

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**.

That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name :** BNP Paribas Funds Energy Transition

**Legal Entity Identifier:** 213800MKBV8QXZDC9E79

## SUSTAINABLE INVESTMENT OBJECTIVE

**Did this financial product have a sustainable investment objective?**



**Yes**



**No**



It made a **sustainable investment with an environmental objective: 86.3%\***



in economic activities that qualify as environmentally sustainable under the EU Taxonomy



in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



It made **sustainable investments with a social objective: 25.2%\***



It promoted **Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it had a proportion of \_\_ % of sustainable investments



with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy



with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



with a social objective



It promoted E/S characteristics but **did not make any sustainable investments**

All actual data within this periodic report are calculated on the closing date of the accounting year.

\*At the date of preparation of this periodic information document, the management company does not have all the necessary data to determine the alignment of investments with the taxonomy, excluding sovereign bonds. The percentage of alignment of investments with the taxonomy, including sovereign bonds being by construction a real minimum proportion is taken up accordingly.



### To what extent was the sustainable investment objective of this financial product met?

The sustainable investment objective of the BNP Paribas Energy Transition fund is to participate in the transition into a sustainable world by focusing on challenges related to energy transition.

At all times, this sub-fund invests in equities and/or equity equivalent securities issued by worldwide companies that engage in energy transition.

Energy transition themes include, but are not limited to, renewable & transitional energy, energy efficiency, sustainable transport, green building and infrastructure.

Sustainable investments underlying the financial product contribute to three environmental objectives set out in Article 9 of Regulation (EU) 2020/852, these are climate change mitigation, climate change adaptation and transition to a circular economy.

No reference benchmark has been designated for the purpose of attaining the sustainable investment objective of the financial product.

The environmental objectives as well as the social objectives to which the sustainable investments of the financial product have contributed are indicated in the question "What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives? "

#### Sustainability

**indicators** measure how the sustainable objectives of this financial product are attained.

#### ● *How did the sustainability indicators perform?*

The following sustainability indicators are used to measure the attainment of the environmental and social characteristics promoted by the financial product:

- The percentage of the financial product's portfolio invested in companies with at least a 20% of revenue, profit or invested capital aligned with the financial product's thematic: **100%**
- The percentage of the financial product's portfolio compliant with the BNP Paribas Asset Management Responsible Business Conduct Policy (RBC Policy): **100% of the equity portfolio**
- The percentage of the financial product's assets covered by the ESG analysis based on the proprietary ESG methodology (excluding ancillary liquid assets): **100% of the equity portfolio**
- The percentage of the financial product's portfolio invested in "sustainable investments" as defined in Article 2 (17) of the SFDR regulation: **92.0%**
- The percentage of the financial product's portfolio aggregate Revenue which is "EU Taxonomy Aligned" as defined by Regulation (EU) 2020/852: **28.1%**

#### ● *...and compared to previous periods ?*

Not applicable for the first periodic report.

#### ● *How did the sustainable investments not cause significant harm to any sustainable investment objective?*

Sustainable investments that the product partially intends to make should not significantly harm any environmental or social objective (DNSH Principle). In this respect, the investment manager commits to consider principal adverse impacts on sustainability factors by taking into account indicators for adverse impacts as defined in SFDR, and to not invest in companies that do not meet their fundamental obligations in line with the OECD Guidelines and the UN Guiding Principles on Business and Human Rights

#### — — *How were the indicators for adverse impacts on sustainability factors taken into account?*

The investment manager ensures that throughout its investment process, the financial product takes into account principal adverse impact indicators that are relevant to its investment strategy to select the sustainable investments that the financial product partially intends to make by systematically implementing the sustainable investment pillars defined in the BNP Paribas Asset Management Global Sustainability Strategy (GSS) into its investment process : RBC policy, ESG integration guidelines, Stewardship, the forward-looking vision – the '3Es' (Energy transition, Environmental sustainability, Equality & Inclusive Growth).

The RBC policy establishes a common framework across investments and economic activities that help identify industries and behaviours presenting a high risk of adverse impacts in violation of international norms. As part of the RBC Policy, sector policies provide a tailored approach to identify and prioritize principal adverse impacts based on the nature of the economic activity, and in many cases, the geography in which these economic activities take place.

