

CORPORATE SOCIAL RESPONSIBILITY

BNP PARIBAS COMMITMENTS TO THE ENVIRONMENT

The scientific community has raised alerts concerning damage to the environment due to the development of our societies, notably climate change, energy resources, biodiversity loss, atmospheric pollution, water stress and deforestation.

BNP Paribas aims at addressing these environmental issues wherever they are relevant to the conduct of its business. This policy is supported by a series of statements, which are detailed below.

A. BNP Paribas commitments to the energy transition and climate stability

The issues associated with climate change and carbon footprint have significant implications for economies around the world and they will continue to impact our clients, as well as the value of our assets.

In this context, BNP Paribas has for many years considered climate change as a priority and has undertaken multiple initiatives, including helping its clients pursue energy efficiency, financing renewable energy projects, investing in climate change-related scientific research and collaborating with external stakeholders for collective actions to develop low carbon solutions.

Using the global warming target of 2°C as a reference, BNP Paribas has outlined new commitments in order to contribute to the transition to a low-carbon energy system and to address the objective of the Paris Agreement:

1. *Increased financing for renewable energy solutions*

- Double renewable energy financings to €15 billion in 2020

2. *Reducing exposure to thermal coal*

- Stop financing for thermal coal mining activities, including direct financing of mining projects or financing of mining companies specializing in coal extraction, unless they have put in place an energy diversification strategy.
- Stop financing of coal-fired power plant projects.
- Provide financing for power generation companies only if they have a formal diversification strategy to reduce the share of coal in their power generation mix that is at least as ambitious as that of the host country.

3. *Reducing exposure to unconventional oil and gas*

- Stop doing business with companies whose principal business activity is the exploration, production, distribution, marketing or trading of oil and gas from shale and/or oil from tar sands.
- Cease financing of projects that are primarily involved in the transportation or export of oil and gas from shale or oil from tar sands.
- Do not finance any oil or gas exploration or production project in the Arctic region.

4. *Mitigating business risks linked to the energy transition*

- Include a climate component in the methodology of the Bank for rating companies and projects
- Progressively integrate the use of an internal carbon price in financing decisions to reflect the changes brought about by the transition to sustainable energy and to take into account the associated risks.

5. *Integrating carbon risk in its investment activities*

- Measure, monitor and periodically disclose the carbon footprint of the investment portfolios managed for our clients, in line with the Montreal Carbon Pledge that BNP Paribas Investment Partners has joined.
- Reduce the carbon footprint of investment portfolios managed for our clients in line with the Portfolio Decarbonization Coalition that BNP Paribas Investment Partners has joined.
- Develop a low-carbon offering to help investors combat climate change.
- Divest from coal companies in Social Responsible Investment (SRI) funds.
- Enhance its engagement initiatives concerning carbon risks with investees operating in the oil & gas industry.

6. *Develop innovative financing and investment solutions to drive energy transition*

- Be among the top 3 euro-denominated green bonds issuers worldwide by 2018, with a focus on proceeds that contribute to the energy transition.



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- Double green investments within the general fund of Cardif to reach 2.4bn€ in 2020.
- Expand our offer and our support for energy efficiency solutions for individual customers in residential housing, and for relevant industries.
- Invest €100 million by 2020 to encourage innovative start-ups to develop pioneering technologies and business models that address energy transition challenges.

7. Reaching carbon neutrality for the emissions arising from its operations

- Reduce GHG emissions per employee by 25% in 2020 compared to 2012 (emissions induced by energy consumption in buildings, IT and business travel)
- Address systematically, in all our countries where it is available, the power demand of the Group with low carbon offer,
- As of 2017, offset our remaining emissions, in partnership with providers whose offsetting offers respect rigorous environmental and social prerequisites,
- Engage with suppliers to minimize the carbon footprint of their products and services, for example by favouring sustainable buildings and low-energy facility management, sustainable paper, low-energy consumption IT equipment, recycled office supplies, low-carbon fleets and sustainable transportation.

8. Actively engage with regulators, policy makers and the scientific community to support the energy transition

- Pursue ongoing dialogue aimed at formulating policies and developing efficient financial market mechanisms to drive the energy transition and limit global warming as endorsed by the UN Paris Agreement
- Further support scientific research on climate mechanisms and impacts of human activities on the Earth's climate, especially through the Climate Initiative, a philanthropy program sponsored by the BNP Paribas Foundation that has already granted 6M€ to the global scientific community since 2011.

B. BNP Paribas actions for protecting ecosystems, including biodiversity, forests, air, water and natural resources

BNP Paribas has endorsed policies to protect ecosystems when financing activities which could impact them, with mandatory criteria BNP Paribas asks its clients to respect in order to benefit from its financial services.

1. Protecting biodiversity

Biodiversity loss is a very serious issue with huge impact on the development of our societies. BNP Paribas pays special attention when working with clients in the agriculture, palm oil, pulp and paper and mining sectors, where biodiversity is especially exposed. To benefit from the Group's financial services, our clients in these sectors are expected to have in place internal policies that strictly protect reservoirs of biodiversity such as High Conservation Values areas, Alliance for Zero Extinction sites, Ramsar Sites wetlands, IUCN Category I-IV areas and UNESCO World Heritage Sites.

