



— BNP PARIBAS WEALTH MANAGEMENT

# SUSTAINABLE INVESTMENT GUIDE

— #POSITIVE IMPACT

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# // 01

— OUR GLOBAL APPROACH

## «POSITIVE BANKING» AS A NEW MOTTO

BNP Paribas' engagement with society is entering a new era. Our society is constantly and rapidly evolving. Our future is full of opportunities, but also of risks, principally due to rising inequalities and climate change. No country, business or individual can win in the long term in a world that loses. We firmly believe that collective progress will be achieved only through a growth that is both sustainable and equitable.

As a major international company and financial services group, we have the human, technological and financial resources to push boundaries, to be part of the solution and to take a leading role.

### — OUR VISION

"Positive Banking" expresses the vision of BNP Paribas by combining our banking business, which is to offer our customers an increasingly efficient and tailored service, with our contribution to building a more sustainable world.

### — WHAT IS SUSTAINABLE FINANCE?

According to the **United Nations Environment Programme (UNEP)**, it is a form of finance that "serves to deliver a positive contribution to one or more of the three pillars of sustainable development (economic, environmental and social) once any potential negative impacts to any of the pillars have been duly identified and mitigated".

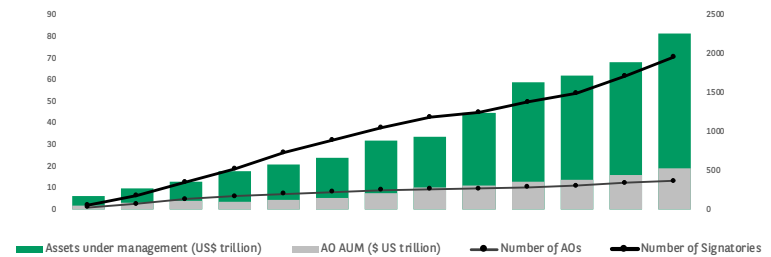
Intended for financial institutions and investors, these principles outline a common framework for financing the 17 Sustainable Development Goals (SDGs), which aim to end poverty by 2030 while protecting the planet.

**BNP Paribas has committed to doing its part in this collective effort.**

### INVESTMENT CONTEXT

#### ESG\* IS GROWING FAST

United Nations Principles for Responsible Investing has grown to over **1,900 signatories** with **\$81.7 Trillion in AUM\***



Source: BNP Paribas Asset Management as of 31/03/2019 - For illustration purposes only.

\*ESG: Investment analysis that incorporates Environmental, Social, and corporate Governance factors into the investment process.

### SUSTAINABLE DEVELOPMENT GOALS



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— OUR GLOBAL APPROACH

## BNP PARIBAS, A COMMITTED BANK

### A fundamental part of BNP Paribas's business model

«Positive Banking» is at the core of our economic model and is crucial to the success of the bank. Current changes in our society drive our strategic plan, structured around the three main axes of performance, digitalisation and engagement.

### 4 PILLARS OF OUR CSR\* APPROACH

Positive impact financing and investment constitute the first commitment in the Economic Responsibility pillar of the Group's CSR policy. BNP Paribas is committed to supporting the economy in an ethical way, in particular by rolling out a system to combine "innovation" and "positive impact".



#### Economic Responsibility

Financing the economy in an ethical manner



#### Civic Responsibility

Being a positive agent for change



#### Social Responsibility

Developing and engaging people



#### Environmental Responsibility

Combating climate change

\* CSR: Corporate Social Responsibility.

### — OUR CONTRIBUTION TO GLOBAL INITIATIVES



United Nations  
Global Compact



### — OUR MARKET RECOGNITIONS



### — OUR PRESENCE IN SUSTAINABLE INDICES







— BNP PARIBAS WEALTH MANAGEMENT

# BECOME A SUSTAINABLE INVESTOR



**Vincent Lecomte**  
Co-CEO of BNP Paribas Wealth Management

**We are clearly seeing a major shift in what investors want to do with their money.** Sustainability is progressively becoming a **top-of-mind criterion for decision making by investors** around the world.

They want not just **returns** but also to **have an impact on an issue**, be it **environmental or social**. This trend is even reinforced by their increased willingness **to have a view on this impact**, e.g. **through reports and KPIs**.

— #POSITIVE IMPACT

# // 03

— BECOME A SUSTAINABLE INVESTOR

## POSITIVE IMPACT BY BNP PARIBAS WEALTH MANAGEMENT

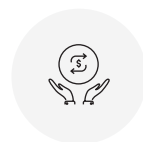
At BNP Paribas Wealth Management, we are convinced that a real turning point is taking place in the financial world where sustainable investment will take the forefront.

