

SECOND PARTY OPINION (SPO)

Post-Issuance Verification of the Green Bond Portfolio

BNP Paribas
22 April 2021

VERIFICATION PARAMETERS

| | |
|-------------------------------------|---|
| Lifecycle | <ul style="list-style-type: none">• Post-issuance verification |
| Type(s) of instruments contemplated | <ul style="list-style-type: none">• Green Bond |
| Relevant standards | <ul style="list-style-type: none">• ICMA Green Bond Principles |
| Scope of verification | <ul style="list-style-type: none">• BNP Paribas Green Bond asset pool (as of 24.02.2021) defined according to BNP Paribas Green Bond Framework (as of 09.2020)• The ISS ESG covers the portfolios of issuance realized in 2020 after the publication of the Issuer's Framework |

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Scope of work

BNP Paribas commissioned ISS ESG to assist with its green bond’s post-issuance verification by assessing two core elements to determine the sustainability quality of the instrument:

1. The green asset pool – whether the financed projects are aligned with the Issuer’s Framework, contribute positively to the UN SDGs and perform against ISS ESG’s issue-specific key performance indicators (KPIs)
2. Green Bond link to BNP Paribas’s sustainability strategy – drawing on BNP Paribas’s overall sustainability profile and issuance-specific Use of Proceeds categories. (See Annex 1)

ISS ESG ASSESSMENT SUMMARY

| SPO SECTION | SUMMARY | EVALUATION ¹ |
|---|---|---|
| Sustainability quality of the green bond portfolio | <p>The portfolio is aligned with the ESG selection criteria described by the Issuer’s Framework.</p> <p>The overall sustainability quality of the green bond portfolio in terms of sustainability benefits, risk avoidance and minimisation is good based upon the ISS ESG assessment. The green bond is (re-)financing eligible asset categories including renewable energy, green buildings, pollution prevention and control, energy efficiency and clean transportation.</p> <p>Those use of proceeds categories have a significant contribution to SDGs 7 “Affordable and clean energy”, 11 “Sustainable cities and communities”, 12 “Responsible consumption and production” and 13 “Climate action”. The environmental and social risks associated with those use of proceeds categories have been well managed.</p> | Positive |
| Annex 1: Green bond link to issuer’s sustainability strategy | <p>According to the ISS ESG Corporate Rating published on 12.03.2021, the issuer shows a high sustainability performance against the industry peer group on key ESG issues faced by the financials/commercial banks and capital markets sector. The issuer is rated 1st out of 285 companies within its sector.</p> <p>The Use of Proceeds financed through this bond are consistent with the issuer’s sustainability strategy and material ESG topics for the issuer’s industry. The rationale for issuing green bonds is clearly described by the issuer.</p> | Consistent with issuer’s sustainability strategy |
| Annex 2: Alignment with GBPs | <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 GBPs. The full assessment can be found on BNP Paribas’s website.</p> | Positive |

¹ ISS ESG’s evaluation is based on the BNP Paribas Green Bond Framework (September 2020 version), on the analysed asset pool as received on the 24.02.2021, and on the ISS ESG Corporate Rating applicable at the SPO delivery date (updated on the 12.03.2021). ISS ESG underwent a controversy screening of the asset pool on the 03.03.2021.

ISS ESG SPO ASSESSMENT

SUSTAINABILITY QUALITY OF THE PORTFOLIO

A. PORTFOLIO ALIGNMENT WITH THE ISSUER'S GREEN BOND FRAMEWORK AND MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS

ISS reviewed a total volume of **3 486 million euros² of new green assets added in 2020**, complying with the Use of Proceeds categories listed in the issuer's Green Bond Framework: Renewable Energy, Energy Efficiency, Pollution prevention & Control, Green Buildings and Clean Transportation. The management of the environmental and social risk is as follows:

Wind energy (Onshore and Offshore)

As a Use of Proceeds category, wind energy has a significant contribution to the SDG 7 "Affordable and clean energy" and SDG13 "Climate action". The table below presents the findings of an ISS ESG assessment of the green bond portfolio against ISS ESG KPIs.

