production of sustainable palm oil and wood pulp by investing only in companies that meet minimum environmental and social standards. Consequently, companies that do NOT adhere to such minimum standards (eg by converting protected areas into palm oil and wood plantations, or using child/forced labour) should not be invested in.
- ☐ **Nuclear.** The objective is to ensure that we invest in companies that operate in countries with a proper legal framework, use appropriate technologies and adopt adequate health& safety monitoring and accident prevention measures.
- ☐ **Coal-fired Power Generation.** The aim is to ensure that we invest in utility companies that decrease their CO2 intensity by operating more efficient coal-fired power stations and diversifying to cleaner sources of electricity generation.
- ☐ **Controversial weapons.** The objective is to ensure that we do not invest in companies involved in the production, trading and storage of controversial weapons. These include cluster ammunition and antipersonnel landmines, chemical and biological weapons, and nuclear/depleted uranium weapons. Most of these weapons are covered by international conventions and investments are already prohibited in some jurisdictions.
- ☐ **Asbestos.** The objective is to ensure that we do not invest in companies involved in the extraction or production of asbestos fibers banned today in more than 50 countries.
- ☐ **Mining:** the objective is to ensure that we do not invest in companies that use Mountain Top Removal (MTR) technics or with low ESG standards and practices.

For each area, the sections below contain background information and key definitions on activities and companies concerned. Investment criteria addressing the main ESG issues and are split into two categories:

- ☐ **Mandatory requirements** are to be understood as *sine qua non*: those have to be met without exception for BNPP IP to invest in a company.
- ☐ **Evaluation criteria** provide a framework for further contextual analysis and dialogue with companies, based on which BNPP IP may decide not to invest even if mandatory requirements are met.

The sector policies are reviewed once a year by BNPP Group with help of external and internal experts and also integrates the feedback of the engagement results.

BIC funds select those companies that best perform in term of ESG. All companies within a given sector are benchmark against a set up of ESG indicators - developed by our in-house research team -. The best performers (top 2/3 ) are included in the investment universe; in other words, the bottom one third is excluded. The same occurs for countries and supranationals.

The other type of SRI fund we have are thematic. Each thematic fund will aim to invest in different activities and/or themes. They are "solution oriented" and normally either social or environmental. For these sectors and activities are closely scrutinised, and many excluded e.g. Green Tigers an environmental fund will only invest in 6 themes, and specific policies are applied e.g. 1st generation biofuels are excluded but not 2nd, etc.



LEI 07	Mandatory	Core Assessed	PRI 1
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LEI 07.1	Indicate which processes your organisation uses to ensure that screening is based on robust analysis.
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- ☒ Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- ☒ Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☐ External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- ☒ Company ESG information/ratings are updated regularly to ensure that portfolio holdings comply with fund policies
- ☐ A committee or body with representatives independent of the individuals who conduct company research reviews some or all screening decisions
- ☐ A periodic review of the quality of the research undertaken or provided is carried out
- ☒ Other, specify  
Participation of the Portfolio Managers; one-to-one interviews with companies.
- ☐ None of the above

LEI 07.2	Additional information. [Optional]
----------	------------------------------------

All economic sectors are grouped into 10 sector categories. Each sector is reviewed annually on the same date. The purpose of the sector review is to benchmark all companies within a sector against a set of ESG indicators. Those indicators are chosen by the sector analysts after in-depth research and analysis undertaken by the analyst but based on an ample pool of sources. For all European equities, a one-to-one meeting or conference call is conducted with each company to doublecheck, verify and discuss findings and data. In many cases, discussions are followed by email exchanges.

There are 10 sector reviews a year - one per sector; well prior the review a meeting is set up with fund managers and financial analysts where the analyst presents an overview of the key ESG drivers that will be analysed - including the weighting breakdown between environmental, social and governance issues - in the coming sector review.

Once the analysis is completed, an ESG score and a ranking is given to each company of the sector in which BNPP IP invests or has an interest - incl. non-listed companies within the fixed income universe, large and medium caps, etc. The results are presented formally to fund managers and financial analysts.

The analyst will monitor and follow the sector, and the companies within it, during the entire year. When a company faces a relevant change and/or controversy the company is put under surveillance and a meeting is set up with the company following which, and the research done, the analyst will change or not the company's score, rating and inclusion in SRI funds.

## (B) Implementation: Thematic

LEI 09	Mandatory	Descriptive	PRI 1
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LEI 09.1	Indicate the type of sustainability thematic funds or mandates that your organisation manages.
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- ☒ Environmentally themed funds
- ☒ Socially themed funds
- ☐ Combination of themes

LEI 09.2	Describe your organisation's processes for sustainability thematic funds. [Optional]
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All thematic funds generally speaking follow a three- step process:

Controversies screening.

All companies are thoroughly analysed in order to ensure that they have not been involved in controversies due to poor practices

Companies that pass this first screen are compliant to the UN Global Compact and BNPP IP sector policies

ESG scoring

All companies are evaluated according to an ESG scoring process to ensure that they are actively involved with the performance of their Environmental, Social and Governance practices

This filter eliminates the bad ESG performers

Be part of the solution

Environmental or Social screen (depending on the fund) follows the guidelines set in our internal Sustainability Thematic Handbook, which outlines the activities and business models that are investable for each sustainable strategy and potential controversies that may arise in any given sector . The handbook describes in detail the policies applied e.g. biofuels first generation will be excluded except that generated from sugar cane. It also specifies all the activities included in detail. For example, in energy efficiency there are three themes included: building energy efficiency, industrial and power. For each one, there is a specific list of which technologies are included and the conditions they need to cover (ex. Detailed below in additional information).

