



Laurence Pessez
Global Head of Corporate and Social Responsibility
BNP Paribas

Business & Human Rights Resource
Centre - Asia

Paris, June 12, 2023

Dear Madam, dear Sir,

Thank you for contacting BNP Paribas regarding Harita Group's mining and mineral processing operations in Indonesia, and for sharing the reports from the Mining Advocacy Network (JATAM) and Trend Asia on the impacts of these activities on local populations and the environment.

The information you shared is very valuable for BNP Paribas which is committed to maintain an ongoing high-quality engagement with its clients on all ESG issues. Be assured that it will be part of the dialogue we have with our client.

These reports raise important questions as the world is facing the climate emergency and needs to transition to a low carbon economy. The Group is fully aware that the mining sector, while playing a focal role in supporting the global energy transition, is also associated with high environmental and social risks especially with regards to human rights, environmental pollution and deforestation. It is precisely to address these complex issues that BNP Paribas, as a financial products and services provider and adviser, has long been implementing **a robust ESG risk management system for all its financing and investment activities, including the mining sector**, in order to identify, assess, and manage the environmental and social risks and impacts of its activities:

- As early as in 2013, BNP Paribas adopted a [mining sector policy](#), which includes mandatory requirements linked to the protection of human rights and those of local and indigenous communities, and to the safeguard of biodiversity and of the environment.
- This sector policy is part of the larger BNP Paribas' ESG framework (described each year in the Group's Universal Registration Document - see [2022 URD](#)) which includes a combination of tools that complement each other, such as sectoral policies, specific credit policies, questionnaires related to the French law on the Duty of Vigilance.
- In addition, the Group started deploying a new ESG assessment framework since June 2021 covering the 3 ESG pillars divided into five themes, including Business ethics and Human rights, through a set of sector-specific questionnaires, supplemented by an analysis of controversies affecting the client. This ESG risk management system makes it possible to identify, assess and monitor the ESG performance and risks of the corporate clients of the Bank. The Group has developed questionnaire for 19 sectors, identified as priority sectors. **One specific questionnaire has been created for the mining & metallurgy sector. All of the Group's major corporate clients, whatever their sector of activity, will have undergone this new ESG assessment by the end of 2023, and work is underway to extend the coverage to smaller size clients.**
- BNP Paribas has also put in place a plan with procedures known as 'reasonable vigilance' measures to identify risks and prevent serious violations of human rights and fundamental



freedoms, human health and safety and the environment communities (See Chapter 7 of the [2022 URD](#)). In the area of human rights, the analysis takes into account the risk of violation of the rights of local.

These set rules applicable to the mining sector is even more crucial today due to the imperative to decarbonize our economies. Indeed, as the climate crisis continues to intensify, BNP Paribas is strongly committed to aligning the greenhouse gas emissions caused by its activities with the trajectory required to finance a carbon-neutral economy in 2050.

In line with its commitment to NZBA, BNP Paribas has already published decarbonation targets for 6 carbon-intensive sectors (oil and gas, power generation, automotive, aluminum, steel and cement). As always, these targets are informed by the International Energy Agency's Net Zero Emissions (IEA NZE) by 2050 scenario and are set for 2030, which is considered as the appropriate time horizon when taking into account the respective industries' decarbonisation inflexion points. In May 2023, the Group reported that BNP Paribas is on track with the trajectories set in 2022 for the first three sectors (oil and gas, power generation, automotive) ([See BNP Paribas' 2022 Climate Report published in May 2023](#)).

It is one of the Group's top priorities to make a significant contribution to the financing of low-carbon energies, mainly renewables, to support the broader economy's transition away from fossil fuels. The Group has already largely shifted its energy financing toward low carbon energy (these accounted for nearly 60% of BNP Paribas' total financing to the energy sector at year-end 2022). Earlier this year, BNP Paribas [committed to further shift its financing to the energy sector](#) to reach 80% of low carbon energies. In line with this commitment, BNP Paribas has decided to significantly reduce its support of the oil and gas exploration and production industry.

We trust that this response clarifies BNP Paribas' commitment and processes to ensure the transition to a low carbon economy while implementing reinforced due diligence to mining activities, including for minerals that are critical to this transition. I remain at your disposal should you need any additional information.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'L. Pessez'.

Laurence Pessez
Global Head of CSR