ASSESSMENT AGAINST ISS ESG KPI

Site selection

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

Community dialogue (onshore projects only)

- ✓ 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

- ✓ 94.2% 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 operations

- ✓ 82.2% of assets provide for high labour and health and safety standards for construction and maintenance work (e.g. ILO core conventions). The remaining assets are located in the United States, Australia and Taiwan, for which some of the ILO Core Conventions are not ratified.

Controversy assessment

² This volume is expressed in drawn amount for consistency with the volumes reported in the Green Bond Impact Report.

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

CSP (Concentrated Solar Power)

As a Use of Proceeds category, CSP has a significant contribution to the SDG 7 “Affordable and clean energy” and SDG13 “Climate action”. The table below presents the findings of an ISS ESG assessment of the green bond portfolio against ISS ESG KPIs.

ASSESSMENT AGAINST ISS ESG KPI

Site selection

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

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 generate at least 85% of electricity using solar energy.

Working conditions during construction and operations

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

Controversy assessment

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

Solar P.V.

As a Use of Proceeds category, Solar P.V. has a significant contribution to the SDG 7 “Affordable and clean energy” and SDG13 “Climate action”. The table below presents the findings of an ISS ESG assessment of the green bond portfolio against ISS ESG KPIs.

ASSESSMENT AGAINST ISS ESG KPI

Site selection

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

Supply chain standards

- ✓ 89% of assets provide for high labour and health and safety standards in the supply chain of solar modules (e.g. ILO core conventions). For the remaining assets, no information is available.

Environmental aspects of solar panels

- ✓ 69.3% of assets feature a conversion efficiency of at least 15%. For the remaining assets, no information is available.
- ✓ 100% of assets provide for high environmental standards regarding take-back and recycling of solar module at end-of-life stage (e.g. line with WEEE requirements).
- ✓ 90% 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). For the remaining assets, no information is available.

Working conditions during construction and maintenance work

- ✓ 83% of assets provide for high labour and health and safety standards for construction and maintenance work (e.g. ILO Core Conventions). The remaining assets are located in the United States and India, countries that have not ratified all of the ILO Core Conventions.

Controversy assessment

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

Residential Rooftop Solar P.V.

As a Use of Proceeds category, Private Rooftop Solar P.V. has a significant contribution to the SDG 7 “Affordable and clean energy” and SDG13 “Climate action”. The table below presents the findings of an ISS ESG assessment of the green bond portfolio against ISS ESG KPIs.

ASSESSMENT AGAINST ISS ESG KPI

Environmental aspects of solar panels

- ✓ 100% of assets provide for high environmental standards regarding take-back and recycling of solar module at end-of-life stage (e.g. line with WEEE requirements).
- ✓ 100% 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).

Responsible treatment of customers with debt repayment problems

- ✓ 100% of loans have preventive measures and have put in place sustainable solutions for customers with debt repayment problems.

Controversy assessment

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

Transmission lines

As a Use of Proceeds category, transmission lines have a significant contribution to the SDG 7 “Affordable and clean energy” and SDG13 “Climate action”. The table below presents the findings of an ISS ESG assessment of the green bond portfolio against ISS ESG KPIs.

ASSESSMENT AGAINST ISS ESG KPI

Site selection

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

Environmental aspects of construction

- ✓ 100% of assets fulfil high environmental standards at construction phase (e.g. noise mitigation, minimisation of environmental impact during construction work, research and mitigation regarding soil warming).
- ✓ 100% 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).

Standards for decommissioning and recycling

- No information is available whether environmental impacts at end-of-life will be minimised (e.g. recycling and reuse of parts, sound treatment of waste). Due to the expected life of the project (40 years) the issuer has not yet put in place a framework to apply decommissioning.

