Sustainable Investing

- SRI Investing
- Responsible Indices
- Green Bonds
- Renewables Finance
- Carbon Finance
- ESG Analytics
- Ex-Controversial Weapons Trackers
- ESG Investment Integration
ESG: A key focus by regulators globally

- **Canada**
  - Montreal Carbon Pledge
  - Ontario pension funds to disclose how ESG factors are incorporated

- **United States of America**
  - SEC CFR - The Securities and Exchange Commission introduced new disclosure requirements related to climate change

- **United Kingdom**
  - London Stock Exchange mandatory carbon reporting for listed company

- **France**
  - Article 173 On carbon reporting for institutional investors.

- **Europe**
  - IORP II Directive Pension funds to explain how ESG issues are considered in investments

- **Sweden**
  - Public Pension Funds Act On sustainability reporting

- **China**
  - Green Finance Task Force (UN-China partnership) to design a sustainable financial system

- **Australia**
  - FSC Standard – Superannuation funds to develop and implement an ESG risk management policy

- **South Africa**
  - Stock Exchange introduced Mandatory Integrated Reporting

- **Japan**
  - Stewardship code promoting the sustainable growth of companies through ESG integration into investments

- **Malaysia**
  - SRI Sukuk framework, Stewardship Code Pension funds leading ESG integration
What are the starting points of ESG reporting

1. Multi-level ESG Scoring
   - Multi-level scoring with drill down to the companies
   - Global coverage
   - Transparent & credible analysis at indicator level
   - Best-in-class companies

2. Controversies Exposure
   - Controversy indicators
   - Consistent with norms (UN)
   - Flags system

3. Business Involvement Screening
   - Wide range of screening
   - True/False, % revenues, % ownership

4. Carbon footprint
   - Co2 Emissions (Scope 1 & 2)
   - Company level indicators to track carbon footprint

Multi-dimensional risk assessments, measuring ESG exposure of portfolios relative to benchmarks
Range of ESG indicators to measure and monitor

<table>
<thead>
<tr>
<th>Environment</th>
<th>Economic Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resource Reduction</td>
<td>Client Loyalty</td>
</tr>
<tr>
<td>Emission Reduction</td>
<td>Performance</td>
</tr>
<tr>
<td>Product Innovation</td>
<td>Shareholder Loyalty</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Social</th>
<th>Corporate Governance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment Quality</td>
<td>Board Structure</td>
</tr>
<tr>
<td>Health &amp; Safety</td>
<td>Compensation Policy</td>
</tr>
<tr>
<td>Training &amp; Development</td>
<td>Board Functions</td>
</tr>
<tr>
<td>Diversity &amp; Opportunity</td>
<td>Shareholder Rights</td>
</tr>
<tr>
<td>Community</td>
<td>Vision &amp; Strategy</td>
</tr>
<tr>
<td>Product Responsibility</td>
<td></td>
</tr>
<tr>
<td>Human Rights</td>
<td></td>
</tr>
</tbody>
</table>

Examples of data points and data elements

<table>
<thead>
<tr>
<th>Type of Indicator</th>
<th>Name</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data Point</td>
<td>Balanced Board Structure</td>
<td>Does the company have a policy regarding the adequate experience on its board?</td>
</tr>
<tr>
<td>Policy Element</td>
<td>Balanced Board Structure Policy Board Experience</td>
<td></td>
</tr>
<tr>
<td>Element</td>
<td>Total Senior Executives Compensation</td>
<td>The total compensation paid to all senior executives (if total aggregate is reported by the company).</td>
</tr>
<tr>
<td>Data Point</td>
<td>Emission Reduction Processes/ Policy Emissions Reduction</td>
<td>Does the company have a policy to improve emissions reduction?</td>
</tr>
<tr>
<td>Data Point</td>
<td>CO2 Equivalents Emission Total</td>
<td>Total CO2 and CO2 equivalents emissions</td>
</tr>
<tr>
<td>Data Point</td>
<td>Community Reputation Code of Conduct/ Policy Bribery and Corruption</td>
<td>Does the company describe in the code of conduct that it strives to avoid bribery and corruption at all its operations?</td>
</tr>
<tr>
<td>Data Point</td>
<td>Lobbying Contribution Amount</td>
<td>The total amount of lobbying contributions made by the company or its employees and representatives during the fiscal year.</td>
</tr>
</tbody>
</table>