The ESG Integration Guidelines include a series of commitments, which are material to consideration of principal adverse sustainability impacts, and guide the internal ESG integration process. The proprietary ESG scoring framework includes an assessment of a number of adverse sustainability impacts caused by companies in which we invest. Outcome of this assessment may impact the valuation

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



models as well as the portfolio construction depending on the severity and materiality of adverse impacts identified.

Thus, the Investment Manager considers principal adverse sustainability impacts throughout the investment process through the use of the internal ESG scores and construction of the portfolio with an improved ESG profile compared to its investment universe.

The Forward-looking perspective defines a set of objectives and developed performance indicators to measure how the researches, portfolios and commitments are aligned on three issues, the '3Es' (Energy transition, Environmental sustainability, Equality & inclusive growth) and thus support investment processes.

Furthermore, the Stewardship team regularly identifies adverse impacts through ongoing research, collaboration with other long-term investors, and dialogue with NGOs and other experts.

The financial product considers and addresses or mitigates the following principal adverse sustainability impacts indicators:

Corporate mandatory indicators:

1. GreenHouse Gas (GHG) Emissions
2. Carbon footprint
3. GHG intensity of investee companies
4. Exposure to companies active in the fossil fuel sector
5. Share of non-renewable energy consumption and production
6. Energy consumption intensity per high impact climate sector
7. Activities negatively affecting biodiversity sensitive areas
8. Emissions to water
9. Hazardous waste ratio
10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises
12. Unadjusted gender pay gap
13. Board gender diversity
14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)

Corporate voluntary indicators:

Environment

4. Investments in companies without carbon emission reduction initiatives

Social

4. Lack of a supplier code of conduct
9. Lack of a human rights policy

Sovereign mandatory indicator:

15. GHG intensity
16. Investee countries subject to social violations

More detailed information on the manner in which principal adverse impacts on sustainability factors are considered can be found in the BNP PARIBAS ASSET MANAGEMENT SFDR disclosure statement: <https://docfinder.bnpparibas-am.com/api/files/874ADAE2-3EE7-4AD4-BOED-84FC06E090BF>

— — — *Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The investment universe of the financial product is periodically screened with a view to identify issuers that are potentially in violation or at risk of violation of the UN Global Compact Principles, OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business & Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights. This assessment is conducted within the BNPP AM Sustainability

Centre on the basis of internal analysis and information provided by external experts, and in consultation with BNP Paribas Group CSR Team. If an issuer is found to be in serious and repeated violations of any of the principles, it will be placed on an 'exclusion list' and will not be available for investment. Existing investments should be divested from the portfolio according to an internal procedure. If an issuer is at risk of violating any of the principles, it is placed on a 'watch list' monitored, as appropriate



## How did this financial product consider principal adverse impacts on sustainability factors ?

The product considers principal adverse impacts on sustainability factors by systematically implementing the sustainable investment pillars defined in the GSS into its investment process. These pillars are covered by firm-wide policies that set criteria to identify, consider and prioritise as well as address or mitigate adverse sustainability impacts caused by issuers.

The RBC policy establishes a common framework across investments and economic activities that help identify industries and behaviours presenting a high risk of adverse impacts in violation of international norms. As part of the RBC Policy, sector policies provide a tailored approach to identify and prioritise principal adverse impacts based on the nature of the economic activity, and in many cases, the geography in which these economic activities take place.

The ESG Integration Guidelines includes a series of commitments, which are material to consideration of principal adverse sustainability impacts, and guides the internal ESG integration process. The proprietary ESG scoring framework includes an assessment of a number of adverse sustainability impacts caused by companies in which we invest. Outcome of this assessment may impact the valuation models as well as the portfolio construction depending on the severity and materiality of adverse impacts identified.

Thus, the Investment Manager considers principal adverse sustainability impacts throughout the investment process through the use of the internal ESG scores and construction of the portfolio with an improved ESG profile compared to its investment universe.

The Forward-looking perspective defines a set of objectives and developed performance indicators to measure how the researches, portfolios and commitments are aligned on three issues, the '3Es' (Energy transition, Environmental sustainability, Equality & inclusive growth) and thus support investment processes.

