

A COMMITTED BANK

Information Concerning the Economic, Social,
Civic and Environmental Responsibility of BNP Paribas

Summary of BNP Paribas Universal
Registration Document, Chapter 7



BNP PARIBAS

The bank
for a changing
world

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Summary of BNP Paribas Universal Registration Document, Chapter 7. This summary is published in pages 621 to 623, 626 and 646:

It is available on the following link:

<https://invest.bnpparibas/en/document/universal-registration-document-2022>

2022, THE FIRST YEAR OF THE IMPLEMENTATION OF THE GTS 2025 STRATEGIC PLAN ACCELERATING THE DEPLOYMENT OF SUSTAINABLE FINANCE

As a leading financial institution, BNP Paribas considers the environmental, social and governance challenges to be a major focus of its business model and its social and environmental responsibility.

For over a decade, BNP Paribas has integrated environmental and social criteria into its financing and investment policies to direct its business model towards the support of the energy and ecological transition, in making pioneering commitments to restrict the financing of activities that are most harmful to the environment and the climate. The Group has participated in much of the banking businesses' collective work to structure sustainable finance in line with the targets of the 2015 Paris Climate Agreement.

BNP Paribas' Social and Environmental Responsibility (CSR) strategy is based on an in-depth analysis of its environmental, social and governance (ESG) issues through a materiality matrix developed in consultation with its stakeholders, backed by a scientific framework¹ and benchmark principles². These environmental, social and governance issues are integrated at the heart of BNP Paribas' company purpose.

This strategy enabled it to reach a leading position in sustainable finance thanks to numerous solutions to support its clients' ecological and social transition: sustainable bonds, positive impact loans, socially responsible savings and inclusive financial offers, etc.



BNP Paribas has included the scaling up of sustainable finance and CSR as one of the three pillars of its GTS 2025 strategic plan.

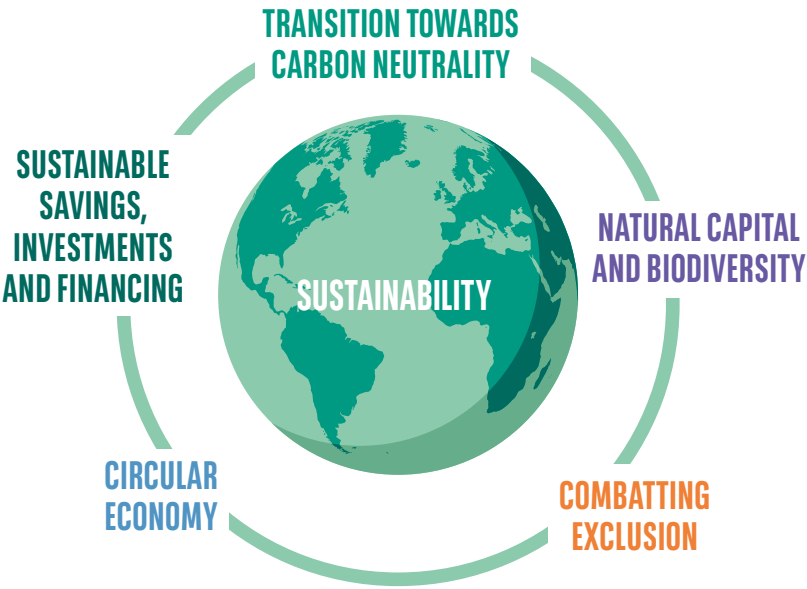
Aware of the necessity to integrate its CSR strategy into its business model in order to achieve its ambitious environmental, social and governance targets, in 2022, the Group launched its 2025 plan entitled GTS (Growth, Technology, Sustainability). The Sustainability component is built around three strategic areas to serve its clients and the society:

■ **Aligning the Group's portfolios with trajectories compatible with global carbon neutrality in 2050** by reducing greenhouse gas (GHG) emissions;

■ **Supporting clients in the transition to a sustainable and low-carbon economy**, both through the increasing availability of sustainable finance products and through the expertise of its employees (Low-Carbon Transition Group, Network of Experts in Sustainability Transition);

■ **Strengthening the ESG culture** in enforcing appropriate management processes and tools, monitoring the development of market standards, and in a strengthened governance, directly supervised by its director and Chief Executive Officer.

