THEAM QUANT EUROPE CLIMATE CARBON OFFSET PLAN

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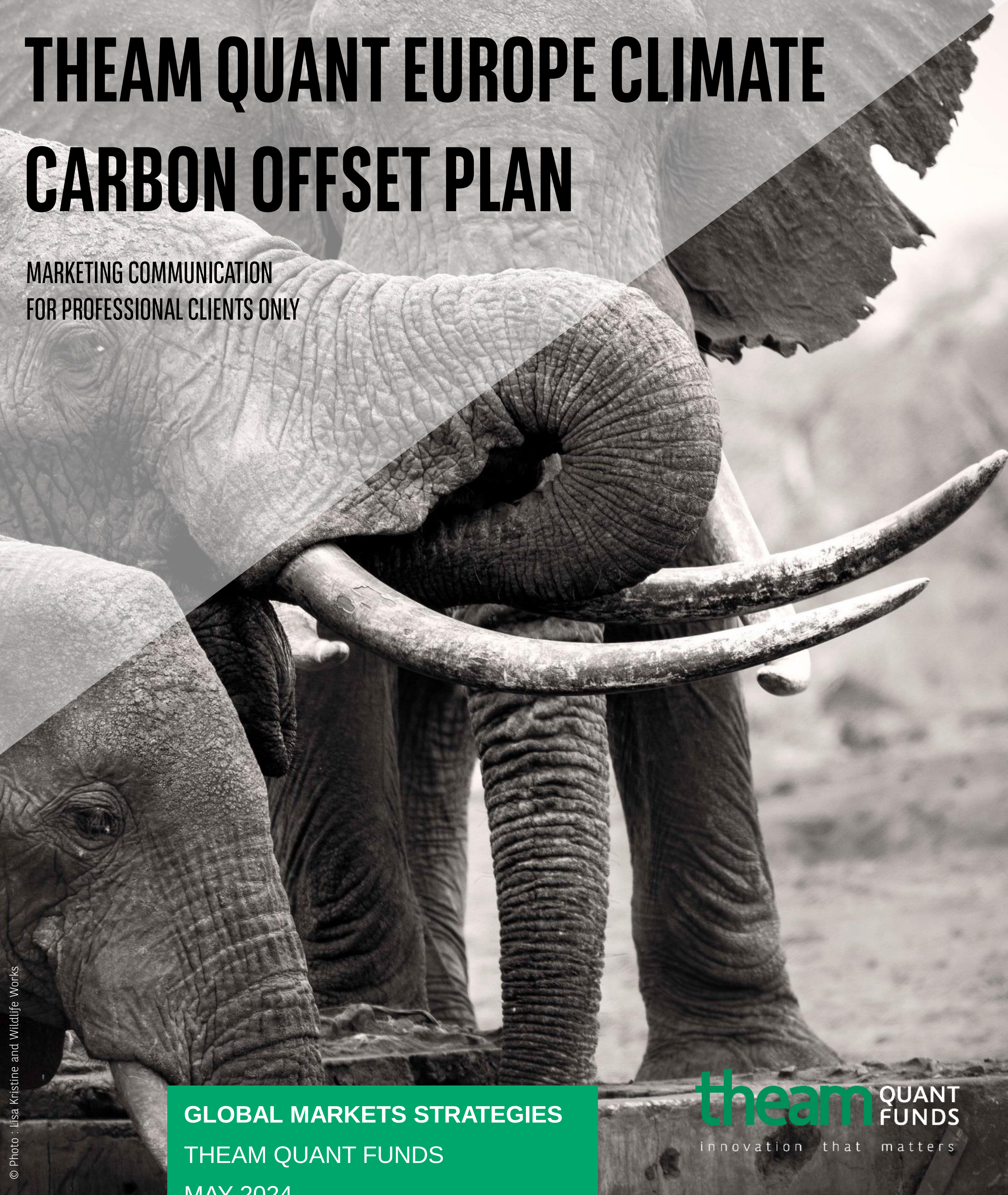

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GLOBAL MARKETS STRATEGIES

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MAY 2024

BNP PARIBAS ASSET MANAGEMENT

The asset manager for a changing world

From Kyoto to Glasgow, towards an international consensus on climate change

The increasing recognition of the global impact of climate change has triggered the development of a number of international agreements since the 1990s in order to coordinate the fight against global warming:

1992

UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE (UNFCCC)

The UNFCCC is the **first international climate agreement within the UN framework.** It seeks to reach a better understanding of climate change, proposing solutions for cooperation between countries so as to limit the effects of climate change. To date, it has been ratified by **192 parties** (191 States and 1 regional economic integration organization) .

1997

KYOTO PROTOCOL
APPLICATION 2005-2020

In the mid-1990s, the signatories of the UNFCCC became aware of the need to take more stringent measures to reduce greenhouse gas emissions (GHG)[1]. In 1997, they adopted the **Kyoto Protocol** which sets the **target for the 38 most industrialised countries in the world to reduce their overall emissions of 6 GHG by 5%**[1] compared with the levels observed in 1990.

2015

PARIS CONFERENCE ON CLIMATE CHANGE
APPLICATION 2020-2030

This has resulted in an unprecedented involvement of the private sector with a view to expanding cooperative actions in order to support the new agreement.

