BNP PARIBAS
WEALTH MANAGEMENT

The bank for a changing world

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph of Regulation (EU) 2020/852

Product name:
DPM MANDATE CLASSIC PROFILED HARMONY PLUS BALANCED

Legal entity identifier:
UAIAINAJ28P30E5GWE37

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%** ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ **It promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 15% of sustainable investments ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy ☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

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What environmental and/or social characteristics are promoted by this financial product?

The financial product, being the Classic Profiled Harmony Plus discretionary portfolio management mandate ("the DPM mandate"), invests in funds that promote environmental and social characteristics by evaluating how all investments consider ESG (Environmental, Social and Governance) criteria as well as the ESG characteristics of the underlying invested assets, and by investing in companies & asset managers' products that demonstrate superior ESG practices.

In order to meet the environmental or social characteristics, the DPM mandate invests in BNP Paribas Asset Management's undertakings for the collective investment in transferable securities (UCITS) and exchange-traded funds (ETFs) classified as article 9 or article 8 under the Sustainable Finance Disclosure Regulation (SFDR). The DPM mandate performs its selection among financial instruments with the highest level of ESG integration, targeting financial instruments with an internal extra financial rating of 3 Clovers or more (out of 5) according to the proprietary BNP Paribas Wealth Management Clover evaluation, assessing the responsibility level of products.

The Clover evaluation helps select investment funds that take into consideration the ESG performance of underlying issuers against a combination of ESG factors which include but are not limited to:

- Environmental: carbon intensity trend, greenhouse gases (GHG) reduction programme, green procurement policy, environmental incidents
- Social: discrimination policy, diversity programmes, employee turnover rate, social incidents
- Governance: board independence, disclosure of directors' remuneration, board diversity, respect of shareholders rights, governance incidents

For Sovereign issuers, the ESG performance of each country is assessed using an internal Sovereign ESG methodology that focuses on measuring governments' efforts to produce and preserve assets, goods, and services with high ESG values, according to their level of economic development. This involves evaluation of a country against a combination of environmental, social and governance factors, which include but not limited to:

- Environmental: climate mitigation, biodiversity, energy efficiency, land resources, pollution
- Social: life conditions, economic inequality, education, employment, health infrastructure, human capital
- Governance: business rights, corruption, democratic life, political stability, security

BNP Paribas Wealth Management's Clover evaluation is a proprietary assessment of the responsibility level of products recommended by BNP Paribas Wealth Management. It places products on a scale of 1 to 5 Clovers, 5 being the highest possible rating. It offers additional insights on the responsibility of financial instruments, on top of extra-financial regulatory information, when available.

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 index has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the DPM mandate.

The DPM mandate was awarded the label LuxFLAG ESG Discretionary Mandate in January 2023, January 2024 and December 2024 ("valid for one year with conditional renewal").

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

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

- the percentage of the DPM mandate's portfolio that is either Article 8 or Article 9 according to the SFDR regulation;
- the percentage of the DPM mandate's portfolio that has a 3-clover rating or more, according to the proprietary BNP Paribas Wealth Management ESG scoring methodology ;
- the percentage of the DPM mandate's portfolio invested in "sustainable investments" as defined in Article 2 (17) of the SFDR.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

With respect to sustainable investments, BGL BNP Paribas selects for the DPM mandate only BNP Paribas Asset Management UCITS and ETFs falling classified as article 9 or article 8 under the SFDR, notably those with a sustainable investment component as defined in the SFDR Regulation, which aim to finance companies that contribute to environmental and/or social objectives through their products and services and their sustainable practices.

BNP Paribas Asset Management's internal methodology integrates several criteria into its definition of sustainable investments that are considered to be core components to qualify a company as sustainable. These criteria are complementary to each other. In practice, a company must meet at least one of the criteria described below in order to be considered as contributing to an environmental or social objective:

1 A company with an economic activity aligned with the EU Taxonomy objectives. A company can qualify as a sustainable investment when it has more than 20% of its revenues aligned with the EU taxonomy. A company qualifying as a sustainable investment through this criterion can contribute to the following environmental objectives: sustainable forestry, environmental restoration, sustainable manufacturing, renewable energy, water supply, sewerage, waste management and remediation, sustainable transportation, sustainable buildings, sustainable information and technology, scientific research for sustainable development;