The implementation of the Sustainability component is expressed through five priority areas:



A STRATEGY REQUIRING A LARGE-SCALE TRANSFORMATION

The effective implementation of an ambitious strategy requires appropriate governance and a transformation of the Company at all levels. BNP Paribas continued to strengthen its governance, in particular through the meetings of the Strategic Committee for Sustainable Finance chaired by the Group's Chief Executive Officer, the structuring of the CSR Function and the creation of the **NEST (Network of Experts in Sustainability Transitions)**. NEST brings together a network of 500 employees who are experts in the energy transition, the circular economy, biodiversity, human rights and social inclusion. They gather their knowledge to support the transition of the Group's clients and share expertise with employees.



Lastly, the launch of the **Sustainability Academy programme** and platform with content and training dedicated to sustainable finance for all employees, embodies BNP Paribas' ambition to be a learning company in sustainable finance.

In addition, the Group has strengthened its ESG risk management consistent with the development of regulatory requirements and accelerated the deployment of **ESG Assessment** across all major sectors by assessing 1,500 very large and large corporate clients and detailed its vigilance plan.

With regard to the regulators, governments and parliamentarians, **BNP Paribas adopted in November 2012 a "Charter for responsible representation with respect to the public authorities"**, which notably covers CSR issues. This was completed in 2022 with a commitment to ensure that BNP Paribas' representation activities are consistent with its global approach and its public commitments relating to the environment and climate change, in particular its support for the **Paris Agreement goals**

THE OBJECTIVES OF THE GTS 2025 PLAN ARE ROLLED OUT THROUGH QUANTITATIVE INDICATORS WITH OBJECTIVES FOR 2025



BNP Paribas has set its own specific targets in terms of sustainable finance that can be found within the 10 indicators of the Group's CSR dashboard. The monitoring of this CSR dashboard is carried out on an annual basis by the Group's Executive Committee and Board of directors.

Hence, the Group aims to mobilise **EUR 350 billion** by 2025 through sustainable credit and bond issuance activities related to environmental and social issues, as well as to achieve

EUR 300 billion in assets under management of open-ended funds distributed in Europe under articles 8 and 9 according to the SFDR.

At the end of 2022, the Group can highlight results in line with its targets, which demonstrate BNP Paribas' ability to implement its strategy in an operational way, and to have a positive environmental and social impact on the whole society.

ALIGNMENT OF OUR LOAN AND INVESTMENT PORTFOLIOS

BNP Paribas is committed to aligning its loan and investment portfolios with trajectories compatible with collective carbon neutrality by 2050. More specifically, as part of the various GFANZ alliances³, in 2022, the Group set itself ambitious quantitative decarbonisation targets for its loan and investment portfolios by 2025.

For its loan portfolio, BNP Paribas published its first Climate Analysis and Alignment Report focusing on three sectors of activity that are especially greenhouse gases emitters (electricity production, oil and gas, automotive), and introducing targets for 2025.

