

Positive impact business: The heart of our strategy

April 20, 2020



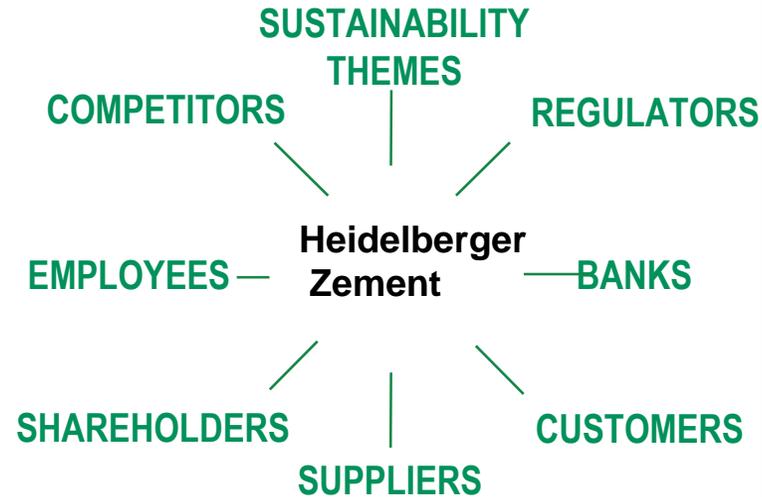
BNP PARIBAS

The bank for a changing world

BNP PARIBAS: A STRONG PARTNER FOR YOUR SUSTAINABILITY JOURNEY

BNP Paribas, fully engaged as a Responsible Financial Institution

- As of end 2018, BNP Paribas had ~ **€168bn** dedicated the Energy Transition and SDGs
- BNP Paribas' strategy is to more than double our **Renewable Energy financing** by 2020 (€15.6bn as of Dec 2018)
- Integration of a **robust ESG risk management** framework across our financing decisions
- **25% reduction in our carbon** footprint by 2020 (became carbon neutral in 2017)
- Invest at least **€100m in energy efficiency & clean tech** start-ups by 2020
- Increase our commitment to microfinance initiatives **supporting > 350,000 people** by 2020



Sustainability, at the Heart of our Strategy



“We are determined to live up to our role as a **responsible bank** by **supporting companies** and countries that are **committed to sustainability**”

Jean-Laurent Bonnafé
CEO BNP Paribas

Recent Sustainable Finance Awards:



‘World’s Best Bank for Sustainable Finance 2018’



BNP Paribas is the **1st** European and French bank and **3rd** bank worldwide in the ‘Global 100 Most Sustainable Corporations’ ranking 2019



‘Best CSR Banking Group Europe 2017’



The Banker
Investment Banking Awards 2017
MOST INNOVATIVE INVESTMENT BANK FOR CLIMATE CHANGE AND SUSTAINABILITY



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BNP PARIBAS' COMMITMENTS AND ACHIEVEMENTS ON SUSTAINABILITY

BNP PARIBAS HAS A SERIES OF PLEDGES TO SUSTAINABILITY, AND IN PARTICULAR TO THE ENERGY TRANSITION

WE ARE COMMITTED TO

CONTRIBUTE TO THE
2°C
SCENARIO 
international commitments

APPLY A
ZERO-NET
DEFORESTATION POLICY
through our financing decisions

INVEST
€100M 
in energy efficiency and
cleantech start-ups by 2020

CONTINUE TO INTEGRATE A
STRINGENT
ESG RISK
MANAGEMENT

INCORPORATE
financing and investment policies in **9 sectors**:
agriculture, palm oil, defence, nuclear energy, paper pulp, coal
energy, mining, tobacco* and unconventional oil & gas.

SOME OF OUR ACHIEVEMENTS

WE HAVE A SHARE
OF AT LEAST **15%** of our corporate loans to
companies contributing strictly to
the achievements of the UN SDGs

We wanted to more than **double**
our financing to the Renewable
Energy sector from €6.9 billion in
2014 to €15 billion by 2020
€15.6 bn as of end 2018

We became **carbon neutral** by the end of
2017
in terms of the CO2
emissions arising from its
own operations.

