

Second-Party Opinion

BNP Paribas Social Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that BNP Paribas Social Bond Framework is credible and impactful and aligns with the four core components of the Social Bond Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Access to Employment, Socioeconomic Advancement and Empowerment (Equal Opportunities), Access to Affordable Housing, Access to Education, and Access to Human and Social Care – are aligned with those recognized by the Social Bond Principles. Sustainalytics considers that investments in the eligible categories are expected to lead to positive social impacts and advance the UN Sustainable Development Goals, specifically SDG 3, 4, 8, 10 and 11.



PROJECT EVALUATION / SELECTION BNP Paribas has established a Social Bond Committee which will oversee the process for evaluating and validating eligible assets. The Bank has processes in place to identify and mitigate common environmental and social risks associated with the eligible assets, which are applicable to all allocation decisions made under the Framework. Sustainalytics considers BNP Paribas' risk management system to be adequate and the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS BNP Paribas' Asset and Liability Management Treasury department will oversee the management of proceeds on a portfolio basis. The allocation process will be tracked using an internal information system. BNP Paribas intends to allocate the proceeds to eligible assets upon issuances. Unallocated proceeds will be held in cash or cash equivalents. This is in line with market practice.



REPORTING BNP Paribas intends to report on allocation of proceeds on its website on an annual basis. Allocation reporting will include the eligible social assets financed or refinanced by the net proceeds, the aggregate amount allocated to each eligible category, and the balance of unallocated proceeds. In addition, BNP Paribas is committed to reporting on relevant impact metrics. Sustainalytics views BNP Paribas' allocation and impact reporting as aligned with market practice.

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Issuer Location	Paris, France

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Introduction

BNP Paribas S.A. (“BNP Paribas”, or the “Bank”) is an international banking group headquartered in Paris, France. BNP Paribas has three major operating divisions which are: 1) the Commercial, Personal Banking and Services division including BNP Paribas’ retail banking networks and specialised businesses such as BNP Paribas Personal Finance and Arval, 2) the Investment and Protection Services division including savings, investment and protection solutions, and 3) the Corporate and Institutional Banking division which focuses on corporate and institutional clients. As of 2022, the Bank has approximately 190,000 employees and operates in 65 countries.

BNP Paribas has developed the BNP Paribas Social Bond Framework (the “Framework”) under which BNP Paribas or BNP Paribas Issuance B.V.¹ intends to issue unsecured debt securities such as bonds, certificates and notes, including private placements, and use the proceeds to finance or refinance, in whole or in part, existing or future assets and projects that deliver positive social impact in France. The Framework defines eligibility criteria in five areas:

1. Access to Employment
2. Socioeconomic Advancement and Empowerment (Equal Opportunities)
3. Access to Affordable Housing
4. Access to Education
5. Access to Human and Social Care

BNP Paribas engaged Sustainalytics to review the BNP Paribas Social Bond Framework, dated September 2022, and provide a Second-Party Opinion on the Framework’s social credentials and its alignment with the Social Bond Principles 2021 (SBP).² This Framework will be published in a separate document.³

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁴ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Social Bond Principles 2021, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.11, which is informed by market practice and Sustainalytics expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of BNP Paribas’ management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. BNP Paribas’ representatives have confirmed (1) they understand it is the sole responsibility of BNP Paribas to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

¹ BNP Paribas Issuance B.V. is 100% owned by BNP Paribas S.A. Securities issued by BNP Paribas Issuance B.V are guaranteed by BNP Paribas S.A..

² The Social Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/social-bond-principles-sbp/>

³ The Social Bond Framework is available on BNP Paribas’ website at:

<https://invest.bnpparibas/en/search/reports/documents/csr?s%5Bsubthemes%5D%5B%5D=42>

⁴ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and BNP Paribas.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. Upon twenty-four (24) months following the evaluation date set stated herein, BNP Paribas is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that BNP Paribas has made available to Sustainalytics for the purpose of this SPO.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the BNP Paribas Social Bond Framework

Sustainalytics is of the opinion that the BNP Paribas Social Bond Framework is credible and impactful, and aligns with the four core components of the SBP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The eligible categories – Access to Employment, Socioeconomic Advancement and Empowerment (Equal Opportunities), Access to Affordable Housing, Access to Education, and Access to Human and Social Care – are aligned with those recognized by the SBP. Sustainalytics believes that the projects and assets financed under the Framework will deliver a positive social impact in France (and other countries for MFIs).
 - Sustainalytics notes that while BNP Paribas has not defined a look-back period for its refinancing activities, Sustainalytics does not consider this to be a deviation from market practice, given that BNP Paribas follows a portfolio approach to manage the proceeds. Nevertheless, Sustainalytics encourages BNP Paribas, where feasible, to establish a look-back period for the refinancing of any operational expenditures related to the eligible social assets.
 - Within the Access to Employment category, BNP Paribas may finance or refinance loans provided to small and medium-sized enterprises (SMEs)⁵ located in socio-economically disadvantaged areas in France. BNP Paribas defines socio-economically disadvantaged areas as regions where unemployment rate or poverty rate fall under the worst 33.33% of all employment areas defined by the National Institute of Statistics and Economic Studies in France.⁶ Sustainalytics views the Bank's targeted approach as positive and considers that such an approach is expected to (i) improve financial access among SMEs facing the most barriers to such access and (ii) further support employment generation in France.
 - Under the Socioeconomic Advancement and Empowerment (Equal Opportunities) category, BNP Paribas may finance or refinance the following:

⁵ SMEs are as defined by the European Commission at: https://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en

⁶ The methodology to define unemployment and poverty rate are based on National Institute of Statistics and Economic Studies (INSEE) which publishes and updates such data on a regular basis. More details at: <https://www.insee.fr/fr/statistiques/5039881?sommaire=5040030>. The definition of the areas is further detailed in the BNP Paribas Social Bond Framework.