Safety of transmission networks and equipment

- ✓ 100% of assets will ensure operational safety (e.g. control centre, electrical flow and substation monitoring).

Energy efficiency

- ✓ 100% of assets provide for high standards regarding energy efficiency in transmission networks (e.g. state-of-the-art technology).

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).

Working conditions during construction and operation

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

Controversy assessment

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

Battery Energy Storage Systems (BESS) and Energy Storage Systems (ESS)

As a Use of Proceeds category, BESS and ESS have a significant contribution to the SDG 7 “Affordable and clean energy” and SDG13 “Climate action”. The table below presents the findings of an ISS ESG assessment of the green bond portfolio against ISS ESG KPIs.

ASSESSMENT AGAINST ISS ESG KPI

Site selection

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

Site selection (for BESS only)

- ✓ 100% of assets underwent environmental impact assessments at the planning stage.

Environmental aspects of batteries

- ✓ 100% of assets meet high environmental standards regarding takeback and recycling of electronic equipment at end-of-life stage.
- ✓ 100% of assets follow the equivalent of the thresholds defined by the European Directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment (RoHS Directive).

Environmental aspects of batteries (for BESS only)

- ✓ 100% assets that provide for a comprehensive Environmental Management system at the manufacturing sites.

Working conditions during construction and operation

- ✓ 50% of assets provide for high labour and health and safety standards for construction and operation work, as per the ILO core conventions. The remaining asset is located in the United States for which some of the ILO Core Conventions are not ratified.

Safety aspects (for BESS only)

- ✓ 100% of assets provide for operational safety is ensured (e.g. control centre, electrical flow and substation monitoring).

Production standards (for ESS only)

- ✓ 100% of assets provide for a comprehensive Environmental Management System at the manufacturing sites.
- ✓ 100% of assets provides for high labour and health and safety standards for construction and operation work because the asset is located in Sweden, a country that has ratified all of the ILO Core Conventions.

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).

Controversy assessment

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

Green Buildings

As a Use of Proceeds category, green buildings have a significant contribution to SDG 11 “Sustainable cities and communities” The table below presents the findings of an ISS ESG assessment of the green bond portfolio against ISS ESG KPIs.

ASSESSMENT AGAINST ISS ESG KPI

Prerequisite for Green Buildings

- ✓ 100% of assets underwent an appropriate and detailed selection process that ensures good standards regarding energy efficiency.

Site selection

- ✓ 100% of assets are not located in key biodiversity areas (Ramsar sites, IUCN protected areas I-IV).
- ✓ 100% of the assets are located within 1 km from one or more modalities of public transport.

Construction standards

- ✓ 98% of assets are located where high labour and health and safety standards are in place (e.g. ILO core conventions). The remaining assets are located in Hong Kong where some of the ILO Core Conventions are not ratified.
- ✓ 75% of assets provide for sustainable procurement regarding building materials (e.g. recycled materials, third-party certification of wood-based materials). For the remaining assets, no information is available.

Water use minimization in buildings

- ✓ 100% of assets provide for measures to reduce water consumption (e.g. water metering, high-efficiency fixtures and fittings, rainwater harvesting).

Safety of building users

- ✓ 100% of assets provide for measures to ensure operation safety.

Sustainability labels/ certifications

- ✓ 100% of assets received or will receive a minimum of “very good” BREEAM standard label or equivalent. 53% of those assets received an “excellent” or “outstanding” BREEAM standard label or equivalent.

Controversy assessment

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

Energy Efficiency

As a Use of Proceeds category, energy efficiency has a significant contribution to the SDG 7 “Affordable and clean energy” and SDG13 “Climate action”. The table below presents the findings of an ISS ESG assessment of the green bond portfolio against ISS ESG KPIs.

ASSESSMENT AGAINST ISS ESG KPI

Energy efficiency improvement

- ✓ 100% of loans provide for a significant improvement of energy efficiency in residential buildings.