2 A company with an economic activity contributing to one or more United Nations Sustainable Development goals (UN SDG) targets. A company can qualify as a sustainable investment when it has more than 20% of its revenues aligned with the SDGs and less than 20% of its revenues misaligned with the SDGs. A company qualifying as a sustainable investment through this criterion can contribute to the following objectives:

   a. Environmental: sustainable agriculture, sustainable management of water and sanitation, sustainable and modern energy, sustainable economic growth, sustainable infrastructure, sustainable cities, sustainable consumption and production patterns, fight against climate change, conservation and sustainable use of oceans, seas and marine resources, protection, restoration and sustainable use of terrestrial ecosystems, sustainable management of forests, fight against desertification, land degradation and biodiversity loss

b. Social: no poverty, zero hunger, food security, healthy lives and well-being at all ages, inclusive and equitable quality education and lifelong learning opportunities, gender equality, women and girls empowerment, availability of water and sanitation, access to affordable, reliable and modern energy, inclusive and sustainable economic growth, full and productive employment and decent work, resilient infrastructure, inclusive and sustainable industrialization, reduced inequality, inclusive, safe and resilient cities and human settlements, peaceful and inclusive societies, access to justice and effective, accountable and inclusive institutions, global partnership for sustainable development;

3 A company operating in high GHG emission sector that is transitioning its business model to align with the objective of maintaining the global temperature rise below 1.5°C. A company qualifying as a sustainable investment through this criterion can contribute to the following environmental objectives: GHG emissions reduction, fight against climate change;

4 A company with best-in-class environmental or social practices compared to its peers within the relevant sector and geographical region. A company with a contribution score above 10 on the Environmental or Social pillar qualifies as best performer. A company qualifying as a sustainable investment through this criterion can contribute to the following objectives:
   a. Environmental: fight against climate change, environmental risk management, sustainable management of natural resources, waste management, water management, GHG emissions reduction, renewable energy, sustainable agriculture, green infrastructure
   b. Social: health and safety, human capital management, good external stakeholder management (supply chain, contractors, data), business ethics preparedness, good corporate governance

5 Green bonds, social bonds and sustainability bonds issued to support specific environmental and/or social projects are also qualified as sustainable investments provided that these debt securities receive an investment recommendation “POSITIVE” or “NEUTRAL” from the Sustainability Center following the issuer and underlying project assessment based on a proprietary Green/Social/Sustainability Bond Assessment methodology.

More information on the internal methodology of BNP Paribas Asset Management can be found on the following website: Sustainability documents - BNPP AM Corporate English (bnpparibas-am.com)

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

The sustainable investments that the DPM mandate intends to make in part must not significantly impair an environmental or social objective (the "do no significant harm" principle). In this respect, the management company of the underlying funds undertakes to analyse the main negative impacts on sustainability factors taking into account the negative impact indicators as defined in the SFDR Regulation and not to invest in issuers that do not comply with the standards set by the OECD and UN guidelines on business and human rights.

How have the indicators for adverse impacts on sustainability factors been taken into account?

The consideration of negative impact indicators will be carried out by BNP Paribas Asset Management, the manager of the underlying funds.

In order to assess that the issuer does not significantly harm (DNSH) any other environmental or social objectives and follows good governance practices, the following exclusion filters have been added. Issuers should:

1 not significantly harm any other environmental or social objective: BNP Paribas Asset Management excludes issuers with significant controversies, in decile 10 of the ESG scoring model, on the Responsible Business Conduct policy (RBC)[1] Watchlist or involved in the oil & gas sector.

2 follow good governance practices: BNP Paribas Asset Management uses its proprietary ESG scoring methodology which is split out into an Environmental, Social and Governance score. Issuers with a Governance score below -10, are removed and are not considered as “Sustainable Investment”.

[1] BNP Paribas Asset Management’s RBC policy sets out principles that serve to exclude companies involved in controversies due to poor practices related to human and labor rights, environment, and corruption, as well as companies operating in sensitive sectors (tobacco, coal, controversial weapons, asbestos,…), as these companies are deemed to be in violation of international norms, or to cause unacceptable harm to society and/or the environment. More information on the RBC Policy, and in particular criteria relating to sectoral exclusions, can be found on the website of the investment manager: Sustainability documents - BNPP AM Corporate English (https://www.bnpparibas-am.com/sustainability-documents/)

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Checks to identify issuers that may be in breach of the UN Global Compact Principles, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight core conventions referred to in the International Labour Organisation Declaration on Fundamental Principles and Rights at Work and the International Bill of Human Rights, will be carried out by BNP Paribas Asset Management , the manager of the underlying funds.