- Loans provided to ‘enterprises for impact’⁷ in France under the Bank’s Act for Impact program.⁸ BNP Paribas has confirmed that the purpose of the eligible enterprises for impact aligns with those that are defined by the French Law on the Social and Solidarity Economy and the European Commission.^{9,10} In addition, the Bank also limits eligible ‘enterprises for impact’ to those that are: (i) characterized by an explicit social mission that fulfills social or environmental needs by making goods, services or employment accessible to underprivileged or excluded populations, (ii) have a viable economic model and generate at least 30% of own and recurrent business income, and (iii) conduct a fair distribution of its profits by reinvesting at least 50% of the profits in the enterprise. Additionally, as per the Framework, such enterprises may include start-ups, non-profit organizations, foundations and philanthropic structures. Sustainalytics considers the expenditure to be impactful in delivering positive social benefits.
- The bank may also finance loans to microfinance institutions (MFIs) in France and other countries that provide financial services for people who lack access to mainstream sources of finance particularly those that are unemployed, beneficiaries of minimum public allowances or with incomes below the poverty line as per national definitions. In addition, BNP Paribas has confirmed that the eligible MFIs (i) will have loan portfolios with at least 90% or above directed towards any of the above-mentioned target population, (ii) will have responsible lending practices in place to prevent predatory lending and over-indebtedness and (iii) will target beneficiaries (as defined above) only in the countries where the MFIs are located. Further, the Bank has communicated to Sustainalytics, that it limits financing to eligible MFIs that present a credible social mission. In countries where there is a credible national definition of social enterprise such as in France,¹¹ eligible MFIs will be in alignment with such definitions. In countries where such definitions do not exist, Sustainalytics considers that BNP Paribas’ (i) due diligence including social performance assessment and monitoring measures related to microfinance institutions¹² and (ii) reliance on third-party social performance assessment tools such as SPI4 and Alinus¹³ or certification of compliance with European Code of Good Conduct for microcredit provision¹⁴ provide adequate assurance on the social objectives and impact of the eligible MFIs. Overall, Sustainalytics believes such expenditures to be impactful in improving the

⁷ In accordance with the French Law on the Social and Solidarity Economy and the European Commission’s definition, a social enterprise is defined as enterprises whose corporate purpose primarily satisfies at least one of the following 4 conditions: (i) They aim to provide, through their activity, support to people in a situation of fragility either because of their economic or social situation, or because of their personal situation and particularly their needs in terms of social, medico-social or health support, or to contribute to the fight against their exclusion. These persons may be employees, users, customers, members or beneficiaries of this company, (ii) They aim to contribute to the preservation and development of social ties or to the maintenance and strengthening of territorial cohesion, (iii) They aim to contribute to citizenship education, in particular through popular education and the implementation of modes of participation involving, in the territories concerned, the beneficiaries of these activities. They thus contribute to the reduction of social and cultural inequalities, particularly between women and men, (iv) Their objective is to contribute to sustainable development, energy transition, cultural promotion or international solidarity, as long as their activity also contributes to producing an impact either by supporting vulnerable groups, or by maintaining or recreating territorial solidarity, or by participating in citizenship education.

⁸ Act for Impact supports social entrepreneurs in seven impact areas which include access to employment, microfinance, housing, healthcare, education and equal opportunities, protection of the environment, and measures to combat precariousness. <https://group.bnpparibas/en/news/act-impact-bnp-paribas-brand-france-social-entrepreneurs>

⁹ République Française, “LAW No. 2014-856 of July 31, 2014, on the Social and Solidarity Economy (1)”, at: <https://www.legifrance.gouv.fr/loda/id/JORFTEXT000029313296/>

¹⁰ European Commission, “Social Enterprises”, at: https://ec.europa.eu/growth/sectors/proximity-and-social-economy/social-economy-eu/social-enterprises_en

¹¹ République Française, “LAW No. 2014-856 of July 31, 2014, on the Social and Solidarity Economy (1)”, at: <https://www.legifrance.gouv.fr/loda/id/JORFTEXT000029313296/>

¹² BNP Paribas’ due diligence measures ensures that the eligible MFIs (i) serve and target a majority of vulnerable, low and middle-income people, (ii) show an undeniable social commitment, with distribution methods, payment schedules, guarantee policies and over-indebtedness control mechanisms that are adapted to the reimbursement capacities of the borrowers and to their low level of financial education, (iii) serve clients in a responsible manner; preferably by applying the Client Protection Principles or similar guidelines where microfinance institutions are assessed based on the principles set to protect and serve responsibly low-income clients, (iv) and accept to provide relevant information on a timely basis.

