

BUSINESS CASES

2023 BNP PARIBAS BUSINESS CASES – EQUATOR PRINCIPLES



BNP PARIBAS

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As a signatory to the Equator Principles (EP) and as part of its role as financial service provider or adviser, BNP Paribas works with its clients to identify, assess, and manage the environmental and social impacts linked with major industrial and infrastructure projects.

The Group considers that environmental and social due diligence is an integral part of regular due diligence conducted for project-related transactions. Together with relevant business teams, an internal team of ESG experts (CIB CSR Analysis & Expertise team) acts as the first line of defense for ESG risks. The internal team of ESG experts provides systematic specialized support at different specific stages of a project financing transaction (i.e. project categorization as per the EP). In line with the Equator Principles, BNP Paribas also requires assistance from an independent environmental and social consultant to assess and monitor compliance with the EP regarding the most sensitive projects (all Category A projects and certain Category B projects). Moreover, the ESG experts team is systematically invited to the credit committee for category A projects together with representatives from relevant business lines and other functions (notably RISK) which intends to obtain senior management approval on the type of environmental and social risks associated to such projects.

In 2022, BNP Paribas was involved in 24 project-related transactions covered by the EP and that reached financial close; these included 13 Project Finance, 9 Project Related Corporate Loans deals, 1 Project Finance Advisory mandate and 1 Bridge Loan.

Project Gemini - Solar and battery storage facility (USA)

BNP Paribas participated in the financing of the construction of a 966MWdc Solar Power Project combined with a 1,416 MWh battery storage facility located in Clark County, Nevada, USA (designated country).

Following Principle 1 of the Equator Principles Framework, the project was categorized as a B, with its main risk associated to the impact of the project on the Mojave Desert Tortoise, classified in the IUCN Red List as a Critical Endangered species.

The species received such status based on population reduction, habit loss of over 80% over three generations (90 years), including past reductions and predicted future declines. Moreover, the Mojave Desert Tortoise is only present in a specific area in the US, which includes the project location.

Although it is considered to be a critically endangered species, the Biological Opinion issued by the U.S Fish and Wildlife Services indicated that Project Gemini was not likely to jeopardize the continued existence of the desert tortoise. We understand that the project is currently following all the necessary procedures by the US law, including having a Special Purpose Permit from the State of Nevada Department of Wildlife, to monitor and handle the desert tortoise for reallocation purposes and a Conditional Permit for Disturbance or Destruction of Critically Endangered Species.

<https://www.permits.performance.gov/permitting-project/fast-41-covered-projects/gemini-solar-project>

<https://www.primergygemini.com/project-overview>

Wind-solar power project (India)

BNP Paribas was invited to participate in the financing of a solar-wind hybrid power Project located in India, consisting in the construction and development of a 450MW solar-wind hybrid power generation plant alongside a 50km power transmission line.

The Project was reviewed against the Equator Principles IV and IFC Performance Standards, as required for projects located in Non-Designated Countries. Despite its nature (renewable energy) the project was flagged as Category A due to significant impact to local communities (on endangered and critically endangered species).

Given the economic impact on local herdsmen as a result of their loss of access to grazing grounds within the Project's land area, the Project Company will have to prepare a Livelihood Restoration Plan (LRP).

Moreover, due to the Project's significant impact on bird species (including the critically endangered Great Indian Bustard), the Project committed to implement mitigation measures including: periodic avian surveys, a Biodiversity Action Plan to ensure net gains of biodiversity, and a technical feasibility study to adapt the nature of the transmission lines (underground or overhead) and thus minimize potential impacts.

With the support of the Independent Environmental & Social (E&S) Consultant (AECOM), the Project Company is bound to comply with the ESAP in order to implement the defined corrective actions and close all open gaps. The Project will be continuously monitored to ensure it remains in compliance with all relevant standards.

DCT Gdansk – Port expansion (Poland)

BNP Paribas acted as Mandated Lead Arranger and Technical Bank of the expansion of an existing port terminal in Gdansk, Poland. The CIB CSR team has previously reviewed the expansion of terminal T2 of the port in 2014. The main objective of the current expansion is to enable a modal shift of the port capacity, allowing more cargo to be brought closer to the port's hinterland, thus reducing the volume of cargo transported through other more greenhouse gas intense means.

The project area overlaps with an internationally recognized Important Bird and Biodiversity Area and the most notable risks includes impact on water quality, bird's disturbance, marine mammals' disturbance and seawater pollution. Mitigation measures proposed by the technical advisor (Arup) include: conducting works that may affect birds under the supervision of an ornithologist and to equip the construction site with sorbents and spill kits to neutralize any leaks.

In addition, Stogi beach is located to the south-east of the Project. The beach has recreational value for the communities of the surrounding districts as well as the visitors from other locations. There is the indirect risk of potentially reducing the attractiveness of the beach and therefore impacting the number of visitors. As a mitigation measure, the Project will not conduct dredging works during the summer season and will communicate alternative leisure and amenity schemes planned in the area jointly with the city and other stakeholders.

The project was thus classified with Category B according to Principle 1 of the EP. Given that the project was developed in Poland, a designated country as per the EP, the sponsor was requested to ensure the project would be developed in line with applicable laws, regulations and permits in the respective country.

<https://www.ebrd.com/work-with-us/projects/esia/dct-gdansk-expansion.html>

<https://www.maritime-executive.com/article/dct-gdansk-expansion-creates-one-of-eu-s-largest-container-terminals>