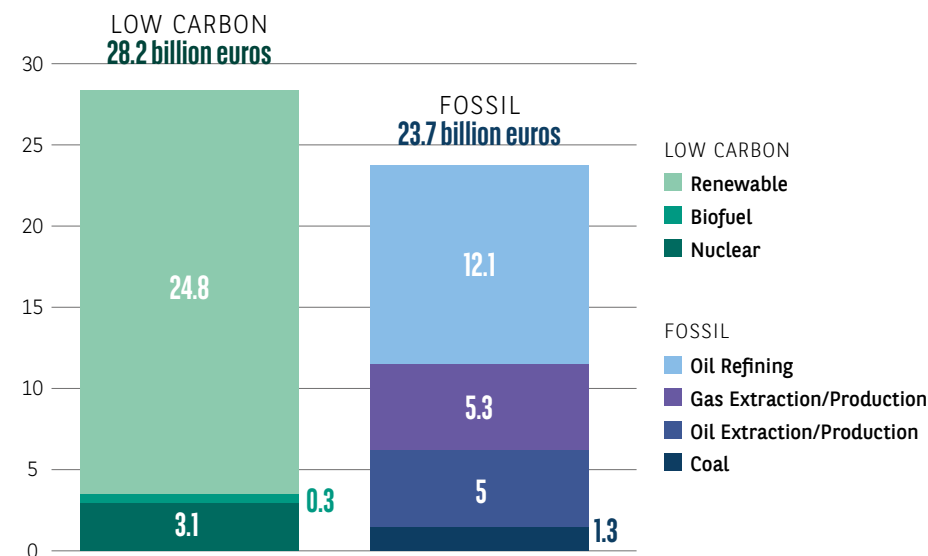
Furthermore, BNP Paribas decided on more restrictive criteria for its oil and gas sector financing and investment policy, in order to orient its financings towards companies that have initiated their energy transition



BNP Paribas Asset Management and BNP Paribas Cardif have also set **decarbonisation targets for their investment portfolios**⁴. Within the framework of their activities, they are engaging the dialogue on ESG issues with the companies in which they invest, in order to preserve, and improve the medium- and

long-term value of investments made on behalf of third parties. In 2022, discussions focused on energy transition, biodiversity, equality, human rights and Corporate Governance. BNP Paribas Asset Management encourages the ESG commitments of these companies through its voting rights policy.

FINANCING FOR ENERGY PRODUCTION



With a majority of financing for low-carbon energy production, BNP Paribas' support for the energy sector has already been deeply transformed.

At the end of 2022, BNP Paribas' financing for energy production was already predominantly dedicated to low-carbon energies. With credit exposure of EUR 28.2 billion¹, low-carbon energies represent 55% of credit exposure to the energy production sector (compared to 45% for fossil fuels)¹.

The Group is continuing to exit coal by 2030 in OECD countries, and in the rest of the world in 2040. It has stopped financing new oil projects since 2016 and is now embarking on an exit from exploration-production with the objective of reducing its credit exposure by 80%, i.e. less than EUR 1 billion in 2030, compared to the current credit exposure of EUR 5 billion as of 30 September 2022, through the scheduled phasing out of financing activities specialised in or associated with this sector. Regarding gas, the Bank aims to reduce its credit exposure by 30% by 2030 and will reserve its financing for thermal power plants with low emission rates and security of supply.

At the same time, the Group has set a target of EUR 40 billion in credit exposure for the production of low-carbon, mainly renewable, energy by 2030.

¹ - Credit exposure as of 30 September 2022 for the production of low-carbon energy (renewable, biofuel and nuclear). This exposure amount is different from the amount calculated for indicator 1 and indicator 8 of the CSR dashboard.

² - Oil refining, oil and gas exploration and production, coal.

A LEADER IN GREEN FINANCE, ENERGY AND ECOLOGICAL TRANSITION

In 2022, BNP Paribas consolidated its position as leader in green finance by positioning itself as the world's leading issuer of green bonds, and first in EMEA⁵ for ESG bonds.

■ **Thus, in terms of the energy transition,** BNP Paribas acted as financial advisor for **the largest worldwide offshore wind farm project**, Dogger Bank Wind Farm, which is part of the UK's strategy to become carbon neutral by 2050. The Group was also a major stakeholder in the financing of **the largest photovoltaic project with storage** in North America, called Edwards Sanborn, in the United States.

■ **In terms of the circular economy,** the Group played a key role in L'Oréal's EUR 3 billion sustainable bond issue, linked to the

achievement of several targets, including one relating to the integration of **50% bio-sourced and recycled plastics in packaging**. It also supported Carrefour's EUR 1.5 billion sustainable bond issue, notably related to a **food waste reduction** target. BNP Paribas also invested EUR 10 million in the EUR 15 million fundraising from Phenix, an impact enterprise that fights against food waste and food precariousness, by organising an efficient collection and redistribution of unsold products.