¹³ CERISE, “SPI4 Benchmarks”, at: <https://cerise-spm.org/en/spi4/benchmarks-spi4/>

¹⁴ European Commission, “European Code of Good Conduct for Microcredit Provision”, at: <https://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=8312&furtherPubs=yes>

access to financial services for people facing socioeconomic barriers to mainstream credit facilities.

- Under the Access to Affordable Housing category, the Bank may finance or refinance mortgage loans provided through Prêt d'Accession Sociale (PAS) and Prêt à Taux Zero (PTZ) schemes. These loans are provided to a target population of low- and below-median-income individuals and households in France for the acquisition or construction of homes.¹⁵ Sustainalytics notes that the income threshold defined by PAS and PTZ for households in Zone A and A bis (Paris and its surrounding areas) which are considered as a cost-burdened market is below 120% of French median average income, and the income threshold for households outside of Zone A and A bis is below French median average income. Sustainalytics considers the expenditure to be impactful and can improve access to affordable home ownership for the targeted population.
- Under the Access to Education category, the Bank may finance or refinance student loans in France, provided for students in whose household revenues are below the household poverty threshold.¹⁶ BNP Paribas has confirmed that the current average interest rate of the student loans under the Framework is below the average rate of the "crédit de trésorerie" loans which covers different types of consumer loans including student loans.¹⁷ Additionally, the student loans offered under the Framework may also include zero interest rate loans (capped at EUR 1,000 loan amount) and unsecured loans (loans without guarantor). Sustainalytics notes that in France, there are general legal safeguards in place to protect borrowers from predatory lending practices.¹⁸ Sustainalytics believes that this expenditure can improve the access to education for students who may face financial difficulties in France.
- Under the Access to Human and Social Care category, BNP Paribas may finance or refinance the following:
 - Loans to SMEs in the healthcare sector that are involved exclusively in the following activities classified by NACE Code¹⁹: general medical practice activities, specialist medical practice activities and dental practice activities. Sustainalytics notes that in France doctors and dentists abide by the Ordre des Médecins²⁰ and Ordre des Chirurgiens-Dentistes²¹ which prevent them from practicing any activity other than the one approved by their respective order in the healthcare sector. In addition, all services offered by such SMEs will be available to all and schemes exist in France to ensure that healthcare is also accessible to the poorest. For the most disadvantaged and very low-income population, the services will be made available free of cost under the Complémentaire Santé Solidaire (ex-CMU-C) scheme.²²
 - Loans for the construction and acquisition of buildings, facilities and equipment related to public hospitals that are accessible to all regardless of ability to pay.
 - Sustainalytics considers these expenditures to be aligned with market practice, given the strong presence of a universal healthcare system for public healthcare facilities in France.

¹⁵ The Prêt d'Accession Sociale (PAS) and Prêt à Taux Zero (PTZ) are loan programmes created by the French government to facilitate access to mortgages for first-time homebuyers. Prêt d'accession sociale (PAS) is a mortgage loan for low-income households, such low-income threshold depends on the location of the dwelling and the number of its occupants. Its interest rates are capped. The PAS can fully finance an acquisition or a construction. More information available at: <https://www.service-public.fr/particuliers/vosdroits/F22158>

Prêt à Taux Zéro (PTZ) is an interest-free mortgage loan. It is granted only in addition to other loans for the acquisition or construction of a dwelling for low-income households. It is subject to low-income threshold which depends on the location and the number of occupants of the dwelling. More information available at: <https://www.service-public.fr/particuliers/vosdroits/F10871>

¹⁶ The student's household revenue is determined by BNP Paribas' systems and computed as the sum of monthly inflows of series of bank BNP Paribas accounts recognized as a household of the given student. The Household Poverty Threshold is based on the latest INSEE Monetary Poverty Threshold for a typical household of a couple with 2 children aged 14 years or over. This corresponds to the most common family composition as defined by INSEE at: <https://www.insee.fr/fr/statistiques/5422681>

¹⁷ The average rate of loans under crédit de trésorerie is published by the Bank of France at:

<https://www.banque-france.fr/statistiques/taux-et-cours/taux-dusure>

¹⁸ The interest rate is capped by the French legal "taux d'usure" which can be referenced at:

<https://www.banque-france.fr/statistiques/taux-et-cours/taux-dusure>

¹⁹ Eurostat European Commission, "NACE Rev. 2 Statistical classification of economic activities in the European Community", at:

<https://ec.europa.eu/eurostat/documents/3859598/5902521/KS-RA-07-015-EN.PDF>

²⁰ French Republic, "Public Health Code", at: <https://www.legifrance.gouv.fr/codes/id/LEGISCTA000006198766/>

²¹ Ibid.

