

ENERGY TRANSITION

LAST VALIDATION : July 2020
 SPONSOR : Sébastien Soleille – GROUP CSR
 REDACTOR : Sébastien Veillé – GROUP COMMUNICATIONS



OUR POSITION



In 30 S'

As a leading European bank, and thanks to the diversity of its activities, BNP Paribas has positioned itself since 2010 by adopting its first financing and investment policies to govern its activities in socially or environmentally sensitive sectors. Our actions to date are articulated around three criteria:

- Supporting our clients in the transition to a low carbon, environmentally friendly economy
- Decreasing the environmental footprint related to our own business
- Participating in coalitions to encourage scientific research

In 2 mn

WE SUPPORT OUR CLIENTS IN THE TRANSITION TO A LOW CARBON ECONOMY AND ENVIRONMENTAL COMPLIANCE

We are thus helping them to reduce their carbon footprint: Production and consumption of 'green energy,' investment in sustainable funds, compensation for residual greenhouse gas emissions, etc.

A few examples :

- In 2019, BNP Paribas co-subscribed to a \$ 1.42 billion green sovereign bond fund issued by Chile, the first in the region. The proceeds of the emission will be used to finance renewable energy facilities and other projects within the country. The Group also subscribed to a 1.5 billion-dollar green bond issued by Apple, the funding of which will be used to help reduce carbon emissions from the company's supply chain.
- In France's habitat sector, Domo Finance - a jointly owned EDF and BNP Paribas Personal Finance subsidiary, which specialises in financing energy efficiency in residential homes - financed 41,250 projects in 2019. Domo Finance loans totaled more than 1.2 billion euros. Furthermore, in 2019, BNP Paribas Personal Finance France financed 36,900 energy efficiency projects, with assets under management of 0.9 billion euros. In total, the French subsidiary reported outstanding commitments of 2.1 billion euros in terms of energy transition.

We are also developing a rich and coherent investment and deployment policy that is firmly rooted in our DNA and business, as well as in that of our clients. The UN's 17 Sustainable Development Goals have been a valuable compass since 2015, helping us to arbitrate in favor of the most sustainable projects. As early as in 2010, we adopted our first financing and investment policies, which frame our activities in sectors that are environmentally or socially sensitive and link them to ESG (environmental, social and governance) criteria, in addition to economic performance criteria.

- In line with its commitment to finance the energy sector in accordance with Paris Agreement climate objectives, BNP Paribas has reduced its support for fossil fuels such as non-conventional coal, oil and gas.
- Between 2018 and 2019, the share of fossil fuels (gas, coal, and oil) in the electricity mix that we finance increased from 54 to 46.7%. In 2020, the Group announced its complete shutdown of financing in the thermal coal sector by 2030, in the OECD countries and the European Union, and by 2040 in the rest of the world. These decisions affect the entire thermal coal value chain, including extraction, dedicated infrastructure and power generation. BNP Paribas will no longer finance players that develop additional coal capacities or those that do not have a coal exit plan on the dates indicated.
- At the end of 2019, financing for the renewable energy sector reached 15.9 billion euros. The funding target for the sector is at 18 billion euros by the end of 2021 (compared to 15 billion euros by the end of 2020).
- In 2019, BNP Paribas Asset Management announced a new, more restrictive coal policy, which was implemented 1 January 2020, and applies to all actively managed open ended funds. It will become the norm for dedicated mandates.
- BNP Paribas Cardif announced a target of 3.5 billion euros in green investments by the end of 2020.
- Corporate & Institutional Banking has accelerated to become one of the world's three leaders in the green bond market. We develop loans to companies that are indexed to CSR (Sustainability Linked Loan) performance and position ourselves as the main coordinators of major investment projects. We have granted such financing to Deutsche Börse, Danone or Solvay and will extend it to SMEs.

We reduce our own business-related environmental footprint. All employees are mobilised to reduce our own energy footprint.

- At the end of 2017, the Group achieved its carbon neutrality objective within its operational scope: We have reduced our CO2 emissions, increased the use of low carbon electricity and compensated for residual emissions by contributing to reforestation in Kenya, providing potable water boreholes in Malawi, and restoring and conserving tropical peat bogs in Indonesia.
- Our energy consumption is reduced by 3 levers: Energy efficiency of buildings, IT equipment and optimised business travel.

