

Sustainability Rating

Methodology to assess the sustainability of single lines



BNP PARIBAS
WEALTH MANAGEMENT

The bank
for a changing
world

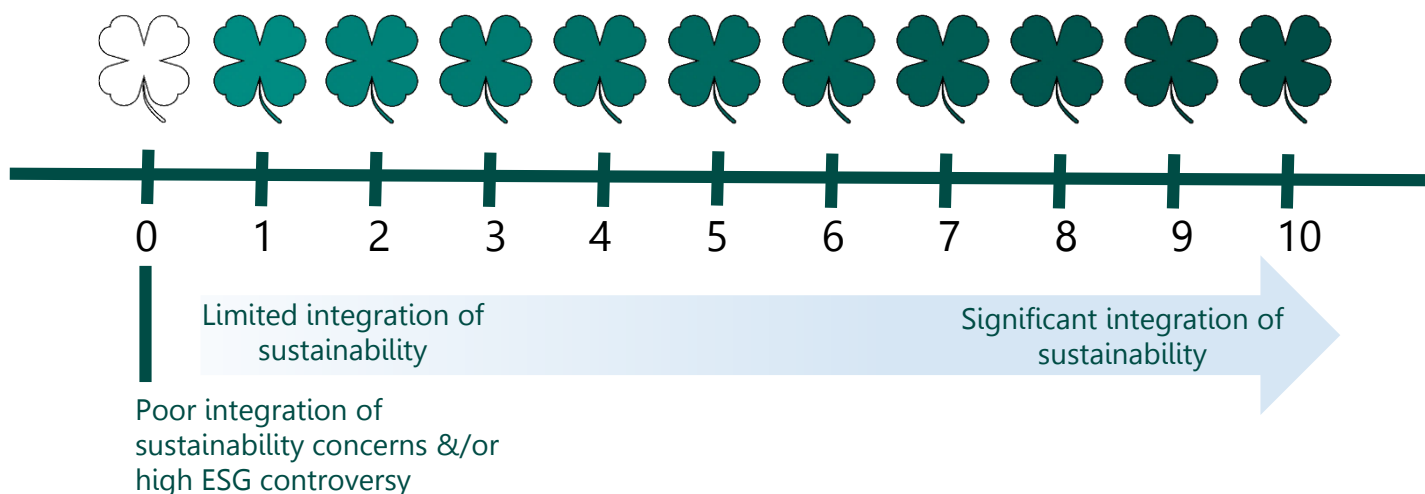
Compare the sustainability of Equities & Bonds

A sustainability rating for recommended Equities and Bonds is assigned. It analyses the ESG (Environmental, Social, corporate Governance) impact of activities for issuers in each sector.

The methodology analyses:

- **The integration of sustainable development principles** in companies activities
- The quality of **corporate governance**
- The potential **controversies**

Sustainability Rating of single lines (Equities & Bonds)



A rating based on the best sources

| | | |
|---|---|--|
| <div style="background-color: #004a4a; color: white; border-radius: 15px; padding: 5px; display: flex; align-items: center; justify-content: center; margin-bottom: 10px;"> #1 Comprehensive coverage </div> <ul style="list-style-type: none"> More than 1,000 shares and 5,000 bonds recommended Coverage of European, US and Asian issuers All sectors analysed Companies of all sizes (large-caps, mid-caps and small caps) | <div style="background-color: #4a697d; color: white; border-radius: 15px; padding: 5px; display: flex; align-items: center; justify-content: center; margin-bottom: 10px;"> #2 Recognized and varied sources </div> <ul style="list-style-type: none"> Sustainalytics Trucost/S&P/Carbone 4 ISS ESG Vigeo Eiris Brokers and Asset Managers involved in ESG International organisations (UN, OECD, WHO, etc.) Issuer publications | <div style="background-color: #004a4a; color: white; border-radius: 15px; padding: 5px; display: flex; align-items: center; justify-content: center; margin-bottom: 10px;"> #3 A differentiated approach </div> <ul style="list-style-type: none"> Issuers are positioned on a granular scale from 0 to 10 clovers Only 25% of issuers within rating coverage (12,000) are rated 5 clovers and above The rating is documented and updated on a monthly basis |
|---|---|--|

A 4-step methodology

The aim is to assess all single lines, whether sustainable or not



The **variety of information sources** ensures wide coverage, thorough analysis and integration of the risks associated with possible controversies.

Dozens of indicators related to the ESG pillars are analysed, some of which are specific to the sector(s) of the issuer.

BNP PAM's analysts review the indicators and check that they reflect most recent developments. The result of each indicator is "normalized" and transformed into contributions (positive or negative).

#1



Contributions are aggregated at pillar level. When necessary, BNP PAM's analysts may apply an overlay modifying the pillar score, and document the change. The sum of each pillar's indicator contributions and the potential overlay creates the pillar contribution (positive or negative).

The 3 E, S and G pillar contributions are added to 50 (neutral score) and create the issuer's ESG score. The ESG scores are ranked globally and clover ratings are assigned according to the issuer (absolute) ranking. Only the top 25% group gets at least 5 clovers.

#2



Issuers screened for non compliance with **BNP Paribas Group's sector policies**, and/or **BNP Paribas Asset Management's ESG monitoring rules** (failure to comply with the UN Global Compact, carbon policy, etc.) will see their **rating reduced to 0 clovers**.

#3



Steps for attributing the number of clovers:

1. **A score out of 100 is given.** This is equal to **the sum of each E, S and G pillar contribution with the neutral score of 50 and may reflect an overlay by BNP PAM's analysts, a controversy and/or carbon intensity risk;**
2. **The score's ranking** determines the **number of clovers (0 to 10);**
3. **Validation** of number of clovers **with a filter for sector policies and ESG monitoring criteria.**

#4

Key points

- The sustainability methodology for single lines incorporates the ESG criteria for companies' practices and activities.
- We draw on the best sources of information available and the research of ESG analysts at BNP Paribas Asset Management.
- Our rating methodology follows the same logic and a common approach across all asset classes to compare all financial instruments (funds, equities, bonds, etc.) in a portfolio.

GLOSSARY

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

DISCLAIMER

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

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

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

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

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

CONNECT WITH US



wealthmanagement.bnpparibas



BNP PARIBAS
WEALTH MANAGEMENT

**The bank
for a changing
world**