Companies must have coherent activities and a turnover of min. 20% in the identified themes or 40% if they are suppliers in the value chain

**Example. Building Energy Efficiency****Activities/ Products covered:****Sustainable Building Insulation**

Insulation building materials or technologies: that save energy consumption, protects from humidity and reduces heat lost. It includes insulation of roofs, facade, ground floors, clever floors, cellar ceilings, walls, double and triple-glazing glass/windows.

Sustainable Materials : Building materials made of recycling materials (more than 50%) and/or provide specific thermal, acoustic advantages and/or are low waste and high recyclability. It includes wood > 80 % certified wood, and specific types of bricks & blocks e.g. Eco-brick.

Heating and cooling solutions: Heating equipment efficiency, technologies and improvements on heat pumps; Efficient HVAC systems, Combined Heat and Power (CHP) technologies; solar thermal and thermal storage and applications; thermostatic valves to control heating and ventilation.

Energy building control technologies: Intelligent energy metering and advance metering systems (e.g. smart grid D-side, sensors). Intelligent control systems that communicate with building energy management systems, centralised and integrated control systems that benchmark and self-diagnose problems, while facilitating the integration of complementary systems (e.g. hybrid solar thermal/heat pump systems) and communicating upstream to utilities. Power conversion and motor control: reducing standby power, lowering heat loss in supplies, variable speed drives.

Renewable Energy Systems: e.g. solar modules, building Integrated Photovoltaic (BIP) and other energy systems.

Efficient lighting: Light fixtures and lamps, such as CFLs and LEDs (or superior performance), that consume substantially less energy than conventional incandescent for domestic and building lighting (75 and 66% respectively). LED value chain.

Energy Efficiency Products: Key residential building products that consume substantially less energy than average and/or are design to use energy more efficiently than average.

**Eligibility criteria:**

At least 20% turnover FY generated in above mentioned activities and with at least 40 % of the company's sales to the building and housing sector for those themes (incl. products and services) that do not fall exclusively in the real estate industry (e.g. solar).

**(C) Implementation: Integration of ESG issues**

LEI 11

Mandatory

Core Assessed

PRI 1

**LEI 11.1**

Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.

ESG issues	Coverage/extent of review on these issues
Environmental	<input checked="" type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input checked="" type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

**LEI 11.2**

Additional information. [Optional]

As explained above, the Sustainability Research Team analyses all sectors within the economy (incl. Tobacco or defense even when they are excluded for SRI funds) , and scores on ESG all companies (World Developed Markets) and ranks them each against their peers from the same geographical area (Europe - analysis which includes a discussion with the company - ; North America and Asia Pacific - Japan, Singapore, Australia and New Zealand). This analysis includes, of course, companies' exposure and management of any controversial matter.

For non-Developed Markets companies that are not included in an SRI fund, the analysis is based on whether or not they comply with the UN GC principles and the controversies linked to the principles they might face.

## Communication

**LEI 18**

**Mandatory**

**Core Assessed**

**PRI 2,6**

**LEI 18.1**

Indicate if your organisation proactively discloses information on your approach to ESG incorporation in listed equity.

☒ We disclose it publicly

Provide URL

[http://www.bnpparibas-ip.com/central/csr/csr-responsible-asset-manager.page?l=eng&p=IP\\_XX-NSG](http://www.bnpparibas-ip.com/central/csr/csr-responsible-asset-manager.page?l=eng&p=IP_XX-NSG)

**LEI 18.2**

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

- ☐ Yes  
☒ No

**LEI 18.3**

Indicate the information your organisation proactively discloses to clients/ beneficiaries and/or the public regarding your approach to ESG incorporation.

Reporting to public	Reporting to clients/beneficiaries
<input type="radio"/> Broad approach to ESG incorporation <input checked="" type="radio"/> Detailed explanation of ESG incorporation strategy used	<input type="radio"/> Broad approach to ESG incorporation <input checked="" type="radio"/> Detailed explanation of ESG incorporation strategy used

**LEI 18.4**

Indicate how frequently you typically report this information.

Reporting to public	Reporting to clients/beneficiaries
<input type="radio"/> Quarterly or more frequently <input checked="" type="radio"/> Between quarterly and annually <input type="radio"/> Less frequently than annually <input type="radio"/> Other, specify	<input type="radio"/> Quarterly or more frequently <input checked="" type="radio"/> Between quarterly and annually <input type="radio"/> Less frequently than annually <input type="radio"/> Other, specify

- ☐ We disclose it to clients and/or beneficiaries only  
☐ We do not proactively disclose it to the public and/or clients/beneficiaries

**LEI 18.5**

Additional information. [Optional]

For all the SRI funds, BNPP IP publishes extra-financial indicators that are included in the funds quarterly reporting spreadsheet. These indicators highlight the carbon footprint of the portfolio vs its benchmark, the employment creation and the independence rate of the board of directors of the companies the fund is invested in.

# BNP Paribas Investment Partners

## Reported Information

### Public version

#### Direct - Listed Equity Active Ownership

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Engagement

### Overview

LEA 02	Mandatory	Gateway	PRI 1,2,3
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**LEA 02.1** Indicate your reasons for interacting with companies on ESG issues and indicate who carries out these interactions.

