

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and its Green Bonds
Portfolio

BNP Paribas

18 June 2024

VERIFICATION PARAMETERS

Type(s) of
instruments
contemplated

- Green Bonds

Relevant standards

- Green Bond Principles (GBP) as administered by the International Capital Market Association (ICMA) (as of June 2021)
- BNP Paribas Green Bond Framework (as of October 2021)

Scope of verification

- BNP Paribas Green Bond Asset Portfolio (as of May 21, 2024)

Lifecycle

- Third Update of SPO as of April 2021 (<https://www.iss-corporate.com/solutions/esg-solutions/second-party-opinion/>)

Validity

- Valid for the Green Bonds issued from May 10, 2023, before the SPO publication

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SCOPE OF WORK

BNP Paribas SA (“the Issuer”, “the Company”, “BNP Paribas” or “BNPP”) commissioned ISS-Corporate to assist with its Green Bonds post-issuance verification update¹ by assessing three core elements to determine the sustainability quality of the instrument:

1. BNP Paribas’ Green Bonds Asset Portfolio – whether the project categories contribute positively to the United Nations Sustainable Development Goals (UN SDGs) and how they perform against proprietary issuance-specific key performance indicators (KPIs) (See Annex 2).
2. Consistency of the Green Bonds Asset Portfolio with BNP Paribas’ Sustainability Strategy, drawing on the key sustainability objectives and priorities defined by the Issuer.

¹ Please note that the scope of this post-issuance verification update is limited to (i) the assessment of BNP Paribas’ 2023 assets’ performance against the issuance-specific KPIs and (ii) BNP Paribas’ sustainability strategy. The update of the UN SDGs assessment of the project categories is out of scope. The UN SDGs assessment is displayed for information purpose and is based on [the pre-issuance verification](#) assessment completed in September 2020.

BNP PARIBAS OVERVIEW

BNP Paribas engages in the provision of banking and financial services. It is classified in the Commercial Banks & Capital Markets, as per ISS ESG's sector classification. The Company operates through the following businesses: Retail Banking and Services, and Corporate Institutional Banking. The Retail Banking and Services business includes retail banking networks and specialized financial services in France and around the world. The Corporate Institutional Banking business is a provider of financial solutions to corporate and institutional clients. It helps all its individuals, community associations, entrepreneurs, Small and Medium Enterprises (SMEs), and corporate and institutional clients to realize their projects through solutions spanning financing, investment, savings, and protection insurance. The company was founded in 1822 and is headquartered in Paris, France.


ESG risks associated with the Issuer Industry

BNP Paribas is classified in the Commercial Banks & Capital Markets, as per ISS ESG's sector classification. Key sustainability issues faced by companies² in this industry are business ethics, labor standards and working conditions, customer and product responsibility, and the sustainability impact of lending and other financial services/products, and sustainable investment criteria.

This report focuses on the sustainability credentials of the issuance. Part II of this report assesses the consistency between the issuance and the Issuer's overall sustainability strategy.

² Please note, that this is not a company specific assessment but areas that are of particular relevance for companies within that industry.

ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ³
<p>Part I:</p> <p>Sustainability quality of the Green Bonds asset portfolio</p>	<p>The green bonds are (re)financing eligible asset categories which include Sustainable Water and Wastewater Management, Renewable Energy, Energy Efficiency, Pollution Prevention & Control, Green Buildings, and Transportation.</p> <p>The use of proceeds categories individually contribute to one or more of the following SDGs:</p>  <p>The environmental and social risks associated with the use of proceeds categories have been well-managed.</p>	<p>Positive</p>
<p>Part II:</p> <p>Consistency of the Green Bonds with BNP Paribas' Sustainability Strategy</p>	<p>The key sustainability objectives and the rationale for issuing green bonds are clearly described by the Issuer. All the project categories considered are in line with the Issuer's sustainability objectives.</p>	<p>Consistent with Issuer's sustainability strategy</p>
<p>Annex 1:</p> <p>Alignment of the framework with the Green Bond Principles</p>	<p>The Issuer has defined a formal concept for its Green Bond Framework regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the GBP. The full assessment can be found on ISS-Corporate's website and BNP Paribas' website.</p>	<p>Aligned</p>

³ The evaluation is based on the BNP Paribas' Green Bond Framework (as of October 2021), on the analysed Green Bonds Asset Pool as received on May 21, 2024, and on the ISS ESG Corporate Rating updated on February 7, 2024 and applicable at the SPO delivery date.