²² Details of Complémentaire Santé Solidaire at: <https://www.complementaire-sante-solidaire.gouv.fr/>

- Sustainalytics notes that BNP Paribas will exclude the financing for the following sectors: defence and security, palm oil, wood pulp, nuclear power generation, coal-fired power generation, unconventional oil and gas, mining and tobacco. The Bank also provides a list of activities that will be excluded under the Framework.²³ Additionally, for the category Access to Employment, BNP Paribas will exclude the following financial sectors based on their NACE code when the corresponding SMEs have no or limited number of employees²⁴: holding; trusts, funds and similar financial entities; other financial service activities, except insurance and pension funding nowhere else classified; other activities auxiliary to financial services, except insurance and pension funding; fund management activities; buying and selling of own real estate; rental and operating of own or leased real estate; management of real estate on a fee or contract basis.
- Project Evaluation and Selection:
 - BNP Paribas has established a Social Bond Committee (the “Committee”) which will be responsible for reviewing and validating eligible assets in line with the Framework’s eligibility criteria. The Committee is chaired by the Bank’s Head of Corporate Social Responsibility and consists of members from the Bank’s relevant business lines, Sustainability Center – Corporate and Institutional Banking (CIB) Company Engagement, Asset and Liability Management Treasury, and Global Markets – Sustainable Capital Markets departments.
 - BNP Paribas has in place an internal screening process which ensures that the selected social assets comply with BNP Paribas’ CSR policies and regulatory environmental and social requirements. Sustainalytics considers this environmental and social risk management system to be adequate and aligned with market expectation. For additional details, see Section 2.
 - Based on the establishment of the Social Bond Committee and the presence of a risk management system, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - The Asset and Liability Management Treasury department will be in charge of the management of proceeds. The allocation of proceeds will be tracked through the Bank’s internal information system.
 - BNP Paribas intends to allocate the proceeds to eligible assets upon issuances. Pending allocation, unallocated proceeds will be invested in cash or cash equivalents.
 - Based on the existence of a tracking system and disclosure of temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - BNP Paribas intends to report on the allocation of proceeds and corresponding impact in its annual report which will be published on the Bank’s website on an annual basis.
 - Allocation reporting will include the eligible social assets financed or refinanced by the net proceeds, the aggregate amount allocated to each eligible category, and the balance of unallocated proceeds.
 - Where applicable, impact reporting may include key social indicators such as number of SMEs benefiting from the loans, number of loans granted to impact entrepreneurs, number of

²³ The Exclusion list includes: growing of tobacco, mining of hard coal, mining of lignite, extraction of crude petroleum, extraction of natural gas, mining of iron ores, mining of uranium and thorium ores, mining of other non-ferrous metal ores, quarrying of ornamental and building stone, limestone, gypsum, chalk and slate, operation of gravel and sand pits, mining of clays and kaolin, mining of chemical and fertiliser minerals, extraction of peat, extraction of salt, other mining and quarrying n.e.c., support activities for petroleum and natural gas extraction, support activities for other mining and quarrying, manufacture of oils and fats, manufacture of tobacco products, manufacture of articles of fur, manufacture of pulp, manufacture of coke oven products, manufacture of refined petroleum products, manufacture of industrial gases, manufacture of other inorganic basic chemicals, manufacture of other organic basic chemicals, manufacture of fertilisers and nitrogen compounds, manufacture of plastics in primary forms, manufacture of synthetic rubber in primary forms, manufacture of pesticides and other agrochemical products, manufacture of paints, varnishes and similar coatings, printing ink and mastics, manufacture of soap and detergents, cleaning and polishing preparations, manufacture of perfumes and toilet preparations, manufacture of explosives, manufacture of glues, manufacture of essential oils, manufacture of other chemical products n.e.c., manufacture of man-made fibres, processing of nuclear fuel, manufacture of weapons and ammunition, manufacture of military fighting vehicles, manufacture of gas, distribution of gaseous fuels through mains, trade of gas through mains, agents involved in the sale of fuels, ores, metals and industrial chemicals, agents involved in the sale of food, beverages and tobacco, wholesale of grain, unmanufactured tobacco, seeds and animal feeds, wholesale of dairy products, eggs and edible oils and fats, wholesale of tobacco products, non-specialised wholesale of food, beverages and tobacco, wholesale of solid, liquid and gaseous fuels and related products, wholesale of chemical products, retail sale of tobacco products in specialised stores, retail sale of automotive fuel in specialised stores, other retail sale of new goods in specialised stores, private security activities, security systems service activities, defence activities, public order and safety activities, and gambling and betting activities.

²⁴ BNP Paribas confirmed this is to avoid extending financing to shell companies.

- beneficiaries, or number of SMEs financed in the healthcare sector. A detailed list of impact metrics can be found in Appendix 1.
- Based on the commitment to both allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Social Bond Principles 2021

Sustainalytics has determined that the Social Bond Framework aligns to the four core components of the SBP. For detailed information please refer to Appendix 1: Social Bond/Social Bond Programme External Review Form.

