

**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 EASY JPM ESG EMU Government Bond IG **Legal Entity Identifier:** 213800DHNJL4OZOFAU25

## ENVIRONMENTAL AND/OR SOCIAL CHARACTERISTICS

Did this financial product have a sustainable investment objective?



Yes



No



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



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 : \_\_\_\_%



It promoted Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it had a proportion of 0.3% 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.



### To what extent were the environmental and/or social characteristics promoted by this financial product met?

The investment strategy selects and allocates exposure to sovereign issuers based on their performance across the environmental, social and governance pillars. The ESG performance of each country is assessed using third party sovereign ESG methodology that involves evaluation of a country against a combination of environmental, social and governance factors, which include but are not limited to:

- Environmental: climate mitigation, biodiversity, energy efficiency, land resources, pollution;
- Social: life conditions, economic inequality, education, employment, health infrastructure, human capital;
- Governance: business regulations, corruption, democratic life, political stability, security.

The investment manager also applies the BNP Paribas Group's sensitive countries framework, which includes restrictive measures on certain countries and/or activities that are considered as being particularly exposed to money laundering and terrorism financing related risks.

The J.P. Morgan ESG EMU Government Bond IG Index has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by 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? "

### ● *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, and are based on the reference benchmark ESG methodology:

- The percentage of the financial product's sovereign bonds economic exposure covered by the ESG analysis based on the third party ESG methodology used by the index provider: **100%**
- The weighted average ESG score of the financial product's portfolio compared to the weighted average ESG score of its investment universe: **56.32 vs 56.76 (J.P. Morgan GBI EMU Unhedged LOC)\***

**\* Source:** BNP Paribas Asset Management. Another provider of extra-financial data (e.g. ESG score, carbon footprint) as well as a slightly different initial investment universe may be used to determine and implement extra-financial targets of the investment strategy. For data availability purposes regarding this periodic reporting, the figures provided are based on BNP Paribas Asset Management data and may not strictly reflect these targets.

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

Not applicable for the first periodic report.

### ● *What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?*

The objectives of the sustainable investments made by the financial product are to finance companies that contribute to environmental and/or social objectives through their products and services, as well as their sustainable practices.

The internal methodology, as defined in the main part of the Prospectus, integrates several criteria into its definition of sustainable investments that are considered to be core components to qualify a company as sustainable. These criteria are complementary to each other. In practice, a company must meet at least one of the criteria described below in order to be considered as contributing to an environmental or social objective:

1. A company with an economic activity aligned with the EU Taxonomy objectives. A company can be qualified as sustainable investment in case it has more than 20% of its revenues aligned with the EU Taxonomy. A company qualifying as sustainable investment through this criteria can for example contribute to the following environmental objectives: sustainable forestry, environmental restoration, sustainable manufacturing, renewable energy, water supply, sewerage, waste management and remediation, sustainable transportation, sustainable buildings, sustainable information and technology, scientific research for sustainable development;
2. A company with an economic activity contributing to one or more United Nations Sustainable Development goals (UN SDG) targets. A company can be qualified as sustainable investment in case it has more than 20% of its revenues aligned with the SDGs and less than 20% of its revenues misaligned with the UN SDGs. A company

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

qualifying as sustainable investment through this criteria can for example contribute to the following objectives:

- a. Environmental: sustainable agriculture, sustainable management of water and sanitation, sustainable and modern energy, sustainable economic growth, sustainable infrastructure, sustainable cities, sustainable consumption and production patterns, fight against climate change, conservation and sustainable use of oceans, seas and marine resources, protection, restoration and sustainable use of terrestrial ecosystems, sustainable management of forests, fight against desertification, land degradation and biodiversity loss;
  - b. Social: no poverty, zero hunger, food security, healthy lives and well-being at all ages, inclusive and equitable quality education and lifelong learning opportunities, gender equality, women and girls empowerment, availability of water and sanitation, access to affordable, reliable and modern energy, inclusive and sustainable economic growth, full and productive employment and decent work, resilient infrastructure, inclusive and sustainable industrialization, reduced inequality, inclusive, safe and resilient cities and human settlements, peaceful and inclusive societies, access to justice and effective, accountable and inclusive institutions, global partnership for sustainable development.
3. A company operating in a high GHG emission sector that is transitioning its business model to align with the objective of maintaining the global temperature rise below 1.5°C. A company qualifying as sustainable investment through this criteria can for example contribute to the following environmental objectives: GHG emissions reduction, fight against climate change;
4. A company with best-in-class environmental or social practices compared to its peers within the relevant sector and geographical region. The E or S best performer assessment is based on the BNPP AM ESG scoring methodology. The methodology scores companies and assesses them against a peer group comprising companies in comparable sectors and geographical regions. A company with a contribution score above 10 on the Environmental or Social pillar qualifies as best performer. A company qualifying as sustainable investment through this criteria can for example contribute to the following objectives:
- a. Environmental: fight against climate change, environmental risk management, sustainable management of natural resources, waste management, water management, GHG emissions reduction, renewable energy, sustainable agriculture, green infrastructure;
  - b. Social: health and safety, human capital management, good external stakeholder management (supply chain, contractors, data), business ethics preparedness, good corporate governance.

Green bonds, social bonds and sustainability bonds issued to support specific environmental and/or social projects are also qualified as sustainable investments provided that these debt securities receive an investment recommendation 'POSITIVE' or 'NEUTRAL' from the Sustainability Center following the issuer and underlying project assessment based on a proprietary Green/Social/Sustainability Bond Assessment methodology.

Companies identified as a sustainable investment should not significantly harm any other environmental or social objectives (the Do No Significant Harm 'DNSH' principle) and should follow good governance practices. BNP Paribas Asset Management (BNPP AM) uses its proprietary methodology to assess all companies against these requirements.

More information on the internal methodology can be found on the website of the investment manager: <https://www.bnpparibas-am.com/sustainability-documents/>

The share of financial product investments considered by the SFDR regulation to be sustainable investments contributes in the proportions described in the question on the allocation of assets to the environmental objectives defined in the European Regulation on Taxonomy in force to date: climate change mitigation and/or adaptation to climate change.

**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.

*How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social 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, for such sustainable investments, 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 sustainable investments of the financial product take into account principal adverse impact indicators by analysing within the investment process those indicators in respect of the sustainable investment pillars defined in the BNP Paribas Asset Management Global Sustainability Strategy (GSS). More information on the GSS can be found on: [Sustainability documents - BNPP AM Corporate English \(bnpparibas-am.com\)](#).

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 indicators for the proportion of assets qualified as sustainable investments:

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-B0ED-84FC06E090BF>

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

The sustainable investments of the financial product exclude issuers that are 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.

*The EU Taxonomy sets out a 'do not significant harm' principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.*

*The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the Union criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the Union criteria for environmentally sustainable economic activities.*

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



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

The product considers some principal adverse impacts on sustainability factors. In order for the investment manager to determine which PAI is considered and addressed or mitigated, ESG methodology and disclosures of the reference benchmark and/or the index provider are used.

The policy framework in order to analyse how principle adverse impacts are considered for the financial product mainly relies on the three following pillars:

- 1- Analysis of the embedded exclusion process leading the investment strategy to remove industries and behaviours that present a high risk of adverse impacts in violation of international norms and conventions and issuers that are involved in activities presenting an unacceptable risk to society and/or the environment;
- 2- How the ESG ratings used throughout the investment process include in their methodology consideration of principal adverse impacts on sustainability factors, and to what extent those ratings are used in the investment strategy;
- 3- Engagement and voting policy, when applicable.

The Stewardship team regularly identifies adverse impacts through ongoing research, collaboration with other long-term investors, and dialogue with NGOs and other experts. Engagement with issuers aim at encouraging them to improve their environmental, social and governance practices and, thus, mitigate potential adverse impacts. Voting at Annual General Meetings of companies the portfolio is invested in aims at promoting good governance and advance environmental and social issues.