SPO ASSESSMENT

PART I: SUSTAINABILITY QUALITY OF THE GREEN BONDS ASSET PORTFOLIO

A. CONTRIBUTION OF THE GREEN BONDS TO THE U.N. SDGs⁴



Companies can contribute to the achievement of the SDGs by providing specific services/products which help address global sustainability challenges, and by being responsible corporate actors, working to minimize negative externalities in their operations along the entire value chain.

The assessment of UoP categories for (re)financing products and services is based on a variety of internal and external sources, such as the ISS ESG SDG Solutions Assessment (SDGA), a proprietary methodology designed to assess the impact of an Issuer's products or services on the SDGs, as well as other ESG benchmarks (the EU Taxonomy Climate Delegated Acts, the ICMA Green and/or Social Bond Principles and other regional taxonomies, standards and sustainability criteria).

The assessment of UoP categories for (re)financing specific products and services is displayed on a five-point scale:











Significant Obstruction	Limited Obstruction	No Net Impact	Limited Contribution	Significant Contribution
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Each of the green bonds' Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION ⁵	SUSTAINABLE DEVELOPMENT GOALS
Green Buildings	Significant contribution	
Recycling	Significant Contribution	

⁴ The impact of the UoP categories on UN Sustainable Development Goals is assessed with proprietary methodology and may therefore differ from the Issuer's description in the framework.

⁵ The UN SDGs assessment is displayed for information purposes and based on the pre-issuance verification assessment completed in September 2020. <https://www.isscorporatesolutions.com/file/documents/spo/spo-bnp-paribas-20200918.pdf>

<p>Water Distribution</p>	<p>Significant Contribution</p>	
<p>Wastewater Treatment</p>	<p>Significant Contribution</p>	
<p>Wind Power Onshore & Offshore (Renewable Energy)</p>	<p>Significant Contribution⁶</p>	
<p>Hydropower (Renewable Energy)</p>	<p>Significant Contribution</p>	
<p>Concentrated Solar Power (CSP) (Renewable Energy)</p>	<p>Significant Contribution</p>	
<p>Solar PV (Renewable Energy)</p>	<p>Significant Contribution</p>	
<p>Rooftop PV (Renewable Energy)</p>	<p>Significant Contribution</p>	
<p>Battery Energy Storage Systems (BESS)</p>	<p>Significant Contribution</p>	
<p>Electric Vehicles powered by renewable energy</p>	<p>Significant Contribution</p>	
<p>Electric Vehicles powered by electricity from the national grid</p>	<p>Limited Contribution</p>	

⁶ For the projects to be financed under Use of Proceeds categories that are based on with the Technical Screening Criteria defined by the EU Taxonomy Technical Annex, a significant contribution to climate change mitigation is attested. Assets compliance with EU taxonomy is not evaluated under the SPO.



B. MANAGEMENT OF ENVIRONMENTAL & SOCIAL RISKS ASSOCIATED WITH THE GREEN BONDS ASSET PORTFOLIO

This section reviews a total volume of EUR 1,846.13 million of new green assets added since May 10, 2023, complying with the use of proceeds categories listed in the Issuer’s Green Bond Framework: Wind Power (Onshore and Offshore), Concentrated Solar Power (CSP), Solar PV (Photovoltaics), Energy Efficiency, Smart Energy, Infrastructure (Transportation), Green Buildings, Battery Energy Storage Systems, and Transmission Lines. The management of the environmental and social risk is as follows:

Wind Power (Onshore and Offshore)

The table below evaluates the green bond asset portfolio against issuance-specific KPIs. The assets are located in Australia, Brazil, Chile, France and the U.K. The total volume of the portfolio is EUR 511.97 million.

ASSESSMENT AGAINST KPIs

Site selection

- ✓ None of the assets are located in key biodiversity areas such as Ramsar sites, the International Union for Conservation of Nature (IUCN) protected areas I-IV, and the United Nations Educational, Scientific, and Cultural Organisation (UNESCO) Natural World Heritage.
- ✓ 100% of assets underwent an environmental impact assessment in the planning stage.

