Methodology to assess the level of responsibility of single lines



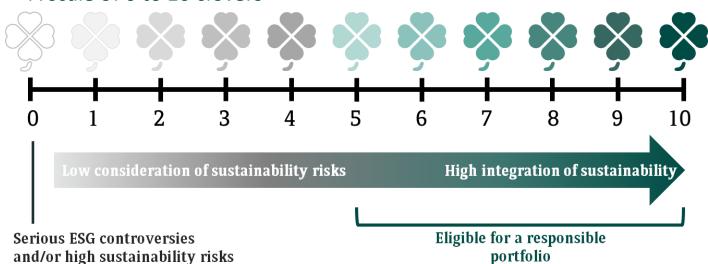
Compare the responsibility of Equities & Bonds

A responsibility rating for recommended Equities and Bonds is assigned. It analyses the ESG (Environmental, Social, corporate Governance) impact of activities for issuers in each sector.

The methodology analyses:

- The integration of sustainable development principles in companies' activities
- The quality of corporate governance
- The potential controversies

A scale of 0 to 10 clovers



The main features of the methodology



- More than 1,000 shares and 5,000 bonds recommended
- Coverage of European, US and Asian issuers
- · All sectors analysed
- Companies of all sizes (largecaps, mid-caps and small caps)

#2 Recognized and varied sources

- Sustainalytics
- Trucost/S&P/Carbone 4
- ISS ESG
- Vigeo Eiris
- Brokers and Asset Managers involved in ESG
- International organisations (UN, OECD, WHO, etc.)
- Issuer publications

#3 A robust process

- Issuers are positioned on a granular scale from 0 to 10 clovers
- The rating is documented and updated on a monthly basis



A 4-step methodology

The aim is to assess all single lines, whether sustainable or not

The variety of information sources ensures wide coverage, thorough analysis and integration of the risks associated with possible controversies.

Dozens of indicators related to the ESG pillars are analysed, some of which are specific to the sector(s) of the issuer.

BNP Paribas Asset Management's analysts review the indicators and check that they reflect most recent developments. The result of each indicator is "normalized" and transformed into contributions (positive or negative).



Contributions are agregated at pillar level. When necessary, BNP Paribas Asset Management's analysts may apply an overlay modifying the pillar score, and document the change. The sum of each pillar's indicator contributions and the potential overlay creates the pillar contribution (positive or negative).

The 3 E, S and G pillar contributions are added to 50 (neutral score) and create the issuer's ESG score, out of 100. The clover ratings are then given on the basis of this ESG score, by ten. An issuer will get a rating of 0 clovers if its ESG score is between 0 and 9 out of 100, 1 clover if the score is between 10 and 19, and so on.



Issuers screened for non-compliance with BNP Paribas Group's sector policies, and/or BNP Paribas Asset Management's ESG monitoring rules (failure to comply with the UN Global Compact, carbon policy, etc.) will see their rating reduced to 0 clovers.



Steps for attributing the number of clovers:

- A score out of 100 is given. This is equal to the sum of each E, S and G pillar contribution with the neutral score of 50 and may reflect an overlay by BNP Paribas Asset Management's analysts, a controversy and/or carbon intensity risk:
- 2. The score out of 100 determines the number of clovers (0 to 10);
- 3. Validation of number of clovers with a filter for sector policies and ESG monitoring criteria.

Key points

- The sustainability methodology for single lines incorporates the ESG criteria for companies' practices and activities.
- We draw on the best sources of information available and the research of ESG analysts at BNP Paribas Asset Management.
- Our rating methodology follows the same logic and a common approach across all asset classes to compare all financial instruments (funds, equities, bonds, etc.) in a portfolio.



GLOSSARY

ESG

In the financial community, these initials refer to the Environmental, Social and Governance (ESG) criteria, which are used to complete the traditional financial analysis of issuers. ESG criteria assess the extent to which issuers are responsible for the environment and their stakeholders (employees, customers, suppliers, subcontractors, partners, local community, etc.).

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