

BNP PARIBAS CSR STRATEGY



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BNP PARIBAS

The bank for a changing world



BNP PARIBAS

CSR FULLY EMBEDDED WITHIN THE GROUP'S STRATEGY

TOP HIGHLIGHTS

BNP Paribas company purpose

- BNP Paribas has formalized a “company purpose”
 - Elaborated under guidance from the BNP Paribas Executive Committee
 - Approved by the Board of Directors
 - Based on BNP Paribas’ Shared convictions, the Group Code of Conduct and the Engagement Manifesto
 - Communicated to all employees in January 2020 and available externally

*“BNP Paribas’ mission is to contribute to **responsible and sustainable growth** by financing the economy and advising clients according to the **highest ethical standards**”*

- The Group offers secure, sound and innovative financial solutions to individuals, professional clients, corporates and institutional investors while striving to **address the fundamental challenges of today with regard to the environment, local development and social inclusion**
- BNP Paribas employees aim to **deliver services that have purpose and relevance for clients and the world around them**
- The Group innovates in order to be a **leader in sustainable finance**
- BNP Paribas is developing the tools to **measure our environmental and social impact**



A comprehensive governance

CSR is overviewed by the **Company Engagement** Department created end of 2017 and directly represented on the Group's Executive Committee

Executive Committee defines the CSR strategy

Board of Directors approves the CSR strategy and the annual reporting

“Corporate Governance, Ethics, Nominations and CSR Committee” is in charge of ethics, sustainability and CSR since the Annual General Meeting of May 2016

GSCC

(Group Supervisory and Control Committee)

validates financing and investment policies (e.g. BNP Paribas Responsible Business Principles, 2018 Duty of Care vigilance plan...)

CCDG

(General Management Credit Committee)

reviews all issues surrounding the acceptability of risks including ethics and CSR



Our key CSR performance indicators

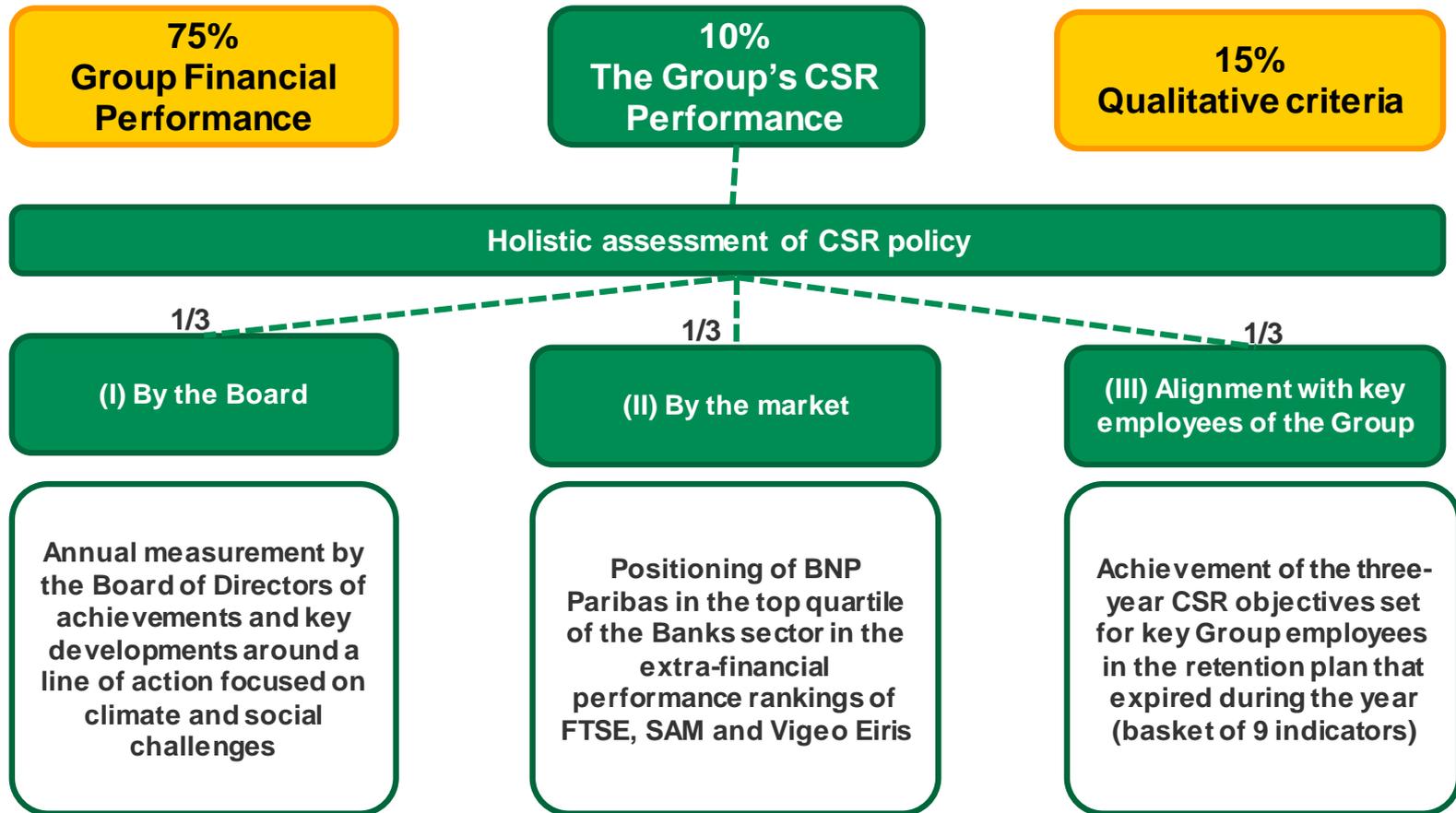
Group Sustainability and Incentive Scheme:

