

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and its Green Bonds Portfolio

BNP Paribas
06 May 2022

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none">• Green Bonds
Relevant standards	<ul style="list-style-type: none">• International Capital Market Association (ICMA) Green Bond Principles(GBP), updated as of June 2021
Scope of verification	<ul style="list-style-type: none">• BNP Paribas Green Bond Framework (version of October 2021)• BNP Paribas Green Bond asset pool (as of 11.04.2022)
Lifecycle	<ul style="list-style-type: none">• Post-issuance external review
Validity	<ul style="list-style-type: none">• For the green bonds issued before the SPO publication

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Scope of work¹

BNP Paribas commissioned ISS ESG to assist with its green bonds post-issuance verification by assessing two core elements to determine the sustainability quality of the instrument:

1. The green asset pool – whether the projects contribute positively to the UN SDGs and perform against ISS ESG’s issue-specific key performance indicators (KPIs) (See Annex 3)
2. Green Bonds link to BNP Paribas’s sustainability strategy – drawing on BNP Paribas’s overall sustainability profile and issuance-specific Use of Proceeds categories. (See Annex 1)

ISS ESG ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ²
Sustainability quality of the green bonds portfolio	The overall sustainability quality of the green bonds in terms of sustainability benefits, risk avoidance and minimisation is good based upon the ISS ESG assessment. The green bonds are (re-)financing eligible asset categories including sustainable water and wastewater management, renewable energy, energy efficiency, pollution prevention & control, green buildings, sustainable water and wastewater management and clean transportation.	Positive
Annex 1: Green bonds link to issuer’s sustainability strategy	Those use of proceeds categories have a significant contribution to SDGs 6 “Clean water and sanitation”, 7 “Affordable and clean energy”, 11 “Sustainable cities and communities”, 12 “Responsible consumption and production” and 13 “Climate action”. The environmental and social risks associated with those use of proceeds categories have been well managed. According to the ISS ESG Corporate Rating published on 12.04.2022, the issuer shows a high sustainability performance against the industry peer group on key ESG issues faced by the financials/commercial banks and capital markets sector. The issuer is rated 1 st out of 301 companies within its sector on 04.04.2022. The Use of Proceeds financed under this Green Bond Framework are consistent with the issuer’s sustainability strategy and material ESG topics for the issuer’s industry. The rationale for issuing green bonds is clearly described by the issuer.	Consistent with issuer’s sustainability strategy
Annex 2: Alignment with GBPs	The issuer has defined a formal concept for its Green Bond Framework regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the ICMA GBPs. The full assessment can be found on BNP Paribas’s website .	Positive

¹ This report format stays at ISS ESG 2021 SPO report format for the sake of consistency with the series of BNP Paribas’s post-issuance external review report

² ISS ESG’s evaluation is based on the BNP Paribas Green Bond Framework (October 2021 version), on the analysed asset pool as received on the 19.02.2021, and on the ISS ESG Corporate Rating applicable at the SPO delivery date (updated on the 12.04.2022). ISS ESG underwent a controversy screening of the asset pool on the 12.04.2021.

ISS ESG SPO ASSESSMENT

SUSTAINABILITY QUALITY OF THE PORTFOLIO

A. PORTFOLIO ALIGNMENT WITH THE ISSUER'S GREEN BOND FRAMEWORK AND MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS

ISS reviewed a total volume of 1,921.3 million euros³ of new green assets added in 2021, complying with the Use of Proceeds categories listed in the issuer's Green Bond Framework: Renewable Energy, Energy Efficiency, Pollution Prevention & Control, Green Buildings, Sustainable Water and Wastewater Management and Clean Transportation. The management of the environmental and social risk is as follows:

Green Buildings

As a Use of Proceeds category, green building has a significant contribution to the SDG 11 "Sustainable cities and communities"⁴. The table below presents the findings of an ISS ESG assessment of the green bonds portfolio against ISS ESG KPIs.

ASSESSMENT AGAINST ISS ESG KPI

Site selection

- ✓ 100% of assets are not located in key biodiversity areas (Ramsar sites, IUCN protected areas I-IV).
- ✓ 100% of the assets are located within 1 km from one or more modalities of public transport.

Construction standards

- ✓ 100% of assets are located where high labour and health and safety standards are in place (e.g. ILO core conventions).
- ✓ 63% of assets provide for sustainable procurement regarding building materials (e.g. recycled materials, third-party certification of wood-based materials).

Water use minimization in buildings

- ✓ 90% of assets provide for measures to reduce water consumption (e.g. water metering, high-efficiency fixtures and fittings, rainwater harvesting).

Safety of building users

- ✓ 100% of assets provide for measures to ensure operation safety.

Sustainability labels/ certifications

³ This volume is expressed in drawn amount for consistency with the volumes reported in the Green Bond Impact Report.

⁴ Since this post-issuance external review report, BNP's green bonds remains as the version of September 2020. Therefore, the SDG Assessment would stay the same as the previous assessment result.