Based on the above approach, and depending on the underlying assets, the financial product considers and addresses or mitigates the following principal adverse sustainability impacts:

Sovereign mandatory indicator:

15. GHG intensity

16. Investee countries subject to social violations

More detailed information on the manner in which BNPP AM considers principal adverse impacts of investment decisions on sustainability factors taking due account of the size, the nature and scale of its activities and the types of financial products managed can be found in the BNPP AM SFDR disclosure statement: [sustainability risk integration and Principal Adverse Impacts considerations](#).



## What were the top investments of this financial product?

Largest investments	Sector	% Assets*	Country
ITALY (REPUBLIC OF) 0.35 PCT 01-FEB-2025	Government	2.62%	Italy
ITALY (REPUBLIC OF) 1.85 PCT 15-MAY-2024	Government	2.19%	Italy
FRANCE (REPUBLIC OF) 1.75 PCT 25-NOV-2024	Government	2.15%	France
FRANCE (REPUBLIC OF) 1.00 PCT 25-NOV-2025	Government	2.07%	France
ITALY (REPUBLIC OF) 5.00 PCT 01-SEP-2040	Government	1.98%	Italy
GERMANY (FEDERAL REPUBLIC OF) 1.75 PCT 15-FEB-2024	Government	1.95%	Germany
ITALY (REPUBLIC OF) 1.50 PCT 01-JUN-2025	Government	1.90%	Italy
FRANCE (REPUBLIC OF) 4.75 PCT 25-APR-2035	Government	1.88%	France
ITALY (REPUBLIC OF) 1.25 PCT 01-DEC-2026	Government	1.86%	Italy
FRANCE (REPUBLIC OF) 1.50 PCT 25-MAY-2031	Government	1.86%	France
SPAIN (KINGDOM OF) 6.00 PCT 31-JAN-2029	Government	1.70%	Spain
FRANCE (REPUBLIC OF) 0.00 PCT 25-MAR-2024	Government	1.59%	France
ITALY (REPUBLIC OF) 3.50 PCT 01-MAR-2030	Government	1.46%	Italy
ITALY (REPUBLIC OF) 1.65 PCT 01-MAR-2032	Government	1.41%	Italy
ITALY (REPUBLIC OF) 5.75 PCT 01-FEB-2033	Government	1.40%	Italy

The list includes investments constituting the **greatest proportion of investments** of the financial product during the reference period which is: 29.12.2022

Source of data: BNP Paribas Asset Management, as at 29.12.2022

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.



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

### ● What was the asset allocation ?

In order to determine the investments used to meet the environmental or social characteristics promoted by the financial product, taking into account all the binding elements of its investment strategy as mentioned above, BNPP AM has decided to use its internal methodologies through the calculation of the proportion of assets with a positive ESG score combined with a positive E score or a positive S score and the proportion of assets being qualified as Sustainable Investment.

The proportion of such investments used to meet the environmental or social characteristics promoted by the financial product is **100%**.

The proportion of sustainable investments of the financial product is **0.3%**.

The remaining proportion of the investments may include:

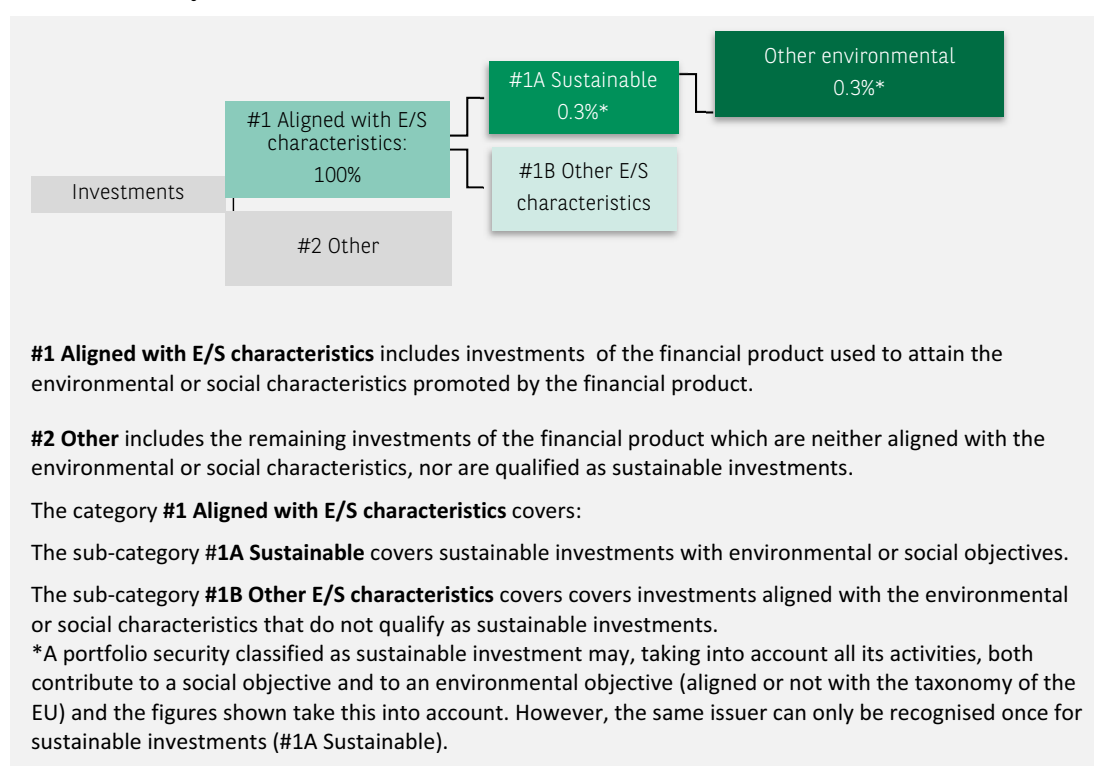
- The proportion of assets that do not attain the minimum standard to meet environmental or social characteristics promoted by the financial product, being the proportion of assets with a positive ESG score combined with a positive E score or a positive S score and the proportion of assets being qualified as Sustainable Investment, both based on the BNPP AM ESG proprietary methodologies. These assets are used for investment purposes, or



- instruments which are mainly used for liquidity, efficient portfolio management, and/or hedging purposes, notably cash, deposits and derivatives.

In any case, the investment manager will ensure that those investments are made while maintaining the improvement of the ESG profile 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.



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

Sectors	% Asset
Government	99.83%
Cash	0.17%

Source of data: BNP Paribas Asset Management, as at 29.12.2022

The sector breakdown is based on official accounting data and is based on the transaction date.



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

The financial product did not commit itself to having a minimum proportion of sustainable investments with an environmental objective in economic activities that are considered environmentally sustainable within the meaning of the EU Taxonomy, but did do so.

The two graphs below illustrate the extent to which sustainable investments with an environmental objective are aligned with the EU Taxonomy and contribute to the environmental objectives of climate change mitigation and adaptation.

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.

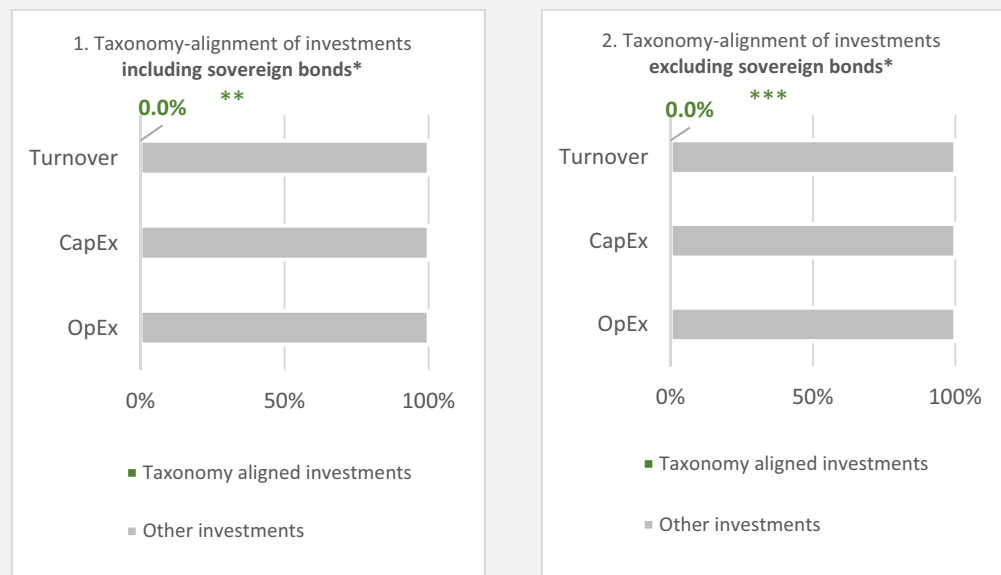
● **Did the financial product invest in fossil gas and/or nuclear energy activities that comply with the EU Taxonomy <sup>1</sup>?**