In December 2015, 195 countries adopted **the very first legally binding universal agreement on climate change**. **The Paris Agreement** lays the foundations for an international action plan aiming to **limit the planet's temperature increase to 1.5°C** compared with pre-industrial levels.

- Commitment to reduce emissions
- Financial assistance for developing countries
- Implementation of ambitious solutions[2]

2016

17 SUSTAINABLE DEVELOPMENT GOALS (SDGs)

Adopted unanimously in September 2015 at a historic United Nations Summit, the SDGs came into effect in January 2016 for a time horizon of 2030. The SDGs initiative aims to **involve all countries and civil society as well as covering all aspects of sustainable development**: economic growth, social inclusion and environmental protection. The flagship objectives are to put an end to all forms of poverty, to combat inequalities and to tackle climate change.

2021

GLASGOW CONFERENCE ON CLIMATE CHANGE (COP26)

The result of COP26 was **the Glasgow Climate Pact**, negotiated through consensus of the representatives of the 197 attending parties.

The pact encourages more urgent greenhouse gas emissions cuts and recognises that limiting global warming to 1.5 °C requires rapid, deep and sustained reductions, including **reducing global carbon dioxide emissions by 45 per cent by 2030 relative to the 2010 level and to net zero by 2050.**

[1] CO2, CH4, N2O, HFC, PFC, SF6. [2] This includes a commitment by several cities to become carbon neutral in the years to come.
Source: United Nations Climate Change, https://unfccc.int/

The emergence of carbon markets

The IPCC[1] 5th Assessment Report emphasises the importance of having a price on carbon in order to speed up the energy transition as this increases the competitiveness of measures enabling GHG emissions reductions. It can also help enhance the development of low-carbon technologies across all economic sectors, driving consumers towards low-carbon choices. In this context, carbon markets have a key role to play in achieving the 1.5°C objective. The first carbon market was launched within the framework of the Kyoto Protocol and then expanded at different regional and multinational levels. Over time, a differentiation was made between regulated and voluntary markets. They both make it possible to trade carbon credits, which correspond to carbon tonne reduction units. Depending on the market where these carbon credits are traded, they may take different forms such as: CER (Certified Reduction Units) recognised by Kyoto, or VER (Verified Reduction Units) traded on voluntary markets. To date, the most developed system is the regulated European market for trading CO2 quotas (EU ETS, *EU Emissions Trading Scheme*).

THE KYOTO PROTOCOL AND ESTABLISHMENT OF A CARBON MARKET

To encourage industrialised countries - the primary GHG emitters - in achieving their objectives, the Kyoto Protocol has set up a carbon market via the establishment of an emissions quota trading system. In this context, the Clean Development Mechanism (CDM) enables the companies within industrialised countries to co-finance emissions reduction projects in countries without quantified commitments and in return receive the corresponding quantity of certified emissions reduction units (CER). The initial objective being to promote a transfer of technologies and financial flows from industrialised countries into developing countries.

THE EUROPEAN SYSTEM AND CAPPING OF GHG EMISSIONS FROM INDUSTRIES

In 2001, the European Commission proposed to set up a European market for trading CO2 quotas (EU ETS) to help European countries comply with their national commitments. Began in 2005, the EU ETS now caps GHG emissions from the 10,000 major energy-consuming plants (power stations and industries) in the EU and airlines connecting the participating countries. This covers 45% of the EU's GHG emissions. Within the limits of this cap, companies receive or purchase emissions allowances *(EUA or EU allowances)*, which they can trade with other companies in line with their requirements.

THE VOLUNTARY CARBON MARKETS

A number of voluntary markets have arisen in parallel with the carbon markets, targeting players who are not subject to a regulatory constraint, or players subject to constraints but who wish to go beyond their regulatory obligations (companies, local authorities, etc.). The carbon credit buyer contacts a specialist operator from whom it acquires a number of verified or voluntary carbon reduction units corresponding to the volume of GHG emissions that it wishes to offset. The amount paid out for this purpose contributes, directly or indirectly, to the funding of a specific carbon emissions reduction project. A carbon credit traditionally corresponds to 1 tonne equivalent of CO2 avoided thanks to the project.

Three main project typologies can be identified: forestry, renewable energies and the rational use of energy. Locations for implementation range from developing countries and emerging economies through to developed countries. However, projects carried out in developing countries usually include a humanitarian component.

Voluntary or verified carbon units do not correspond to the instruments recognised by the Kyoto Protocol, although, projects that propose them include emissions reduction objectives as well as social and environmental co-benefits. What is more, in order to verify the integrity and efficiency of these projects at all levels (reductions in emissions, social and environmental co-benefits), several recognised international standards have been created such as Gold Standard and Verra via its Verified Carbon Standard (VCS) programme. These standards establish rules and norms that specialised auditors will verify for projects that wish to opt in. Verified carbon offsets (VER, Verified Emissions Reduction) thus benefit from strong credibility despite their existence outside of the regulated framework.

