

# LA DEMANDA DE INVERSION SOSTENIBLE

UNA REALIDAD DE CRECIMIENTO IMPARABLE



HELENA VIÑES FIESTAS  
BME, MADRID 2 DE JULIO 2019

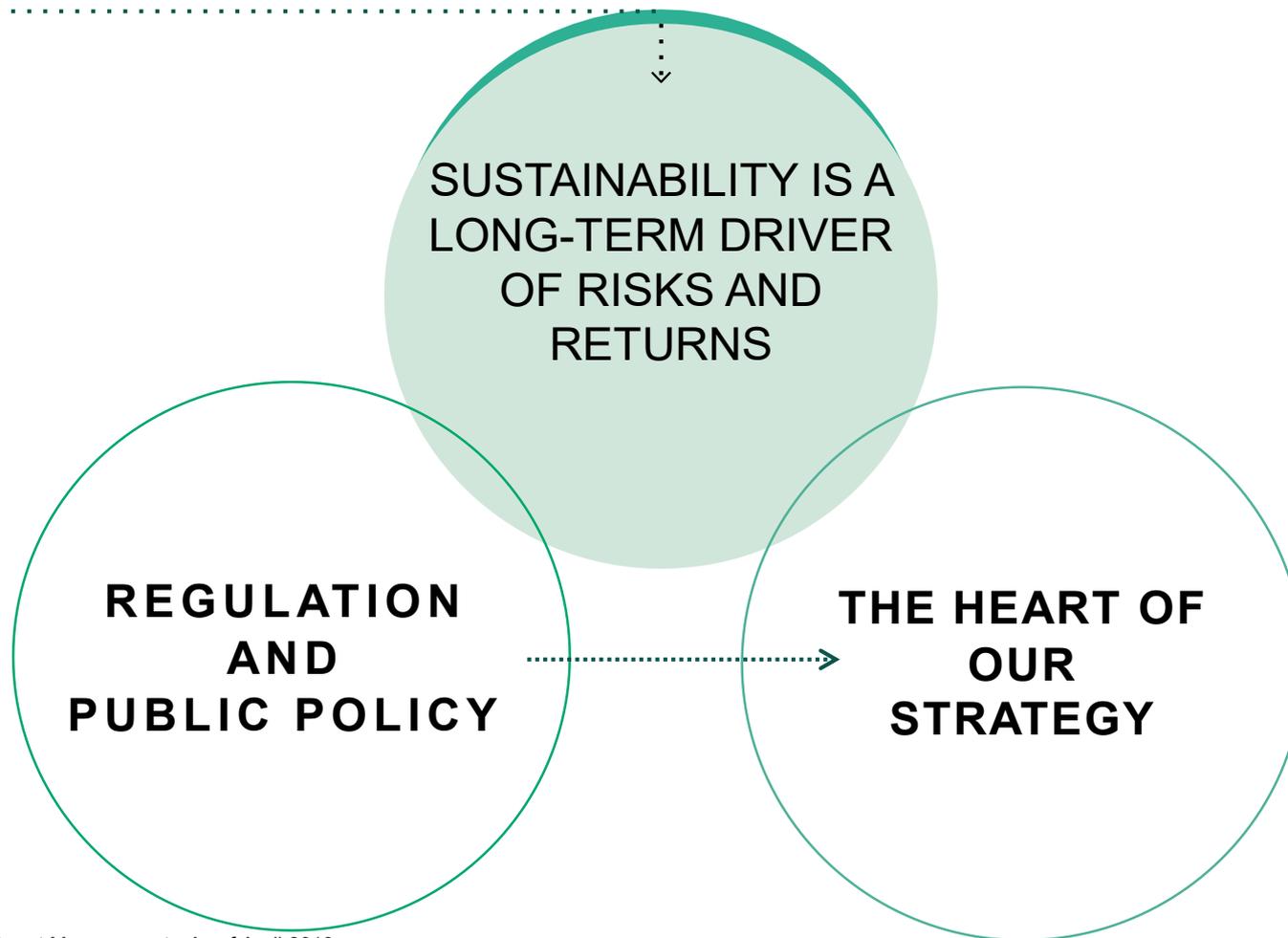


**BNP PARIBAS**  
**ASSET MANAGEMENT**

The asset manager for a changing world



# TWO KEY DRIVERS OF SUSTAINABLE INVESTING



Source: BNP Paribas Asset Management - As of April 2019

# A long term commitment toward sustainability since 2002



**New Coal Policy & Launch of our Global Sustainability Strategy**

Signatory to **Montreal Carbon Pledge** to align our portfolios with the Paris agreement

