



**Second Party Opinion**  
**on BNP Paribas Green Bond Framework alignment**  
**with the ICMA Green Bond Principles**

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BNP Paribas  
18 September 2020

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## Overall Evaluation of the Green Bond Framework

BNP Paribas commissioned ISS ESG to assess the alignment of its Green Bond Framework with the International Capital Market Association’s (ICMA) Green Bond Principles (GBPs) and to assess the issuer sustainability performance, based on the ISS ESG Corporate Rating.

SCOPE	SUMMARY	EVALUATION <sup>1</sup>
<b>Part 1:</b>  <b>Performance against GBPs<sup>2</sup></b>	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 GBPs.	<b>Positive</b>
<b>Part2:</b>  <b>Issuer sustainability performance</b>	The issuer shows a good sustainability performance and has been given a rating of C+, which classifies it as ‘Prime’ by the methodology of the ISS ESG Corporate Rating.  It is rated 1 <sup>st</sup> out of 284 companies within the Financials/Commercial Banks & Capital Markets sector as of 18 September 2020. This equates to a high relative performance, with a Decile Rank <sup>3</sup> of 1.	<b>Status: Prime</b>  <b>Rating: C+</b>  <b>Decile Rank: 1</b>

<sup>1</sup> ISS ESG’s evaluation will remain valid until any modification of BNP Green Bond Framework and any material change of the ISS ESG Corporate Rating.

<sup>2</sup> The portfolio will be reviewed on an annual basis by ISS ESG.

<sup>3</sup> Rank relative to industry group. 1 indicates a high relative ESG performance, while 10 indicates a low relative ESG performance.

## ISS ESG SPO ASSESSMENT

### PART I: GREEN BOND PRINCIPLES

BNP Paribas has a long-standing commitment to sustainability, and has integrated Environmental, Social and Governance (“ESG”) factors into their risk framework for all their financing and investments across the Group, since 2010 BNP Paribas has specific Corporate Social Responsibility (“CSR”) policies for eight sensitive sectors applying to all products and services and have integrated ESG assessment into their risk policies and monitoring tools for large corporate clients.

BNP Paribas Group is committed to advising and financing corporations in building resilient and sustainable business models and in particular through the Bank’s financing of assets and projects with a positive and measurable impact on the environment. BNP Paribas aims at mobilizing debt capital markets for climate change and energy transition solutions in line with the Green Bond Principles. In addition, BNP Paribas is committed to meet the requirements of institutional investors for green debt securities which demonstrate a positive impact on the environment

It is under this context that BNP Paribas has established its Green Bond Framework as a structure for verifying the sustainability quality of the projects financed through the issuance of Green Bonds.

The ICMA Green Bond Principles (GBPs) represent a set of voluntary guidelines that promote transparency, disclosure and integrity in the development of the Green bond market by clarifying the approach for issuing a Green Bond.

#### 1. Use of Proceeds

BNP Paribas has identified sectors with a positive impact on the environment for its Green Bond Framework and in accordance with BNP Paribas Group’s policy contributing to energy transition solutions.

Within the Eligible Categories, BNP Paribas has identified Eligible Green Assets based on its comprehensive Environmental, Social and Governance risk management framework<sup>4</sup> which provides rigorous and appropriate filters<sup>5</sup>.

The Eligible Categories include economic activities which contribute to one or more of the six EU environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a Circular economy, waste prevention and recycling
5. Pollution prevention and control
6. Protection of healthy ecosystem

These Eligible Categories are as follows:

<sup>4</sup> Please see “Commitment 3: Systematic integration and management of environmental, social and governance risks” in Chapter 7 of the Registration document: [https://invest.bnpparibas.com/sites/default/files/documents/bnp\\_paribas\\_2019\\_urd\\_fr\\_0.pdf](https://invest.bnpparibas.com/sites/default/files/documents/bnp_paribas_2019_urd_fr_0.pdf)

<sup>5</sup> Please see ‘Selection of Assets’ section and Appendix in the framework for further details

## SECOND PARTY OPINION

Alignment of BNP Paribas Green Bond Framework with the Green Bond Principles and market best practices

ELIGIBLE CATEGORIES <sup>6</sup>	DESCRIPTION	ENVIRONMENTAL OBJECTIVE
<b>Renewable Energy</b>	<p><i>The Paris Agreement on Climate Change aims to limit any rise in global temperature this century to below 2°C. This will require a progressive phase out of fossil fuels, and in this context, Renewable Energies will play an instrumental role in the transition to a low-carbon economy.</i></p> <p>Assets related to the acquisition, development, manufacturing, construction and operation of renewable energies such as:</p> <ul style="list-style-type: none"> <li>• Offshore and Onshore Wind;</li> <li>• Concentrated Solar Power (“CSP”);</li> <li>• Solar Photovoltaic (“Solar PV”);</li> <li>• Hydropower projects upon condition (limited to small run of river plants or in connection with the upgrade of existing assets in temperate zones and subject to a careful review by and the scrutiny of BNP Paribas CSR teams);</li> <li>• Bioenergy and geothermal projects;</li> <li>• Transmission assets dedicated to connecting renewable energy production assets to the grid, and</li> <li>• Equipment manufacturer for Renewable Energies.</li> </ul>	<b>Climate change mitigation</b>
<b>Energy Efficiency</b>	<p><i>Energy efficiency has a vital role in steadying and reducing greenhouse gas emissions. According to the International Energy Agency, the main factor behind Greenhouse Gas (“GHG”) emissions reduction is the energy intensity decrease, driven largely by energy efficiency improvements. BNP Paribas has undertaken to significantly increase its action in this sector, by following the “Financial Institutions’ Declaration of Intent on Energy Efficiency” (developed by the European Bank for Reconstruction and Development (EBRD) and United Nations Environment Programme Finance Initiative (UNEP-FI)) signed in 2015.</i></p> <p>The Eligible Green Assets may include assets related to energy efficiency such as:</p> <ul style="list-style-type: none"> <li>• Improved infrastructure (e.g. LED street lighting); and</li> <li>• Smart grid investments for more efficient transmission and distribution of energy;</li> <li>• Manufacturing facilities for Energy Storage System (ESS)</li> </ul>	<b>Climate change mitigation and adaptation</b>
<b>Green Buildings</b>	<p><i>Real estate class is complex per se, with many direct and indirect impacts across a wide range of environmental issue. One can define green building assets as a building that, in its design, construction or operation, reduces or eliminates negative impacts, and ideally generates positive impacts on climate and environment. Green buildings not only play a key role in preserving natural resources but on improving quality of life.</i></p> <p>The Eligible Green Assets may include assets related to Green Buildings such as:</p>	<b>Climate change mitigation</b>

<sup>6</sup> Please see ‘Green, Social & Sustainability Bonds: A high-level mapping to the sustainable development goals’ <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2019/Mapping-SDGs-to-Green-Social-and-Sustainability-Bonds06-2019-100619.pdf>

## SECOND PARTY OPINION

Alignment of BNP Paribas Green Bond Framework with the Green Bond Principles and market best practices