■ **On the biodiversity component,** BNP Paribas Asset Management and BNP Paribas Cardif published the first results of their research aimed at determining the footprint of their investments on biodiversity. The Group also participated in developing the nature-related risk management and reporting framework of the **TNFD** (Taskforce on Nature-related Financial Disclosures), and pursued its commitments under the **Act4nature** initiative⁶. Moreover, BNP Paribas has extended its policies to protect sensitive ecosystems through its oil and gas policy, and has, therefore, undertaken not to finance any oil and gas projects in the Arctic and the Amazon. It also mobilised EUR 1.8 billion between 2019 and 2022 for financing contributing to

the protection of biodiversity. It also made an investment in **NatureMetrics**, a company that measures the state of biodiversity on site thanks to environmental DNA technology (e-DNA).

In addition, in 2022, BNP Paribas and the **Solar Impulse Foundation** completed the first closing for EUR 100 million of the **BNP Paribas Solar Impulse Venture fund**, dedicated to supporting start-ups committed to the ecological transition. BNP Paribas invested EUR 75 million in this.



THE ENGAGEMENT IN THE SOCIETY AT THE HEART OF BNP PARIBAS' OBJECTIVES

A pioneer in the development of impact bonds, BNP Paribas signed three new ones in 2022, bringing to 14 the number of projects since 2016, of which 11 are still active.

■ Among the innovations, the very first environmental impact bond in France aims to **create a new circular economy sector for medical assistance equipment**. 14 new investments with a social or environmental impact were also made in 2022, on its own account and on behalf of third parties, for a total of EUR 59 million. The impact investing envelope for own account amounts EUR 200 million and will be deployed by 2025 in favour of impact companies that innovate in three areas: local development and climate, social and solidarity activities, and natural capital.

■ With a long-standing commitment to supporting local associations through its Foundation (Projet Banlieues created in 2006 and renewed in 2022 for three years), in 2022, BNP Paribas also celebrated the tenth anniversary of its **Rescue & Recover Fund**, which participated in the financing of 42 campaigns for partner associations representing EUR 13 million, of which EUR 5 million was mobilised in 2022 in support of the Ukrainian population. In total, the Group has mobilised over EUR 15 million to contribute to preserving the physical, psychological and social safety of employees in Ukraine and to help Ukrainian refugees.

■ Attentive to the societal challenges of the countries in which it operates, in particular those of vulnerable populations, BNP Paribas continued its efforts in terms of **financial inclusion**: nearly three million Nickel accounts (basic banking services open to all) have been opened since its creation and the Group supported the launch of the Just Sustainability Transitions Institute, whose aim is to increase funding for populations most vulnerable to climate change and biodiversity loss.



OUR SOCIAL RESPONSIBILITY: PROMOTING THE DEVELOPMENT AND THE ENGAGEMENT OF OUR EMPLOYEES

People are at the heart of the priorities of the strategic plan, with the aim of developing the potential and engagement of all employees.

This ambition is driven by the People Strategy, whose aim is to **ensure our collective performance and our position as a leader in sustainable finance based on three pillars**:

■ **Ethics and Inclusion**: anchoring the culture of ethics and inclusion in our actions

■ **Employee experience**: reinforcing the focus on employees

■ **Human Capital**: constantly anticipating and adapting our resources

2022 was marked by new tangible contributions to **promote diversity, equality and inclusion**:

■ the Group participates in pioneering initiatives to guarantee the inclusion of all its employees, in particular a pilot project on diversity of social and ethnocultural origins via the "Diversity and Inclusion Index" experiment, at the initiative of the French Ministry for Gender Equality, Diversity and Equal Opportunities;

■ it has set itself ambitious objectives in terms of gender equality, in particular for increasing the number of women in governing bodies and the gender diversity of professions, exceeding those imposed in France by the "Rixain Act".