Responsible treatment of customers with debt repayment problems

- ✓ 100% of assets provide for pre-emptive actions to prevent client debt repayment problems (e.g. covenants limiting indebtedness, conservative loan-to-value ratios, long-term fixed interest rates).

Working conditions during construction and maintenance work

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

Controversy assessment

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

Bioenergy

As a Use of Proceeds category, bioenergy has a contribution to the SDG 12 “Responsible consumption and production” and SDG13 “Climate action”. The table below presents the findings of an ISS ESG assessment of the green bond portfolio against ISS ESG KPIs.

ASSESSMENT AGAINST ISS ESG KPI

Site selection

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

Environmental aspects of construction

- ✓ The asset underwent environmental impact assessment at the planning stage
- ✓ The asset meets high environmental standards and requirements during the construction phase (e.g. noise mitigation, minimisation of environmental impact during construction work).

Environmental aspects of operations

- ✓ The asset provides for high standards regarding environmentally safe operation of plants (e.g. air emissions, disposal of residues).
- ✓ The asset applies cogeneration technology.

Safety aspects of waste to energy plants

- ✓ The asset provides for high safety standards (e.g. regarding fire, explosions).

Working conditions during construction, maintenance work and operations

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

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).

Controversy assessment

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

Recycling

As a Use of Proceeds category, Recycling has a significant contribution to the SDG 12 “Responsible consumption and production”. The table below presents the findings of an ISS ESG assessment of the green bond portfolio against ISS ESG KPIs.

ASSESSMENT AGAINST ISS ESG KPI

Site selection

- ✓ The asset is not located in key biodiversity areas (e.g. exclusion of Ramsar sites, UNESCO Natural World Heritage, IUCN protected areas I-IV).
- ✓ The asset underwent environmental impact assessment at the planning stage.

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 during facilities operations

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

Waste collection system

- The asset does not provide for sustainable waste collection system (e.g. involving electric and hybrid vehicles).

Working conditions during construction and operations

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

Controversy assessment

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

Electric Vehicles

As a Use of Proceeds category, Electric vehicles have a significant contribution to the SDG 7 “Affordable and clean energy” and SDG13 “Climate action” when sourced by renewable energy and a limited contribution to those SDGs when sourced by electricity from the national grid. The table below presents the findings of an ISS ESG assessment of the green bond portfolio against ISS ESG KPIs.

ASSESSMENT AGAINST ISS ESG KPI

Prerequisite Energy Efficiency

- ✓ 100% of assets optimize energy efficiency during operation (threshold: 25 gCO₂e/t.km).

Production standards

- ✓ 100% of assets provide for a comprehensive environmental management system at the manufacturing sites.
- ✓ 100% of assets provide for high labour and health and safety standards at the manufacturing sites (e.g. ILO core conventions).

Social aspects of vehicles

- ✓ 100% of assets ensures health and safety for operators (e.g. vigilance control, minimisation of noise exposure).
- ✓ 100% of assets ensure product safety (underwent a “Heavy vehicles test and assessment protocol”).

Environmental aspects of vehicles

- ✓ 100% of assets underwent a comprehensive life-cycle assessment.
- ✓ 100% of assets ensure that energy efficiency during operation is optimised.

Controversy assessment

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

Electric Vehicles Chargers

As a Use of Proceeds category, Electric vehicles chargers have a limited contribution to the SDG 7 “Affordable and clean energy” and SDG13 “Climate action”. The table below presents the findings of an ISS ESG assessment of the green bond portfolio against ISS ESG KPIs.

ASSESSMENT AGAINST ISS ESG KPI

Environmental aspects of charging stations

- ✓ 60% of assets provides that comprehensive life-cycle-assessments have been conducted. No information is available on the remaining assets.

Working conditions during construction and maintenance work

- ✓ 100% of assets provide for high labour and health and safety standards at the manufacturing sites (e.g. ILO core conventions).

