FINANCING A WATER RESILIENT ECONOMY:
BNP PARIBAS SOLUTIONS FOR A CHANGING WATER CYCLE



BNP PARIBAS

The bank for a changing world



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FRESHWATER SCARCITY AND POLLUTION ARE RESHAPING THE ECONOMY

WATER HAS BECOME THE INVISIBLE VARIABLE OF THE GLOBAL ECONOMY

For centuries, economic development has been built on an assumption so deeply embedded that it has rarely been questioned: water could always be made available where and when it was needed. Cities expanded, factories multiplied and agriculture intensified without much thought for the resource that made all these activities possible. Water remained largely invisible in economic analysis, essential to every production system, yet rarely recognised as a strategic asset in its own right.

This assumption is beginning to unravel, because across continents, water patterns are shifting: droughts are lasting longer, 70% of major aquifers are in decline[1], glaciers are retreating and thus threatening water supply, rainfall patterns are drastically changing and water pollution is widespread. At the same time, demand for freshwater continues to rise as populations grow, industries expand, cities develop and economies electrify. Water is no longer simply an environmental concern: it is becoming one of the defining conditions for economic development. France illustrates this new reality: in 2026, the country experienced severe flooding followed only months later by exceptional drought conditions that facilitated historical wildfires. Water extremes, rather than averages, are becoming the new normal, disrupting infrastructure, economic activity and long-term planning.

Unlike oil or gas, water has no substitute. Every economy depends on it, every supply chain relies on it and every community competes for it. Agriculture cannot produce food without water; power plants require water for cooling; semiconductor manufacturing depends on ultrapure water. Mining, pharmaceuticals, construction, real estate, data centres and ultimately all economic sectors rely on secure and predictable water supplies.

Water is increasingly becoming a critical determinant of economic resilience and growth. According to the World Bank, around half of global GDP depends on biodiversity, natural capital and ecosystem services[2]. Research by the European Central Bank (ECB) indicates that this dependence is expressed first and foremost through water. Recent ECB analysis identifies water scarcity, flooding and declining water quality as the most significant nature-related risks to the euro area economy, with surface water scarcity alone potentially putting up to 24% of economic output at risk[3]. Water is therefore emerging as a strategic economic asset that shapes productivity, competitiveness and long-term resilience.

And yet, the paradox is striking: while water remains one of the world's most valuable resources, it is one of the least valued resources economically. Across the world, prices rarely reflect scarcity, ecosystems are seldom valued for the services they provide, and investment in water infrastructure continues to lag behind growing needs. As the Global Commission on the Economics of Water argues, the world still behaves as though freshwater were an abundant resource, despite mounting evidence to the contrary[4].

WATER AND CLIMATE: TWO SIDES OF THE SAME COIN

The impacts of climate change are primarily transmitted through water. More intense droughts, floods, heatwaves and shifts in rainfall patterns are affecting water availability across the world. According to the United Nations, around **90% of natural disasters are water-related**, highlighting how changes in the climate system are experienced first and foremost through the water cycle.

At the same time, climate mitigation relies on healthy water-dependent ecosystems. Forests, wetlands and soils are among the world's most important natural carbon sinks, but their capacity to store carbon depends on functioning hydrological systems. Wetlands alone store an estimated **20-30% of global soil carbon despite covering only around 6% of the Earth's land surface**. When ecosystems are degraded by drought, water stress or land-use change, societies lose both water security and climate resilience. Protecting and restoring these ecosystems therefore delivers a dual benefit: strengthening adaptation to climate impacts while also preserving the natural carbon sinks that are essential for climate mitigation.

BEYOND SCARCITY: THREE GLOBAL WATER CHALLENGES

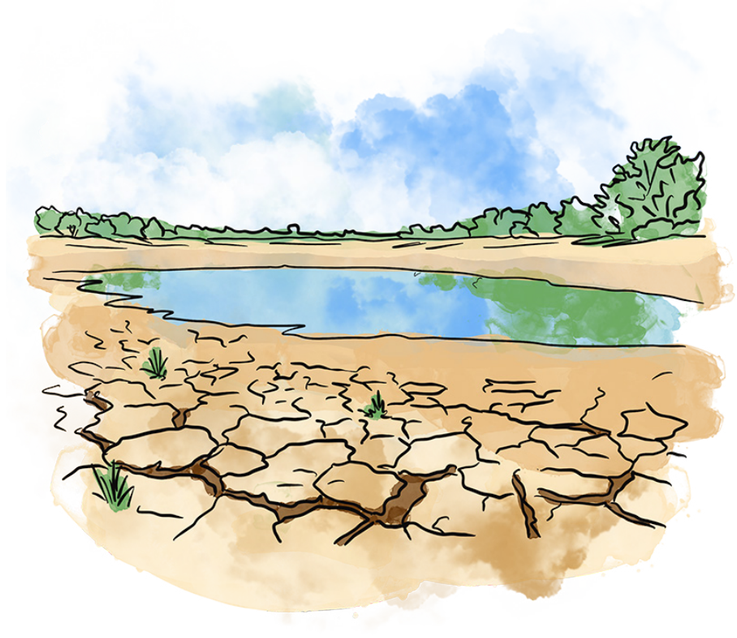
The global water challenge rests on three interconnected dimensions: quantity, quality and access.

The first challenge is water scarcity. Climate change is disrupting the hydrological cycle while demand continues to increase, placing growing pressure on rivers, lakes and aquifers. According to UN-Water, global water demand is expected to exceed supply by 40% by 2030, while nearly half of the world's population already experiences severe water scarcity during part of the year.

The second challenge is water quality. Around the world, an estimated 80% of wastewater is discharged without adequate treatment, degrading rivers, lakes and aquifers and reducing the volume of water that can safely be used. In addition, we increasingly hear about PFAS, nitrates, heavy metals and microplastics that threaten ecosystems, human health and industrial production. While water may still be a physically available resource, it is no longer usable without increasingly expensive treatment. In fact, the World Bank estimates that poor water quality reduces economic growth through lower agricultural productivity, declining fisheries and rising healthcare costs.

The third challenge is water access. Safe drinking water and sanitation remain fundamental drivers of human development and economic stability. Yet almost 50% of people in the world still lack safely managed drinking water services. Beyond the humanitarian implications, these deficits translate into lower productivity, poorer health outcomes and greater social vulnerability.

Taken together, these three challenges of water scarcity, pollution and unequal access all reinforce one another. Pollution reduces the amount of usable freshwater, scarcity intensifies competition between users and weak infrastructure amplifies both. The water challenge is therefore not a single crisis, but the convergence of multiple pressures reshaping economies simultaneously.



