

BNP PARIBAS

ENVIRONMENTAL FRAMEWORK

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1. CONTEXT

Human activities put various pressures on our planet which disrupt the climate and natural ecosystems, degrading living conditions on Earth. This observation, based on a scientific consensus established by international reference bodies such as the IPCC¹ and the IPBES², calls for a strong commitment from all stakeholders.

Human-induced pressures on the environment are multiple and interconnected. Emissions of greenhouse gases into the atmosphere, mainly linked to the burning of fossil fuels, disrupt the climate system. Changes in land use, over-exploitation of certain organisms, climate change, pollution and the displacement of species cause an unprecedented decline in biodiversity, nature and the services it provides. The use of natural resources, such as soil, water or minerals, approaches or exceeds their availability or renewal limits.

As a leading financial institution, BNP Paribas aims to contribute to the transition of the economy towards a responsible and sustainable system that meets the needs of the population without damaging ecosystems, in line with the 17 United Nations Sustainable Development Goals (SDGs).

As a signatory of the United Nations Global Compact in 2003, BNP Paribas is gradually strengthening its environmental commitments and actions. Since 2010, BNP Paribas has implemented financing and investment policies governing its activities in the economic sectors with the greatest environmental impact. Since 2011, BNP Paribas has fully integrated environmental issues into its strategy and is specifically committed to fighting climate change. Since 2017, the Group has stated its ambition to align its activities with the objective of the 2015 Paris Climate Agreement. In 2021, BNP Paribas formalised and strengthened its climate ambition and committed to steering its financing and investment activities in order to align them with trajectories compatible with a carbon neutral world in 2050. In 2023, BNP Paribas further strengthened its ambition by accelerating its disengagement from fossil fuels and adopting an exit path from financing their production with the objective that low-carbon energy account for at least 90% of the Group's credit exposure to energy production by 2030. In addition to its total withdrawal from coal (to be complete by 2030 in all OECD and EU countries and by 2040 in the rest of the world), the Group no longer provides funding of any type (project finance, Reserve Based Lending – RBL, FSPO) for projects to develop new oil or gas fields. In addition, the Group published in 2019 a position on the protection of the Ocean and in 2021 a position on the preservation of Biodiversity.

This document is a general information document designed to describe BNP Paribas' approach to environmental issues driving the policies and commitments undertaken by the Group.

¹ Intergovernmental Panel on Climate Change

² Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services



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2. GENERAL APPROACH

2.1 Principles for action

To address the complex environmental challenges, BNP Paribas relies on the latest scientific knowledge and endeavours to apply a systemic approach, using the following principles:

- identifying and making its best effort to limit both the **impacts** of BNP Paribas on the environment and the **risks** posed by the environment on BNP Paribas' business, directly or through its clients and the companies in which the Group invests, depending on the available information on these stakeholders;
- **considering the various environmental issues** (climate, biodiversity, natural resources...) **simultaneously**, in order to support approaches that maximise co-benefits and avoid those that improve one environmental dimension to the detriment of another;
- considering the social consequences of the energy and ecological transition, **for a fair and just transition**;
- **acting simultaneously on the supply and demand** of resources, through innovation, technological developments and change of practices (circular economy, sufficiency);
- supporting both the **reduction of risks** related to environmental degradation and the **development of opportunities** related to environmental actions.

2.2 Governance

Environmental issues are at the heart of BNP Paribas' company purpose, which aims to "contribute to a responsible and sustainable economy".

The environmental strategy is determined by the General Management and validated by the Group's Board of Directors, supported by two of its specialised committees, the Corporate Governance, Ethics, Nominations and CSR Committee ("CGEN") and the Internal Control, Risk Management and Compliance Committee ("CCIRC").

2.3 Dialogue with stakeholders and whistleblowing framework

BNP Paribas' desire to maintain an open, constructive, and fruitful dialogue with its stakeholders is reflected in the measures taken by the Bank to structure and facilitate this dialogue. The manner in which BNP Paribas gathers and processes inputs from its stakeholders is detailed in the regularly updated 'Dialogue with stakeholders' position³.