Type of engagement	Reason for interaction
<b>Individual/Internal staff engagements</b>	<input checked="" type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input checked="" type="checkbox"/> Other, specify compliance with BNPP IP minimum ESG standards (Global Compact and sector policies) + engagement on corporate governance as part of our proxy voting policy <input type="checkbox"/> We do not engage via internal staff
<b>Collaborative engagements</b>	<input checked="" type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via collaborative engagements
<b>Service provider engagements</b>	<input type="checkbox"/> To support investment decision-making (e.g. company research) <input type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input checked="" type="checkbox"/> We do not engage via service providers

The overarching objective of engagement is improving the alignment of interests between shareholders and company management. Our fiduciary role as investors is to ensure the sustainability of the returns on our investments. We believe that social, environmental and governance issues play a key role in the performance of companies in the long-run. This is the underlying principle behind our engagement policy, which is driven by:

- Financial performance and value creation - we have established a dialogue to address and discuss potential value in order to fully benefit from opportunities to enhance value creation.
- Risk management - address material environmental, social and governance risks such as a regulatory, reputational or competitive advantage.
- Compliance - in response to national and international laws and ratified conventions. Engagement helps us to ensure that all companies we invest in are fully compliant companies.

## Process

### Process for engagements run internally

LEA 03

Mandatory

Core Assessed

PRI 2

LEA  
03.1

Indicate whether your organisation has a formal process for identifying and prioritising engagement activities carried out by internal staff.

☒ Yes



Our priority for engagement is to focus on the companies on our UN Global Compact exclusion list (33 companies) and watch list (30 companies).

The Sustainability Research Team engages and monitors companies in both lists, and helps to update the lists twice a year.

The Sustainability Research Team individually engages with all willing companies in the watch and exclusion list (and sometimes also collectively to reinforce leverage).

Each company is firstly contacted in writing to inform them about our concern(s) and to ask them for either the information needed, or simply their position in the matter.

We might treat any refusal as a lack of transparency and cooperation. Which could lead us to:

- ☐ Aim to engage with other investors (e.g. through the PRI)
- ☐ Vote against their financial statements, due to a lack of transparency, and inform the company about our decision (see proxy voting engagement)
- ☐ Eventually exclude the company from our eligible list if concerns worsen (for companies on the watch list)

The second priority for engagement is to engage with companies in our SRI investment universe for an in-depth collection of data and sharing of sector best practices. More than 200 companies were contacted in 2013.

Last but not least, our engagement through proxy voting lead to more than 1 200 votes at our AGM. In 2013, we engaged with 82 companies (64 in 2012).

☐ No

We developed our engagement strategy in September 2012 which has since been updated once a year. In the strategy we detail our priorities for the coming year.

Below is a summary of our current strategy:

#### **UN Global Compact**

BNPP IP has implemented the United Nations Global Compact (UNGC) principles across our assets under investment since September 2012.

This important commitment requires us to ensure that all companies we conduct business with are UNGC compliant.

After a thorough examination of all companies in our portfolio facing allegations of breaching one or more UNGC principles, two lists were created:

- 1) A list of excluded companies in breach of one or more principles
- 2) A list of companies either under surveillance or on the watch list: either companies who are facing serious difficulties in avoiding breaching the UNGC principles or those that are in danger of breaching them

#### **PRI for Rio Initiative (a collective engagement in support of our UNGC policy)**

The PRI for Rio Initiative aims to encourage companies to endorse the UN Global Compact Principles.

The engagement universe consists of 2 207 companies listed in the FTSE All World Index who are not currently Global Compact participants.

The initiative runs in two phases: 1) a simple engagement via a standard letter, and 2) an in-depth engagement following a set of engagement strategies.

#### **ESG issues - in-depth engagement**

The SRI Research team engages with companies on issues that:

- ☐ Respond to a serious and/or recurrent controversy
- ☐ Represent a key material risk for one or more sectors
- ☐ Entail a need for further research and analysis

We might engage with companies either individually, collectively or through multi-stakeholder initiatives.

With the exception of an emergence of a specific controversy, we aim to concentrate on a handful of subjects per year.

The key areas of engagement for 2013 (across several sectors) were:

- ☐ Supply chain management
- ☐ Labour and human rights
- ☐ Sustainable agriculture
- ☐ Climate change and the transition to a low-carbon economy
- ☐ Energy efficiency
- ☐ Carbon asset risk
- ☐ Lobbying
- ☐ Top management remuneration

### **Long-term membership**

#### **Institutional Investors Group for Climate Change (IIGCC)**

The IIGCC is a forum for European investors to collaborate on climate change.

The IIGCC has 81 members representing a total of around EUR 7.3 trillion in assets across seven countries.

- ☐ Objective: to use their significant collective influence to engage in discussions with policy makers, investors and companies to accelerate the shift towards a low-carbon economy.
- ☐ Four working groups: climate change risk, policy, corporate and real estate.
- ☐ Global collaboration through the Global Investor Coalition on Climate Change.
- ☐ BNPP IP Sustainability Research is an active member of the following working groups: climate change risk, corporate and real estate.

#### **IIGCC Property programme**

- ☐ Writing policy and market reports - e.g. on the barriers to sustainability and suggestions on how to improve the regulatory framework for energy efficiency in the building sector.
- ☐ Establishing policy engagement with the European Commission, member states and key players e.g. DG Energy and sub-committees on energy efficiency.
- ☐ Monitoring - IIGCC monitors member states' ambitions in implementing renovation strategies as required through the Energy Efficiency Directive.