This assessment is carried out by BNP Paribas Asset Management's Sustainability Center on the basis of internal analysis and information provided by external experts, and in consultation with the BNP Paribas Group CSR team. In the event of serious and repeated non-compliance with these principles, the issuer is placed on an "exclusion list" and is no longer eligible for investment. Existing investments must be removed from the portfolio in accordance with an internal procedure.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Does this financial product consider principal adverse impacts on sustainability factors?

☒ Yes, the DPM mandate takes into account the main negative impacts on sustainability factors

BGL BNP Paribas S.A. selects for this DPM mandate only UCITS falling under Article 9 or Article 8 of the SFDR Regulation.
This DPM mandate 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 financial instruments or are either not ranked or ranked below 3 Clovers according to the proprietary BNP Paribas Wealth Management ESG scoring methodology.

This DPM mandate intends to promote financial instruments that best limit the negative impacts on Environmental, Social and Governance factors altogether.

To reach this commitment, this DPM mandate commits to hold financial instruments which take into consideration certain adverse impacts on Environmental, Social and Governance pillars described below, thanks to the 5-Clover scale, aiming at rating the responsibility level of financial instruments and services in a consistent way across asset classes.

By investing in minimum 3-Clover rated financial instruments, the DPM mandate can demonstrate it promotes financial instruments that limit adverse impacts on sustainable factors. Within the Clover methodology associated with investment funds, PAI 10 (Violations of United Nations (UN) Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises)[1] and PAI 14 (exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, and biological weapons)[2] are considered : to be 3 or more Clovers, a fund need to declare taking into account violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises and excluding exposure to controversial weapons.

Information on how principal adverse impacts on sustainability factors were considered will be made available in the periodic reporting each year of the DPM mandate.

☐ No

1 Principal Adverse Impact number 10 listed in Table 1, Annex I, of Commission Delegated Regulation (EU) 2022/1288.
2 Principal Adverse Impact number 14 listed in Table 1, Annex I, of Commission Delegated Regulation (EU) 2022/1288.

What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The DPM mandate only invests in BNP Paribas Asset Management's UCITS and ETFs classified as article 9 or article 8 under SFDR.

BNP Paribas Wealth Management has set up a robust proprietary evaluation that assesses the responsibility level of financial instruments: the “Clover evaluation”. It places all recommended products on a scale of 1 to 5 Clovers, by asset class.

The DPM mandate will systematically integrate the consideration of Clover ratings into its investment analysis and decision-making processes.

The Clover score reflects how funds consider ESG criteria, at fund and asset management level, as well as the ESG characteristics of the underlying invested asset.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

  The investment selection is performed among financial instruments with the highest level of ESG integration, having at least a rating of 3 clovers (out of 5). It relies on a selective approach which excludes some financial instruments based on ESG criteria:

  - The ESG analysis based on the proprietary ESG methodology must cover at least 80% of the assets of the DPM mandate
  - Exclusion of the financial instruments with the weakest ESG ratings (less than 3 Clovers)
  - minimum 15% of the of the DPM mandate shall invest a portion of its assets in "sustainable investments" as defined in Article 2 (17) of the SFDR Regulation
  - Exclusion criteria aligned with the LuxFLAG ESG label’s exclusion policy

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

  This criterion is not applicable for this DPM mandate.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

What is the policy to assess good governance practices of the investee companies?

Through the Clover evaluation, good governance practices are evaluated at two different levels:

- The evaluation methodology associated with investment funds analyses the stewardship activity of asset management companies. Satisfactory voting and engagement activities are part of the criteria assessed to reach 3 or more Clovers by this evaluation methodology.
- When looking at the underlying assets of the underlying funds invested in, criteria linked to the Governance score of each issuer and their ESG ranking among their peers (delivered by BNP Paribas Asset Management) are associated with ratings of 3 or more Clovers.

Governance indicators include but are not limited to:

- separation of powers (e.g. between the CEO and the chairman),
- diversity on the Board of Directors,
- executive remuneration (remuneration policy),
- independence of the Board of Directors and independence of key committees,
- the accountability of directors,
- the financial expertise of the Audit Committee,
- respect for shareholders' rights and the absence of anti-takeover devices,
- the presence of adequate policies (i.e. anti-corruption, whistleblowing),
- tax transparency,
- assessment of past governance incidents.

