The bank
for a changing
world

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Dear Madam, dear Sir,

We are well aware of the 2020 "*Banking on Climate Change"* report, which was published on March 18th, 2020, by a coalition of international NGOs.

Stakeholder dialogue is very important to BNP Paribas, which strives to maintain an open and constructive dialogue with them and take their expectations into account in its strategy.

Indeed, BNP Paribas participated in the consultation process ahead of this publication, as it does every year, in order to provide NGOs with a comprehensive view of its environmental commitments and concrete actions towards the energy transition.

With regard to the allegations presented in this report:

First, it is important to note that the Group's total financing to the oil & gas sector has remained stable since 2016, whilst our exposure to renewable energies has doubled over the same period.

In 2019, the Group announced a timetable for exiting thermal coal by 2030 in countries of the European Union and by 2040 in the rest of the world. To date, BNP Paribas is one of only two banks amongst the world's 10 largest to have announced coal exit deadlines. BNP Paribas has not financed any coal-fired power plant or any coal mine projects anywhere in the world since 2017.

The *"Banking on Climate Change 2020"* report, which compares 35 international banks, highlights BNP Paribas' commitments and leadership on restrictive policies to finance fossil fuels. As an example, the report mentions BNP Paribas in:
- 1st position in terms of restrictive financing policies in four sectors: Oil and gas; oil sands; shale oil and gas; and Arctic exploration and drilling.
- 4th position, more specifically, with regard to policies governing financing to companies that continue to develop fossil fuel activities ("Expansion").

Even though the methodology of this report has changed between 2018 (took into account 3 years) and 2019 (takes into account 4 years), it highlights the commitments made over the long term by BNP Paribas to reduce the use of fossil fuels.

Indeed, BNP Paribas has since 2014 communicated the breakdown of primary energy mix (fossil fuel extraction) and secondary energy mix (electricity generation) financed, and has committed to ensuring that they evolve in line with the 2°C scenario of the IEA. By way of example, the coal share in the energy mix has been in continual decline since 2017.

More precisely, with regard to the increase in fossil fuel financing that is granted to BNP Paribas, this does not correspond to reality. The bank's financing remained stable. Transactions that have increased do not correspond to financing by the bank, but rather to participation in the structuring and distribution of syndicated loans or bond issues on the financial markets. These mainly involve asset disposals between existing asset companies and do not contribute to the creation of new oil and gas capacities.

Please refer to BNP Paribas' 2019 financing portfolio in the energy sector:

- Energy mix of BNP Paribas' financing portfolio (primary mix): Thanks to the implementation of its policy limiting the financing of coal extraction, the primary mix financed by BNP Paribas in 2019 had minimal exposure to this fossil energy (2.4%), which is the largest emitter of greenhouse gases.

- Electricity mix of BNP Paribas' financing portfolio (secondary mix): With 46.7% fossil sources (gas, coal and oil) vs 54% in 2018 (-7.3% in one year), and 31% renewable sources (hydro, wind, solar and other renewables) vs 27% in 2018 (+4% in one year), the electricity mix financed by BNP Paribas in 2019 has a lower average carbon footprint than that of the world mix, which consisted of 64% fossil sources and 26% renewable sources in 2018. The kWh carbon content financed by the Group is 299g of CO_2, compared with the world average of 476g in 2018.

  Regarding the specific issue of coal, there has been a significant and continuous decrease of the coal share within the electricity mix financed by BNP Paribas in the last years, with the coal share standing under a 20% threshold for the first time in 2018 (please refer to slide 13 of our latest Investor presentation) and being now under 18%.

  In line with the Paris Agreement, BNP Paribas is committed to reducing the kWh carbon content financed as rapidly as the world average is due to fall under the IEA SDS scenario (i.e. 81g of CO_2/kWh by 2040).

Please refer to pages 529 and 530 of BNP Paribas 2019 Universal Registration Document.

In this dynamic, BNP Paribas aims to pursue its current efforts to accelerate the energy transition and improve the management of climate-related risks. The Group also intends to increase its support to the renewable energy sector through an ambitious target of € 18bn in financing to companies in this sector by end of 2021. Please also note that, as a result of its active support to renewable energy projects, BNP Paribas ranked in 2nd place for financing renewable energy projects in the EMEA region and is 4th internationally according to Dealogic end-2019 ranking. Moreover, as a bank, BNP Paribas focuses on developing specific financial products and services to enable its clients to transition to a low-carbon economy, which are further presented on pages 559 and following of its 2019 Universal Registration Document.

Yours sincerely,

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