OVERVIEW OF THE CARBON MARKETS

Market	Regulatory framework	Period of application	Scope	Principle	Carbon product
Regulated	Kyoto Protocol & Paris Agreement	2005 – 2020 & 2021 – 2030	International	▪ Emissions quota trading system for industrialised countries within the framework of the CDM ▪ Free trading of certified emission reduction units (CER) for participants	CER
			European	▪ European equivalent of the international regulated carbon market ▪ 30 participating member countries ▪ Capping of emissions from the 10,000 major energy-consuming plants and airlines connecting the participating countries	EUA
Voluntary	International voluntary standards	Since 2005	International	▪ Carbon offset trading system on a voluntary basis for companies, local authorities and private individuals wishing to co-finance emission reduction projects ▪ No objectives for reduction or capping	VER

Source: European Commission, 2022; Assessment Report Fifth, Intergovernmental Panel on Climate Change (IPCC), 2021; ADEME, 2012
[1] Intergovernmental Panel on Climate Change

The energy transition strategy of BNP Paribas

BNP Paribas has been strongly involved in the fight against climate change since 2011, with the ambition of aligning its business activities with the goals of the Paris Agreement. This ambition is deployed in all business lines with two key focuses: reducing the Group's contribution to climate change by reducing its support for activities with the highest GHG emissions and gradually aligning its loan book with the goals of the Paris Agreement; firmly supporting the energy transition of its retail, corporate and investment customers by issuing dedicated loans, adapting its solutions, and conducting training and awareness-raising initiatives.

BNP PARIBAS JOINED THE NET-ZERO BANKING ALLIANCE

In 2021, BNP Paribas reinforced its commitment by joining the Net-Zero Banking Alliance launched by the UN Environment Programme Finance Initiative (UNEP-FI) ahead of COP26. In this framework, BNP Paribas commits to:

Align greenhouse gas emissions arising from its credit and investment for own account activities with the path required to **achieve carbon neutrality in 2050;**	**Build on credible transition** scenarios published by recognised bodies (IPCC, IEA);	**Focus on the most greenhouse gas emitting sectors** and playing a key role in the transition to a carbon neutral economy;	**Set interim targets,** no later than 2030;	**Annually publish their progress** and the associated action plans.

AMBITIOUS CLIMATE-RELATED COMMITMENTS

BNP Paribas has made the fight against climate change its priority in terms of environmental responsibility. The Group has therefore made a strong commitment to speeding up the energy transition, firstly by partnering with its clients in the transition to a low carbon economy, and secondly by reducing the environmental impacts of its operations.

BNP Paribas therefore uses a number of levers to keep up with the energy transition:

Further support to renewable energies, aiming for €18 billion in funding for the renewable energy sector by end-2021	**A leading role in green bonds**: BNP Paribas is the world's second largest green bond player in 2020 according to Bloomberg, with €10.8 billion as joint bookrunner.	**A range of responsible products and services covering all asset classes and business lines**: BNP Paribas Asset Management offers a wide range of green funds, invested predominantly in alternative energies and energy efficiency, totaling €18.4 billion in assets under management at 31 December 2020.	**Arval and BNP Paribas Leasing Solutions contribute to the development of sustainable mobility solutions**: loans for hybrid and electric vehicles amounted to €2.3 billion euros in 2020.

THE BNP PARIBAS GROUP'S CARBON NEUTRALITY COMMITMENT ON ITS OPERATIONAL SCOPE

Through three complementary actions BNP Paribas has been carbon neutral across its entire operating scope, corresponding to Scope 1 and Scope 2[1], since 2017. This result is an important indicator of the Group's commitment and has earned it recognition as Climate Neutral Now by the United Nations Framework Convention on Climate Change.

01.	02.	03.
Reduction of its CO2 emissions by means of an active energy efficiency policy for buildings and data centres, and the optimisation of business travel. We reached 44% reduction of greenhouse gas emissions (teqCO2/FTE) per member of staff in 2020 compared with 2012, exceeding its 25% objective.	**The use of low-carbon electricity**: To continue reducing its environmental impact, the Group is increasingly turning to low-carbon electricity in all countries where this is possible. Renewable electricity accounted for 37% of the Group's total electricity bill in 2020 compared to 35% in 2019.	**Offsetting irreducible emissions**: Each year, BNP Paribas offsets the residual GHG emissions from the previous year for the entire Group. Taking into account the additional purchases of low-carbon electricity, these emissions amounted to 340,030 teqCO2 in 2019.

Source: BNPP Universal registration document and annual financial report 2020

[1] Scope 1 concerns the direct emissions of companies (such as fuel consumption for example). Scope 2 concerns indirect emissions due to the business's activity (for example the electricity supplier's fuel consumption). Scope 3 concerns indirect emissions due to the use of products sold (such as, for example, fuel consumption by the client's electricity supplier due to use of the product). With the current status of available data, the CO2 emissions relating to Scope 3 are difficult to access and incomplete, and can only be estimated. Scope 3 will therefore not be taken into account in the context of offsetting the group's carbon footprint.

