

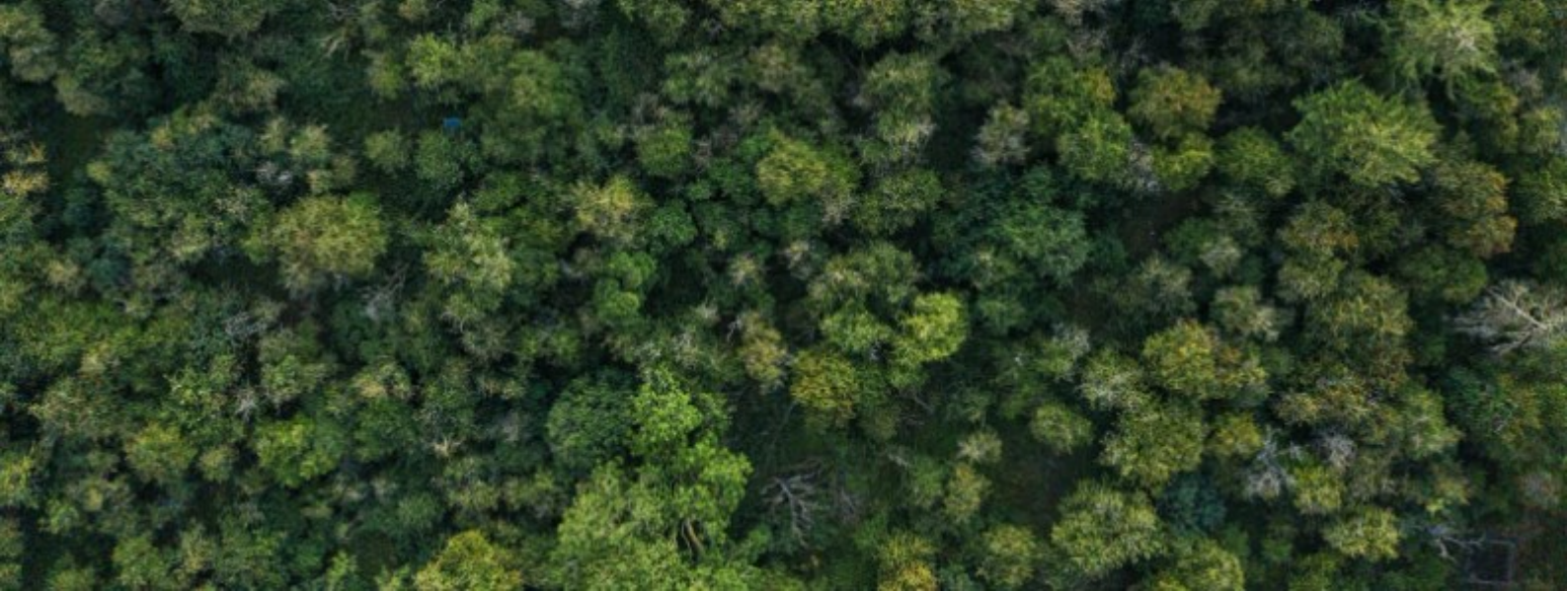
REPORTING ON EQUATOR PRINCIPLES IMPLEMENTATION

—
2024



BNP PARIBAS


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INTRODUCTION

The Equator Principles (EP) have become the leading financial industry benchmark for determining, assessing and managing environmental and social (E&S) risk in projects. They are based on the International Finance Corporation Performance Standards (PS) and the World Bank Group Environmental, Health & Safety (EHS) Guidelines, which are comprised of both general and industry specific sets of documents. As of June 2025, 129 financial institutions have adopted the Equator Principles.

Launched in 2003, the EP enforced its fourth version (EP4) starting October 2020. In its final version, EP4 brought additional requirements for more sensitive projects including dedicated Human Rights and Climate Change Risk Assessments, broader application of the EP standards for both Designated and Non-designated countries and significant changes to the financial instruments and thresholds covered by the EP.

An aerial photograph of a complex, multi-level highway interchange with several overpasses and ramps, surrounded by greenery. The image is partially obscured by a semi-transparent green box containing text.

BNP Paribas adopted the EP in October 2008. This document constitutes BNP Paribas' EP Implementation Report for the year 2024 (January 1st to December 31st) pursuant to Principle 10 of the Equator Principles, which states that "the EPFI will, at least annually, report publicly on transactions that have reached Financial Close and on its Equator Principles implementation processes and experience"¹.

