

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green Bond Framework

BNP Paribas

25 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 2023 with June 2023 Appendix 1)
- EU Taxonomy Climate Delegated Act, Annex I (as of June 2023)

Scope of verification

- BNP Paribas Green Bond Framework (as of June 12, 2024)
- BNP Paribas Selection Criteria (as of June 12, 2024)

Lifecycle

- Pre-issuance verification

Validity

- Valid as long as the cited Framework remains unchanged

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SCOPE OF WORK

BNP Paribas (“the Issuer”, “the Bank”, or “BNPP”) commissioned ISS-Corporate to assist with its Green Bonds by assessing three core elements to determine the sustainability quality of the instruments:

1. BNPP’s Green Bond Framework (as of June 12, 2024)– benchmarked against the International Capital Market Association’s (ICMA) Green Bond Principles (GBP).
2. The Selection Criteria – 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 1).
3. The eligibility of the project categories against the EU Taxonomy on a best-efforts basis¹ – whether the nominated project categories satisfy the EU Taxonomy Technical Screening Criteria for a Substantial Contribution to Climate Change Mitigation and Adaptation.
4. Consistency of Green Bonds with BNPP’s Sustainability Strategy – drawing on the key sustainability objectives and priorities defined by the Issuer.

¹ Whilst the Final Delegated Act for Mitigation and Adaptation were published in June 2023, the Technical Screening Criteria allow for discretion on the methodologies in determining alignment in certain cases. Therefore, at this stage, the alignment with the EU Taxonomy has been evaluated on a “best efforts basis”.

BNPP OVERVIEW

BNP Paribas SA 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 Commercial Banks & Capital Markets industry

BNPP is classified in the Commercial Banks & Capital Markets industry, 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, sustainability impacts of lending, and other financial services/products, and sustainable investment criteria.

This report focuses on the sustainability credentials of the issuance. Part IV 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>Alignment with GBP</p>	<p>The Issuer has defined a formal concept for its Green Bonds regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the Green Bond Principles.</p>	<p>✓</p>
<p>Part II:</p> <p>Sustainability Quality of the Selection Criteria</p>	<p>The Green Bonds will (re)finance eligible green asset categories which include:</p> <p>Renewable Energy, Energy Efficiency, Green Buildings, Clean Transportation, Water Management and Wastewater Treatment and Pollution Prevention and Control.</p> <p>Product and/or service-related use of proceeds categories⁴ individually contribute to one or more of the following SDGs:</p> <div data-bbox="517 1128 1098 1245" style="text-align: center;">  </div> <p>Other use of proceed categories⁵ individually improve the operational impacts of BNPP’s borrowers and mitigate potential negative externalities of their sector on one or more of the following SDGs:</p> <div data-bbox="633 1581 983 1697" style="text-align: center;">  </div> <p>The environmental and social risks associated with the use of proceeds categories and the financial institution are managed.</p>	<p>Positive</p>

³ The evaluation is based on BNPP’s Green Bond Framework (as of June 12, 2024), on the analysed Selection Criteria as received on June 12, 2024.

⁴ Renewable Energy, Energy Efficiency, Green Buildings, Clean Transportation, Water Management and Wastewater Treatment and Pollution Prevention and Control.

⁵ Energy Efficiency, Green Buildings, Water Management and Wastewater Treatment.

<p>Part III: Eligibility against the EU Taxonomy</p>	<p>BNPP’s project characteristics, due diligence processes, and policies have been assessed against the EU Taxonomy’s Technical Screening Criteria for a Substantial Contribution to Climate Change Mitigation (Climate Delegated Act of June 2023) on a best-efforts basis.⁶</p> <p>The Do No Significant Harm Criteria and the Minimum Safeguards requirements as included in the EU Taxonomy Climate Delegated Act have not been assessed. It is noted that the Issuer will report on its compliance with the DNSH and MS criteria during post-issuance where feasible and relevant on best-effort basis.</p>	<p>Eligible for assessing alignment at a later date</p>
<p>Part IV: Consistency of Green Bonds with BNPP’s Sustainability Strategy</p>	<p>The key sustainability objectives and the rationale for issuing Green Bonds are clearly described by the Issuer. All of the project categories considered are in line with the sustainability objectives of the Issuer.</p> <p>At the date of publication of the report and leveraging ISS ESG Research, the controversy assessment did not reveal any controversial activities or practices that could be attributed to the Issuer.</p>	<p>Consistent with Issuer’s sustainability strategy</p>

⁶ Whilst the Final Delegated Act for Mitigation and Adaptation was published in June 2023, the Technical Screening Criteria allow for discretion on the methodologies in determining alignment in certain cases. Therefore, at this stage, the alignment with the EU Taxonomy has been evaluated on a "best efforts basis".

SPO ASSESSMENT

PART I: ALIGNMENT WITH GREEN BOND PRINCIPLES

This section evaluates the alignment of the BNPP’s Green Bond Framework (as of June 12, 2024) with the ICMA Green Bond Principles (GBP).

GREEN BOND PRINCIPLES	ALIGNMENT	OPINION
<p>1. Use of Proceeds</p>	<p>✓</p>	<p>The Use of Proceeds description provided by BNPP’s Green Bond Framework is aligned with the GBP.</p> <p>The Issuer’s green categories align with the project categories as proposed by the GBP. Criteria are defined in a clear and transparent manner. Commitment to provide estimation of the portfolio generation and report by project category will be provided. Environmental benefits are described and for certain criteria⁷ also quantified. The Issuer defines exclusion criteria for harmful projects categories, in line with best market practice.</p>
<p>2. Process for Project Evaluation and Selection</p>	<p>✓</p>	<p>The Process for Project Evaluation and Selection description provided by BNPP’s Green Bond Framework is aligned with the GBP.</p> <p>The project selection process is defined and structured in a congruous manner. ESG risks associated with the project categories are identified and managed through an appropriate process. Moreover, the projects selected show alignment with the sustainability strategy of the Issuer.</p> <p>The Issuer clearly involves various stakeholders in the process of project evaluation and selection, defines responsibilities, and is transparent about it, which is in line with best market practices. Moreover, the Issuer identifies alignment of its eligible green projects with the EU Taxonomy’s</p>

⁷ Renewable Energy, Energy Efficiency, and Clean Transportation.

		<p>Substantial Contribution to Climate Change Mitigation criteria and references any green standards or certifications used, in line with best market practice.</p>
<p>3. Management of Proceeds</p>	<p>✓</p>	<p>The Management of Proceeds provided by BNPP’s Green Bond Framework is aligned with the GBP.</p> <p>The net proceeds collected are equal to the amount allocated to eligible projects, with no exceptions. The net proceeds are tracked in an appropriate manner. The net proceeds are managed on an aggregated basis for multiple Green Bonds (portfolio approach). Moreover, the Issuer commits disclosing the temporary investment instruments for unallocated proceeds (cash, cash equivalent and/or other liquid marketable instruments).</p>
<p>4. Reporting</p>	<p>✓</p>	<p>The allocation and impact reporting provided by BNPP’s Green Bond Framework is aligned with the GBP.</p> <p>The Issuer commits to disclose the allocation of proceeds transparently and to report in an appropriate frequency. The reporting will be publicly available on the Issuer’s website. BNPP has disclosed the type of information that will be reported and explains that the level of expected reporting will be at project category level. Moreover, the Issuer commits to report annually, until the bond matures.</p> <p>The Issuer is transparent on the level of impact reporting and the information reported and further defines the duration, scope and frequency of the impact reporting, in line with best market practices. The Issuer also discloses the location and link of the report and commits to get the allocation and impact report audited by an external party, in line with best market practices.</p>

PART II: SUSTAINABILITY QUALITY OF THE SELECTION CRITERIA

A. CONTRIBUTION OF THE GREEN BONDS TO THE UN SDGs⁸

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 aim of this section is to assess the SDG impact of the UoP categories financed by the Issuer in two different ways, depending on whether the proceeds are used to (re)finance:

- specific products/services,
- improvements of operational performance.