THEAM QUANT EUROPE CLIMATE CARBON OFFSET PLAN

Presentation of the strategy

- The Fonds Commun de Placement (equivalent to a mutual fund) THEAM Quant Europe Climate Carbon Offset Plan is an open-ended fund in compliance with the 2009/65/EC directive (hereinafter the "FCP"). The FCP is exposed to the performance of European equities with high Environmental, Social and Governance (ESG) standards that are carefully selected on the basis of their carbon footprint and the robustness of their energy transition strategy on the one hand and offsets the carbon footprint (Scope 1 and Scope 2)[1] of those same companies on the other hand. The offsetting of the FCP's carbon footprint can be considered as partial to the extent that (i) the management company does not take Scope 3 into account in the calculation of the carbon emissions and that (ii) it offsets only the carbon emissions relating to the composition of the strategy index defined hereinafter and not those relating to the financial instruments held as the FCP's assets when a synthetic replication method is used.
- To do this, the FCP is exposed to the BNP Paribas Equity Europe Select Climate Care NTR strategy index[2] (hereinafter the "Strategy index").
- The management company allows the FCP to benefit from carbon offsetting by acquiring verified emission reduction certificates. The costs of offsetting, included in the FCP's management fees, are charged to the FCP and correspond to the acquisition cost of the VERs and to the carbon offsetting service.
- Scope 3 concerns indirect emissions due to the use of products purchased by suppliers (such as fuel consumption by the client's electricity supplier due to use of the product). With the current status of available data, the CO2 emissions relating to Scope 3 are difficult to access and incomplete, and can only be estimated. Scope 3 will therefore not be taken into account when calculating the FCP's carbon footprint and for carbon offsetting.

The FCP's strategy

- The purpose of this innovative strategy is to offer capital growth in line with the Benchmark index (STOXX Europe 600 NTR Index) while simultaneously offering a low carbon footprint as well as carbon offsetting (Scope 1 and 2)[1] having a climate-related, societal and environmental impact.
- It is based on the combination of two components:

LOW CARBON UNDERLYING: EQUITY EUROPE SELECT CLIMATE CARE STRATEGY

Strategy index, enabling the FCP to participate on the European equity market, close to the Benchmark index. The index's equities are selected in line with their low carbon footprint as well as the robustness of their energy transition strategy, while at the same time keeping the same sectoral proportions as the STOXX Europe 600 NTR Benchmark index.

The carbon footprint is therefore reduced in relation to that of the Benchmark index.

OFFSETTING OF REMAINING EMISSIONS: "KASIGAU CORRIDOR REDD +" PROJECT

The residual carbon footprint (as calculated by the management company) of the BNP Paribas Equity Europe Select Climate Care NTR Index is offset every quarter by means of verified emission reduction certificates, generated by projects identified as reducing the emission of carbon. This offsetting is materialised by the purchase and cancellation (offset) of VERs.

The project chosen is the "Kasigau Corridor REDD +" project (hereinafter the "Project"). It protects more than 500,000 acres of Kenyan forests under threat, securing the whole migration corridor between the Tsavo East and Tsavo West national parks and will make it possible to offset over 1 million tonnes of CO2 per annum for the next 30 years.

[1] Taking into account the non-consideration of Scope 3 and the replication method used which may be synthetic, such offsetting will be partial.
[2] The BNP Paribas Equity Europe Select Climate Care NTR index (Bloomberg code: BNPIESCC) is an index denominated in EUR, calculated with net dividends reinvested.

Strategy of the Europe Select Climate Care Index to which the FCP is exposed

INVESTMENT UNIVERSE

European universe of Moody's ESG Solutions (approximately 1,000 companies at the date when the FCP was created)

1. FILTERS ON COMPANIES

ESG COMPLIANCE FILTERS:

Moody's ESG Solutions – Exclusion of companies with a Moody's ESG Solutions ESG score in the lowest 25% in their sector or below 30/100 overall, or involved in armament, nuclear, alcohol, tobacco, gambling, pornography or in other controversial activities.

BNP Paribas Asset Management – Exclusion of companies with a BNP Paribas Asset Management ESG score in the 9th or 10th deciles (10 being the worst decile).

ENERGY TRANSITION STRATEGY FILTER:

Moody's ESG Solutions assessment: among the intense emitters[1], only those with the best energy transition strategy in their sector can be selected by the Strategy.

2. CONSTRAINTS ON PORTFOLIOS

THE SELECTION OF COMPANIES IS MADE IN LINE WITH THE FOLLOWING CONSTRAINTS:

- **Positive financial outlook:** selection of the top two thirds of companies based on profitability, prospects and valuation criteria (return on invested capital, earnings, free cash flow, etc.)
- **Liquidity:** the average daily volume of the stocks sold and/or bought on the financial markets observed over 1 month and 6 months must be greater than or equal to 10 million euros.
- The headquarters of companies whose stocks are selected must be domiciled in one of the following countries: Germany, Austria, Belgium, Swiss Confederation, Denmark, Spain, Finland, France, Greece, Ireland, Italy, Luxembourg, Norway, Netherlands, Portugal, United Kingdom and Sweden.
- The weighting of each stock must be between 0% and 1%. The possible portfolios are therefore well diversified and include at least 100 stocks.
- **Sectoral diversification:** the weighting of each economic sector must not exceed a 30% difference with the sector's weight inside the Benchmark index[2].

3. FINAL SELECTION

THE FINAL SELECTION MUST:

5% per annum	CO_2 -50%	Max.
Have an expected tracking error[3] vs. the Benchmark index not exceeding 5% per annum.	Have an average carbon footprint reduced by at least 50% compared with the investment universe.	Maximise its Moody's ESG Solutions Energy transition score under the above constraints.

The selection process is repeated on a quarterly basis so as to update the portfolio (rebalancing dates: beginning of March, June, September and December).

FOCUS ON THE RATING COMPANY MOODY'S ESG SOLUTIONS

Moody's ESG Solutions has become a top level rating agency in terms of corporate responsibility. Moody's ESG Solutions assesses the performance and level of risk management associated with the social responsibility of companies and organisations. It therefore analyses the commitment by companies and public authorities to incorporate environmental, social, societal and good governance objectives into the definition and implementation of their strategies or policies. The methods and products from Moody's ESG Solutions are in compliance with the exacting standards on quality and independence and benefit of ARISTA® external certification - a benchmark quality standard for socially responsible investment research.