- ✓ 97% of assets received sustainability labels or certifications. One of the assets, accounting for the remaining 3%, has received low energy consumption label.

Controversy assessment

The controversy assessment did not reveal any controversial activities or practices that could be attributed to the issuer.

Recycling of plastic packaging and objects

As a Use of Proceeds category, Recycling of plastic packaging and objects has a significant contribution to the SDG 12 “Responsible consumption and production”. The table below presents the findings of an ISS ESG assessment of the green bonds portfolio against ISS ESG KPIs.

ASSESSMENT AGAINST ISS ESG KPI

Site selection

- ✓ The asset is not located in key biodiversity areas (e.g. exclusion of Ramsar sites, UNESCO Natural World Heritage, IUCN protected areas I-IV).
- ✓ The asset underwent environmental impact assessment at the planning stage.

Community dialogue

- ✓ The asset features community dialogue as an integral part of the planning process and construction phase (e.g. sound information of communities, community advisory panels and committees, surveys and dialogue platforms, grievance mechanisms and compensation schemes)

Environmental aspects during facilities operations

- ✓ The asset provides for high standards concerning environmentally safe operation of plants (e.g. strict control of air emissions, measures to prevent the release of residues).
- ✓ The asset provides for a satisfying Environmental Management System (e.g. ISO 14001 certified).
- ✓ The asset provides measures for recycling of waste components

Working conditions during construction and operation

- ✓ The asset provides for provide for high labour and health and safety standards for construction and operation work (e.g. ILO core conventions)

Controversy assessment

The controversy assessment did not reveal any controversial activities or practices that could be attributed to the issuer.

Railway and Metro (Transport)

As a Use of Proceeds category, Railway and Metro (Transport) has a limited contribution to the SDG 7 “Affordable and clean energy” and SDG13 “Climate action”. The table below presents the findings of an ISS ESG assessment of the green bonds portfolio against ISS ESG KPIs.

ASSESSMENT AGAINST ISS ESG KPI

Site selection

- ✓ 100% of assets are not located in key biodiversity areas (Ramsar sites, IUCN protected areas I-IV).
- ✓ 15% of assets underwent environmental impact assessment at the planning stage, 85% of assets not required for the environmental impact assessment as per local authority decision, but it is subject to Environmental Monitoring Plan.

Community dialogue

- ✓ 100% of assets feature community dialogue as an integral part of the planning process (e.g. sound information of communities, community advisory panels and committees, surveys and dialogue platforms, grievance mechanisms and compensation schemes).

Environmental Aspects of construction

- ✓ 100% of assets meet high environmental standards during the construction phase.

Working conditions during construction and maintenance work

- ✓ 100% of assets meet high labour and health and safety standards for construction and maintenance work.

Social aspects of public transport infrastructure

- ✓ 100% of assets provide measures to reduce transport related noise emissions.
- ✓ 100% of assets have a transport safety management system in place.

Controversy assessment

The controversy assessment did not reveal any controversial activities or practices that could be attributed to the issuer.

Water Distribution

As a Use of Proceeds category, Water Distribution has a significant contribution to the SDG 6 “Clean water and sanitation”. The table below presents the findings of an ISS ESG assessment of the green bond portfolio against ISS ESG KPIs.

ASSESSMENT AGAINST ISS ESG KPI

Site selection

- ✓ The asset is not located in key biodiversity areas (e.g. exclusion of Ramsar sites, UNESCO Natural World Heritage, IUCN protected areas I-IV).
- ✓ The asset underwent environmental impact assessment at the planning stage.

Environmental aspects of construction and operation

- ✓ The asset provides for high standards regarding sustainable water withdrawal (e.g. risk assessments, monitoring, pollution prevention).
- ✓ The asset features measures to reduce leakages from the water distribution system (e.g. regular inspections, response management).
- ✓ The asset provides for high standards regarding water quality (i.e. healthiness and purity requirements).

Social aspects of water treatment

- The asset does not have measures in place to encourage customers to save water (e.g. water meters, information).
- ✓ The asset provide for responsible treatment of disadvantaged customers (e.g. regarding disconnection).

Working conditions during construction and operation

- ✓ The asset provides for high labour and health and safety standards for construction and operation work (e.g. ILO core conventions)

Controversy assessment

The controversy assessment did not reveal any controversial activities or practices that could be attributed to the issuer.

Wastewater Treatment

As a Use of Proceeds category, Wastewater Treatment has a significant contribution to the SDG 6 “Clean water and sanitation”. The table below presents the findings of an ISS ESG assessment of the green bonds portfolio against ISS ESG KPIs.

ASSESSMENT AGAINST ISS ESG KPI

Site selection

- ✓ 100% of assets are not located in key biodiversity areas (e.g. exclusion of Ramsar sites, UNESCO Natural World Heritage, IUCN protected areas I-IV).
- ✓ 100% of assets underwent environmental impact assessment at the planning stage.