Since 2018, the Green Company for Employees (G4CE) program relied on all BNP Paribas employees to reduce the Company's direct environmental impacts. Eliminating single use plastic and sustainable mobility were priority action points in 2019.

COALITIONS AND ENCOURAGEMENT OF SCIENTIFIC RESEARCH

- BNP Paribas signed the Katowice Commitment in 2018 and the Collective Commitment to Climate Action in September 2019 under the auspices of UNEP FI (in connection with the Principles for Responsible Banking unveiled in September 2019 (see sources)). The Group is committed to developing tools to align its credit portfolio with the objectives of the Paris Agreement.
- BNP Paribas Securities Services launched Climate Seed in 2018. This is a platform that guarantees and links transactions between companies wishing to offset their carbon emissions and project holders enabling it to do so. To date, 30 projects are under way. Subsidiarised, and managed as a social business, Climate Seed is designed to reinvest all its profits.

The BNP Paribas Foundation has contributed significantly towards supporting environmental research while raising public awareness for over 10 years now. The Foundation's Climate & Biodiversity Initiative program funded 27 research projects budgeting a total of 18 million euros and has reached out to over 400 000 people to increase awareness on the challenges of climate change. Between 2020 and 2022, the BNP Paribas Foundation will enhance 9 international climate and biodiversity research projects with 6 million euros.

THEY HAVE SAID SO



« We believe that banks, which have in the past proven their ability to accompany the major transformations of our society, - are able to create the leverage needed to build a low carbon economy » **Jean Laurent Bonnafé, April 2019**



« BNP Paribas' presence in the Dow Jones "World and Europe Ethical Indices" is both a source of pride and a signal of success for us. » **Laurence Pessez**



« Financing renewable energy is one of our fastest growing businesses » **Antoine Sire, March 2019**



« The time has come for finance to play its part in building the sustainable world that we want and that the Paris Agreement and the UN's sustainable development goals have defined. » **Frédéric Janbon, October 2019**



« The average score obtained in this report is only 39.9%, while BNP Paribas ranks first with a score of 63.2%. » - **Share Action press release on their 'Banking on a Low Carbon Future 2020' report**

KEY FIGURES



180 billion euros

financing invested at the end of 2019
in the energy transition

+120%

of investments in renewable
energy in 4 years (at the end of
2019).

<18%

of coal in the energy mix of
electricity companies
financed by BNP Paribas at
the end of 2019

SOURCES



Group Messages

- July2019_PositionPaper_Energy Transition
- April 2019_Infography_EnergyTransition
- June2019_TribuneJLBonnafé_MagInvestir
- Oct2019_Webnews_StrategieClimatBNPP
- Sept2019_JLBSpeech_NYCClimateWeek
- Sept2019_PressClippingLaCroix_PRB
- March2019_InterviewASire_JD
- 2019_PolitiqueSectorielle_Charbon
- 2019_PolitiqueSectorielle_PetroleGaz
- 2019_Document universel d'enregistrement

Business Messages

- Mars2019_WebNews_FondsTheam
- May2019_pressrelease_BDDF_OffreTransition
- Article « [BNP Paribas lance une offre de transition](#) »
- Site Corporate : [présentation du groupe](#)

External Contributions

- May2019_ConfClimat_ColldeFrance_CMassonDelmotte
- July2019_EPE_EtudeCarbone
- Banking in Climate
- RobeccoSam's index
- [Sept 19 Performance Climat du CAC 40](#) » - ECOAct
- [Sept19 Responsible banking conference- vidéo](#)



This document is a practical tool that should not be used externally in this format. It is intended for professionals in BNP Paribas' communications teams. It outlines the Group's position on certain business, social and strategic issues. Its purpose is to enable internal and external communications to be drawn up in line with, and adapted to, the needs of particular countries, functions and business lines. The messages of this 'Group Position' can also serve as language for spokespersons when dealing with the media or speaking in public. This information is not exhaustive and business lines can add information and examples.



BNP PARIBAS

**La banque
d'un monde
qui change**