

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

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 MSCI JAPAN SRI S-SERIES PAB 5% CAPPED**

Legal Entity Identifier : 213800RIR2NNTK01FI88

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> <input type="radio"/> Yes	<input checked="" type="radio"/> <input type="radio"/> No
<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ____%	<input checked="" type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 40% of sustainable investments
<input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ____%	<input checked="" type="checkbox"/> with a social objective
	<input type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments



What environmental and/or social characteristics are promoted by this financial product?

The financial product promotes environmental and social characteristics by assessing underlying investments against Environmental, Social, and Governance (ESG) criteria using ESG external and/or internal proprietary methodology(ies). As such, the product is exposed to issuers that demonstrate superior or improving environmental and social practices, while implementing robust corporate governance practices within their sector of activity.

The financial product aims to improve its ESG profile compared to its investment universe.

The ESG performance of an issuer is evaluated against a combination of environmental, social and governance factors which include but not limited to:



BNP PARIBAS
ASSET MANAGEMENT

The sustainable investor for a changing world

- Environmental: energy efficiency, reduction of emissions of greenhouse gases, treatment of waste
- Social: respect of human rights and workers' rights, human resources management (workers' health and safety, diversity)
- Governance: Board of Directors independence, managers' remuneration, respect of minority shareholders rights

The exclusion criteria are applied with regard to issuers that are in violation of international norms and convention, or operate in sensitive sectors as defined by external data providers.

Furthermore, the investment manager promotes better environmental and social outcomes through engagement with issuers and the exercise of voting rights, according to the Stewardship policy, where applicable.

The MSCI Japan SRI S-Series PAB 5% Capped (NTR) index (Bloomberg: M7CXESE index) has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the financial product.

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

● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The following sustainability indicators are used to measure the attainment of the sustainable investment objective of the financial product, and are based on the reference benchmark ESG methodology:

- The percentage of the financial product's portfolio compliant with the reference benchmark business involvement and controversies exclusion criteria;
- The percentage of the financial product's economic exposure covered by the ESG analysis based on the index provider ESG methodology;
- The weighted average ESG score of the financial product's portfolio compared to the weighted average ESG score of its investment universe, as defined in the Prospectus;
- The average carbon footprint of the financial product's economic exposure compared to the average carbon footprint of its investment universe;
- The percentage of the financial product's economic exposure invested in "sustainable investments" as defined in Article 2 (17) of SFDR.

● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does 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 investment manager is using, as of the date of the prospectus, the BNP Paribas Asset Management (BNPP AM) internal methodology, as defined in the main part of the Prospectus, to determine sustainable investments. Such methodology 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 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 Centre 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. BNPP AM uses its proprietary methodology and/or relies on information provided by the reference benchmark administrator to assess all companies against these requirements.

More information on the internal methodology can be found on the website of the investment manager: Sustainability documents - BNPP AM Corporate English (<https://www.bnpparibas-am.com/sustainability-documents/>).

● How do the sustainable investments that the financial product partially intends to make, 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.

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 have the indicators for adverse impacts on sustainability factors been taken into account?

The investment manager ensures that throughout its investment process, the sustainable investments of the financial product takes 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 (<https://www.bnpparibas-am.com/sustainability-documents/>).

As regards the sustainable investments that the financial product intends to make, the following principal adverse sustainability impacts indicators are taken into account:

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 BNPP AM SFDR disclosure statement: sustainability risk integration and Principal Adverse Impacts considerations. (<https://docfinder.bnpparibas-am.com/api/files/874ADAE2-3EE7-4AD4-B0ED-84FC06E090BF>).

In addition, information on how the principal adverse impacts on sustainability factors have been considered over the year will be available in the annual report of the financial product.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?



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 EU criteria.

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

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





Does this financial product consider principal adverse impacts on sustainability factors?