20% of 7,330 key employees' deferred variable compensation relies on the performance of the 9 CSR performance indicators

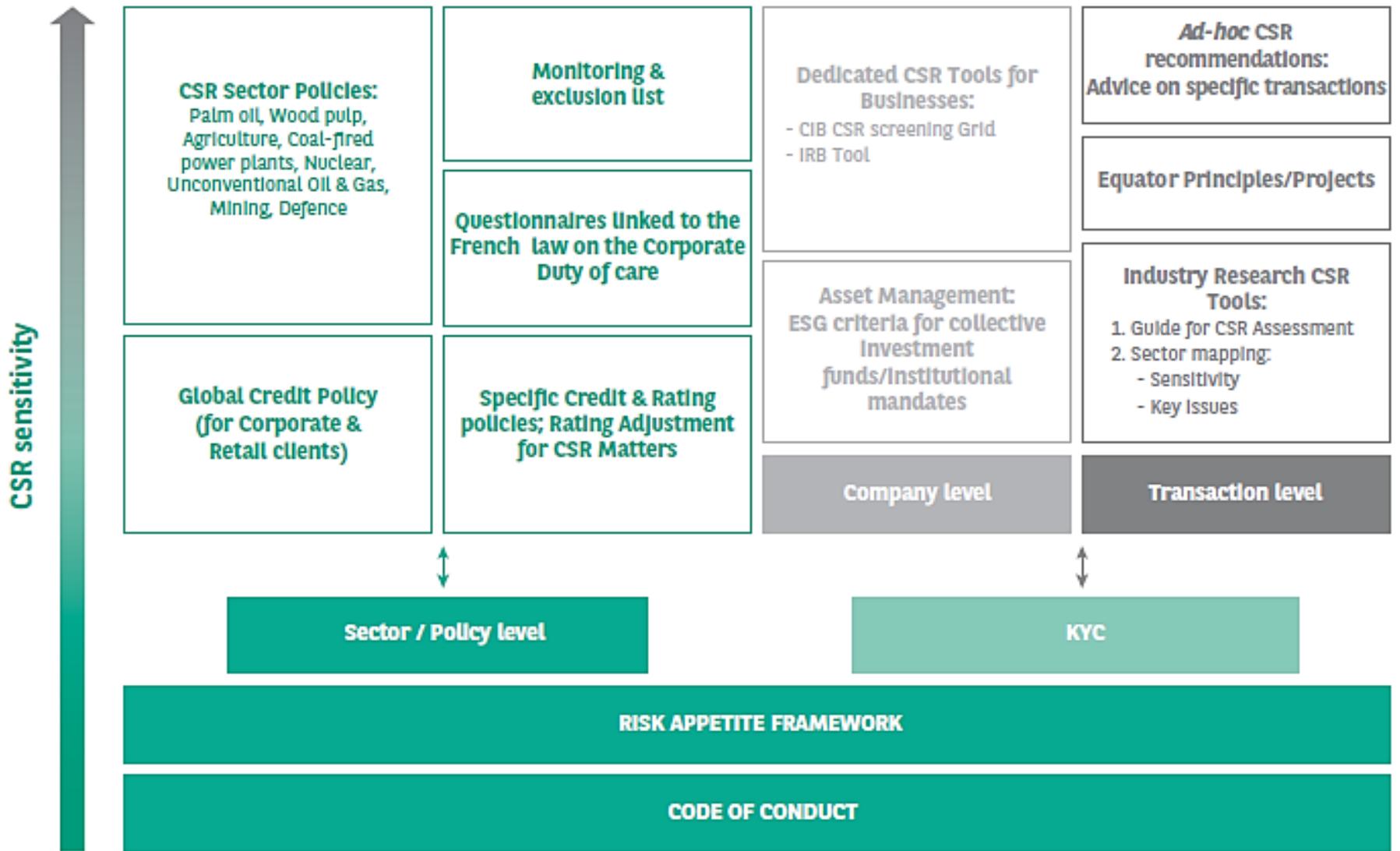
	CSR Indicator	2018 Baseline	2019	2020	2021 Target
Economic Responsibility	1 Amount of financing and investments to companies of sectors considered as contributing directly to the achievement of UN SDGs	€ 168 Bn	€ 180 Bn	€ 188 Bn	Increase by € 10 Bn / year in average over the 2019-2021 period
	2 Percentage of employees trained on an ethics-related issue	96,2 %	95,4 %	97 %	Maintain > 95%
Social Responsibility	3 Percentage of women among the SMP (<i>Senior Management Position</i>) population	28 %	29 %	31 %	> 31 %
	4 Percentage of entities with more than 1,000 employees having taken a commitment as regards disability	91 %	94 %	100 %	100 %
	5 Percentage of employees having been trained at least twice over the year	91,8 %	94,8 %	90,2 %	Maintain > 90 %
Civic Responsibility	6 Number of solidarity hours performed by the employees	305 000 hours	> 450 000 hours	> 510 000 hours	1 million hours
	7 Support (financing, investment for the account of third parties) to associations and Social and Solidarity Economy enterprises	€ 5,6 Bn	€ 6,2 Bn	€ 6,3 Bn	€ 6,3 Bn
Environmental Responsibility	8 Financing for renewable energies	€ 15,4 Bn	€ 15,9 Bn	€ 17,8 Bn	€ 18 Bn
	9 Greenhouse gas emissions in CO2 teq / FTE (kWh buildings + professional travels)	2,45 CO2 teq / FTE	2,32 CO2 teq / FTE	1,85 CO2 teq / FTE	2,31 CO2 teq / FTE



