



## SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and its Green Bonds Portfolio

BNP Paribas  
10 May 2023

### VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none"><li>Green Bonds</li></ul>
Relevant standards	<ul style="list-style-type: none"><li>Green Bond Principles (GBP) as administered by the International Capital Market Association (ICMA) (as of June 2021)</li></ul>
Scope of verification	<ul style="list-style-type: none"><li>BNP Paribas Green Bond Framework (as of October 2021)</li><li>BNP Paribas Green Bond Asset Portfolio (as of February 22, 2023)</li></ul>
Lifecycle	<ul style="list-style-type: none"><li>2<sup>nd</sup> Update of post-issuance SPO as of April 2021 (<a href="https://www.isscorporatesolutions.com/solutions/esg-solutions/second-party-opinion/">https://www.isscorporatesolutions.com/solutions/esg-solutions/second-party-opinion/</a>)</li></ul>
Validity	<ul style="list-style-type: none"><li>For the Green Bonds issued from April 11, 2022 before the SPO publication</li></ul>

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## SCOPE OF WORK

BNP Paribas (“the Issuer” or “BNP Paribas SA”) commissioned ISS Corporate Solutions (ICS) to assist with its Green Bonds post-issuance verification update<sup>1</sup> by assessing two core elements to determine the sustainability quality of the instruments:

1. BNP Paribas’ Green Bond Asset Portfolio – whether the project categories contribute positively to the United Nations Sustainable Development Goals (UN SDGs) and how they perform against proprietary issuance-specific key performance indicators (KPIs) (see Annex 2).
2. Linking the transaction(s) to BNP Paribas’ overall Environmental, Social, and Governance (ESG) profile – drawing on the issuance-specific Use of Proceeds (UoP) categories.

## BNP PARIBAS BUSINESS 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 business: Retail Banking and Services, and Corporate Institutional Banking. The Retail Banking and Services business includes the 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), 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.

<sup>1</sup> Please note that the scope of this post-issuance verification update is limited to (i) the assessment of BNP Paribas’ 2022 assets’ performance against the issuance-specific KPIs and (ii) BNP Paribas’ sustainability strategy. The update of the UN SDGs assessment of the project categories is out of scope. The UN SDGs assessment is displayed for information purpose and is based on [the pre-issuance verification assessment](#) completed in September 2020.

## ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION <sup>2</sup>
<p><b>Part 1:</b></p> <p><b>Sustainability quality of the Green Bonds asset portfolio</b></p>	<p>The Green Bonds are (re)financing eligible asset categories including Sustainable Water and Wastewater Management, Renewable Energy, Energy Efficiency, Pollution Prevention &amp; Control, Green Buildings, and Transportation.</p> <p>Those use of proceeds categories have a significant contribution to SDGs 6 “Clean water and sanitation”, 7 “Affordable and clean energy”, 11 “Sustainable cities and communities”, 12 “Responsible consumption and production” and 13 “Climate action”.</p> <p>The environmental and social risks associated with those use of proceeds categories have been well managed.</p>	<b>Positive</b>
<p><b>Part 2:</b></p> <p><b>Linking the transaction(s) to BNP Paribas’ ESG profile</b></p>	<p>The key sustainability objectives and the rationale for issuing Green Bonds are clearly described by the Issuer. The project categories financed are in line with the sustainability objectives of the Issuer.</p>	<b>Consistent with Issuer’s sustainability strategy</b>
<p><b>Annex 1:</b></p> <p><b>Alignment of the framework with the Green Bond Principles</b></p>	<p>The issuer has defined a formal concept for its Green Bond Framework regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the ICMA GBP. The full assessment can be found on <a href="#">ICS’ website</a> and <a href="#">BNP Paribas’ website</a>.</p>	<b>Aligned</b>

<sup>2</sup> The evaluation is based on the BNP Paribas’ Green Bond Framework (as of October 2021), on the analysed Green Asset Pool as received on February 22, 2023, and on the ISS ESG Corporate Rating updated on February 7, 2023 and applicable at the SPO delivery date.