[1] Companies are graded into four categories in line with their carbon level (Scope 1 + Scope 2). "Intense" emitters are those whose emissions are greater than 10 Mt CO^2 equivalent. [2] STOXX Europe 600 NTR index. [3] This represents the standard deviation in the series of differences between the performances of the portfolio and of the Benchmark index.

Focus on the extra-financial assessment of companies by Moody's ESG Solutions

METHODOLOGY FOR RATING THE CARBON EMISSIONS OF COMPANIES

Moody's ESG Solutions evaluates and models the carbon footprint of companies based on Scope 1 and 2 emissions (scope 3 is not taken into account). Companies are ranked in four categories depending on their level of carbon emissions (Scope 1 + Scope 2):

D - Intense	• Emissions above 10 Mt CO_2 eq
C - High	• Emissions between 1 Mt and 10 Mt CO_2 eq
B - Significant	• Emissions between 100,000 t and 1 Mt CO_2 eq
A - Moderate	• Emissions below 100,000 t CO_2 eq

Source: Moody's ESG Solutions, 2024. For guidance only.

Why do you then consider a normalisation by enterprise value to comply with the 50% carbon footprint reduction constraint?

The carbon footprint of the companies is normalised by their enterprise value (market capitalisation + long term debt + short term debt). The idea behind is that the carbon footprint you are responsible for when investing in a company is proportionate to your investment in the company (when you own 100% of the company you are responsible for 100% of its carbon footprint and you have to offset it fully, whereas when you own 1% you are responsible for 1% of its emissions). Considering the enterprise value instead of the market cap only is the way to consider the creditors of the company in the carbon footprint.

Is there any risk in selecting a small player in the pure fossil fuels sector?

The categories are very strict and have been designed in such a way that a company concentrating only on fossil fuels, however small it may be, has a carbon footprint that is high (more than 1Mt CO_2 Eq). A small business with high emissions in relation to its stock market capitalisation cannot be graded "A" or "B" and will be identified as an emitter with a high carbon footprint.

METHODOLOGY FOR RATING THE ENERGY TRANSITION STRATEGY OF COMPANIES

The energy transition strategy is defined as the changeover from a carbonaceous economic model to a sustainable model. The Moody's ESG Solutions score on the energy transition strategy of emitters is based on specific criteria relating to climate change through ESG Research. The benchmark universe is based on equities research by Moody's ESG Solutions. **The energy transition strategy is assessed in three steps:**

1. Sectoral contextualisation

Each company is assessed on specific criteria identified as being representative of the risks or opportunities in terms of energy transition for its business sector. For example, electricity producers and airlines are not assessed on the same criteria, since they face very different challenges in terms of climate change. The sectoral contextualisation from Moody's ESG Solutions allows for a more accurate assessment of the company's energy transition strategy.

2. Assessment grid

For each issue identified by the sectoral contextualisation, the company is assessed from 3 perspectives, each covering 3 points. These 9 points are graded by means of precise issues and quantitative criteria.

Policies	Visibility Content Portage	*e.g.: does the company show precise and quantified reduction targets?*
Implementation	Means Coverage Scope	*e.g.: has the company put a series of measures in place across all of its activities?*
Results	Indicators Feedback from stakeholders Management of allegations	*e.g.: what are the key performance indicators attesting to the effectiveness of the efforts made by the company?*

3. Energy transition score

Moody's ESG Solutions measures the commitment and impetus shown by the company in terms of energy transition, in terms of the scores obtained at step 2.

Advanced	Scores between 60 and 100
Robust	Scores between 50 and 59
Limited	Scores between 30 and 49
Low	Scores between 0 and 29

Source: Moody's ESG Solutions, 2024. For guidance only.

Carbon Offsetting: "Kasigau Corridor REDD +" Project

HOW IS THE FCP'S CARBON FOOTPRINT OFFSET?

The management company will assess the carbon footprint of companies (Scope 1 and 2) each quarter taking the composition of the BNP Paribas Equity Europe Select Climate Care NTR index into account and will determine the amount of VERs necessary for offsetting the carbon emission. The data is sourced from the company Carbon4, who calculate the carbon footprint. An estimation of the FCP's carbon footprint will be calculated at each reallocation of the equities that make up the underlying portfolio. An estimation of the FCP's average carbon footprint during this period will be calculated as being the weighted average of the assets under management multiplied by the carbon footprint level associated with the underlying portfolio.
Every three months, at each rebalancing date for the BNP Paribas Equity Europe Select Climate Care NTR index, a portion of the management fees collected by the management company will be allocated to the FCP's carbon footprint offsetting service thus calculated. BNP Paribas S.A. will invest in as many VERs from the "Kasigau Corridor REDD +" Project as necessary in the management company's name; these will immediately be cancelled so as to materialise the offsetting and be properly recognised. The offsetting of the FCP's carbon footprint can be considered as partial to the extent that (i) the management company does not take Scope 3 into account in the calculation of the carbon emissions and that (ii) it offsets only the carbon emissions relating to the composition of the strategy index defined hereinafter and not those relating to the financial instruments held as the FCP's assets when a synthetic replication method is used.