A Group-level whistleblowing system, under the responsibility of dedicated points of contact within the Compliance and Human Resources functions depending on the subject, can be activated by external stakeholders of BNP Paribas, using a whistleblowing form available on the Group's website [link: [BNP Paribas whistleblowing framework](#)].

2.4 Risk management

The Group integrates environmental risks, particularly those related to climate change, into its risk management process. It gradually strengthens their assessment as the methodologies for measuring and analysing these factors and their impact on traditional risks, including those related to credit quality, progress.

Since 2021 (starting with strategic clients), the Group analyses the exposure of its corporate clients to ESG⁴ risks through the ESG Assessment. This assessment framework is adapted according to the issues

³ "How BNP Paribas listens to and takes into account expectations of its stakeholders", available [online](#).

⁴ ESG: Environment, Social, Governance

that are the most salient to the business sectors of the Group's clients and covers five dimensions, two of which are related to the environment (Climate, and Pollution and biodiversity). The ESG Assessment is based on sector questionnaires, accounting for the material stakes of the client's activity and integrating, when appropriate, the criteria defined in the Group's financing and investment policies, supplemented by an analysis of controversies affecting the client. The ESG Assessment is designed to be adapted and extended to other customer segments in a continuous improvement approach, taking into account the availability and reliability of existing customer information.

Considering the ESG dimension as one of the Group's major issues and a fundamental component of customer knowledge, the Group generalises the integration of ESG assessment criteria throughout the business relationship (Know Your Client – KYC process), during the onboarding processes and at various stages of the relationship.

2.5 Transparency

BNP Paribas communicates in a transparent manner about its direct and indirect environmental impacts, its environmental risks and opportunities, its action plans, and its progress. The Group endeavours to provide sincere information, which is representative of its impacts and activities, in accordance with its regulatory obligations and reference reporting standards. It relies on independent third parties to verify key information.

BNP Paribas publishes this information in its financial documentation in application of its regulatory obligations and in various voluntary reports. Moreover, BNP Paribas actively contributes to the development of collective reporting frameworks (TCFD⁵, TNFD⁶...).

The Group's publications and positions on the environment, and more broadly on Corporate Social Responsibility, are available on the BNP Paribas corporate website's [Publications page](#).

2.6 Continuous improvement

BNP Paribas' approach to the environment is part of a drive for continuous improvement. The Group will supplement its approach as necessary.

⁵ Taskforce on Climate-related Financial Disclosures

⁶ Taskforce on Nature-related Financial Disclosures

3. ACTION LEVERS

BNP Paribas acts in favour of the environment in several ways: 1) as a committed financial institution at the heart of the economy, 2) as a responsible company and 3) as an influential player within society.

3.1 As a financial institution, BNP Paribas supports the ecological transition of the economy

BNP Paribas' main lever for action is to use its position as a financial institution to support the ecological transition of economic players. To this end, BNP Paribas directs the financing and investments it grants or facilitates in favour of an economy compatible with the planetary boundaries and supports the clients of its various business lines in their ecological transition.

This action takes several forms:

- **BNP Paribas integrates environmental issues into its activities and processes**, including the analysis of its clients, the credit granting process, its investment decisions, its data management, its reporting and its risk management.
- **BNP Paribas reduces its support to activities with the greatest negative impact on the environment.** The Group thus excludes from its activities clients and projects with the most serious environmental impacts (particularly in the coal and unconventional oil and gas sectors) and reduces its credit exposure to high-emission activities (such as oil and gas exploration and production), notably through dedicated financing and investment policies.
- **At the same time, BNP Paribas increases its support to low-carbon and environmentally respectful alternatives.** This dual evolution helps BNP Paribas align its financing and investment activities with reference transition pathways⁷.
- **BNP Paribas supports the ecological transition of all its customers across its various businesses in charge of financing.** To this end, BNP Paribas maintains a strategic dialogue with its customers, helps finance energy and environmental transition projects and offers its customers adapted financial products and services such as: green and sustainable bonds, sustainability-linked loans (SLL), mortgages for more energy-efficient properties, consumer loans for energy renovation or the purchase of less polluting vehicles, etc.
- **BNP Paribas helps direct investment flows towards environmentally positive activities.** Group entities in charge of investment and asset management integrate environmental criteria into their investment products, develop an issuers' influence approach in favour of the ecological transition through dialogue and a voting policy, and create and manage investment funds and general funds geared to the ecological transition.