Furthermore, the Stewardship team regularly identifies adverse impacts through ongoing research, collaboration with other long-term investors, and dialogue with NGOs and other experts.

Actions to address or mitigate principal adverse sustainability impacts depend on the severity and materiality of these impacts. These actions are guided by the RBC Policy, ESG Integration Guidelines, and Engagement and Voting Policy which include the following provisions :

- Exclusion of issuers that are in violation of international norms and conventions and issuers that are involved in activities presenting an unacceptable risk to society and/or the environment
- Engagement with issuers with the aim of encouraging them to improve their environmental, social and governance practices and, thus, mitigate potential adverse impacts
- In case of equity holdings, voting at Annual General Meetings of companies the portfolio is invested in to promote good governance and advance environmental and social issues - Ensuring all securities included in the portfolio have supportive ESG research
- Managing portfolios so that their aggregate ESG score is better than the relevant benchmark or universe

Based on the above approach, and depending on the composition of the financial product's portfolio (i.e. the type of issuer), the financial product considers and addresses or mitigates the following principal adverse sustainability impacts:

Corporate mandatory indicators:

1. GreenHouse Gas (GHG) Emissions
2. Carbon footprint
3. GHG intensity of investee companies
4. Exposure to companies active in the fossil fuel sector
5. Share of non-renewable energy consumption and production
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## What were the top investments of this financial product?

| Largest investments                      | Sector      | % Assets* | Country        |
|--|-------------|-----------|----------------|
| PLUG POWER INC                           | Industrials | 9.41%     | United States  |
| SUNNOVA ENERGY INTERNATIONAL INC         | Utilities   | 9.05%     | United States  |
| SUNRUN INC                               | Industrials | 7.85%     | United States  |
| FLUENCE ENERGY INC CLASS A A             | Industrials | 4.47%     | United States  |
| BYD LTD H H                              | Consumer    | 3.90%     | China          |
| VESTAS WIND SYSTEMS                      | Industrials | 3.82%     | Denmark        |
| SIEMENS ENERGY N AG                      | Industrials | 3.74%     | Germany        |
| ARRAY TECHNOLOGIES INC                   | Industrials | 2.80%     | United States  |
| SOLAREDGE TECHNOLOGIES INC               | Information | 2.67%     | Israel         |
| RENEW ENERGY GLOBAL PLC CLASS A          | Utilities   | 2.64%     | United Kingdom |
| GREEN PLAINS INC                         | Energy      | 2.62%     | United States  |
| CONTEMPORARY AMPEREX TECHNOLOGY CO LTD A | Industrials | 2.50%     | China          |
| ORSTED                                   | Utilities   | 2.23%     | Denmark        |
| FISKER INC CLASS A                       | Consumer    | 2.11%     | United States  |
| POLESTAR AUTOMOTIVE HOLDING UK PLC       | Consumer    | 2.00%     | Sweden         |

Source of data: BNP Paribas Asset Management, as at 30.12.2022

The largest investments are based on official accounting data and are based on the transaction date.

\* Any percentage differences with the financial statement portfolios result from a rounding difference.

The list includes investments constituting the **greatest proportion of investments** of the financial product during the reference period which is: 30.12.2022