2019

2015

Founding signatory to the **UN Principle for Responsible Investments (PRI)**

2006

**Exclusion of tobacco** from our investment funds

2018

Implementation of the **United Nations Global Compact Principles** and **sector policies of BNP Paribas Group**

2012

Launch of our **first socially responsible investment (SRI) fund** and joined the institutional investors group on climate change (IIGCC)

2002

Principles for Responsible Investment  
Socially Responsible Investment  
Institutional Investors Group on Climate Change

Source: BNP Paribas Asset Management - As of April 2019

# Our commitment: become fully sustainable by 2020



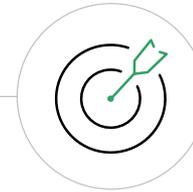
We believe this is both in the financial interest of our clients, and of the economy at large. Our commitment incorporates two key components:



## Firm- wide approach

Our full range of investment strategies will be sustainable

Comprehensive research and integration of ESG<sup>(1)</sup> factors, responsible business conduct and product-based exclusions, stewardship, and reporting will be implemented for all of our investment strategies



## Firm- wide targets

Aligning our investment portfolios and engagement activity with a sustainable future

Our Sustainable Investment Roadmap (2019-2022) sets out a formal process in place to achieve our sustainable investment ambition.

(1) ESG: Environmental Social and Governance

Source: BNP Paribas Asset Management - As of April 2019



# Our sustainable investment philosophy



## Sustainability is a long-term driver of risks and returns

Integrating ESG<sup>(1)</sup> helps us gain a deeper and richer understanding of the risks that we face.

And make better-informed investment decisions for our clients.



## Belief about mispricing

Sustainability is imperfectly understood, under-researched and mispriced.

Lack of common standards and data issues create multiple market inefficiencies.



## Competitive advantage to exploit mispricing

Early mover, with a deep understanding of sustainability issues.

And a strong commitment to systematically integrate material ESG factors.



## Timeframe and engagement

Long-term investment horizon, allowing us to positively influence ESG practices in companies we invest in through active engagement.

(1) ESG: Environmental Social and Governance

Source: BNP Paribas Asset Management - As of April 2019

# Our Sustainable Investment Approach

## SUSTAINABLE

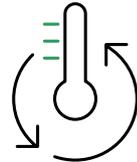
*Improve risk-adjusted returns*

1. ESG Integration across all investments

2. Stewardship (Voting, engagement)

3. Responsible business conduct expectations & product-based exclusions

4. Forward Looking Perspective: The '3 Es'<sup>(1)</sup>



*Protect company value; influence sound regulatory framework; promote better social and environmental outcomes*

*Enhance investment decision-making; preserve long-term market performance*

*Avoid reputational, regulatory and stranded asset risk*

## SUSTAINABLE +

Enhanced ESG<sup>(2)</sup>  
Thematic  
Impact



*Allocate to sustainable investment opportunities*

(1) 3 Es' : Energy Transition, Environmental Sustainability and Equality and Inclusion