Community dialogue

- ✓ 100% of assets feature community dialogue as an integral part of the planning process (i.e., sound information about communities, community advisory panels and committees, surveys and dialogue platforms, grievance mechanisms and compensation schemes).

Environmental aspects of construction and operation

- ✓ 100% of assets meet high environmental standards during the construction phase (i.e., noise mitigation, minimization of environmental impact during construction work).
- ✓ 100% of assets provide for measures to protect habitat and wildlife during operation of the power plant (i.e., measures to protect birds and bats).

Working conditions during construction and maintenance work

- ✓ 100% of assets provide for high labor standards for construction and maintenance work, such as the International Labor Organization core conventions or having comprehensive labor policies.
- ✓ 100% of assets provide for high health and safety standards for construction and maintenance work.

Controversy management

The controversy assessment of these assets did not reveal controversial activities or practices related to the social and environmental risks that could be attributed to the Issuer.

Solar Photovoltaics (Solar PV)

The table below evaluates the green bond asset portfolio against issuance-specific KPIs. The assets are located in Australia, Belgium, Chile, France, Japan, Taiwan and the U.S. The total volume of the portfolio is EUR 681.03 million.

ASSESSMENT AGAINST KPIs

Site selection

- ✓ None of the assets are located in key biodiversity areas such as Ramsar sites, the International Union for Conservation of Nature (IUCN) protected areas I-IV, and the United Nations Educational, Scientific, and Cultural Organisation (UNESCO) Natural World Heritage.

Supply chain standards

- ✓ 100% of assets provide for high labor, health and safety standards in the supply chain of solar modules.

Environmental aspects of solar power plants

- ✓ 94.1% of assets provide for high environmental standards regarding take-back and recycling of solar modules at the end-of-life stage, such as the Waste Electrical and Electronic Equipment (WEEE) requirements.

Working conditions during construction and maintenance work

- ✓ 100% of assets provide for high labor standards for construction and maintenance work, such as the International Labor Organization core conventions or having comprehensive labor policies.
- ✓ 100% of assets provide for high health and safety standards for construction and maintenance work.

Controversy management

The controversy assessment of these assets did not reveal controversial activities or practices related to the social and environmental risks that could be attributed to the Issuer.

Hydropower

The table below evaluates the green bond asset portfolio against issuance-specific KPIs. The asset is located in Panama. The total volume of the portfolio is EUR 16.98 million.

ASSESSMENT AGAINST KPIs

Site selection

- ✓ The asset is not located in key biodiversity areas such as Ramsar sites, the International Union for Conservation of Nature (IUCN) protected areas I-IV, and the United Nations Educational, Scientific, and Cultural Organisation (UNESCO) Natural World Heritage.
- ✓ The asset underwent an environmental impact assessment in the planning stage.

Community dialogue

- ✓ The asset features community dialogue as an integral part of the planning process (i.e., sound information about communities, community advisory panels and committees, surveys and dialogue platforms, grievance mechanisms and compensation schemes).

Environmental aspects of construction and operation

- ✓ The asset provides for measures to protect habitat and wildlife during the operation of the power plant (i.e., measures to protect birds and bats, the Fauna Preservation Program to reallocate wildlife species, and the Ichthyofauna program on fish communities).

Labor health and safety

- ✓ The asset provides high labor standards for construction and maintenance work, such as the International Labor Organization core conventions or having comprehensive labor policies.
- ✓ The asset features high health and safety standards. It is certified to ISO 45001 and establishes its safety lagging indicators annually to ensure better

performance and improvement. Furthermore, health and safety information is communicated to its personnel regularly.

Controversy management

The controversy assessment of this asset did not reveal controversial activities or practices related to the social and environmental risks that could be attributed to the Issuer.

Concentrated Solar Power (CSP)

The table below evaluates the green bond asset portfolio against issuance-specific KPIs. The assets are located in Spain. The total volume of the portfolio is EUR 44.39 million.

ASSESSMENT AGAINST KPIs

Site selection

- ✓ None of the assets are located in key biodiversity areas such as Ramsar sites, the International Union for Conservation of Nature (IUCN) protected areas I-IV, and the United Nations Educational, Scientific, and Cultural Organisation (UNESCO) Natural World Heritage.
- ✓ 100% of assets underwent an environmental impact assessment in the planning stage.