At the same time, the Group's actions in favour of the **health and well-being of employees** continued to be strengthened with the health situation and the HR transformation to guarantee a "good place to work":

■ the Group maintained the individual, collective and safety measures put in place at the start of the pandemic in 2020 and strengthened prevention actions through awareness-raising, training and psychological support;

■ in 2022, it showed strong solidarity and mobilisation with its Ukrainian employees in view of the current conflict;

■ it has introduced new ways of working, such as the development of remote working which is a part of the "Smart working" programme. This makes it possible to promote both a better work-life balance and greater autonomy for employees in accomplishing missions.

THE GROUP'S ACTIONS AND RESULTS IN TERMS OF CSR ARE RATED POSITIVELY BY MANY EXTERNAL STAKEHOLDERS

The relevance, ambition and comprehensiveness of its CSR strategy has earned BNP Paribas several awards recognising its ambition and achievements (Best bank for sustainable finance in 2022 for Euromoney, Net-Zero progression of the year – EMEA¹ for Environmental Finance) and enabled it to be among the leading financial institutions in extra-financial benchmark ratings.

NGOs, associations and medias also recognised BNP Paribas in their rankings, in particular Corporate Knights⁸, ShareAction⁹ and Global Canopy¹⁰.

THE CSR POLICY MANAGEMENT DASHBOARD

The GTS 2025 strategic plan defines quantified CSR objectives. The indicators have been renewed in order to reflect a higher ambition and cover new fields.

The achievement of the CSR dashboard targets is one of the keys to the plan's success. The achievement of these 10 objectives is included in the calculation of the three-year retention plan for almost 8,400 key Group employees, where they represent 20% of the award conditions. The achievement of these indicators is also included in the calculation of 15% of the variable compensation of the Group's executive corporate officers.



PILLAR	INDICATOR	2022 RESULTS	2025 OBJECTIVES
OUR ECONOMIC RESPONSIBILITY	1 Amount of sustainable loans	EUR 87 billion	EUR 150 billion
	2 Amount of sustainable bonds	EUR 32 billion	EUR 200 billion
	3 Assets under management of open-ended funds distributed in Europe under article 8 & 9 according to SFDR	EUR 223 billion	EUR 300 billion
OUR SOCIAL RESPONSIBILITY	4 Share of women among the SMP population (Senior Management Position)	35.2%	40%
	5 Number of solidarity hours performed by employees (#1MillionHours2Help)	1,126,142 hours (in 2021 and 2022)	1 million hours (over two rolling years)
	6 Share of employees who completed at least four training courses during the year	97.4%	90%
OUR CIVIC RESPONSIBILITY	7 Number of beneficiaries of products and services supporting financial inclusion	3.3 million beneficiaries	6 million beneficiaries
OUR ENVIRONMENTAL RESPONSIBILITY	8 Amount of the support enabling our clients to transition to a low-carbon economy	EUR 44 billion	EUR 200 billion
	9 Amount of financing to companies contributing to protect terrestrial and marine biodiversity	EUR 1.8 billion ¹¹	EUR 4 billion
	10 Greenhouse gas emissions teq CO ₂ per FTE (buildings and business travel)	1.65 teqCO ₂ /FTE	1.85 teqCO ₂ /FTE

DASHBOARD INDICATOR DEFINITIONS

Amount of sustainable loans: amount of loans at the end of 2022, drawn and undrawn, identified as sustainable by an internal classification system, granted by BNP Paribas to its customers. The Group's transaction classification principles are based on external market standards such as those of the Loan Market Association and the European Taxonomy in Europe.

Amount of sustainable bonds: cumulative amount at the end of 2022 of all types of bonds identified as sustainable according to the guidelines of the ICMA (International Capital Market Association) issued by corporate clients, financial institutions and sovereign clients, and arranged by BNP Paribas (total amount divided by the number of bookrunners).

Amount of assets under management at the end of 2022 in open-ended funds distributed in Europe under articles 8 and 9 according to the SFDR. These are BNP Paribas Asset Management funds.

Rate of women within the Senior Management Position (SMP) population: the Group's Senior Management Position population is composed of employees holding approximately 3,000 positions considered to have the most significant impact from a strategic, commercial, functional and expertise point of view. The percentage is calculated on the basis of SMP positions occupied.