[1]Global Water Bankruptcy, UNU-INWEH, 2026
[2]World Bank (2025), Mainstreaming Nature into World Bank Macroeconomic Models: Overview Report
[3]Elderson, F. (2026), A central banker's perspective on climate change and nature degradation, University of Oxford, May 2026
[4]Global Commission on the Economics of Water, Turning the Tide, 2023

WHY DOES THIS MATTER FOR FINANCIAL INSTITUTIONS?

Water-related risks are increasingly becoming financial risks. According to ECB research, nearly **75% of Euro area banks' corporate lending** is directed towards companies that are highly dependent on at least one ecosystem service, while water-related risks have been identified as the most significant nature-related threat to economic activity. Water scarcity can constrain agricultural, industrial and energy production; floods can damage assets and infrastructure; and declining water quality can disrupt operations and increase costs. As these shocks become more frequent and severe, they affect a company's revenues, profitability and asset values, ultimately translating into higher credit risk for financial institutions. Reflecting these transmission channels, ECB analysis suggests that 19% of euro area corporate loans are exposed to surface-water scarcity risk, highlighting the growing importance of water as a driver of financial resilience.

The implications extend well beyond traditionally water-intensive sectors. Food and agriculture remain highly exposed, as well as energy generation, mining, semiconductors, pharmaceuticals, construction, real estate and even digital infrastructure. As economies electrify and data centres multiply, reliable access to water is becoming an increasingly important component of industrial competitiveness.

This may also affect the way non-financial risks will be assessed. Traditional ESG analysis has largely focused on carbon emissions and transition pathways. Water introduces a complementary dimension: the physical capacity of an economy to continue operating under changing environmental conditions. Understanding where water constraints are emerging can provide an earlier and additional indication of future economic vulnerability than carbon metrics alone.

For banks and investors, water also represents an opportunity. Better understanding water exposure allows financial institutions to anticipate emerging risks, engage more effectively with clients and identify growing investment needs in infrastructure, technology and adaptation. In a world where water increasingly determines economic resilience, integrating water into financial decision-making is becoming less an ESG exercise than a prerequisite for sound risk management and long-term value creation.

WHAT IS BNP PARIBAS DOING ABOUT THIS?

Embedding water into risk analysis

BNP Paribas is progressively embedding water-related considerations across its risk management framework, recognising that water scarcity, pollution and physical hazards can materially affect clients, sectors and portfolios. Water-related issues are considered across key steps of the client lifecycle, from onboarding and due diligence to credit decision-making.

This approach is supported by a growing suite of analytical tools. One of its cornerstones is BNP Paribas' ESG Assessment tool, a sector-specific questionnaire applied to corporate clients and reviewed as part of the credit process. Covering around 20 sectors, this questionnaire includes tailored questions for water-intensive industries such as agrifood, utilities and chemicals to assess areas such as water consumption, water management practices, exposure to water stress and water quality impacts. The Bank's ESG Assessment tool complements sectoral financing and investment policies that incorporate water-related criteria for the sectors most exposed to water risks.

To identify and prioritise material risks, BNP Paribas also develops **sectoral heatmaps** which aim to identify industries with higher sensitivity to water dependency, pollution risks and certain water-related impacts. Together, these tools provide an increasingly granular view of water-related risks, helping BNP Paribas better understand sectoral exposure to water-related risks.

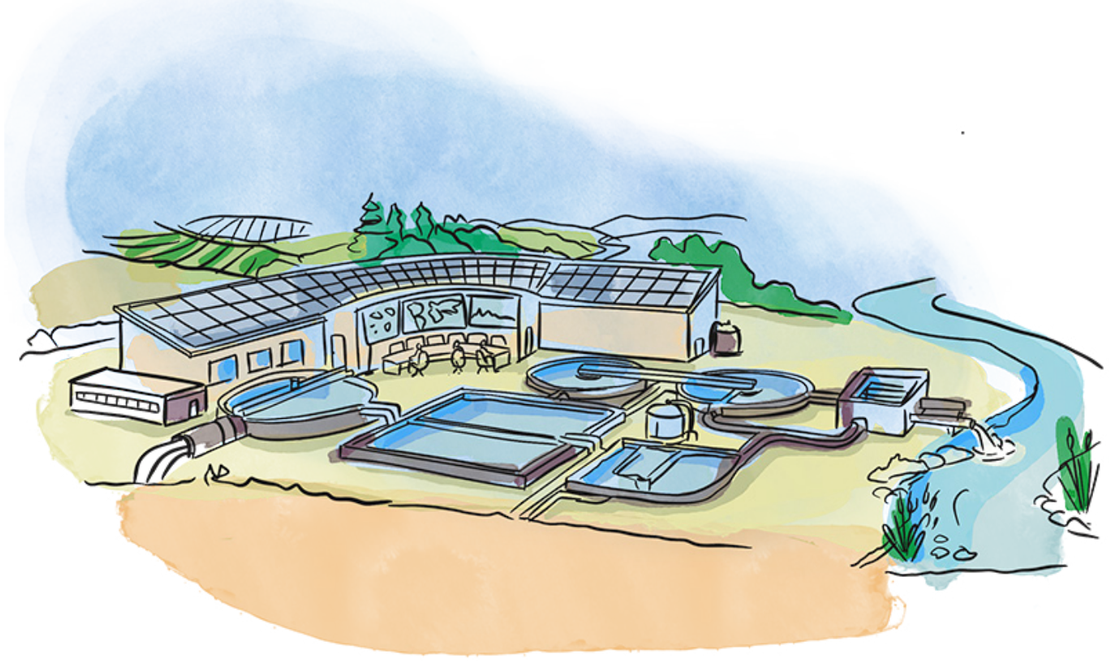
In parallel, **climate stress-testing exercises** and climate scenario analyses contribute to assessing portfolio resilience to environmental risks over different time horizons. In addition, BNP Paribas has developed physical risk assessment capabilities, including granular models of flood, drought and other water-related hazards, across various sectors, covering for example the impact of flood risk and drought on its real estate portfolios.

Promoting Water Quality and Pollution Control

Improving water quality requires action across the entire value chain, from large-scale infrastructure to breakthrough technologies capable of preventing pollution at source. BNP Paribas supports this transition through both financing and investment.

BNP Paribas mobilises capital markets to support water quality and sanitation infrastructure. In 2025, BNP Paribas structured **CAF's €100 million Blue Bond** to support investments in water and wastewater management, coastal ecosystem protection and resilient infrastructure in Latin America and the Caribbean. In May 2026, the Group acted as Sole Lead Manager for **IDB Invest's CHF 100 million Blue Bond**, a 10-year issuance dedicated to **sustainable water and wastewater management**.