	<ul style="list-style-type: none"> <li>• Green buildings with environmental certification such as LEED (Leadership in Energy and Environmental Design) with a Minimum of “Gold”, BREEAM (Building Research Establishment Environmental Assessment Method) with a Minimum of “very good” and in compliance with appropriate regulations;</li> <li>• Retrofit commercial and public buildings (e.g. insulation of walls and roofs, LED lighting, replacement of boilers, implement energy management systems, refurbishment of heating, ventilation and air conditioning systems);</li> </ul>	
<b>Transportation</b>	<p><i>Transport accounts for about 60% of global oil consumption and 23% of world CO2 emissions. At the same time the transport sector is essential both from a social and economic standpoint. Lowering the carbon footprint whilst developing a more efficient transport system is therefore crucial.</i></p> <p>The Eligible Green Assets may include assets related to:</p> <ul style="list-style-type: none"> <li>• Energy efficient public transport (e.g. Convert public bus fleets to alternative fuels: electric, biofuel, hybrid; subways and electric bus fleets);</li> <li>• Development, operation and upgrade of rail transport for both passengers and goods;</li> <li>• Transportation infrastructure (expansion of train/metro networks, projects in relation to capacity improvement, station upgrade);</li> <li>• Non-diesel rolling stock (replacement of rolling stock);</li> <li>• Electric cars; and</li> <li>• Green shipping (e.g. Liquidified Natural Gas (LNG-) fuelled ships. Scrubbers are explicitly excluded as well as ships transporting fossil fuels).</li> </ul> <p>For clarification purposes aviation is not part of the scope of Eligible Green Assets.</p>	<b>Climate change mitigation and adaptation</b>
<b>Water Management and Water Treatment</b>	<p><i>A 40%<sup>7</sup> global water shortfall is predicted by 2030, and water demand is expected to more than double in the next fifteen years. According to the United Nations<sup>8</sup>, water scarcity is among the main problems of the 21st century.</i></p> <p>The Eligible Green Assets may include assets related to water management and water treatment such as:</p> <ul style="list-style-type: none"> <li>• Development, operation, distribution and upgrade of water treatment plant (e.g. digital water metering, smart control center);</li> <li>• Water use minimization;</li> <li>• Leakage prevention; and</li> </ul> <p>Other water related projects including irrigation and wastewater.</p>	<b>Climate change mitigation and adaptation</b>
<b>Pollution prevention and control</b>	<p><i>With population and urbanisation growing rapidly, so is the volume of solid urban waste. Today, the OECD countries produce almost half of the world’s urban waste, but levels will further increase with rapid</i></p>	<b>Transition to Circular Economy</b>

<sup>7</sup> World Bank 2016 report *High and Dry, Climate Change, Water and the Economy*

<sup>8</sup> <http://www.un.org/waterforlifedecade/scarcity.shtml>

	<p><i>urbanisation in Africa and Asia. Waste management and recycling in particular will therefore become critical.</i></p> <p>The Eligible Green Assets may include assets related to:</p> <ul style="list-style-type: none"> <li>• The development, operation and upgrade of recycling and waste-to-energy power plants;</li> <li>• Recycling activities for instance for metals, plastic and paper.</li> </ul>	
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**High sensitivity sectors excluded**

For clarification purposes, the following sectors<sup>9</sup> are excluded from the Green Bond Framework: defence and security, palm oil, wood pulp, nuclear power generation, coal-fired power generation, unconventional oil & gas, mining and tobacco.

**Opinion:** ISS ESG considers the Use of Proceeds description provided by BNP Paribas’s Green Bond Framework aligned with the Green Bond Principles (GBPs). BNP Paribas has established the list of eligible use of proceeds categories which align with the examples of Green Projects categories stated by the GBPs and that will be assessed against ISS ESG KPI’s (see Annex 2<sup>10</sup>) in the Eligible Green Assets’ SPO, post issuance. Additionally, BNP Paribas explicitly excludes harmful project categories, reflecting best market practices.

**2. Process for Project Evaluation and Selection**

**Identification of the Eligible Green Assets**

The Eligible Green Assets are sourced from the various Eligible Categories and are selected following the application of the Eligibility Criteria.

This identification and selection is a two-step process which encompasses internal screening selection and, at a later stage, external review by third parties. The internal screening selection aims at assuring that the related impacts linked to eligible projects are identified and the opportunities are fostered. This includes sustainability criteria tackling Social, Environmental, Health and Safety and Supply Chain indicators.

Any existing, on-going and/or future loans or any other form of financing could be considered for the Eligible Green Assets.

**Common risks considerations**

The internal screening selection considers the below common risks for each project categories:

- Human right
- Pollution
- Workforce Health & Safety
- Social condition of the Workforce
- Governance

<sup>9</sup> Please see BNP Paribas’ Framework’s Appendix. Further details on the policy of BNP Paribas for those sectors can also be found on BNP Paribas website <https://group.bnpparibas/en/financing-investment-policies>

<sup>10</sup> All BNP Paribas’s Eligible Categories are covered by ISS ESG KPIs except for green shipping which will be developed at a later stage.

**Specific risks considerations**

ELIGIBLE GREEN ASSETS	SPECIFIC RISK CONSIDERATIONS
<b>Renewable Energies</b>	<ul style="list-style-type: none"> <li>• Impact on communities, including health and safety, consultation process and resettlements</li> <li>• Water use</li> <li>• Protection of sensitive areas (critical habitats, cultural heritage)</li> <li>• Industrial safety</li> </ul>
<b>Energy Efficiency</b>	<ul style="list-style-type: none"> <li>• Impact on communities, including health and safety and consultation process</li> <li>• Environmental certifications</li> <li>• Waste Management</li> </ul>
<b>Green Buildings</b>	<ul style="list-style-type: none"> <li>• Impact on communities, including health and safety and consultation process</li> <li>• Water consumption</li> <li>• Materials procurement</li> <li>• Operation safety</li> <li>• Green building certifications</li> </ul>
<b>Transportation</b>	<ul style="list-style-type: none"> <li>• Impact on communities, including health and safety, consultation process</li> <li>• Protection of sensitive areas</li> <li>• Passenger and client safety</li> </ul>
<b>Water Management &amp; Water Treatment</b>	<ul style="list-style-type: none"> <li>• Impact on communities, including health and safety</li> <li>• Water scarcity</li> </ul>
<b>Pollution, Prevention &amp; Control</b>	<ul style="list-style-type: none"> <li>• Industrial safety</li> </ul>

**Further features of the Eligible Green Assets**

In addition to the previously detailed identification process of BNP Paribas highlighted above, further screening is applied to exclude:

- Non-committed transactions;
- Loans on watchlists; and
- Assets pledged to other green financing programmes.

Recognizing that the Green Bond Principles and best practices are evolving, BNP Paribas would always consider the appropriate selection criteria at the time of any Green Bond issuance and will seek to be in line with the best market practices.