1. Products and services

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 UN 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 3-point scale:



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	SUSTAINABLE DEVELOPMENT GOALS
<p>Renewable Energy</p> <p><i>Assets related to the acquisition, development, manufacture, construction, installation, and/or operation of renewable energy facilities:</i></p> <ul style="list-style-type: none"> ▪ <i>Offshore and Onshore Wind</i> 	<p>Contribution</p>	

⁸ 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.

- *Solar Photovoltaic*
- *Concentrated Solar Power*
- *Geothermal energy, for which the life-cycle GHG emissions from the generation of electricity are lower than 100gCO₂e/kWh⁹*
- *Hydropower with less than 1000 MW capacity, for which the electricity generation facility is a run-of-river plant and does not have an artificial reservoir, or the power density of the electricity generation facility is above 5 W/m₂, or the life-cycle GHG emissions from the generation of electricity are lower than 100gCO₂e/kWh.*

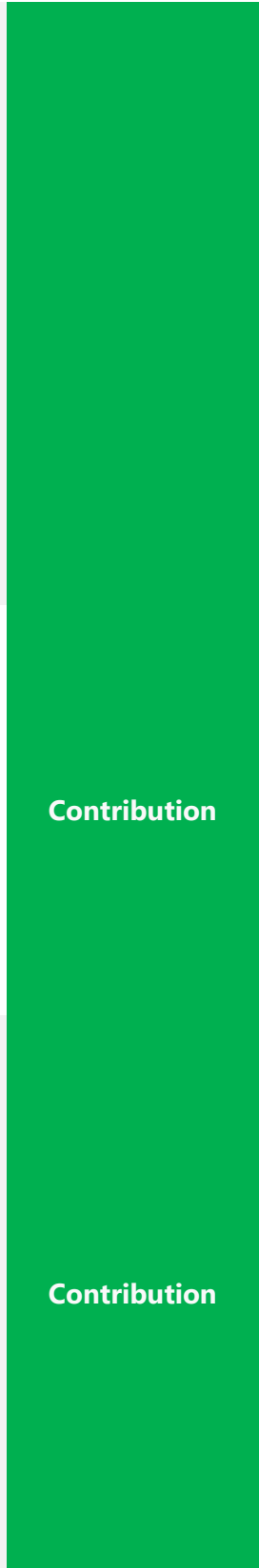
Renewable Energy

Manufacture of Green hydrogen and manufacture of equipment for the production and use of green hydrogen for which the life-cycle GHG emissions savings are 73.4% for hydrogen (resulting in life-cycle emissions lower than 3 tCO₂e/tH₂) and life-cycle GHG emissions savings are 70% for hydrogen-based synthetic fuels relative to a fossil fuel comparator of 94g CO₂e/MJ.¹⁰

Energy Efficiency

Assets related to the development, construction, installation, operation and improvement of energy-efficient solutions, infrastructures, facilities, and/or equipment:

- *Energy-efficient technologies, products, and processes, including, but not limited to, efficient lighting, ventilation, and air conditioning), insulation; for building renovation measures these must comply with minimum requirements set for individual components and systems in the national measures implementing the Energy Performance of Buildings*



⁹ Life-cycle GHG emission savings are calculated using Commission Recommendation 2013/179/EU or, alternatively, using ISO 14067:2018 or ISO 14064-1:2018, and verified by an independent third party.

¹⁰ Life-cycle GHG emissions savings are calculated using the methodology referred to in Article 28(5) of Directive (EU) 2018/2001 or, alternatively, using ISO 14067:2018, ISO 14064-1:2018, and verified in line with Article 30 of Directive (EU) 2018/2001 where applicable, or by an independent third party.

Directive 2010/31/EU and, where applicable, equipment is rated in the highest two populated classes of energy efficiency in accordance with Regulation (EU) 2017/1369

- *Eco-efficient data centers complying with the most recent version of the European Code of Conduct on Data Centre Energy Efficiency, if applicable, or in CEN-CENELEC document CLC TR50600-99-1 "Data center facilities and infrastructures – Part 99-1: Recommended practices for energy management" or in equivalent source¹¹*

Energy Efficiency

Assets related to the development, construction, installation, operation and improvement of energy efficient solutions, infrastructures, facilities and/or equipment:

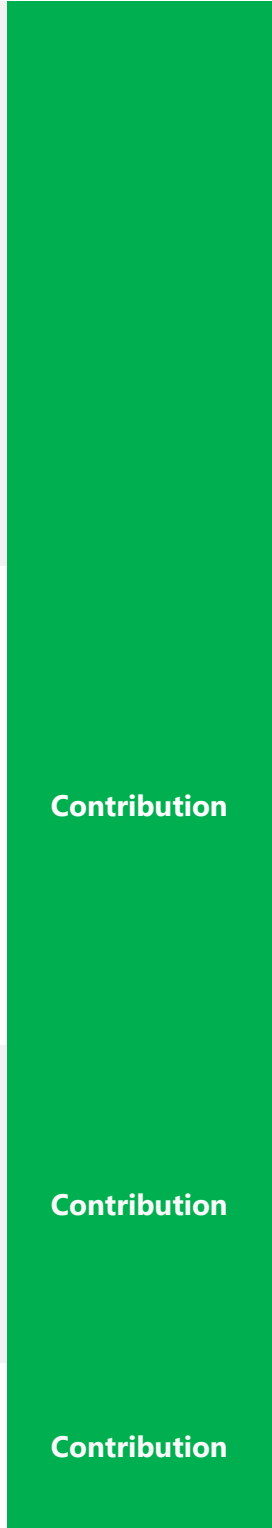
- *Control and energy management systems¹²*
- *HVAC (as the highest 2 populated classes of energy efficiency)*
- *Heating/heat pumps¹³*

Energy Efficiency

Infrastructure for the transmission and distribution of electricity for which over 67% of newly enabled generation assets have a 100gCO₂e/kWh threshold (over a rolling 5-year period), or the grid's average emissions factor is less than 100gCO₂e/kWh¹⁴

Energy Efficiency¹⁵

- *Smart grid technology with clear energy efficient improvements*



¹¹ It must be verified by an independent third party at least every three years. Also, the global warming potential (GWP) of refrigerants used in the data center cooling system may not exceed 675.

¹² This category complies with EUT 7.5 and 7.3.

¹³ For which the refrigerant Global Warming Potential does not exceed 675 and meet the energy efficiency requirements of the Directive 2009/125/EC.

¹⁴ This category complies with the 4.16 EU taxonomy criteria.

¹⁵ Projects under this category are not limited to renewable energy and are sourced by undefined sources.

Energy Efficiency

- *Manufacturing and acquisition of Energy Storage Systems (ESS)¹⁶*
- *Facilities exclusively for storage and distribution of green hydrogen complying with the description included in this Framework¹⁷*

Green Buildings¹⁸

Assets related to the acquisition, construction and mortgaging of new or existing buildings complying with the following criteria:

- *Commercial or residential buildings built before 31 December 2020 with at least Energy Performance Certificate (EPC) label A, or belonging to the top 15% of the national building stock based on primary energy demand (PED)¹⁹*
- *Commercial or residential buildings built after 31 December 2020 with Primary Energy Demand (PED) at least 10% lower than the threshold set for Nearly Zero-Energy Buildings (NZEB)²⁰ requirements in national measures,²¹ and if larger than 5000 m² has robust and traceable quality control processes in place during construction or, alternatively, undergoes testing for air-tightness and thermal integrity upon completion.²²*

Contribution



Contribution



¹⁶ Projects under this category comply with the 4.10 EU Taxonomy criteria.

¹⁷ The category complies with 3.10 EU Taxonomy criteria.

¹⁸ Green Buildings as defined by the EU Taxonomy Technical Screening Criteria for a Substantial Contribution to Climate Change Mitigation or meeting the minimum threshold of the listed regional, national, or international standards or certifications.

¹⁹ The calculated amount of energy needed to meet the energy demand associated with the typical uses of a building is expressed by a numeric indicator of total primary energy use in kWh/m² per year and based on the relevant national calculation methodology and as displayed on the EPC.