Environmental aspects of construction and operation

- ✓ 100% of assets meet high environmental standards during the construction phase (i.e., noise mitigation, minimization of environmental impact during construction work).
- ✓ 100% of assets underwent a water impact assessment at the planning stage and are categorized as B under Equator Principles.
- ✓ 100% of assets generate at least 85% of electricity using solar energy.

Working conditions during construction and maintenance work

- ✓ 100% of assets provide for high labor and health and safety standards for construction and maintenance work, such as the International Labor Organization core conventions.

Controversy management

The controversy assessment of these assets did not reveal controversial activities or practices related to the social and environmental risks that could be attributed to the Issuer.

Battery Energy Storage Systems (BESS)

The table below evaluates the green bond asset portfolio against issuance-specific KPIs. The assets are located in Australia, Chile, France, and the U.S. The total volume of the portfolio is EUR 121.44 million.

ASSESSMENT AGAINST KPIs

Site selection

- ✓ None of the assets are located in key biodiversity areas such as Ramsar sites, the International Union for Conservation of Nature (IUCN) protected areas I-IV, and the United Nations Educational, Scientific, and Cultural Organisation (UNESCO) Natural World Heritage.
- ✓ 100% of assets underwent an environmental impact assessment in the planning stage.

Environmental aspects of batteries

- ✓ 100% of assets meet environmental standards regarding take-back and recycling of electronic equipment at the end-of-life stage.
- ✓ 100% of assets provide a comprehensive Environmental Management System that is certified to ISO 14001 or have a code of conduct that requires suppliers to have an environmental policy at the manufacturing sites.

Working conditions during construction and maintenance work

- ✓ 100% of assets provide high labor standards for construction and maintenance work, such as the International Labor Organization core conventions or having comprehensive labor policies.
- ✓ 100% of assets provide high health and safety standards for construction and maintenance work.

Safety aspects

- ✓ 100% of assets have an emergency response plan in place.

Community dialogue

- ✓ 100% of assets have measures in place to ensure community dialogue.

Controversy management

The controversy assessment of these assets did not reveal controversial activities or practices related to the social and environmental risks that could be attributed to the Issuer.

Transmission Lines

The table below evaluates the green bond asset portfolio against issuance-specific KPIs. The assets are located in Denmark, England and the North Sea (across the Exclusive Economic Zones (EEZ) of the UK., the Netherlands, Germany and Denmark). The total volume of the portfolio is EUR 26.41 million.

ASSESSMENT AGAINST KPIs

Site selection



The asset is not located in key biodiversity areas such as Ramsar sites, the International Union for Conservation of Nature (IUCN) protected areas I-IV, and the United Nations Educational, Scientific, and Cultural Organisation (UNESCO) Natural World Heritage.

Environmental aspects of construction



The asset fulfills high environmental standards in the construction phase as it complies with local regulations and implements measures to limit, mitigate or compensate negative impacts covering the project lifecycle.



The asset complies with approved biodiversity politics and a biodiversity-specific plan during cable laying. Moreover, the asset is subject to a process that ensures that low-impact methods, mitigation or corrective actions are implemented in case of a biodiversity accident. For example, the project owner/developer conducts studies before starting construction to map the habitat of special species such as squirrels and ensures that the transport line routes and cable laying are redesigned to avoid any potential negative impact on species. Additionally, a biodiversity corridor is established to connect the forested areas and permanent conservation areas around the plant with the protected areas.

Standards for decommissioning and recycling



The asset has limited measures in place to ensure environmental impacts at end-of-life will be minimized (i.e., recycling and reuse of parts, sound treatment of waste). The expected life of the project has been noted as forty years, and it will be decommissioned at the end of life. Depending on the regulatory requirements at that time, all or parts of the redundant cables will

either be left in situ or removed for recycling, thus providing no guarantee that the asset will be recycled at the end of life.

Safety of transmission networks and equipment

- ✓ The asset ensures operational safety (i.e., control center, electrical flow and substation monitoring).

Energy efficiency

- ✓ The asset provides for high standards regarding energy efficiency in transmission networks (e.g., state-of-the-art technology).