## SPO ASSESSMENT

### PART I: SUSTAINABILITY QUALITY OF THE GREEN BONDS ASSET PORTFOLIO

#### A. CONTRIBUTION OF THE GREEN BONDS TO THE UN SDGs<sup>3</sup>





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

The assessment of UoP categories for (re)financing products and services is based on a variety of internal and external sources, such as the ISS ESG SDG Solutions Assessment (SDGA), a proprietary methodology designed to assess the impact of an Issuer's products or services on the 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 5-point scale (see Annex 2 for methodology):








<b>Significant Obstruction</b>	<b>Limited Obstruction</b>	<b>No Net Impact</b>	<b>Limited Contribution</b>	<b>Significant Contribution</b>
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Each of the Green Bonds Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION <sup>4</sup>	SUSTAINABLE DEVELOPMENT GOALS
<b>Green Buildings</b>	<b>Significant contribution</b>	
<b>Recycling</b>	<b>Significant Contribution</b>	
<b>Water Distribution</b>	<b>Significant Contribution</b>	
<b>Wastewater Treatment</b>	<b>Significant Contribution</b>	

<sup>3</sup> The impact of the UoP categories on UN Social Development Goals is assessed with proprietary methodology and may therefore differ from the Issuer's description in the framework.

<sup>4</sup> The UN SDGs assessment is displayed for information purpose and based on the pre-issuance verification assessment completed in September 2020. <https://www.isscorporatesolutions.com/file/documents/spo/spo-bnp-paribas-20200918.pdf>

<p><b>Wind Power</b> <b>Onshore &amp; Offshore</b> <b>(Renewable Energy)</b></p>	<p><b>Significant Contribution<sup>5</sup></b></p>	
<p><b>Concentrated Solar Power (CSP)</b> <b>(Renewable Energy)</b></p>	<p><b>Significant Contribution</b></p>	
<p><b>Solar PV</b></p>	<p><b>Significant Contribution</b></p>	
<p><b>Rooftop PV</b> <b>(Renewable Energy)</b></p>	<p><b>Significant Contribution</b></p>	
<p><b>Battery Energy Storage Systems (BESS)</b></p>	<p><b>Significant Contribution</b></p>	
<p><b>Energy Efficiency</b></p>	<p><b>Limited Contribution</b></p>	
<p><b>Railway and Metro (Transportation)</b></p>	<p><b>Limited Contribution</b></p>	

<sup>5</sup> For the projects to be financed under Use of Proceeds categories that are based on with the Technical Screening Criteria defined by the EU Taxonomy Technical Annex, a significant contribution to climate change mitigation is attested. Assets compliance with EU taxonomy is not evaluated under the SPO.

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

This section reviews a total volume of 1,436.24 million euros of new green assets added since April 11, 2022, complying with the use of proceeds categories listed in the issuer's Green Bond Framework: Wind Power (Onshore and Offshore), Concentrated Solar Power (CSP), Solar PV (Photovoltaics), Energy Efficiency, Smart Energy, Infrastructure (Transportation), Green Buildings, Battery Energy Storage Systems, and Transmission Lines. The management of the environmental and social risk is as follows:

### Wind Power (Onshore and Offshore)

The table below evaluates the Green Bond asset portfolio against issuance-specific KPIs. The assets are located in Argentina, Belgium, Chile, Italy, Peru, Poland, Spain, and the UK.

#### ASSESSMENT AGAINST KPIs

##### Site selection

- ✓ 100% of assets are not located in key biodiversity areas such as Ramsar sites, the International Union for Conservation of Nature (IUCN) protected areas I-IV, and the United Nations Educational, Scientific, and Cultural Organisation (UNESCO) Natural World Heritage.
- ✓ 100% of assets underwent an environmental impact assessment in the planning stage.

##### Community dialogue

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

##### Environmental aspects of construction and operation

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

##### Working conditions during construction and maintenance work

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

##### Controversy Assessment

100% of assets of the controversy assessment did not reveal controversial activities or practices that related to the social and environmental risks that could be attributed to the issuer.

## Concentrated Solar Power (CSP)

The table below evaluates the Green Bond asset portfolio against issuance-specific KPIs. The asset is located in Spain<sup>6</sup>.

### ASSESSMENT AGAINST KPIs

#### Site selection

- ✓ The asset is not located in key biodiversity areas (Ramsar sites, IUCN protected areas I-IV, UNESCO Natural World Heritage).
- ✓ The asset underwent an environmental impact assessment in the planning stage and is categorized as B under Equator Principles. This means that the project had few potential limited environmental and social risks, of which are reversible and readily addressed through mitigation measures.