#### **IIGCC corporate programme**

- ☐ The aim of the working group is to increase investor understanding of the nature of climate change related risks and opportunities faced by companies as well as their strategies and performance in addressing them.
- ☐ We are currently working on the carbon asset risk initiative:
- The aim of this initiative is to engage with companies exposed to potential stranded assets in order to assess the financial risks that climate change poses to their business plans.

#### **United Nations Environment Program (UNEP) - Finance Initiative Property**

**Working Group:** A global partnership between UNEP and over 200 financial institutions.

Its aim is to:

- Understand the impacts of environmental and social considerations on financial performance.
- Inform and share information with policy makers on establishing an appropriate policy and regulatory framework for Responsible Property Investment practices to flourish.

UNEP FI also publishes research papers. The following are soon to be published:

- ☐ Commercial real estate: Unlocking the energy efficiency retrofit investment opportunity
- ☐ Sustainability metrics: Translation and impact on property management

### **Collaborative engagement with the PRI**

We recently launched a collaborative engagement with the PRI on fracking which targets oil and gas companies in order to:

- ☐ Understand their ability to identify, manage and reduce environmental and social risks associated with fracking
- ☐ Improve practices and disclosure
- ☐ Write a joint investor letter to the SEC in favour of pay ratio disclosure (CEO remuneration/worker pay remuneration) for US listed companies.
- ☐ PRI Engagement Project on Supply Chain Labour Standards.
- ☐ We are advancing in engagements with Wal-Mart Stores, Kerry Group and Marine Harvest (just started)

### **Engagement with companies through proxy voting**

Our engagement with issuers aims to enhance the long-term value of our shareholdings and to foster corporate governance best practices, social responsibility and environmental stewardship.

The dialogue can either be started by us or equally following a company's request. In both cases the dialogue will be focused on our main shareholdings.

The goal of our engagement is to:

- Communicate our voting policy, promote good corporate governance and discuss voting at the company's next general meeting
- Obtain additional information on voting proposals
- Express our concerns about specific resolutions that could contradict our voting policy

BNPP AM believes that promoting good corporate governance standards and encouraging businesses to improve social and environmental practices is an essential part of its ownership responsibilities. Good environmental, social and governance (ESG) practices provide an excellent framework to ensure that a company is managed in the long-term interests of stakeholders.

In accordance with our voting policy, we vote 'abstain' on the financial statements for all companies whose disclosure on environmental and social practices is deemed insufficient.

We inform companies beforehand when we intend to vote 'abstain'.

This type of engagement can be successful in the long term if companies increase their disclosure on environmental and social aspects.

We are active members of:

- ☐ The 'Corporate Governance' committee of the French association of asset managers (AFG).
- ☐ The 'International Corporate Governance Network' (ICGN).

We collaborate with:

- ☐ Proxy advisors in order to improve and update their voting guidelines.

We have an indirect dialogue with issuers through 'proxy solicitors'.

**Working with others to encourage best practices. We collaborate with the following initiatives:**

- Access to Medicine: A benchmark that ranks the world's 20 largest pharmaceutical companies according to their efforts to improve access to medicine in developing countries.
- Access to Nutrition: A benchmark of food and beverage companies' that analyses their performance in providing nutritious products to consumers.
- Business Benchmark on Farm Animal Welfare: A benchmark of food retailers, producers, restaurants and bars on companies' management of farm animal welfare related risks and opportunities.
- We are a member of the Advisory Group for OECD Guidelines Agriculture Working Group.
- Agriculture and Poor Farmers' Footprint - Behind the Brands: A benchmark of food and beverage companies' performance in terms of their agricultural sourcing policies.
- The Accord on Fire and Building Safety for Bangladesh: We joined the multi-stakeholder initiative - the Accord on Fire and Building Safety - through the Investor's Statement. The Accord includes the International Labor Organisation, non-governmental organisations, trade unions and companies, who together implement plans with measurable goals to address all aspects of fire and building safety in a timely manner. The statement is endorsed by "The undersigned investors and stakeholders, including 197 organisations representing over USD 1.5 trillion in assets under management, who are calling on industry leaders to implement systemic reforms that will ensure worker safety and welfare and the adoption of zero tolerance policies on global supply chain abuse". ☐ BNPP IP Sustainability Research leads on an engagement with several EU companies.

LEA 04	Mandatory	Core Assessed	PRI 2
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**LEA  
04.1**

Indicate if you define specific objectives for your engagement activities.

- ☒ Yes
- ☒ Yes, for all engagement activities
  - ☐ Yes, for the majority of engagement activities
  - ☐ Yes, for a minority of engagement activities
- ☐ No

**LEA  
04.2**

Indicate if you monitor the actions that companies take following your engagements.

- ☒ Yes
- ☒ Yes, in all cases
  - ☐ Yes, in the majority of cases
  - ☐ Yes, in the minority of cases

**LEA  
04.3**

Describe how you monitor and evaluate the progress of your engagement activities.