Any policy or approach needs to be quantifiable so that it can be measured, monitored and enhanced

BNP PARIBAS
The bank for a changing world
Dashboard view

Report Data: [Insert]
Portfolio: New Carbon Morgan Strategy
Benchmark: All Country World

ESG Overall Score
Portfolio: Score: 58.45%
Coverage: 82.67%
Benchmark: Score: 61.15%
Coverage: 91.04%

Carbon Footprint Summary
Portfolio: Emissions: 13.27M tCO2/year
Coverage: 78.12%
Benchmark: Emissions: 20.49M tCO2/year
Coverage: 63.38%

Business Involvement
Portfolio: Exposure: 11.86%
Coverage: 97.98%
Benchmark: Exposure: 19.64%
Coverage: 97.98%

Top 3 exposures in your portfolio:
- Arms race: 4.46%
- Nuclear: 2.42%
- Pornography: 4.46%

Controversies
Portfolio: Exposure: 39.15%
Coverage: 97.98%
Benchmark: Exposure: 46.29%
Coverage: 97.98%

Exposure of your portfolio to your exclusion criteria
- Emission reduction: 15.23%
- Health & Safety: 2.56%
- Diversity & Opportunity: 0.55%
ESG view

- **Report Date:** 2024/02/17
- **Portfolio:** Low-Carbon Morgan Strategy
- **Benchmark:** All Country World

**ESG Overall Score**
- **Portfolio Score:** 58.45 / 100
  - Coverage: 92.67%
- **Benchmark Score:** 61.15 / 100
  - Coverage: 91.04%

**ESG Overall Score vs Active Weight**

**Line by line**

<table>
<thead>
<tr>
<th>Security Name</th>
<th>Asset Type</th>
<th>Weight in PF</th>
<th>Weight in Benchmark</th>
<th>ESG Overall Score</th>
<th>E Score</th>
<th>S Score</th>
<th>G Score</th>
<th>Sparkline</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALEXANDRIA REAL ESTATE...</td>
<td>Equity</td>
<td>2.56</td>
<td>2.67</td>
<td>40.80</td>
<td>23.80</td>
<td>34.20</td>
<td>59.4</td>
<td>40.8</td>
</tr>
<tr>
<td>JTNT INC</td>
<td>Corporate B.</td>
<td>0.55</td>
<td>0.68</td>
<td>70.00</td>
<td>59.00</td>
<td>59.00</td>
<td>74.5</td>
<td>50.0</td>
</tr>
<tr>
<td>AUTOMATION INC</td>
<td>Equity</td>
<td>3.11</td>
<td>0.68</td>
<td>40.10</td>
<td>20.30</td>
<td>20.30</td>
<td>52.0</td>
<td>40.5</td>
</tr>
<tr>
<td>BANK OF AMERICA CORP</td>
<td>Corporate B.</td>
<td>0.27</td>
<td>0.70</td>
<td>63.30</td>
<td>63.30</td>
<td>63.30</td>
<td>52.0</td>
<td>63.3</td>
</tr>
<tr>
<td>BRAHMAHIND METALY INC</td>
<td>Corporate m.</td>
<td>1.13</td>
<td>1.13</td>
<td>20.60</td>
<td>21.20</td>
<td>21.20</td>
<td>28.1</td>
<td>24.5</td>
</tr>
<tr>
<td>DORR枵ARHER INC</td>
<td>Corporate s.</td>
<td>3.50</td>
<td>0.01</td>
<td>62.00</td>
<td>62.00</td>
<td>62.00</td>
<td>44.4</td>
<td>52.5</td>
</tr>
<tr>
<td>CA INC</td>
<td>Corporate B.</td>
<td>5.20</td>
<td>0.00</td>
<td>62.20</td>
<td>62.20</td>
<td>62.20</td>
<td>71.2</td>
<td>64.2</td>
</tr>
<tr>
<td>CAMWARD MED</td>
<td>Corporate m.</td>
<td>0.45</td>
<td>0.90</td>
<td>10.10</td>
<td>10.10</td>
<td>10.10</td>
<td>70</td>
<td>50.0</td>
</tr>
<tr>
<td>Cadre ROWAY INC</td>
<td>Equity</td>
<td>2.56</td>
<td>0.01</td>
<td>37.20</td>
<td>26.20</td>
<td>26.20</td>
<td>57.5</td>
<td>37.2</td>
</tr>
<tr>
<td>COGNITIVE TECH SOLUTIONS INC</td>
<td>Equity</td>
<td>0.10</td>
<td>0.30</td>
<td>73.00</td>
<td>73.00</td>
<td>73.00</td>
<td>70.0</td>
<td>73.0</td>
</tr>
<tr>
<td>COMMERCIAL METAL S &amp; CO</td>
<td>Equity</td>
<td>1.10</td>
<td>0.11</td>
<td>39.30</td>
<td>39.00</td>
<td>39.00</td>
<td>53.3</td>
<td>60.0</td>
</tr>
<tr>
<td>DIANE ENERGY CORP</td>
<td>Equity</td>
<td>2.15</td>
<td>0.26</td>
<td>75.00</td>
<td>75.00</td>
<td>75.00</td>
<td>59.1</td>
<td>75.0</td>
</tr>
<tr>
<td>OSP INC</td>
<td>Equity</td>
<td>1.10</td>
<td>2.03</td>
<td>62.40</td>
<td>62.40</td>
<td>62.40</td>
<td>59.1</td>
<td>57.0</td>
</tr>
</tbody>
</table>