#### Environmental aspects of construction and operation

- ✓ The asset underwent a water impact assessment at the planning stage and is categorized as B under Equator Principles.
- ✓ The asset generates at least 85% of electricity using solar energy.

#### Working conditions during construction and maintenance work

- ✓ The asset provides for high labor and health and safety standards for construction and maintenance work (e.g. ILO core conventions).

#### Controversy Assessment

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

<sup>6</sup> The asset has been operated for 10 years, therefore, the KPI for ensuring high environmental standards during the construction phase was not applicable, thus, excluded from the assessment.



## Solar PV (Photovoltaics)

The table below evaluates the Green Bond asset portfolio against issuance-specific KPIs. The assets are located in Brazil, Chile, Italy, Mexico, Poland, Uruguay, and the USA.

### ASSESSMENT AGAINST KPIs

#### Site selection

- ✓ 100% of assets are not located in key biodiversity areas (Ramsar sites, IUCN protected areas I-IV, UNESCO Natural World Heritage).

#### Supply chain standards

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

#### Environmental aspects of solar power plants

- ✓ 85.2% of assets provide for high environmental standards regarding take-back and recycling of solar modules at end-of-life- stage, such as the Waste Electrical and Electronic Equipment (WEEE) requirements).

#### Working conditions during construction and maintenance work

- ✓ 100% of assets provide for high labor and health and safety standards for construction and maintenance work (e.g. ILO core conventions, Equator Principles designation).

#### Controversy Assessment

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

## Energy Efficiency

The table below evaluates the Green Bond asset portfolio against issuance-specific KPIs. The assets covering BNP Paribas Personal Finance activities are located in France.

### ASSESSMENT AGAINST KPIs

#### Energy efficiency improvement

- ✓ 100% of assets provide a significant improvement of energy efficiency of residential buildings.

#### Responsible treatment of customers with debt repayment problems

- ✓ 100% of assets provide preventive measures and sustainable solutions for customers with debt repayment problems, such as applying conservative loan-to-value ratios, and restructuring the loan repayment schedule. BNP Paribas further carries out two regulatory mechanisms to provide support, namely the monthly ceiling on payment incidents and account operating irregularities that is applicable to all clients classified as financially vulnerable, and the account package that includes a special offer adapted to meet the needs of clients in financially fragile situations. Moreover, BNP Paribas has Protection of Interests of Clients Policy (PIC) in place to ensure the assets provide responsible treatment towards customers.

#### Working conditions during construction and operation

- ✓ 100% of assets provide high labor and health and safety standards for construction and maintenance work (e.g. ILO core conventions).

## Smart Energy

The table below evaluates the Green Bond asset portfolio against issuance-specific KPIs. The asset is located in Australia.

### ASSESSMENT AGAINST KPIs

#### Environmental aspects of construction and operation

- ✓ The asset features measures to assess and monitor the environmental emissions of GHG, water, waste, and resource consumption.
- ✓ The asset provides policies with environmental parameters regarding GHG emissions, waste and water reduction and management, and resource consumption.

#### Environmental aspects of smart meters

- ✓ The asset provides for high environmental standards regarding take-back and recycling of solar module at end-of-life stage (e.g. line with WEEE requirements).

#### Community dialogue

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

#### Working conditions during construction and maintenance work

- ✓ The asset provides high labor and health and safety standards for construction and maintenance work (e.g. ILO core conventions).

#### Data protection and information security

- ✓ The asset has a security firewall and data access protection provided by Landis+Gyr. The appliances are strategically placed and monitored to ensure data protection, backups and disaster recovery. Primary data is stored on RAID-protected disks and backups are managed via online and near-line solutions providing multiple points to restore the data.

## Infrastructure (Transportation)

The table below evaluates the Green Bond asset portfolio against issuance-specific KPIs. The asset is located in Australia.

### ASSESSMENT AGAINST KPIs

#### Site selection

- ✓ The asset is not located in a key biodiversity area (Ramsar sites, IUCN protected areas I-IV).
- ✓ The asset underwent environmental impact assessment at the planning stage, covering noise, vibration, energy consumption, air emissions, hazardous materials and substances, recycling and waste minimization, and storm water discharge.