²⁰ For further information on Nearly Zero Energy and Zero-emission Buildings, please visit: https://ec.europa.eu/energy/topics/energy-efficiency/energy-efficient-buildings/nearly-zero-energy-buildings_en

²¹ As defined in the Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings.

²² If there are any deviations in the levels of performance set at the design stage or defects in the building envelope these should be disclosed to investors and clients.

Green Buildings²³

Commercial buildings that have, or intend to receive, at least one environmental certification with the minimum target label from the following:

- LEED "Gold"
- BREEAM "Excellent"
- NF HQE "Excellent"
- BEAM Plus "Gold"
- EDGE "Advanced"
- BCA Green Mark "Gold"
- DGNB "Gold"
- BBCA "Performance", or
- Other equivalent internationally recognized Green Building certifications²⁴

Clean Transportation

Assets related to the acquisition, development, manufacture, construction, operation, and/or upgrade of:

- Zero tailpipe emissions road transport (electric and hydrogen vehicles, personal mobility devices²⁵ dedicated to private, public, and freight transportation)
- Zero tailpipe direct emissions Rail transport for passengers or goods, including trains, trams and subways/metro.
- Facilities dedicated to the development or production of zero-emission vehicles, including (hydrogen fuel cell systems for vehicles
- Green Ships,²⁶ namely:
 - Vessels with zero direct emissions, fully electric or designed to operate with

Contribution



Contribution



²³ Green Buildings as defined by the EU Taxonomy Technical Screening Criteria for a Substantial Contribution to Climate Change Mitigation or meeting the minimum threshold of the listed regional, national, or international standards or certifications.

²⁴ The assessment is limited to those listed above.

²⁵ Where the propulsion of personal mobility devices comes from the physical activity of the user, from a zero-emissions motor, or a mix of zero-emissions motor and physical activity.

²⁶ Vessels flying the flag of a State included in the blacklist published by the Paris Memorandum of Understanding on Port State Control (Paris MOU) are not eligible under this Framework.

green hydrogen or hydrogen-derived synthetic fuels (green methanol, green ammonia), wind or solar (or a combination of the above). Vessels, or assets applied to vessels, dedicated to the transport or storage of fossil fuels, or dedicated to support fossil fuel operations, are excluded.

Water Management and Water Treatment

Assets related to the development, construction, operation, and/or renewal of:

- *Water collection, treatment and supply systems as defined by either 5.1 or 5.2 EU Taxonomy Criteria for Substantial Contribution to Sustainable Use and Protection of Water and Marine Resources or BNPP internal criteria defined considering sector best market practices.*
- *Wastewater collection and treatment as defined by either 5.3 or 5.4 EU Taxonomy Criteria for Substantial Contribution to Sustainable Use and Protection of Water and Marine Resources or BNPP internal criteria defined considering sector best market practices.*
- *Leak detection and prevention systems*

Pollution Prevention and Control

Assets related to the development, manufacture, construction, operation, and/or upgrade of:

- *Recycling facilities, for the sorting and processing of separately collected non-hazardous waste, including, but not limited to, metal, plastic, and paper, converting at least 50%, in terms of weight, into secondary raw materials that are suitable for the substitution of virgin materials in production processes.*
- *Separate collection and transport of non-hazardous waste for reuse and recycling*

Contribution



Contribution



2. Improvements of operational performance (processes)

The below assessment aims at qualifying the direction of change (or “operational impact improvement”) resulting from the operational performance projects (re)financed by the UoP categories, as well as related UN SDGs impacted. The assessment displays how the UoP categories are mitigating the exposure to the negative externalities relevant to the business model and the sector of the Issuer’s clients.

BNPP finances operations/processes in third-party sectors that are not listed in the Issuer’s Framework. As such, ISS ESG is not in a position to display the exposure to negative externalities linked to the sector of the operations/processes financed. Negative externalities, if present, could have an impact on the overall sustainability quality of the issuance.

The table below aims at displaying the direction of change resulting from the operational performance improvement projects. The outcome displayed does not correspond to an absolute or net assessment of the operational performance.

USE OF PROCEEDS (PROCESSES)	OPERATIONAL IMPACT IMPROVEMENT ²⁷	SUSTAINABLE DEVELOPMENT GOALS
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Energy Efficiency

Assets related to the operation and improvement of energy efficient solutions, infrastructures, facilities and/or equipment:

- *Energy efficient technologies, products and processes, including, but not limited to, efficient lighting, ventilation and air conditioning), insulation, control and energy management systems; for building renovation measures these must comply with minimum requirements set for individual components and systems in the national measures implementing the Energy Performance of Buildings Directive 2010/31/EU and, where applicable, equipment is rated in the highest two populated classes of energy efficiency in accordance with Regulation (EU) 2017/1369*
- *Eco-efficient data centers complying with the most recent version of the European Code of Conduct on Data Centre Energy Efficiency, if applicable,*



²⁷ Limited information is available on the scale of the improvement as no threshold is provided. Only the direction of change is displayed.

or in CEN-CENELEC document CLC TR50600-99-1 "Data center facilities and infrastructures – Part 99-1: Recommended practices for energy management" or in equivalent source²⁸

Energy Efficiency

Assets related to the operation and improvement of energy-efficient solutions, infrastructures, facilities, and/or equipment:

- Control and energy management systems²⁹
- HVAC (as the highest 2 populated classes of energy efficiency)
- Heating/heat pumps³⁰



Green Buildings

Assets related to the renovation of new or existing buildings complying with the following criteria:

Commercial or residential buildings subject to refurbishment and renovation works complying with the applicable requirements for major renovations³¹ or leading to a reduction of PED of at least 30%



Clean Transportation³²

Assets related to the acquisition, development, manufacture, construction, operation, and/or upgrade of:

- Infrastructure for road and rail transport (expansion of rail transport networks, station upgrade, charging and refueling stations for zero tailpipe emission vehicles)



²⁸ It must be verified by an independent third party at least every three years. Also, the global warming potential (GWP) of refrigerants used in the data centre cooling system may not exceed 675.

²⁹ This category complies with EUT 7.5 and 7.3

³⁰ For which the refrigerant Global Warming Potential does not exceed 675 and meet the energy efficiency requirements of the Directive 2009/125/EC

³¹ As defined in the Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings.

³² The energy efficiency projects financed under this framework could improve the energy efficiency of both manufacturing and/or non-manufacturing sites.

³³ It is noted that this UoP category is part of a broader strategy to achieve an established third-party standard. In this case, the Issuer is financing activities that contribute to its SBTi-validated GHG emissions reduction target.

Water Management and Water Treatment

Assets related to the development, manufacture, construction, operation, and/or upgrade of:



- *Water use minimization (digital water metering, smart control center)*



B. MANAGEMENT OF ENVIRONMENTAL & SOCIAL RISKS ASSOCIATED WITH THE FINANCIAL INSTITUTION AND THE SELECTION CRITERIA

The table below evaluates BNPP’s Selection Criteria against issuance-specific KPIs. The entirety of assets are and will be located globally.

ASSESSMENT AGAINST KPIs

ESG guidelines into financing process

The Green Bond Framework is applied across BNPP’s global transactions. The Issuer has several policies in place for ESG due diligence.

- Sector policies:³⁴ for highly sensitive sectors (defense, palm oil, wood pulp, nuclear power generation, coal-fired power generation, oil and gas, mining, and agriculture), BNP Paribas has implemented comprehensive policies with mandatory requirements and evaluation criteria covering the provision of financial products and services to corporate clients or projects. These sector policies allow BNP Paribas to operate in such sectors, favoring the best players and companies committed to improving their practices. These policies are developed with the help of internal and external experts and apply to all BNPP Group’s entities and business lines.
- Equator Principles:³⁵ BNP Paribas adopted the Equator Principles (EPs) in 2008. Under these principles, projects need to comply with good international practices (such as the World Bank and International Finance Corporation standards), designed to avoid and reduce potential negative impacts on the population and the environment, and to ensure projects are developed in a responsible manner. Compliance with these standards is ensured through specific clauses in the loan documentation, and performance is regularly monitored.
- Specific ESG risk assessment system for products and services:
 - Integration of ESG criteria into credit and rating policies: BNP Paribas progressively integrates ESG criteria into its specific credit and rating policies. The general credit policy for corporate clients requires the business lines to assess how their clients manage their ESG risks, including controversies.
 - The assessment of ESG risks for corporate clients: starting in 2021, BNP Paribas gradually deployed the ESG Assessment, a group-wide process for systematic identification, assessment, and monitoring of the ESG performance and risks of corporate clients. The ESG Assessment has to be updated and recertified every year.