**Opinion:** ISS ESG considers the Process for Project Evaluation and Selection provided by BNP Paribas’s Green Bond Framework as aligned with the GBPs and with market best practices. The eligibility criteria are precisely defined and transparently displayed in the framework and covers both environmental and social risks related to the Use of Proceeds categories in an appropriate manner. BNP Paribas has established a clear internal screening process with sustainability criteria tackling Social, Environmental, Health and Safety and Supply Chain indicators reflecting best market practice.



### 3. Management of Proceeds

#### A single common pool of Eligible Green Assets

BNP Paribas intends to accrue over time a single common pool of diversified Eligible Green Assets from the various Eligible Sectors subject to internal selection (as per the section 'Selection of Assets') and verification by appropriate independent third parties. This single common pool of Eligible Green Assets will represent all Green Bond issues under the Green Bond Framework. Ultimately Eligible Green Assets may be diversified to stem from the various Eligible Sectors that will be added to BNP Paribas' single common pool of Eligible Green Assets.

BNP Paribas monitors the use of the net proceeds of the Securities via its internal information systems.

BNP Paribas will use its best efforts to substitute any redeemed loans or any other form of financing that are no longer financed or refinanced by the net proceeds and/or if any such loans or any other form of financing cease to be an Eligible Green Asset, as soon as practicable once an appropriate substitution option has been identified, as long as Green Bond issues are outstanding.

#### Unallocated proceeds

Pending the allocation or reallocation, as the case may be, of the net proceeds of the Securities to Eligible Green Assets, BNP Paribas will invest the balance of the net proceeds, at its own discretion, cash and/or cash equivalent and/or other liquid marketable instruments.

#### Governance

As an integral part of its governance for Green Bonds, BNP Paribas has set up a Green Bond Committee, bringing together various departments within the bank to supervise the issuance of the Green Bonds, the selection and monitoring of the pool of the Eligible Green Assets and to ensure the compliance of the Green Bonds with best practices.

More specifically, the role of the Green Bond Committee is:

- i) To review and validate the pool of Eligible Green Assets;
- ii) To validate the annual reporting for investors;
- iii) To review the appropriate external independent auditors' report and address any issues arising; and
- iv) To monitor any on-going evolution related to Green Bond market practices in terms of disclosure/reporting, harmonization.

The Green Bond Committee meets on a semi-annual basis and is chaired by the Head of Corporate Social Responsibility for BNP Paribas.

Members of the Green Bond Committee includes the following departments:

Relevant business lines: responsible for providing agreed information on the Eligible Green Assets, communicating the events that may occur on the Eligible Green Assets at deal level or on counterparties (i.e. early termination, extension...) and assisting in the selection of assets within the Eligible Sectors.

Corporate Social Responsibility teams: responsible for liaising with external third parties, including independent second party opinion providers and the appropriate external independent auditors,

managing any potential controversies, for assisting in the screening of Eligible Green Assets and Eligible Sectors and preparing the reporting for investors. In his/her role as Chairman of the Green Bond Committee, the Head of CSR for BNP Paribas will have the final decision on the selection of the Eligible Green Assets, in particular in relation to assets in countries with significant risk level.

Asset and Liability Management Treasury teams in charge of:

- i) Raising BNP Paribas Group wholesale funding on all maturities, in all currencies;
- ii) Providing a standard loan database to monitor the pool of Eligible Green Assets, to produce an amortization loan maturity schedule, to flag the Eligible Green Assets in the relevant internal system for audit trail and reporting purposes and thus preventing any double-financing of the Eligible Green Assets; and
- iii) Investing the balance of the net proceeds of the Green Bonds not yet allocated, at its own discretion, in cash and/or short-term investments.

Sustainable Capital Markets: to act as an advisor and update the Green Bond Committee on best practices in relation to the Green Bond market.

Any other teams deemed necessary to be represented may also be included.

**Opinion:** *ISS ESG finds that Management of Proceeds proposed by BNP Paribas's Green Bond Framework is aligned with the GBPs and best market practices. The stakeholders involved in the management of proceeds are clearly identified and relevant as well as the responsibilities that they share in this process. An appropriate tracking of proceeds is in place and the intended types of temporary investment instruments for unallocated proceeds are described.*

#### **4. Reporting**

##### **Annual reporting**

As long as any Green Bond is outstanding, BNP Paribas will report at least annually on:

- i) The Eligible Green Assets financed or refinanced by the net proceeds and their relevant environmental impact indicators;
- ii) The allocation of the Securities' net proceeds to Eligible Green Assets detailing the aggregate amount dedicated to each of the Eligible Sectors; and
- iii) The balance of unallocated cash and/or cash equivalent and/or other liquid marketable instruments still held by BNP Paribas.

The annual reporting will present the aggregation of the Eligible Green Assets per Eligible Sector and per technology, where applicable, and will be subject to permitted disclosure in accordance with relevant confidentiality agreements and competition issues.

The annual reporting is intended to follow the guidelines of the Green Bond Principles, as amended from time to time, and the reference framework "Harmonized Framework for Impact Reporting" dated June 2019.

In particular, BNP Paribas intends to report on the impact of the Eligible Green Assets where applicable.

For Renewable Energies Eligible Sector, BNP Paribas has considered the following indicators: annual production and tons of CO<sub>2</sub> emissions equivalent avoided based on the EIB Project Carbon Footprint Methodologies<sup>11</sup>.

For the other Eligible Sectors where the adequate impact measurement is not the tCO<sub>2</sub> emission equivalent avoided, an appropriate indicator will be proposed in line with market best practices and the recommendation of the external third party mandated for the assessment of the Green Bond.

There will be a single annual report for all Green Bond issuances under the Green Bond Framework, and it has been so since the first issuance in 2016.

The annual report will be reviewed and verified by appropriate external independent auditors.

### Other documents

The following documents are expected to be made available on BNP Paribas Investors' website<sup>12</sup>:

- Final Terms, pricing supplement, prospectus, offering circular as applicable, of the relevant Green Bond issuances;
- Green Bond Framework, as further updated from time to time;
- BNP Paribas Green Bond Investor Presentation;
- Second Party Opinion on the Green Bond Framework from independent second party opinion provider (term as defined hereafter);
- Second Party Opinion on Green Eligible Assets from independent second party opinion provider (term as defined hereafter);
- from independent second party opinion provider;
- Annual assurance report from appropriate external independent auditors; and
- Annual reporting and methodology.

The Second Party Opinion on Green Eligible Assets, the annual assurance report from appropriate external independent auditors; and the annual reporting and methodology are all expected to be made available on BNP Paribas' website in the same timely manner.

**Opinion:** ISS ESG finds that the allocation and impact reporting proposed by BNP Paribas's Green Bond Framework aligned with the GBPs. The level, duration, frequency and scope of reporting are clearly defined and in line with industry best practices.

<sup>11</sup> <http://www.eib.org/about/documents/footprint-methodologies.htm>

<sup>12</sup> <https://invest.bnpparibas.com/en/green-bond-issues>

### External review

#### Second Party Opinion on BNP Paribas' Green Bond Framework

BNP Paribas will appoint an independent second party opinion provider to assess the sustainability of its Green Bond Framework and in particular the dual selection criteria (second party opinion provider and BNP Paribas), to provide a Second Party Opinion on its Green Bond Framework and to confirm its alignment with the ICMA Green Bond Principles. The Green Bond Framework and Second Party Opinion are available on BNP Paribas' Investors' website<sup>13</sup>.