— WITH BNP PARIBAS WEALTH MANAGEMENT



### Combine Performance & Impact

Perform a deeper risk/opportunity analysis



### Align investments & personal convictions

From exclusion to ESG integration and Impact Investing, find your suitable sustainable approach



### Benefit from a unique methodology

Tailor-made investments proposals based on a sustainability methodology\*



### Access to Positive Impact Experts

Get support from our dedicated Positive Impact Solutions team

\*At BNP Paribas Wealth Management, the use of an internal sustainability rating methodology that adapts to the asset classes and sustainability approaches allows to benefit from a common analysis framework dedicated to sustainability issues for all recommended products worldwide, in the absence of universal norms.



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— BECOME A SUSTAINABLE INVESTOR

## COMBINE PERFORMANCE & POSITIVE IMPACT

### — HOW TO COMBINE PERFORMANCE & POSITIVE IMPACT?

Sustainable Investing consists of integrating Environmental, Social and Governance (ESG) factors in the investment process in addition to the traditional financial analysis.

- Sustainable Investments favour companies with sustainable business plans and objectives to generate long term competitive financial return as well as contribute to a positive social impact.
- Each investor can define his/her own strategy when building a sustainable portfolio of investments. Measurement is therefore key in determining the sustainability level of an investment.



## 80%

of studies show that good sustainability practices in companies positively influence its stock's performance.

Taking into account ESG criteria enables better identification of risks & business and increases shareholder value.



### IDENTIFY RISKS

Detect and exclude companies presenting ESG risks that can negatively affect the financial performance of a company.

#### Example

- A company that has strong health and safety policies and programs in place for its employees reduces risk of workplace accidents, strikes, etc.



### DETECT GROWTH OPPORTUNITIES

In all sectors and geographies, good ESG practices within companies lead to cost reduction, cost saving and ultimately lower cost of capital in the mid to long term. Good ESG practices also gives access to opportunities linked to innovation.

#### Example

- A company that reduces its waste volume, controls the impact of its products on the environment and reduces its costs.
- A company innovating in the irrigation business in water-scarce areas offers a long-term business opportunity.

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— BECOME A SUSTAINABLE INVESTOR

## ALIGN INVESTMENTS AND PERSONAL CONVICTIONS

### — DEFINE YOUR SUSTAINABLE INVESTMENT STRATEGY

As each investor is unique, your approach to sustainability will be unique and we aim to cater to those specificities by defining core sustainable strategies that incorporate personal convictions and financial objectives to build an investment strategy tailored to your needs.

### — HOW DO YOU ACHIEVE YOUR SUSTAINABILITY OBJECTIVES?

Sustainable Investments provide the possibility to combine convictions and investments without having to forego financial returns. It is a for-profit approach that enables clients to align their portfolio (or part of it) with their convictions by applying a thoughtful selection across all asset classes and geographies.

Our clients will have access to a range of solutions and products that can be used to integrate sustainability in an investment framework. We can work on a variety of options to provide tailor-made sustainable investment strategies.

### — EXAMPLES



**I want to protect my capital and capture opportunities**

#### **Sustainable Multisector approach**

Example: Excluding companies highly exposed to ESG risks



**I want to align my investment with my convictions**

#### **Exclusion & Sustainable Thematic approaches**

Example: Exclusion of controversial Weapons, selection of companies active in energy efficiency