(2) ESG: Environmental Social and Governance

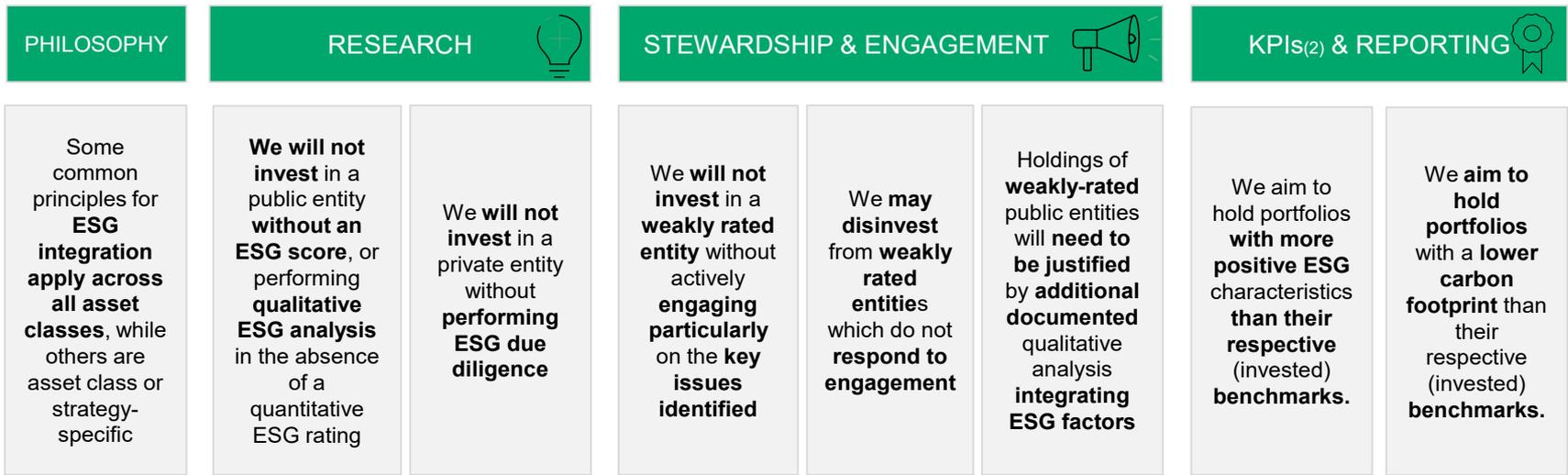
Source: BNP Paribas Asset Management - As of May 2019



# ESG Integration

At the core of all our investment processes, analysts and portfolio managers integrate a consideration of relevant ESG factors into their company, asset and sovereign evaluation and investment decision-making processes.”

Sustainable investing integrates **ESG<sup>(1)</sup> criteria into each stage of the investment process**



(1) ESG: Environmental Social and Governance (2) KPI: Key performance indicator

Source: BNP Paribas Asset Management - As of April 2019

# Stewardship: is central to our strategy



## Public Policy

Actively engage with regulators, helping to shape the markets in which we invest and the rules that guide and govern company behaviour.



## Engagement (voting, governance and quality of management)

Our key priority is to promote good governance practices.



## The Three E's

Energy Transition, Environmental Sustainability and Equality serve as the focus for our global sustainability engagement efforts.



## Responsible Business Conduct

Committed to engage or exclude companies that appear on our watch list for serious controversies, including those deemed to be in violation of the Global Compact Principles.

Source: BNP Paribas Asset Management - As of April 2019

# Responsible Business Conduct



## General BNPP Standards

<b>United Nations</b> Global Compact & <b>OECD<sup>(1)</sup> MNEs</b> + Guidelines	<b>Sector Policies</b>
<p><b>A universal benchmark for assessing companies</b></p> <p>Based on 10 principles covering:</p> <ul style="list-style-type: none"> <li>Human rights</li> <li>Labour</li> <li>Environment</li> <li>Anti-corruption</li> </ul> <p><b>Including the UN Global Compact Watchlist</b></p>	<p><b>Implementation of policies for sensitive sectors</b></p> <ul style="list-style-type: none"> <li>Controversial weapons                             <ul style="list-style-type: none"> <li>Coal</li> <li>Tobacco</li> <li>Asbestos</li> </ul> </li> <li>Palm oil and Wood Pulp</li> <li>Nuclear Mining</li> <li>Oil sands, Tar sands</li> <li>Agriculture</li> </ul>

## From 1st January 2020

### Focus on Coal Policy

- Thermal Coal Mining**
  - Exclusion of companies with **10% or more of revenues** from thermal coal
  - Or representing **>1% of global production**
- Power Generation**
  - Excluding all electricity providers with carbon intensity **>491gCO<sub>2</sub>/KWh<sup>(2)</sup>** (*global average Carbon intensity*)
  - Reduce gradually the threshold until we reach the IEA annual electricity generation target for 2025 – **327gCO<sub>2</sub>/KWh**