3.2 As a company, BNP Paribas seeks continuous improvement within its operational scope

As a service company, BNP Paribas' impact on the environment is essentially indirect through its role in the economy. BNP Paribas nonetheless carries out actions to reduce its direct environmental impacts, seeking continuous improvement and the involvement of its employees.

Thus, BNP Paribas has been measuring its energy consumption and operational greenhouse gas (GHG) emissions (Scope 1, Scope 2 and business travels) since 2012. It has reduced them gradually, through the reduction of energy consumption linked to its premises, IT equipment and business travels, as well as the use of low-carbon energy. In addition, since 2017, BNP Paribas contributes to carbon sequestration or GHG reduction projects for an amount equal to its residual operational emissions.

⁷ such as the Net Zero Emissions 2050 scenario developed by the International Energy Agency (IEA).

BNP Paribas also supports its employees in their eco-conscious efforts by facilitating sustainable mobility, promoting more responsible and less meat-based food in the Group's restaurants, excluding the use of single-use petroleum-based plastics on its premises and raising awareness on sustainable digital use.

Lastly, the Group works with its suppliers to develop more sustainable supply chains, as described by the environmental clause of its Sustainable sourcing charter. BNP Paribas has structured its ESG risk management system for its suppliers and subcontractors around two main levers of actions: the use of ESG questionnaires in calls for tenders, with a minimum of 15% ESG criteria taken into account in the evaluation of offers, and specific trainings for the Purchasing Function.

3.3 As an actor in society, BNP Paribas supports the collective ecological transformation

Convinced that joint action by all stakeholders (public authorities, companies, financial institutions, scientists, citizens, and civil society) is necessary, the Group actively contributes to numerous collective actions in favour of the environment:

- **BNP Paribas supports research, development, and innovation in support of the ecological transition:** the Group, notably through its Foundation, support scientific research programmes in the area of climate and biodiversity. It invests, directly or through dedicated funds, in start-ups and SMEs providing innovative solutions to environmental challenges.
- BNP Paribas undertakes to ensure that **the Group's public representation activities do not contradict its environmental commitments**, in particular its support to the objectives of the Paris Agreement⁸.
- **BNP Paribas carries out activities aimed at raising awareness on the environment among its stakeholders** (employees, customers, the general public)⁹.
- **BNP Paribas actively contributes to methodological initiatives** aimed at defining environmental reporting standards and the structuring, standardisation and integration of environmental impact measurement data.
- **BNP Paribas actively participates in numerous collective actions with economic actors** supporting the energy and ecological transition.

⁸ Refer to the Charter for responsible representation with respect to the public authorities, available [online](#).

⁹ For example, through the deployment within BNP Paribas of the Climate Fresk, a climate awareness game, or through the organisation of client events providing information on environmental issues.



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4. AREAS OF ACTION

BNP Paribas structures its environmental action around three areas: climate change and energy transition, natural capital and biodiversity, resources and circular economy.

4.1 Climate and energy transition

The mitigation of climate change is the Group’s first area of environmental action.

BNP Paribas acts within the framework and objectives set by governments in international agreements, including the Paris Agreement (2015) and the European Green Deal (2019).

BNP Paribas relies on the scientific syntheses of the IPCC, particularly those of its 6th assessment cycle on impacts, adaptation and vulnerability (WGII, 2022) and climate change mitigation (WGIII, 2022).

The BNP Paribas Group is committed to steering its financing and investment activities towards the objective of a carbon-neutral world by 2050. Regarding its financing activities, this commitment consists in aligning the loan portfolios to the largest emitting sectors with the reference transition scenarios. This involves financing the players committed to the transition and transition projects and no longer financing the development of new oil and gas fields. Concerning investment activities, BNP Paribas Asset Management and BNP Paribas Cardif commit to developing investment portfolios to be consistent with the objective of carbon neutrality in 2050. BNP Paribas Real Estate is committed to offering sustainable, and hence low-carbon, real estate by acting at all stages of the building’s lifecycle, from its construction to its energy consumption, for a low-carbon trajectory.