#### Community dialogue

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

#### Environmental aspects of construction

- ✓ The asset meets high environmental standards during the construction phase as it has Environmental Management System ISO 14001 credited including the requirements to comply with the Protection of the Environmental Operations Act 1997, which includes checking noise and vibration energy consumption, air emissions, recycling, waste mitigation and storm water discharge.

#### Working conditions during construction and maintenance work

- ✓ The asset provides high labor and health and safety standards for construction and maintenance work. The project is located in a Designated Country under the Equator Principles III, complying with State and National laws.

#### Social aspects of public transport infrastructure

- ✓ The asset provides measures to reduce transport related noise emissions, maintaining an ISO credited Environmental Management System that covers noise and vibration.
- ✓ The asset has a transport safety management system in place, consisting of Contract Management system (CMS), Quality Management System (QMS), and Environmental Management System (EMS), which is ISO 14001 credited.

#### Controversy Assessment

The controversy assessment did not reveal any controversial activities or practices that could be attributed to the issuer.

## Green Buildings

The table below evaluates the Green Bond asset portfolio against issuance-specific KPIs. The assets are located in France and Italy.

### ASSESSMENT AGAINST KPIs

#### Site Selection

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

#### Construction Standards

- ✓ 79.2% of assets have a sustainable procurement process in place.
- ✓ 100% of assets operate within an environment with high labour and health and safety standards.

#### Water Use minimization in buildings

- ✓ 85.8% of assets have measures to reduce water consumption.

#### Safety of building users

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

#### Sustainability Labels/Certificates

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

#### Controversy Assessment

The controversy assessment did not reveal any controversial activities or practices that could be attributed to the issuer.

## Battery Energy Storage Systems

The table below evaluates the Green Bond asset portfolio against issuance-specific KPIs. The assets are located in Hungary, Ireland, the UK, and the USA.

### ASSESSMENT AGAINST KPIs

#### Site selection

- ✓ 100% of assets are not located in key biodiversity areas (e.g. Ramsar sites, IUCN protected areas I-IV).
- ✓ 100% of assets underwent an environmental impact assessment at the planning stage.

#### Environmental aspects of batteries

- ✓ 75% of assets meet environmental standards regarding take-back and recycling of electronic equipment at the end-of-life stage.
- ✓ 100% of assets provide a comprehensive Environmental Management System or have a code of conduct that requires suppliers to have environmental policy at the manufacturing sites.

#### Working conditions

- ✓ 100% of assets provide high labor and health and safety standards for construction and maintenance work.

#### Safety aspects

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

#### Community dialogue

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

#### Controversy Assessment

The controversy assessment did not reveal any controversial activities or practices that could be attributed to the issuer.

## Transmission Lines

The table below evaluates the Green Bond asset portfolio against issuance-specific KPIs. The asset is located in the UK.

### ASSESSMENT AGAINST KPIs

#### Site selection

- ✓ The asset is not located in key biodiversity areas (Ramsar sites, IUCN protected areas I-IV, UNESCO Natural World Heritage).

#### Environmental aspects of construction

- ✓ The transmission asset fulfils high environmental standards at construction phase as it complies with local regulations and implements measures to limit, mitigate or compensate negative impacts covering at project lifecycle.
- ✓ The asset complies with approved biodiversity politics and a biodiversity specific plan during cable laying. Moreover, the asset is subject to a policy that ensures that low-impact methods, mitigation or corrective actions are implemented in case of biodiversity accident. For example, the project owner/developer conducts studies before starting construction regularly to map the habitat of special species such as squirrels, and ensures that the transport line routes, and cable laying is redesigned to avoid any potential negative impact on species. Additionally, a Wildlife Mitigation and Monitoring Plan was adopted to monitor and evaluate the impacts of constructions on local animals, and a biodiversity corridor to connect the forested areas and permanent conservation areas around the plant with the protected areas is created.

#### Standards for decommissioning and recycling

- ✓ The asset's end-of-life environmental impacts will be minimised by recycling and reuse of parts. That asset has a process in place regarding life-cycle approach in optimising resources and maximisation of waste reutilisation, as well as life-cycle analyses conducted for the use of materials from decommissioning. Moreover, the project owner/developer has recently established a Circular Economy Plan in 2022 focusing on redesigning, energy consumption reduction, reusing and recycling.