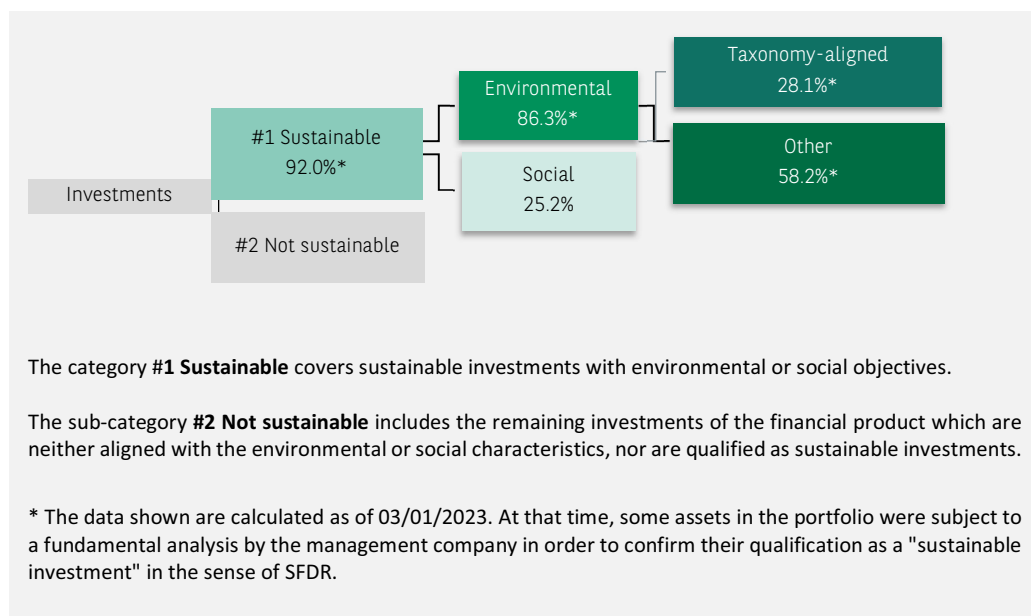


## What was the proportion of sustainability-related investments?

### What was the asset allocation ?

The proportion of the investments used to meet the sustainable investment objective in accordance with the binding elements of its investment strategy is **92.0%**.

**Asset allocation** describes the share of investments in specific assets



### In which economic sectors were the investments made ?

| Sectors                | % Asset |
|------------------------|---------|
| Industrials            | 48.38%  |
| Utilities              | 14.73%  |
| Consumer Discretionary | 12.25%  |
| Materials              | 9.02%   |
| Forex contracts        | 5.97%   |
| Energy                 | 3.95%   |
| Information Technology | 2.67%   |
| Cash                   | 1.36%   |
| Financials             | 1.34%   |
| Consumer Staples       | 0.33%   |

Source of data: BNP Paribas Asset Management, as at 30.12.2022

The largest investments are based on official accounting data and are based on the transaction date.



## To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

The extent to which sustainable investments with an environmental objective are aligned with the EU Taxonomy and that contribute to the environmental objectives climate change mitigation, climate change adaptation, the sustainable use and protection of water and marine resources, the transition

to a circular economy, pollution prevention and control and/or the protection and restoration of biodiversity and ecosystems are disclosed in the two graphs below.

The management company is improving its systems for collecting data in line with the EU Taxonomy to ensure the accuracy and adequacy of published sustainability information under the European Taxonomy Regulation. Further updates of the prospectus and the alignment of commitments with the EU Taxonomy may be made accordingly.

Economic activities that are not recognised by the EU taxonomy are not necessarily harmful to the environment or unsustainable. Moreover, not all activities that can make a substantial contribution to environmental and social objectives are yet integrated into the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for fossil gas include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For nuclear energy, the criteria include comprehensive safety and waste management rules.

● **Did the financial product invest in fossil gas and/or nuclear energy activities that comply with the EU Taxonomy <sup>1</sup>?**

Yes: ☐ In fossil gas ☐ In nuclear energy

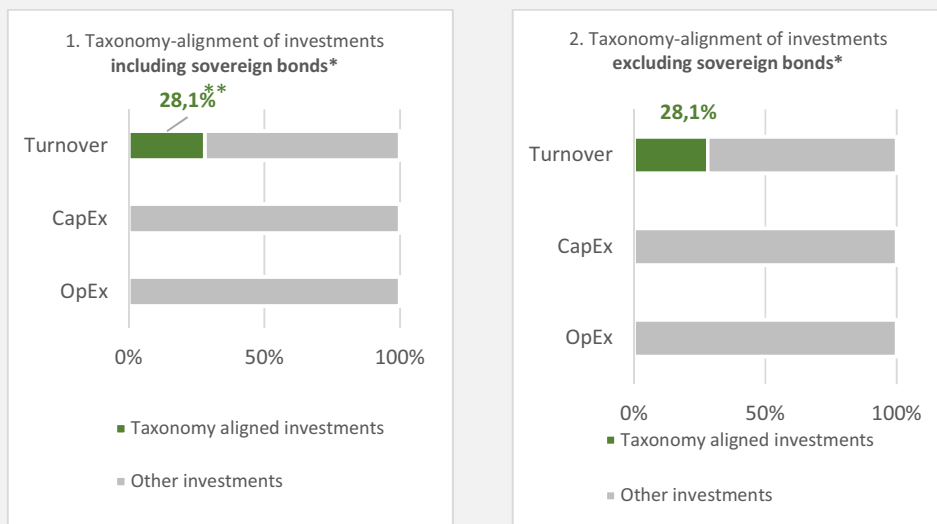
No: ☒

At the date of closure of the accounting year and preparation of the annual report, the data are not available and the management company does not have the information relating to the previous year.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the "greenness" of investee companies.
- **capital expenditure** (CapEx) showing the green investments made by investee companies relevant for a transition to a green economy
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