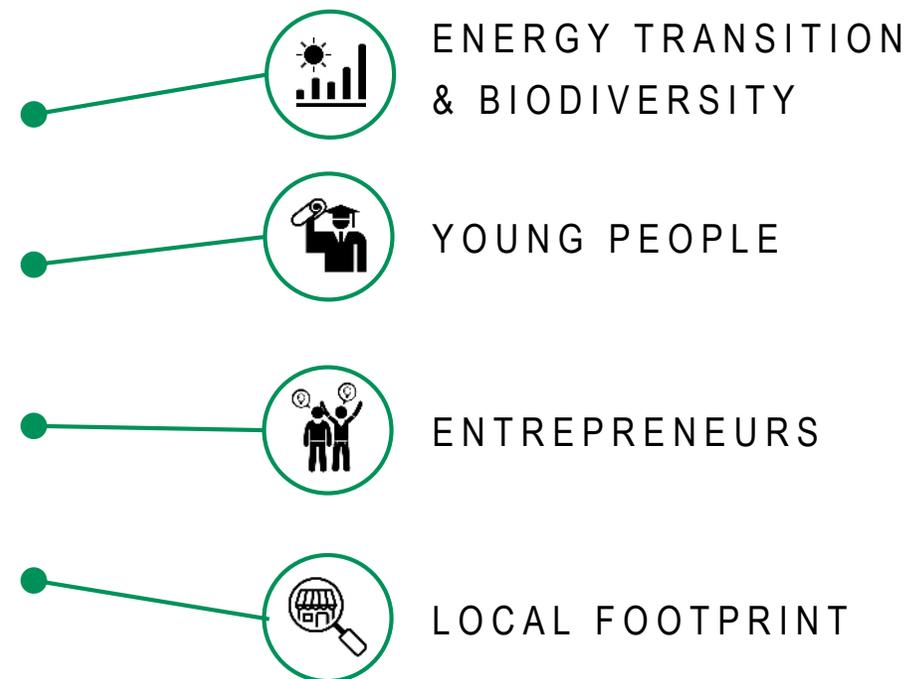
Contribute to microfinance
and social business with
€ 1.6 bn invested and
358,000 beneficiaries today



BNP PARIBAS 2020 ENGAGEMENT STRATEGY

Extract from BNP Paribas 2020 Engagement Manifesto :

« WE WILL STRENGTHEN OUR COMMITMENT TO SOCIETY, NOTABLY IN LINE WITH THE UNITED NATIONS' 17 SUSTAINABLE DEVELOPMENT GOALS »



TRANSVERSAL POSITIVE IMPACT BUSINESS ACCELERATORS UNDER DEVELOPMENT



ENERGY TRANSITION



CIRCULAR ECONOMY



FOOD AND LAND USE



MOBILITY AND CITIES



SOCIAL INCLUSION

TECHNOLOGY



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ENERGY TRANSITION



ENERGY TRANSITION



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WE SEE CARBON NEUTRALITY AS A COMMON JOURNEY ON WHICH WE ARE WILLING TO ACCOMPANY OUR CLIENTS

The long term objective of energy transition is **carbon neutrality**.

Carbon neutrality relies on 4 pillars.

BNPP can help its clients for these 4 pillars.



00 Strategy, KPI, monitoring and reporting, R&D



01

ENERGY SOBRIETY

- Curbing energy demand:
- Adjusting demand to actual needs
- Finding the best match between supply and demand

CHALLENGES



02

ENERGY EFFICIENCY

- Producing, transporting and consuming energy in the most efficient way possible (technological progress)

- Energy efficiency in buildings, in industry...