³⁴ BNPP’s Sector Policies, Available at: <https://group.bnpparibas/en/group/at-the-service-of-our-clients-and-society/supporting-transitions/financing-and-investment-policies>

³⁵ BNPP’s annual report on EP, Available at: https://cdn-group.bnpparibas.com/uploads/file/bnpparibas_2021_reporting_on_the_equator_principles.pdf

- Corporate Social Responsibility (CSR) Monitoring and Exclusion lists: through the application of its ESG framework³⁶, BNP Paribas identifies companies that do not meet its CSR requirements (such companies are added to the CSR Exclusion list or the CSR Monitoring list, depending on the severity of breaches and remediation efforts). Companies on the CSR Exclusion list cannot be onboarded, and existing client relationships have to be exited. While it is still possible to work with companies on the CSR Monitoring list, they are subject to a specific due diligence process to ensure progress is made against the identified issues, and specific transactions are subject to ad-hoc approval committees.

The assessments are reviewed and validated at the Credit Committee level for all in-scope clients. It is worth noting, that in cases where clients are unable or unwilling to comply or agree to an action plan to address identified risks, BNPP will seek to exit the relationship taking into account existing contractual agreements. Furthermore, BNPP has several processes applicable both at the counterparty (specific borrowers) and transaction level, to identify and integrate ESG risks into the risk management framework:

- Risk Appetite Framework and Risk Identification process;
- Group Risk Appetite Statement (RAS), which includes principles dedicated to ESG factors coupled with dedicated metrics to define the Issuer's risk tolerance;
- Group Risk Identification Process (Risk ID), that integrates ESG topics and informs the capital adequacy assessment and the resilience test.

Labour, Health and Safety



BNPP has policies and a due diligence process in place to ensure that the projects underlying the eligible transaction ensure high labor, health, and safety Standards. According to its Universal Registration Declaration Document 2023, The Bank enforces the Duty of Vigilance Act.³⁷ The French law on the duty of vigilance requires BNPP to prepare, publish and implement a duty of vigilance action plan containing reasonable vigilance measures that can identify and prevent the risks of violating human rights and basic freedoms, harming the environment, and endangering occupational health and safety, that are associated with the activities conducted by BNPP as well as its subsidiaries, subcontractors, and suppliers with which an established commercial relationship is maintained, when these activities are concerned by this relationship. In that regard, the Bank's borrowers are obligated to be in

³⁶ BNPP ESG framework is located in BNPP Universal Registration Doc, p.696: <https://invest.bnpparibas/en/document/universal-registration-document-2022>

³⁷ BNPP, Universal Registration Document 2022, Available at: <https://invest.bnpparibas/en/document/universal-registration-document-annual-financial-report-2023-pdf-reproduction-of-the-official-version-of-the-afr-which-has-been-prepared-in-xhtml-format-and-is-available-on-the-issuers-website>

compliance with ILO and Equator Principles (EP) requirements. Non-compliant transactions will be excluded from being eligible.

BNPP ensures compliance with these high labor, health, and safety standards through an ad-hoc due diligence during the “Know Your Customer” process and carries out an ESG Assessment (ESG-A) for all corporate clients and includes questions related to the way ESG issues are tackled by the Bank’s clients. The criteria in line with ILO and EP requirements are both sector-weighted and geographically weighted.³⁸ The risk mapping thus allows BNPP to implement the appropriate and thorough due diligence measures. In general, health and safety topics will weigh high across sectors. This higher weight will make a company with poor performance more susceptible to receiving an “unprepared” score, which leads to dialogue with clients or triggers excluding the transaction from being eligible. In the event of suspected or identified serious abuses of labor, health, and safety by a borrower or a company in the BNPP portfolio, the Bank conducts in-depth due diligence and discusses the matter with the company concerned. The process includes monitoring the risk through regular meetings and the implementation of a correction plan. In case of any violations remain, the Bank removes the company from being eligible.

Biodiversity



BNPP has measures in place to ensure its borrowers respect biodiversity protection. Under the BNPP CSR Exclusion list Protect Species, the Bank excludes any project located in Key Biodiversity Areas and requires its borrowers to observe the relevant Convention on International Trade in Endangered Species of Wild Flora and Fauna (CITES) rules or the EU regulations where applicable. No financing or provision of products or services will be granted to a client convicted of infringing CITES rules or applicable local legislation. Furthermore, as a signatory member of the Equator Principles, BNPP ensures that any negative impacts of project finance on communities, biodiversity ecosystems, or the climate are avoided and, if necessary, remedied; and encourages clients to obtain the Free, Prior, and Informed Consent (FPIC) of the local communities impacted by their projects. Finally, at the company level, 18 sectoral questionnaires for ESG Assessment were finalized in 2022.

Community dialogue



BNPP has policies and measures in place to ensure responsible community dialogue. The Bank encourages clients to manage their own activities with

³⁸ Topics covered include issues related to human rights and fundamental freedoms: child labor, forced labor and human trafficking, noncompliance with the rights of local communities, freedom of association and collective bargaining, exercise of the right to strike, discrimination, failure to respect the rights of local communities, harassment, unfair wages and excessive hours of work, workplace and consumer health and safety.

respect to human rights, this has been further strengthened with the deployment of the ESG assessment of the Bank's customers on five dimensions, including social (health, safety, and impact on communities). Additionally, adherence to international and European policy frameworks also contributes to reducing potential social risks. As a signatory member of the Equator Principles, the Bank ensures that any negative impacts of project finance on communities, ecosystems or the climate are avoided and, if necessary, remedied; and encourages clients to obtain the Free, Prior, and Informed Consent (FPIC) of the local communities impacted by their projects. At the transactional level, a specific due diligence can take place when controversies related to the community dialogue aspect of an asset/borrower is identified. More generally, control mechanisms do exist around material controversies for BNPP clients.

Inclusion



The Bank has policies and commitments in place ensuring that borrowers are not discriminated on the basis of age, disability, ethnic origin, family status, race, religion, gender, sexual orientation, nationality, and social origin in the access to credit.³⁹ Additionally, there are also measures designated to the Commercial, Personal Banking and Services (CPBS) division, which houses the Bank's retail banking networks and several specialized business lines worldwide. Specialized business lines include platforms for identifying and supporting customers in a situation of financial fragility (Axelle), solutions for providing better support to customers with disabilities, and new banking models such as Nickel. Nickel is an online solution offering a bank account accessible to all, without income requirements, and offering features such as True Name, allowing non-binary and transgender customers to choose their preferred first name on their payment cards.

Data protection and information security



BNPP has Data Protection Framework in place for systematically ensuring that data collection processes on borrowers meet minimum requirements for data information security, and data security in outsourced data processing. The Bank's data protection policies and strategies comply with Regulation (EU) 2016/679 (General Data Protection Regulation; "GDPR"), which provides customer data rights, protection measures, and privacy and data security principles.

A due diligence process has been established with the Bank's governing documents relating to information security, cyber security, and privacy. Data

³⁹ BNPP Universal Registration Document 2023, page 684, Available at: <https://invest.bnpparibas/en/document/universal-registration-document-annual-financial-report-2023-pdf-reproduction-of-the-official-version-of-the-afr-which-has-been-prepared-in-xhtml-format-and-is-available-on-the-issuers-website>

protection and Security Framework runs with three lines of defense. The first line of defense is the Chief Data Officer, the second line of defense is the Data Protection Obligation (DPO) within the Risk function, and the third line of defense is Inspection Générale of BNPP Group. The Data Protection Framework is deployed across all entities covering GDPR demands regarding information, data subject rights, consent, procedures, internal controls and data processors and data transfers, DPO in place, data breach management processes in place, management of processing activities, and data security measures in place. Collection, storage, and processing of personal data follows GDPR regulations.