X Yes

The product considers 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, 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
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
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

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 (<https://docfinder.bnpparibas-am.com/api/files/874ADAE2-3EE7-4AD4-B0ED-84FC06E090BF>)

In addition, information on how the principal adverse impacts on sustainability factors have been



In addition, information on how the principal adverse impacts on sustainability factors have been considered over the year will be available in the annual report of the financial product.

No



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

To achieve its investment objective, the financial product replicates an underlying index which takes into account at each step of its investment process Environmental, Social and Governance (ESG) criteria.

To this end, underlying investments of the index are assessed against Environmental, Social, and Governance criteria using the methodology of the index provider.

The binding elements of the investment strategy described in the question below to construct the index portfolio with an improved ESG profile compared to its investment universe are constantly integrated in the index methodology that the financial product replicates.

In addition, the Investment Manager relies on the internal sustainable investment methodology, as defined in the answer to the question "What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investments contribute to such objectives", to determine issuers that contribute to environmental and/or social objectives.

● What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

- The financial product shall comply with the reference benchmark business involvement and controversies exclusion criteria.
- The financial product shall have at least 90% of its investment strategy underlying securities covered by the ESG analysis based on the index provider methodology.
- The financial product aims to include the securities with the highest ESG ratings making up 25% of the market capitalization in each sector and region of the investment universe, as defined in the Prospectus.
- The financial product shall have the weighted average carbon footprint of its investment strategy portfolio at least 50% lower than the weighted average carbon footprint of its investment universe.
- The financial product investment strategy portfolio shall achieve an annual decarbonisation target of at least 7%.
- The financial product shall invest 40% of its assets in "sustainable investments" as defined in Article 2 (17) of SFDR. Criteria to qualify an investment as "sustainable investment" are indicated in the above question "What are the objectives of the sustainable investments that the financial product partially intends to make and does the sustainable investments contribute to such objectives" and the quantitative and qualitative thresholds are mentioned in the main part of the Prospectus.

There is no guarantee that extra-financial filter or criteria is applied at any moment. For instance and not limited to, 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.

● What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

The financial product does not commit to a minimum rate of reduction of the scope of investments prior to the application of its investment strategy.



Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

● What is the policy to assess good governance practices of the investee companies?

The reference benchmark ESG scoring framework assesses corporate governance such as sound management structures, employee relations, remuneration of staff and tax compliance through a core set of standard key performance indicators that look especially at board, pay, ownership and control, and accounting practices.

Further information on the reference benchmark, its composition, calculation and rules for periodical review and rebalancing and on the general methodology behind the MSCI indices can be found on www.msci.com.



What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies.

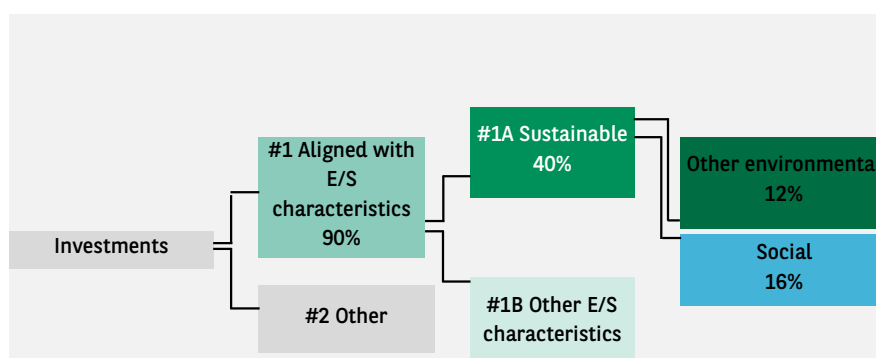
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

At least 90% of the investments of the financial product will be used to meet the environmental or social characteristics promoted, in accordance with the binding elements of the investment strategy of the financial product.

For the avoidance of doubt, such a proportion is solely a minimum and the exact percentage of the investments of the financial product that attained the promoted environmental or social characteristics will be available in the annual report.

The minimum proportion of sustainable investments of the financial product is 40%.

