

For professional investors

BNPP FUNDS ENERGY TRANSITION

BE PART OF THE JOURNEY

CLIMATE & ESG REPORT As of 30.06.2021

THIS QUARTER WITH POLLUTION & RECYCLING INFORMATION AND PRIMARY TRANSACTION HIGHLIGHT



BNP PARIBAS
ASSET MANAGEMENT

The sustainable investor for a changing world

INVESTMENT OBJECTIVE

The investment objective of the BNPP Energy Transition Fund is to invest in companies whose activities directly contribute to the transition of the global energy system. The global energy system today is responsible for 70% of global CO₂ emissions and to keep within the Paris two degree Celsius target we need investments of \$90trn¹ across Renewable Energy Production, Energy Efficiency & Technology as well as Energy Electrification & Infrastructure through 2050.

These three themes form the backbone of the fund's investable themes of Decarbonising, Digitalising and Decentralising the global energy system in accordance with the objectives of the Paris Agreement.

¹ IRENA Global Renewables Outlook, Energy Transformation 2050, April 2020

WHAT IS IN THIS REPORT?

This report provides information on the fund's climate and ESG profile and compares the portfolio to its benchmark using several indicators²:

- Detailed carbon, waste and water metrics
- Sector analysis of carbon intensity
- Avoided carbon, waste and water for every €10m invested in the Fund
- Portfolio ESG scores and data
- Review of select companies

² Data sourced from TruCost, CDP, company disclosures and the BNP Paribas Sustainability Center

BNP PARIBAS ASSET MANAGEMENT As of 30.06.2021

BNP Paribas Asset Management ("BNPPAM") is a leading provider of quality investment solutions for individual, corporate and institutional investors. BNPPAM has around EUR 489 billion assets under management and over 3000 staff in 36 countries.

BNPPAM is backed by BNP Paribas Group, whose scale and A rating from S&P gives us and our clients the secure foundation to invest and make a positive difference in people's futures.

BNPPAM is 'the asset manager for a changing world', because we have organised ourselves to be able to stay at the forefront of developments while maintaining an unwavering focus on what our clients want most – long-term sustainable investment returns, built on the firm foundation of quality assets.

The world is discovering that an exclusive focus on financial data and short-term performance does not produce long-term growth or investment returns. Eyes are turning to companies like ours, who for many years have taken a broader perspective and have identified how the strategies and behaviours adopted by companies and governments can influence the sustainability of their growth.

This single-minded philosophy has shaped our company and directs all we do: our strategy, our structure, our products, our processes and our culture, the way we engage with our clients and the companies and markets we invest in. This is why we say that investing means the world to us.

OUR APPROACH TO SUSTAINABLE INVESTING As of 30.06.2021

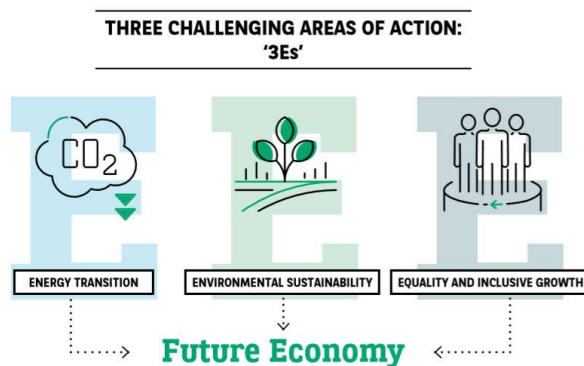
BNPP AM's commitment to sustainable investment began in 2002 with the launch of our first socially responsible investment (SRI) fund. We joined the Institutional Investors Group on Climate Change (IIGCC) shortly afterwards, and in 2006 we were a founding signatory to the UN-supported Principles for Responsible Investment (PRI). Since then, we have continued to strengthen our commitment. For example, in 2012 we introduced and implemented the United Nations Global Compact Principles as a standard across our investment funds and in 2015 we committed to aligning our portfolios with the Paris Agreement.

The PRI has assigned us an A+ rating, the highest possible, for the last three consecutive years. In doing so, the PRI has highlighted our commitment to ESG integration and our high degree of involvement in bringing these issues to the attention of the companies and markets we invest in.

We have identified three critical pre-conditions for a more sustainable and inclusive economic system: an energy transition to a low carbon economy, environmental sustainability, and equality and inclusive growth.