For outsourcing, BNPP adheres to the European Banking Authority (EBA) Guidelines on outsourcing arrangements, in terms of security of data and systems, location of data and data processing, sub-outsourcing, monitoring and auditing, and contingency plans and exit strategies. Additionally, the Bank has a number of technical safety barriers and puts employees through regular information security, cyber security, and privacy training to avoid unwanted incidents. Furthermore, data protection and risk assessments are carried out to identify and address data processing and outsourcing risks, and regular audits are conducted and reported.⁴⁰

Responsible treatment of customers with debt repayment problems

BNPP has procedures in place to ensure that assets financed under this framework provide responsible treatment toward customers with debt problems. The Bank has several pre-emptive measures in place to prevent client debt repayment problems, including providing financial educational programs for clients, covenants limiting indebtedness, pro-actively approaching customers potentially at risk, or use of responsible lending performance indicators and targets to reduce the number of clients with debt repayment problems.



BNPP has implemented various measures to deal responsibly with financially vulnerable clients. The Bank has set two regulatory mechanisms, (i) a monthly ceiling on payment incidents and account operation irregularities and (ii) BNPP Account package adapted to meet the needs of clients in a situation of financial fragility. Besides, the Bank has set up computer systems based on unusual account activities to alert potential delicate clients' situations. Finally, BNPP deploys prevention and education training to guide clients in difficult situations and develop their financial culture. In that regard, BNPP's AXELLE platform, which was updated in early 2023, allows the Bank's vulnerable clients to find help, advice, and tips on managing budget, offered by partner associations,

⁴⁰ BNPP Universal Registration Document 2023, Available at: <https://invest.bnppparibas/en/document/universal-registration-document-annual-financial-report-2023-pdf-reproduction-of-the-official-version-of-the-afr-which-has-been-prepared-in-xhtml-format-and-is-available-on-the-issuers-website>

social enterprises and member companies of the Collectif des entreprises pour une économie plus inclusive en France (Business collective for a more inclusive economy in France), is free of charge and anonymous.

For mortgage sale and foreclosure, BNPP confirms ensuring to sell mortgages under conditions that are not detrimental to clients, in line with the EBA Guidelines on credit institutions' risk management practices and accounting for expected credit losses, EBA/GL/2017/0621.⁴¹

Sales practices



The Bank has measures and policies in place systematically ensuring that assets financed under this framework provide for responsible sales practices. BNPP has set mandatory training for all employees and has set up a dedicated expert group within the Group Compliance team. To prioritize client interest, the Bank has developed a Clients' Interest Protection (CIP) Policy, managing client complaints. The CIP Policy details rules that must be followed to mitigate major generic risks such as Product and service suitability, information provided, CIP-related conflicts of interest, and managing client complaints. Additionally, the Bank states that commercial teams' remuneration is subject to qualitative criteria, as well as including mystery shopping, audits assessing responsible sales practices, and monitoring and assessment of complaints received.

Responsible marketing



The Bank has measures and policies in place systematically ensuring that assets financed under this framework provide for responsible marketing practices. The Bank is committed to marketing and product information that is easily understandable, not misleading, and balanced. Additionally, the Bank is committed to transparent pricing regarding costs and/or conditions as well as regarding product risks.

Exclusion criteria

The Bank's policy has clear restrictions on financing certain sector activities, such as controversial weapons, drift nets, asbestos fibers, polychlorinated biphenyls (PCB's), CITES protected species, and tobacco.⁴² Additionally, the Bank's Green Bond Framework includes an exclusion list.

⁴¹ European Banking Guidelines on credit institutions' risk management practices and accounting for expected credit losses, EBA/GL/2017/06, Available at <https://www.eba.europa.eu/regulation-and-policy/accounting-and-auditing/guidelines-onaccounting-for-expected-credit>

⁴² BNPP exclusion list: https://cdn-group.bnpparibas.com/uploads/file/bnpparibas_csr_exclusion_list.pdf

PART III: ELIGIBILITY OF THE SELECTION CRITERIA AGAINST THE EU TAXONOMY CLIMATE AND ENVIRONMENTAL DELEGATED ACTS

BNPP's project characteristics, due diligence processes, and policies for the nominated Use of Proceeds project categories have been assessed against the relevant Climate Change Mitigation requirements of the EU Taxonomy Climate Delegated Act Annex (June 2023), based on information provided by BNPP.⁴³ Where BNPP's project characteristics, due diligence processes, and policies meet the EU Taxonomy Criteria requirements, a tick is shown in the table below.

The Do No Significant Harm Criteria and Minimum Safeguards requirements as included in the EU Taxonomy Climate Delegated Act have not been assessed, considering the Issuer will have a global asset portfolio and limited documentation of projects outside of the EU regarding EU Taxonomy requirements. Therefore, compliance with the requirements cannot be ensured as of today. It is noted that the Issuer will report on its compliance with the DNSH and Minimum Safeguards Criteria in the allocation report where feasible and relevant on best-effort basis.

BNPP's project selection criteria overlap with the following economic activities in the EU Taxonomy:

- 3.1 Manufacture of Renewable Energy Technologies
- 3.2 Manufacture of equipment for the production and use of hydrogen
- 3.3 Manufacture of low-carbon technologies for transport
- 3.4 Manufacture of batteries
- 3.5 Manufacture of energy efficiency equipment for buildings
- 3.10 Manufacture of Hydrogen
- 4.1 Electricity Generation using solar photovoltaic (PV) technology
- 4.2 Electricity generation using concentrated solar power (CSP) technology
- 4.3 Electricity generation from wind power
- 4.5 Electricity generation from hydropower
- 4.6 Electricity generation from geothermal energy
- 4.9 Transmission and distribution of electricity
- 4.10 Storage of Electricity
- 4.12 Storage of Hydrogen
- 4.14 Transmission and distribution networks for renewable and low-carbon gases

⁴³ Commission Delegated Regulation (EU) 2020/852, URL https://ec.europa.eu/info/law/sustainable-finance-taxonomy-regulation-eu-2020-852/amending-and-supplementary-acts/implementing-and-delegated-acts_en

- 5.1. Construction, extension, and operation of water collection, treatment and supply systems
- 5.2 Renewal of water collection, treatment, and supply systems
- 5.3 Construction, extension, and operation of wastewater collection and treatment
- 5.4 Renewal of wastewater collection and treatment
- 5.5 Collection and transport of non-hazardous waste in source segregated fractions
- 5.9 Material recovery from non-hazardous waste
- 6.1 Passenger interurban rail transport
- 6.2 Freight rail transport
- 6.3 Urban and suburban transport, road passenger transport
- 6.4 Operation of personal mobility devices, cycle logistics
- 6.5 Transport by motorbikes, passenger cars, and light commercial vehicles
- 6.6 Freight transport services by road
- 6.7 Inland passenger water transport
- 6.8 Inland freight water transport
- 6.10. Sea and coastal freight water transport, vessels for port operations and auxiliary activities
- 6.11. Sea and coastal passenger water transport
- 6.13 Infrastructure for personal mobility, cycle logistics
- 6.14 Infrastructure for rail transport
- 7.1 Construction of new buildings
- 7.2 Renovation of existing buildings
- 7.3 Installation, maintenance and repair of energy efficiency equipment
- 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling energy performance of buildings
- 7.6 Installation, maintenance and repair of renewable energy technologies
- 7.7 Acquisition and ownership of buildings
- 8.1 Data processing, hosting, and related activities

All projects financed under the Green Bond Framework are and will be located globally.