We monitor and keep a track record of our engagements:

- UN Global Compact - we evaluate the progress of companies by assessing steps taken towards complying with the principle or principles currently at breach. On average, one out of two companies has responded positively to our demand of engagement. Those that reject setting up a dialogue with us remain non-investable; those that accept will be monitored throughout the engagement process. The engagement will conclude or will be considered successful when the company demonstrates that it no longer breaches the principle(s).
- Proxy voting. - we monitor and report on all our engagements

☐ No

## Process for engagements conducted via collaborations

**LEA 05**

**Mandatory**

**Core Assessed**

**PRI 2**

**LEA  
05.1**

Indicate whether your organisation has a formal process for identifying and prioritising collaborative engagements.

☒ Yes

LEA  
05.2

Describe how you identify and prioritise collaborative engagements.

As detailed in LEAO3.3, each year we define a handful of matters on which we choose to concentrate our engagements - these refer to engagements beyond proxy voting (ESG transparency in general), UN Global Compact and ongoing memberships/commitments. The selection of priorities each year is decided as a result of: a mapping out the key risks faced in SRI portfolios; our exposure to ESG risks and the emergence of new issues. We also factor in the team's desire to face certain issues. Of course it also depends on who leads the different collective engagements, what are the options, resources etc

☐ No

LEA 06

Mandatory

Core Assessed

PRI 2

LEA  
06.1

Indicate if the collaborative engagements in which you are involved have defined objectives.

☒ Yes

☒ Yes, for all collaborative engagement activities

☐ Yes, for the majority of collaborative engagement activities

☐ Yes, for a minority of collaborative engagement activities

☐ No

LEA  
06.2

Indicate if you monitor the actions companies take following your collaborative engagements.

☒ Yes

☒ Yes, in all cases

☐ Yes, in the majority of cases

☐ Yes, in the minority of cases

**LEA  
06.3**

Describe how you monitor and evaluate the progress of your collaborative engagement activities.

We keep track of those collective engagements which have concrete objectives such as 'one or two requests' e.g. the UNGC principles. However, there are several individual and collective engagements that are less focused on a 'one-off demand' and are more long term e.g. Access to Medicine or Access to Nutrition. For the latter we do not keep as much of a detailed record. We see it as part of our continuous engagement. For example, through Access to Medicine we engage with all European pharmaceutical companies once a year and we query them about specific issues e.g. Novartis and tiered-pricing policies. In these cases, we update a company's progress once a year, and twice a year through the ATM Index.

☐ No

**General processes for all three groups of engagers**

**LEA 10**

**Mandatory**

**Gateway/Core Assessed**

**PRI 2**

**LEA  
10.1**

Indicate if you track the number of companies you engage with.

Type of engagement	Tracking engagements
<b>Individual / Internal staff engagements</b>	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements
<b>Collaborative engagements</b>	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements



**LEA  
10.2**

Additional information. [Optional]

We keep a detailed file for all UNGC-related engagements. We also receive detailed updates on our collaborative engagements focused on concrete asks. As explained above, there are several individual and collective engagements that are less focused on a 'one off demand' and that are more long term (e.g. the Access to Medicine index) or that are related to public policy. For these engagements we do not keep such a detailed record. We see it as part of our continuous engagement. For example, in Access to Medicine we engage with all European pharmaceutical companies once a year and query them on specific issues where they could improve their performance e.g. Novartis and tiered-pricing policies. In these cases, we update companies' progress once a year, and twice a year through the ATM Index.

## Communication

**LEA 15**

**Mandatory**

**Core Assessed**

**PRI 2,6**

**LEA  
15.1**

Indicate whether your organisation proactively discloses information on its engagements.

- ☐ We disclose it publicly
- ☒ We disclose it to clients and/or beneficiaries only

**LEA  
15.3**

Indicate what engagement information your organisation proactively discloses to clients/beneficiaries.

### Engagement information disclosed

- ☒ Details of the selections, priorities and specific goals of engagement
- ☒ Number of engagements
- ☐ Breakdown of engagements by type/topic
- ☐ Breakdown of engagements by region
- ☒ An assessment of the current status of the engagement
- ☒ Outcomes that have been achieved from the engagement
- ☐ Other information

**LEA  
15.4**

Indicate how frequently you typically report engagements information

- ☐ Disclosed continuously (prior and post engagements)
- ☒ Disclosed quarterly
- ☐ Disclosed annually
- ☐ Disclosed every two years or less
- ☐ Other, specify
- ☐ We do not proactively disclose it to the public and/or clients/beneficiaries.

## (Proxy) voting and shareholder resolutions

### Process

**LEA 17**

**Mandatory**

**Descriptive**

**PRI 2**

**LEA  
17.1**

Indicate how you typically make your (proxy) voting decisions and what this approach is based on.

#### Approach

- ☐ We use our own research or voting team and make our own voting decisions without the use of service providers.
- ☒ We hire service provider(s) which make voting recommendations or provide research that we use to inform our voting decisions.

#### Based primarily on

- ☐ the service provider voting policy signed off by us
- ☒ our own voting policy
- ☐ our clients requests or policy
- ☐ other, explain
- ☐ We hire service provider(s) which make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.
- ☐ We hire service provider(s) which make voting decisions on our behalf.

**LEA  
17.2**

Additional information.[Optional]

Extract from our voting policy: "While proxy voting provider are used to help us on the analysis of general meeting, BNPP AM's will take each voting decision for every general meetings internally with no outsourcing in order to serve its client's best interests."