Environmental aspects of construction and operation

- ✓ 100% of assets feature measures to reduce the environmental impacts of sewage sludge disposal (e.g. exclusion of introduction into waterways and landfill, exclusion or standards for agricultural use, utilisation of energy).
- ✓ 100% of assets feature measures to reduce leakages from the water distribution system (e.g. regular inspections, response management).
- ✓ 100% of assets provide for high standards regarding the quality of treated water

Community Dialogue

- ✓ 100% of assets feature community dialogue as an integral part of the planning process and construction phase (e.g. sound information of communities, community advisory panels and committees, surveys and dialogue platforms, grievance mechanisms and compensation schemes).

Working conditions during construction and operation

- ✓ 100% of assets provide for high labour and health and safety standards for construction and operation work (e.g. ILO core conventions)

Controversy assessment

The controversy assessment did not reveal any controversial activities or practices that could be attributed to the issuer.

Wind energy (Onshore and Offshore)

As a Use of Proceeds category, wind energy has a significant contribution to the SDG 7 “Affordable and clean energy” and SDG13 “Climate action”. The table below presents the findings of an ISS ESG assessment of the green bonds portfolio against ISS ESG KPIs.

ASSESSMENT AGAINST ISS ESG KPI

Site selection

- ✓ 100% of assets are not located in key biodiversity areas (Ramsar sites, IUCN protected areas I-IV).
- ✓ 97.8% of assets underwent an environmental impact assessment at the planning stage. For the remaining assets, a basic environmental impact screening has been conducted according to the local legal requirements.

Community dialogue (onshore projects only)

- ✓ 100% of assets feature community dialogue as an integral part of the planning process (e.g. sound information of communities, community advisory panels and committees, surveys and dialogue platforms, grievance mechanisms and compensation schemes).

Environmental aspects of construction and operation

- ✓ 100% of assets meet high environmental standards during the construction phase (e.g. noise mitigation, minimisation of environmental impact during construction work).
- ✓ 100% % of assets provide for measures to protect habitat and wildlife during operation of the power plant (e.g. measures to protect birds and bats).

Working conditions during construction and operations

- ✓ 86% of assets provide for high labour and health and safety standards for construction and maintenance work (e.g. ILO core conventions). The remaining assets are located in the United States, a country for which some of the ILO Core Conventions are not ratified.

Controversy assessment

100% of assets of the controversy assessment did not reveal controversial activities or practices that related to the social and environmental that could be attributed to the issuer. However, it is also noted that a refinancing asset involved in pending civil and administrative litigation during the construction period and it do not appear as material risk to the asset according to the provided legal review report.

Concentrated Solar Power (CSP)

As a Use of Proceeds category, CSP has a significant contribution to the SDG 7 “Affordable and clean energy” and SDG13 “Climate action”. The table below presents the findings of an ISS ESG assessment of the green bonds portfolio against ISS ESG KPIs.

ASSESSMENT AGAINST ISS ESG KPI

Site selection

- ✓ 100% of assets are not located in key biodiversity areas (Ramsar sites, IUCN protected areas I-IV).
- ✓ 90% of assets underwent an environmental impact assessment at the planning stage. The remain asset underwent a basic environmental screening instead of full EIA.
- ✓ 100% of assets underwent water impact assessment at the planning stage.

Environmental aspects of construction and operation

- ✓ 100% of assets meet high environmental standards during the construction phase (e.g. noise mitigation, minimisation of environmental impact during construction work).
- ✓ 100% of assets that generate at least 85% of electricity using solar energy.

Working conditions during construction and operations

- ✓ 100% of assets provide for high labour and health and safety standards for construction and maintenance work (e.g. ILO core conventions).

Controversy assessment

The controversy assessment did not reveal any controversial activities or practices that could be attributed to the issuer.

Solar P.V.

As a Use of Proceeds category, Solar P.V. has a significant contribution to the SDG 7 “Affordable and clean energy” and SDG13 “Climate action”. The table below presents the findings of an ISS ESG assessment of the green bonds portfolio against ISS ESG KPIs.

ASSESSMENT AGAINST ISS ESG KPI

Site selection

- ✓ 100% of assets are not located in key biodiversity areas (Ramsar sites, IUCN protected areas I-IV).

Supply chain standards

- ✓ 97.1% of assets provide for high labour and health and safety standards in the supply chain of solar modules.

Environmental aspects of solar power plants

- ✓ 59.9% of assets feature a conversion efficiency of at least 15%.
- ✓ 86.6% of assets provide for high environmental standards regarding take-back and recycling of solar module at end-of-life stage (e.g. line with WEEE requirements).

