

Assessing the level of responsibility of sovereign bonds

under BNP Paribas Wealth Management's Clover evaluation

A 2-step quantitative approach

1

The sustainability experts of BNP Paribas Wealth Management evaluate the **responsibility level of governments, agencies and supranational organisations' bonds**, using a comprehensive set of data points received from BNP Paribas Asset Management*. For example:

- Issuer in line with the Group's policies (yes/no);
- Issuer's Environmental, Social and Governance (ESG) score**;
- Green, Social or Sustainability bond – GSS bonds – (yes/no)***.

2

Clear mandatory quantitative criteria are associated with each Clover rating. Sovereign bonds obtain the Clover rating corresponding to the last rating for which all mandatory criteria have been validated, leading to a **final Clover rating of 1 to 5 Clovers**.

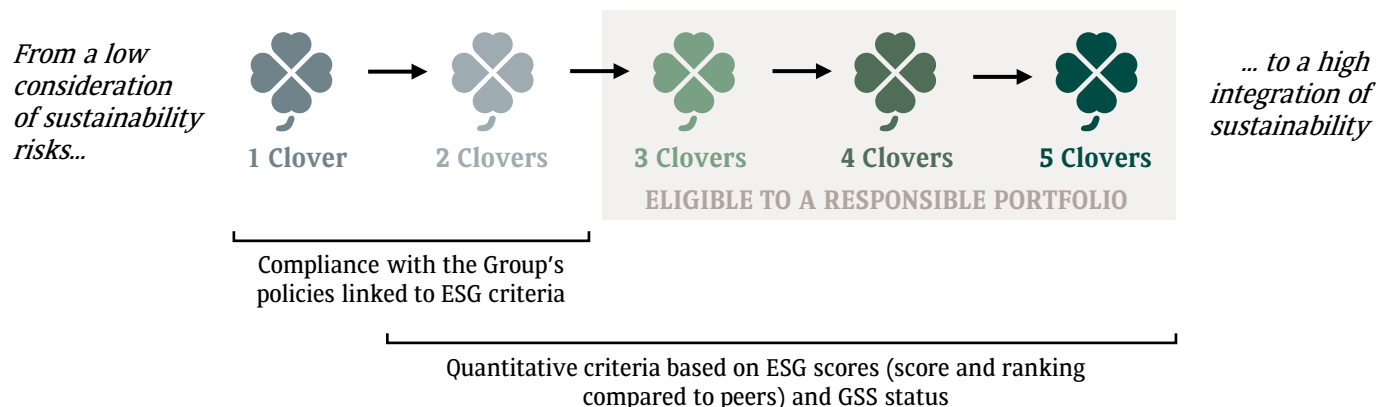
* BNP Paribas Asset Management uses a variety of sources that are not limited to ESG data providers. More details on the data used by BNP Paribas Asset Management can be found in BNP Paribas Asset Management's Sustainability report, on page 47: <https://bnpp.lk/bnppam-sustainability-report-2024>. ** According to BNP Paribas Asset Management's methodology. *** According to BNP Paribas Asset Management's methodology assessing GSS bonds.

A rating between 1 and 5 Clovers

Every level of the 1-to-5 scale is associated with minimal requirements that are specific to sovereign bonds and and coherent with the evaluation of other asset classes. The final Clover rating reflects the responsibility level of the sovereign bond.

As from 3 Clovers, for all asset classes, BNP Paribas Wealth Management considers a product to be responsible and eligible to a responsible portfolio.

Examples of mandatory criteria for sovereign bonds:



About the Clover evaluation

The Clover evaluation is a **proprietary analysis created by BNP Paribas Wealth Management** to assess the responsibility level of recommended investment products of every asset class, on top of extra-financial regulatory information, when available.

The methodologies associated with each asset class are progressive and are updated over time.

Based on homogeneous and comparable data, they allow BNP Paribas Wealth Management to:

- **Consider sustainable development challenges and opportunities** in the construction of its offering, in particular by including responsible products, when available;
- **Give a clear picture to clients and advisors** of the responsibility level of recommended financial instruments;
- **Engage in an extensive dialogue with manufacturers of financial instruments and in communications with regulators.**

The Clover evaluation is integral to how we fulfil our role as a financial advisor and distributor and meet the ESG preferences of our clients, when formalised, in conformity with their risk profile.

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