**LEA 21**

**Mandatory**

**Core Assessed**

**PRI 2**

<b>LEA 21.1</b>	Indicate if you ensure that companies are informed of the rationale when you and/or the service providers acting on your behalf abstain or vote against management recommendations.
---------------------	---

☐ Yes, in most cases

☒ Sometimes, in the following cases:

☐ votes in selected markets

☒ votes on certain issues (all markets)

☒ votes for significant shareholdings (all markets)

☐ other, explain

☐ No

☐ Not applicable as we and/or our service providers do not abstain or vote against management recommendations

<b>LEA 21.2</b>	Additional information. [Optional]
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The process of dialogue with companies can be engaged on our own initiative or on the request of the issuer and is concentrated on our main holdings, based on our asset under management.

We try to narrow our engagement on companies that are include on our 200 top position. We only contact companies in order to obtain additional information on voting proposal or to express our concerns about specific resolutions, that are in contradiction with our voting policy.

We do not contact companies if we do not have issues to raise, of if we consider that we won't have any influence on the company (e.g. controlled companies)

## Outputs and outcomes

LEA 22	Mandatory	Core Assessed	PRI 2
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<b>LEA 22.1</b>	For listed equities where you and/or your service provider has the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.
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☒ We do track or collect this information

	Votes cast (to the nearest 1%)
--	--------------------------------

	%
--	---

90

	Specify the basis on which this percentage is calculated
--	--

- ☐ of the total number of ballot items on which you could have issued instructions
- ☐ of the total number of company meetings at which you could have voted
- ☒ of the total value of your listed equity holdings on which you could have voted

<b>LEA 22.2</b>	If there are specific reasons why you did not vote certain holdings, explain these, and if possible, indicate the percentage of holdings affected by these factors. [Optional]
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If the cost related to proxy voting was too high, we did not include a company in our voting perimeter (e.g. if a Power of Attorney is needed at each AGM for Austria or if or custodian does not offer the proxy voting services in Russia due to the need of a segregate account etc.). Nevertheless, overall we voted on 90% of our assets under management.

- ☐ We do not track or collect this information

## Communication

<b>LEA 26</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 2,6</b>
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<b>LEA 26.1</b>	Indicate if your organisation proactively discloses information on your voting activities.
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- ☒ We disclose it publicly

	provide URL
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<http://www.bnpparibas-ip.com>

<b>LEA 26.2</b>	Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.
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- ☐ Yes
- ☒ No

<b>LEA 26.3</b>	Indicate the voting information your organisation proactively discloses to the public and/or to clients/beneficiaries.
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Reporting to the public		Reporting to clients/beneficiaries	
<div>Indicate how much of your voting record you disclose</div> <ul style="list-style-type: none"> <li><input type="radio"/> All voting decisions</li> <li><input type="radio"/> Some voting decisions</li> <li><input type="radio"/> Only abstentions and opposing vote decisions</li> <li><input checked="" type="radio"/> Summary of votes only</li> </ul>		<div>Indicate how much of your voting record you disclose</div> <ul style="list-style-type: none"> <li><input checked="" type="radio"/> All voting decisions</li> <li><input type="radio"/> Some voting decisions</li> <li><input type="radio"/> Only abstentions and opposing vote decisions</li> <li><input type="radio"/> Summary of votes only</li> </ul>	
<div>Indicate what level of explanation you provide</div> <ul style="list-style-type: none"> <li><input type="radio"/> Explain all voting decisions</li> <li><input type="radio"/> Explain some voting decisions</li> <li><input type="radio"/> Only explain abstentions and votes against management</li> <li><input checked="" type="radio"/> No explanations provided</li> </ul>		<div>Indicate what level of explanation you provide</div> <ul style="list-style-type: none"> <li><input checked="" type="radio"/> Explain all voting decisions</li> <li><input type="radio"/> Explain some voting decisions</li> <li><input type="radio"/> Only explain abstentions and votes against management</li> <li><input type="radio"/> No explanations provided</li> </ul>	

LEA 26.4

Indicate how frequently you typically report voting information.

Reporting to the public		Reporting to clients/beneficiaries	
<ul style="list-style-type: none"> <li><input type="radio"/> Continuously (primarily before meetings)</li> <li><input type="radio"/> Continuously (soon after votes are cast)</li> <li><input type="radio"/> Quarterly or more frequently</li> <li><input checked="" type="radio"/> Between quarterly and annually</li> <li><input type="radio"/> Less frequently than annually</li> <li><input type="radio"/> Other, specify</li> </ul>		<ul style="list-style-type: none"> <li><input checked="" type="radio"/> Continuously (primarily before meetings)</li> <li><input type="radio"/> Continuously (soon after votes are cast)</li> <li><input type="radio"/> Quarterly or more frequently</li> <li><input type="radio"/> Between quarterly and annually</li> <li><input type="radio"/> Less frequently than annually</li> <li><input type="radio"/> Other, specify</li> </ul>	

LEA 26.5

Describe any other differences in the information being disclosed. [Optional]

BNPP AM is committed to providing transparency with regards to its proxy voting approach and execution. A copy of this policy can be accessed via the BNPP IP website. An annual 'Update Report' is published providing an overview of proxy voting activities and engagement. Voting records of individual agenda items at company meetings can be obtained on request.