POTENTIAL OFFERS

- Leasing
- Smart vehicle fleet management, carsharing...
- Circular economy



03

LOW-CARBON ENERGY

- Producing low-carbon energy, through renewable energy sources

- Renewable energy financing
- Corporate PPA
- Biofuels

R&D

- Green IT
- Waste management

- Hydrogen
- Grid management

- Power storage
- Low-input agriculture



04

CARBON SEQUESTRATION

- Carbon sequestration in soils and plants
- CCS / CCU

- Voluntary carbon credits (ClimateSeed)
- Supporting CCS / CCU
- Supporting agroecology

JUST TRANSITION: All this should be done while keeping in mind other environmental and social impacts



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BNPP IS COMMITTED ON ALIGNING ITS ACTIVITIES WITH A 2°C SCENARIO



*“A bank financing the 21st century economy must act as an accelerator of the energy transition”
Jean-Laurent Bonnafé*

BNPP’s objective: **ALIGNMENT OF OUR ACTIVITIES WITH THE GOALS OF THE PARIS AGREEMENT**

(i.e. keeping global warming well below 2°C above pre-industrial levels)

- **Reference scenario: International Energy Agency’s Sustainable Development Scenario (SDS)**
- Written and public commitments in this area:
 - **Katowice commitment** (released in December 2018): BNP Paribas, alongside 4 international banks, committed to measure the climate alignment of its lending portfolio, and to explore ways to progressively steer financial flows through its core lending towards the goals of the Paris Agreement
 - **United Nations’ Principles for Responsible Banking** (signed in November 2018): “We will align our business strategy to be consistent with and contribute to (...) the Paris Climate Agreement”

Paris Agreement (December 2015):

- The Paris Agreement aims to **hold the increase in the global average temperature to well below 2°C above pre-industrial levels** and pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels, and to **make finance flows consistent with a pathway towards low greenhouse gas emissions** and climate-resilient development (art. 2).
- To this end, **carbon neutrality at a global scale is necessary in the second half of this century** (art. 4). Since developed countries have to reach this goal more quickly (art. 4), it is widely understood that **OECD countries have to reach carbon neutrality by 2050**.

Since 2017, **BNPP is already carbon neutral on its operational scope**, thus being in advance on a 2°C scenario for its own operations

- Operational scope covers scopes 1 & 2 greenhouse gas (GHG) emissions
- Through various measures including energy sobriety, renewable energy consumption, carbon offsetting).
- Today, **no big international big bank is able to assess thoroughly its scope 3 GHG emission** (a.o. the GHG emissions of the clients BNPP finances) but BNPP is working on it (see Katowice commitment above).



ENVIRONMENTAL: BNPP'S PORTFOLIO VS. THE 2°C / 1,5° SCENARIO

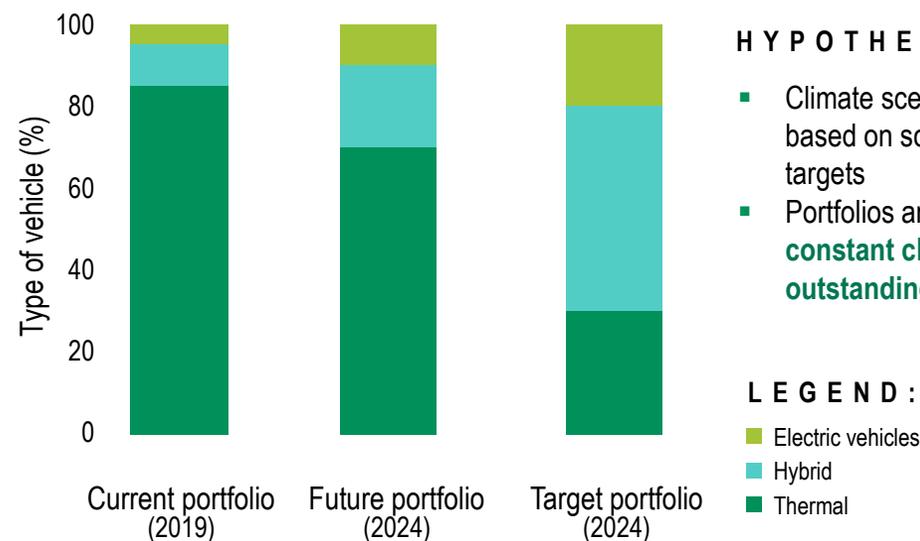
RATIONALE

- Assessment of **transition risk** embedded in BNPP's credit portfolio
- Compliance with the **TCFD* recommendations**
- Anticipation of **regulatory disclosure measures**