*The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy-alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy-alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

\*\* Real taxonomy aligned

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



### Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

### Transitional activities are

activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

### ● *What was the share of investments made in transitional and enabling activities?*

The share of investments in transitional and enabling activities within the meaning of the Regulations Taxonomy is 0% for transitional activities and 0% for enabling activities.

### ● *How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods ?*

Not applicable for the first periodic report.



### What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

The share of sustainable investments with an environmental objective that are not aligned with the European Taxonomy Regulation is **58.2%**.

The management company is improving its systems for collecting data in line with the EU Taxonomy to ensure the accuracy and adequacy of published sustainability information under the European Taxonomy Regulation. Meanwhile, the financial product will invest in sustainable investments whose environmental objective is not aligned with the EU Taxonomy.



### What was the share of socially sustainable investments?

Socially sustainable investments represent **25.2%** of the financial product.



### What investments were included under 'not sustainable', what was their purpose and were there any minimum environmental or social safeguards?

The remaining proportion of the investments is made in instruments used for liquidity and/or hedging purposes, such as cash, deposits and derivatives.

The investment manager will ensure that those investments are made while maintaining the sustainable investment objective of the financial product. In addition, those investments are made in compliance with our internal processes, including the following minimum environmental or social safeguards:

- the risk management policy. The risk management policy comprises procedures as are necessary to enable the management company to assess for each financial product it manages the exposure of that product to market, liquidity, sustainability and counterparty risks. And

- the RBC policy, where applicable, through the exclusion of companies involved in controversies due to poor practices related to human and labour rights, environment, and corruption, as well as companies operating in sensitive sectors (tobacco, coal, controversial weapons, asbestos,...), as these companies are deemed to be in violation of international norms, or to cause unacceptable harm to society and/or the environment.



### What actions have been taken to attain the sustainable investment objective during the reference period ?

- The financial product shall comply with the RBC Policy by excluding companies involved in controversies due to poor practices related to human and labor rights, environment, and corruption, as well as companies operating in sensitive sectors (tobacco, coal, controversial weapons, asbestos,...), as these companies are deemed to be in violation of international norms, or to cause unacceptable harm to society and/or the environment; More information on the RBC Policy, and in particular criteria relating to sectoral exclusions, can be found on



the website of the investment manager: Sustainability documents - BNPP AM Corporate English (bnpparibas-am.com).

- The financial product shall invest in companies with at least a 20% of revenue, profit or invested capital aligned with the financial product's thematic;
- The financial product shall have at least 90% of its assets (excluding ancillary assets) covered by the ESG analysis based on the proprietary ESG methodology;
- The financial product shall invest at least 85% of its portfolio in "sustainable investments" as defined in Article 2 (17) of the SFDR regulation. Criteria to qualify an investment as "sustainable investment" and the quantitative and qualitative thresholds are indicated in the main part of the Prospectus.
- The financial product's shall invest at least 10% of its assets in companies "EU Taxonomy Aligned".

In addition, the management company has implemented a voting and engagement policy. Several examples of commitments are detailed in the vote and commitment section of the Sustainability Report. These documents are available at the following link: <https://www.bnpparibas-am.com/en/documentation-sustainability/>



**Reference benchmarks** are indexes to measure whether the financial product attains the sustainable objective

## How did this financial product perform compared to the reference sustainable benchmark?

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the financial product.

### ● *How does the reference benchmark differ from a broad market index?*

Not applicable.

### ● *How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the sustainable objective?*

Not applicable.

### ● *How did this financial product perform compared with the reference benchmark?*

Not applicable.

### ● *How did this financial product perform compared with the broad market index?*

Not applicable.