Rules for determining the annual variable remuneration of executive corporate officers



Overview of BNP Paribas assessment process of ESG risks



A long-term, transversal plan to enhance the ESG framework

Sponsored by the head of Risk and the head of Company Engagement, the ESG action plan is structured in several work streams :

1

STANDARDS
& REPORTING

- Definition of common ESG concepts and classification principles used to measure the positive impact of the Group's portfolio
- Reinforcement of ESG reporting and KPIs

2

INDIVIDUAL
FILE
ASSESSMENT

- Enhancement of the client-level ESG analysis within the credit process
- Sector based analysis on 5 dimensions: environment (climate, biodiversity), human rights (health and safety, communities) and business ethics

3

PORTFOLIO
ANALYSIS

- Further integration of the climate dimension into the Group's portfolio analyses, including the alignment with the targets of the Paris Agreement

4

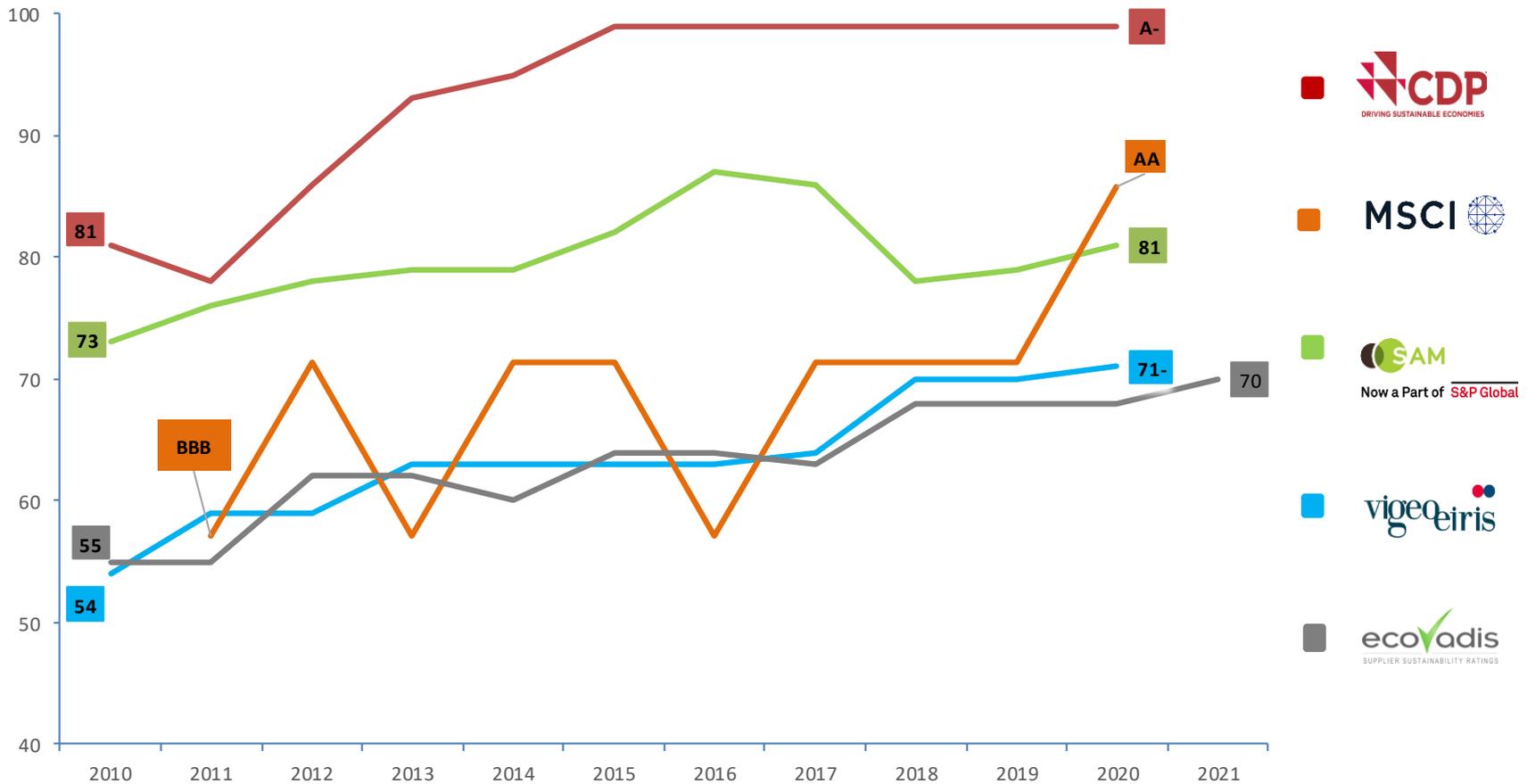
DATA &
SYSTEMS

- Acquisition and integration of ESG data
- Creation of an ESG data platform (internal and external data) acting as ESG Referential for the whole Group



BNP Paribas' CSR strategy recognised by extra-financial agencies

● A high and increasing positioning within extra-financial indices



* Methodology change: from 2017, CDP scores are now expressed in the form of letters



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Active involvement in framing the ESG future