The Group has also excluded from its portfolio companies that are involved in the production, trade or use of drift nets over 2.5 kilometres in length, as well as those involved in the trade of any plant or animal species or products governed by the Convention on International Trade in Endangered Species of Wild Fauna or Flora (CITES) not authorized by a CITES permit.

2. Protecting forests as biodiversity reservoirs and carbon sinks

Protecting forests is essential to protect biodiversity, and also to mitigate climate change as forests act as carbon sinks. Moreover significant numbers of people live in and from the forests and their rights to keep benefiting from the forests must always be ensured, notably by obtaining Free Prior and Informed Consent (FPIC) of local populations when developing plantations or infrastructures in forest areas. BNP Paribas therefore aims to ensure that the bank's business activities do not lead to deforestation or forest degradation. BNP Paribas has thus endorsed the Zero Net Deforestation objective set up by the Soft Commodities Compact, a joint initiative overseen by the Consumer Goods Forum, and the Banking Environment Initiative, whose signatories aim to eliminate deforestation from the downstream and upstream supply chain no later than 2020.

To support this policy, BNP Paribas pays special attention when working with clients in the agriculture, palm oil, pulp and paper and mining sectors, where forests are particularly exposed. To benefit from our financial services, our clients in these sectors are expected to have in place internal policies that strictly protect High Conservation Value Forests (HCVF) and prohibit any slash-and-burn technique. Our clients in the palm oil sector are also expected to have in place an internal policy that strictly protect High Carbon Stock forests (HCS) defined through the HCS Approach methodology.

Additionally, BNP Paribas aims to strongly reduce the amount of paper used for internal daily activities and with its clients, with an objective of a 30% reduction in paper consumption per employee in 2020 vs. 2012. BNP Paribas also wishes to increase the share of paper made from recycled paper pulp or sustainably managed forests, using PEFC and FSC certification labels as the sole references.

3. *Maintaining quality and availability of water resources*

BNP Paribas strives for the bank's business activities not to lead to increased water scarcity or water pollution, notably in regions where this resource is particularly exposed. To benefit from any of the Group's financial services, our clients in the agriculture and mining sectors are expected to have a water management plan with measures to minimize water use and monitor impacts on water availability for other users, particularly in water stressed areas, as well as measures to manage their effluents to minimize water pollution.

4. *Minimizing atmospheric pollution*

BNP Paribas aims to ensure that the Bank's business activities do not lead to air pollution, in particular in areas with high population densities.

To benefit from any of the Group's financial services, BNP Paribas expects its clients in the agriculture and palm oil sectors to have a policy in place to prohibit the slash-and-burn technique, which leads to significant haze that can invade inhabited areas, and to minimize the use of pesticides and fertilizers, which are also atmospheric pollutants. In the coal-fired power generation sector, projects must be located in countries with a legal framework covering atmospheric emissions and minimize sulphur dioxide (SO_x), nitrogen oxides (NO_x) and particulate matter (PM) in compliance with the WB/IFC Environmental Guidelines related to thermal power plants. In addition, companies in the sector are also expected to disclose or to be able to provide regular reports on emissions of SO_x, NO_x and PM.

5. *Protecting natural resources and developing a circular economy*

The scientific community regularly raises alerts on the limits of certain natural resources and the need to transition from a linear economy to a circular economy where, as much as possible, consumption of resources is reduced, products are reused, and waste is recycled.

BNP Paribas aims to ensure that the Bank's business activities do not lead to a scarcity of natural resources, including mineral and non-mineral resources, and to developing a circular economy wherever relevant.

In line with this objective, BNP Paribas has endorsed internal policies to reduce, reuse and recycle the offices supplies consumed in our premises on a large scale, with a specific focus on paper and IT equipment, including effective end-of-life solutions centred on reusing or recycling equipment whenever possible.



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ANNEXE

BNP Paribas involvement in external initiatives to promote environmental knowledge and awareness

In addition to being a member and active contributor to the United Nations Global Compact, BNP Paribas has endorsed the following initiatives focused on environmental issues:

- Principles for Responsible Investment for both BNP Paribas Investment Partners (in 2006), BNP Paribas Real Estate Investment Management (2015), BNP Paribas Cardif (2016) and BNP Paribas Securities Services(2016), totalizing an amount of assets owned, managed or securitized by the Group close to \$10 trillions
- Equator Principles (2008)
- BEI Soft Commodities Compact (2014)
- Montreal Carbon Pledge for both BNP Paribas Investment Partners (2015) and BNP Paribas Cardif (2016)
- Portfolio Decarbonization Coalition (2015)
- French Business Climate Pledge (2015)
- Paris Pledge for Action (2015)
- Principles for Mainstreaming Climate Action within Financial Institutions (2015)
- EBRD / UNEP FI “Financial Institutions’ Declaration of Intent on Energy Efficiency “ (2015)
- Science Based Target Initiative (2016)

Additionally, BNP Paribas is a member of the following environmental think tanks or platforms:

- Investors Group on Climate Change (since 2002)
- Entreprises pour l' Environnement (French member of the World Business Council for Sustainable Development, 2004)
- Roundtable on Sustainable Palm Oil (2011)
- Banking Environment Initiative (2015)
- We Mean Business (2015)
- Mainstreaming Initiative (2015, related to the implementation of the Principles for Mainstreaming within Financial Institutions)