**I want to change the world**

#### **Impact Investing**

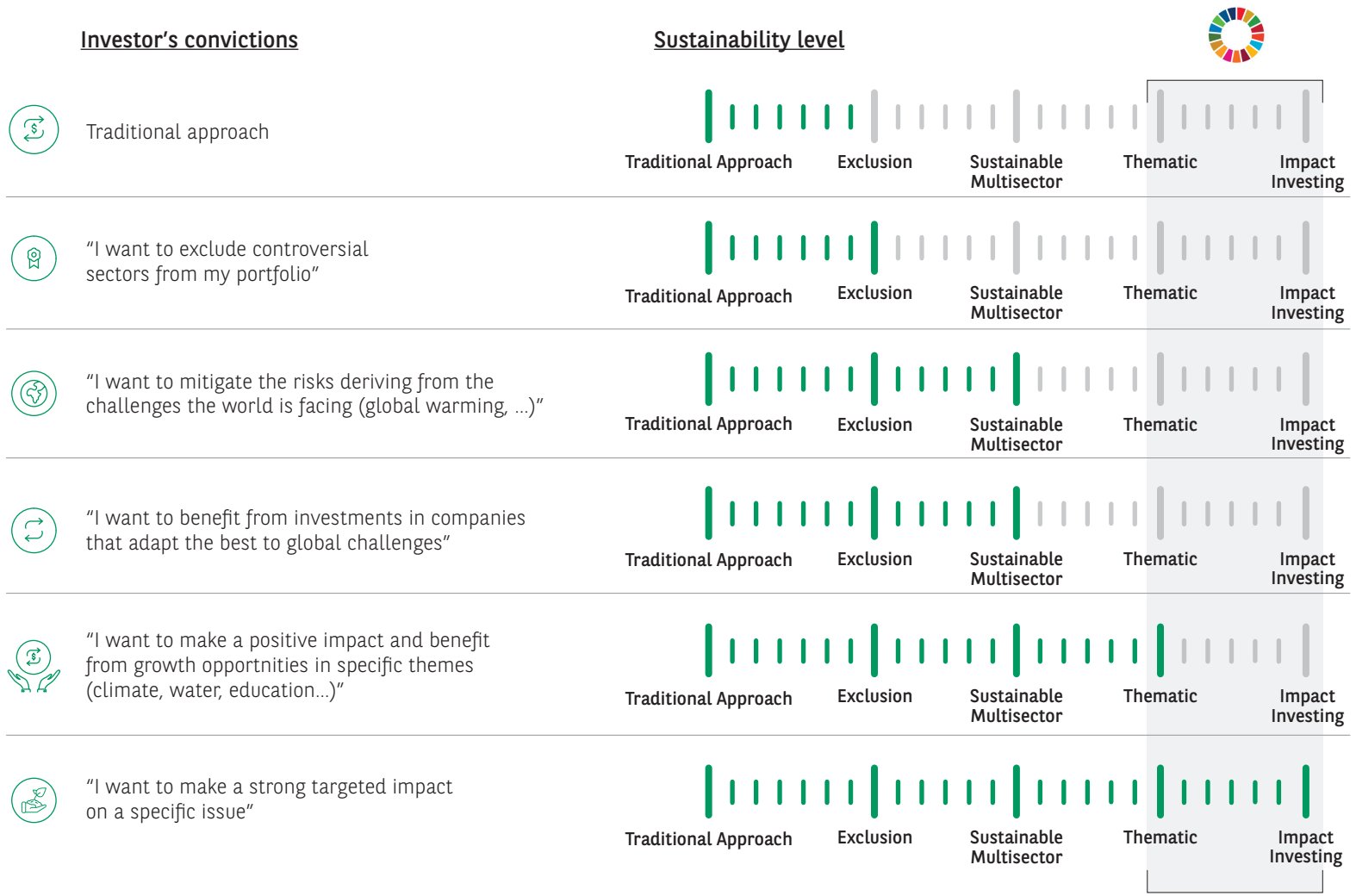
Example: Microfinance



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— BECOME A SUSTAINABLE INVESTOR

## IDENTIFY YOUR INVESTMENT PRIORITIES VIA A UNIQUE METHODOLOGY



## ACCESS TO A WIDE RANGE OF EXPERTS

### — DISCRETIONARY PORTFOLIO MANAGEMENT

Discretionary Portfolio Management provides you with a wide range of Sustainable Investment mandates adapted to your investor profile, your ImpAct'or profile, and your personalised rules.

Our sustainable mandates offer you an active management solution using direct and indirect investments while benefiting from our portfolio and risk management expertise. They take into consideration your financial and sustainability requirements and combine a selection of both multi-sectorial / thematic funds and direct-lines.



#### YOUR WEALTH MANAGER

##### Your Relationship Manager

is in charge of your relationship with the bank.



##### Your Portfolio Manager

is in charge of managing your portfolio according to your objectives.

##### Positive Impact Experts

are in charge of Impact profiling, sustainability analysis and product selection



#### INVESTMENT SOLUTIONS & SERVICES



##### SRI\* Mandates

are available depending on your investor profile and currency.



##### Sustainability Report

\* SRI (Sustainable & Responsible Investment): a strategy that integrate sustainability criteria into investment decision-making, in parallel to rigorous financial analysis.

### — ADVISORY SERVICE

Our advisory service provides you with sustainable investment solutions among all asset classes aligned with your investments objectives, needs and personal convictions. Your investment manager will advise you by selecting the best products according to your investor profile. These sustainability investment opportunities are selected jointly by our dedicated financial and positive impact experts. Thanks to this process, you benefit from a double check of your investments: financial and sustainability analysis.