#### Safety of transmission networks and equipment

- ✓ The asset ensures operational safety by complying with an environmental management system with targets, guidelines and monitoring to report (i.e. ISO 14001, OHSAS 18001 or ISO 45001 certified).

#### Energy Efficiency

- ✓ The asset has high energy efficiency transmission standards with the purpose of connecting renewable sources, improving efficiency, enabling demand side response, decreasing losses and extending access to electricity.

### **Working conditions during construction and operation**

- ✓ The asset provides high labor and health and safety standards for construction and operation work by implementing appropriate measures for employees and contractors, and by carrying out safety risk assessments. Moreover, the asset complies with Health and Safety monitoring indicators (i.e. frequency index, incidence index, severity index).

### **Community dialogue**

- ✓ The asset carries out dialogue with local stakeholders during construction and operational phases via monitoring and analysis of fines, penalties, procedures, arbitrations, complaints, etc. Moreover, the asset promotes local employment.

### **Controversy assessment**

The controversy assessment did not reveal any controversial activities or practices that could be attributed to the issuer.



## PART II: LINKING THE TRANSACTIONS TO BNP PARIBAS' ESG PROFILE

### A. CONSISTENCY OF GREEN BONDS WITH BNP PARIBAS' SUSTAINABILITY STRATEGY

#### *Key sustainability objectives and priorities defined by the Issuer*

BNP Paribas presented its 2022-2025 strategic plan in 2022 and aims at deploying sustainable finance to the whole company. 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:

1. BNP Paribas' ESG strategy focuses on three pillars: growth, technology, and sustainability. The strategy is the result of brainstorming sessions and workshops with different teams. The sustainability strategy, which aims at including in all decision-making processes both environmental and social criteria, is developing around three priorities:
  - a. Aligning BNP Paribas' portfolios with their commitment to carbon neutrality by 2050. The issuer has set three decarbonization targets for 2025: a 30% reduction of power generation emission intensity from 2020, a 10% reduction of oil and gas emission intensity from 2020, and a 25% reduction in emission intensity from the automotive sector from 2020;
  - b. Engaging with customers in the transition to a more sustainable economy, especially through the Low-Carbon Transition Group (that is composed by international professionals and offers a range of strategies to direct financial flows toward projects and corporate clients that work for the transition to a low-carbon world) and the Network of Experts in Sustainable Transitions (group of in-house experts);
  - c. Strengthening management tools, processes, and governance.

This strategy is organized around the spread of sustainable finance and the increase of CSR objectives, in fact BNP Paribas aims at supporting their customers' transition towards green and social categories while aligning its own portfolios with its commitment to carbon neutrality regarding the sectors with the highest levels of emissions. Sustainable finance in the BNP Paribas universe revolves around five priorities:

- a. Sustainable savings, investments, and financing;
- b. Transition to carbon neutrality;
- c. Circular economy;
- d. Natural capital and biodiversity;
- e. Fight against exclusion.

All these objectives and their progress will be publicly disclosed in several reports in Q2 2023, 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 acting on four major threats identified by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) and 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).

2. The achievement of the 2022-2025 targets is supported by the Low-Carbon Transition Group, that brings together the expertise of 250 international professionals, and by the Sustainable Business Competence Centre, that supports corporate clients in their sustainable transition. The Network of Experts in Sustainable Transitions also supports these objectives. The company committed €450m in own-account investments in favor of the ecological transition, biodiversity, local development, and positive social impact. Moreover, it will issue €350 billion by 2025 through social and green loans and bonds.
3. To deal with sustainability related topics, BNP Paribas has a Sustainable Finance Strategic Committee, sponsored by the CEO; a Sustainable Finance Infrastructure Committee, chaired by the COO; and an ESG Regulatory Committee.
4. 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.
5. In line with its ESG commitments, BNP Paribas has placed 19.5 billion US dollars in Green Bonds as of the end of 2022 dedicated to, amongst other technologies, renewable energies, energy efficiency, green buildings, transportation, water management and water treatment and pollution prevention and control, and 50 million euros 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. Moreover, it supported as a Joint Structuring Agent and Joint Bookrunner Chile's Sovereign Sustainability-Linked bond with a value of 2 billion dollars in March 2022.