Working conditions during construction and maintenance work

- 45.3% of assets provide for high labour and health and safety standards for construction and maintenance work (e.g. ILO core conventions). The remaining assets are located in the United States, China, United Arab Emirates, and Taiwan that not all of the ILO Core Conventions are ratified, however, these remaining assets are able to provide health and safety policies uphold the safety standard.
-

Controversy assessment

100% of assets of the controversy assessment did not reveal any controversial activities or practices that could be attributed to the issuer.

Battery Energy Storage Systems (BESS)

As a Use of Proceeds category, BESS has a significant contribution to the SDG 7 “Affordable and clean energy” and SDG13 “Climate action”. The table below presents the findings of an ISS ESG assessment of the green bonds portfolio against ISS ESG KPIs.

ASSESSMENT AGAINST ISS ESG KPI

Site selection

- ✓ 100% of assets are not located in key biodiversity areas (Ramsar sites, IUCN protected areas I-IV).
- ✓ 100% of assets underwent environmental impact assessments at the planning stage.

Environmental aspects of batteries

- ✓ 100% of assets meet high environmental standards regarding takeback and recycling of electronic equipment at end-of-life stage
- ✓ 100% assets that provide for a comprehensive Environmental Management system at the manufacturing sites.

Working conditions during construction and operation

- All assets are located in the Australia and United States, countries for which not all of the ILO Core Conventions are ratified, however, all assets are able to provide health and safety policies uphold the safety standard.

Safety aspects

- ✓ 100% of assets provide for operational safety is ensured (e.g. control centre, electrical flow and substation monitoring).

Community dialogue

- ✓ 100% of assets feature community dialogue as an integral part of the planning process (e.g. sound information of communities, community advisory panels and committees, surveys and dialogue platforms, grievance mechanisms and compensation schemes).

Controversy assessment

The controversy assessment did not reveal any controversial activities or practices that could be attributed to the issuer.

Rooftop PV (Renewable Energy)

As a Use of Proceeds category, Rooftop PV (Renewable Energy) has a limited contribution to the SDG 7 “Affordable and clean energy” and SDG13 “Climate action”. The table below presents the findings of an ISS ESG assessment of the green bonds portfolio against ISS ESG KPIs.

ASSESSMENT AGAINST ISS ESG KPI

Environmental aspects of solar panels used

- ✓ The assets comply with the European Waste Electrical and Electronic Equipment Directive (WEEE Directive) requiring the creation of collection schemes where consumers can return electronic equipment free of charge.

Responsible treatment of customers with debt repayment problems

- ✓ The assets provide preventive measures and sustainable solutions for customers with debt repayment problems are in place.

Energy Efficiency

As a Use of Proceeds category, Energy Efficiency has a limited contribution to the SDG 7 “Affordable and clean energy” and SDG13 “Climate action”. The table below presents the findings of an ISS ESG assessment of the green bonds portfolio against ISS ESG KPIs.

ASSESSMENT AGAINST ISS ESG KPI

Energy efficiency improvement

- ✓ The assets provide for a significant improvement of energy efficiency of residential buildings

Responsible treatment of customers with debt repayment problems

- ✓ The assets establish policy and procedures for pre-emptive actions to prevent client debt repayment problems (e.g. Policy of the Protection of the customer's interest, Fragile customer procedures and Complaint handling procedure)).

Working conditions during construction and maintenance work

- ✓ The assets provide for high labour and health and safety standards for construction and maintenance work (e.g. ILO core conventions)

B. CONTRIBUTION OF THE GREEN BONDS TO THE UN SDGs

Based on the assessment of the sustainability quality of the green bond framework and using a proprietary methodology, ISS ESG assessed the contribution of the BNP Paribas's Green Bond Framework's Use of Proceeds category to the Sustainable Development Goals defined by the United Nations (UN SDGs).









This assessment is displayed on 5-point scale:

Significant Obstruction	Limited Obstruction	No Net Impact	Limited Contribution	Significant Contribution
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Each of the bonds' Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs. This assessment is a high-level evaluation conducted at the framework level.

USE OF PROCEEDS	CONTRIBUTION OR OBSTRUCTION ⁵	SUSTAINABLE DEVELOPMENT GOALS
Green Buildings	Significant Contribution	
Recycling	Significant Contribution	
Railway and Metro (Transport)	Limited Contribution	 
Water Distribution	Significant Contribution	
Wastewater Treatment	Significant Contribution	
Wind power - Onshore & Offshore (Renewable Energy)	Significant Contribution	 
CSP (Renewable Energy)	Significant Contribution	 

⁵ Since this post-issuance external review report, therefore, the SDG Assessment would stay the same as the previous assessment result.

Solar P.V.	Significant Contribution	 
Rooftop PV (Renewable Energy)	Significant Contribution	 
Battery Energy Storage Systems (BESS)	Significant Contribution	 
Energy Efficiency	Limited Contribution	 

DISCLAIMER

1. Validity of the SPO: For the green bonds issued before the SPO publication
2. ISS ESG uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to the highest quality standards which are customary in responsibility research worldwide. In addition, we create a Second Party Opinion (SPO) on bonds based on data from the issuer.
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ANNEX 1: Green bonds’ link to BNP Paribas’s sustainability strategy

A. ASSESSMENT OF BNP PARIBAS’S ESG PERFORMANCE

The ISS ESG Corporate Rating provides material and forward-looking environmental, social and governance (ESG) data and performance assessments.