- Group CEO Jean-Laurent Bonnafé is chair of **“Entreprises pour l’Environnement”** (a think tank which includes more than 50 companies)
- Antoine Sire, Global Head of Engagement Company, was co-chair of the informal working group prefiguring **The Task Force for Nature-related Financial Disclosure** (TNFD), launched on 4 June 2021
- Laurence Pessez, Global Head of CSR, sits on the Banking Board of the **UNEP-FI Principles for Responsible Banking** (PRB)
- Jane Ambachtsheer, Global Head of Sustainability of BNP Paribas Asset Management, is a member of the **Task Force on Climate-related Financial Disclosure** (TCFD)



CSR FULLY EMBEDDED
WITHIN THE GROUP'S STRATEGY

TOP HIGHLIGHTS

BNP Paribas commitment is made concrete through strong and tangible achievements in 2020



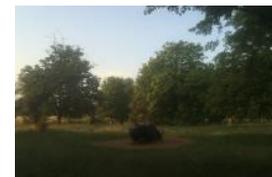
- **EUR 188 billion at end-2020 in support to the achievement of the 17 UN SDGs**
- **EUR 92 billion in Sustainable+ funds** at the end-2020 at BNP Paribas Asset Management, which is the leading provider of Socially Responsible Investment funds in France

- **Achievement of gender balance targets set at the end of 2018** for market activities (+ 40% of women in senior management positions; at least 40% of women amongst the young graduates recruited)
- **We Engage training programme dedicated to sustainable finance and current environmental and social issues** for all employees