Alongside major infrastructure projects, BNP Paribas also supports innovative companies developing solutions that reduce pollution at source and improve water quality. Through BNP Paribas Développement and dedicated investment vehicles, the Group has supported companies such as: **Lactips**, which develops water-soluble and biodegradable alternatives to conventional plastics; **Toopi Organics**, which recovers and valorises nutrients as alternatives to synthetic fertilisers; and **Blue Foot Membranes**, which develops advanced membrane technologies for wastewater treatment and water reuse. Together, these solutions help reduce pollutant releases into freshwater ecosystems while promoting more circular water management practices.



Supporting Access to Water

Because access to safe water remains one of the world's most pressing development challenges, BNP Paribas contributes to this cause through a combination of impact investing, innovative financing and philanthropic initiatives.

In 2023, BNP Paribas committed **€2 million** to the **Water Access Acceleration Fund (W2AF)**, an impact investment fund whose ambition is to **provide safe drinking water to 30 million people across Africa and Asia**. As of March 2026, this fund had already enabled the distribution of 11 billion litres of safe drinking water and improved access to safe drinking water for 9.9 million people.

The Group also mobilises capital markets to support investments in water access and sanitation infrastructure. In 2026, BNP Paribas acted as Blue Bond Coordinator and Joint Bookrunner for BASA Saneamiento Ambiental's BRL 2.05 billion Blue Bond issuance, alongside other financing facilities, forming a **BRL 3.9 billion (€647 million) funding package** for the project. The programme supports the **development and modernisation of water and sanitation infrastructure** across 151 municipalities in Pernambuco, Brazil, serving approximately 7 million people, with the objective of **increasing water-service coverage from 80.7% up to 99%**.

In addition, the Group also supports innovative financing mechanisms that address emerging water challenges. In 2026, BNP Paribas acted as arranger for the **Asian Development Bank's first green bond dedicated to adaptation to glacier melt in Asia**, a **USD 100 million** transaction designed to help communities prepare for long-term changes in water availability linked to climate change.

Beyond financing, **BNP Paribas' Rescue & Recover Fund** supports NGOs working to improve access to water, sanitation and hygiene services. In 2024, the Fund's annual campaign focused entirely on access to water and raised more than **€400,000** for projects led by **CARE**, the **French Red Cross** and **Médecins Sans Frontières (Doctors Without Borders)**.

Supporting Water Body Restoration

Healthy wetlands, rivers and floodplains play a critical role in storing water, reducing flood risks, supporting biodiversity and increasing resilience to climate change. BNP Paribas therefore supports ecosystem restoration as a complement to engineered water infrastructure.

In 2026, the **BNP Paribas Fortis Foundation** launched a four-year partnership with Natuurpunt and local communities to restore the **Zuun Valley,** the largest wetland near Brussels. The project includes restoring ponds, improving water management and strengthening natural habitats, helping the area continue to function as a natural water reservoir and biodiversity hotspot. During periods of intense rainfall, the valley plays an important role in flood mitigation. For example, in January 2024 alone, Zuun Valley absorbed approximately **160 million litres of water**.



WATER RISK STARTS WITH GEOGRAPHY: WHY CONTEXT DRIVES EXPOSURE

WATER ANALYSES REQUIRE LOCAL AND MULTI-CRITERIA ANALYSIS

If water is becoming a defining economic challenge, it is also a particularly difficult risk to analyse. Unlike carbon emissions, which can be measured through a single global metric, water has no universal unit of risk. A cubic metre of water withdrawn in northern France, southern Spain or western India does not carry the same environmental, economic or social implications. **This is what makes water fundamentally different from climate change**. Carbon is global: a tonne of CO_2 has the same impact, wherever it is emitted. Water is local. Its value depends on where it comes from, who depends on it, when it is needed and how it is managed. Understanding water therefore requires a different way of thinking. **The question is no longer simply how much water is being used, but where it is being used, which resource it depends on and what pressures exist around it**.

FOUR DIMENSIONS DEFINE WATER RISK

Understanding this geography means looking beyond water consumption alone. In practice, four complementary dimensions determine whether water becomes a strategic vulnerability.

- The first is the resource itself: not all water is the same. Global agriculture depends primarily on rainfall stored in soils, also known as green water, while industry and power generation generally rely on withdrawing water from rivers, lakes and aquifers, namely blue water. Relying on one or the other does not have the same impact, and increasingly, many sectors are turning to recycled or reclaimed water to reduce pressure on freshwater resources. The type of water available thus determines both the level of exposure and the range of possible adaptation strategies.

- The second dimension is business continuity exposure. Water risks extend far beyond drought: floods, seasonal variability, groundwater depletion, saltwater intrusion and deteriorating water quality can all disrupt economic activity. In some places, the challenge is too little water. Elsewhere, it is too much water arriving at the wrong time, or water that no longer meets the quality required for industrial processes.

- A third dimension concerns competition between users. Water is one of the few resources simultaneously required by citizens, cities, agriculture, energy production, manufacturing, services and ecosystems. During periods of stress, these uses increasingly compete, making allocation decisions more complex and politically sensitive. Decisions about allocation are often strongly influenced by local economic context and pressures (industrial development, agricultural productivity and regional attractiveness) and water continuity is becoming central to economic sovereignty.

- Finally, governance often determines whether water remains manageable or becomes a source of systemic risk. Pricing mechanisms, abstraction permits, wastewater regulations and river basin management differ considerably between jurisdictions. Two neighbouring regions exposed to similar climatic conditions may therefore experience very different levels of resilience simply because they govern water differently – within countries or across borders.

Together, these four dimensions explain why averages can be misleading and why, in analysing water risks, they all need to be considered.



THE RIVER BASIN: WHERE WATER RISK REALLY EXISTS

Even if nations have sovereignty over their resources, water does not follow political boundaries. Rainfall, rivers and aquifers ignore administrative borders. Decisions taken upstream may affect industries, farmers or cities hundreds of kilometres downstream and create tensions. In that regard, the Nile Basin is an iconic example of tensions around transboundary water sharing, with Egypt fearing water shortages because of the Grand Renaissance dam built upstream in Ethiopia.

This is why hydrologists consider the river basin, rather than the country, as the most relevant unit for understanding water security. It explains why assessing water exposure increasingly requires understanding not only what a company produces, but where its facilities operate, and how local water systems are evolving. And as water risks are evolving along the supply chain, it will, at some point, also require further analysis as to where suppliers are located. As geospatial data, satellite imagery and AI analytics continue to improve, location-specific assessment is becoming an essential component of financial risk analysis.