Working conditions during construction and operation

- ✓ The asset provides high labor and health and safety standards for construction and operation work (i.e., International Labor Organization core conventions).

Community dialogue

- ✓ The asset features community dialogue as an integral part of the planning process (i.e., sound information about communities, community advisory panels and committees, surveys and dialogue platforms, grievance mechanisms, and compensation schemes).

Controversy management

The controversy assessment of this asset did not reveal controversial activities or practices related to the social and environmental risks that could be attributed to the Issuer.

Recycling plastic packaging and objects

The table below evaluates the green bond asset portfolio against issuance-specific KPIs. The assets are located in Belgium. The total volume of the portfolio is EUR 28.93 million.

ASSESSMENT AGAINST KPIs

Site selection

- ✓ The asset is not located in key biodiversity areas such as Ramsar sites, the International Union for Conservation of Nature (IUCN) protected areas I-IV, and the United Nations Educational, Scientific, and Cultural Organisation (UNESCO) Natural World Heritage.
- ✓ The asset is planned to undergo an environmental impact assessment in the planning stage. It has been noted that due to capacity increase, an

Environmental Impact Assessment is required and will be carried out in a few months.

Community dialogue



The asset features community dialogue as an integral part of the planning process (i.e., sound information about communities, community advisory panels and committees, surveys and dialogue platforms, grievance mechanisms and compensation schemes).

Environmental aspects during facility operation



The asset provides for high standards concerning environmentally safe operation of plants (i.e., strict control of air emissions, measures to prevent the release of residues).



The asset provides a comprehensive Environmental Management System or has a code of conduct that requires suppliers to have environmental policy at the manufacturing sites (i.e., ISO 14001 certified).



The asset provides measures for recycling of waste components.

Waste collection system



The asset provides a sustainable waste collection system involving electric and hybrid vehicles for recycling waste collection.

Working conditions during construction and maintenance work



The asset provides for high labor and health and safety standards for construction and maintenance work, such as the International Labor Organization core conventions.

Controversy management

The controversy assessment of this asset did not reveal controversial activities or practices related to the social and environmental risks that could be attributed to the Issuer.

Green Buildings

The table below evaluates the green bond asset portfolio against issuance-specific KPIs. The assets are located in France, Italy and the Netherlands. The total volume of the portfolio is EUR 333.28 million.

ASSESSMENT AGAINST KPIs

Site selection

- ✓ 100% of assets have gone through a responsible site selection process.
- ✓ 100% of assets are located within a maximum of 1 kilometer from one or more modalities of public transport.

Construction Standards

- ✓ 80% of assets have a sustainable procurement process regarding building materials in place.
- ✓ 100% of assets operate within an environment with high labor and health and safety standards.

Water use minimization in buildings

- ✓ 100% of assets have measures to reduce water consumption.

Safety of building users

- ✓ 100% of assets have measures in place to ensure operation safety.

Sustainability labels/certificates

- ✓ 100% of assets have received relevant Sustainability Labels/Certificates (i.e., BREEAM, LEED certificates, HQE labels).

Controversy management

The controversy assessment of these assets did not reveal controversial activities or practices related to the social and environmental risks that could be attributed to the Issuer.

Infrastructure (Transportation)

The table below evaluates the green bond asset portfolio against issuance-specific KPIs. The assets are located in Egypt and Turkey. The total volume of the portfolio is EUR 21.11 million.

ASSESSMENT AGAINST KPIs

Site selection

- ✓ None of the assets are located in a key biodiversity area (Ramsar sites, IUCN protected areas I-IV).

- ✓ 100% of assets underwent an environmental impact assessment at the planning stage, covering the topics including but not limited to noise, vibration, energy consumption, air emissions, hazardous materials and substances, recycling and waste minimization, and storm water discharge.

Community dialogue

- ✓ 100% of assets feature community dialogue as an integral part of the planning process and construction phase (i.e., sound information about communities, community advisory panels and committees, surveys and dialogue platforms, grievance mechanisms and compensation schemes).

Environmental aspects of construction

- ✓ 100% of the assets meet high environmental standards during the construction phase as it has Environmental Management System ISO 14001 or a comprehensive Environmental and Social Action Plan.