Controversy assessment

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

Assembly line facilities for electric components into hybrid vehicles

As a Use of Proceeds category, assembly line facilities for electric components into hybrid vehicles have a limited contribution to the SDG 7 “Affordable and clean energy” and SDG13 “Climate action”. The table below presents the findings of an ISS ESG assessment of the green bond portfolio against ISS ESG KPIs.

ASSESSMENT AGAINST ISS ESG KPI

Prerequisite for EV assembly lines

- ✓ The asset assembles electric components for hybrid vehicles.

Environmental aspects of manufactured products

- ✓ The asset provides for measures to ensure that the final products underwent a life-cycle assessment.
- ✓ The asset provides for measures to ensure that the final products’ emission intensity is optimized.

Social aspects of manufacturer products

- ✓ The asset provides for high standards regarding product safety of end product (NCAP crash test).

Energy efficiency of assembly lines and production processes

- ✓ The asset provides for high standards regarding energy efficiency of assembly lines buildings.
- ✓ The asset ensures that high standards regarding energy efficiency of the production processes and machinery are in place.

Production standards

- ✓ The asset provides for a comprehensive Environmental Management System at the manufacturing sites.

- ✓ The asset provides for high labour and health and safety standards at the manufacturing sites (e.g. ILO core conventions).

Safety of assembly lines users

- ✓ The asset provides for measures to ensure operational safety.

Community dialogue

- ✓ The asset provides for measures to ensure community dialogue (e.g. advisory panels, public consultation).

Controversy assessment

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

B. CONTRIBUTION OF THE GREEN BOND PORTFOLIO TO THE UN SDGs













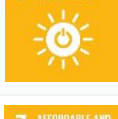





Based on the assessment of the sustainability quality of the green bond framework and using a proprietary methodology, ISS ESG assessed the contribution of the BNP Paribas’s Green Bond Use of Proceeds category to the Sustainable Development Goals defined by the United Nations (UN SDGs).

This assessment is displayed on 5-point scale:



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 |
|----------------------------------|-----------------------------|--|
| Wind Energy (Onshore & Offshore) | Significant Contribution | 7 AFFORDABLE AND CLEAN ENERGY, 13 CLIMATE ACTION |
| CSP | Significant Contribution | 7 AFFORDABLE AND CLEAN ENERGY, 13 CLIMATE ACTION |
| Solar P.V. | Significant Contribution | 7 AFFORDABLE AND CLEAN ENERGY, 13 CLIMATE ACTION |
| Residential Rooftop Solar P.V. | Significant Contribution | 7 AFFORDABLE AND CLEAN ENERGY, 13 CLIMATE ACTION |

| | | |
|---|--------------------------|---|
| Transmission lines | Significant Contribution |   |
| Battery Energy Storage Systems | Significant Contribution |   |
| Energy Storage Systems | Significant Contribution |   |
| Green Buildings | Significant Contribution |  |
| Energy Efficiency | Limited Contribution |   |
| Recycling | Significant Contribution |  |
| Bioenergy | Significant Contribution |  |
| | Limited Contribution |  |
| Electric Vehicles powered by electricity from the national grid | Limited Contribution |   |
| Electric Vehicles powered by renewable energy | Significant Contribution |   |
| Assembly line facilities for electric components into hybrid vehicles | Limited Contribution |   |

DISCLAIMER

1. Scope of verification of the SPO: BNP Paribas Green Bond asset pool (as of 24.02.2021) defined according to BNP Paribas Green Bond Framework (as of 09.2020). The ISS ESG SPO covers the portfolios of issuance realized in 2020 after the publication of the Issuer's Framework.
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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ANNEX 1: Green bond’s link to BNP Paribas’s sustainability strategy

A. ASSESSMENT OF BNP PARIBAS’S ESG PERFORMANCE

The ISS ESG Corporate Rating provides material and forward-looking environmental, social and governance (ESG) data and performance assessments.