Number of solidarity hours completed by employees: as part of the #1MillionHours2Help programme including the long-term corporate skills volunteering set up under the Diversity and Inclusion Agreement in France.

Share of employees who completed at least four training courses during the year, including mandatory training such as compliance.

Number of beneficiaries of products and services promoting financial inclusion: number of Nickel accounts opened since the creation and number of beneficiaries of microloans distributed by microfinance institutions financed by the Group (pro rata of the financing) at the end of 2022.

Amount of support for our clients in the transition to a low-carbon economy: cumulative amount at the end of 2022 of green loans, green bonds and financing identified as contributing to the transition towards a low-carbon economy according to an internal classification system (e.g., renewable energies, low-carbon hydrogen, nuclear). This amount covers part of the amounts of indicators 1 (sustainable loans) and 2 (sustainable bonds).

Amount of financing to companies contributing to the protection of terrestrial and marine biodiversity: cumulative amount at the end of 2022 of financial products and services (loans, bonds, etc.) that help protect terrestrial and marine biodiversity. The contribution to the protection of biodiversity is identified by an internal classification system. This amount covers part of the amounts of indicators 1 (sustainable loans) and 2 (sustainable bonds).

Greenhouse gas emissions in $\text{teqCO}_2/\text{FTE}$ (Full-Time Equivalents), (kWh buildings and business travel): greenhouse gas emissions for scope 1 (direct emissions from the combustion of fossil fuels), scope 2 (indirect emissions from the purchase of energy) and, for a part of scope 3 (emissions related to employee business travel), in proportion to the number of Group employees (FTE).

1- Publications of the IPCC (Intergovernmental Panel on Climate Change), IPBES (Intergovernmental Science and Policy Platform on Biodiversity and Ecosystems) and the IEA (International Energy Agency).

2- United Nations Sustainable Development Goals and Guiding Principles on Business and Human Rights, ILO (International Labour Organization) fundamental conventions.

3- Glasgow Financial Alliance for Net-Zero, which brings together 493 companies in the financial sector through three alliances: Net-Zero Banking Alliance (NZBA), Net-Zero Asset Managers Initiative (NZAM) and Net-Zero Owner Alliance (AOA). BNP Paribas, BNP Paribas Asset Management and BNP Paribas Cardif are respectively members of these alliances.

4- BNP Paribas Asset Management : Sustainable by nature sequel (<https://www.bnpparibas-am.com/en/blog/sustainable-by-nature-sequel-our-portfolio-biodiversity-footprint/>).

BNP Paribas Cardif: 2021 Responsible Investment Report (https://www.bnpparibascardif.com/documents/348001/348117/BNPP_Cardif_Art29_LEC_2021_EN_V3.pdf/52bf2483-f66d-4788-7237-fa973f76bb1f?t=1664378901594).

5- Europe, Middle-East, Africa.

6- https://www.act4nature.com/wp-content/uploads/2021/05/BNP-Paribas-VF-03_05.pdf

7- The Group's Senior Management Position (SMP) population is composed of employees holding approximately 3,000 positions considered to have the most significant impact from a strategic, commercial, functional and expertise point of view.

8- The 100 most sustainable corporations of 2022 | Corporate Knights (<https://www.corporateknights.com/rankings/global-100-rankings/2022-global-100-rankings/100-most-sustainable-corporations-of-2022/>).

9- <https://shareaction.org/news/europes-largest-banks-falling-short-on-climate-and-biodiversity-action>

10- Financial Institutions | Forest 500 (<https://forest500.org/rankings/financial-institutions>).

11- The 2022 amount is estimated for the bond portion and will be provided in 2023 when the real amounts from the allocation reports for the bonds are known.

For more information about The BNP Paribas
CSR strategy, please refer to the Group
Universal Registration Document

[https://invest.bnpparibas/en/document/
universal-registration-document-2022](https://invest.bnpparibas/en/document/universal-registration-document-2022)

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