- **Corporate philanthropy at an exceptional level: EUR 104.1 million**, of which EUR 60 million is dedicated to hospitals and associations (youth, help for the poorest)
- **1.9 million Nickel accounts** opened at end-2020

- **Implementation of the total thermal coal value chain exit** announced in 2019 (EU and OECD countries by 2030 and by 2040 in the rest of the world)
- **Use of the PACTA methodology for aligning the credit portfolio with the targets of the Paris Agreement** on 2 sectors of activity
- **EUR 10.8 billion of green bonds** as joint bookrunner for our customers as of end-2020



The bank is one of the first signatories of the Net-Zero Banking Alliance, which aims to finance a “net zero” economy by 2050



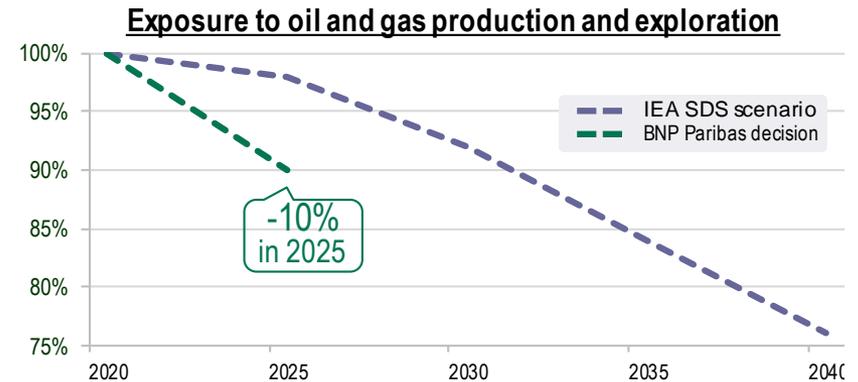
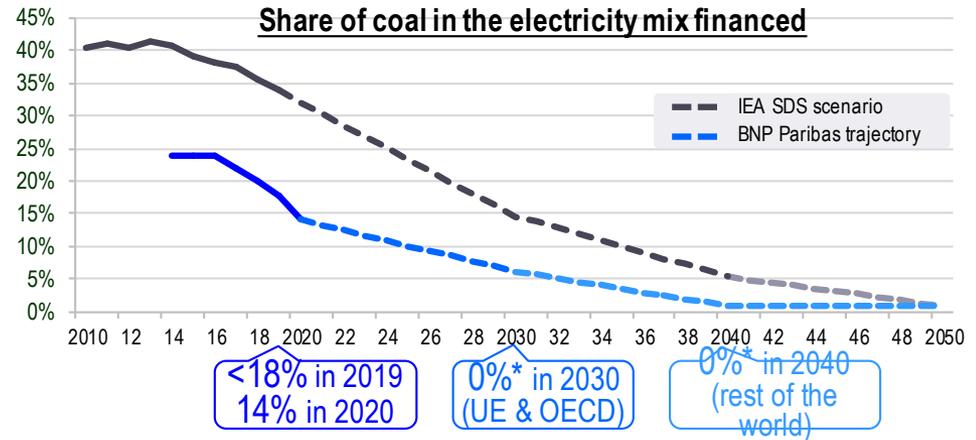
➔ Trajectory of the total exit of the thermal coal value chain in line with the objectives set

- At the end of 2020, the residual share of coal in the primary energy mix was only 1.5%



➔ 10% reduction in the Group’s exposure to oil and gas exploration and production by 2025

- The Group has already reduced its exposure on **unconventional oil and gas** companies from EUR 4 billion at the end of 2016 to **EUR 0 billion at the end of 2020**



- ➔ **Very strong dynamics on renewable energy:** target 2021 almost reached with 1 year’s advance (€18bn)
- ➔ Launch of the **BNP Paribas Solar Impulse Venture fund** dedicated to supporting innovative start-ups acting in favour of the environment
- ➔ **Partnership agreement with the Green Climate Fund (GCF)**



Delivering against NZBA commitments

- 1 Set intermediate (2030 at the latest) sector-level targets aligned with a 1.5° scenario on the sectors below

Time line ⇨ 1st round of target-setting within 18 months from signing: end of 2022