During COP24 in Katowice, 5 leading banks (incl. BNP Paribas), shared a methodology to assess the alignment of their lending portfolios with global climate goals (2° scenario of the Paris Agreement)

- Development of common tools and metrics to compare the Bank's **current** portfolios to different climate scenarios (Science Based Targets)
- **Sector-specific** approach and focus on the **most carbon-intensive sectors**

Example Automotive-technology mix analysis (not based on BNPP data)



HYPOTHESIS :

- Climate scenarios are based on science based targets
- Portfolios are based on **constant clients' outstanding**

LEGEND :

- Electric vehicles
- Hybrid
- Thermal

* Task Force on Climate-related Financial Disclosure



Technology Mix



Volume Proxy Analysis



Technology Mix



Volume Proxy Analysis



Purpose of the 2° investing methodology

Energy mixes: only tool we currently have to assess our position towards a 2° scenario.

One snapshot a year based on previous year data

Comparison towards 2° target

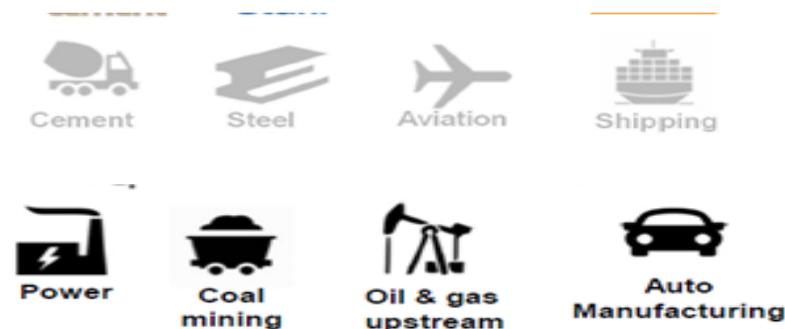
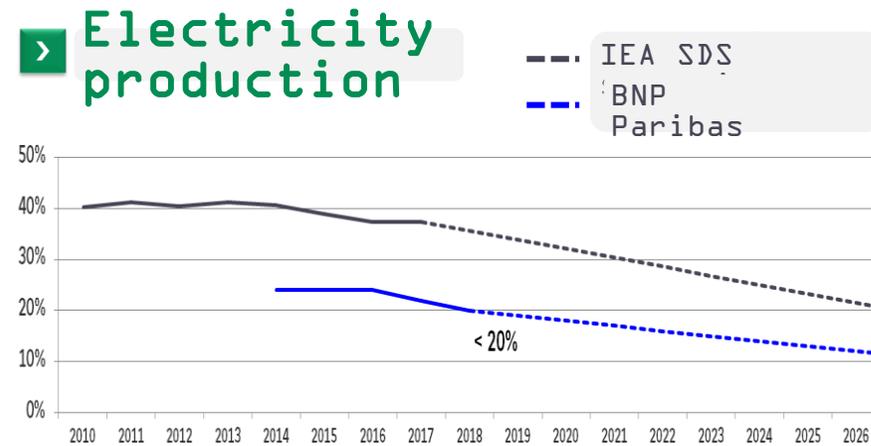
2° investing proposal:

Analyse the credit portfolio to:

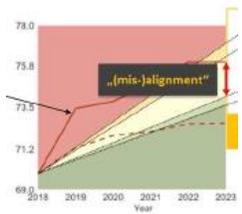
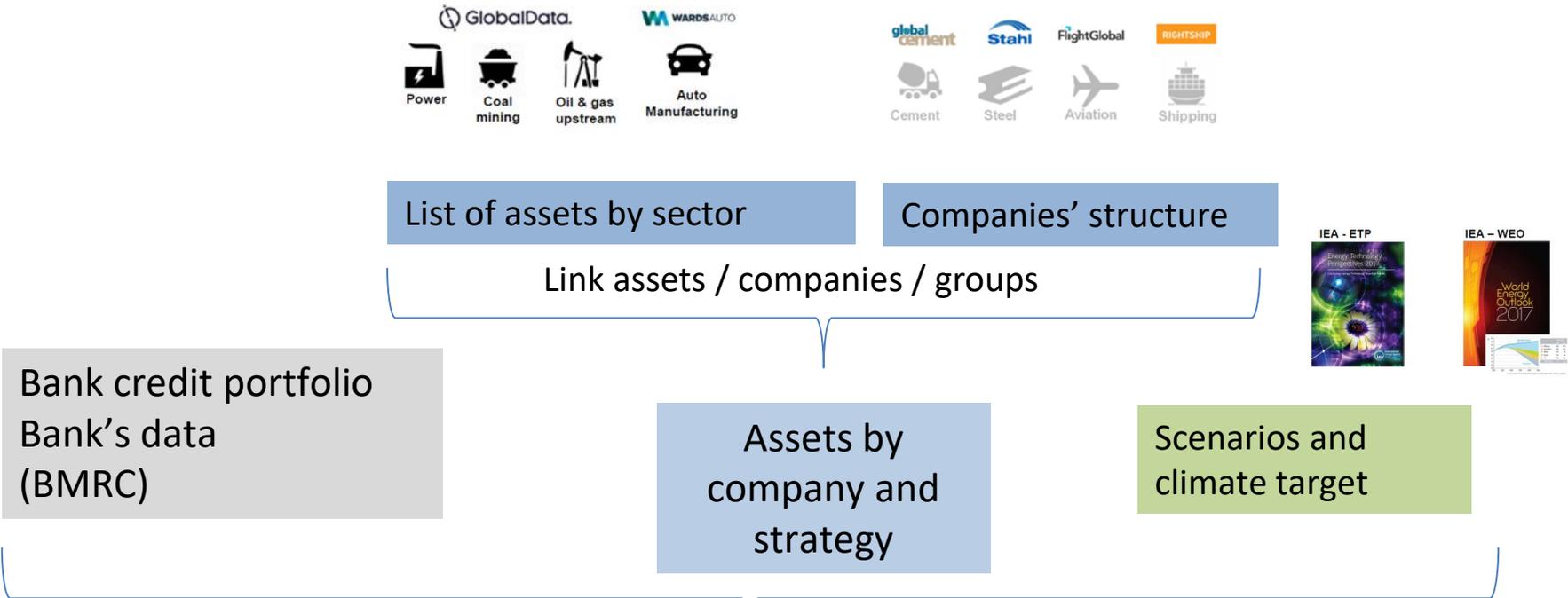
- Provide banks with a tool to assess their alignment with a 2° scenario (or any other scenario)
- Allow them to report, monitor and align their portfolio

A clear vision on a large part of our credit portfolio (5 sectors)