This Second Party Opinion on the Green Bond Framework will be published as and when BNP Paribas Framework is updated.

For the avoidance of doubt, Green Asset Categories not reviewed by an independent second party opinion provider, either in whole or in part, would require an updated version of the Second Party Opinion on the Green Bond Framework before their insertion in BNP Paribas' single common pool of Eligible Green Assets.

#### Annual External Review

##### **Second Party Opinion on Eligible Green Assets:**

On an annual basis, an independent second party opinion provider will provide a verification of the compliance of all the new Eligible Green assets added within the course of the year.

##### **Independent Assurance Review:**

The external independent auditors will provide, on an annual basis, assurance on the allocation of the net proceeds of the Securities to Eligible Green Assets<sup>14</sup>, the conformity of the Eligible Green Assets with the Eligibility Criteria, the relevant impact indicators.

These reports will be available on BNP Paribas' Investors' website<sup>15</sup>.

<sup>13</sup> <https://invest.bnpparibas.com/en/green-bond-issues>

<sup>14</sup> Refer to 'Reporting / Annual reporting' section

<sup>15</sup> <https://invest.bnpparibas.com/en/green-bond-issues>










## Contribution of the Green Bond Framework to the UN SDGs

Based on the assessment of the sustainability quality of the green bond framework and using a proprietary methodology, ISS ESG assessed the contribution of the BNP Paribas’s Green Bond Framework’s Use of Proceeds category to the Sustainable Development Goals defined by the United Nations (UN SDGs).

This assessment is displayed on 5-point scale:

<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 bond’s Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs. This assessment is a high-level evaluation conducted at the framework level.

USE OF PROCEEDS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<b>Renewable Energy</b>	<b>Significant Contribution</b>	 
<b>Energy Efficiency</b>	<b>Significant Contribution</b>	 
<b>Green Buildings</b>	<b>Significant Contribution</b>	
<b>Transportation</b>	<b>Limited Contribution</b>	 
<b>Water Management and Water Treatment</b>	<b>Significant Contribution</b>	
<b>Pollution Prevention and Control</b>	<b>Significant Contribution</b>	

## PART II: ASSESSMENT OF BNP PARIBAS’S ESG PERFORMANCE

The ISS ESG Corporate Rating provides a rating and then designates a company as ‘Prime’ or ‘Not Prime’ based on its performance relative to the industry sector. It is also assigned a Decile Rank, indicating this relative industry group performance, with 1 indicating a high relative ESG performance, and 10 a low relative ESG performance.

COMPANY	STATUS	Rating	DECILE RANK
<b>BNP PARIBAS</b>	<b>PRIME</b>	<b>C+</b>	<b>1</b>

This means that the company performed well in terms of sustainability, both compared against others in the industry and in terms of the industry-specific requirements defined by ISS ESG.

As of 18.09.2020, this rating places BNP Paribas 1<sup>st</sup> out of 284 companies rated by ISS ESG in the Financials/Commercial Banks & Capital Markets sector.

Key Challenges facing companies in term of sustainability management in this sector are:

- Sustainability impacts of lending and other financial services/product
- Customer and product responsibility
- Sustainable investment criteria
- Labour standards and working conditions
- Business ethics

For all of the key issues, BNP Paribas rates above the average for the sector. A very significant outperformance was achieved in ‘Sustainable investment criteria’ and ‘Customer and product responsibility’.

The company does not face any severe controversy.

Details on the rating of the issuer can be found in Annex 1.

## ANNEX 1: ISS ESG Corporate Rating

The following pages contain extracts from BNP Paribas's 2020 ISS ESG Corporate Rating.

# BNP Paribas S.A.

Corporate ESG Performance  
**Prime**  
 RATED BY  
**ISS ESG**

## Company Information

Country  
France

ISIN  
FR0000131104

Industry  
Financials/Commercial Banks & Capital Markets

## Key Results

Rating  
**C+**

Decile Rank  
**1**

Transparency Level  
**Very High**

Status  
**Prime**

Performance score  
**60.12**

Prime Threshold  
**C**

## Absolute Rating

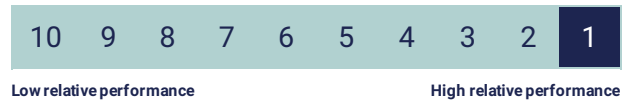


The assessment of a company's sustainability performance is based on approximately 100 criteria, selected specifically for each industry. A company's failure to disclose, or lack of transparency, regarding these matters will impact a company's rating negatively.

## Transparency Level



## Decile Rank



## Industry Leaders

Company name (in alphabetical order)	Country	Grade
BNP Paribas S.A.	FR	C+
Coöperatieve Rabobank U.A.	NL	C+
NIBC Holding N.V.	NL	C+

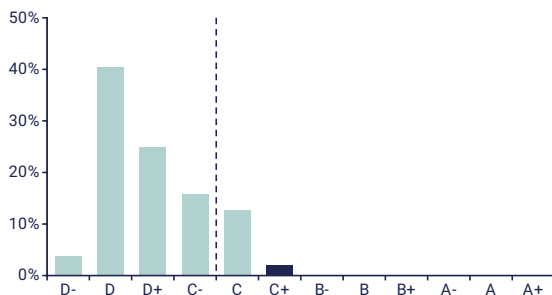
Legend: ■ Industry ■ Company --- Prime

## Key Issue Performance

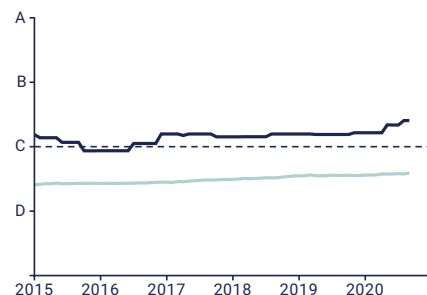


## Distribution of Ratings

284 companies in the industry



## Rating History





# BNP Paribas S.A.

## Analyst Opinion

### Sustainability Opportunities

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The company offers socially responsible investment products including a best-in-class strategy, theme-based investment opportunities, or a combination of both. Besides, BNP Paribas offers a range of products with a social benefit including community lending with a focus on disadvantaged regions and social infrastructure, support for microfinance, and specialised services for social entrepreneurship. In addition, the company ensures equal access to financial markets by offering amongst others a basic banking account. The named products, however, do not constitute the main business of the company.