The remaining proportion of the investments is mainly used as described under the question: "What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?"



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.

The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

● How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Financial derivative instruments may be used for efficient portfolio management and hedging purposes. These instruments are not used to attain the environmental or social characteristics promoted by the



product.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Not applicable

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

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy ?¹



Yes



In fossil gas



In Nuclear Energy

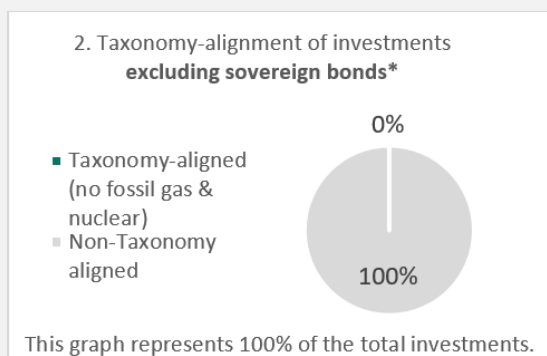
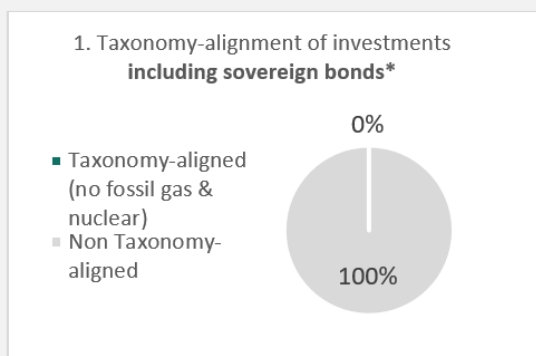


No

1 - 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.

The two graphs below show in green the minimum percentage of investments that are 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

- What is the minimum share of investments in transitional and enabling activities?

Not applicable



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 is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 12%.

The minimum share is intentionally low as the objective of the investment manager is not to prevent the product from investing in taxonomy-aligned activities within the framework of the investment strategy of the product.

The Management Company is improving its Taxonomy-alignment data collection to ensure the accuracy and suitability of its Taxonomy sustainability-related disclosures. In the meantime, the financial product will invest in sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.



What is the minimum share of socially sustainable investments?

The minimum share of socially sustainable investments within the financial product is 16%.



What investments are included under '#2 Other', what is their purpose and are there any minimum environmental or social safeguards?

The remaining proportion of the investments may include:

- the proportion of assets that are not used to meet environmental or social characteristics promoted by the financial product. 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.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

The MSCI Japan SRI S-Series PAB 5% Capped (NTR) index (Bloomberg: M7CXESE index) has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the financial product.

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



- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

The environmental or social characteristics promoted by the financial product are directly linked to the ones of the reference benchmark as the investment objective of the financial product is to replicate the performance of the reference benchmark, including fluctuations, and to maintain the tracking-error between the financial product and the reference benchmark below 1%.

The reference benchmark is rule-based and therefore continuously apply its methodology, including environmental or social characteristics.

However, there is no guarantee that extra-financial filter or criteria is applied at any moment. For instance and not limited to, 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.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

The alignment of the investment strategy with the methodology of the index is intrinsic to the investment objective of the financial product which is to replicate the performance of the index, including fluctuations, and to maintain the tracking-error between the financial product and the index below 1%.

- **How does the designated index differ from a relevant 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.

- **Where can the methodology used for the calculation of the designated index be found?**

The methodology used for the calculation of the reference benchmark can be found at: www.msci.com.



Where can I find more product specific information online?

More product-specific information can be found on the website: <https://www.bnpparibas-am.com/> after choosing the relevant country and directly in the section 'Sustainability-related disclosures' dedicated to the product.



DISCLAIMER

Every ad hoc pre-contractual document, shall be read in conjunction with the prospectus in force. In case of discrepancy between an ad hoc pre-contractual document and a pre-contractual document included in the version of the prospectus in force, the version in the prospectus shall prevail.