### *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 on BNP Paribas' sustainability strategy in line with its commitments.

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

## B. BNP PARIBAS' BUSINESS EXPOSURE TO ESG RISKS

This section aims to provide an overall level of information on the ESG risks to which the Issuer is exposed through its business activities, providing additional context to the issuance assessed in the present report.

### *ESG risks associated with the Issuer's industry*

The Issuer is classified in the Commercial Banks & Capital Markets, as per ISS ESG's sector classification. Key challenges faced by companies in terms of sustainability management in this industry are displayed in the table below. Please note, that this is not a company specific assessment but areas that are of particular relevance for companies within that industry.

ESG KEY ISSUES IN THE INDUSTRY
Business ethics
Labor standards and working conditions
Sustainable investment criteria
Customer and product responsibility
Sustainability impacts of lending and other financial services/ products

### *ESG performance of the Issuer*

Leveraging ISS ESG's Corporate Rating research, further information about the Issuer's ESG performance can be found on ISS ESG Gateway at: <https://www.issgovernance.com/esg/iss-esg-gateway/>

Please note that the consistency between the issuance subject to this report and the Issuer's sustainability strategy is further detailed in Part III.B of the report.

### *Sustainability impact of products and services portfolio*

Leveraging ISS ESG's Sustainability Solutions Assessment methodology, the contribution of the Issuer's current products and services portfolio to the Sustainable Development Goals defined by the United Nations (UN SDGs) has been assessed as per the table below. This analysis is limited to the evaluation of final product characteristics and does not include practices along the Issuer's production process.

With that lens, the following activity was assessed as having a positive impact on outlined SDGs: Financing of renewable energy<sup>7</sup> towards SDG 7 'Affordable and Clean Energy' and SDG 13 'Climate Action'.

<sup>7</sup> The associated percentage of revenue is estimated to be 2%.

### *Breaches of international norms and ESG controversies*

#### At Issuer level

At the date of publication and leveraging ISS ESG Research, no controversy in which the Issuer would be involved has been identified.

#### At industry level

Based on a review of controversies over a 2-year period, the top three issues that have been reported against companies within the Commercial Banks & Capital Markets industry are as follows: failure to mitigate climate change impacts, failure to prevent money laundering, anti-competitive behavior and failure to pay fair share of taxes.

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

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## ANNEX 1: Alignment of the framework with the Green Bond Principles

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

## ANNEX 2: Methodology

### Green KPIs

The Green Bond KPIs serve as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of the use of proceeds of BNP Paribas' Green Bonds.

It comprises firstly the definition of the use of proceeds category offering added social and/or environmental value, and secondly the specific sustainability criteria by means of which this added value and therefore the sustainability performance of the assets can be clearly identified and described.

The sustainability criteria are complemented by specific indicators, which enable quantitative measurement of the sustainability performance of the assets and which can also be used for reporting. If a majority of assets fulfill the requirement of an indicator, this indicator is then assessed positively. Those indicators may be tailor-made to capture the context-specific environmental and social risks.

### Environmental and social risks assessment methodology

The Environmental and social risks assessment evaluates whether the assets included in the asset pool match the eligible project category and criteria listed in the Green Bond KPIs.

All percentages refer to the amount of assets within one category (e.g. wind power). Additionally, the assessment "no or limited information is available" either indicates that no information was made available or that the information provided did not fulfil the requirements of the Green Bond KPIs.

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

### Assessment of the contribution and association to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method, the extent to which BNP Paribas' green bonds contribute to related SDGs has been identified.

## ANNEX 3: Quality management processes

### SCOPE

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

### CRITERIA

Relevant Standards for this Second Party Opinion

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

### ISSUER'S RESPONSIBILITY

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

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

### ISS ESG'S VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

This independent Second Party Opinion of the Green Bonds portfolio of BNP Paribas has been conducted based on a proprietary methodology and in line with the ICMA Green Bond Principles (as of June 2021 with June 2022 Appendix 1).

The engagement with BNP Paribas took place from January to May 2023.

### ISS ESG'S BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS 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

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

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.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

For more information on SPO services, please contact: [SPOsales@isscorporatesolutions.com](mailto:SPOsales@isscorporatesolutions.com)

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