Section 2: Sustainability Strategy of BNP Paribas

Contribution of the Framework to BNP Paribas's sustainability strategy

Sustainalytics is of the opinion that BNP Paribas demonstrates a commitment to sustainability by implementing sustainable finance and ESG objectives in its strategic plan, with a focus on five priority themes: (i) transition towards carbon neutrality, (ii) natural capital and biodiversity, (iii) sustainable savings, investments and financing, (iv) circular economy, and (v) combating financial exclusion.²⁵

BNP Paribas is committed to offering products and services that are widely accessible, combating social exclusion and supporting human rights.²⁶ Since 1990, the Bank has supported financial inclusion through: (i) direct financing of microfinance institutions (MFIs), (ii) investments in funds that focus on financial inclusion, (iii) creation and development of positive impact funds, (iv) distribution of savings products dedicated to microfinance, and (v) offer of a complete line of basic banking services (Compte-Nickel), available to all with no minimum income requirements, including people facing banking exclusion.^{27,28} As of 2021, the Bank has provided financial assistance to 84 MFIs in 33 countries, benefiting 2.4 million people, of which 83% were women. In addition, the Bank, through its subsidiaries, has introduced initiatives for clients with disabilities and financial difficulties, for example the Bank's partnership with Handi Auto which adapt vehicles for people with reduced mobility.²⁹ Regarding its sustainable finance objectives, BNP Paribas has committed that, by 2025, the Bank will: (i) reach 6 million beneficiaries through financial inclusion, (ii) allocate EUR 4 billion to finance companies that protect biodiversity, (iii) achieve over 90% of sustainable savings and investments of all assets under management, and (iv) provide EUR 150 billion in loans for environmental and social topics. The Bank also plans to support a total of EUR 200 billion sustainable bond issuances for its clients from 2022 to 2025.³⁰

BNP Paribas has set a CSR policy that includes commitments to the environment for its financing and investment activities. Through this policy, the Bank commits to, among others, increasing financing for renewable energy solutions, reducing exposure to thermal coal, oil and gas, and integrating carbon risk in its investment activities.³¹ In 2021, BNP Paribas joined the Net Zero Banking Alliance (NZBA) pledging to finance a carbon-neutral world by 2050.³² In line with its commitment to social entrepreneurship, since 2013 the Bank has developed facilities dedicated to support social entrepreneurs in France and Europe. Additionally in 2018, the Bank decided to further strengthen its support for social enterprises by creating the "Act for Impact" programme, which aggregated the BNP Paribas' existing social enterprises offerings under seven impact areas, namely access to employment, microfinance and support to entrepreneurship, access to housing, access to healthcare and autonomy, access to education and equal opportunities, protection of the environment, and measures to combat precariousness. The programme provides qualified social/impact entrepreneurs with access to tailored financial and non-financial products adapted to their needs, such as (i)

²⁵ BNP Paribas, "2025 Strategic Plan", (2022), at: https://cdn-group.bnpparibas.com/uploads/file/bnp_paribas_gts_2025_strategic_plan.pdf

²⁶ BNP Paribas, "Universal Registration Document and Annual Financial Report 2021", (2022), at: <https://invest.bnpparibas/en/document/universal-registration-document-and-annual-financial-report-2021>

²⁷ Ibid,

²⁸ BNP Paribas, "Compte-Nickel helps to expand banking inclusion", (2017), at: <https://group.bnpparibas/en/news/compte-nickel-helps-expand-banking-inclusion>

²⁹ BNP Paribas, "Universal Registration Document and Annual Financial Report 2021", (2022), at: <https://invest.bnpparibas/en/document/universal-registration-document-and-annual-financial-report-2021>

³⁰ BNP Paribas, "2025 Strategic Plan - Sustainability", (2022), at: https://cdn-group.bnpparibas.com/uploads/file/vdef_infog_gts_2025_sustainability_eng.pdf

³¹ BNP Paribas, "Corporate Social Responsibility – BNP Paribas Commitments to the Environment", (2017), at: https://cdn-group.bnpparibas.com/uploads/file/bnp_paribas_commitments_for_the_environment_eng.pdf

³² BNP Paribas, "Principles for Responsible Banking – BNP Paribas 2022 Reporting", (2022), at: https://cdn-group.bnpparibas.com/uploads/file/bnp_paribas_2022_prb_reporting.pdf

a dedicated complete banking facility, including banking counsellors trained in the specificities of impact business models and social entrepreneurs, (ii) access to impact networks and key partners of the impact ecosystem, (iii) a specific credit policy for customized financial analysis, (iv) an impact measurement methodology, (v) access to customized financing solutions across debt and equity investments (for example creation of proprietary impact envelope and impact bonds), (vi) access to Bank's expertise through pro-bono legal and consulting platform, and (vi) opportunities for visibility for example through competitions and events such as MaPubici, and Vivatech.³³ As of December 2021, BNP Paribas provided loans that amounted to EUR 1.8 billion to approximately 2,400 social enterprises in France.³⁴

Sustainalytics is of the opinion that BNP Paribas Social Bond Framework is aligned with the Bank's overall sustainability strategy and initiatives and will further the Bank's action on its key social priorities.

Approach to managing social and environmental risks associated with the projects

Sustainalytics recognizes that the net proceeds from the instruments issued under the Framework will be directed towards eligible assets that are expected to have positive social impact. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Sustainalytics acknowledges that BNP Paribas plays a limited role in the development of the projects it finances by offering lending and financial services, but notes that BNP Paribas is exposed to potential risks associated with the loans it may finance. Some key environmental and social risks associated with the eligible projects could include land use and biodiversity issues associated with construction, predatory lending and over-indebtedness for financially vulnerable individuals, community relations and stakeholder participation, and human rights.