### Sustainability Risks

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As a major financial company, BNP Paribas faces as main sustainability challenge the systematic integration of environmental and social aspects in its core business areas. The company integrates some environmental and social aspects in its mainstream asset management business, e.g. exclusion of issuers not compliant with the UN Global Compact. The company also has basic environmental and social risk management policies for its lending business. There are certain types of activities that the company excludes from financing, such as controversial weapons, the production of asbestos fibres or products containing PCBs. In addition, the company applies several environmental and social sector policies addressing e.g. military, forestry, paper and the mining industry. Most of those policies show an average or above average level. Furthermore, BNP Paribas announced that it will no longer invest in or finance coal mining projects or mining companies that specialise in coal and have no diversification strategy, coal-fired power stations or companies that generate electricity by burning coal and do not have a diversification strategy. Nevertheless, BNP Paribas participated in a USD 4.4 billion syndicated loan financing the controversial Oyu Tolgoi mine in Mongolia and is among the financiers of the Trans Adriatic Pipeline (TAP) project and Ituango dam in Colombia, which are both facing human rights and environmental allegations.

In the social dimension, the company has, amongst others, implemented a policy on responsible marketing, provides responsible sales practices training and offers some solutions to support clients with debt repayment problems. It also takes preventive measures to ensure the early detection of persons who might face financial problems. However, the company fails to demonstrate comprehensive strategies regarding tax compliance of clients.

With regard to employees, important aspects such as mental health and work life balance are adequately covered. While there have been large-scale redundancies at various European locations in recent years, negative impacts were reduced through e.g. voluntary redundancies and natural turnover. Moreover, BNP Paribas has established a group-wide code of ethics covering important aspect, as well as comprehensive compliance measures.

### Governance Opinion

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In principal, BNP Paribas' governance structure is designed to ensure control of the executive management with 75% of the appointed board directors being independent and through the establishment of at least partly independent audit, remuneration, and nomination board committees. However, the chairman of the board, Mr. Jean Lemierre, is not independent, as he is a director of TEB Holding AS, a consolidated subsidiary of BNP Paribas (all governance data as at July 10, 2020). The company publicly discloses remuneration for some members of its executive management team, including variable and long-term incentive components.

Regarding the management of sustainability matters, sustainability objectives are integrated into the performance-based executive compensation scheme. In addition, an independent board-level committee on sustainability has been established (as at July 10, 2020). The company's compliance framework consists of a group-wide code of ethics, which covers various important topics (e.g. corruption, money laundering) in varying degrees of detail, as well as of comprehensive compliance procedures.

# BNP Paribas S.A.

## Methodology - Overview

The ESG Corporate Rating methodology was originally developed by Institutional Shareholder Services Germany (formerly oekom research) and has been consistently updated for more than 25 years.

**ESG Corporate Rating** - The ESG Corporate Rating universe, which is currently expanding from more than 8,000 corporate issuers to a targeted 10,000 issuers in 2020, covers important national and international indices as well as additional companies from sectors with direct links to sustainability and the most important bond issuers that are not publicly listed companies.

The assessment of a company's social & governance and environmental performance is based on approximately 100 environmental, social and governance indicators per sector, selected from a pool of 800+ proprietary indicators. All indicators are evaluated independently based on clearly defined performance expectations and the results are aggregated, taking into account each indicator's and each topic's materiality-oriented weight, to yield an overall score (rating). If no relevant or up-to-date company information with regard to a certain indicator is available, and no assumptions can be made based on predefined standards and expertise, e.g. known and already classified country standards, the indicator is assessed with a D-.

In order to obtain a comprehensive and balanced picture of each company, our analysts assess relevant information reported or directly provided by the company as well as information from reputable independent sources. In addition, our analysts actively seek a dialogue with the assessed companies during the rating process and companies are regularly given the opportunity to comment on the results and provide additional information.

**Analyst Opinion** - Qualitative summary and explanation of the central rating results in three dimensions:

- (1) Opportunities - assessment of the quality and the current and future share of sales of a company's products and services, which positively or negatively contribute to the management of principal sustainability challenges.
- (2) Risks - summary assessment of how proactively and successfully the company addresses specific sustainability challenges found in its business activity and value chain, thus reducing its individual risks, in particular regarding its sector's key issues.
- (3) Governance - overview of the company's governance structures and measures as well as of the quality and efficacy of policies regarding its ethical business conduct.

**Controversial Business Practices** - The assessment of companies' sustainability performance in the ESG Corporate Rating is informed by a systematic and comprehensive evaluation of companies' ability to prevent and mitigate ESG controversies. ISS ESG conducts research and analysis on corporate involvement in verified or alleged failures to respect recognized standards for responsible business conduct through Norm-Based Research.

Norm-Based Research is based on authoritative standards for responsible business conduct such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles for Business and Human Rights and the Sustainable Development Goals.

As a stress-test of corporate disclosure, Norm-Based Research assesses the following:

- Companies' ability to address grievances and remediate negative impacts
- Degree of verification of allegations and claims
- Severity of impact on people and the environment, and systematic or systemic nature of malpractices

Severity of impact is categorized as Potential, Moderate, Severe, Very severe. This informs the ESG Corporate Rating.

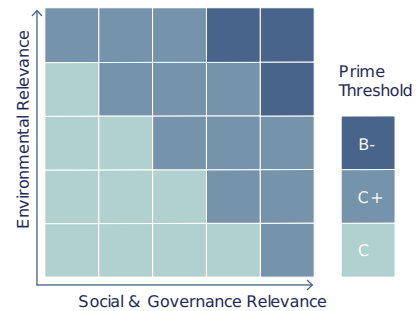
**Decile Rank** - The Decile Rank indicates in which decile (tenth part of total) the individual Corporate Rating ranks within its industry from 1 (best – company's rating is in the first decile within its industry) to 10 (lowest – company's rating is in the tenth decile within its industry). The Decile Rank is determined based on the underlying numerical score of the rating. If the total number of companies within an industry cannot be evenly divided by ten, the surplus company ratings are distributed from the top (1 decile) to the bottom. If there are Corporate Ratings with identical absolute scores that span a division in decile ranks, all ratings with an equal decile score are classified in the higher decile, resulting in a smaller number of Corporate Ratings in the decile below.

# BNP Paribas S.A.

## Methodology - Overview

**Industry Classification** - The social and environmental impacts of industries differ. Therefore, based on its relevance, each industry analyzed is classified in a Sustainability Matrix.

Depending on this classification, the two dimensions of the ESG Corporate Rating, the Social Rating and the Environmental Rating, are weighted and the sector-specific minimum requirements for the ISS ESG Prime Status (Prime threshold) are defined (absolute best-in-class approach).



**Industry Leaders** - List (in alphabetical order) of the top three companies in an industry from the ESG Corporate Rating universe at the time of generation of this report.

**Key Issue Performance** - Overview of the company's performance with regard to the key social and environmental issues in the industry, compared to the industry average.

**Performance Score** - The ESG Performance Score allows for cross-industry comparisons using a standardized best-in-class threshold that is valid across all industries. It is the numerical representation of the alphabetic ratings (D- to A+) on a scale of 0 to 100 with 50 representing the prime threshold. All companies with values greater than 50 are Prime, while companies with values less than 50 are Not Prime. As a result, intervals are of varying size depending on the original industry-specific prime thresholds.

**Rating History** - Development of the company's rating over time and comparison to the average rating in the industry.

**Rating Scale** - Companies are rated on a twelve-point scale from A+ to D-:

A+: the company shows excellent performance.