While this reporting is in line with the Minimum Reporting Requirements detailed in Annex B of the Equator Principles, the official reporting information is publicly available on the EP website².

¹ https://equator-principles.com/app/uploads/The-EquatorPrinciples_EP4_July2020.pdf

² <https://equator-principles.com/members-reporting/>

GENERAL CONSIDERATIONS

Equator Principles Financial Institutions (EPFIs) undertake not to support projects where the borrower will not or is unable to comply with E&S requirements arising from the application of the EP.

Principle 1 of the EP requires EPFIs to categorize projects based on the associated potential E&S risks and/or impacts.

Project categorization under the EP is in line with the recommendations of the IFC's environmental and social categorization process and is defined as followed:

CATEGORY A

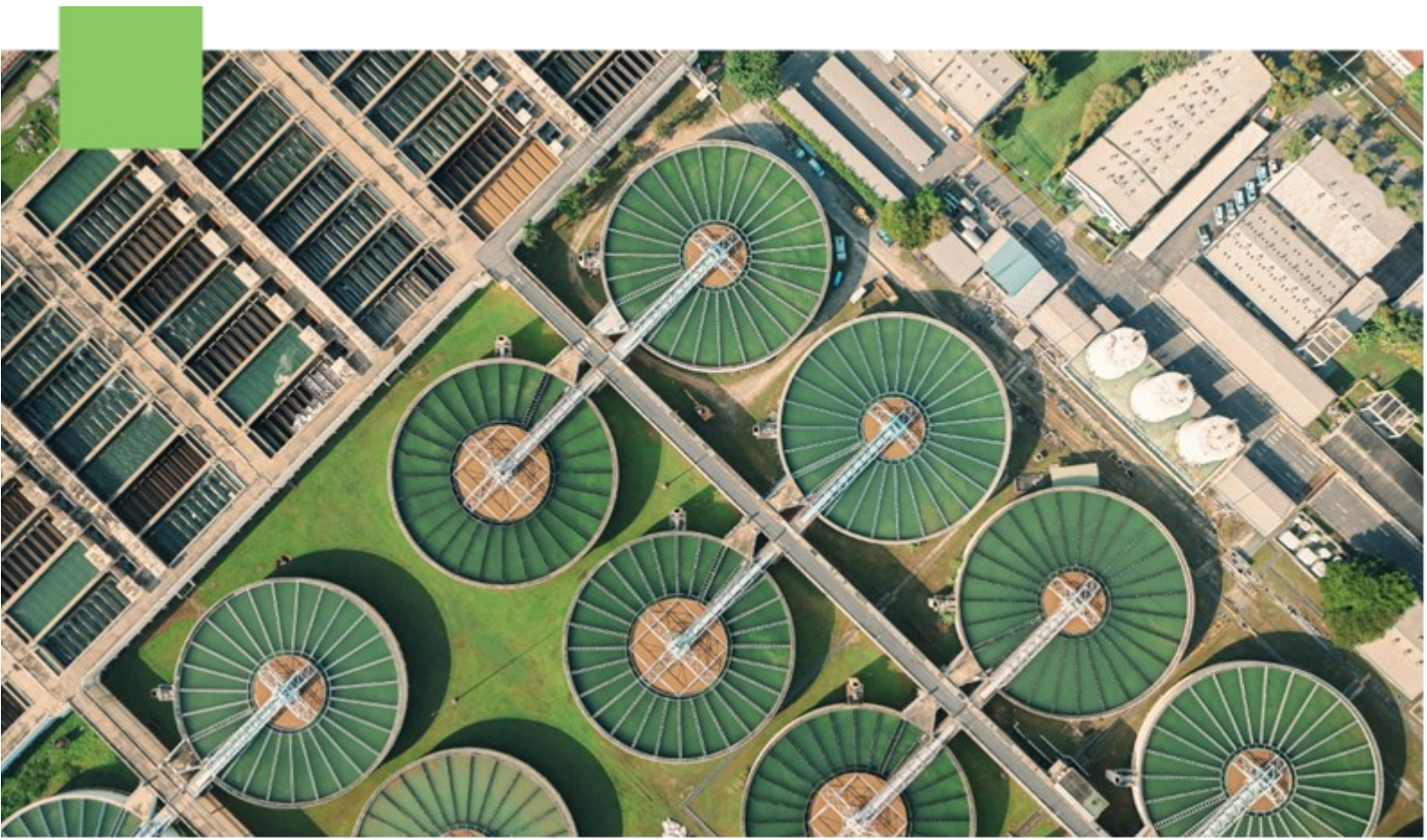
For projects with potential significant adverse E&S risks and/or impacts that are diverse, irreversible or unprecedented.