COMPANY	SECTOR	DECILE RANK	TRANSPARENCY LEVEL
BNP PARIBAS SA	COMMERCIAL BANKS & CAPITAL MARKETS	1	VERY HIGH

This means that the company currently shows a high sustainability performance against peers on key ESG issues faced by the Financials/ Commercial Banks & Capital Markets sector and obtains a Decile Rank relative to industry group of 1, given that a decile rank of 1 indicates highest relative ESG performance out of 10.

ESG performance

As of 04.04.2022, this Rating places BNP Paribas 1st out of 301 companies rated by ISS ESG in the Commercial Banks & Capital Markets sector.

Key challenges faced by companies in terms of sustainability management in this sector are displayed in the chart on the right, as well as the issuer’s performance against those key challenges in comparison to the average industry peers’ performance.

Key Issue Performance



Sustainability Opportunities

The company offers socially responsible investment products including a best-in-class strategy, theme-based investment opportunities, or a combination of both. Besides, BNP Paribas offers a range of products with a social benefit including community lending with a focus on disadvantaged regions and social infrastructure, support for microfinance, and specialised services for social entrepreneurship. In addition, the company ensures equal access to financial markets by offering amongst others a basic banking account. The named products, however, do not constitute the main business of the company.

Sustainability Risks⁶

As a major financial company, BNP Paribas faces as main sustainability challenge the systematic integration of environmental and social aspects in its core business areas. The company integrates some environmental and social aspects in its mainstream asset management business, e.g. exclusion of issuers not compliant with the UN Global Compact. The company also has adopted the Equator Principles since 2018, a voluntary statement of commitment by banks to observe certain environmental and social minimum standards in project finance. In addition, the company applies several environmental and social sector policies addressing e.g. military, forestry, paper and the mining industry. Most of those policies show an average or above average level. Furthermore, BNP Paribas announced that it will no longer invest in or finance coal mining projects or mining companies that specialise in coal and have no diversification strategy, coal-fired power stations or companies that generate electricity by burning coal and do not have a diversification strategy. It also stopped supporting companies whose primary business is exploration, production and export of gas/oil from shale, oil from tar sands, gas/oil production in the Arctic. In recent years, BNP Paribas participated in a USD 4.4 billion syndicated loan financing the controversial Oyu Tolgoi mine in Mongolia⁷. It also participated in a USD 1 billion syndicated loan financing for the controversial Ituango hydropower project in Columbia.

In the social dimension, the company has, amongst others, implemented a policy on responsible marketing, provides responsible sales practices training and offers some solutions to support clients with debt repayment problems. It also takes preventive measures to ensure the early detection of persons who might face financial problems. Furthermore, BNP Paribas has implemented measures to ensure tax compliance of clients. With regard to employees, important aspects such as mental health and work life balance are adequately covered. While there have been large-scale redundancies at various European locations in recent years, negative impacts were reduced through e.g. voluntary redundancies and natural turnover. Moreover, BNP Paribas has established a group-wide code of ethics covering important aspects, as well as comprehensive compliance measures.

Governance opinion

In principal, BNP Paribas' governance structure is designed to ensure control of the executive management with the majority of its appointed board directors being independent and through the establishment of at least partly independent audit and remuneration board committees. In addition, a fully independent committee in charge of nomination is in place. However, the chairperson of the board, Jean Lemierre, is not independent, as he is a director of TEB Holding AS, a consolidated subsidiary of BNP Paribas (all governance data as at July 8, 2021). The company publicly discloses remuneration for some members of its executive management team, including variable and long-term incentive components.




⁶ This assessment differs from the ISS ESG proprietary methodology designed to assess the sustainability performance of an issuer's products and services portfolio

⁷ Information provided by BNP - "BNP has been informed about the existing concerns regarding the continued dialogue between the project sponsors and the local communities, following 2012 closure of the complaint. BNP Paribas decision to support this project relied on an in-depth analysis in line with the Equator Principles standards and its own financing criteria, as a part of its Mining industry ESG sector policy in particular. These principles continue to be applied throughout the loan lifecycle, independent of the control exercised by the IFC Compliance Advisor Ombudsman (CAO), since an independent consultant was mandated to verify if the project complies with the applicable standards. This advisor continues keeps on issuing regular periodic reports."

Regarding the management of sustainability matters, sustainability objectives are integrated into the performance-based executive compensation scheme. In addition, an independent board-level committee on sustainability has been established (as at July 8, 2021). The company's compliance framework consists of a group-wide code of ethics, which covers various important topics (e.g. corruption, money laundering) in varying degrees of detail, as well as of comprehensive compliance procedures.

