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BNP Paribas

Saskia Wilks

Business & Human Rights Resource  
Centre

Paris, October 26, 2023

Dear Madam, dear Sir,

Thank you for contacting BNP Paribas regarding the Group's current relation with Aurubis AG as well as Facing Finance's call for action of which we were unaware even though we have had regular contact with this NGO. BNP Paribas is committed to maintaining a high-quality dialogue with civil society and we value your support to identify controversies affecting our clients as these feed the dialogue we have with them and inform our internal decision-making.

BNP Paribas 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 communities.

On the financing side, while BNP Paribas cannot comment on our business relation with clients or the content of the discussion we have with them, be assured that our ESG Framework does apply to global suppliers such as Aurubis AG and include a focus on the company's Code of Conduct in general and in particular how it applies to its supply chain.



On the investment side, a critical component of BNP Paribas Asset Management (BNPPAM)'s approach to sustainability is the integration of ESG factors in the evaluation of a company or asset and in the investment decision-making processes. This has resulted in 89% of BNPPAM's European-domiciled open-ended funds being currently classified as Article 8 or 9 under the SFDR as of December 2022. The ESG integration process is guided by the [ESG integration guidelines](#) and [ESG scoring framework](#) and is based on three pillars:

- Materiality: we reward companies that score highly on ESG issues that are material to their business
- Measurability: we prefer performance metrics over policies or programs.
- Data quality and availability: we favor metrics for which data is of reasonable quality and readily available

Our assessment is both quantitative and qualitative as well as sector-specific: companies are compared to a peer group covering all companies within the same sector, except for controversies which are being treated at company-level, thus introducing a deliberate tilt. As a result, sectors that are more prone to ESG controversies have slightly lower scores, reflecting increased risk. In addition to proprietary quantitative analysis, we also integrate information from third-party sources.

BNPPAM's investment in Aurubis AG was assessed using this framework and BNPPAM did not have any engagement with the company due to the fact that our holdings are relatively insignificant.

Last, with regard to BNPPAM's voting strategy, the motion you reference is a specific-German type of proposal that can't be voted on by proxy – they must be voted on by physically attending the AGM – so we were unable to vote on them.

We trust that this response clarifies the Group's ESG strategy and how it applies to specific companies both at the level of the Group, and at the level of BNP Paribas Assessment.

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