BNP Paribas uses recognised low-carbon transition scenarios, such as the International Energy Agency’s (IEA) Net Zero Emissions (NZE) 2050 scenario and the IPCC scenarios adapted by the NGFS¹⁰. Furthermore, BNP Paribas applies reference tools, such as transition alignment pathway methodologies for credit activities.

BNP Paribas recognises the following sequencing of levers against climate change:

1. energy sufficiency (adapting practices to reduce demand);
2. energy efficiency (producing, transporting and using energy more efficiently);
3. the use of low-carbon energy, including renewable energy sources¹¹;
4. the sequestration of residual emissions; BNP Paribas is particularly cautious on carbon sequestration projects: while carbon capture is essential to achieve global carbon neutrality it must only be implemented in a context of robust, sustainable projects that do not harm biodiversity and local communities.

BNP Paribas offers its clients products and services on each of these levers of action.

BNP Paribas takes into account physical risks related to climate change, by integrating them into its risk assessment and management system and by supporting adaptation to climate change, notably by funding research projects that aim to anticipate its effects¹².

4.2 Natural capital and biodiversity

Fighting the decline in biodiversity, nature and the ecosystem services they provide is another area of BNP Paribas’ environmental action.

BNP Paribas relies on the scientific assessments and syntheses prepared by the IPBES, particularly its Global Assessment Report on Biodiversity and Ecosystem Services (2019).

¹⁰ The Network for Greening the Financial System (NGFS) has adapted IPCC scenarios to help central banks and supervisors explore the impacts of climate change on the economy and the financial system.

¹¹ Wind and marine energy, photovoltaic solar, concentrating solar, hydro, geothermal and bioenergy (including biofuels except for the first generation).

¹² See the [Climate & Biodiversity Initiative](#) of the BNP Paribas Foundation.

BNP Paribas' actions follow the Kunming-Montreal Global Biodiversity Framework adopted at the United Nations Conference on Biodiversity in December 2022 (COP15).

BNP Paribas' approach is based upon the pressures identified by the IPBES (in descending order of global impact):

1. Changes in land and sea use;
2. Direct exploitation of organisms;
3. Climate change;
4. Pollution;
5. Invasive alien species.

In addition to the climate change mitigation actions already mentioned, BNP Paribas' main initiatives aiming at supporting biodiversity include:

- fighting against deforestation;
- protecting the ocean, particularly with the prohibition of certain fishing practices, the support for the ecological transition of ships and the prevention of marine pollution;
- implementing specific restrictions in different biodiversity-rich areas;
- banning particularly polluting practices;
- supporting the transition towards a more sustainable agriculture.

BNP Paribas Group's Position on Biodiversity and BNP Paribas Asset Management's Biodiversity Roadmap provides further details on these actions.

4.3 Circular economy

BNP Paribas actively supports initiatives aimed at reducing the consumption of natural resources and the production of waste, which are brought together under the concept of circular economy.

BNP Paribas relies on the works made by the circularity platform of the United Nations Environment Programme (UNEP).

BNP Paribas offers products and services or supports players linked to one or more fields of the circular economy¹³:

- circular design, i.e. the design of products to facilitate their repair, reuse and recycling;
- the use of recycled rather than virgin raw materials (circular input);
- sharing economy business models;
- the sale of the goods' use rather than of the goods themselves (product-as-a-service)¹⁴;
- product lifetime extension ;
- the recycling and reuse of resources;
- the facilitation of the circular economy (e.g. through networking platforms).

In addition, BNP Paribas seeks to ensure that its investment and financing activities do not contribute to increased water scarcity or pollution, with special attention given to regions where water stress is high.

¹³ On these different fields, BNP Paribas is vigilant that an impact measure confirms the environmental benefit of the proposed circular approach.

¹⁴ Two subsidiaries of the Group, Arval and BNP Paribas Leasing Solutions, offer long-term leases of vehicles and logistical, agricultural, IT and medical equipment.