WHY DOES THIS MATTER FOR FINANCIAL INSTITUTIONS?

For financial institutions, the local nature of water fundamentally changes the way environmental risks should be assessed. **Traditional ESG analysis often relies on sectoral averages or national indicators but water requires a much thiner level of resolution.** Two borrowers operating in the same industry may face very different risk profiles depending on the river basin in which they operate, the quality of local governance or the availability of alternative water resources.

This makes location one of the most important variables in understanding future credit risk. Physical exposure, operational continuity, regulatory changes and capital expenditure requirements increasingly depend on local water conditions rather than sector characteristics alone.

As geospatial data and water intelligence improve, banks and investors have an opportunity to move beyond broad ESG indicators, towards a more granular understanding of physical risk. This enables better pricing of risk, more informed engagement with clients and a stronger ability to identify adaptation investments before water constraints begin to affect financial performance.

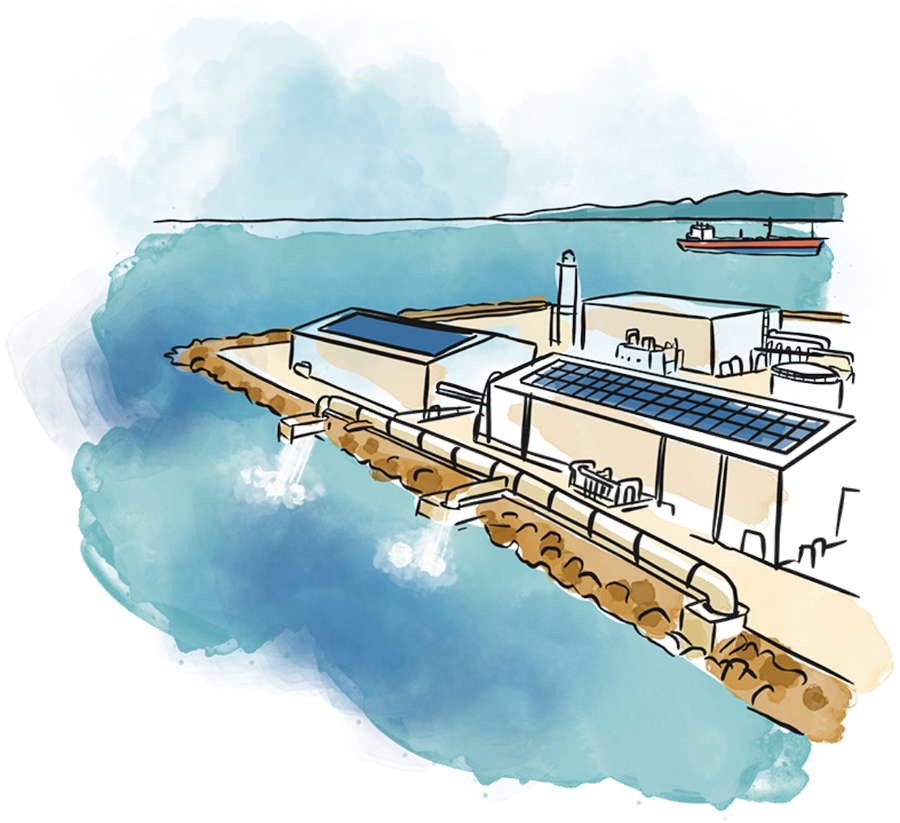
DESALINATION AND REUSE: EXPANDNG THE WATER SUPPLY

As freshwater becomes more scarce, an increasing number of regions are turning to non-conventional resources – primarily desalination and treated wastewater reuse – to close local supply gaps.

Desalination already supplies drinking water to an estimated **300 million** people worldwide, with the Middle East and North Africa accounting for more than half of global installed capacity. The technology remains energy-intensive, and its brine discharge can damage marine ecosystems if poorly managed. However, best practices, such as reverse osmosis powered by low-carbon energy, combined with proper brine dilution, can significantly reduce this footprint.

Water reuse offers a complementary, generally lower-impact route, but uptake remains uneven: less than 3% of treated urban wastewater is currently reused across the EU, against a potential estimated at up to six times that volume. The **EU Water Reuse Regulation**, applicable since June 2023, sets unified quality standards intended to help unlock this potential, mainly for agricultural irrigation.

Neither technology can replace sound water management on its own, but both are becoming essential components of adaptation strategies in water-stressed regions – and a growing area for infrastructure investment and financing.



WHAT IS BNP PARIBAS DOING ABOUT THIS?

Risk Analysis Tools Adapted to Sector and Context

Because water risk is inherently local, understanding exposure requires combining multiple levels of analysis, from individual assets to sectors and sovereigns. BNP Paribas therefore combines asset-level, country-level and sector-level approaches to better understand how water-related risks may affect clients, assets and portfolios.

The Bank has developed geolocated physical risk assessment capabilities that allow individual assets to be mapped against various climate and environmental hazards, including droughts, floods, changing precipitation patterns, stream temperatures and water stress. These tools help identify exposures at asset level and support a more granular understanding of vulnerabilities than would be possible through country-level analysis alone.

Water-related considerations are also integrated into BNP Paribas' sovereign risk frameworks. The Group's ESG sovereign risk assessment includes a dedicated water stress indicator within its environmental dimension, alongside indicators covering natural catastrophes, biodiversity, greenhouse gas emissions and climate scenario vulnerabilities. This contributes to the identification of countries potentially exposed to elevated long-term environmental risks.

Water-stressed areas also receive specific attention in BNP Paribas' client assessment and financing processes. Several ESG Assessments covering sectors most exposed to water-related risks, such as **Agriculture, Mining, Chemicals, Utilities and Water-intensive manufacturing activities**, include dedicated questions relating to operations located in water-stressed areas. Depending on the sector, these assessments examine exposure to water scarcity, water withdrawal and recycling practices, wastewater treatment, local stakeholder engagement and the implementation of water management plans. Similarly, the Group's **Agriculture Policy** contains specific requirements for activities operating in water-stressed areas.