Sustainability impact of products and services portfolio

Using a proprietary methodology, ISS ESG assessed the contribution of BNP Paribas's current products and services portfolio to the Sustainable Development Goals defined by the United Nations (UN SDGs). This analysis is limited to the evaluation of final product characteristics and does not include practices along BNP Paribas's production process.

PRODUCT/SERVICES PORTFOLIO	ASSOCIATED PERCENTAGE OF REVENUE	DIRECTION OF IMPACT	UN SDGS
Loans to the healthcare and pharmaceutical sector	1%	CONTRIBUTION	
Financing of renewable energy	1%	CONTRIBUTION	 
Others	N/A	NO NET IMPACT	N/A

Breaches of international norms and ESG controversies

The company is not facing any severe controversy.

B. CONSISTENCY OF GREEN BONDS WITH BNP PARIBAS'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the issuer

BNP Paribas recognises that the world is at a tipping point on sustainability. Global warming as well as resource scarcity are likely to challenge current economic models in the coming decades. Today there is broad scientific and political consensus that the current trajectory in CO₂ emissions must be curbed if we are to restrict global warming to a 2°C increase over pre-industrial levels. To further intensify its efforts in this area, BNP Paribas is committed to supporting the development of renewable energies by more than doubling its financing resources allocated to this sector.

BNP Paribas has a long-standing commitment to sustainability. Since 2010, BNP Paribas has integrated Environmental, Social and Governance ("ESG") factors into its risk framework for all its financing and

investments across the Group. BNP Paribas has specific Corporate Social Responsibility (“CSR”) policies for eight sensitive sectors applying to all products and services and have integrated ESG assessment into its risk policies and monitoring tools for large corporate clients. BNP Paribas Group is committed to advising and financing corporations in building resilient and sustainable business models and in particular through the Bank’s financing of assets and projects with a positive and measurable impact on the environment. In addition, BNP Paribas is committed to meeting the requirements of institutional investors for green debt securities which demonstrate a positive impact on the environment. BNP Paribas has been active in the green bond market since 2016.

Rationale for issuance

By setting up a Green Bond Framework, BNP Paribas aims at mobilizing debt capital markets for climate change and energy transition solutions in line with the Green Bond Principles published by the International Capital Market Association, and at offering investors further insight on BNP Paribas’ sustainability strategy in line with its commitments. This Green Bond Framework has been updated to reflect developments in the best practice of the Green Bond Market. BNP Paribas intends to update the Green Bond Framework periodically.

Contribution of Use of Proceeds categories to sustainability objectives and priorities

ISS ESG mapped the Use of Proceeds categories financed under this Green Bond Framework with the sustainability objectives defined by the issuer, and with the key ESG industry challenges as defined in the ISS ESG Corporate Rating methodology for the Financials/commercial banks and capital market sector. Key ESG industry challenges are key issues that are highly relevant for a respective industry to tackle when it comes to sustainability, e.g. climate change and energy efficiency in the buildings sector. From this mapping, ISS ESG derived a level of contribution to the strategy of each Use of Proceeds categories.

USE OF PROCEEDS CATEGORY	SUSTAINABILITY OBJECTIVES FOR THE ISSUER	KEY ESG INDUSTRY CHALLENGES	CONTRIBUTION
Renewable Energy	<ul style="list-style-type: none"> • Financing of solar P.V., Concentrated Solar Power and Wind (Onshore and Offshore), Rooftop PV 	<ul style="list-style-type: none"> • Products and services providing environmental benefits 	Contribution to a material objective
Energy Efficiency	<ul style="list-style-type: none"> • Financing of BESS and Energy Efficiency improvement solutions 	<ul style="list-style-type: none"> • Products and services providing environmental benefits 	Contribution to a material objective
Green Buildings	<ul style="list-style-type: none"> • Financing of Green Buildings 	<ul style="list-style-type: none"> • Products and services providing environmental benefits 	Contribution to a material objective

Clean Transportation (infrastructures)	<ul style="list-style-type: none"> • Financing of Railway and Metro 	<ul style="list-style-type: none"> • Products and services providing environmental benefits 	Contribution to a material objective
Pollution Prevention and Control	<ul style="list-style-type: none"> • Financing of Plastic Recycling, Plant 	<ul style="list-style-type: none"> • Products and services providing environmental benefits 	Contribution to a material objective
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> • Water Distribution Plant and Wastewater Treatment Plant 	<ul style="list-style-type: none"> • Products and services providing environmental benefits 	Contribution to a material objective

Opinion: *ISS ESG finds that the Use of Proceeds financed under this Green Bond Framework are consistent with the issuer’s sustainability strategy and material ESG topics for the issuer’s industry. The rationale for issuing green bonds is clearly described by the issuer.*

ANNEX 2: Alignment of the framework with the green bond principles

ISS ESG concluded that BNP Paribas's Green Bond Framework is aligned with the four core components of the Green Bond Principles. The Second Party Opinion can be found on [BNP Paribas's website](#)

ANNEX 3: Methodology

ISS ESG Green KPIs

The ISS ESG Green Bond KPIs serve as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of the use of proceeds of BNP Paribas’s green bonds.