- Energy (primary and electricity)
- Transport (air, sea, auto)
- Cement
- Steel



2° investing process

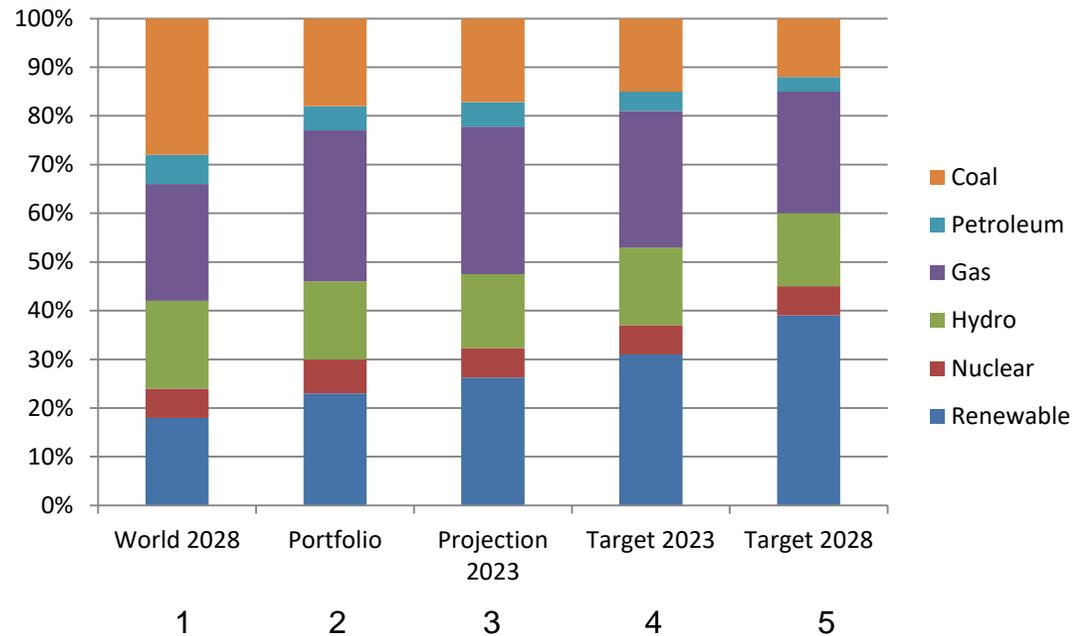


Assess the portfolio alignment to various scenarios

1. Understand current exposure
2. Compare current and future exposure to scenarios



Electricity sector results



Data comparable to energy (although some difference still exist)

It is possible to:

- Have a technology by technology analysis
- Differentiate by geography (OCDE/ non OCDE)
- Compare our trajectory to the global industry trajectory (average of companies covered by 2°i)

Energy sector:

1. Energy mix IEA 2018 (capacity)
2. Our energy mix end-2018 (capacity)
3. Projection 2023 with same outstanding (our clients change their capacity/mix)
4. Target portfolio 2023 within SDS scenario
5. Target portfolio 2028 within SDS scenario



Summary: Results & Next Steps

Positive:

- Large proportion of our client base covered
- Good data quality (comparison with electricity)
- A forward looking methodology
- Possibility to compare to several scenarios

To improve

- Methodology not finalised for some sectors
- Supply of data in coming years, need to have homogenized reporting standards (i.e. TCFD)
- Data not easy to read and comment



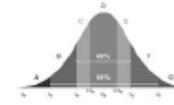
Technology
Mix



Volume Proxy
Analysis



CO2-Intensity metric



GHG-Rating

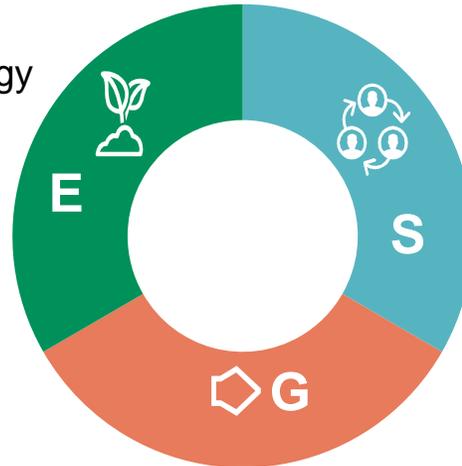


Climate change awareness & impact in practice

ESG factors(non-financial) offering transparency and credibility in setting, reviewing and reporting sustainability performance targets

ENVIRONMENTAL

- Climate Change Strategy
- Carbon Footprint
- Pollution
- Waste Management
- Energy Management
- Water Usage



SOCIAL

- Health & Safety
- Human Rights
- Controversial Products
- Product Responsibility
- Equal Opportunities
- Business Ethics

GOVERNANCE

- Risk management
- Business Ethics
- Board Independence
- Compliance
- Remuneration