| COMPANY | SECTOR | DECILE RANK | TRANSPARENCY LEVEL |
|-----------------------|---|-------------|--------------------|
| BNP PARIBAS SA | FINANCIALS/ COMMERCIAL BANKS & CAPITAL MARKETS | 1 | VERY HIGH |

This means that the company currently shows a high sustainability performance against peers on key ESG issues faced by the Financials/ Commercial Banks & Capital Markets sector and obtains a Decile Rank relative to industry group of 1, given that a decile rank of 1 indicates highest relative ESG performance out of 10.

ESG performance

As of 22.04.2021, this Rating places BNP Paribas 1st out of 285 companies rated by ISS ESG in the Financials/ Commercial Banks & Capital Markets sector.

Key challenges faced by companies in terms of sustainability management in this sector are displayed in the chart on the right, as well as the issuer’s performance against those key challenges in comparison to the average industry peers’ performance.

Key Issue Performance



Sustainability Opportunities

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

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. 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

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.

Sustainability impact of products and services portfolio

Using a proprietary methodology, ISS ESG assessed the contribution of BNP Paribas's current products and services portfolio to the Sustainable Development Goals defined by the United Nations (UN SDGs). This analysis is limited to the evaluation of final product characteristics and does not include practices along BNP Paribas's production process.

| PRODUCT/SERVICES PORTFOLIO | ASSOCIATED PERCENTAGE OF REVENUE | DIRECTION OF IMPACT | UN SDGS |
|---|----------------------------------|---------------------|---|
| Loans to the healthcare and pharmaceutical sector | 1% | CONTRIBUTION |  |
| Green bonds, green funds, energy transition funds | 1% | CONTRIBUTION |   |
| Others | N/A | NO NET IMPACT | N/A |

Breaches of international norms and ESG controversies

The company is not facing any severe controversy.

B. CONSISTENCY OF GREEN BONDS WITH BNP PARIBAS'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the issuer

BNP Paribas recognises that the world is at a tipping point on sustainability. Global warming as well as resource scarcity are likely to challenge current economic models in the coming decades. Today there is broad scientific and political consensus that the current trajectory in CO₂ emissions must be curbed if we are to restrict global warming to a 2°C increase over pre-industrial levels. To further intensify its efforts in this area, BNP Paribas is committed to supporting the development of renewable energies by more than doubling its financing resources allocated to this sector.

BNP Paribas has a long-standing commitment to sustainability. Since 2010, BNP Paribas has integrated Environmental, Social and Governance (“ESG”) factors into its risk framework for all its financing and investments across the Group. 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 its 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. In addition, BNP Paribas is committed to meeting the requirements of institutional investors for green debt securities which demonstrate a positive impact on the environment. BNP Paribas has been active in the green bond market since 2016.

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. This Green Bond Framework has been updated to reflect developments in the best practice of the Green Bond Market. BNP Paribas intends to update the Green Bond Framework periodically.

Contribution of Use of Proceeds categories to sustainability objectives and priorities

ISS ESG mapped the Use of Proceeds categories financed under this Green Bond Framework with the sustainability objectives defined by the issuer, and with the key ESG industry challenges as defined in the ISS ESG Corporate Rating methodology for the Financials/commercial banks and capital market sector. Key ESG industry challenges are key issues that are highly relevant for a respective industry to tackle when it comes to sustainability, e.g. climate change and energy efficiency in the buildings sector. From this mapping, ISS ESG derived a level of contribution to the strategy of each Use of Proceeds categories.