#### YOUR EXPERTS

##### Your Relationship Manager

is in charge of your relationship with the bank.



##### Your Investment Advisor

advises your investments according your own investment rules.

##### Positive Impact Experts

are in charge of Impact profiling, sustainability analysis and product selection



#### INVESTMENT SOLUTIONS & SERVICES



##### Asset Classes:

Equities, Bonds, Funds, Structured Products, Private Equity



- Sustainability Portfolio Diagnosis
- Sustainability Investment Proposal
- Sustainability Report

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— BECOME A SUSTAINABLE INVESTOR

## ACCESS TO POSITIVE IMPACT EXPERTS

### — ACCESS TO POSITIVE IMPACT EXPERTS

Since 2007, we have developed a strong expertise in sustainable investing. Our specialists select products that provide social or environmental added value and financial performance, and propose a range of services to assist you in your sustainable investment initiative.

Our team will also provide you with:

- Detailed sustainability diagnosis of your portfolio
- Guidance to help you re-orient your portfolio towards higher sustainability level
- Selection of assets according to your ImpAct'or Profile



### **myImpact APP\***

**BNP Paribas Wealth Management has developed a unique App, which allows clients to determine their «ImpAct'or» profile. myImpact was co-created with clients.**

myImpact is an informative tool that allows you to define your expectations as an investor or philanthropist, learn more about positive impact solution that match your values and discuss with your advisor, take part in the development of sustainable finance.



### **CONTACT US**

**Don't hesitate to contact your Wealth Manager to discuss about our sustainable investment solutions.**





# APPENDIX

# GLOSSARY

## — ESG INTEGRATION

The implementation of a sustainable investment strategy seeks to select actors (companies, countries, supranational bodies, etc.) by looking at two complementary perspectives: traditional financial analysis and sustainability analysis based on ESG criteria.

ESG criteria relate to three specific areas:

### Environmental

**Targeting the direct or indirect environmental impact of companies' activity.**

Examples: CO2 emissions, water resource management, energy management, waste management, etc.

### Social

**Relating to the impact of actors' activity on their employees, their clients, their suppliers and civil society.**

Examples: quality of work life, respect for communities, waste safety, etc.

### Governance

**Relating to the way in which structures are managed, administered and controlled.**

Examples: corruption, respect for shareholders' rights, independence of the board of directors...

ESG integration is also performed by:

- Excluding companies whose behaviour is harmful to human beings and to the environment
- Encouraging the improvement of companies' ESG practices through the vote of resolutions at annual general meetings.

## — EXCLUSIONS

Norm-based and sector exclusions involve excluding, from the investment universe, companies whose behaviour is harmful to human beings or the environment.

At BNP Paribas, both types of exclusion are implemented at Group level. Since 2010, the Group has defined internal rules, more stringent than regulation, to frame its activities in sectors that are considered as being sensitive from an environmental and/or social point of view and where the Group is largely exposed. In 2019, 9 sector policies have been validated by the Group's Executive Committee, and help the Group manage its own ESG risks.

**Defence & Weapons**

**Palm Oil**

**Paper Pulp**

**Nuclear Energy**

**Mining Industry**

**Farming**

**Tobacco Industry**

**Coal-Fired Energy Generation**

**Unconventional Oil & Gas**

# GLOSSARY

## — SUSTAINABLE MULTISECTOR\*

The sustainable multisector approach is a type of ESG stock-picking consisting in preferring companies with the best sustainability rating within their business sector, without favouring or excluding a sector relative to the market index used as an initial reference.

## — SUSTAINABLE THEMATIC

The sustainable thematic approach consists in identifying companies active in sustainable themes and/or sectors, ie. that provide solutions to the social and/or environmental challenges of sustainable development. The Sustainable Development Goals (SDGs), also known as the Global Goals, are the framework to which these activities may be related to.

Examples of players working in sustainable themes:

- A company which has developed innovative technology that seals water leaks in pipes without recourse to large-scale work.
- A fund which invests in the shares of international companies which activity is linked to technologies that favour energy transition.

\* Also known as Best-in-Class

## — IMPACT INVESTING

Impact Investing targets economic and social actors whose core business focuses intentionally on resolving social and/or environmental issues. Profitability of these players must be correlated to the long-lasting effect of their sustainable development initiatives.

At BNP Paribas Wealth Management, an Impact Investing solution must meet the following criteria:

1. The impact objective must focus on issues that are identified as sustainable and that meet one or more SDGs
2. The impact must be measurable, measured and subject to reporting



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