- ☐ We disclose it to clients/beneficiaries only
- ☐ We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries

# BNP Paribas Investment Partners

## Reported Information

### Public version

#### Direct - Fixed Income

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## ESG incorporation in actively managed fixed income

### Fixed Income - Corporate

#### Implementation processes

FI 04	Mandatory	Gateway/Core Assessed	PRI 1
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#### FI 04.1

Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed corporate fixed income investments; and, (2) the breakdown of your actively managed corporate fixed income investments by incorporation strategy or combination of strategies.

#### ESG incorporation strategy (select all that apply)

☒ Screening alone (i.e. not combined with any other strategies)

Percentage of active corporate fixed income to which the strategy is applied (estimate +/- 10%)

100%

- ☐ Thematic alone (i.e. not combined with any other strategies)
- ☐ Integration alone (i.e. not combined with any other strategies)
- ☐ Screening + Integration strategies
- ☐ Thematic + integration strategies
- ☐ Screening + thematic strategies
- ☐ All three strategies combined
- ☐ No incorporation strategies applied

#### Total actively managed fixed income - corporate

100%

#### FI 04.2

Describe your primary reasons for choosing a particular incorporation strategy.

BNPP IP responsible investment policy (UN Global Compact + sector policies), applies to corporate issuers whatever the investment vehicles (bonds, equities...). It is thus also applied to the corporate fixed income inverse.

Furthermore, we have started using a best in class approach in the fixed income universe to develop SRI approaches since 2002. This approach works well for corporates and for govies and well accepted by our institutional clients.

## (A) Implementation: Screening

FI 06	Mandatory	Descriptive	PRI 1
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### FI 06.1

Indicate and describe the type of screening you apply to your internally managed active corporate fixed income investments.

#### Type of screening

☒ Negative/exclusionary screening

#### Screened by

- ☒ Product
- ☒ Activity
- ☒ Sector
- ☐ Country/geographic region
- ☐ Environmental and social practices and performance
- ☒ Corporate governance

#### Description

##### 1) For all funds :

sector policies (palm oil, coal fired power plants, nuclear energy, controversial weapons, mining)

ESG practices: minimum ESG standards as requested in the sector policies + compliance with UN Global Compact principles

Corporate Governance: minimum Governance standards as requested in the sector policies + compliances with UN Global Compact

2) For SRI funds: all the above mentioned exclusion + alcohol, tobacco, Gambling, pornography, defense sector

☒ Positive/best-in-class screening

#### Screened by

- ☒ Product
- ☒ Activity
- ☒ Sector
- ☒ Country/geographic region
- ☒ Environmental and social practices and performance
- ☒ Corporate governance



	Description
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All negative/exclusionary screening apply to all Best in class SRI funds, and applied to corporate, supranationals and sovereign bonds.

☒ Norms-based screening

#### Screened by

- ☒ UN Global Compact Principles
- ☒ Universal Declaration of Human Rights
- ☒ International Labour Organization Conventions
- ☒ United Nations Convention Against Corruption
- ☐ OECD Guidelines for Multinational Enterprises
- ☐ Other, specify

	Description
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Since 2011, we applied the UN Global Compact Principles as a filter to all the open-ended funds. As a result, we exclude those companies in systematic breach - currently about 30+ companies - from all open funds across BNPP IP. Compliance officers are in charge of ensuring it the exclusion list is respected.

UN Global Compact filter:

The following principles govern the implementation of ESG Standards in investment processes:

1. Investment universes are periodically screened with a view to identify issuers that are potentially in breach of UN Global Compact Principles and/or mandatory requirements applicable to controversial sectors and products.
2. This assessment is conducted by our SRI/ESG Research Team on the basis of internal analysis and information provided by external experts (Sustainalytics) and in consultation with BNP Paribas Group CSR Team.
3. As a result from this process, BNPP IP establishes and maintains two lists:
  - ☐ an exclusion list of issuers that are associated with serious and repeated breaches of UN Global Compact Principles and/or mandatory requirements related to controversial sectors and products.
  - ☐ a watchlist of issuers that are at risk of breaching ESG standards and with whom we engage in a dialogue in order to encourage improvements.
4. The exclusion and watchlists are communicated by CIOs to investment teams on a regular basis and are reviewed twice a year. As a result, investment teams should not initiate new investments in excluded companies with immediate effect. Existing investments should be divested from relevant portfolios based market conditions but not later than one month after communication by CIOs.
5. The exclusion list applies to all open-ended funds managed by BNP Paribas Investment Partners entities, with the exception of portfolios which replicate the composition of indices (eg ETFs and indexed funds). Exceptions may also be granted in cases where exclusions from actively managed portfolios would result in significant market risk versus the benchmark.
6. The exclusion list applies to all types of securities (equities, bonds, convertible bonds) issued by aforementioned companies, as well as bonds issued by related financial vehicles. It also applies to participation notes and derivatives issued by third-parties on such securities. These restrictions apply to securities negotiated on primary and secondary markets, as well as OTC instruments.
7. Pre-trade and post-trade compliance checks are conducted by Investment Compliance teams to ensure that exclusions lists are implemented by all relevant portfolios.

Sector specific minimum ESG standards:

In addition to the UN Global Compact principles, BNP Paribas Investment Partners implements a series of ESG standards related to investments in controversial sectors and products. These standards are consistent with sector policies adopted by the BNP Paribas Group and cover the following areas:

- ☐ Palm oil and Wood Pulp The aim is to encourage the production of sustainable palm oil and wood pulp by investing only in companies that meet minimum environmental and social standards. Consequently, companies that do NOT adhere to such minimum

standards (eg by converting protected areas into palm oil and wood plantations, or using child/forced labour) should not be invested in.