D-: the company shows poor performance (or fails to demonstrate any commitment to appropriately address the topic).

Overview of the range of scores achieved in the industry (light blue) and indication of the grade of the company evaluated in this report (dark blue).

**Distribution of Ratings** - Overview of the distribution of the ratings of all companies from the respective industry that are included in the ESG Corporate Rating universe (company portrayed in this report: dark blue).

**Sources of Information** - A selection of sources used for this report is illustrated in the annex.

**Status & Prime Threshold** - Companies are categorized as Prime if they achieve/exceed the sustainability performance requirements (Prime threshold) defined by ISS ESG for a specific industry (absolute best-in-class approach) in the ESG Corporate Rating. Prime companies are sustainability leaders in their industry and are better positioned to cope with material ESG challenges and risks, as well as to seize opportunities, than their Not Prime peers. The financial materiality of the Prime Status has been confirmed by performance studies, showing a continuous outperformance of the Prime portfolio when compared to conventional indices over more than 14 years.

**Transparency Level** - The Transparency Level indicates the company's materiality-adjusted disclosure level regarding the environmental and social performance indicators defined in the ESG Corporate Rating. It takes into consideration whether the company has disclosed relevant information regarding a specific indicator, either in its public ESG disclosures or as part of the rating feedback process, as well as the indicator's materiality reflected in its absolute weight in the rating. The calculated percentage is classified in five transparency levels following the scale below.

0% - < 20%: very low

20% - < 40%: low

40% - < 60%: medium

60% - < 80%: high

80% - 100%: very high

For example, if a company discloses information for indicators with a cumulated absolute weight in the rating of 23 percent, then its Transparency Level is "low". A company's failure to disclose, or lack of transparency, will impact a company's ESG performance rating negatively.

## ANNEX 2: ISS ESG Green KPIs

In order to ensure that the environmental and social risks linked to the financed projects are prevented and the opportunities clearly fostered, BNP Paribas selects Eligible Assets according to dual selection criteria, including ISS ESG KPIs for each Use of Proceeds categories<sup>16</sup>. The allocated asset pool will be evaluated against those KPI sets in the Eligible Green Assets' SPO, post-issuance. In order to capture the project-specific environmental and social risks, those KPI sets might be updated over time.

### Project Category: Offshore and Onshore Wind

#### 1. Site selection

- Percentage of assets that are not located in key biodiversity areas (Ramsar sites, IUCN protected areas I-IV).
- Percentage of assets that underwent environmental impact assessments at the planning stage.

#### 2. Community dialogue

- Percentage of assets that 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).

#### 3. Environmental aspects of construction and operation

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

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

- Percentage of assets that provide for high labour and health and safety standards for construction and maintenance work (e.g. ILO core conventions).

#### Controversy Assessment

- Assessment of controversial assets (e.g. due to labour rights violations, adverse biodiversity impacts).

### Project Category: Concentrated Solar Power

#### 1. Site selection

- Percentage of assets that are not located in key biodiversity areas (Ramsar sites, IUCN protected areas I-IV).
- Percentage of assets that underwent water impact assessments at the planning stage.

#### 2. Environmental aspects of construction and operation

- Percentage of assets that meet high environmental standards during the construction phase (e.g. noise mitigation, minimisation of environmental impact during construction work).
- Percentage of assets that generate at least 85% of electricity using solar energy.

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

- Percentage of assets that provide for high labour and health and safety standards for construction and maintenance work (e.g. ILO core conventions).

#### Controversy Assessment

<sup>16</sup> ISS ESG KPIs might be tailored to BNP Paribas' use of proceeds in order to best reflect the environmental and social risks attached to the assets. All BNP Paribas's Eligible Categories are covered by ISS ESG KPIs except for green shipping which will be developed at a later stage.

- Assessment of controversial assets (e.g. due to labour rights violations, adverse biodiversity impacts).

### Project Category: Solar PV

#### 1. Site Selection:

- Percentage of assets that are not located in key biodiversity areas (Ramsar sites, IUCN protected areas I-IV).

#### 2. Supply chain standards

- Percentage of assets that provide for high labour and health and safety standards in the supply chain of solar modules (e.g. ILO core conventions).

#### 3. Environmental aspects of solar power plants

- Percentage of assets that feature a conversion efficiency of at least 15%.
- Percentage of assets that provide for high environmental standards regarding take-back and recycling of solar modules at end-of-life stage (e.g. in line with WEEE requirements).
- Percentage of assets that provide for high standards regarding the reduction or elimination of toxic substances within solar panels (e.g. in line with RoHS requirements or other relevant standards).

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

- Percentage of assets that provide for high labour and health and safety standards for construction and maintenance work (e.g. ILO core conventions).

#### Controversy Assessment

- Assessment of controversial assets (e.g. due to labour rights violations, adverse biodiversity impacts).

### Project Category: Hydro Power

#### 1. Site selection

- Percentage of assets that are not located in key biodiversity areas (Ramsar sites, IUCN protected areas I-IV).
- Percentage of assets that underwent environmental impact assessments at the planning stage.

#### 2. Community dialogue

- Percentage of assets that 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).

#### 3. Environmental aspects of construction and operation

- Percentage of assets that meet high environmental standards during the construction phase (e.g. noise mitigation, minimisation of environmental impact during construction work).
- Percentage of assets that create appropriate compensation areas. Only applicable to large hydro (10MW+).
- Percentage of assets that provide for measures to protect habitat and wildlife during operation of the power plant (e.g. provision of fish passes, fish-friendly turbines, management of erosion risks, sediment management, environmental flow management).

#### 4. Working conditions during construction and maintenance work and dam safety

- Percentage of assets that provide for high labour and health and safety standards for construction and maintenance work (e.g. ILO core conventions).
- Percentage of assets that provide for high dam security (management of dam security, monitoring, inspections, emergency plans, etc.). Only applicable to large hydro (10MW+).

**Controversy Assessment**

Assessment of controversial assets (e.g. due to labour rights violations, adverse biodiversity impacts).

**Project Category: Bioenergy/ Biomass****1. Consideration of environmental aspects during planning and construction**

- Percentage of assets that underwent environmental impact assessments at the planning stage.
- Percentage of assets that are not located in key biodiversity areas (e.g. exclusion of Ramsar sites, UNESCO Natural World Heritage, IUCN protected areas I-IV).
- Percentage of assets that meet high environmental standards and requirements during the construction phase (e.g. noise mitigation, minimisation of environmental impact during construction work).

**2. Environmental aspects of waste to energy plants**

- Percentage of assets that provide for high standards regarding environmentally safe operation of plants (e.g. air emissions, disposal of residues).
- Percentage of assets that apply cogeneration technology.

**3. Safety aspects of waste to energy plants**

- Percentage of assets that provide for high safety standards (e.g. regarding fire, explosions).

**4. Community dialogue**

- Percentage of assets that feature 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).

**5. Working conditions during construction and operation**

- Percentage of assets that provide for high labour and health and safety standards for construction and operation work (e.g. ILO core conventions)

**Controversy Assessment**

Assessment of controversial assets (e.g. labour rights violations, insufficient community dialogue).

