



BGL BNP PARIBAS STATEMENTS ABOUT POLICIES ON THE INTEGRATION OF SUSTAINABILITY RISKS IN INVESTMENT ADVICE, PORTFOLIO MANAGEMENT ACTIVITIES AND INSURANCE ADVICE

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Pursuant to Regulation (EU) 2019/2088 (SFDR) article 3, which applies from 10 March 2021, BGL BNP Paribas makes available to you information in relation to its policies on sustainability risks.

Sustainability risks means an environmental, social or governance (ESG) event or condition that, if it occurs, could cause actual or potential material negative impact on the value of the investment.

BGL BNP Paribas S.A, as financial advisor and as financial market participant, takes into account, when possible, sustainability risks when selecting or recommending financial instruments to its clients.¹

A long-term increase of these “outside-in” sustainability risks is to be expected, in particular due to climate change.

Therefore, in addition to the risk/return analysis, BGL BNP Paribas S.A. considers, as much as possible, “outside-in” sustainability risk.

First of all, BGL BNP Paribas S.A. takes sustainability risks into account, through the application of the relevant sector policies to securities, bonds and investment products fully manufactured by BNP Paribas S.A. and its subsidiaries. With respect to investment products manufactured by other asset managers or product manufacturers, the information on their sector policies is collected and taken into consideration through the proprietary Clover evaluation of BNP Paribas Wealth Management.

After the application of this first filter to the recommended investment universe, BGL BNP Paribas S.A. can use BNP Paribas Wealth Management proprietary Clover evaluation assessing the responsibility level of financial instruments of each asset class. On top of regulatory information, it offers an insight on how products take into account sustainable development challenges.

It is being deployed within the recommended investment universe of BNP Paribas Wealth Management, attributing a rating of 1 to 5 Clovers to the recommended products it analyses. The evaluation allows BGL BNP Paribas to identify as much as possible how sustainability risks are considered by each product so it can be taken into account in investment decisions or when

advising clients on financial instruments or insurance products (as the case may be). More information on the evaluation is available on our [website](#).

Five methodologies are deployed:

- One for equities and corporate bonds;
- One for sovereign bonds;
- One for funds and ETFs;
- One for alternative funds;
- And one for Private Assets.

For each asset class analysed, and for BNP Paribas’ products as well as for those of other asset managers or producers of financial instruments, the experts of the Sustainability Office of BNP Paribas Wealth Management, with the product experts concerned, evaluate the sustainability risks of financial instruments thanks to the Clover evaluation. The Clover rating reflects the sustainability risks assessed:

The lower the Clover rating, the higher the potential sustainability risk.

The Clover evaluation enables BGL BNP Paribas S.A., as a financial advisor and as a financial market participant, to identify investment products for which the occurrence of an event or situation, in the environmental, social or governance field, could have a real or potential negative impact on the value of these products.

However, investment products with a high level of sustainability risk can be invested or recommended to clients if they meet the client’s other investment objectives, investor profile or diversification needs.

Finally, BGL BNP Paribas S.A. commits maintaining an open, constructive relationship with its external stakeholders (customers, suppliers, sustainable investors, etc.) to achieve three objectives: anticipate change in its business lines and improve products and services, optimise risk management, and have a positive impact on society and on the environment.

¹ For insurance products distributed by BGL BNP Paribas, the sustainability risks and principal adverse sustainability impacts are taken into account by

Cardif Lux Vie when designing these products. Please refer to Cardif Lux Vie statement.