

# Information on financial products referred to in Article 8 (1) of Regulation (EU) 2019/2088 (ART 10 SFDR L1) and of Regulation (EU) 2022/1288 (ART 24 to 36 SFDR L2)

Product Name: **The Responsible & Engaged Mandate**

Legal Identifier: **UAIAINAJ28P30E5GWE37**

Scope: **The following financial products, promoting environmental or social characteristics (Art. 8 SFDR) and with a minimum proportion of financial instruments qualified as 'sustainable investment':**

Responsible and Engaged discretionary portfolio management mandates:

- Conservative,
- Balanced,
- Dynamic,
- Equity.

PMS Dynamic Responsible and Engaged EURO

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### (a) 'Summary' (Art.25 L2)

Please see below a summary of each section of this document. For more details, please refer to each of them.

The Financial Product, being the Responsible & Engaged discretionary portfolio management mandate ("the Financial Product"), promotes environmental or social characteristics, but does not have the objective of sustainable investment. It commits to have a 10% minimum proportion of financial instruments qualified as 'sustainable investment', while not significantly harming any environmental or social objective (principle of "do no significant harm").

The Financial Product promotes environmental and social characteristics by evaluating all investments against ESG criteria, and by investing in asset managers' underlying products that demonstrate superior ESG practices or activities, while excluding products ranked below 5 Clovers according to the proprietary BNP Paribas ESG scoring methodology (ESG clover-rating methodology)

For Investment Funds and ETFs, the clover score reflects the sustainability level of the management company and the fund itself. BNP Paribas gathers sustainability information from asset managers, based on a proprietary due diligence questionnaire. ([See 2 pager notes on entity website - Sustainability-related disclosures | BGL BNP Paribas](#))

In order to meet the environmental or social characteristics of the Financial Product, the investment strategy will respect the following rules:

Only invests in BNP Paribas Asset Management's Article 9 or Article 8 UCITS and ETFs with a sustainable investment component according to the SFDR Regulation;

The ESG performance of an issuer is assessed in the underlying funds against a combination of environmental, social and governance factors;

Select a 10% minimum proportion of financial instruments qualified as 'sustainable investment';

Use the BNP Paribas ESG scoring methodology to assess corporate governance of the management companies (funds, ETFs) through a core set of standard KPIs.

The weighted average carbon footprint of the Financial Product's portfolio compared to the weighted average carbon footprint of its benchmark investment universe.

The Financial Product invests at least 90% of its portfolio in funds and ETFs with an ESG rating of 5 or more clovers. Up to 10% of total investments may not include environmental or social characteristics, which corresponds to the share of liquidity / derivatives that by definition do not have sustainable characteristics.

The Financial Product obtained the label LuxFLAG ESG Discretionary Mandate in January 2023.

### (b) 'No sustainable investment objective' (Art.26 L2);

This Financial Product promotes environmental or social characteristics. It does not have the objective of sustainable investment but commits to have a 10% minimum proportion of financial instruments qualified as 'sustainable investment', while not significantly harming any environmental or social objective (principle of "do no significant harm").

### (c) 'Environmental or social characteristics of the financial product' (Art.27 L2);

The Financial Product invests in funds that promote environmental and social characteristics by assessing underlying investments against Environmental, Social, and Governance (ESG) criteria, using an ESG internal proprietary methodology. The underlying funds invest in issuers that demonstrate good environmental and social practices, while implementing robust corporate governance practices within their sector of activity.

In order to meet the environmental or social characteristics the Financial Product invests in BNP Paribas Asset Management's Article 9 or Article 8 UCITS and TEFs with a sustainable investment component according to the SFDR Regulation.

The underlying funds assess the ESG performance of an issuer against a combination of environmental, social and governance factors which include but are not limited to:

- Environmental: energy efficiency, reduction of emissions of greenhouse gases (GHG), treatment of waste
- Social: respect of human rights and workers' rights, human resources management (workers' health and safety, diversity)
- Governance: Board of Directors independence, managers' remuneration, respect of minority shareholders rights

Furthermore, the investment manager of the underlying funds promotes better environmental and social outcomes through engagement with issuers and the exercise of voting rights according to its Stewardship policy, where applicable. No reference benchmark has been designated to achieve the environmental or social characteristics promoted by the Financial Product.

#### (d) 'Investment strategy' (Art.28 L2);

The Financial Product aims to improve its ESG profile and reduce its carbon footprint, as measured by greenhouse gas emissions, relative to its investment universe.