CATEGORY B

For projects with potential limited adverse E&S risks and/or impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures.

CATEGORY C

For projects with minimal or no E&S risks and/or impacts.





The initial categorization is crucial because it triggers the level of due diligence to be undertaken. It is based on an assessment of the potential environmental and social risks of a project without considering mitigation measures. It is worth insisting on the fact that project categorization (A, B or C) does not constitute a rating of the project's E&S performance nor a way of pre-selecting or excluding projects based on E&S concerns. In that sense, a project initially categorized as "A" will trigger a high level of due diligence resulting in the implementation of adequate mitigations measures that will eventually lower the level of E&S risks initially assessed. In addition, projects with E&S risks that BNP Paribas would deem unacceptable, or for which there would be no satisfactory mitigation prospects, will not be pursued.

It is also important to note that the project categorization may evolve between mandate signing (or any form of commitment by BNP Paribas) and the credit committee stage (for lending mandates), as a result of additional information on E&S risks becoming available during the due diligence phase. However, once a transaction is approved internally (e.g. green light from the credit committee), the project categorization is not modified further.

Based on the identified project risks and the extent of related impacts, the Equator Principles require the client to carry out mitigation measures, in a comprehensive and structured manner, through the implementation of Environmental & Social Management Plans (ESMP), in order to comply with the applicable E&S standards throughout the life of the project. An Action Plan (AP) may also be negotiated with the borrower to address gaps identified and ensure compliance with EP requirements. An overarching Environmental and Social Management System is also defined and implemented by the project company to address the management of the actions described in the ESMP and AP.

For projects located in Non-Designated Countries and, depending on their particular risks, in Designated Countries³, in addition to host country laws, regulations and permits, the assessment process evaluates compliance with the IFC Performance Standards and World Bank Group EHS Guidelines, considered as good international industry practices.

One of the major strengths of the Equator Principles is the contractual obligation for the client under the financing documents to regularly demonstrate its compliance with the proposed AP as well as with the relevant laws, regulations and permits, through the inclusion of covenants and other conditions in the project's contractual structure⁴.

For the most sensitive projects, an independent consultant is mandated by the lenders to review and monitor the project's E&S documentation and performance, during the planning, design, construction and operation phases, over the life of the loan.

³ <https://equator-principles.com/about-the-equator-principles/designated-countries/>

⁴ https://equator-principles.com/app/uploads/Loan_documentation_EP_Dec2020.pdf

IMPLEMENTATION OF THE EQUATOR PRINCIPLES

BNP Paribas considers that E&S due diligence is an integral part of the regular due diligence conducted for project-related transactions. Business lines therefore remain essentially in charge of applying the EP process as they are in the frontline of the business activity.

1. ROLES AND RESPONSIBILITIES

The CIB ESG Analysis & Expertise (CIB ESG) team is 13-people strong, is independent from the business lines and systematically reviews projects' E&S impacts and its proposed categorization. Its level of involvement in the overall EP implementation process for a specific project depends on the type of E&S risks and associated impacts.

RISK function, in its role as second line of defense on ESG risks as part of the credit process, reviews and can challenge the outcome of the assessment performed by the Business lines and CIB ESG team, including compliance with the EP and Project Category.

2. PROJECT CATEGORIZATION

In order to ensure a consistent categorization of projects based on their E&S risk and impacts, all relevant business lines worldwide must use the Categorization Tool (CAT), a project categorization tool developed internally by BNP Paribas. Based on a project's potential risks and associated impacts, the tool suggests a category (A, B+, B or C).

Within Projects categorized as Category B, there can be a range in the scale of potential environmental and social risks and impacts. In general terms, higher risk Category B Project are treated similarly to Category A projects, and lower risk Category B Projects could be treated in a lighter regime. On this basis, BNP Paribas adopted a Category B+ aiming to capture higher risk Category B Projects. In regards to due diligence requirements, Category B+ projects shall strive to meet the standards for Category A projects. If in any case the additional requirements cannot be achieved for a certain Category B+ project, the business team can contact CIB ESG to discuss if alternatives can be sought on a case-by-case basis.