(1) Organization for Economic Co-operation and Development

(2) kilowattheure

Source: BNP Paribas Asset Management - As of April 2019



# Focus on the future – the Three E’s

## INDICATORS WE WILL TRACK, MONITOR, AND PUBLICLY REPORT ON THREE CHALLENGING AREAS OF ACTION: ‘3ES’

Primary Energy Mix & Electricity Energy Mix vs. IEA SDS  
Carbon intensity (gCO<sub>2</sub>/kWh) vs. carbon intensity IEA SDS

**Energy transition**

Objective: **make a substantive contribution to the low-carbon energy transition.**

**CO<sub>2</sub> Emissions per portfolio**



**Green Share % AUM**  
Or total green Investment\*

**Environmental sustainability**

Objective: **improve the environmental impact of our investments.**

**Forest footprint**



**Water footprint**

**Equality and inclusive growth**

Objective: **promote a more equitable and sustainable distribution of value to ensure long-term stability and resilience of societies and ecosystems.**

**% of Women on boards**

Measure and report

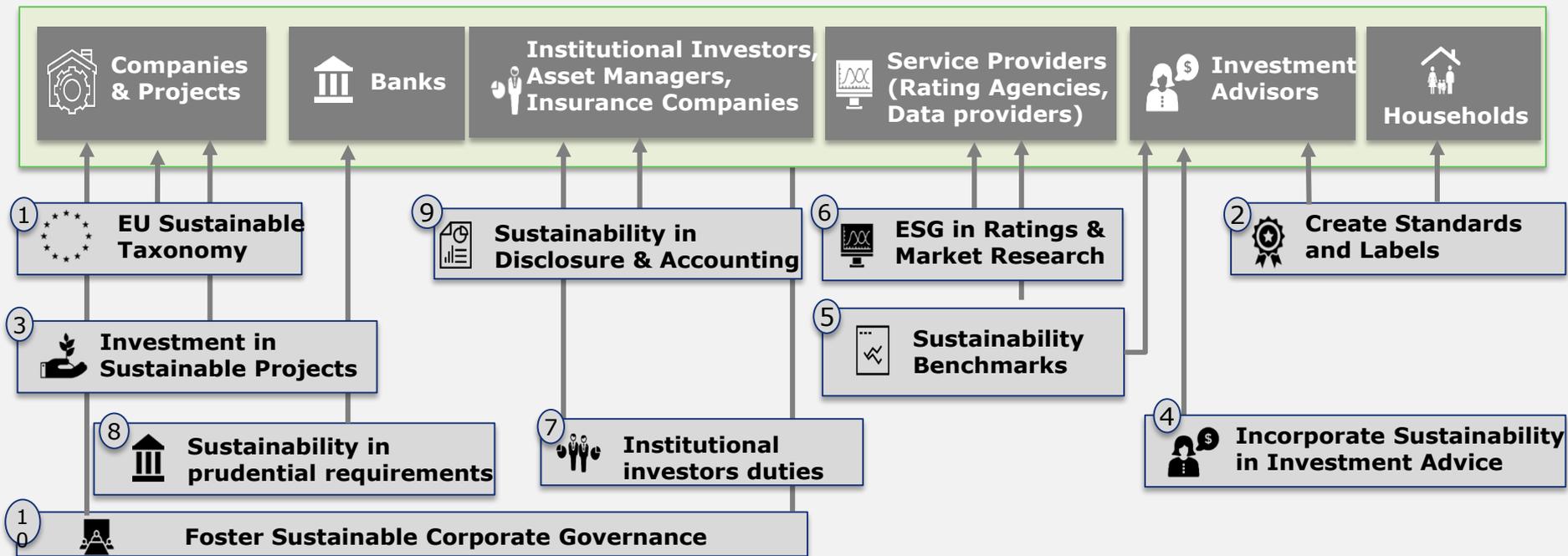
Targets

Source: BNP Paribas Asset Management, May 2019

1. Sustainable Development Scenario - International Energy Agency; 2. Kilowattheure; 3. Asset Under Management

# EC Action Plan on Sustainable Finance

## Mapping and links of the 10 actions along the investment chain



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