

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 JPM ESG EMU GOVERNMENT BOND IG**

Legal Entity Identifier : 213800DHNJL4OZ0FAU25

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 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 0% 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 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 type="checkbox"/> with a social objective
	<input checked="" 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 investment strategy selects and allocates exposure to sovereign and quasi-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 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 (EUR) RI 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 environmental and social characteristics promoted by the financial product:

- 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;
- 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;

● **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 financial product does not intend to make any sustainable investment.

● **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?**

The financial product does not intend to make any sustainable investment.

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

Not applicable.

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

Not applicable.

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.

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.





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

Yes

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 overall 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 of the investment strategy in relation with social violations and human rights.
- 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 with policymakers.

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

Sovereign mandatory indicators:

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, thenature and scale of its activities and the types of financial products managed can be found inthe BNPP AM SFDR disclosure statement: sustainability risk integration and Principal Adverse Impacts considerations (<https://docfinder.bnpparibas-am.com/api/files/874ADAE2-3EE7-4AD4-BOED-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.

No



What investment strategy does this financial product follow?

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.

● **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 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 index. 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 lowest 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.

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



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

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

- **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.

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

Not applicable.



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.

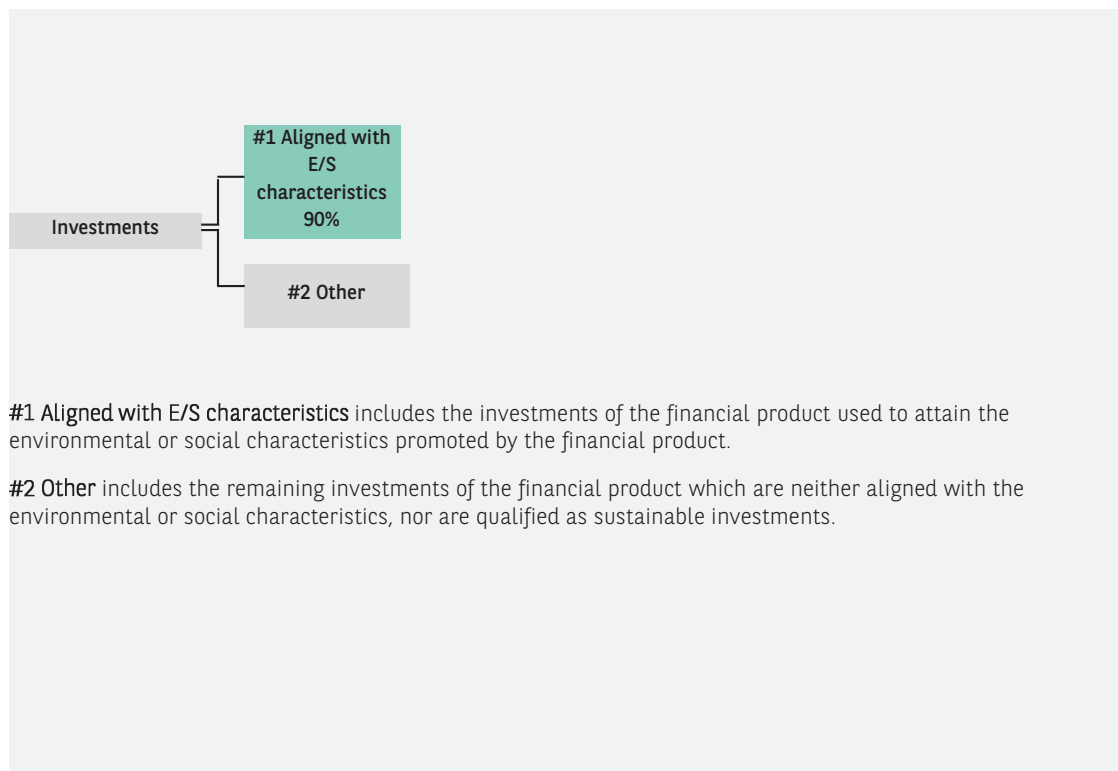
- **operational expenditure (OpEx)** reflecting green operational activities of investee companies.

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 0%.

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.

- **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

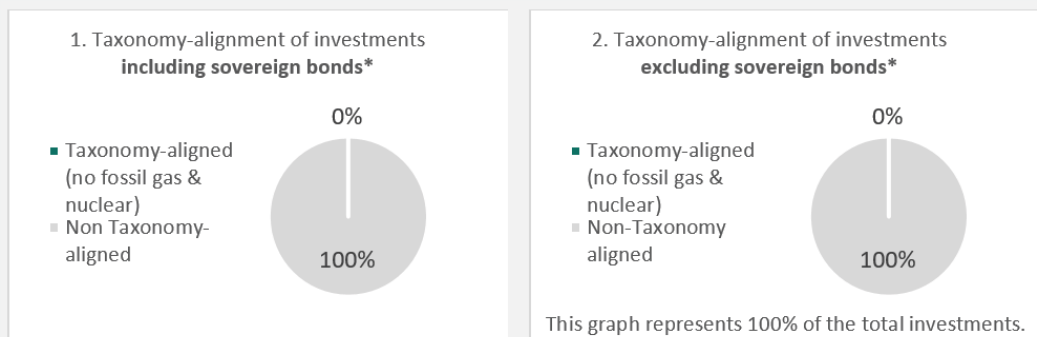
- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy? ₁



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?

Not applicable



What is the minimum share of socially sustainable investments?

Not applicable



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
- 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.



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?

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

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

● 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 an issuer 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.

- **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.jpmorgan.com](http://www.jpmorgan.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.