3. E&S CONSIDERATIONS IN THE CREDIT PROCESS

An internal procedure to rule the application of EP in BNP Paribas has been drafted by CIB ESG in collaboration with the business lines concerned and validated by senior management. This procedure is also referenced in the associated credit policies, to ensure that all staff is aware of the associated requirements. To address the changes brought by EP4, the procedure was updated in 2020 and a final version validated by October 1st 2020.

The procedure enables the early detection of sensitive projects (i.e. that present significant E&S risks) so that they can be brought to the attention of senior management prior to any firm commitment. Business lines are then able to engage with the client on environmental & social aspects early in the financing process.

The E&S risks and associated impacts of Category A (high sensitivity) projects are systematically discussed during the credit committee, and with participation of CIB ESG. This ensures that RISK function is involved as second line of defense on ESG matters.

4. TRAINING

BNP Paribas developed a e-learning module on the Equator Principles implementation, scope of application and associated due diligence. This e-learning is available to all staff worldwide, with communications being sent to the regional CSR points of contact, to guarantee it reaches all relevant teams.

PROJECT FINANCE TRANSACTIONS IN 2024

The table below provides a breakdown of the 35 Project Finance transactions that have reached financial close in 2024, and to which the Equator Principles were applicable. Breakdowns are provided by Category (A, B, or C) and then by sector, region, country designation, and by whether an independent review has been carried out.

| | Category A | Category B | Category C | Total |
|----------------------------|------------|------------|------------|-----------|
| Total | 0 | 31 | 4 | 35 |
| Sector | | | | |
| Metals & Mining | 0 | 0 | 0 | 0 |
| Infrastructure | 0 | 0 | 0 | 0 |
| Oil & Gas, Petrochemicals | 0 | 3 | 0 | 3 |
| Power | 0 | 20 | 2 | 22 |
| Power Thermal | 0 | 1 | 0 | 1 |
| Power Renewables | 0 | 19 | 2 | 21 |
| Others | 0 | 8 | 2 | 10 |
| Region | | | | |
| Americas | 0 | 19 | 2 | 21 |
| EMEA | 0 | 8 | 2 | 10 |
| Asia Pacific | 0 | 4 | 0 | 4 |
| Country Designation | | | | |
| Designated | 0 | 23 | 4 | 27 |
| Non Designated | 0 | 8 | 0 | 8 |
| Independent Review | | | | |
| Yes | 0 | 19 | 0 | 19 |
| No | 0 | 12 | 4 | 16 |

(*) It should be noted that the Independent Review can be performed either by a dedicated environmental & social consultant, or by the technical consultant, when its environmental & social expertise was considered acceptable given the characteristics of the project.

PROJECT-RELATED CORPORATE LOANS TRANSACTIONS IN 2024

During the reporting period, 5 Project-Related Corporate Loans covered by the Equator Principles, reached financial close. All were Export Finance buyer's credit transactions.

The table below provides a breakdown of these transactions by Category (A, B, or C) and then by sector, region, country designation, and by whether an independent review has been carried out.

| | Category A | Category B | Category C | Total |
|----------------------------|------------|------------|------------|----------|
| Total | 1 | 3 | 1 | 5 |
| Sector | | | | |
| Metals & Mining | 1 | 0 | 0 | 1 |
| Infrastructure | 0 | 0 | 0 | 0 |
| Oil & Gas, Petrochemicals | 0 | 3 | 0 | 0 |
| Power | 0 | 0 | 1 | 1 |
| Power Thermal | 0 | 0 | 0 | 0 |
| Power Renewables | 0 | 0 | 1 | 1 |
| Others | 0 | 3 | 0 | 3 |
| Region | | | | |
| Americas | 1 | 1 | 0 | 2 |
| EMEA | 0 | 2 | 1 | 3 |
| Asia Pacific | 0 | 0 | 0 | 0 |
| Country Designation | | | | |
| Designated | 0 | 2 | 1 | 3 |
| Non Designated | 1 | 1 | 0 | 2 |
| Independent Review | | | | |
| Yes | 1 | 3 | 0 | 4 |
| No | 0 | 0 | 1 | 1 |

(*) It should be noted that the Independent Review can be performed either by a dedicated environmental & social consultant, or by the technical consultant, when its environmental & social expertise was considered acceptable given the characteristics of the project.

