

STATEMENT ON PRINCIPAL ADVERSE IMPACTS OF INVESTMENT ADVICE ON SUSTAINABILITY FACTORS¹

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Pursuant to Regulation (EU) 2019/2088 (SFDR) article 4, which applies from 10 March 2021, BGL BNP Paribas makes available to you information in relation to its policies on adverse sustainability impacts.

Principal adverse impacts on sustainability factors refer to adverse impacts of investment decisions on sustainability factors that mean environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

BGL BNP Paribas' sustainability classification and selection of the financial instruments:

The classification and the selection of financial instruments regarding principal adverse impacts rely on various methodological approaches according to the type of financial instrument:

- a. **Funds and structured products:** based on the principal adverse indicators (PAI²) published by the asset managers or by the manufacturers of structured notes: a financial instrument is considered as taking into account **the environmental or social category** of PAI if one at least of the mandatory PAI of the **environmental or social PAI** is taken into account.
- b. **Equities and bonds:** based on the data feed of BNP Paribas Asset Management, the sustainability of the instruments is rated taking into account the ESG criteria of the activity and practice of the company, as well as the ESG criteria of the sector it operates in. In its proprietary ESG scoring framework, BNP Paribas Asset Management takes into account the mandatory PAI, cf. Appendix 1 of the SFDR Disclosure Statement of BNP Paribas Asset Management detailing for each PAI how it is embedded within the scoring methodology.

The analysis realised by BGL BNP Paribas as financial advisor, allows the classification, when possible, of financial instruments according to MIFID definition of 'sustainability preferences'³.

BGL BNP Paribas, when providing investment advice on equities and bonds, considers and addresses the following

Principal Adverse Impacts when advising on sustainability factors:

- PAI number 10 by relying on several international standards that BNP Paribas adheres to, in particular: The UN Global Compact principles and Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises OECD Principles for Multinational enterprises which may lead to the exclusion of companies active in certain sectors. PAI number 10 is considered and addressed by BNP Paribas Asset Management Responsible Business Conduct which evaluates and excludes companies exposed to issuers who are in breach with UNGC Principles and/or OECD Multinational Enterprises guidelines.
- PAI number 14, in particular: exposure to controversial weapons. The following controversial weapons conventions are taken into account to consider and address PAI number 14: Oslo Convention on Cluster Munitions (2008) and Ottawa Treaty on Landmines (1999), Biological and Toxin Weapons Convention (1972), Chemical Weapons Convention (1993). All investee companies involved in the manufacturing, or the selling of controversial weapons are excluded.

BGL BNP Paribas, when providing investment advice on funds and ETFs of third-party asset management companies, considers and addresses the following PAI:

- PAI number 10, for the part of clients' portfolios with sustainability preferences according to MiFID II, by relying on several international standards that BNP Paribas adheres to, in particular: UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises. For this purpose, BNP Paribas Wealth Management reviews European ESG Templates (EET) provided by Asset Management companies to ensure PAI number 10 is considered. In case of non-consideration BNP Paribas Wealth Management takes steps to mitigate risk and/or minimize exposure on PAI number 10 violation.
- PAI number 14 for the part of clients' portfolios with sustainability preferences according to MiFID II, in

¹ SFDR Delegated regulation art.11

² PAI being listed in table 1 of Appendix 1 of SFDR RTS.

³ Article 2(7) MIFID Delegated Regulation 2017/565



particular: exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons). For this purpose, BNP Paribas Wealth Management reviews European ESG Templates (EET) provided by Asset Management companies to ensure PAI number 14 is considered. In case of a non-consideration or an exposure the financial product will be excluded.

For the avoidance of doubt, BGL BNP Paribas does not at this stage consider on derivative instruments and on Article 6 SFDR financial products⁴ the principal adverse impacts on sustainability factors.

For Reception and Transmission of Orders (RTO) the client does not receive any advice and no investment recommendations. In this case BGL BNP Paribas does not consider the above-mentioned PAIs.

⁴ ETFs and external funds