⇨ remaining sectors within 36 months of signing: April 2024

Sector	Status	KPI	Strategy
Power generation	Done	Defined	Defined and published
Oil and gas upstream	Almost done	Defined	To be published & updated
Oil and gas midstream and downstream	-	-	-
Coal mining	Done	Defined	Defined and published
Transport : shipping	Begun	-	-
Transport : aviation	-	-	-
Transport : automotive	Planned for 2021	-	-
Cement	-	-	-
Iron	-	-	-
Steel	-	-	-
Agriculture	-	-	-
Aluminum	-	-	-
Commercial and residential real estate	Ongoing test on FRB mortgages	-	-

- 2 Disclose scope 3 emissions “Banks shall establish an emissions baseline and annually measure and report the emissions profile of their lending portfolios and investment activities”

- 3 Report on progress on a yearly basis from end-2021: KPI to be included in the 2022-2025 CSR dashboard

Legend

- covered by PACTA methodology
- additional sectors to be covered



BNP Paribas contributes to the protection of biodiversity



- BNP Paribas has published a **public position on biodiversity** including **criteria on deforestation** aiming at assessing soy and beef producers and negotiators

- Strategy aiming at zero deforestation by 2025
- Full traceability of channels by 2025 and exclusion of suppliers not in line with the target
- No beef or soya on processed areas: Amazon after 2008, Cerrado after early 2020



- BNP Paribas strengthens its **commitments to preserving biodiversity** in the context of the **act4nature** initiative of the **EpE** association, including :

- Evaluation of all its corporate customers on criteria linked to biodiversity by 2025
- €3 billion target for funding related to the protection of terrestrial biodiversity and €1 billion target for funding related to the ecological transition of ships by 2025
- €250 million invested in start-ups mobilised for ecological transition and €55 million dedicated to protecting and restoring natural capital
- Exclusion covering two biodiversity-rich regions: the Arctic National Wildlife Refuge and the Amazon Sacred Headwaters



- Launch of the **BNP Paribas Ecosystem Restoration fund**



- **Partnership with the CDP** to accelerate the development of biodiversity measurement indicators



- BNP Paribas played an instrumental part in the launch of the **TNFD***, as one of the **co-chairs of the informal working Group**



The Group took action for solidarity and financial inclusion in 2020



“World’s Best Bank for Financial Inclusion” at the Euromoney Awards for Excellence 2020



EUR 2.2 billion in financing and investment for social enterprises and microfinance institutions clients at the end of 2020

Number 1 worldwide in 2020 with **€10.8 billion of social bonds** as joint bookrunner for our clients at end-2020 (according to Dealogic)



EUR 60 million of emergency donations to answer the sanitary crisis

- Support for hospitals and medical research
- Relief for the poorest (Microfinance, Red Cross, Food Banks, Adie, etc.)
- Support for young people in the digital divide



In collaboration with the associations of L’Ascenseur in France, BNP Paribas dedicated **€20m for loans without collateral to post-graduate scholarship students**



The Rescue & Recover Fund is expanding its intervention capacity by becoming a **partner of the NGO IFAW, an environmental emergency specialist**



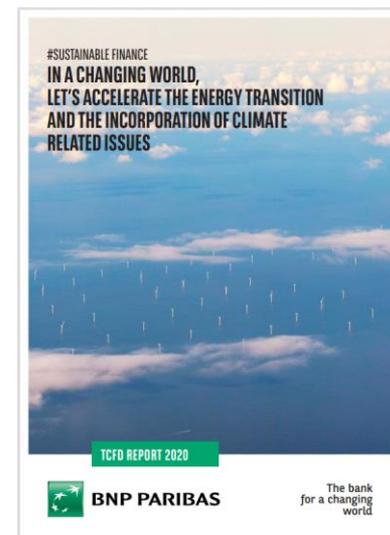
Continuous effort of transparency

- On May 17th, 2021, BNP Paribas published its second dedicated and stand-alone TCFD report

In 2017, BNP Paribas CEO Jean-Laurent Bonnafé publicly supported the release of the final recommendations of the TCFD (Task Force on Climate-related Financial Disclosures), which have been supported and implemented by the Group since then

Link to the report:

https://cdn-group.bnpparibas.com/uploads/file/tcfd_2020_bnpparibas_en.pdf



- On May 15th, 2020, BNP Paribas published its renewed Group Code of Tax Conduct, which defines the Tax principles and procedures applicable to operations made and offered by the Group.

It aims at giving a better visibility to the Group's commitments in this field, and thus allows to share it with all BNP Paribas' stakeholders.

Link to the Code of Tax Conduct:

https://group.bnpparibas/uploads/file/the_bnp_paribas_group_s_code_of_tax_conduct.pdf