☐ 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.

*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.*




<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 Regulation (EU) 2020/852.

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

\*\* Real taxonomy aligned.

\*\*\* Real taxonomy aligned. At the date 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, this same figure is used accordingly.

● **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 **0.3%**.

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?**

Not applicable



**What investments were included under ' other', what was their purpose and were there any minimum environmental or social safeguards?**

The remaining proportion of the investments may include:

- the proportion of assets that do not attain the minimum standard to meet environmental or social characteristics promoted by the financial product, being the proportion of assets with a positive ESG score combined with a positive E score or a positive S score and the proportion of assets being qualified as Sustainable Investment, both based on the BNPP AM ESG proprietary methodologies. These assets are used for investment purposes , or
- instruments which are mainly used for liquidity, efficient portfolio management, and/or hedging purposes, notably cash, deposits and derivatives.

In any case, the investment manager will ensure that those investments are made while maintaining the improvement of the ESG profile 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 meet the environmental and/or social characteristics during the reference period ?

- The third party methodology used by the index provider is applied to tilt issuers ranked higher on ESG criteria and to underweight or remove issuers that rank lower.
- The financial product investment strategy excludes issuers ranked in band 9 and 10 from the reference benchmark. The index provider's ESG methodology scores are divided into 10 bands, where band 1 has the highest ESG score and band 10 has the poorest ESG score.
- The financial product investment strategy shall have at least 90% of its investment strategy underlying issuers covered by the ESG analysis based on the index provider ESG methodology.

There is no guarantee that extra-financial filter or criteria is applied at any moment. For instance, between two index reshuffles, if a company were deemed to not fulfil anymore an ESG criteria, it may be excluded only at the next reshuffle following the index provider rules.

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/>



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

The J.P. Morgan ESG EMU Government Bond IG Index has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the financial product.

The methodology used for the calculation of the reference benchmark can be found at: [www.jpmmorgan.com](http://www.jpmmorgan.com).

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

The reference benchmark incorporates environmental or social criteria in its asset allocation methodology whereas a relevant broad market index does not and is usually market-capitalization weighted.

### ● *How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?*

Due to the index nature of the financial product, its sustainability indicators are directly linked to the ones of the tracked index. Consequently the performance of the financial product with regard to sustainability indicators representative of the alignment of the reference benchmark with the environmental or social characteristics promoted are the ones disclosed above under the question "How did the sustainability indicators perform?"

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

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Due to the index nature of the financial product and its investment objective to replicate the performance of the reference benchmark while maintaining a tracking error between the financial product and the index below 1%, the performance of the financial product and the one of the reference benchmark are very close.

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

	ESG score <sup>1</sup>
Financial product	56.32
Broad market index <sup>2</sup>	56.76

(1) **Source:** BNP Paribas Asset Management. Another provider of extra-financial data (e.g. ESG score, carbon footprint) as well as a slightly different initial investment universe may be used to determine and implement extra-financial targets of the investment strategy. For data availability purposes regarding this periodic reporting, the figures provided are based on BNP Paribas Asset Management data and may not strictly reflect these targets.

(2) J.P. Morgan GBI EMU Unhedged LOC