Financing Solutions Adapted to Local Realities

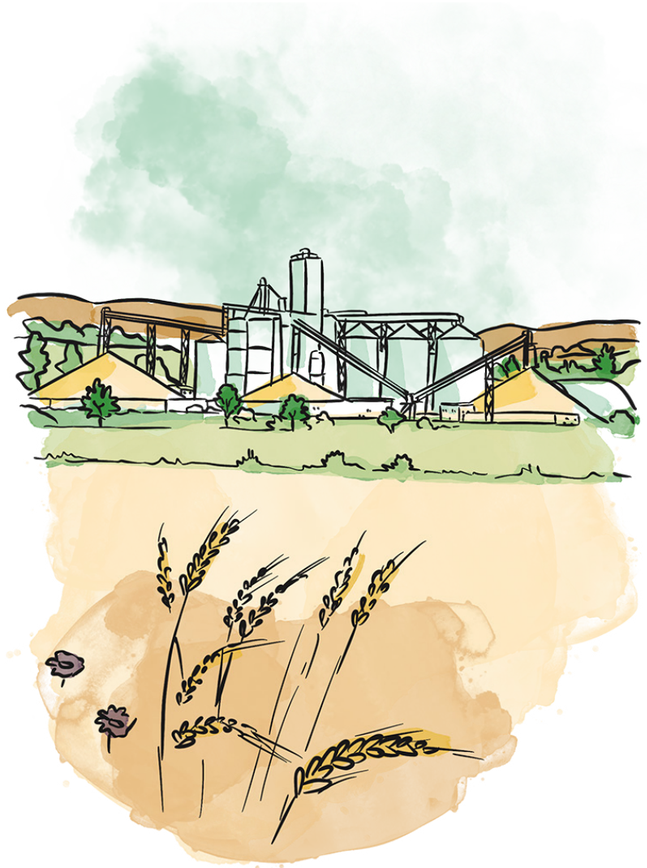
Because water challenges vary significantly across geographies and sectors, BNP Paribas develops financing and investment solutions tailored to local environmental, economic and infrastructure needs.

In 2026, BNP Paribas acted as Sustainability Coordinator for the update of **Mexico's Sovereign Sustainable Finance Framework** and as Joint Bookrunner on a **€4.75 billion sustainable bond issuance**. The updated framework strengthens support for water and wastewater management, water resilience and climate adaptation, and enables thematic issuances such as Blue Bonds to help mobilise capital towards long-term water objectives.

For corporate clients, BNP Paribas structures **Green Loans** and **Sustainability-Linked Loans (SLLs)** incorporating water-related performance indicators tailored to sector-specific challenges. In 2026, BNP Paribas acted as a **Global Coordinator for AirTrunk's USD 2.325 billion green financing** in Malaysia, supporting the development of a hyperscale data centre designed to achieve industry-leading energy and water efficiency through **advanced water-efficient cooling technologies**. More broadly, the Group has supported financing transactions linking borrowing conditions to water efficiency, water intensity and water management performance.

The Group is also exploring how water-related physical risks can be reflected in financing decisions. In Luxembourg, BGL BNP Paribas has integrated **flood resilience and water-related risks** into real-estate credit assessment frameworks. In addition, BGL BNP Paribas is proposing an adaptation loan at a preferential rate to finance works improving individuals real-estate assets protection against water-related risks.

Beyond financing, BNP Paribas invests directly in companies providing locally adapted solutions. This includes **Altereo**, a French engineering company supporting drinking water, wastewater and stormwater management planning, and **Luxcarta**, whose satellite imagery and geospatial analytics help model flood risks, coastal hazards and other water-related climate impacts.



HOW BUSINESSES ARE ADAPTING TO A WATER-CONSTRAINED WORLD

Water thus is becoming a factor that shapes investment decisions, operational resilience and competitive advantage. Across sectors, companies are beginning to recognise that adapting to water constraints is no longer optional and are anticipating evolving regulation. Whether driven by physical scarcity, stricter regulation or growing expectations from investors and clients, businesses are thus redesigning production processes, investing in new technologies and rethinking how water is managed throughout their value chains. The transition is already underway and what differs is not whether companies need to adapt, but how they choose to do so.

SHIFTING FROM EFFICIENCY TO RESILIENCE

For many years, corporate water strategies focused primarily on efficiency: reducing consumption, lowering costs and improving operational performance. These efforts remain essential, but they are no longer sufficient. Indeed, today, companies must ensure that they will continue to have access to reliable water supplies under increasingly uncertain climatic conditions.

In other words, the objective is shifting from efficiency to resilience:

- **For agriculture**, this can mean improving soil health, restoring landscapes that retain water naturally, choosing cultures that are better adapted or adopting more precise irrigation techniques. In that regard, soils are a valuable piece of the puzzle regarding the water cycle: they act as natural reservoirs, reducing dependence on irrigation while increasing resilience to drought. And if those ecosystemic services were to be assessed, they would be worth millions of euros.
- **Industrial companies** are accelerating in securing their water, notably by investing in technologies, such as closed-loop systems that recycle water multiple times before discharge. Wastewater, once considered a liability, is increasingly viewed as a valuable resource that can reduce dependence on freshwater abstraction. Circular water management is also gradually becoming part of broader resource efficiency strategy.
- **Energy producers** are also adapting. Thermal power plants are threatened by water shortages or water temperature thresholds and are upgrading cooling systems to reduce freshwater withdrawals, while the continued deployment of wind and solar energy contributes to lowering the overall water intensity of electricity generation.
- **Sectors traditionally perceived as "low water users"**, such as digital infrastructure, are increasingly exploring innovative cooling technologies as the rapid expansion of data centres places new demands on local water resources.

Across sectors, adaptation is becoming less about reacting to crises and more about anticipating future constraints.



INNOVATION IS RESHAPING THE WATER ECONOMY

As businesses adapt, an entire ecosystem of solutions is emerging:

- Advanced membrane technologies are making wastewater treatment more efficient.
- Digital sensors and artificial intelligence allow operators to detect leaks, optimise irrigation and monitor water quality in real time.
- AI-powered predictive analytics are also helping utilities and industries anticipate water shortages, optimise treatment processes and forecast infrastructure maintenance before failures occur.
- Satellite imagery is improving the monitoring of watersheds and agricultural practices, while nature-based solutions, from wetland restoration to urban green infrastructure, are increasingly complementing traditional engineering approaches.

At the same time, regulation is accelerating innovation. New standards on wastewater treatment, water reuse and industrial discharges, together with a growing wave of PFAS-related litigation in the United States, are prompting companies to invest earlier in treatment technologies, substitute hazardous chemicals and strengthen operational resilience[5]. These landmark cases are helping accelerate both regulatory action and corporate investment.

And interestingly, these developments are gradually transforming water from a compliance issue into an innovation opportunity. Companies that adapt early are often discovering additional benefits: lower operating costs, more resilient supply chains, improved stakeholder relationships and greater attractiveness to investors seeking long-term resilience.

WHY DOES THIS MATTER FOR FINANCIAL INSTITUTIONS?