Sustainalytics is of the opinion that BNP Paribas is able to manage or mitigate potential risks through implementation of the following:

- BNP Paribas has established an ESG risk management system which assesses the borrower's risks in relation to climate and biodiversity, health, safety, impact on communities and business ethics.³⁵ The system integrates ESG criteria in the Bank's operational process as well as in lending and rating policies.³⁶
- Regarding the risks related to predatory lending and over-indebtedness for vulnerable individuals, the Bank complies with French regulation on "taux de l'usure" which determines the maximum rate at which a loan can be granted.³⁷
- Regarding stakeholder participation, BNP Paribas conducts a materiality analysis periodically to identify and monitor its progress on topics that are most significant to employees and external stakeholders. The most recent materiality assessment was conducted in 2021.³⁸
- In addition to the above, BNP Paribas has implemented a code of conduct which forms the basis of the Bank's internal and external relations and provides guidance on the Bank's activities in relation to business ethics, regulatory compliance, social responsibility, human rights and protection of the environment.³⁹
- BNP Paribas is an Equator Principles Financial Institution since 2008 and reports on project finance transactions with potential environmental and social risks on an annual basis.⁴⁰ The Bank is also a signatory to the United Nations Global Compact since 2003 and conforms to its 10 principles including human rights, labour, environment and anti-corruption.⁴¹
- In 2019, BNP Paribas signed the Principles for Responsible Banking under the United Nations Environment Programme Finance Initiative. The Bank reports annually on the implementation of the

³³ BNP Paribas, "Act for Impact: the new BNP Paribas brand in France for social entrepreneurs", (2018), at: <https://group.bnpparibas/en/news/act-impact-bnp-paribas-brand-france-social-entrepreneurs>

³⁴ Provided by BNP Paribas to Sustainalytics.

³⁵ BNP Paribas, "Universal Registration Document and Annual Financial Report 2021", (2022), at: <https://invest.bnpparibas/en/document/universal-registration-document-and-annual-financial-report-2021>

³⁶ Ibid.

³⁷ Government of France, Ministry of the Economy, Finances and Industry, "Crédits: à quoi sert le taux de l'usure", (2022), at: <https://www.economie.gouv.fr/particuliers/taux-usure#>

³⁸ BNP Paribas, "Universal Registration Document and Annual Financial Report 2021", (2022), at: <https://invest.bnpparibas/en/document/universal-registration-document-and-annual-financial-report-2021>

³⁹ BNP Paribas, "The BNP Paribas Group Code of Conduct", (2022), at: https://cdn-group.bnpparibas.com/uploads/file/220204_bnpp_compliance_codeofconduct_2022_eng.pdf

⁴⁰ Equator Principles, "Members & Reporting – BNP Paribas", at: <https://equator-principles.com/report/bnp-paribas-2021/>

⁴¹ United Nations Global Compact, "BNP Paribas", at: <https://www.unglobalcompact.org/what-is-gc/participants/1375>

principles. This is reflective of the Bank's commitment to supporting projects that enable the transition to a low-carbon, climate-resilient economy required to limit global warming.⁴²

- Sustainalytics research has identified that BNP Paribas is exposed to controversies pertaining to: (i) business ethics, including anti-competitive practices, (ii) quality and safety of its financial products, such as overcharging and misinforming its customers, (iii) BNP Paribas' alleged financing of controversial businesses and projects with social and environmental risks, and (iv) human rights risks. Sustainalytics notes that BNP Paribas has created provisions and has adequate measures in place to address these risks. Sustainalytics also notes that risks related to human rights and negative social impacts of the Bank's products were identified in countries other than France which will not directly impact eligible assets eventually financed under the Framework.

Based on these policies, standards and assessments, Sustainalytics is of the opinion that BNP Paribas has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories. Sustainalytics further encourages the Bank to uphold its commitments towards just and fair business practices and to take effective and proactive steps to adequately integrate environmental and social consideration in its investment and lending processes.

Section 3: Impact of Use of Proceeds

All five use of proceeds categories are aligned with those recognized by the SBP. Sustainalytics has focused on two categories below where the impact is specifically relevant in the local context.

Importance of SME lending in France

France has approximately 4 million small and medium enterprises which account for 99.9% of all enterprises in the country as of 2022.⁴³ French SMEs employed 47.6% of the French workforce and accounted for 40.1% of value added in France in 2018.⁴⁴ Amid the financial crisis of 2008, the French government created a credit mediation service to reconcile SMEs with banks and credit insurers at both national and local level. This initiative has since served 55,000 enterprises and unblocked EUR 6.7 billion in credit, preserving 414,000 jobs.⁴⁵ In addition, public support to SMEs in France is mostly managed through Bpifrance, a public development bank. In 2018, Bpifrance's efforts helped provide French SMEs access to EUR 8.7 billion in guaranteed loans, EUR 7.5 billion of investment credits, EUR 10.3 million in short term credit and EUR 1.2 billion in support for innovation.⁴⁶ These measures have been further supported since the PACTE (Plan d'Action pour la Croissance et la Transformation des Entreprises) law of 2019, which aimed to enhance SME finance through a package of measures.⁴⁷

Microenterprises, known in France as very small enterprises, especially those in less developed and socio-economically disadvantaged regions of France, however, still encounter specific difficulties due to their size, their occasional lack of financial education and difficulty to find collateral. Since 2016 and expanded in 2018, Bpifrance offers online development loans from EUR 10,000 to EUR 50,000 for these microenterprises to fund global investment projects.⁴⁸

In the above context, Sustainalytics is of the opinion that BNP Paribas' financing for SMEs in socio-economically disadvantaged areas is expected to contribute to economic growth and to promote employment in France.