The Financial Product only invests in BNP Paribas Asset Management's Article 9 or Article 8 UCITS and ETFs with a sustainable investment component according to the SFDR Regulation.

The ESG performance of an issuer is assessed in the underlying funds against a combination of environmental, social and governance factors, which include but are not limited to :

Environmental: global warming and greenhouse gas (GHG) emissions, energy efficiency, natural resource conservation, CO<sub>2</sub> emission levels and energy intensity;

Social: employment management and restructuring, accidents at work, training policy, remuneration, staff turnover and PISA (Programme for International Student Assessment) results;

Corporate governance: the independence of the board.

Therefore, the equity, bond and alternative underlying funds in which it is invested will be selected primarily on the basis of an assessment of how they take into account Environmental, Social and Governance (ESG) criteria in their investment process.

#### (e) 'Proportion of investments' (Art.29 L2);

The Financial Product invests investment funds and ETFs.

To meet the environmental and social characteristics promoted, the Financial Product invests at least 90% of its portfolio in funds and ETFs with an ESG rating of 5 or more clovers.

Up to 10% of total investments may not include environmental or social characteristics, which corresponds to the share of liquidity / derivatives that by definition do not have sustainable characteristics.

#### (f) 'Monitoring of environmental or social characteristics' (Art.30 L2);

BGL BNP Paribas relies on a robust BNP Paribas proprietary ESG scoring process (ESG clover-rating) aiming at rating and monitoring the sustainability level of financial instruments.

### (g) 'Methodologies' (Art.31 L2);

The following sustainability indicators are used to measure the achievement of each of the environmental or social characteristics promoted by the Financial Product:

the percentage of the Financial Product's portfolio that complies with the Responsible Investment Policy;

the percentage of the Financial Product's portfolio that is covered by ESG analysis based on the proprietary ESG methodology ;

the weighted average ESG rating of the Financial Product's portfolio compared to the weighted average rating of the benchmark investment universe;

the weighted average carbon footprint of the Financial Product's portfolio compared to the weighted average carbon footprint of its benchmark investment universe;

the percentage of the underlying investment funds portfolio invested in "sustainable investments" as defined in Article 2 (17) of the SFDR.

### (h) 'Data sources and processing' (Art.32 L2);

BGL BNP Paribas relies on a set of BNP Paribas group and BNP Paribas Asset Management data.

The Wealth Management division of the BNP Paribas group gathers sustainability information from asset managers, based on a due diligence proprietary questionnaire:

- Funds: comprehensive questions covering 6 areas, either on the management company and/ or the fund regarding ESG practices and exclusions, voting and engagement policies, transparency, sustainability of the asset management company, sustainable thematic, impact,
- ETFs: questions covering the 6 above mentioned areas,
- Open-ended Alternative Investment Funds: comprehensive questions covering 7 areas.

These data are used to compute the ESG clover-rating. This internal methodology is reviewed by an external audit firm, Deloitte, which ensures the quality of the clover rating.

Furthermore, BGL BNP Paribas S.A. relies on a set of data provided by the asset manufacturer on the underlying investment funds' ESG characteristics, according to the European ESG template (EET format defined by Findatex), i.e.:

- Data on sustainable investment within the financial instrument (percentage of sustainable investment, based on the SFDR regulation), and
- Data on mandatory Principle Adverse Sustainable Indicators.

### (i) 'Limitations to methodologies and data' (Art.33 L2);

The limitations are the following:

Non-comprehensive data from issuers (for equities and bonds) until the Corporate Sustainability Reporting Directive (CSRD) regulation is implemented;

Data from asset managers relying upon non-comprehensive data from issuers;

Time to spread and take into account the data update, from the issuers to the asset managers and then to the portfolio manager.

(j) 'Due diligence' (Art.34 L2);

BGL BNP Paribas controls that the ESG commitments of the Financial Product are performed regularly.

Moreover, it follows the results of the controls performed by BNP Paribas on the clover-rating process, and by BNP Paribas Asset Management on the ESG assessment of the underlying investment funds.

(k) 'Engagement policies' (Art.35 L2);

BGL BNP Paribas doesn't have its own engagement policy but relies on the Environmental, Social and Governance (ESG) expertise and engagement policy of BNP Paribas Asset Management (BNPP AM):

The Stewardship Strategy that includes exercise of voting rights;

The Responsible Business Conduct policy aimed at companies' compliance with fundamental rights;

The Forward-looking perspective: an energy transition to a low carbon economy; environmental sustainability; and equality and inclusive growth.

(l) 'Designated reference benchmark' (Art.36 L2).

No index has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the Financial Product.