Together, these '3Es' represent the pathway to the economic sustainability that enables us, as investors, to safeguard long-term returns. In considering our approach to these challenging topics, note that we have a range of tools at hand. These include investment, divestment, stewardship and integration.

- We can **invest** in the companies and sectors that are part of the solution, encouraging their growth and benefiting from their success through our allocation of capital.
- We can **divest** from those companies that we believe are at risk from inevitable structural changes, and whose behaviour is too much at variance with our own beliefs and investor preferences.



- We can exercise **investor stewardship** – through our proxy voting and engagement activity with companies – and also via our discussions with policymakers, regulators and governments.
- We **integrate our knowledge and perspectives on the '3Es'** into investment processes across asset classes. This assists our ability to make well-informed decisions – particularly in a world with imperfect information and varied levels of knowledge – thus helping to enhance investment outcomes for clients



CLIMATE REPORTING As of 30.06.2021

**148.58**

Reference Index 195.89

Weighted carbon intensity (tonnes CO₂/€m) is the sum of the Scope 1 and Scope 2 CO₂ emissions (tonnes CO₂) divided by company revenue (€m), summed by weight in the portfolio. Reference index is MSCI ACWI.

**4,417**

Reference Index 19,821

Weighted water use intensity (cubic meters/€m) is the sum of direct use and purchased water (cubic meters) divided by company revenue (€m), summed by weight in the portfolio. For the portfolio we adjust to measure consumed water as opposed to abstracted water, where water is returned to source for such uses as cooling and hydro-power production. It is beyond scope to do this adjustment for all companies within MSCI ACWI.

**7.55**

Reference Index 8.28

Weighted waste intensity (tonnes/€m) is the sum of landfill, incinerated and nuclear waste (tonnes) divided by company revenue (€m), summed by weight in the portfolio. Reference index is MSCI ACWI.

**0.00%**

Revenue

0.37%

Production

Coal exposure:

- Share of coal revenues as a percentage of turnover
- Share of coal in electricity production as a percentage of total generation

**86.89**

Adjusted Ref Index 137.99

Annual carbon emissions per € 1mln investment in the fund are the sum of Scope 1 and Scope 2 emissions divided by NAV (€m) of portfolio. The adjusted reference index applies the same sector distribution as the portfolio when calculating the carbon footprint¹.

¹ The reference index, MSCI ACWI, has holdings in low carbon, non-environmental solution sectors (e.g., Health Care, Financials, Information Technology) that are not comparable. MSCI ACWI without this adjustment emits 154.08 tons of CO₂ / €1mln investment.

**464,696**

Car equivalent: 101,021

Total avoided emissions of the portfolio are total Scope 1 and Scope 2 emissions in tonnes per year saved by comparing the total fund AUM to an identical investment in the adjusted reference index².

² The reference index, MSCI ACWI, has holdings in low carbon, non-environmental solution sectors (e.g., Health Care, Financials, Information Technology) that are not comparable. MSCI ACWI without this adjustment, relative to the fund, emits 62,265 tons of carbon, or 13,536 car equivalents, more per annum.

**1.59**

The Carbon Impact Ratio (CIR) measures the ratio of avoided emissions to total fund Scope 1 and Scope 2 emissions in tonnes of carbon emitted per year³.

³ The reference index, MSCI ACWI, has holdings in low carbon, non-environmental solution sectors (e.g., Health Care, Financials, Information Technology) that are not comparable. The fund, relative to the MSCI ACWI without this adjustment, has a 0.12 CIR.

Source : BNP Paribas Asset Management, TruCost, CDP

SECTOR ANALYSIS OF CARBON INTENSITY (CARBON/REVENUE) AS OF 30.06.2021

Sectors	Tons CO ₂ per mln € Revenue ¹		
	Fund	Reference Index	Relative performance
Communication Services	0.0	2.4	2.4
Consumer Discretionary	4.8	8.2	-6.1
Consumer Staples	2.1	4.9	4.2
Energy	9.3	29.5	-27.7
Financials	0.0	1.2	-1.2
Health Care	0.0	3.4	47.8
Industrials	51.2	17.7	-0.4
Information Technology	17.3	9.0	14.8
Materials	23.8	49.1	-49.1
Real Estate	0.0	3.6	-3.6
Utilities	38.3	66.5	-28.2
Total	148.6	195.7	-47.1