**Project Category: Geothermal Energy****1. Site selection**

- Percentage of assets that are not located in key biodiversity areas (Ramsar sites, IUCN protected areas I-IV).
- Percentage of assets that underwent environmental impact assessments at the planning stage.
- Percentage of assets that are not located in the proximity to major fault lines.

**2. Community dialogue**

- Percentage of assets that 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).

**3. Environmental aspects of construction and operation**

- Percentage of assets that meet high environmental standards during the construction phase (e.g. noise mitigation, minimisation of environmental impact during construction work).
- Percentage of assets that provide for measures to avoid contamination of soil and groundwater (e.g. well casing, management of waste streams, measures for the disposal of flowback and production water).
- Percentage of assets that provide for seismic monitoring.

**4. Working conditions during construction and maintenance work**

- Percentage of assets that provide for high labour and health and safety standards for construction and maintenance work (e.g. ILO core conventions).

**Controversy Assessment**

- Assessment of controversial assets (e.g. due to labour rights violations, adverse biodiversity impacts).

**Project Category: Transmission Lines****1. Site selection**

- Percentage of assets that are not located in key biodiversity areas (Ramsar sites, IUCN protected areas I-IV, UNESCO Natural World Heritage), or had alternative route planning considered and/or route planning optimised at the planning stage.

**2. Community dialogue**

- Percentage of assets that 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).

**3. Environmental aspects of construction**

- Percentage of transmission assets that fulfil high environmental standards at construction phase (e.g. noise mitigation, minimisation of environmental impact during construction work, research and mitigation regarding soil warming).
- Percentage of cables for which low-impact methods are applied during cable-laying (e.g. horizontal drilling, consideration of breeding periods and affected fauna and flora).

**4. Standards for decommissioning and recycling**

- Percentage of assets for which environmental impacts at end-of-life will be minimised (e.g. recycling and reuse of parts, sound treatment of waste).

**5. Safety of transmission networks and equipment**

- Percentage of assets for which operational safety is ensured (e.g. control centre, electrical flow and substation monitoring).

**6. Energy efficiency**

- Percentage of assets with high standards regarding energy efficiency in transmission networks (e.g. state-of-the-art technology)

**7. Working conditions during construction and operation**

- Percentage of assets that provide for high labour and health and safety standards for construction and operation work (e.g. ILO core conventions)

**Controversy Assessment**

Assessment of potentially controversial assets (e.g. labour rights violations, safety incidents, treatment of customers).

**Project Category: Renewable Energy Components****1. Environmental aspects of manufactured products**

- Percentage of assets that underwent a comprehensive life-cycle-assessment.
- Percentage of assets that feature take back and recycling at end-of-life.
- Percentage of assets that provide for monitoring technologies ensuring high operational standards (e.g. SCADA systems). (If applicable)



**2. Production standards**

- Percentage of assets that provide for a comprehensive Environmental Management System at the manufacturing sites.
- Percentage of assets that provide for high labour and health and safety standards at the manufacturing sites (e.g. ILO core conventions)

**3. Safety of manufacturing facilities users (if applicable)**

- Percentage of assets that provide for measures to ensure operational safety.

**Controversy Assessment**

Assessment of controversial assets (e.g. labour rights violations, casualties at manufacturing sites).

**Project Category: Green Buildings (Commercial Real Estate)**

**Prerequisite for Green Buildings: All projects underwent an appropriate and detailed selection process that ensures good standards regarding energy efficiency or substantial increases in energy efficiency in case of existing buildings.**

**1. Site selection**

- Percentage of assets for which a policy on responsible site selection is in place (e.g. brownfield development, exclusion of protected areas and sites of high environmental value).
- Percentage of assets located within a maximum of 1 km from one or more modalities of public transport.

**2. Construction standards**

- Percentage of assets that provide for high labour and health and safety standards (e.g. ILO core conventions).
- Percentage of assets that provide for sustainable procurement regarding building materials (e.g. recycled materials, third-party certification of wood-based materials).

**3. Water use minimisation in buildings**

- Percentage of assets that provide for measures to reduce water consumption (e.g. water metering, high-efficiency fixtures and fittings, rainwater harvesting).

**4. Safety of building users**

- Percentage of assets that provide for measures to ensure operational safety (e.g. emergency exits, fire sprinklers, fire alarm systems).

**5. Sustainability labels / Certificates**

- Percentage of assets that obtained a (or an equivalent of a) BREEAM “Very Good”, DGNB „Silver / Gold”, LEED “Gold”, HQE „excellent“ certificate or better certification.

**Controversy Assessment**

- Assessment of controversial assets (e.g. labour rights violations, insufficient community dialogue).

**Project Category: Energy Efficiency****1. Improvement in energy efficiency**

- Percentage of assets for which the energy efficient improvement reaches or exceeds 20%.

**2. Environmental aspects of items**

- Percentage of assets that do not contain substances of concern.
- Percentage of assets that can be recycled at the end of their lives.
- Percentage of assets where good and binding environmental standards are applied within the supply chain.



**3. Safety measures**

- Percentage of assets for which operational safety is ensured (i.e. control centre, electrical flow and consumption monitoring).

**4. Working conditions during construction and operation**

- Percentage of assets that provide for high labour and health and safety standards for construction and maintenance work (e.g. ILO core conventions).
- Percentage of assets where good and binding labour and health and safety standards are applied within the supply chain.

**Controversy Assessment**

- Assessment of controversial assets (e.g. due to labour rights violations, adverse biodiversity impacts).

**Project Category: Smart Energy (Smart grid, telecommunication, infrastructure, IT)****1. Environmental aspects of construction and operation**

- Percentage of assets that meet high environmental standards during the construction phase (e.g. noise mitigation, minimisation of environmental impact during construction work).

**2. Environmental aspects of smart meters**

- Percentage of assets that contain substances of concern in smart meters.
- Percentage of assets that are able to be recycled at the end of their lives.

**3. Community dialogue**

- Percentage of assets that 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).

**4. Energy efficiency**

- Percentage of assets utilising energy efficient data centres
- Percentage of assets with high standards regarding energy efficiency in transmission networks (e.g. state-of-the-art technology)

**5. Working conditions during construction and maintenance work**

- Percentage of assets that provide for high labour and health and safety standards for construction and maintenance work (e.g. ILO core conventions).

**6. Standards for supply chain management**

- Percentage of assets where good and binding labour and health and safety standards are applied within the supply chain.
- Percentage of assets where good and binding environmental standards are applied within the supply chain.

**7. Data protection and information security**

- Percentage of assets that meet minimum requirements for data and information security

**Controversy Assessment**

- Assessment of controversial assets (e.g. labour rights violations, adverse biodiversity impacts).