The ESG analysis of BNP Paribas Asset Management goes beyond this to make a more qualitative assessment of how the information in our ESG model is reflected in the culture and activities of portfolio companies. In some cases, ESG analysts will participate in due diligence meetings (dialogues) to better understand companies' approach to corporate governance.

As such, through Clover ratings, the assessment of good governance practices is part of the investment analysis and decision-making process.

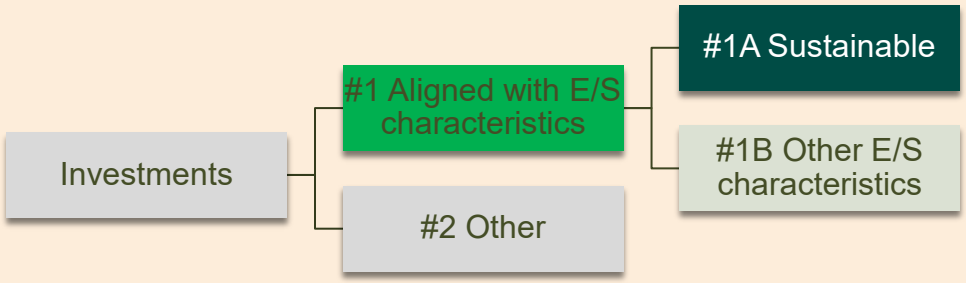
What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

The minimum proportion of investments aligned with the environmental and social characteristics promoted (#1 Aligned with E/S characteristics) by the DPM mandate is 80%.

The remainder, i.e. maximum 20%, will consist of cash, cash equivalents and non-filtered investments and will not be aligned with the promoted E/S characteristics (#2 Other).
15% will be considered sustainable investments (#1A Sustainable).



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **# 1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

This criterion is not applicable for this DPM mandate.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

This DPM mandate does not currently commit to investing in any environmentally sustainable investments as defined by the EU taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1]?

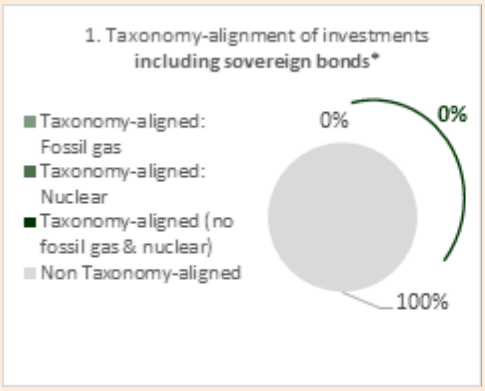
☐ Yes:

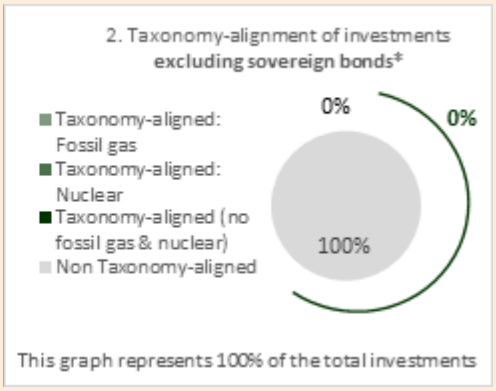
☐ In fossil gas ☐ In nuclear energy

☒ No

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bands, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





**For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

What is the minimum share of investments in transitional and enabling activities?

The minimum share of investment in transitional and enabling activities in the sense of the EU Taxonomy is 0% for transitional activities and 0% for enabling activities.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The DPM mandate commits to a minimum of 15% of sustainable investments with an environmental objective aligned with SFDR. Within these investments, the DPM mandate does not commit to any alignment with the EU Taxonomy.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

What is the minimum share of socially sustainable investments?

This criterion is not applicable for this DPM mandate.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The remaining proportion of investments may include a proportion of assets that do not meet the following standards set by the management company: 1) a positive ESG rating and a positive E or S rating or 2) cash or derivatives that are primarily used for liquidity, efficient portfolio management and/or hedging purposes.

These investments, if any, are made in accordance with our internal processes, including the risk management policy and the Responsible Business Conduct policy, where applicable.

The risk management policy sets out the procedures necessary for the management company to assess the exposure of each DPM mandate it manages to market, liquidity, sustainability and counterparty risks.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

This criterion is not applicable for this DPM mandate.

Where can I find more product specific information online?

More product-specific information can be found on the website:
www.bgl.lu/en/official-documents/sfdr.html.