For financial institutions, adaptation is one of the emerging challenges associated with the water transition. Across agriculture, industry, utilities, infrastructure and real estate, companies will require significant capital to modernise assets, improve efficiency and strengthen resilience against increasingly volatile water conditions. This creates new financing needs across the entire economy, from irrigation systems and advanced treatment technologies to water reuse infrastructure, flood resilience and nature-based solutions.

For banks and investors, understanding how clients are adapting becomes just as important as understanding their exposure. Companies investing proactively in resilience may prove better positioned for long-term value creation, while those delaying adaptation could face higher operating costs, regulatory pressure and increasing physical disruption.

Financial institutions can contribute across multiple dimensions. They can finance utilities investing in resilient infrastructure, support companies modernising industrial processes and improving water efficiency, help develop innovative technologies and facilitate investment in nature-based solutions that restore the ecosystems upon which water security ultimately depends. Increasingly, they will also support clients in understanding their own exposure by integrating water considerations into lending, investment and advisory activities.



WHAT IS BNP PARIBAS DOING ABOUT THIS?

Supporting Sectoral Transformation: Agriculture and Regenerative Transition

Agriculture accounts for around 70% of global freshwater withdrawals, making sustainable water management a key component of the sector's transition. **BNP Paribas supports this transition through financing, leasing solutions and investments that promote regenerative agriculture and more efficient water use.**

In particular, BNP Paribas acted as Sustainability Coordinator for sustainability-linked financings with **McCain** and **Bonduelle in 2024**, including commitments linked to the deployment of regenerative agriculture practices across their supply chains. In 2025, a similar approach was implemented with **Pastacorp** (Lustucru) in France, embedding sustainability objectives directly into financing structures and encouraging improvements in agricultural sourcing, resource efficiency and environmental performance. Together, these programmes aim to support more resilient agricultural systems and contribute to improving long-term water stewardship.

BNP Paribas also supports investments in more efficient agricultural equipment and infrastructure. In 2026, **BNP Paribas Leasing Solutions and the European Investment Bank signed a €200 million facility** to support the modernisation of European agriculture, helping farmers invest in more resource-efficient and environmentally friendly equipment and technologies.



The Group further supports agricultural transition in emerging economies through **Inclusive Sustainability-Linked Financings (ISLF+)** structured by the JuST Institute. These mechanisms encourage microfinance institutions to finance agroecological practices among rural borrowers, including sustainable water management solutions such as drip irrigation, rainwater harvesting, wastewater treatment and water-efficiency technologies. By linking financing conditions to sustainability outcomes, they help strengthen the resilience of smallholder farmers to climate and water-related challenges.

Energy and Industry

Industrial competitiveness increasingly depends on secure and efficient water management. BNP Paribas supports industrial clients in reducing water withdrawals, improving water reuse and adapting production processes through sustainable loans, green loans and leasing solutions.

Water management is becoming increasingly important in digital infrastructure. In 2024, **BNP Paribas Fortis** provided a **€5 million Green Loan** to **LCL nv, a data center company** to upgrade cooling infrastructure and improve resource efficiency. As data centres continue to expand, solutions that optimise cooling systems can contribute to reducing both energy consumption and pressures on local water resources.

Beyond ordinary loans, BNP Paribas Leasing Solutions supports investments in more efficient industrial equipment. In France, the business has financed water-related equipment through leasing transactions, including a **€7 million leasing transaction** for a new industrial bottling line expected to reduce water consumption by around 40% compared with older production systems. These investments help industrial clients improve water efficiency while maintaining competitiveness and operational performance.

Real Estate and Urban Water

Cities will be on the front line of climate and water challenges. Integrating water resilience into buildings and urban infrastructure is therefore becoming an essential component of sustainable real estate.

As a developer, **BNP Paribas Real Estate** incorporates water management solutions into housing and commercial developments. In Nanterre, **Arboretum**, a low-carbon business campus, combines rainwater harvesting, urban agriculture and nature-based solutions, creating islands of coolness and biodiversity.

METAL 57, BNP Paribas Real Estate's headquarters in Boulogne-Billancourt, integrates rainwater reuse for sanitary facilities and irrigation, together with advanced systems to monitor and optimise water consumption.

Beyond buildings, BNP Paribas also supports local authorities investing in water infrastructure. For example, the Bank provided a **€10 million Green Loan to the City of Genk (Belgium)** under the municipality's Green Finance Framework, supporting sustainable water and wastewater management investments, among other eligible green initiatives.

Financing Water Across Sectors

Water resilience requires capital across the entire value chain, from utilities and infrastructure to technology providers and innovative start-ups. BNP Paribas supports this ecosystem through a broad range of financing and investment solutions spanning the entire water value chain. To date, the Group has identified more than **€2.4 billion of water-related financing**, including credit exposure to dedicated water companies and financing transactions supporting water-related projects and infrastructure.

The Group is a leading arranger of financing for large-scale water investments and has helped mobilise **more than €2 billion of bond financing for water-sector issuers** in recent years. Recent transactions include **two €500 million blue bond issuances** for **SAUR**, a **£650 million green bond issued by United Utilities**, and **Xylem's landmark USD 1 billion issuance in 2026**, including the first-ever blue bond issued by a US corporate. BNP Paribas acted as Sole Blue Bond Coordinator on the transaction. Proceeds support water and wastewater treatment, water efficiency, water supply, environmental monitoring and disaster preparedness.

BNP Paribas is also supporting the growth of blue finance markets. The Bank updated its Green Bond Framework to identify Blue Eligible Assets and **issued more than EUR 150 million of Blue Private Placements**, further demonstrating its commitment to scaling financing for sustainable water-related activities.

Beyond large corporate issuers, BNP Paribas also supports a broad ecosystem of **mid-sized water and wastewater operators**, ranging from **public utilities** such as **Aquafin** (Flanders) and **Vivaqua** (Brussels), to **regional water infrastructure managers** such as **BRL** in southern France and **industrial water specialists** such as **Waterleau** in Belgium. Through these relationships, the Bank helps finance drinking water infrastructure, wastewater treatment facilities and network modernisation projects, demonstrating its commitment to supporting water actors of all sizes.



BNP Paribas also channels investor capital towards water solutions. With approximately EUR **6 billion under management** in the water strategy, the **BNP Paribas Aqua Fund** is one of the world's largest dedicated water investment funds. The fund invests in global companies which support the protection and efficient use of water as a natural resource, across sectors such as water infrastructures (network, buildings, industry equipment, infrastructure services and irrigation), water treatment (filtration, traditional treatment, efficiency, testing and monitoring) and utilities. Portfolio companies include American Water Works (water utility), Xylem (water infrastructure) or Cintas (water treatment).