**Country**
- United States

**Sector**
- Finance

---

**BNP PARIBAS**
**The bank for a changing world**
CO2 footprint view

Total carbon emissions Line by line

- **Portfolio**
  - Emissions: 13.51 M tCO2/year
  - i.e. 141.69 tCO2/M$ invested year
  - Coverage: 20.33%
  - 7.14 M → 13.51 M

- **Benchmark**
  - Emissions: 17.81 M tCO2/year
  - i.e. 190.72 tCO2/M$ invested year
  - 20.00 M → 17.81 M

**Methods used**
This metric provides the total amount of CO2 emissions a portfolio is responsible for.

See further explanations on the “Formula” page.

**Sector**

- **Finance**
  - Industrial Services
  - Retail Trade
  - Consumer Non-Durables
  - Consumer Durables
  - Telecommunications Services
  - Healthcare Services
  - Oil & Gas

**Line by line**

- **Security Name**
  - COMMERCIAL METALS CO
  - QUANTUM AIRWAYS LTD
  - SUEZ ENERGY CORP
  - PHILIPS NL
  - NEWMONT MINING CORP
  - ASSOCIATED BRITISH FOODS PLC
  - TOKYO GAS CO LTD
  - KEPPEL CORP LTD
  - AUTOMATION INC
  - BOROWANCHE INC
  - TEXITRON INC

- **Asset Type**
  - Equity
  - Corporate Bond

- **Weight in P/L**
  - 1.75%
  - 1.62%
  - 2.61%
  - 2.88%
  - 3.15%
  - 2.66%
  - 1.98%
  - 2.06%
  - 3.17%
  - 3.03%
  - 2.04%

- **Weight in Benchmark**
  - 4.11%
  - 1.23%
  - 2.39%
  - 0.73%
  - 2.10%
  - 2.24%
  - 1.47%
  - 3.61%
  - 3.81%
  - 0.50%
  - 4.73%

- **Contribution to total carbon emissions**
  - 31.37%
  - 17.28%
  - 18.16%
  - 9.55%
  - 5.52%
  - 3.93%
  - 3.12%
  - 1.62%
  - 1.58%
  - 0.91%
  - 0.66%

**Elasticity of contribution**

- **Elasticity**
  - 21.0
  - 16.7
  - 15.8
  - 12.6
  - 15.5
  - 16.7
  - 18.0
  - 20.5
  - 22.0
  - 24.5
  - 26.5