PROJECT FINANCE ADVISORY MANDATES AWARDED IN 2024

During the 2024 reporting period, BNP Paribas was not involved in Project Finance Advisory mandates in the scope of the Equator Principles.

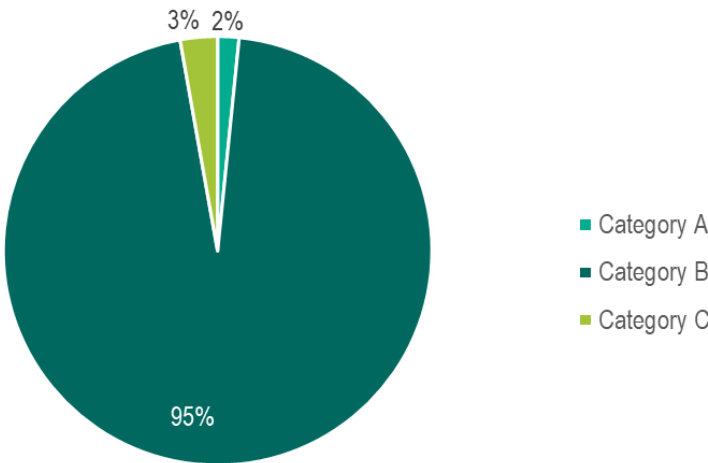
ADDITIONAL REPORTING ON PROJECT COSTS

The reporting below, based on total project costs, provides an additional perspective on the influence that EPFIs as a whole, incl. BNP Paribas, can have as ‘promoters of good E&S practices’ on the global project financing market, which is comprised of both EPFIs and non-EPFIs.

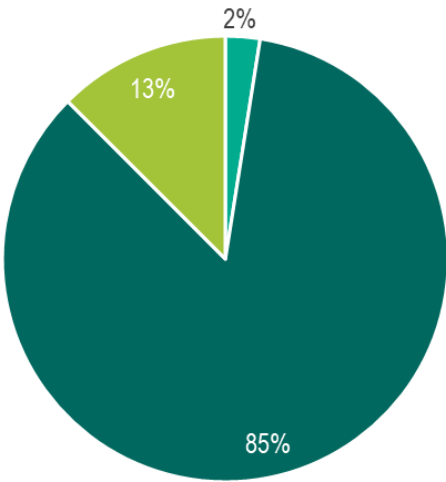
The 40 transactions included in this reporting (i.e. Project Finance and Project-Related Corporate Loans) represent a total of USD 62 billion in total project costs; the total amount of commercial debt raised was USD 41 billion, and BNP Paribas’ allocation was USD 3 billion.