Innovation is another important pillar of BNP Paribas' approach. The Group supports emerging water technology companies such as **Kumulus**, which produces drinking water directly from atmospheric humidity in water-scarce regions, and **Leakmited**, whose digital solutions help utilities identify and reduce water losses in distribution networks.

By supporting both innovative startups and established industry leaders, BNP Paribas contributes to accelerating practical solutions for water access, efficiency and resilience.

COLLECTIVE ACTION FOR WATER RESILIENCE

WATER IS PERHAPS THE ULTIMATE COLLECTIVE RESOURCE

Every industrial and agricultural stakeholder operates within the same reality: the water they withdraw has often already served another purpose, and the water they discharge will almost certainly become someone else's resource downstream. Water is, by nature, a shared resource and unlike energy or industrial inputs, it cannot be managed by a single company acting alone. Rivers cross administrative borders, aquifers are shared by multiple users and ecosystems provide services that benefit entire economies rather than individual organisations.

Building water resilience therefore requires cooperation far beyond the boundaries of any one sector, with public authorities playing a central role. Governments, river basin authorities, municipalities and public utilities determine how water is allocated, treated, stored and shared between users. They also plan and finance much of the infrastructure on which water security depends, from reservoirs, irrigation systems and flood protection assets to drinking water and wastewater networks.

BUILDING COLLECTIVE RESILIENCE

Resilience depends on shared data, common methods and coordinated action. Because water is shared, resilience ultimately depends on collaboration between governments, public authorities, businesses, researchers, local communities and financial institutions. Scientific knowledge, reliable data and common methodologies are becoming just as important as capital itself.

This explains the rapid emergence of international initiatives dedicated to water stewardship, nature-related financial risks and basin-level governance. By working collectively, these initiatives aim to improve transparency, harmonise methodologies and accelerate investment towards the most effective solutions. For financial institutions, participating in these collaborations is becoming part of sound risk management.



WHY DOES THIS MATTER FOR FINANCIAL INSTITUTIONS?

The financial sector occupies a unique position within the economy. Banks and investors connect capital with the companies, infrastructure and technologies that will determine future water resilience. Their role extends beyond financing individual projects. By integrating water into risk assessment, engaging with clients and supporting innovation, they can help shape the resilience of entire economic systems.

Beyond the private sector, financial institutions help public actors mobilise long-term capital needed for water resilience. By structuring and facilitating bond issuances for sovereigns, municipalities and development banks, they can channel institutional investment towards public infrastructure programmes, including water supply, wastewater treatment, flood protection, irrigation and climate adaptation.

This role is particularly important for development banks, whose thematic bonds can aggregate projects across regions and connect public investment priorities with global capital markets. The World Bank group, notably, launched in April 2026 the Water Forward initiative, with the ambition to help deliver water security to more than one billion people by 2030.

Taking into account the systemic nature of water challenges is a lever for economic resilience. Water is increasingly becoming a business, operational and financial issue influencing credit quality, infrastructure needs, sovereign resilience and long-term investment performance. As water becomes a more strategic determinant of economic activity, financial institutions that successfully integrate water into decision-making will be better equipped to anticipate emerging risks, identify new opportunities and support the transition towards a more resilient economy.

WHAT IS BNP PARIBAS DOING ABOUT THIS?

Building Collective Momentum

Because water is a shared resource, no single actor can address the challenge alone. BNP Paribas therefore plays an active role in collective initiatives that bring together companies, investors, NGOs, researchers and public authorities to accelerate action on water resilience.

In 2025, BNP Paribas **co-led the Water Working Group of the Giverny Forum**, a multi-stakeholder initiative bringing together businesses, financial institutions, NGOs, researchers and public-sector representatives. The group developed recommendations to accelerate investment in water resilience, innovation and adaptation. BNP Paribas also co-chairs the **Water Commission of Entreprises pour l'Environnement (EpE)**, helping major French companies share knowledge, develop common methodologies and foster collective action on sustainable water management.

Investor engagement is another important lever for collective action. Since 2022, **BNP Paribas Asset Management** has participated in CDP's annual **Non-Disclosure Campaign**, which encourages companies to improve transparency on climate, forests and freshwater risks. In 2025, **BNP Paribas Asset Management** joined a coalition of **223 financial institutions representing nearly USD 23 trillion in assets under management**, which engaged more than **700 companies** on water-related disclosure and water security.

BNP Paribas Asset Management also **directly engages portfolio companies** across sectors, including technology, semiconductors and agriculture, encouraging stronger governance, transparency and target-setting on water-related risks and impacts.

Finally, BNP Paribas is a **founding member of the Taskforce on Nature-related Financial Disclosures (TNFD)**, helping develop the global framework enabling companies and financial institutions to assess, manage and disclose nature-related dependencies, impacts, risks and opportunities, including those related to freshwater ecosystems.

Leading By Example In Our Own Operations

Supporting water resilience also starts at home. BNP Paribas is reducing its own water footprint across buildings, operational facilities and digital infrastructure while integrating water resilience into the design of its campuses. **Between 2019 and 2025, the Group reduced its internal water consumption by 65%**, notably through improved monitoring, leak detection, sub-metering, water-efficient equipment and strengthened operational management across its occupied buildings.

Water efficiency is also embedded in the Group's digital infrastructure. BNP Paribas' own data centres operate with a Water Usage Efficiency (WUE) below 0.01 l/kWh IT, making them up to 40 times more water-efficient than the European median thanks to closed-loop cooling systems and rigorous operational monitoring.

Across several **BNP Paribas office campuses and headquarters**, water resilience is integrated into building design and operation through rainwater harvesting systems, green roofs, vegetated areas and permeable surfaces. These features help reduce potable water consumption, improve rainwater management and support urban biodiversity. For example, in the **EXEO Campus in Lisbon**, BNP Paribas headquarters have rainwater recovery and nature-based solutions incorporated directly into the buildings used by BNP Paribas employees.

Raising Awareness

Building water resilience also requires building knowledge. BNP Paribas invests in awareness and education initiatives to help employees, clients and wider society better understand water-related challenges and opportunities.

Internally, the **Sustainability Academy**, launched in 2022, offers training on sustainability topics including natural capital, biodiversity and water, and had reached nearly 133,000 employees by the end of 2025. Among the programmes available, the **Aquashift Workshop** raises awareness of water challenges, water-related risks and opportunities for financial institutions through interactive training sessions deployed across **France, Luxembourg, Portugal and Spain.**

Beyond the corporate sphere, BNP Paribas supports artists, cultural initiatives and educational programmes that explore humanity's relationship with water and aquatic ecosystems, helping make water-related challenges more tangible and accessible to wider audiences through culture and creative expression.