⁴² UNEP, "Signatories", at: <https://www.unepfi.org/banking/bankingprinciples/prbsignatories/>

⁴³ OECD, 'Financing SMEs and Entrepreneurs 2022: An OECD Scoreboard', at: <https://www.oecd-ilibrary.org/sites/332ae8cf-en/index.html?itemId=/content/component/332ae8cf-en#:~:text=France%20has%20approximately%203.9%20million,result%20of%20government%20support%20measures.>

⁴⁴ Ibid.

⁴⁵ OECD, "Key facts on SME financing", at: <https://www.oecd-ilibrary.org/sites/06c748ec-en/index.html?itemId=/content/component/06c748ec-en>

⁴⁶ Ibid.

⁴⁷ OECD, "Key facts on SME financing", at: <https://www.oecd-ilibrary.org/sites/06c748ec-en/index.html?itemId=/content/component/06c748ec-en>

⁴⁸ Ibid.

Importance of access to affordable housing financing for low- and moderate-income populations in France

In France, households spend on average 21% of their gross adjusted disposable income on housing, which is above the OECD average.⁴⁹ Additionally, French families devote a minimum of 40% of their budget towards housing.⁵⁰ The housing cost overburden rate in France is approximately 20%⁵¹ and the quarterly rent reference index in France reached almost 133% in 2021 compared to the baseline set in 1998, while rents have increased by 33% since then.⁵² Furthermore, housing has been in a state of crisis for the past two decades in France with over 4 million people being affected by poor housing, a number which has been exacerbated by the pandemic.⁵³ As of December 2021, France had 2 million pending requests for social housing.⁵⁴ In 2000, France passed the “Loi relative à la Solidarité et au renouvellement urbains” (SRU), which requires cities to dedicate 20% of their housing stock to affordable housing and imposes penalties for non-compliance.

In the above context, Sustainalytics considers that BNP Paribas’ financing of mortgage loan programmes targeting low- and below-median income households is expected to contribute to alleviate housing affordability issues in France and deliver positive social impact.

Alignment with/contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by the year 2030. The instruments issued under the BNP Paribas Social Bond Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Access to Employment	8. Decent Work and Economic Growth	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.
Socio-economic Advancement and Empowerment (Equal Opportunities)	8. Decent Work and Economic Growth 10. Reduced inequalities	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services. 8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all 10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

⁴⁹ OECD, ‘France’, at:

<https://www.oecdbetterlifeindex.org/countries/france/#:~:text=In%20France%2C%20households%20on%20average,the%20OECD%20average%20of%2020%25>.

⁵⁰ International Living, “Cost of Living in France 2022”, at: <https://internationalliving.com/countries/france/cost-of-living-in-france/>

⁵¹ OECD, ‘France - Housing cost overburden rate’, at: <https://tradingeconomics.com/france/housing-cost-overburden-rate-tenant-rent-at-market-price-eurostat-data.html>

⁵² Statista, ‘Quarterly rent reference price index (IRL) in France’, at: <https://www.statista.com/statistics/744373/quarterly-rent-reference-index-france/#:~:text=The%20quarterly%20rent%20reference%20index,by%2033%20percent%20since%20then>.

⁵³ Institut Montaigne, “Understanding French Housing Policy (and its Challenges)”, at: <https://www.institutmontaigne.org/en/blog/understanding-french-housing-policy-and-its-challenges#:~:text=And%20yet%2C%20housing%20has%20been,%2C%20particularly%20low%20wages%20earners>.

⁵⁴ Ibid.

Access to Affordable Housing	11. Sustainable cities and communities	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums
Access to Education	4. Quality Education	4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university
Access to Human and Social Care	3. Good Health and Wellbeing	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all

Conclusion

BNP Paribas has developed the BNP Paribas Social Bond Framework under which it intends to issue social unsecured debt securities such as bonds, certificates and notes, including private placement, and use the proceeds to finance or refinance assets that increase access to education, affordable housing, employment, healthcare services, as well as assets that contribute to socio-economic advancement and empowerment. Sustainalytics considers that the funding by the social securities proceeds is expected to provide positive social impact.

The BNP Paribas Social Bond Framework outlines a process for tracking, allocating and managing proceeds and makes commitments for the Bank to report on the allocation and impact of their use. Furthermore, Sustainalytics believes that the Framework is aligned with the overall sustainability strategy of the Bank and that the social use of proceeds categories are expected to contribute to the advancement of the UN Sustainable Development Goals 3, 4, 8, 10 and 11. Additionally, Sustainalytics is of the opinion that BNP Paribas has adequate measures to identify, manage and mitigate environmental and social risks associated with the eligible funding.