Furthermore, this analysis only displays how the EU Taxonomy Technical Screening Criteria for Substantial Contribution to Climate Change Mitigation are fulfilled/not fulfilled. For ease of reading, the original text of the EU Taxonomy criteria is not shown. Readers can recover the original criteria at the following [link](#).

a) Assessment of the project categories against the EU Taxonomy’s Technical Screening Criteria for a Substantial Contribution to Climate Change Mitigation⁴⁴

GREEN BOND FRAMEWORK PROJECT CATEGORY	EU TAXONOMY ACTIVITY	PROJECT CHARACTERISTICS AND SELECTION PROCESSES ^{45 46}	ASSESSMENT AGAINST THE EU TAXONOMY’S TECHNICAL SCREENING CRITERIA
Renewable Energy	3.1 Manufacture of Renewable Energy Technologies	The Bank assets projects that manufacture renewable energy technologies.	✓
Renewable Energy	3.2 Manufacture of equipment for the production and use of hydrogen 3.10 Manufacture of Hydrogen	The Bank finances assets that manufacture equipment for the production and use of hydrogen for which the life-cycle greenhouse gas emissions (GHG) are lower than 3tCO ₂ e/tH ₂ and 70% for hydrogen-based synthetic fuels relative to a fossil fuel comparator of 94g CO ₂ e/MJ in line with the Activity 3.10 requirement. Additionally, the Bank requires that quantified life-cycle GHG emission savings are calculated using the methodology referred to in Article 28(5) of Directive 2018/2001 or, alternatively, using ISO 14067:2018 or ISO 14064-1:2018 and will be verified by an independent third party.	✓
Clean Transportation	3.3 Manufacture of low-carbon technologies for transport	The Bank finances assets related to manufacturing and/or upgrade of (i) trains, passenger coaches, and wagons that have zero direct (tailpipe) CO ₂ emissions, (ii) urban, suburban, and road passenger transport devices that have zero direct CO ₂	✓

⁴⁴ BNPP stated that the Bank has a due diligence process to check compliance with the EU Taxonomy criteria through an internal process to decide whether projects align with the criteria. However, given the Bank’s global asset portfolio, and limited documentation of projects outside of the EU regarding EU Taxonomy requirements, the compliance is confirmed to be on a best-effort basis. BNPP will perform an external post-issuance asset verification process to report the compliance of its portfolio in the future.

⁴⁵ This column is based on input provided by the Issuer.

⁴⁶ For all the assets to be financed, BNPP uses an internal assessment process and requires project documentation from borrowers to decide whether the asset aligns with the EU Taxonomy criteria.

		emissions, (iii) water transport vessels that have zero direct CO ₂ emissions and (iv) personal mobility devices with a propulsion that comes from the physical activity of the user, from a zero-emissions motor.	
Renewable Energy	3.4 Manufacture of batteries	The Bank finances assets related to the manufacture of rechargeable batteries, battery packs, and accumulators for transport, stationary, and off-grid energy storage. The Issuer confirms that the activity includes the recycling of end-of-life batteries.	✓
Renewable Energy	3.5 Manufacture of energy efficiency equipment for buildings	The Bank finances assets related to the manufacture of household appliances, light sources, cooling, heating and ventilation systems, and lighting systems, as well as insulation, automation, and control systems for buildings that comply with minimum requirements set for individual components and systems in the national measures implementing the Energy Performance of Buildings Directive 2010/31/EU and, where applicable, equipment is rated in the highest two populated classes of energy efficiency in accordance with Regulation (EU) 2017/1369. BNPP also finances heat pumps where the refrigerant Global Warming Potential does not exceed 675 and meet the energy efficiency requirements of the Directive 2009/125/EC.	✓
Renewable Energy	4.1 Electricity Generation using solar photovoltaic (PV) technology	The activity generates electricity using solar PV technology.	✓
Renewable Energy	4.2 Electricity generation	The activity generates electricity using CSP technology.	✓

	using concentrated solar power (CSP) technology		
Renewable Energy	4.3 Electricity generation from wind power	The activity generates electricity from wind power.	✓
Renewable Energy	4.5 Electricity generation from hydropower	The Bank finances assets related to the electricity generation facility which is a run-of-river plant and does not have an artificial reservoir; the power density of the electricity generation is above 5W/m ² , and the life-cycle GHG emission from power generation is lower than 100gCO ₂ e/kWh.	✓
Renewable Energy	4.6 Electricity generation from geothermal energy	The Bank finances assets related to the electricity generation from geothermal energy, where the life-cycle GHG emission from power generation is lower than 100g CO ₂ e/kWh. Additionally, the Bank will ensure the related project documentation submitted by borrowers (i) calculates the life-cycle GHG emission by using Commission Recommendation 2013/179/EU or, alternatively, using ISO 14067:2018 or ISO 14064-1:2018, or (ii) get the calculation verified by an independent third party, as the EU Taxonomy criteria require.	✓
Energy Efficiency	4.9 Transmission and distribution of electricity	The financed economic activity refers to the transmission and distribution of electricity, where: <ul style="list-style-type: none"> ▪ more than 67% of newly enabled generation capacity in the system is below the generation threshold value of 100gCO₂e/kWh measured on a life cycle basis in accordance with electricity 	✓

		<p>generation criteria, over a rolling five-year period</p> <ul style="list-style-type: none"> the average system grid emissions factor, calculated as the total annual emissions from power generation connected to the system, divided by the total annual net electricity production in that system, is below the threshold value of 100gCO₂e/kWh measured on a life cycle basis in accordance with electricity generation criteria, over a rolling five-year period. 	
Energy Efficiency	4.10 Storage of electricity	The activity is the construction and operation of electricity storage including pumped hydropower storage. BNPP confirms that activities financed will not use hydrogen or chemical energy.	✓
Energy Efficiency	4.12 Storage of hydrogen	The Bank finances assets related to the construction and operation of hydrogen storage facilities. Operating hydrogen storage facilities are in compliance with activity 3.10. ⁴⁷	✓
Energy Efficiency	4.14 Transmission and distribution networks for renewable and low-carbon gases	The Bank finances assets related to the transmission and distribution of renewable and low-carbon gases, namely green hydrogen. Considering activity only includes green hydrogen, the process does not involve methane, hence, there is no risk of methane leakage	✓
Water Management and Water Treatment	5.1 Construction, extension, and operation of water collection, treatment	<p>The Bank finances assets related to water and wastewater treatment, collection and supply systems in line with EU Taxonomy thresholds. In that regard, BNPP finances projects where:</p> <ul style="list-style-type: none"> the net average energy consumption for abstraction and treatment equals to 	✓

⁴⁷ Please refer to the assessment for EU Taxonomy activity 3.10 assessment for further detail.

	and supply systems	<p>or is lower than 0.5 kWh per cubic meter produced water supply; or</p> <ul style="list-style-type: none"> the leakage level is either calculated using the Infrastructure Leakage Index (ILI) rating method and the threshold value equals to or is lower than 1.5, or is calculated using another appropriate method and the threshold value is established in accordance with Article 4 of Directive (EU) 2020/2184 of the European Parliament and of the Council.⁴⁸ 	
Water Management and Water Treatment	5.2 Renewal of water collection, treatment, and supply systems	<p>The Bank finances assets related to water and wastewater treatment, collection and supply systems in line with EU Taxonomy thresholds. In that regard, BNPP finances projects where the renewal of the water supply system leads to improved energy efficiency by:</p> <ul style="list-style-type: none"> decreasing the net average energy consumption of the system by at least 20% compared to own baseline performance averaged for three years, including abstraction and treatment, measured in kWh per cubic meter produced water supply; or closing the gap by at least 20% either between the current leakage level averaged over three years, calculated using ILI rating method and an ILI of 1.5, or between the current leakage level averaged over three years, calculated using another appropriate method, and the threshold value established in 	✓

⁴⁸ The current leakage level averaged over three years is calculated across the extent of water supply (distribution) network where the works are carried out, i.e., for the renewed water supply (distribution) network at district metered area(s) (DMAs) or pressure managed area(s) (PMAs).

		accordance with Article 4 of Directive 2020/2184. ⁴⁹	
Water Management and Water Treatment	5.3 Construction, extension, and operation of wastewater collection and treatment	<p>The Bank finances assets related to water and wastewater treatment, collection and supply systems in line with EU Taxonomy thresholds. In that regard, BNPP finances projects where:</p> <ul style="list-style-type: none"> ▪ The net energy consumption of the wastewater treatment plant equals to or is lower than (i) 35 kWh per population equivalent (p.e.) per annum for treatment plant capacity below 10000 p.e. (ii) 25 kWh per p.e. per annum for treatment plant capacity between 10000 and 100000 p.e., or (iii) 30 kWh per p.e. per annum for treatment plant capacity above 100000. The Bank requires that net energy consumption of the operation of plants take into account measures decreasing energy consumption relating to source control. ▪ For projects concerning the construction and extension of treatment plants or plants with a collection system, an assessment of the direct GHG emission is performed, and results are disclosed to investors and clients on demand. 	✓
Water Management and Water Treatment	5.4 Renewal of wastewater collection and treatment	<p>The Bank finances assets related to water and wastewater treatment, collection and supply systems in line with EU Taxonomy thresholds. In that regard, BNPP finances projects where:</p> <ul style="list-style-type: none"> ▪ the renewal of a collection system improves energy efficiency by 	✓

⁴⁹ Ibid.

