BGL BNP PARIBAS

La banque d'un monde qui change

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:
My Mandate — Balanced

Legal entity identifier:
UAIAINAJ28P30E5GWE37

Environmental and / or social characteristics

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__% 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**

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.

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

The financial product, being the discretionary portfolio management mandate, MyMandate (the "mandate"), promotes environmental and social characteristics by evaluating how investments consider ESG (environmental, social and governance) criteria as well as the ESG characteristics of the underlying invested assets, and by investing in companies and asset managers' products that demonstrate superior ESG practices.
In order to meet the environmental or social characteristics, the mandate invests in UCITS falling under Article 9 or Article 8 of the Sustainable Finance Disclosure Regulation (SFDR). The 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 methodology, 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 environmental, social and governance 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 are not limited to:

- Environmental: climate change 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 rating 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, with 5 being the highest possible rating. It offers additional insights on the responsibility of financial instruments, as well as non-financial regulatory information, when available.
No index has been designated as a benchmark for achieving the environmental or social characteristics promoted by the mandate.

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 mandate:

- the percentage of the relevant mandate's portfolio that is either Article 8 or Article 9 according to the SFDR regulation; and
- the percentage of the mandate's portfolio that has a 3-clover rating or more, according to the proprietary BNP Paribas Wealth Management ESG scoring methodology;

- ***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?***

This criterion is not applicable for this mandate.

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?***

This criterion is not applicable for this mandate.

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

This criterion is not applicable for this mandate.

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

This criterion is not applicable for this mandate.

BGL BNP PARIBAS, Société Anonyme - 60, avenue. J.F. Kennedy, L-1855 Luxembourg - Tel: (+352) 42 42-1 - info@bgl.lu

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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, this mandate is invested in funds taking into account the principal adverse impacts on sustainability factors.

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

This mandate intends to promote financial instruments that best limit the adverse impacts on environmental, social and governance factors.

To reach this commitment, this 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 (see question below for further information).

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

☐ 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 mandate only invests in UCITS falling under Article 9 or Article 8 of the SFDR.

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

BNP Paribas Wealth Management has set up a robust proprietary evaluation which 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 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, both at fund and asset management level, as well as the ESG characteristics of the underlying invested assets.

- ***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 a rating of at least 3 Clovers (out of 5). The rating 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 mandate's assets.
- Exclusion of the financial instruments with the weakest ESG ratings (fewer than 3 Clovers).

- ***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 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 using this evaluation methodology.
- When looking at the assets the underlying funds invest in, criteria linked to the governance score of each issuer and their ESG ranking among their peers (supplied by BNP Paribas Asset Management) are associated with ratings of 3 or more Clovers.

Governance criteria include but are not limited to:

- separation of powers (e.g. between the CEO and the chair);
- diversity on the Board of Directors;
- executive remuneration (remuneration policy);
- independence of the Board of Directors and key committees;
- directors' liability;
- 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 the 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.

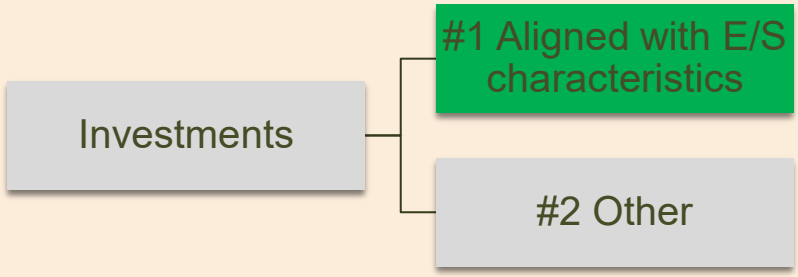
As such, through Clover ratings, the assessment of good governance practices is part of the investment analysis and decision-making process.

What is the asset allocation planned for this financial product?

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

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.



#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 0ther includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified 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 mandate.

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

This mandate does not currently commit to invest in any sustainable investment within the meaning of 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]?**

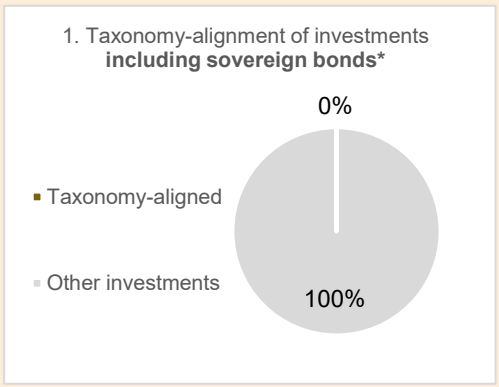
☐ Yes:

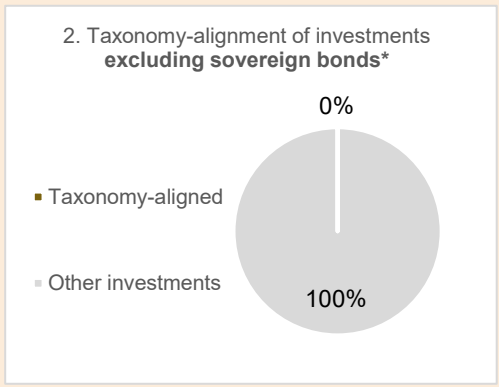
☐ In fossil gas ☐ In nuclear energy

☒ 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?

This mandate does not currently commit to invest in any sustainable investment within the meaning of the EU Taxonomy, meaning that the minimum share of investments in transitional and enabling activities within the meaning of the EU Taxonomy is therefore also set at 0%.

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

The mandate promotes environmental and social characteristics but does not commit to making any sustainable investments. As a consequence, the mandate does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

What is the minimum share of socially sustainable investments?

This criterion is not applicable for this 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 BNP Paribas Asset Management's Responsible Business Conduct Policy[1], where applicable.

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

[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 labour rights, the environment, and corruption, as well as companies operating in sensitive sectors (tobacco, coal, controversial weapons, asbestos, etc.), 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/)

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 mandate.

Where can I find more product specific information online?

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