¹ Sector contribution to portfolio carbon emission intensity measured as tons CO₂ per mln € revenue

² Sector and stock selection attribution as function of average sector intensity measured as tons CO₂ per mln € revenue

Source : BNP Paribas Asset Management, TruCost
Past performance is not an indication of future performance



TOP 10 HOLDINGS, SHARE OF GREEN REVENUES & SDG ALIGNMENT AS OF 30.06.2021

Top 10 Holdings	Weight	% share of Green Revenues/Capex	Activity	ESG Score	SDG Alignment
PLUG POWER	9.7%	100%	Fuel Cells and Green Hydrogen	57	9
SUNNOVA	8.2%	100%	Residential Rooftop Solar Installer	48	7
ENPHASE ENERGY	6.5%	100%	Solar Inverters, Virtual Power Plants, Generators	54	7
SUNRUN	5.6%	100%	Solar Equipment and Software	62	9
BYD	3.4%	+20%	Electric Vehicles and Batteries	61	11
GENERAC HOLDINGS	3.2%	100%	Grid back-up power	49	7
SIEMENS GAMESA RENEWABLE ENERGY	2.4%	100%	Wind Turbine Manufacturer	56	7
SOLAREEDGE TECHNOLOGIES	2.4%	100%	Solar Inverters, Virtual Power Plants, Generators	73	8
VESTAS WIND SYSTEMS	2.3%	100%	Wind Turbine Manufacturer	80	7
EDP RENOVAVEIS	2.3%	100%	Renewable Energy Generation	64	7
Total	45.9%				

Source: BNP Paribas Asset Management. Portfolio holdings are subject to change at any time without notice and should not be construed as a recommendation to buy or sell a particular security.

ENVIRONMENTAL IMPACT OF €10m INVESTED IN THE STRATEGY FOR ONE YEAR COMPARED TO REFERENCE INDEX AS OF 30.06.2021



3,137 tonnes/CO₂ Total emissions avoided
Equivalent to taking **299** cars off the road for a year
Carbon and carbon equivalent



1562 tonnes Total waste avoided
Equivalent to **1,562** household's annual waste production
Landfill and incineration



2,252 MWh Total renewable electricity generated
Equivalent to **609** household's annual electricity consumption
Absolute not relative



2703 Megaliters Total water saved
Equivalent to **17,139** household's annual water consumption
Direct and Purchased



204 Tonnes Total waste recycled annually
Absolute measure of fund recycling activity, not relative to index
Absolute not relative



50.0 thousand EUR saved in pollutant damage and natural resource costs
Total monies saved
Land, water and air pollutants

Note: relative to adjusted MSCI ACWI with the same sector distribution of the fund to show equivalence.

ESG INDICATORS AS OF 30.06.2021

	Score ESG Total	Environmental Contribution	Social Contribution	Governance Contribution	Average Decile
Fund	56.74	5.22	1.05	0.48	3.13
Index Reference	55.34	3.09	2.26	-0.01	3.55

Past performance is not an indicator of future performance

Source : BNP Paribas Asset Management, Sustainalytics

Note: The ESG score, particularly within the "E" vertical, is underestimated for the Energy Transition Fund as several of our smaller pure-play environmental companies are not yet fully scored, resulting in them being excluded from our "E" score, which in turn lowers our ESG score. Importantly, these companies (and all others in our portfolio) directly help to solve climate issues. Individual vertical scores are contribution points and are not on a 100 scale.

- The ESG score is constructed from the evaluation of detailed criteria aimed at systematically evaluating companies' commitments and practices in terms of the environment (ie. climate change), social (ie. human resources management) and governance (ie. Independence, competence of directors). This ESG score reflects a proprietary BNP Paribas Asset Management methodology. The system does not benefit or penalize sectors for business activity, but aims to remain sector agnostic. In respect to the environment it looks at Scope 1 and 2, but not Scope 3 emissions. Pillars are measured as marginal positive or negative contributions.
- The ESG decile is a "relative" ESG score. The score from 1 to 100 is converted into a classification by decile from 1 to 10 (1 being the best decile and 10 the worst). All decile rankings cover at least 5 companies. The classifications are carried out by sub-group and region.
- The social controversy score shows the percentage of titles whose issuers are subject to severe social controversy (level 4 or 5). Level 4 indicates the existence of several major controversies demonstrating structural problems of the company while level 5 controversies are very serious controversies with strong impact.