BREAKDOWN BY CATEGORY

TOTAL PROJECT COSTS

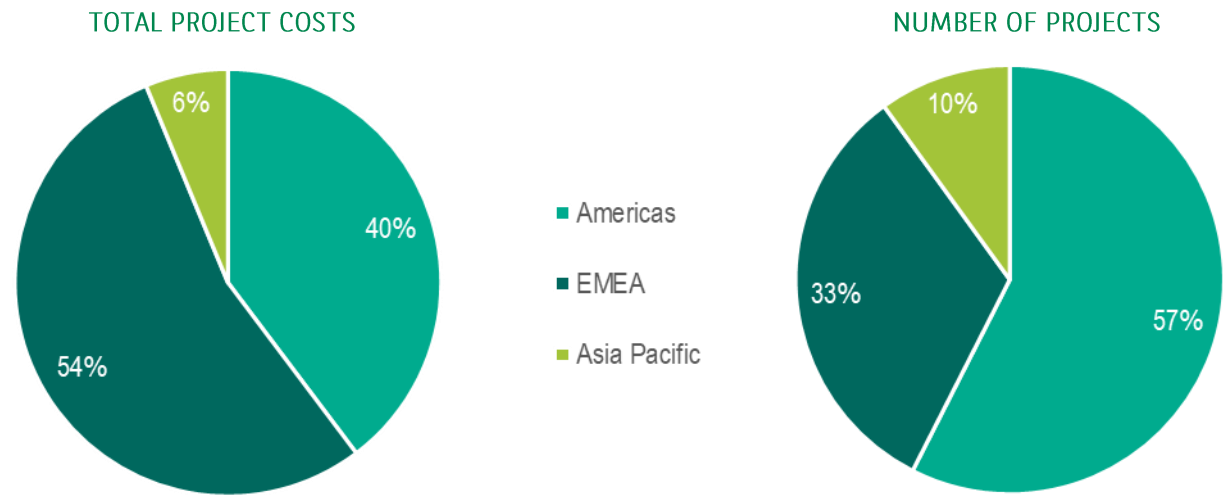


NUMBER OF PROJECTS

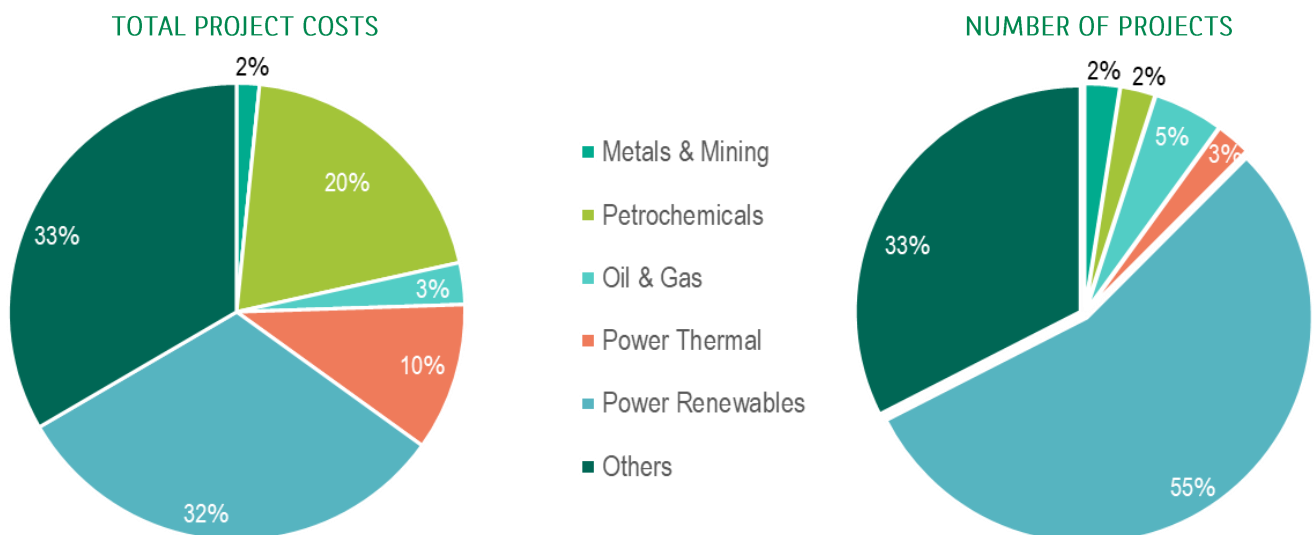


Even though Category A projects usually require larger amounts of financing, associated with the bigger scale of the projects (and consequently, more significant environmental & social impacts), most projects financed in 2024 were Category B projects, hence the project costs’ breakdown above.

BREAKDOWN BY REGION



BREAKDOWN BY SECTOR



The above breakdowns show that, in 2024, the number of projects in "Others" category was meaningful and contributed to 33% of the total project costs of the Projects financed by the Bank. In 2024, this category contemplated projects such as data centers and battery energy storage systems.

CONTRIBUTION TO THE EQUATOR PRINCIPLES DEVELOPMENT

BNP Paribas has been actively involved in the development of the Equator Principles, either as a steering committee member or as part of various working groups on issues such as climate change, scope of application, and governance. BNP Paribas has notably played an active role in the revision process that led to the third version of the Equator Principles published in June 2013.



In particular, BNP Paribas acted as co-lead in the reporting & transparency task force (comprising representatives of over 20 EPFIs), which worked on improving EP reporting quality and consistency among EPFIs (Principle 10), as well as enhancing project-level transparency.

BNP Paribas was actively involved in the EP IV revision process, notably by participating in the working group of Social Impact and Human Rights and thus taking part of the discussions of the Guidance Notes on Implementation of Human Rights Assessments and Evaluation Projects with Affected Indigenous People. BNP Paribas was one of the EPFIs that requested that the EP Association review the applicable standards in Designated Countries. On that note, BNP Paribas also contributed to the dedicated section in the EP Implementation Note.





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