Supporting Science

Scientific knowledge underpins better decision-making. BNP Paribas therefore supports research programmes that improve understanding of climate, biodiversity and freshwater systems while helping develop the knowledge needed for long-term resilience.

Through the **BNP Paribas Foundation's Climate & Biodiversity Initiative**, launched in 2010, the Group has committed **€31 million to environmental research, supporting 46 international research projects and more than 500 scientists**. The latest edition of the programme allocates €7 million over the 2026-2028 period, to support 11 research projects, including MED GUARD, which studies the impacts of climate change on Mediterranean coastal groundwater systems, freshwater flows and the ecological functions that contribute to water quality and biodiversity.

BNP Paribas also supports **The Transition Institute 1.5 (TTI.5)** at Mines Paris – PSL, a €5.6 million interdisciplinary research programme dedicated to environmental and societal transitions. Current research projects include work on the collective governance of water resources under increasing scarcity and on the impacts of global change on freshwater systems, helping advance knowledge on long term water resilience and adaptation.



RETHINKING ECONOMIC RESILIENCE THROUGH THE LENS OF WATER

For much of modern economic history, water has been treated as a given. It was abundant enough to be taken for granted, inexpensive enough to remain largely invisible in financial decisions, and reliable enough to underpin decades of economic growth without attracting much attention. But today, there is a major shift in the water cycle and our ability to use it.

The challenge is not that the world is running out of water. Indeed, the hydrological cycle continues, with rivers still flowing, rain still falling and aquifers continuing to sustain communities and economies – and with the global quantity of freshwater remaining globally stable despite disturbed distribution patterns.

What is changing is where water is available, when it is available, in what quality and at what cost. And these shifts are redefining the conditions under which economies operate. Water is becoming a strategic lens through which to understand economic resilience itself. It influences food security, industrial competitiveness, energy production, urban development, public health and geopolitical stability. Increasingly, it also shapes investment decisions and long-term business performance.

Water challenges cannot be understood through global averages alone: they are profoundly local, shaped by geography, ecosystems and governance. Yet their consequences ripple through global supply chains, financial markets and international trade. Water reminds us that in an interconnected economy, local vulnerabilities often become systemic risks.

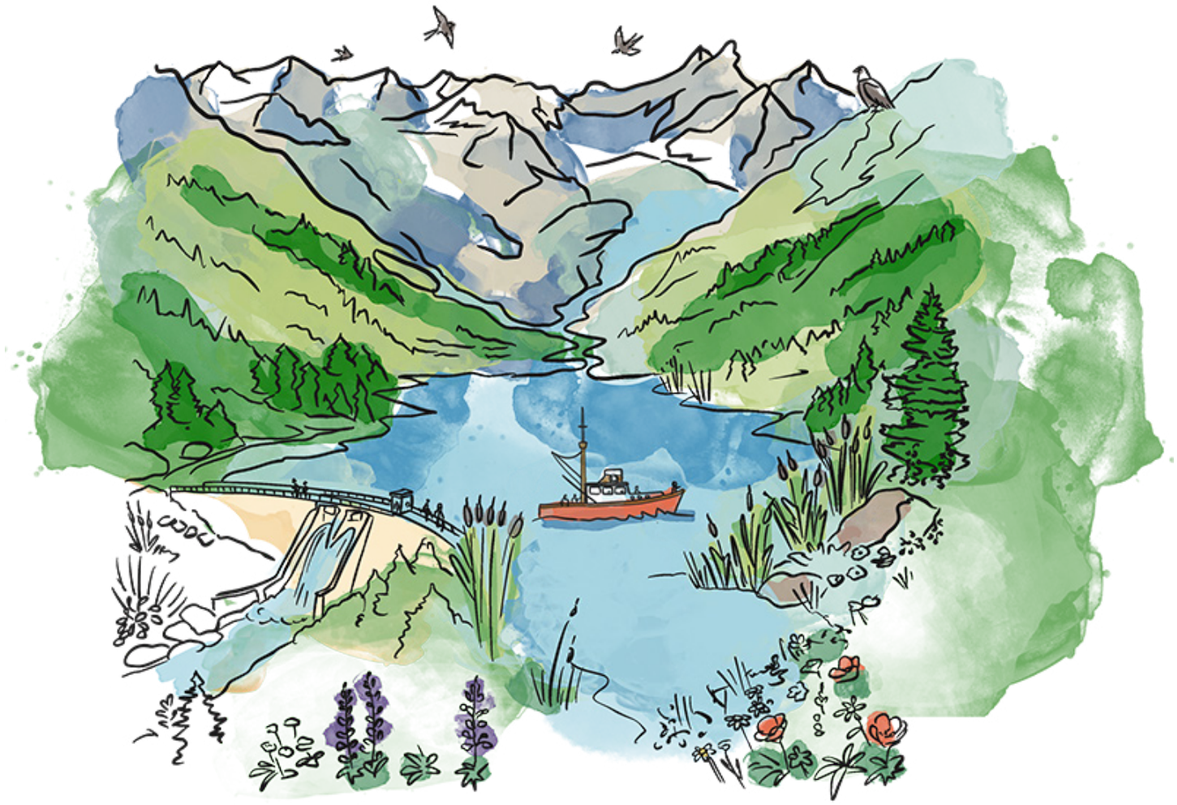
For businesses, adapting to this new reality requires new accounting tools and metrics, innovation, investment and new ways of managing natural resources. **For governments**, it requires policies that recognise the economic value of healthy watersheds and resilient infrastructure. And for **financial institutions**, it highlights the importance of considering a broad range of environmental risk drivers, including climate-related factors and, where relevant, water-related dependencies and vulnerabilities, within existing risk management frameworks.

Finance will not solve the global water challenge on its own. But it can help determine which solutions scale, which technologies mature, which infrastructures are built, and where to begin. By directing capital towards resilience, supporting innovation and improving the understanding of water-related risks, financial institutions have an important role to play in enabling a more resilient economy.

Water has often been described as the resource of the twenty-first century. While that is undoubtedly true, it is perhaps more fundamentally becoming Water has often been described as the resource of the twenty-first century. More fundamentally, it is becoming one of the clearest measures of economic resilience, sovereignty and long-term competitiveness. Relearning its value may prove to be one of the defining economic transitions of our time.

BNP Paribas is committed to supporting the transition towards a more water-resilient economy. Through its financing, investment and engagement activities, the Group aims to help clients, sectors and territories turn water challenges into a driver of adaptation, innovation and long-term resilience.





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