69.55
Reference Index 79.86

Good corporate governance is measured through various indicators, in particular the presence of women on the boards of directors. We believe that a good diversity on the board of directors creates the framework that ensures that the company is managed in long term interest of shareholders. This indicator assesses the average percentage of women on board within the portfolio's issuers.



37.53
Reference Index 36.04

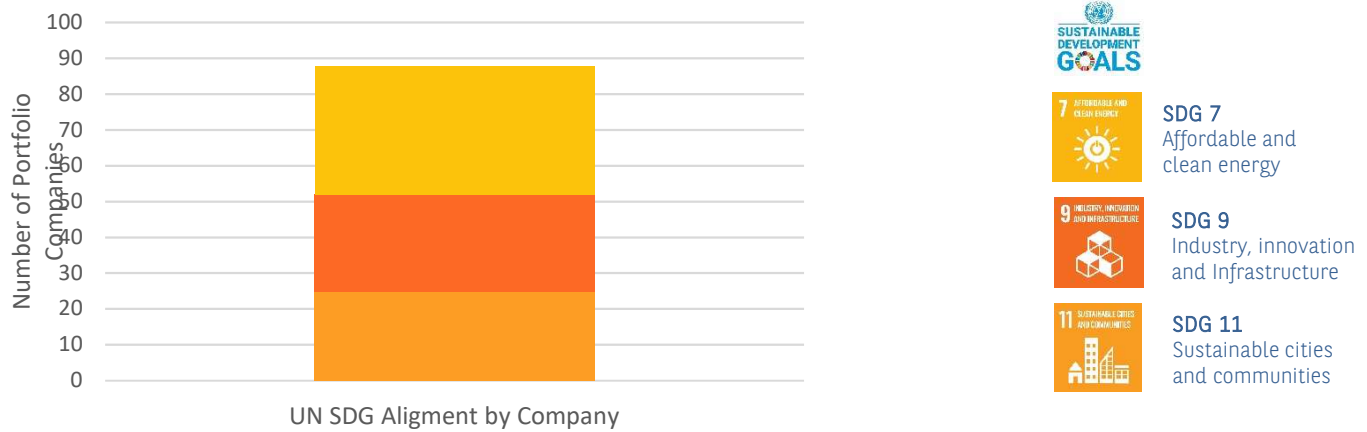
Human rights compliance with international standards and conventions as measured by share of companies that are signatories to the UN Global Compact

Source : BNP Paribas Asset Management, MSCI ESG Research, Sustainalytics.

The above-mentioned companies are for illustrative purpose only, are not intended as solicitation of the purchase of such securities, and does not constitute any investment advice or recommendation

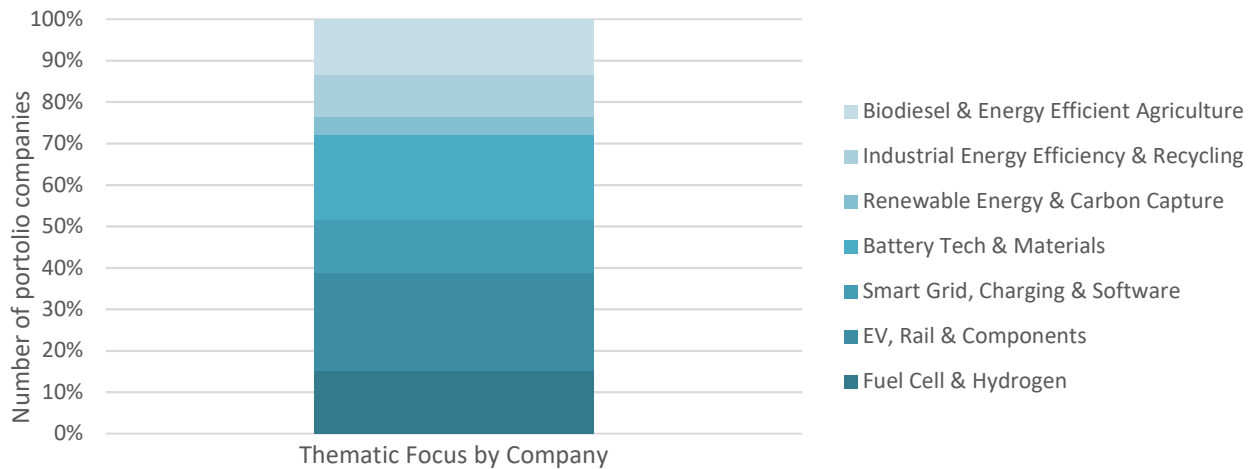


UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS ALIGNMENT, BY NUMBER OF COMPANIES AS OF 30.06.2021