It comprises firstly the definition of the use of proceeds category offering added social and/or environmental value, and secondly the specific sustainability criteria by means of which this added value and therefore the sustainability performance of the assets can be clearly identified and described.

The sustainability criteria are complemented by specific indicators, which enable quantitative measurement of the sustainability performance of the assets and which can also be used for reporting. If a majority of assets fulfill the requirement of an indicator, this indicator is then assessed positively. Those indicators may be tailor-made to capture the context-specific environmental and social risks.

Environmental and social risks assessment methodology

ISS ESG evaluates whether the assets included in the asset pool match the eligible project category and criteria listed in the Green Bonds KPIs.

All percentages refer to the amount of assets within one category (e.g. wind power). Additionally, the assessment “no or limited information is available” either indicates that no information was made available to ISS ESG or that the information provided did not fulfil the requirements of the ISS ESG Green Bonds KPIs.

The evaluation was carried out using information and documents provided to ISS ESG on a confidential basis by BNP Paribas (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the asset location, were drawn on to complement the information provided by the issuer.

Assessment of the contribution and association to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method, ISS ESG identifies the extent to which BNP Paribas’s green bonds contributes to related SDGs.

ANNEX 4: ISS ESG Corporate Rating Methodology

The following pages contain methodology description of the ISS ESG Corporate Rating.

Methodology - Overview

The ESG Corporate Rating methodology was originally developed by Institutional Shareholder Services Germany (formerly oekom research) and has been consistently updated for more than 25 years.

ESG Corporate Rating - The ESG Corporate Rating universe, which is currently expanding from more than 8,000 corporate issuers to a targeted 10,000 issuers in 2020, covers important national and international indices as well as additional companies from sectors with direct links to sustainability and the most important bond issuers that are not publicly listed companies.

The assessment of a company's social & governance and environmental performance is based on approximately 100 environmental, social and governance indicators per sector, selected from a pool of 800+ proprietary indicators. All indicators are evaluated independently based on clearly defined performance expectations and the results are aggregated, taking into account each indicator's and each topic's materiality-oriented weight, to yield an overall score (rating). If no relevant or up-to-date company information with regard to a certain indicator is available, and no assumptions can be made based on predefined standards and expertise, e.g. known and already classified country standards, the indicator is assessed with a D-.

In order to obtain a comprehensive and balanced picture of each company, our analysts assess relevant information reported or directly provided by the company as well as information from reputable independent sources. In addition, our analysts actively seek a dialogue with the assessed companies during the rating process and companies are regularly given the opportunity to comment on the results and provide additional information.

Analyst Opinion - Qualitative summary and explanation of the central rating results in three dimensions:

- (1) Opportunities - assessment of the quality and the current and future share of sales of a company's products and services, which positively or negatively contribute to the management of principal sustainability challenges.
- (2) Risks - summary assessment of how proactively and successfully the company addresses specific sustainability challenges found in its business activity and value chain, thus reducing its individual risks, in particular regarding its sector's key issues.
- (3) Governance - overview of the company's governance structures and measures as well as of the quality and efficacy of policies regarding its ethical business conduct.

Norm-Based Research - Severity Indicator - The assessment of companies' sustainability performance in the ESG Corporate Rating is informed by a systematic and comprehensive evaluation of companies' ability to prevent and mitigate ESG controversies. ISS ESG conducts research and analysis on corporate involvement in verified or alleged failures to respect recognized standards for responsible business conduct through Norm-Based Research.

Norm-Based Research is based on authoritative standards for responsible business conduct such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles for Business and Human Rights and the Sustainable Development Goals.

As a stress-test of corporate disclosure, Norm-Based Research assesses the following:

- Companies' ability to address grievances and remediate negative impacts
- Degree of verification of allegations and claims
- Severity of impact on people and the environment, and systematic or systemic nature of malpractices

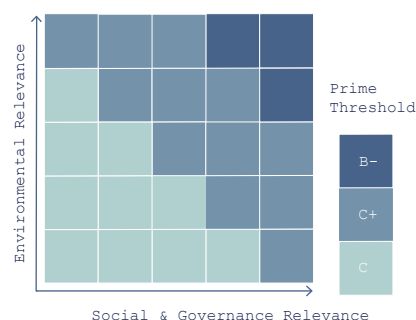
Severity of impact is categorized as Potential, Moderate, Severe, Very severe. This informs the ESG Corporate Rating.