Working conditions during construction and maintenance work

- ✓ 100% of assets provide high labor standards for construction and maintenance work. The projects have a Human Rights Policy in line with the United Nations Guiding Principles on Business and Human Rights or have comprehensive Environmental and Social Action Plans with their associated audit reports that are carried out regularly. There are also due diligence processes covering high labor standards (i.e., union recognition, collective agreement, non-discrimination and equal opportunity, equal pay for equal work, gender equality, bullying and harassment prevention including sexual harassment, prohibiting employment of people under age 18, wages, overtime, working hours, work-life balance, health and safety and grievance mechanism for workers).
- ✓ 100% of assets provide high health and safety standards for construction and maintenance work.

Social aspects of public transport infrastructure

- ✓ 100% of assets provide measures to reduce transport-related noise emissions, maintaining an ISO credited Environmental Management System that covers noise and vibration.
- ✓ 100% of the assets have a transport safety management system in place, provide regular training regarding safety and transportation service quality and implement safety awareness campaigns.

Controversy management

The controversy assessment of these assets did not reveal controversial activities or practices related to the social and environmental risks that could be attributed to the Issuer.

Electric Vehicles

The table below evaluates the green bond asset portfolio against issuance-specific KPIs. The assets are located in Chile and Colombia. The total volume of the Electric Vehicles portfolio and its associated Electric Vehicles Chargers is EUR 60.59 million.

ASSESSMENT AGAINST KPIs

Production Standards

- ✓ 100% of assets provide for a comprehensive environmental management system at the manufacturing sites.
- ✓ 100% of assets provide high labor standards for production and maintenance work. The projects have comprehensive corporate policies and due diligence processes covering high labor standards (i.e., union recognition, collective agreement, non-discrimination and equal opportunity, equal pay for equal work, gender equality, bullying and harassment prevention including sexual harassment, prohibiting child labor, wages, overtime, working hours, work-life balance, health and safety and grievance mechanism for workers).
- ✓ 100% of assets provide high health and safety standards for production and maintenance work.

Social aspects of vehicles

- ✓ 100% of assets ensures health and safety for operators (i.e., vigilance control, minimization of noise exposure).
- ✓ 100% of assets ensure product safety (underwent a "Heavy vehicles test and assessment protocol").

Environmental aspects of vehicles

- ✓ 100% of assets underwent a comprehensive life-cycle assessment.

Controversy management

The controversy assessment of these assets did not reveal controversial activities or practices related to the social and environmental risks that could be attributed to the Issuer.

Electric Vehicles Chargers

The table below evaluates the green bond asset portfolio against issuance-specific KPIs. The assets are located in Chile and Colombia. The volume of the assets is included in the above table for Electric Vehicles portfolio.

ASSESSMENT AGAINST KPIs

Working conditions during construction and maintenance work

- ✓ 100% of assets provide high labor standards for production and maintenance work. The projects have comprehensive corporate policies and due diligence processes covering high labor standards (i.e., union recognition, collective agreement, non-discrimination and equal opportunity, equal pay for equal work, gender equality, bullying and harassment prevention including sexual harassment, prohibiting child labor, wages, overtime, working hours, work-life balance, health and safety and grievance mechanism for workers).
- ✓ 100% of assets provide high health and safety standards for production and maintenance work.

Environmental aspects of charging stations

- ✓ 100% of assets underwent a comprehensive life-cycle assessment.

Controversy management

The controversy assessment of these assets did not reveal controversial activities or practices related to the social and environmental risks that could be attributed to the Issuer.

PART II: CONSISTENCY OF GREEN BONDS WITH BNP PARIBAS' SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the Issuer