		<p>decreasing the average energy consumption by 20% compared to own baseline performance averaged over three years, demonstrated on an annual basis, and can be accounted for at the level of the project.</p> <ul style="list-style-type: none"> ▪ The renewal of a waste water treatment plant improves energy efficiency by decreasing the average energy consumption of the system by at least 20% compared to own baseline performance averaged over three years, demonstrated on an annual basis. <p>The Bank requires that the net energy consumption of the system is calculated in kWh per p.e. per annum of the wastewater collected or effluent treated, taking into account measures decreasing energy consumption relating to source control, and a demonstration that there are no material changes relating to external conditions, including modifications to discharge authorisation(s) or changes in load to the agglomeration that would lead to a reduction of energy consumption, independent of efficiency measures taken.</p>	
Pollution Prevention and Control	5.5 Collection and transport of non-hazardous waste in source-segregated fractions	The Bank finances assets all separately collected and transported non-hazardous waste that is segregated at source and is intended for preparation for reuse or recycling operations.	✓
Pollution Prevention and Control	5.9 Material recovery from non-hazardous waste	The Bank finances assets related to processing separately collected non-hazardous waste into secondary raw materials. Furthermore, BNPP requires the activity financed to convert at least 50%, in terms of weight, of the processed separately collected non-hazardous waste	✓

		into secondary raw materials that are suitable for the substitution of virgin materials in production processes.	
Clean Transportation	6.1 Passenger interurban rail transport	BNPP finances train and passenger coaches that have zero direct (tailpipe) CO ₂ emissions.	✓
Clean Transportation	6.2 Freight rail transport	BNPP finances trains and wagons that have zero direct CO ₂ emissions. The Bank confirms that the trains and wagons are not dedicated to the transport of fossil fuels.	✓
Clean Transportation	6.3 Urban and suburban transport, road passenger transport	BNPP finances fully electric or hydrogen urban and suburban passenger transport vehicles that have zero direct CO ₂ emissions.	✓
Clean Transportation	6.4 Operation of personal mobility devices, cycle logistics	BNPP finances assets related to personal mobility devices, where the propulsion of personal mobility devices comes from the physical activity of the user, from a zero-emissions motor, or a mix of zero-emissions motor and physical activity. The personal mobility devices are allowed to be operated on the same public infrastructure as bikes or pedestrians.	✓
Clean Transportation	6.5 Transport by motorbikes, passenger cars, and light commercial vehicles	BNPP finances assets related to road transport vehicles that have zero direct CO ₂ emissions. "The Bank does not specify the vehicle category of potential assets. However, due to eligibility specified in the Framework being limited to assets with zero direct CO ₂ emissions, the threshold the Taxonomy specifies is met.	✓
Clean Transportation	6.6 Freight Transport services by road	BNPP finances assets related to road transport vehicles that have zero direct CO ₂ emissions. The Bank does not specify the category of the vehicles that will be financed. However, due to eligibility	✓


		specified in the Framework being limited to assets with zero direct CO ₂ emissions, the threshold the Taxonomy specifies is met. The Bank confirms that the vehicles are not dedicated to the transport of fossil fuels.	
Clean Transportation	6.7 Inland passenger water transport	BNPP finances passenger vessels that have zero direct CO ₂ emissions.	✓
Clean Transportation	6.8 Inland freight water transport	BNPP finances freight vessels that have zero direct CO ₂ emissions.	✓
Clean Transportation	6.10 Sea and coastal freight water transport, vessels for port operations and auxiliary activities	BNPP finances vessels that have zero direct CO ₂ emissions. The Bank confirms that the activities financed are not dedicated to the transport of fossil fuels.	✓
Clean Transportation	6.10 Sea and coastal passenger water transport	BNPP finances vessels that have zero direct CO ₂ emissions.	✓
Clean Transportation	6.13 Infrastructure for personal mobility, cycle logistics	BNPP finances assets related to the infrastructure that is constructed and operated and dedicated to personal mobility or cycle logistics such as pavements, bike lanes, and pedestrian zones, electrical charging installations for personal mobility.	✓
Clean Transportation	6.14 Infrastructure for rail transport	BNP finances assets related to infrastructure for rail transport concerning the expansion of rail transport networks. The infrastructure and installations are dedicated to the transfer of passengers from rail to rail or from other modes to rail.	✓

		The Bank confirms that the activities financed are not dedicated to the transport of fossil fuels.	
Green Buildings	7.1 Construction of new buildings	<p>BNP finances assets related to the construction of new buildings where:</p> <ul style="list-style-type: none"> The Primary Energy Demand (PED), defining the energy performance of the building resulting from the construction, is at least 10 % lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national measures implementing Directive 2010/31/EU of the European Parliament and the Council. The energy performance is certified using an as-built Energy Performance Certificate (EPC). <p>For buildings larger than 5000 m² the Bank requires those buildings to undergo testing for air-tightness and thermal integrity upon construction completion, or the life-cycle GWP has been calculated for each stage in the life-cycle and is disclosed to investors on demand.</p>	✓ ⁵⁰
Green Buildings	7.2 Renovation of existing buildings	<p>BNPP finances assets related to renovation of existing buildings where the building renovation complies with the applicable requirements for major renovations, or leads to a reduction of PED of at least 30%. Furthermore, the Issuer confirmed that a 30% improvement results from an actual reduction in PED and can be achieved through a succession of measures within a maximum of three years, depending on the tenor and structure of the facility.</p>	✓ ⁵¹

⁵⁰ This assessment does not include the Framework’s selection criteria for commercial buildings that have or intend to receive, at least one environmental certification with the minimum target label (i.e., LEED “Gold”, BREEAM “Excellent”, BEAM “Plus”, EDGE “Advanced”, BCA Green Mark “Gold”, DGNB “Gold”, BBCA “Performance” or other equivalent internationally recognized Green Building certifications. See Part II.B of this SPO for further details.

⁵¹ Ibid.

<p>Energy Efficiency</p>	<p>7.3 Installation, maintenance, and repair of energy efficiency equipment</p>	<p>BNPP finances the following individual measures:</p> <ul style="list-style-type: none"> ▪ Installation and replacement of energy-efficient light sources ▪ installation, replacement, maintenance, and repair of heating, ventilation, and air-conditioning (HVAC) and water heating systems, including equipment related to district heating services ▪ addition of insulation to existing envelope components. <p>The Bank confirms that the activities comply with minimum requirements set for individual components and systems in the applicable national measures implementing Directive 2010/31/EU and, where applicable, are rated in the highest two populated classes of energy efficiency in accordance with Regulation (EU) 2017/1369 and delegated acts adopted under that Regulation.</p>	<p style="text-align: center;">✓</p>
<p>Energy Efficiency</p>	<p>7.5 Installation, maintenance, and repair of instruments and devices for measuring, regulating and controlling energy performance of buildings</p>	<p>BNPP finances assets related to the installation, maintenance, and repair of building automation and control systems, building energy management systems (BEMS), lighting control systems, and energy management systems (EMS).</p>	<p style="text-align: center;">✓</p>
<p>Renewable Energy</p>	<p>7.6 Installation, maintenance, and repair of renewable</p>	<p>BNPP finances assets (installed on-site) related to the installation, maintenance, and repair of solar photovoltaic systems, wind turbines, high-efficiency micro-CHP,</p>	<p style="text-align: center;">✓</p>