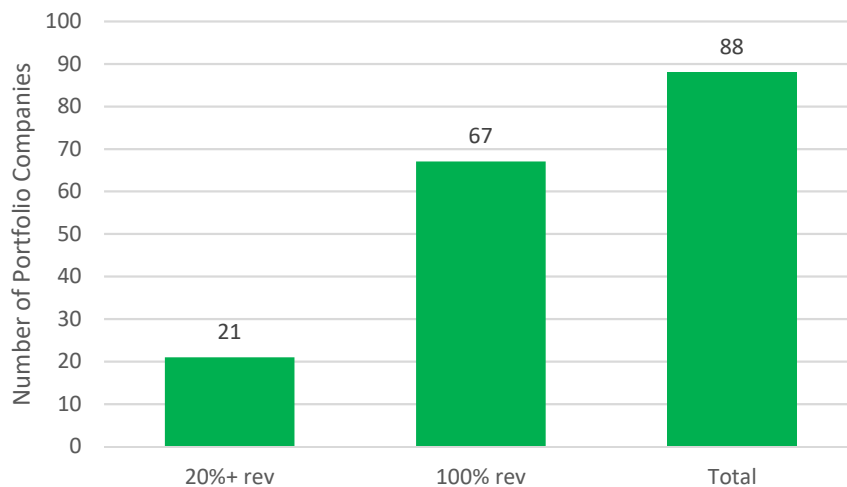
Source: BNP Paribas Asset Management. Trademark, copyright, and other intellectual property rights are and remain the property of their respective owners.

ENERGY TRANSITION THEMATIC FOCUS, BY NUMBER OF COMPANIES AS OF 30.06.2021



Source: BNP Paribas Asset Management




ENVIRONMENTAL REVENUE SHARES, BY NUMBER OF COMPANIES AS OF 31.03.2021



Source: BNP Paribas Asset Management. Trademark, copyright, and other intellectual property rights are and remain the property of their respective owners.
The above-mentioned companies are for illustrative purpose only, are not intended as solicitation of the purchase of such securities, and does not constitute any investment advice or recommendation




KEY LOW SCORING COMPANIES AS OF 31.03.2021


COMPANY	BNPP ESG Score	BNPP E Score	Solving for the Energy Transition
	48	5	Sunnova is amongst a handful of companies leading the charge on the roll out of residential solar panels and storage across the U.S. and beyond. It is a pureplay company, empowering households with access to a clean, affordable and secure supply of power. Their operations have contributed to 2.4 Billion kWh of clean energy which has led to the avoidance of 1.7 million metric tonnes of carbon dioxide an equivalents. Their ESG committee is progressive; striving to report on scope 3 emissions alongside the industry standard for scope 1 and 2. They are committed to the ethical sourcing of materials and work with supply chain specialists with traceability efforts. They priced the solar industry's first ever green bond this quarter, have committed to electrifying part of their vehicle fleet, reducing waste, recycling end-of-life panels and building in line with green building standards such as LEED.
	41	-8	Engie's strategy is to be a leader in the energy and climate transition by acting "to accelerate the transition to a carbon-neutral economy." They provide network and electric vehicle charging services, renewable power generation, and energy efficiency client solutions, in addition to their thermal power generation. It has dramatically cut its legacy carbon footprint by over 50% since 2015 and aims for further large reductions by 2030. Renewables should go from 28% of their electricity mix in 2019 to 58% in 2030, reducing emissions from 80Mt today to 43Mt in 2030. Coal-fired capacity has dropped 72% already from 2015 to today. They aim for their gas business to be 100% green by 2050. 98% of their European sites have a biodiversity action plan since 2015. They get an 8/8 or "A" from CDP on climate.
	45	-6	Aker Carbon Capture is the only listed pure play carbon capture company. While it is newly listed with limited current policies, it has over two decades of operational experience. Their pipeline has grown 300% from April 2019 to June 2020. The company was responsible for the world's first offshore CO2 storage project, the Sleipner Field, which has sequestered more than 1mm tons of CO2. Their latest project will be the first carbon capture effort at a cement factory, aiming to sequester the CO2 equivalent of about 200,000 cars, for Norem HeidelbergCement.