TOPIC	BNPP APPROACH
<p>Strategic ESG Topics</p>	<p>BNPP presented its 2022-2025 strategic plan in 2022 and aims to deploy sustainable finance throughout the whole company.⁷ This plan accompanies clients in the use of banking and financial services and directs investments towards green and social categories. It has been updated after the 2017-2020 plan and sets sustainability objectives and priority activities for the 2022-2025 period. BNPP's ESG strategy focuses on three pillars: growth, technology, and sustainability. These sustainability pillars have been defined through brainstorming sessions and workshops with different teams.</p>
<p>ESG goals/targets</p>	<ul style="list-style-type: none"> ▪ Aligning BNP Paribas' portfolios with their commitment to carbon neutrality by 2050. The Bank has set decarbonization targets, which include by 2030: a 70% reduction of financed emissions for the oil and gas sector, a 30% reduction of upstream gas financing, and an 80% reduction of upstream oil financing from 2022,⁸ a reduction of 18% of its aviation portfolio emission intensity from 2022, a reduction between 32% and 23% of its shipping portfolio emission intensity from 2022, a reduction between 41% to 31% of its commercial real estate portfolio emission intensity from 2022, a 25% reduction of steel portfolio emission intensity from 2022, 10% reduction of aluminum portfolio emission intensity from 2022, and 24% reduction of cement portfolio emission intensity from 2021.⁹ ▪ Engaging with customers in the transition to a more sustainable economy, especially through the Low-Carbon Transition Group made up of international professionals offering a range of strategies to direct

⁷ BNPP GTS 2025 Strategic Plan, 2022, Available at: <https://invest.bnpparibas/en/document/gts-2025-techno-and-esg-en>

⁸ As of Q4 2023, the Oil and Gas exposure reduction targets by 2025 are achieved. Please see the results page 45 of the BNPP [Climate Report 2023](#)

⁹ BNPP Climate Report 2023, Available at: https://cdn-group.bnpparibas.com/uploads/file/bnp_paribas_2023_climate_report.pdf

	<p>financial flows toward projects and corporate clients that work for the transition to a low-carbon world. The company also uses the Network of Experts in Sustainable Transitions, a group of in-house experts.</p> <ul style="list-style-type: none"> ▪ Strengthening management tools, processes and governance.
<p>Action Plan</p>	<p>The achievement of the 2022-2025 targets is supported by the Low-Carbon Transition Group, which brings together the expertise of 200 international professionals, and by the Sustainable Business Competence Centre, which supports corporate clients in their sustainable transition. The Network of Experts in Sustainable Transitions also supports these objectives. BNP Paribas committed to finance companies contributing to protecting terrestrial and marine biodiversity with EUR 4 billion by 2025. Moreover, it aims to achieve a total of EUR 350 billion in financing for sustainability loans (EUR 150 billion) and bonds (EUR 150 billion) by 2025.¹⁰</p>
<p>Climate Transition Strategy</p>	<p>As part of the Bank’s strategy to address climate change, it has developed ESG financing and investment sector policies spanning eight sectors: coal-fired power generation, mining, oil and gas, nuclear, palm oil, wood pulp, agriculture, and defense.¹¹ Additionally, the Bank proactively monitors clients to ensure their transition to lower-emission practices, alongside implementing a vigilant plan to identify and prevent serious violations of human rights, threats to human health and safety, and environmental harm.¹²</p> <p>In 2023, the Bank accelerated again its exit from fossil fuels: BNP Paribas no longer grants financing for the development of new oil or gas projects, regardless of the financing terms (project financing, reserve-based</p>

¹⁰ BNPP Climate Report, 2023, Available at: https://cdn-group.bnpparibas.com/uploads/file/bnp_paribas_2023_climate_report.pdf

¹¹ Financing and investment policies: <https://group.bnpparibas/en/our-commitments/transitions/financing-and-investment-policies>

¹² BNPP Climate Report, 2023, Available at: https://cdn-group.bnpparibas.com/uploads/file/bnp_paribas_2023_climate_report.pdf

	<p>lending, FPSO), nor to non-diversified players in oil exploration and production.</p> <p>All these objectives and their progress are publicly disclosed in several reports, such as the Climate and Analytics Alignment Report, the Microfinance Social Performance Report, the annual Task Force on Climate-Related Financial Disclosures (TCFD) Report, and the Integrated Report. BNP Paribas has also committed to act on four major threats identified by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES): changes in the use of land and sea, the direct exploitation of certain organisms, climate change, and pollution.</p>
Top three areas of breaches of international norms and ESG controversies in the industry¹³	Financial market irregularities, failure to mitigate climate change impacts, and layoffs.
Breaches of international norms and ESG controversies by the Bank	At the date of publication and leveraging ISS ESG Research, no controversy in which the Bank would be involved has been identified.
Sustainability Reporting	BNP Paribas reports climate-related risks and opportunities following the TCFD recommendations, in which it utilizes the six scenarios developed by the Network for Greening the Financial System (NGFS). The company uses a double materiality approach incorporating both the direct and indirect impact of its activities on the climate. In 2021, BNP Paribas' TCFD reporting deemed climate change and energy transition to be one of its most significant climate-related risks.
Industry associations, Collective commitments	The Bank is a signatory to Climate Action 100+ and a member of the Net-Zero Banking Alliance, the Net-Zero Asset Owner Alliance, and the Net-Zero Asset Managers Initiative (initiatives supported by the UNEP FI).
Previous sustainable/sustainability-	In line with its ESG commitments, BNP Paribas has EUR 8.32 billion in outstanding green bonds issuances as of