WHAT IS A "REDD +" PROJECT?

The REDD mechanism (Reduction of Emissions due to Deforestation and forest Degradation) is a mechanism created at the time of the UNFCCC to provide economic incentives to major tropical forest countries in order to avoid deforestation and the degradation of forests. In this context, a financial value is attributed to the carbon stored in forests. Developing countries are therefore encouraged to protect their forests, which avoids carbon emissions, and to invest in lower-carbon alternatives. In addition to these environmental benefits, the deforestation mitigation activities put in place by the REDD+ programme make it possible to generate a social impact: local communities are the stakeholders and main administrators of these activities. The BNP Paribas Group is therefore convinced that REDD+ projects have a major role to play in the efforts to combat climate change as well as on the carbon markets. The Kasigau Corridor REDD+ project from Wildlife Works ticks both of these boxes, being the first REDD+ project in the world to issue REDD+ carbon credits under the international supervision of the Verified Carbon Standard (VCS) and CCB (Climate, Community & Biodiversity) programmes[1]. It is the reason for BNP Paribas choosing this project to offset its incompressible emissions since the end of 2017.

WHAT ARE THE BENEFITS OF THE KASIGAU CORRIDOR REDD + PROJECT?

A positive climate impact
- Guaranteeing forest conservation (500,000 acres).
- Contributing to the reduction of more than one million tonnes of CO_2 per year (project lifespan of 30 years).

Social co-benefits
- Creation of more than 300 jobs, the majority of which are filled directly by the community, with 30% of the workforce being female.
- Development of eco-tourism, agroforestry and jobs linked to parkland conservation.

A fair share of the funds generated by the VERs
- A third of the income is paid back to the 4,500 landowners involved in the project.
- The project's expenditures are then paid, including the salaries of over 300 local employees.
- The remaining funds are split between Wildlife Works and funding local community projects, such as education scholarships and access to water initiatives.

SUSTAINABLE DEVELOPMENT GOALS

The Kasigau corridor REDD + project contributes to 15 out of the 17 SDGs

FOCUS ON WILDLIFE WORKS

Wildlife Works is a conservation business based in Mill Valley, California, committed to bringing marketplace initiatives into the fight to protect the planet's threatened forests and the magnificent species that call them home. Since 1997, Wildlife Works has worked with communities in developing countries to help them manage their transition away from forest destruction towards sustainable economic development utilising job creation as a core conservation strategy. In 1998 Wildlife Works set up the Rukinga project, protecting wildlife in southern Kenya. It was extended in 2010 to protect 500,000 acres of the Kasigau corridor, creating a safe haven for thousands of elephants and over 300 other wildlife species. In 2008, in response to the evolution of the United Nations' REDD+ initiative, Wildlife Works created Wildlife Works Carbon (WWC) in order to be able to sell REDD+ carbon credits and thus support the swift expansion of the conservation model of Wildlife Works. The Wildlife Works Kasigau Corridor REDD+ project in Kenya became the first REDD+ project in the world to issue REDD+ carbon credits under the Verified Carbon Standard (VCS) and the Climate Community and Biodiversity Standard (CCB)[2]. In summary, Wildlife Works protects threatened forests, the wildlife that live in them and provides communities with a sustainable and transformative development path.

Source: https://www.wildlifeworks.com/about. [1] VCS is the first worldwide voluntary programme for certification of greenhouse gas (GHG) emission reduction projects and was elected "Best voluntary standard" by Environmental Finance in 2018. See next page for more details.

Risks and considerations

The voluntary carbon offset market is often criticised for lacking in uniform regulations, standards and process. Offsetting may therefore pose a reputational risk. The credits themselves have inherent risk as they can be invalidated if the emission reductions don't meet the program requirements.

BNP Paribas will apply their due diligence and criteria to select high-quality projects. VER are issued based on past performance, verified and audited by both the carbon standards and a third party auditor. In other words, a VER certificate is only issued when the carbon reduction has been already achieved. BNP Paribas channels money to the Emission Reduction Project developer to operate, perform and generate reduction of emissions. Each VER has a unique serial number, in order to combat the risk of fraud and double selling.