Note: Not all companies in our portfolio have a high ESG score or a low carbon intensity score. This is because ESG scores can emphasise policies and not take fully into consideration what companies are doing, or they can be more of a reflection of S and G, or can penalise smaller companies with incomplete data, which can also result in a low E score. We monitor ESG scores, but focus on environmental considerations. Similarly some companies can help the environment, including conducting aggressive renewable build-outs, even if they have a high carbon intensity (for example, due to a legacy dirty business that is being divested). We try to look forward and make an impact by focusing on companies that provide environmental solutions through their products and services and where we tie these to a significant amount of the company's revenues and capital expenditures. Trademark, copyright, and other intellectual property rights are and remain the property of their respective owners.

ENERGY TRANSITION ESTABLISHED COMPANY HIGHLIGHT OF THE QUARTER AS OF 30.06.2021

COMPANY	BNPP ESG Score	BNPP E Score	Explanation
	63	10	Ballard Power are a leader in fuel cell technology. They have been in business for over 40 years and develop fuel cell solutions to decarbonise mobility. While they focus on heavy transportation, such as trucks, buses, trains, and ships, they also are developing solutions for light vehicles. Ballard have global reach, being partnered with Weichai in China, where they are working with the government to advance the hydrogen industry, as well as Mahle in Europe. They have developed solutions for Audi, Siemens, Polaris, UPS, and Kenworth amongst others, with over 75 million cumulative kilometres driven using their products. Not only does their technology offer an enormous decarbonisation potential through the displacement of combustion engines, but the company also has a carbon zero policy in place which aims for neutrality by 2030. Renewable energy powers 96% of their facilities and they are ISO 14001 certified.

ENERGY TRANSITION NEW COMPANY OF THE QUARTER AS OF 30.06.2021

COMPANY	BNPP ESG Score	BNPP E Score	Explanation
	N.A.	N.A.	VIEW is a novel glass technology company that produces electro-chromatic windows. The product uses machine learning processes to auto-tint depending on the distribution and amount of incoming sunlight. They provide smart app controls that allows one to precisely control different zones. The benefits are saving on building HVAC energy costs (close to 20% a year) as well as the required upfront cooling infrastructure needed, given the windows block more than 90% of solar radiation. Buildings also no longer need blinds which saves money and space. In addition there are well documented health benefits, given the reduced dust from blinds, the reduced glare from the sun which helps eye-strain, and the increased external views which helps productivity. The company is developing further embedded screen technology into the windows and it offers automatic breakage alerts, which improves security. Present in Chicago O'Hare International Airport, Google, Netflix, and Uber offices, VIEW is expanding rapidly and is potentially poised to gain from the Biden administration's focus on green buildings.

Note: every quarter we will highlight one mature portfolio company that we think has an exciting story and is making a meaningful impact in respect to global climate challenges as well as one young innovative company that we think has the potential to grow significantly and is directly aligned with energy transition themes. Trademark, copyright, and other intellectual property rights are and remain the property of their respective owners. The above-mentioned companies are for illustrative purpose only, are not intended as solicitation of the purchase of such securities, and does not constitute any investment advice or recommendation



PORTFOLIO MANAGER BIOGRAPHIES

**Edward Lees**, Co-head Environmental Strategies Group, ESG Champion

Edward is co-head of Environmental Strategies Group and co-lead portfolio manager of the BNP Energy Transition Fund and BNP Environmental Absolute Return Thematic Fund, EARTH having joined BNPP AM in 2019. Edward began his career in 1994 at Morgan Stanley in New York in investment banking and private equity. He joined Goldman Sachs in 2000 where he was an MD and founded and co-ran the Goldman Sachs Thematic Investment Group (2005-2009). Edward set up thematic fund Clear River Capital in 2009 and subsequently went to UBS as a MD to start a principal investing business. Since 2012, Edward was the CEO and co-founder of North Shore Partners that became part of Duet Asset Management in 2015 and later co-founded Sustainable Solutions (2017-2019). He holds a MBA from Wharton and a BA from Amherst College.