Based on the above, Sustainalytics is confident that BNP Paribas is well positioned to issue social unsecured debt securities, and that the BNP Paribas Social Bond Framework is robust, transparent and in alignment with the core components of the Social Bond Principles 2021.

Appendix

Appendix 1: Social Bond/ Social Bond Programme -External Review Form

Section 1. Basic Information

Issuer name:	BNP Paribas S.A.
Social Bond ISIN or Issuer Social Bond Framework Name, if applicable:	BNP Paribas Social Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	September 1, 2022
Publication date of review publication: Original publication date <i>[please fill this out for updates]:</i>	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the SBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (please specify): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (if applicable):

The eligible categories for the use of proceeds – Access to Employment, Socioeconomic Advancement and Empowerment (Equal Opportunities), Access to Affordable Housing, Access to Education, and Access to Human and Social Care – are aligned with those recognized by the Social Bond Principles. Sustainalytics considers that investments in the eligible categories are expected to lead to positive social impacts and advance the UN Sustainable Development Goals, specifically SDG 3, 4, 8, 10 and 11.

Use of proceeds categories as per SBP:

- | | |
|---|--|
| <input type="checkbox"/> Affordable basic infrastructure | <input checked="" type="checkbox"/> Access to essential services |
| <input checked="" type="checkbox"/> Affordable housing | <input checked="" type="checkbox"/> Employment generation (through SME financing and microfinance) |
| <input type="checkbox"/> Food security | <input checked="" type="checkbox"/> Socioeconomic advancement and empowerment |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP | <input type="checkbox"/> Other (please specify): |

If applicable please specify the social taxonomy, if other than SBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

BNP Paribas has established a Social Bond Committee which will oversee the process for evaluating and validating eligible assets. The Bank has processes in place to identify and mitigate common environmental and social risks associated with the eligible assets, which are applicable to all allocation decisions made under the Framework. Sustainalytics considers BNP Paribas' risk management system to be adequate and the project selection process in line with market practice.

Evaluation and selection

- | | |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's social objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Social Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (please specify): |

Information on Responsibilities and Accountability

- Evaluation / Selection criteria subject to external advice or verification
 In-house assessment
- Other (please specify):

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

BNP Paribas' Asset and Liability Management Treasury department will oversee the management of proceeds on a portfolio basis. The allocation process will be tracked using an internal information system. BNP Paribas intends to allocate the proceeds to eligible assets upon issuances. Unallocated proceeds will be held in cash or cash equivalents. This is in line with market practice.

Tracking of proceeds:

- Social Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (please specify):

Additional disclosure:

- Allocations to future investments only
 Allocations to both existing and future investments
- Allocation to individual disbursements
 Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds
 Other (please specify):

4. REPORTING

Overall comment on section (if applicable):

BNP Paribas intends to report on allocation of proceeds on its website on an annual basis. Allocation reporting will include the eligible social assets financed or refinanced by the net proceeds, the aggregate amount allocated to each eligible category, and the balance of unallocated proceeds. In addition, BNP Paribas is committed to reporting on relevant impact metrics. Sustainalytics views BNP Paribas' allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- Project-by-project
 On a project portfolio basis
- Linkage to individual bond(s)
 Other (please specify):

Information reported:

- Allocated amounts Social Bond financed share of total investment
- Other (please specify): social assets financed or refinanced by the net proceeds and the balance of unallocated proceeds

Frequency:

- Annual Semi-annual
- Other (please specify):

Impact reporting:

- Project-by-project On a project portfolio basis
- Linkage to individual bond(s) Other (please specify):

Information reported (expected or ex-post):

- Number of beneficiaries Target populations
- Other ESG indicators (*please specify*):

Number of SMEs benefiting from the loans, Estimated number of people employed by the financed SMEs, Number of loans granted to impact entrepreneurs, Estimated number of beneficiaries, broken down by type depending on the category (such as women, rural, disabled, unemployed), Number of dwellings financed, Estimated number of students benefiting from the student loans, Number of SMEs financed in the healthcare sector, Number of public hospitals financed, and Estimated number of beds.

Frequency:

- Annual Semi-annual
- Other (please specify):

Means of Disclosure

- Information published in financial report Information published in sustainability report

- Information published in ad hoc documents Other (please specify):
- Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): Allocation reporting and Impact reporting

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g., to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- Consultancy (incl. 2nd opinion) Certification
- Verification / Audit Rating
- Other (please specify):

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE SBP

- i. Second-Party Opinion: An institution with social expertise that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Social Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Social Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to social sustainability, and an evaluation of the social features of the type of projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or social criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Social Bond proceeds, statement of social impact or alignment of reporting with the SBP, may also be termed verification.
- iii. Certification: An issuer can have its Social Bond or associated Social Bond framework or Use of Proceeds certified against a recognised external social standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. Social Bond Scoring/Rating: An issuer can have its Social Bond, associated Social Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on social performance data, process relative to the SBP, or another benchmark. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material social risks.

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In case of discrepancies between the English language and translated versions, the English language version shall prevail.

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For more information, visit www.sustainalytics.com

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