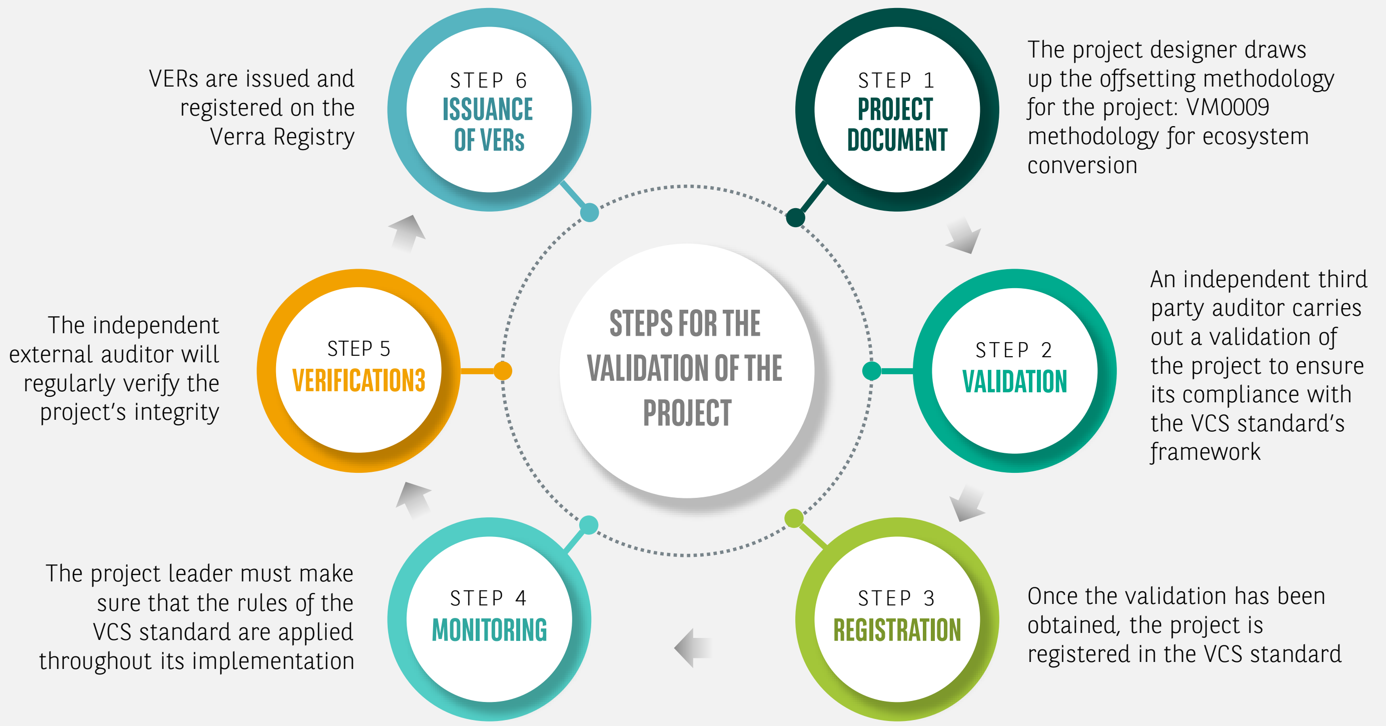
HOW TO CERTIFY THE PROJECT'S QUALITY?

VERRA	It is essential to guarantee or verify that the emissions reductions generated by the projects are effective. This is Verra's role. Founded in 2005 by environmental and business leaders, Verra intends to develop programmes and standards to strengthen the integrity and quality of projects on the voluntary carbon markets.
Verified Carbon Standard A VERRA STANDARD	Verra has launched the VCS standard, which today is the most used voluntary GHG reduction programme in the world, covering more than 1,500 projects that collectively have reduced or eliminated over 200 million tonnes of carbon and other GHGs.
Climate, Community & Biodiversity Standards A VERRA STANDARD	Verra has also developed the CCB (Climate, Community & Biodiversity) standard, which is intended to verify the quality of GHG reduction projects with an additional aspects: social benefits. Indeed, in order to be validated by CCB, a project must simultaneously address climate change, support local communities and smallholders, and conserve biodiversity. More than 100 projects are validated by the CCB standard[1].

STEPS FOR THE VALIDATION OF THE PROJECT

The Kasigau Corridor REDD+ is validated by both the VCS and CCB standards. It follows a similar set of approval procedures and verifications for both standards. The project is also audited by both standards and by a third-party independent auditor. Once it has been validated by VCS and CCB, the project is subject to regular monitoring by independent auditors who issue public reports for both CCB and VCS.

The VERs created by the project are transferred onto the Verra Registry. This registry system is the central storehouse of data on all registered projects, and tracks the generation, retirement and cancellation of all VERs. The Verra Registry issues a confirmation and certificate for carbon emission offsetting. In order to combat the risk of fraud and double counting, each VER has a unique serial number. The central registry may be consulted publicly, on-line, in order to verify VER ownership[2].



[1] Source: http://verra.org. [2] Source: https://registry.verra.org/#/project_details/612. [3] In the context of the "Kasigau Corridor REDD +" project, verification by the external auditor will be renewed every year and the auditor is likely to change at each audit.

ADVANTAGES AND DISADVANTAGES OF THE FCP

- Offers exposure to the potential performance of a selection of European companies with high ESG standards and carefully selected in line with their carbon footprint and the robustness of their energy transition strategy.
- Makes it possible to offset the instrument's carbon footprint by means of investments in VER certificates.

- The FCP does not offer capital protection: the investor is therefore exposed to a risk of total loss of capital invested.
- There is no protection mechanism and a decline in the Strategy index will lead to a decrease in the FCP's net asset value.

WHAT ARE THE RISKS[1]?

Financial Risks

- The value of investments and earnings can fluctuate downwards as well as upwards and investments may not recover the amount that was initially invested.
- The model used to determine the Strategy Index allocation is based on fundamental criteria designed to identify the companies showing a good ESG performance, such as measured by Moody's ESG Solutions, and making it possible to maximise the energy transition criteria in the basket of equities resulting from it. There is a risk for the model not to be efficient since there is no guarantee that the indicators defined will be relevant in the future. They are partly defined on the basis of historical data and there is no guarantee that past market situations will be repeated in the future.
- Measurement of the FCP's carbon footprint will only be available in the three months that follow the end date of the FCP's accounting year. The FCP will proceed with the acquisition of assets that enable it to offset its carbon footprint (Scopes 1 and 2) on the basis of a carbon footprint estimated at the end of the year. There is therefore a risk that the estimated carbon footprint is not the same as the FCP's carbon footprint published after the year-end.
- The FCP is exposed to equity volatility and may therefore be subject to movements in its net asset value, upwards as well as downwards. The net asset value may be caused to fall due to costs that are inherent to the nature of financial products being handled.
- The counterparty risk is understood to be the losses incurred by the FCP in respect of entering into an over-the-counter transaction with another counterparty in the event of the latter's default. This risk exists mainly for financial futures contracts (including total return swaps), repo transactions, etc. that the FCP may enter into with BNP Paribas or any other counterparty. However, the counterparty risk is limited by the setting up of collateral granted to the FCP in accordance with the legislation in effect.