**Ulrik Fugmann**, Co-head Environmental Strategies Group, ESG Champion

Ulrik is co-head of Environmental Strategies Group and co-lead portfolio manager of the BNP Energy Transition Fund and BNP Environmental Absolute Return Thematic Fund, EARTH having joined BNPP AM in 2019. Ulrik began his career at Goldman Sachs, London, in 2001 investing thematically across energy, materials, agriculture and material companies globally at Goldman Sachs Principal Strategies (2005 – 2007) and co-ran the Goldman Sachs Thematic Investment Group (2007-2012). Since 2012, Ulrik was the CIO and co-founder of North Shore Partners that became part of Duet Asset Management in 2015 and later co-founded Sustainable Solutions (2017-2019). He holds a MSc in Economics and Political Science from University of Copenhagen.

RISK AWARENESS & REGULATORY INFORMATION

The risks associated with investments in shares (and similar instruments) include significant fluctuations in prices, negative information about the issuer or market and the subordination of a company's shares to its bonds. Capital risk: the value of investments and the income they generate go down as well as up and it is possible that investors will not recover their initial outlay. The value of an investment be affected by fluctuations of the currency of the country in which the investment was made, or exchange control regulations. Sub-funds investing in small caps are likely to be subject to a higher-than-average volatility due to a high degree of concentration, greater uncertainty because less information is available, there is less liquidity, or due to greater sensitivity to changes in market conditions.

For more information on risks, please see the "Investment Risks" section of the fund's prospectus or KIID. All relevant documents (prospectus, annual report, KIID) can be downloaded free of charge from our website: www.bnpparibas-am.com.

DISCLAIMER

BNP PARIBAS ASSET MANAGEMENT UK Limited, "the investment company", is authorised and regulated by the Financial Conduct Authority. Registered in England No: 02474627, registered office: 5 Aldermanbury Square, London, England, EC2V 7BP, United Kingdom. This material is produced for information purposes only and does not constitute: an offer to buy nor a solicitation to sell, nor shall it form the basis of or be relied upon in connection with any contract or commitment whatsoever or investment advice. This material makes reference to certain financial instruments authorised and regulated in their jurisdiction(s) of incorporation. No action has been taken which would permit the public offering of the financial instrument(s) in any other jurisdiction, except as indicated in the most recent prospectus and the Key Investor Information Document (KIID) of the relevant financial instrument(s) where such action would be required, in particular, in the United States, to US persons (as such term is defined in Regulation S of the United States Securities Act of 1933). Prior to any subscription in a country in which such financial instrument(s) is/are registered, investors should verify any legal constraints or restrictions there may be in connection with the subscription, purchase, possession or sale of the financial instrument(s). Investors considering subscribing to the financial instrument(s) should read carefully the most recent prospectus and Key Investor Information Document (KIID) and consult the financial instrument(s)' most recent financial reports. These documents are available on the website. Opinions included in this material constitute the judgement of the investment company at the time specified and may be subject to change without notice. The investment company is not obliged to update or alter the information or opinions contained within this material. Investors should consult their own legal and tax advisors in respect of legal, accounting, domicile and tax advice prior to investing in the financial instrument(s) in order to make an independent determination of the suitability and consequences of an investment therein, if permitted. Please note that different types of investments, if contained within this material, involve varying degrees of risk and there can be no assurance that any specific investment may either be suitable, appropriate or profitable for an investor's investment portfolio. Given the economic and market risks, there can be no assurance that the financial instrument(s) will achieve its/their investment objectives. Returns may be affected by, amongst other things, investment strategies or objectives of the financial instrument(s) and material market and economic conditions, including interest rates, market terms and general market conditions. The different strategies applied to financial instruments may have a significant effect on the results presented in this material. Past performance is not a guide to future performance and the value of the investments in financial instrument(s) may go down as well as up. Investors may not get back the amount they originally invested. Gross of fees performance included in this material do not reflect the deduction of commission, fees and other expenses incurred. Returns will be reduced after the deduction of such fees. This document is directed only at person(s) who have professional experience in matters relating to investments ("relevant persons"). Any investment or investment activity to which this document relates is available only to and will be engaged in only with Professional Clients as defined in the rules of the Financial Conduct Authority. Any person who is not a relevant person should not act or rely on this document or any of its contents. All information referred to in the present document is available on www.bnpparibas-am.com.

As at May 2021.