¹³ Based on a review of controversies identified by ISS ESG over a 2-year period, the top three issues that have been reported against companies within the Commercial Banks & Capital Markets industry are displayed above. Please note that this is not a company specific assessment but areas that can be of particular relevance for companies within that industry.

linked issuances or transactions and publication of sustainable financing framework

the end of 2023 dedicated to renewable energy, energy efficiency, green buildings, transportation, water management and water treatment and pollution prevention and control. Furthermore, the company issued EUR 50 million in social bonds the same year dedicated to access to employment, equal opportunities, access to affordable housing, access to education, and access to human and social care.

Rationale for issuance

By setting up a Green Bond Framework, BNP Paribas aims at mobilizing debt capital markets for climate change and energy transition solutions in line with the Green Bond Principles published by the International Capital Market Association, and at offering investors further insight into BNP Paribas' sustainability strategy in line with its commitments.

Opinion: *The key sustainability objectives and the rationale for issuing green bonds are clearly described by the Issuer. The project categories financed are in line with the sustainability objectives of the Issuer.*

DISCLAIMER

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ANNEX 1: ALIGNMENT OF THE FRAMEWORK WITH THE GREEN BOND PRINCIPLES

ISS ESG concluded that BNP Paribas' Green Bond Framework as aligned with the four core components of the Green Bond Principles. The Second Party Opinion can be found on [ISS-Corporate's website](#) and [BNP Paribas' website](#).

ANNEX 2: METHODOLOGY

The ISS-Corporate SPO provides an assessment of labelled transactions against international standards using ISS-Corporate proprietary methodology.

ANNEX 3: QUALITY MANAGEMENT PROCESSES

SCOPE

BNP Paribas commissioned ISS-Corporate to compile an SPO on BNP Paribas' assets included in past issuances as well as backup future issuances until the next annual revision of the pool of assets. The Second Party Opinion process includes verifying whether the Green Bonds portfolio aligns with the Green Bond Principles and to assess the sustainability credentials of its Green Bonds portfolio, as well as the Issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion:

- Green Bond Principles as administered by the International Capital Market Association (ICMA) (as of June 2021)
- Key Performance Indicators relevant for Use of Proceeds categories selected by the Issuer.

ISSUER'S RESPONSIBILITY

BNP Paribas' responsibility was to provide information and documentation on:

- Asset pool
- Documentation of ESG risks management at the asset level

ISS-CORPORATE'S VERIFICATION PROCESS

Since 2014, ISS Group, of which ISS-Corporate is a part of, has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

This independent Second Party Opinion of the Green Bonds portfolio to be issued by BNP Paribas has been conducted based on a proprietary methodology and in line with the ICMA Green Bond Principles (as of June 2021).

The engagement with BNP Paribas took place from February to June 2024.

ISS-CORPORATE'S BUSINESS PRACTICES

ISS-Corporate has conducted this verification in strict compliance with the ISS Group Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About this SPO

Companies turn to ISS-Corporate for expertise in designing and managing governance, compensation, sustainability and cyber risk programs that align with company goals, reduce risk, and manage the needs of a diverse shareholder base by delivering best-in-class data, tools, and advisory services.

We assess alignment with external principles (e.g., the ICMA Green/Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the Issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond/loan from a sustainability perspective.

Learn more: <https://www.iss-corporate.com/solutions/sustainable-finance/bond-issuers/>

For more information on SPO services, please contact: SPOsales@iss-corporate.com

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