- Nuclear. The objective is to ensure that we invest in companies that operate in countries with a proper legal framework, use appropriate technologies and adopt adequate health& safety monitoring and accident prevention measures.
- Coal-fired Power Generation. The aim is to ensure that we invest in utility companies that decrease their CO2 intensity by operating more efficient coal-fired power stations and diversifying to cleaner sources of electricity generation.
- Controversial weapons. The objective is to ensure that we do not invest in companies involved in the production, trading and storage of controversial weapons. These include cluster ammunition and antipersonnel landmines, chemical and biological weapons, and nuclear/depleted uranium weapons. Most of these weapons are covered by international conventions and investments are already prohibited in some jurisdictions.
- Asbestos. The objective is to ensure that we do not invest in companies involved in the extraction or production of asbestos fibers banned today in more than 50 countries.
- Mining: the objective is to ensure that we do not invest in companies that use Mountain Top Removal (MTR) technics or with low ESG standards and practices.

For each area, the sections below contain background information and key definitions on activities and companies concerned. Investment criteria addressing the main ESG issues and are split into two categories:

- Mandatory requirements are to be understood as sine qua non: those have to be met without exception for BNPP IP to invest in a company.
- Evaluation criteria provide a framework for further contextual analysis and dialogue with companies, based on which BNPP IP may decide not to invest even if mandatory requirements are met.

The sector policies are reviewed once a year by BNPP Group with help of external and internal experts and also integrates the feedback of the engagement results.

BIC funds select those companies that best perform in term of ESG. All companies within a given sector are benchmark against a set up of ESG indicators - developed by our in-house research team -. The best performers (top 2/3 ) are included in the investment universe; in other words, the bottom one third is excluded. The same occurs for countries and supranationals.

FI 07	Mandatory	Core Assessed	PRI 1
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**FI 07.1**

Indicate which processes your organisation uses to ensure that screening in corporate fixed income is based on robust analysis.

- ☒ Comprehensive research is undertaken or sourced to determine issuers' ESG performance
- ☐ Issuers are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☒ External research and data used to identify issuers to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- ☒ Information on ESG issues and/or ratings is updated regularly to ensure that portfolio holdings comply with fund policies
- ☐ A committee or body with representatives independent of the individuals who conduct ESG research reviews some or all screening decisions
- ☐ A periodic review of the quality of the research undertaken or provided is carried out
- ☒ Other, specify  
Participation of the Portfolio Managers to the sector reviews + meetings with issuers
- ☐ None of the above

**FI 07.2**

Additional information. [Optional]

All economic sectors are grouped into 10 sector categories. Each sector is reviewed annually on the same date. The purpose of the sector review is to benchmark all companies within a sector against a set of ESG indicators. Those indicators are chosen by the sector analysts after in-depth research and analysis undertaken by the analyst but based on an ample pool of sources. For all European equities, a one-to-one meeting or conference call is conducted with each company to doublecheck, verify and discuss findings and data. In many cases, discussions are followed by email exchanges.

There are 10 sector reviews a year - one per sector; well prior to the review a meeting is set up with fund managers and financial analysts where the analyst presents an overview of the key ESG drivers that will be analysed - including the weighting breakdown between environmental, social and governance issues - in the coming sector review.

Once the analysis is completed, an ESG score and a ranking is given to each company of the sector in which BNPP IP invests or has an interest - incl. non-listed companies within the fixed income universe, large and medium caps, etc. The results are presented formally to fund managers and financial analysts.

The analyst will monitor and follow the sector, and the companies within it, during the entire year. When a company faces a relevant change and/or controversy the company is put under surveillance and a meeting is set up with the company following which, and the research done, the analyst will change or not the company's score, rating and inclusion in SRI funds.

## Fixed income - Government

FI 13

Mandatory

Core Assessed

PRI 1

**FI 13.1**

Indicate if you incorporate ESG issues in investment analysis and decision making for your government fixed income investments.

☒ Yes

**FI 13.2**

Indicate for what percentage of your government fixed income investments you incorporate ESG issues in investment analysis and decision making.

- ☒ <10%  
☐ 10-50%  
☐ 51-90%  
☐ >90%

**FI 13.3**

Indicate if in active strategies, E, S and G issues are reviewed while researching government issuers.

ESG issues	Coverage/extent of review on these issues
Environmental	<input checked="" type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input checked="" type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

**FI 13.4**

Describe your approach to incorporating ESG issues in government fixed income investments. [Optional]

ESG analysis is done only for SRI managed funds.

☐ No

## Communication

**FI 18****Mandatory****Core Assessed****PRI 2,6**

**FI 18.1**

Indicate if your organisation proactively discloses information on your approach to ESG incorporation in all fixed income investments.

- ☐ We disclose it publicly
- ☒ We disclose it to clients/beneficiaries only

**FI 18.3**

Indicate the information your organisation proactively discloses to clients/beneficiaries regarding your approach to ESG incorporation.

- ☐ Broad approach to ESG incorporation
- ☒ Detailed explanation of ESG incorporation strategy used

**FI 18.4**

Indicate how frequently you typically report this information.

- ☒ Quarterly or more frequently
  - ☐ Between quarterly and annually
  - ☐ Less frequently than annually
  - ☐ Other, specify
- ☐ We do not proactively disclose it to the public and/or clients/beneficiaries