	energy technologies	solar transpired collectors, and ancillary technical equipment.	
Green Buildings	7.7 Acquisition and ownership of buildings	<p>For buildings built before 31 December 2020, the buildings are required to have an EPC A label or are within the top 15% low carbon buildings in national building stock based on PED.⁵² The Bank requires its borrowers to demonstrate that the calculated amount of energy meets the energy demand associated with the typical uses of a building expressed by a numeric indicator of total primary energy use in kWh/m² per year and based on the relevant national calculation methodology and as displayed on the EPC.</p> <p>For buildings built after 31 December 2020, BNPP finances assets where the PED, is at least 10 % lower than the threshold set for the NZEB requirements in national measures implementing Directive 2010/31/EU of the European Parliament and the Council. The energy performance is certified using an as-built EPC.</p> <p>For buildings larger than 5000 m² the Bank requires those buildings to undergo testing for air-tightness and thermal integrity upon construction completion, or the life-cycle GWP has been calculated for each stage in the life-cycle and is disclosed to investors on demand. Where the building is a large non-residential building (with an effective rated output for heating systems, systems for combined space heating and ventilation, air-conditioning systems or systems for combined air-conditioning and ventilation of over 290 kW), BNPP requires</p>	 ⁵³

⁵² BNPP requires its borrowers to document the threshold and relies on internal expertise and/or third-party verification on checking if an asset is within the threshold.

⁵³ This assessment does not include the Framework’s selection criteria for commercial buildings that have or intend to receive, at least one environmental certification with the minimum target label (i.e., LEED “Gold”, BREEAM “Excellent”, BEAM “Plus”, EDGE “Advanced”, BCA Green Mark “Gold”, DGNB “Gold”, BBCA “Performance” or other equivalent internationally recognized Green Building certifications. See Part II.B of this SPO for further details.

		that it is efficiently operated through energy performance monitoring and assessment.	
Energy Efficiency	8.1 Data processing, hosting, and related activities	BNPP finances data centers complying with the most recent version of the European Code of Conduct on Data Centre Energy Efficiency, if applicable, or in CEN-CENELEC document CLC TR50600-99-1 "Data center facilities and infrastructures – Part 99-1: Recommended practices for energy management" or in equivalent source. The Bank requires compliance with those practices to be verified by independent third parties at least every three years. Furthermore, the global warming potential (GWP) of refrigerants used in the data center cooling system that is financed will not exceed 675.	✓

b) Do No Significant Harm Criteria and Minimum Safeguards

Regarding the policies and procedures to ensure that the project categories align with the relevant Do No Significant Harm Criteria and Minimum Safeguards requirements, BNPP will secure the relevant information on whether the assets align with the criteria, including using compliance with national legislation and regulations as indicators. BNPP further stated that the Bank has a due diligence process to check compliance with the EU Taxonomy criteria through an internal process to decide whether projects align with the Do No Significant Harm criteria and Minimum Safeguards requirements. However, considering the Issuer has a global portfolio that includes assets outside of the EU, and limited documentation of those projects regarding the EU Taxonomy requirements, the compliance is stated to stay on a best-effort basis. BNPP will perform an external post-issuance asset verification process to report the compliance of its portfolio with EU Taxonomy requirements, which will be audited by a third party. Considering the Issuer has a global portfolio that includes assets outside of the EU and limited documentation to show compliance there is no information as to whether the project categories fulfill the Do No Significant Harm Criteria of the EU Taxonomy.

BNPP will conduct this assessment before reporting on the alignment of its project categories in the allocation and impact reporting.

PART IV: CONSISTENCY OF GREEN BONDS WITH BNPP'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the Issuer

TOPIC	ISSUER APPROACH
<p>Strategic ESG topics</p>	<p>BNPP presented its 2022-2025 strategic plan in 2022 and aims at deploying sustainable finance to the whole company.⁵⁴ This plan accompanies clients in the use of banking and financial services, as well as directing investments towards green and social categories. It has been updated after the 2017- 2020 plan and it sets sustainability objectives and priority activities for the 2022-2025 period. In that regard, 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 2022,⁵⁵ 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 2021.⁵⁶ ▪ Engaging with customers in the transition to a more sustainable economy, especially through the Low-Carbon Transition Group made up of

⁵⁴ BNPP GTS 2025 Strategic Plan, 2022, Available at: <https://invest.bnpparibas/en/document/gts-2025-techno-and-esg-en>

⁵⁵ As of Q4 2023, the Oil and Gas exposure reduction targets by 2025 are achieved. Please see the results page 62 of the BNPP [Climate Report 2023](#)

⁵⁶ BNPP Climate Report 2023, Available at: https://cdn-group.bnpparibas.com/uploads/file/bnp_paribas_2023_climate_report.pdf

	<p>international professionals offering a range of strategies to direct financial flows toward projects and corporate clients that work for the transition to a low-carbon world. The Bank 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 2025.⁵⁷</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.⁵⁸ 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.⁵⁹</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>

⁵⁷ BNPP Climate Report, 2023, Available at: https://cdn-group.bnpparibas.com/uploads/file/bnp_paribas_2023_climate_report.pdf

⁵⁸ Financing and investment policies: <https://group.bnpparibas/en/our-commitments/transitions/financing-and-investment-policies>

⁵⁹ 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 industry⁶⁰	Financial market irregularities, failure to mitigate climate change impacts, and layoffs.
Breaches of international norms and ESG controversies by the Issuer	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 where 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 has joined 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-linked issuances or transactions	In line with its ESG commitments, BNP Paribas has placed USD 8.32 billion in Green Bonds as of the end of 2023 dedicated to, amongst other technologies,

⁶⁰ 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.

and publication of sustainable financing framework

renewable energies, energy efficiency, green buildings, transportation, water management and water treatment and pollution prevention and control, and EUR 50 million in social bonds in the same year dedicated specially 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. All of the project categories financed are in line with the sustainability objectives of the Issuer.*

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1. Validity of the Second Party Opinion ("SPO"): Valid as long as the cited Framework remains unchanged.
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ANNEX 1: METHODOLOGY

The ISS-Corporate SPO provides an assessment of labelled transactions against international standards using ISS-Corporate proprietary methodology. For more information, please visit: <https://www.iss-corporate.com/file/publications/methodology/iss-corporate-green-social-and-sustainability-bond-loan-spo-methodology-summary.pdf>

EU Taxonomy

The assessment evaluates whether the details of the nominated projects and assets or project selection eligibility criteria included in the Green Bond Framework meet the criteria listed in relevant Activities in the EU Taxonomy Climate Delegated Act and Environmental Delegated Act (June 2023).

The evaluation shows if BNPP's project categories are indicatively in line with the entirety (or some of) the requirements listed in the EU Taxonomy Technical Annex.

The evaluation was carried out using information and documents provided on a confidential basis by BNPP (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the project category location, were drawn on to complement the information provided by the Issuer.

ANNEX 2: QUALITY MANAGEMENT PROCESSES

SCOPE

BNPP commissioned ISS-Corporate to compile a Green Bonds SPO. The Second Party Opinion process includes verifying whether the Green Bond Framework aligns with the Green Bond Principles and to assess the sustainability credentials of its Green Bonds, as well as the Issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion:

- Green Bond Principles (GBP), as administered by the International Capital Market Association (ICMA) (as of June 2023 with June 2023 Appendix 1)
- EU Taxonomy Climate Delegated Act, Annex I and II (as of June 2023)
- EU Taxonomy Environmental Delegated Act, Annex I and II (as of June 2023)

ISSUER'S RESPONSIBILITY

BNPP's responsibility was to provide information and documentation on:

- Framework
- Selection criteria
- Documentation of ESG risks management at the Framework 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 to be issued by BNPP has been conducted based on a proprietary methodology and in line with the ICMA Green Bond Principles.

The engagement with BNPP took place from October 2023 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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