## Project Category: Battery Energy Storage System

### 1. Site selection

- Percentage of assets that are not located in key biodiversity areas (Ramsar sites, IUCN protected areas I-IV, UNESCO Natural World Heritage), or had alternative route planning considered and/or route planning optimised at the planning stage.
- Percentage of assets that underwent environmental impact assessment at the planning stage. (when applicable)

### 2. Environmental aspects of batteries

- Percentage of financed projects that meet high environmental standards regarding takeback and recycling of electronic equipment at end-of-life stage.
- Percentage for which the thresholds defined by the European Directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment (RoHS Directive) are fulfilled.
- Percentage of Percentage of assets that provide for a comprehensive Environmental Management System at the manufacturing sites.

### 3. Working conditions

- Percentage of assets that provide for high labour and health and safety standards for construction and operation work (e.g. ILO core conventions)

### 4. Safety aspects

- Percentage of assets for which an emergency response plan is in place (e.g. emergency drills, emergency cooperation, crisis communication).

### 5. Community dialogue

- Percentage of assets that provide for measures to ensure community dialogue (e.g. advisory panels, public consultation).

#### Controversy Assessment

Assessment of potentially controversial assets (e.g. labour rights violations, safety incidents, treatment of customers).

## Project Category: Electric Vehicles

### 1. Productions standards

- Percentage of assets that provide for a comprehensive environmental management system at the car manufacturing sites.
- Percentage of assets that provide for high labour and health and safety standards at the car manufacturing sites. (e.g. ILO core conventions).

### 2. Environmental aspects of cars

- Percentage of assets for which comprehensive life-cycle-assessments have been conducted.
- Percentage of assets for which energy efficiency during operation is optimised (OK for electric vehicles. Threshold of 95g/km CO<sub>2</sub> emissions in hybrid and alternative driving vehicles).

### 3. Social aspects of cars

- Percentage of assets where product safety is ensured (minimum of 3 Stars rating on NCAP crash test).

#### Controversy Assessment

- Assessment of controversial assets (e.g. due to labour rights violations, fatalities).

### Project Category: Public Transportation vehicles (train, buses)

#### 1. Productions standards

- Percentage of assets that provide for a comprehensive environmental management system at the manufacturing sites of trains/buses.
- Percentage of assets that provide for high labour and health and safety standards at the manufacturing sites of trains/buses (e.g. ILO core conventions).

#### 2. Environmental aspects of trains/buses

- Percentage of assets for which comprehensive life-cycle-assessments have been conducted.
- Percentage of assets for which energy efficiency during operation is optimised (e.g. through energy recovery systems for trains/ E-buses, hybrid and biofuel buses).

#### 3. Social aspects of trains/buses

- Percentage of assets which ensure health and safety for both passengers and operators (e.g. vigilance control, minimisation of noise exposure, accessibility).

#### Controversy Assessment

- Assessment of controversial assets (e.g. due to labour rights violations, adverse biodiversity impacts).

### Project Category: Transport Infrastructure (Electrified rail)

#### 1. Site selection

- Percentage of assets for which a policy excludes the location in key biodiversity areas (Ramsar sites, IUCN protected areas I-IV).
- Percentage of assets that underwent environmental impact assessments at the planning stage.

#### 2. Community dialogue

- Percentage of assets that 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).

#### 3. Environmental aspects of construction

- Percentage of assets that meet high environmental standards during the construction phase (e.g. resource efficiency, renaturation).

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

- Percentage of assets that provide for high labour and health and safety standards for construction and maintenance work (e.g. ILO core conventions).

#### 5. Social aspects of public transport infrastructure

- Percentage of assets that provide for measures to reduce transport-related noise emissions (e.g. low-noise tracks).
- Percentage of assets that have a transport safety management system in place (i.e. policies, responsibilities, risk assessments and monitoring, training, emergency management).

#### Controversy Assessment

- Assessment of controversial assets (e.g. due to labour rights violations, adverse biodiversity impacts).

**Project Category: Water management****1. Site selection**

- Percentage of assets that are not located in key biodiversity areas (exclusion of Ramsar sites, IUCN protected areas I-IV).
- Percentage of assets that underwent environmental impact assessments at the planning stage.

**2. Environmental aspects of construction and operation**

- Percentage of assets that provide for high standards regarding sustainable water withdrawal (e.g. risk assessments, monitoring, pollution prevention).
- Percentage of assets that feature measures to reduce leakages from the water distribution system (e.g. regular inspections, response management).
- Percentage of assets that provide for high standards regarding water quality (i.e. healthiness and purity requirements).

**3. Social aspects of water treatment**

- Percentage of assets that have measures in place to encourage customers to save water (e.g. water meters, information).
- Percentage of assets provide for responsible treatment of disadvantaged customers (e.g. regarding disconnection).

**4. Working conditions during construction and maintenance work**

- Percentage of assets that provide for high labour and health and safety standards for construction and maintenance work (e.g. ILO core conventions).

**Controversy Assessment**

- Assessment of controversies (e.g. due to labour rights violations, adverse biodiversity impacts).

**Project Category: Recycling****1. Site selection**

- Percentage of assets that are not located in key biodiversity areas (Ramsar sites, IUCN protected areas I-IV, UNESCO Natural World Heritage).
- Percentage of assets that underwent environmental impact assessments at the planning stage.

**2. Community dialogue**

- Percentage of assets that 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).

**3. Environmental aspects during operation**

- Percentage of assets that provide for high standards concerning environmentally safe operation of plants (e.g. strict control of air emissions, measures to prevent the release of residues).
- Percentage of assets that provide for a satisfying Environmental Management System (e.g. ISO 14001 certified).
- Percentage of assets that provide for high recycling of waste component measures.

**4. Working conditions during construction and operation**

- Percentage of assets that provide for high labour and health and safety standards for construction and operation work (e.g. ILO core conventions).

**Controversy Assessment**

Assessment of potentially controversial assets (e.g. labour rights violations, safety incidents, pollution).

### Project Category: Waste management

#### 1. Site selection

- Percentage of assets that are not located in key biodiversity areas (Ramsar sites, IUCN protected areas I-IV, UNESCO Natural World Heritage).
- Percentage of assets that underwent environmental impact assessments at the planning stage.

#### 2. Community dialogue

- Percentage of assets that 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).

#### 3. Environmental aspects during facilities operation

- Percentage of assets that provide for high standards concerning environmentally safe operation of plants (e.g. strict control of air emissions, measures to prevent the release of residues).
- Percentage of assets that provide for a satisfying Environmental Management System (e.g. ISO 14001 certified).
- Percentage of assets that provide measures for recycling of waste components.

#### 4. Waste collection system

- Percentage of assets that provide for sustainable waste collection system (e.g. involving electric and hybrid vehicles).

#### 5. Working conditions during construction and operation

- Percentage of assets that provide for high labour and health and safety standards for construction and operation work (e.g. ILO core conventions).

#### Controversy Assessment

Assessment of potentially controversial assets (e.g. labour rights violations, safety incidents, pollution).

### DISCLAIMER

1. Validity of the SPO: For BNP Paribas's Green Bond Framework as published in 09/2020.
2. ISS ESG uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to the highest quality standards which are customary in responsibility research worldwide. In addition, we create a Second Party Opinion (SPO) on bonds based on data from the issuer.
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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.

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