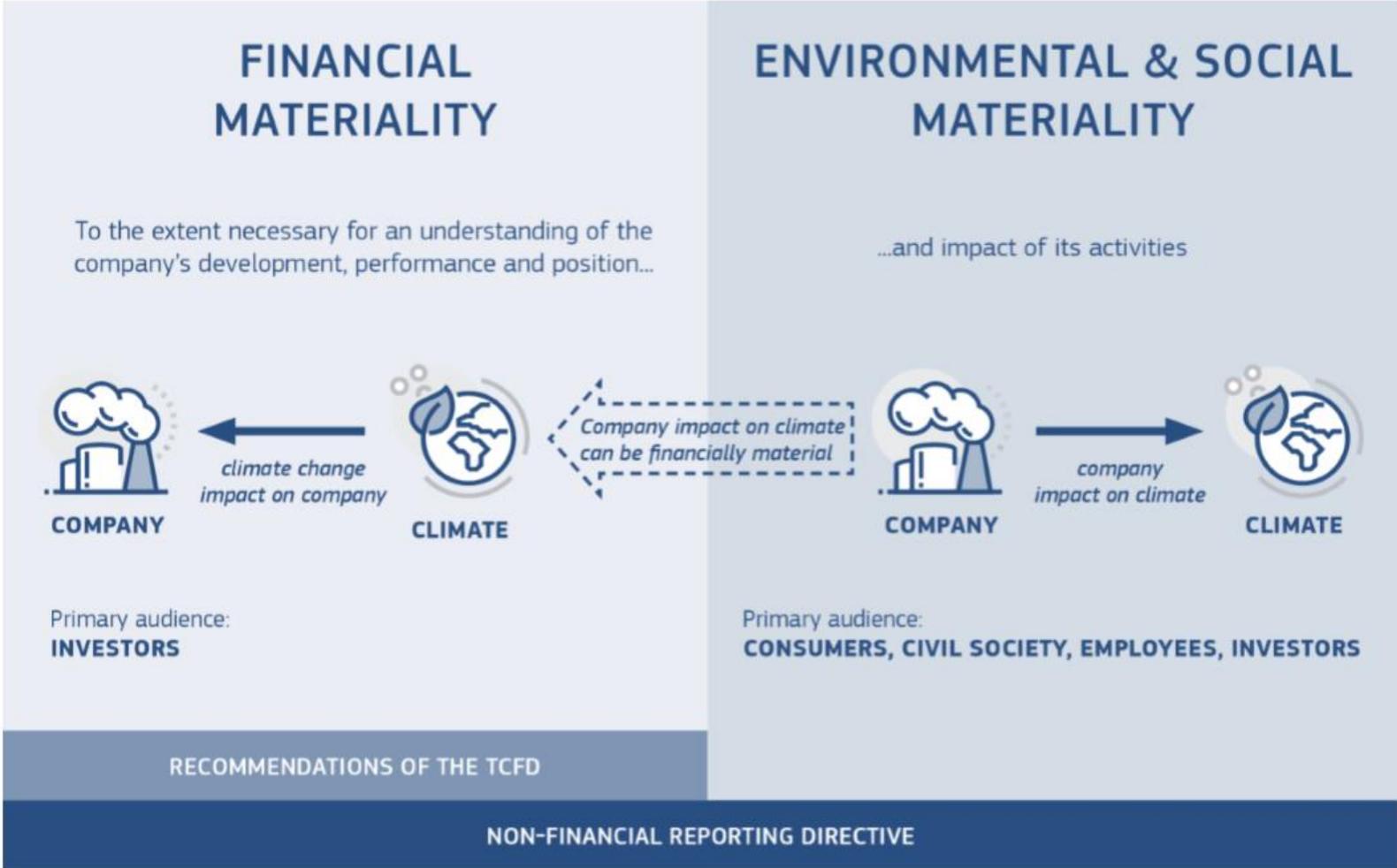


Climate change awareness & impact in practice

Task Force on Climate-related Financial Disclosures (TCFD)



Climate change awareness & impact in practice



* Financial materiality is used here in the broad sense of affecting the value of the company, not just in the sense of affecting financial measures recognised in the financial statements. Source: EU Commission, Guidelines on reporting climate-related information, June 2019



THANK YOU FOR YOUR ATTENTION!

**WE LOOK FORWARD TO YOUR
QUESTIONS!**



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