| USE OF PROCEEDS CATEGORY | SUSTAINABILITY OBJECTIVES FOR THE ISSUER | KEY ESG INDUSTRY CHALLENGES | CONTRIBUTION |
|---|--|--|--------------------------------------|
| Renewable Energy | <ul style="list-style-type: none"> Financing of solar P.V., Concentrated Solar Power and Wind | <ul style="list-style-type: none"> Products and services providing environmental benefits | Contribution to a material objective |
| Energy Efficiency | <ul style="list-style-type: none"> Financing of transmission lines, BESS, and energy storage system | <ul style="list-style-type: none"> Products and services providing environmental benefits | Contribution to a material objective |
| Green Buildings | <ul style="list-style-type: none"> Financing of green buildings | <ul style="list-style-type: none"> Products and services providing environmental benefits | Contribution to a material objective |
| Transportation | <ul style="list-style-type: none"> Financing of electric vehicles | <ul style="list-style-type: none"> Products and services providing environmental benefits | Contribution to a material objective |
| Pollution Prevention and Control | <ul style="list-style-type: none"> Financing of bioenergy, plastic recycling | <ul style="list-style-type: none"> Products and services providing environmental benefits | Contribution to a material objective |

Opinion: ISS ESG finds that the Use of Proceeds financed under this green bond framework are consistent with the issuer’s sustainability strategy and material ESG topics for the issuer’s industry. The rationale for issuing green bonds is clearly described by the issuer.

ANNEX 2: Alignment of the framework with the green bond principles

BNP Paribas's Green Bond Framework has been assessed against the ICMA Green Bond Principles by ISS ESG in September 2020. ISS ESG concluded that BNP Paribas's Green Bond Framework³ as aligned with the four core components of the Green Bond Principles. The Second Party Opinion can be found on [BNP Paribas's website](#).

ANNEX 3: Methodology

ISS ESG Green KPIs

The ISS ESG 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's 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.

To review the KPIs used in this SPO, please contact Federico Pezzolato (details below) who will send them directly to you.

Environmental and social risks assessment methodology

ISS ESG 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 to ISS ESG or that the information provided did not fulfil the requirements of the ISS ESG Green Bond KPIs.

The evaluation was carried out using information and documents provided to ISS ESG 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, ISS ESG identifies the extent to which BNP Paribas's green bond contributes to related SDGs.

³ As of September 2020.

ANNEX 4: ISS ESG Corporate Rating Methodology

The following pages contain methodology description of the ISS ESG Corporate Rating.

BNP Paribas SA

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.

Norm-Based Research - Severity Indicator - 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.

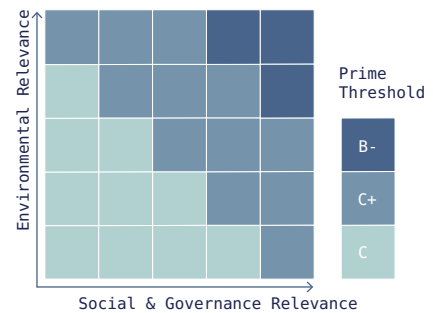
Distribution of Ratings - Overview of the distribution of the ratings of all companies from the respective industry that are included in the ESG Corporate Rating universe (company portrayed in this report: dark blue).

BNP Paribas SA

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).

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 5: Quality management processes

SCOPE

BNP Paribas commissioned ISS ESG to compile an SPO on BNP Paribas's 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 the sustainability credentials of its green bond portfolio.

CRITERIA

Relevant Standards for this Second Party Opinion

ISS ESG KPI set:

- CSP (Concentrated Solar Power)
- Solar P.V.
- Wind energy
- Transmission lines
- Battery Energy Storage Systems
- Energy Storage Systems
- Green Buildings
- Recycling
- Bioenergy
- Electric Vehicles and Assembly lines

ISSUER'S RESPONSIBILITY

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

- Asset pool / Eligibility criteria
- 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.

ISS ESG has conducted this independent Second Party Opinion of the green bond post-issuance based on ISS ESG methodology.

The engagement with BNP Paribas took place in February, March and April 2021.

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 behaviour 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 ISS ESG 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.

As part of our Sustainable (Green & Social) Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

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/>

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