Decile Rank - The Decile Rank indicates in which decile (tenth part of total) the individual Corporate Rating ranks within its industry from 1 (best – company's rating is in the first decile within its industry) to 10 (lowest – company's rating is in the tenth decile within its industry). The Decile Rank is determined based on the underlying numerical score of the rating. If the total number of companies within an industry cannot be evenly divided by ten, the surplus company ratings are distributed from the top (1 decile) to the bottom. If there are Corporate Ratings with identical absolute scores that span a division in decile ranks, all ratings with an equal decile score are classified in the higher decile, resulting in a smaller number of Corporate Ratings in the decile below.

Distribution of Ratings - Overview of the distribution of the ratings of all companies from the respective industry that are included in the ESG Corporate Rating universe (company portrayed in this report: dark blue).

Industry Classification - The social and environmental impacts of industries differ. Therefore, based on its relevance, each industry analyzed is classified in a Sustainability Matrix.

Depending on this classification, the two dimensions of the ESG Corporate Rating, the Social Rating and the Environmental Rating, are weighted and the sector-specific minimum requirements for the ISS ESG Prime Status (Prime threshold) are defined (absolute best-in-class approach).



Industry Leaders - List (in alphabetical order) of the top three companies in an industry from the ESG Corporate Rating universe at the time of generation of this report.

Key Issue Performance - Overview of the company's performance with regard to the key social and environmental issues in the industry, compared to the industry average.

Performance Score - The ESG Performance Score allows for cross-industry comparisons using a standardized best-in-class threshold that is valid across all industries. It is the numerical representation of the alphabetic ratings (D- to A+) on a scale of 0 to 100 with 50 representing the prime threshold. All companies with values greater than 50 are Prime, while companies with values less than 50 are Not Prime. As a result, intervals are of varying size depending on the original industry-specific prime thresholds.

Rating History - Development of the company's rating over time and comparison to the average rating in the industry.

Rating Scale - Companies are rated on a twelve-point scale from A+ to D-:

A+: the company shows excellent performance.

D-: the company shows poor performance (or fails to demonstrate any commitment to appropriately address the topic).

Overview of the range of scores achieved in the industry (light blue) and indication of the grade of the company evaluated in this report (dark blue).

Sources of Information - A selection of sources used for this report is illustrated in the annex.

Status & Prime Threshold - Companies are categorized as Prime if they achieve/exceed the sustainability performance requirements (Prime threshold) defined by ISS ESG for a specific industry (absolute best-in-class approach) in the ESG Corporate Rating. Prime companies are sustainability leaders in their industry and are better positioned to cope with material ESG challenges and risks, as well as to seize opportunities, than their Not Prime peers. The financial materiality of the Prime Status has been confirmed by performance studies, showing a continuous outperformance of the Prime portfolio when compared to conventional indices over more than 14 years.

Transparency Level - The Transparency Level indicates the company's materiality-adjusted disclosure level regarding the environmental and social performance indicators defined in the ESG Corporate Rating. It takes into consideration whether the company has disclosed relevant information regarding a specific indicator, either in its public ESG disclosures or as part of the rating feedback process, as well as the indicator's materiality reflected in its absolute weight in the rating. The calculated percentage is classified in five transparency levels following the scale below.

0% - < 20%: very low

20% - < 40%: low

40% - < 60%: medium

60% - < 80%: high

80% - 100%: very high

For example, if a company discloses information for indicators with a cumulated absolute weight in the rating of 23 percent, then its Transparency Level is "low". A company's failure to disclose, or lack of transparency, will impact a company's ESG performance rating negatively.

ANNEX 5: Quality management processes

SCOPE

BNP Paribas commissioned ISS ESG to compile an SPO on BNP Paribas's assets included in past issuances as well as backup future issuances until the next annual revision of the pool of assets. The Second Party Opinion process includes verifying the sustainability credentials of its green bond portfolio.

CRITERIA

Relevant Standards for this Second Party Opinion ISS ESG KPI set:

- Green Buildings
- Recycling
- Railway and Metro (Transport)
- Water Distribution
- Wastewater Treatment
- Wind Power (Onshore and Offshore)
- CSP (Concentrated Solar Power)
- Solar P.V.
- Rooftop PV (Renewable Energy)
- BESS (Battery Energy Storage Systems)
- Energy Efficiency

ISSUER'S RESPONSIBILITY

BNP Paribas's responsibility was to provide information and documentation on:

- Asset pool / Eligibility criteria
- Documentation of ESG risks management at the asset level

ISS ESG'S VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

ISS ESG has conducted this independent Second Party Opinion of the Green Bond to be issued by BNP Paribas based on ISS ESG methodology and in line with the ICMA Green Bond Principles.

The engagement with BNP Paribas took place in March to May 2022

ISS ESG'S BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behaviour and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About ISS ESG SPO

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

As part of our Sustainable (Green & Social) Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

For more information on SPO services, please contact: SPOsales@isscorporatesolutions.com

For more information on this specific Green Bond SPO, please contact: SPOOperations@iss-esg.com

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