**Bank for a changing world**

- BNP PARIBAS
CO2 comparison
Results for the low carbon beta

- Significant carbon footprint reduction of 64.7%
- Good stability of the carbon footprint reduction
- Small outperformance with acceptable tracking error of 1.07% (compared to the MSCI ACWI)

<table>
<thead>
<tr>
<th>Carbon Indicator</th>
<th>Annualised Returns</th>
<th>Annualised Tracking Error</th>
<th>CO2 reduction</th>
<th>Turnover</th>
<th>Sharpe Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSCI ACWI</td>
<td>13.6%</td>
<td></td>
<td></td>
<td>29.8%</td>
<td>0.918</td>
</tr>
<tr>
<td>Low Carbon beta</td>
<td>14.9%</td>
<td>1.07%</td>
<td>64.7%</td>
<td>77.9%</td>
<td>0.986</td>
</tr>
</tbody>
</table>

Index Levels (Initial=100)

CO2 Ratio

MSCI ACWI
Minimized Indicater: CO2 Ratio

BNP PARIBAS
The bank for a changing world
Sustainable Investing at BNP Paribas – Your questions, please

- SRI Investing
- Green Bonds
- Responsible Indices
- Carbon Finance
- Renewables Finance
- ESG Analytics
- ESG Investment Integration
- Ex-Controversial Weapons Trackers

BNP PARIBAS
The bank for a changing world
By accepting this document, you agree to the following terms, conditions and limitations.

The information contained within this document ('information') is confidential and is provided to you for your information purposes only. This document shall not, in whole or in part, be reproduced, distributed or transmitted to any other person or incorporated into, quoted or referred to in any way in any other document or material.

The information herein shall not be construed as an advertisement, inducement or representation of any kind or form whatsoever. Such information is believed to be reliable but BNPPSS does not represent or warrant, whether expressly or impliedly, that it is accurate, complete or verified, or as to the fitness of any such information for any purpose, and it should not be relied upon as such. Opinions and estimates contained herein constitute BNPPSS' judgment and are subject to change without notice. Members of the BNP Paribas Group and/or its associated and connected persons and/or affiliates, their directors, officers and/or employees (including, without limitation, BNPPSS and its subsidiaries) do not accept any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of the information or otherwise arising in connection therewith. Without prejudice to the generality of the foregoing, they shall not be liable to anyone for any inaccuracy, errors, omissions or opinions contained within this document, regardless of cause, or for any kind of damages arising in connection therewith.

This document is not intended as an offer or solicitation for the purchase or sale of any financial instrument. It is also not intended as investment or financial advice or any form of recommendation. The information herein does not take into account the specific investment objectives, financial situation and the particular needs of any particular recipient. You must therefore consult your own advisers prior to making any decision in respect of such information. For the avoidance of doubt, any information contained within this document will not form an agreement between parties. Additional information is available on request.

BNP Paribas Securities Services is incorporated in France as a Partnership Limited by Shares and is authorised and supervised by the ACP (Autorité de Contrôle Prudentiel) and the AMF (Autorité des Marchés Financiers). BNP Paribas Securities Services' London branch is subject to limited regulation by the Financial Services Authority for the conduct of its investment business in the United Kingdom and is a member of the London Stock Exchange. BNP Paribas Trust Corporation UK Limited and Investment Fund Services Limited are wholly owned subsidiaries of BNP Paribas Securities Services, incorporated in the UK and are authorised and regulated by the Financial Services Authority. Details on the extent of our regulation by the Financial Services Authority are available from us on request. BNP Paribas Securities Services' Singapore branch is subject to regulation by the Monetary Authority of Singapore. The services described in this document, if offered in the U.S., are offered through BNP Paribas and its subsidiaries and its affiliates. Securities products are offered through BNP Paribas Securities Corp., a subsidiary of BNP Paribas, a broker-dealer registered with the Securities and Exchange Commission and a member of SIPC, the Financial Industry Regulatory Authority, New York Stock Exchange and other principal exchanges.