IMPLEMENTATION

- The Strategy is implemented either according to a Synthetic Replication Policy, through the conclusion of OTC Derivatives or in cash by investing directly in the basket of equities that make up the Strategy Index. If the Strategy is implemented according to the Synthetic Replication Policy, the fund will invest its assets in Transferable Securities or Money Market Instruments (the Financing Assets) and exchange the performance of up to 100% of the Financing Assets through OTC Derivatives to gain exposure to the Strategy Index. The Underlying Assets mainly consist of the Strategy Index and UCITS Instruments.
- Currently, the Fund implements the investment strategy through a synthetic exposure to the strategy index (BNP Paribas Equity Europe Select Climate Care NTR Index). As part of the synthetic exposure implementation, the fund holds a basket of stocks (the "Financing Assets"), performance of which is swapped against the performance of the strategy index as mentioned above. Such Financing Assets incorporate as well ESG criteria leading to either (i) a Best-in-universe approach consisting of excluding securities which do not meet minimum ESG exclusion requirements leading to a selectivity approach excluding at least 20% of the investment universe or to (ii) an ESG score improvement approach consisting of an ESG Score for the Financing Assets portfolio better than the one of its investment universe.
- In order to meet either one of those ESG approaches, the ESG criteria implemented by Portfolio Management team to the Financing Assets consist especially in not investing in stocks not fulfilling norm-based screens, such as the UN Nations Global Compact principles and OECD Guidelines for Multinational Enterprises as well as sectorial criteria. The sectors concerned include, but are not limited to, palm oil, wood pulp, mining activities, nuclear, coal-fired power generation, tobacco, controversial weapons, unconventional oil and gas and asbestos. In respect especially of the tobacco, as of the date of this document, the most stringent applied criteria consist of excluding companies that derive more than 5% of their revenues from the production or wholesale trading of tobacco products or e-cigarettes.
- In case a security held in the Financing Assets basket becomes ineligible to such aforementioned minimum ESG criteria, the Portfolio Management team works on a best effort basis to remove it as early as possible.

[1] *Refer to the prospectus for a comprehensive list of the risks associated with the THEAM Quant Europe Climate Carbon Offset Plan fund.*

KEY FEATURES

ESG
LUXFLAG Label

Official address	France				
Manager	BNP Paribas ASSET MANAGEMENT France				
Custodian	BNP Paribas Securities Services France				
Frequency of valuation	Daily				
Type of fund	FCP UCITS (eligible for PEA)				
Type of underlying	European equities				
Benchmark index	STOXX Europe 600 NTR index				
Investment horizon	5 years				
Capital protection	No				
Risk (SRI)[1]	4				
SFDR Category[2]	Article 8				
	Share C – EUR	Share I – EUR	Share J – EUR	Share S – EUR	Share – Privilège EUR
Target investors	All Investors	Institutional investors	Institutional investors	Institutional investors	Distributors and Portfolio management mandate
ISIN code	FR0013397726	FR0013397734	FR0013397742	FR0013403409	FR0013425931
Bloomberg Code	TQECCCC FP	TQECCCI FP	TQECCCJ FP	TQECCCS FP	TQECCPV FP
Currency	EUR	EUR	EUR	EUR	EUR
Original net asset value	EUR 100	EUR 100	EUR 100	EUR 100	100 EUR
Allocation of sums available for distribution	Accumulation	Accumulation	Accumulation	Accumulation	Accumulation
Ongoing charges (including cost of offsetting the carbon footprint)	1.69% (0.06%)	0.79% (0.06%)	0.57% (0.06%)	0.38% (0.06%)	0.94% (0.06%)
Subscription fee	3.00% maximum	Zero	Zero	3.00% maximum	3.00% maximum
Exit fees	Zero	Zero	Zero	Zero	Zero
Minimum subscription	Zero	EUR 100,000	EUR 10,000,000	EUR 10,000,000	EUR 1,000,000 (Zero for portfolio managers or distributors)
Passporting	Belgium, Germany, Italy, Spain, UK, Luxembourg, Sweden, Netherlands, Ireland, Switzerland				

[1] The Summary Risk Indicator is determined on a scale of 1 to 7 (7 being the highest level of risk). It is the subject of a periodic calculation; it may therefore be caused to change over time. Please check the KIID on a regular basis for more information. [2] Following the new Sustainable Finance Disclosure Regulation (SFDR) that came into force on the 10th of March 2021, financial entities such as BNP Paribas Asset Management who sell products into the EU are required to classify the products they manufacture or advise into three categories: products with sustainable investment objective (Article 9); products promoting environmental or social characteristics (Article 8); products neither Article 8 or Article 9 (Article 6).

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