



The bank for a changing world

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Redefining finance to accelerate sustainability



Florence Fontan

Head of Company Engagement
and General Secretary,

BNP Paribas Securities Services



I am delighted to share with you our Sustainability brochure for BNP Paribas Securities Services. For a large bank such as BNP Paribas, we have a crucial role to play in supporting the transition to a more sustainable future. We strive to do this by creating sustainable finance products and solutions for our clients, reducing our environmental footprint, being a responsible place to work, and supporting local communities through solidarity initiatives.

The magnitude of the social and environmental challenges we face calls for urgent action. We look forward to continuing our work with clients, our staff, and the wider community to deliver positive impacts on the environment and society.



About Company Engagement and sustainability at BNP Paribas



At its core, sustainability is about acting responsibly today to protect the future.

At BNP Paribas, sustainability covers our responsibilities towards society and the environment. This means that we look to maximise the positive potential impacts of our business whenever possible and reduce its potential negative impacts.

Our company purpose captures this succinctly:

BNP Paribas' mission is to contribute to responsible and sustainable growth by financing the economy and advising clients according to the highest ethical standards

We have a dedicated department called Company Engagement that sets BNP Paribas' sustainability strategy. Company Engagement operates across the bank, and within various business lines, including Securities Services. Its remit includes setting a strategy for sustainable finance i.e. facilitating the development of the financial services products and solutions that our clients need in order to meet their sustainability goals.

This brochure gives an overview of the Company Engagement and sustainable finance for BNP Paribas Securities Services.



Company Engagement strategy



BNP Paribas Securities Services has an important role to play in helping its clients adopt and integrate ESG policies and demonstrate the value these can bring to an organisation.

The four pillars of Our Company Engagement strategy outlined below brings this to life through our daily activities, and are aligned with the CSR pillars of BNP Paribas Group: Economy, Environment, Our People, and Community.

OUR COMPANY ENGAGEMENT STRATEGY:

A trusted partner supporting sustainable and responsible finance

Engage clients on sustainability topics

Equip and upskill client-facing teams

Ensure transparent strategic decision-making and communication

Reinforce our values and culture through positive management and training

Implement new ways of working, such as flexible work practices



Maximise a positive impact in those communities where we are present

Contribute to the BNP Paribas Group's
#1MillionHourstoHelp programme – a target of 1
million hours of community work and volunteering
through Securities Services for Education and
Disability programmes as well as solidarity or
volunteering days

Incorporate ESG criteria into our operational activity when engaging with our internal and external stakeholders and as part of our decision-making processes

Reduce the environmental footprint of our operations (e.g. the use of plastic and our carbon emissions)

Civil society and Covid-19



We cannot mention communities without referring to the civil society and the Covid-19 pandemic. Our response to the pandemic, and how we help our local communities and colleagues, is how we will judge ourselves in years to come.

IN RESPONSE TO COVID-19, BNP PARIBAS COMMITTED TO THE FOLLOWING:



EUR 50 MILLION

emergency
donations to many
hospitals worldwide
and to medical
research bodies
including the Pasteur
Institute



EUR 50 MILLION

investments to support **SMEs** and the **healthcare sector**



Assistance to the most vulnerable: donations to the Red Cross, Doctors without Borders, and food banks among other organisations



Support for underprivileged youth facing the digital divide: donations of approximately 2,000 computers, and digital keys



Participation in solidarity funds

SECURITIES SERVICES HAS TAKEN ADDITIONAL SOLIDARITY STEPS INCLUDING:



Supporting vulnerable groups through a number of global solidarity initiatives -ranging from meals to healthcare staff, to donations to food banks and hospitals



Supporting clients' Covid-19 response

Since the pandemic began, we have provided services for the issuance of a number of social and Covid-19 response bonds, as well as for the creation of several solidarity funds across markets and jurisdictions.

- EU's €100bn SURE debt issuance programme largest ever social bond issuance aimed at mitigating the socio-economic consequences of the pandemic.
- **Bpifrance's Lac 1 fund** taking strategic equity stakes in French companies.
- MAPFRE's Compromiso Sanitario Fondo inversión fund helping hospitals in Madrid to finance their Covid-19 response.
- Fondo Italiano d'Investimento's minority growth fund supporting the elderly during the Covid-19 crisis.

2020 sustainability achievements





CHENTS

First Global Custodian to become a signatory to the UN-supported Principles for Responsible Investment (PRI) in 2016

By year end 2020, we had supported the issuance of EUR 85 billion worth of sustainable finance products by our clients

Range of sustainable finance solutions to support clients, and a commitment to embed a sustainable component into 80% of our products by 2025



COMMUNITIES

Securities Services for Education – a positive impact programme in support of climate change and education for young people:

• +7,000 beneficiaries in 11 countries in 2020

Range of positive impact initiatives in support of **local economies**, aimed at aiding social enterprises, skill development for shared job opportunity, and diversifying talent in the industry

Ongoing contribution to the Group's
#1MillionHours2Help corporate volunteering
programme, impacting over 25,000 beneficiaries in 2020



STAFF

Strong focus by the Group on **diversity & inclusion**, including a target of 50% women in
key talent populations

Alignment with the International Labour Organization (ILO) Disability Charter, including the re-launch of the **Securities Services for Disability** programme

Helping staff through the pandemic via a number of local initiatives, such as medical and wellbeing support

Implementation of a global remote working framework to ensure staff safety during the pandemic and continuity of service to clients

Rollout of learning and development programmes across a range of sustainability topics, such as climate change and sustainable finance



CORPORATE DECISION MAKING

Reduced the **environmental impact of our operations**:



23% reduction in Co2 emissions vs 2019



38% reduction of paper vs 2019



78% single use plastic eliminated from our offices

Commitment to strengthen our responsible decision making process by incorporating ESG criteria into 100% of our key decision processes by 2025

ISO14001 compliant in a number of locations

2020 Sustainable asset servicing solutions



To help our clients achieve their sustainable investing objectives, BNP Paribas Securities Services has created a strategic framework covering the full spectrum of our sustainable finance offering.

This is centred around three core pillars:



Supporting our clients' sustainable vehicles



Embedding ESG into our core solutions



Developing new ESG solutions

WHAT WE OFFER

ESG DATA & REPORTING

As part of our ambition to help asset managers and investors access reliable ESG information and report on the sustainability of their investments, we have launched Manaos* - an award winning 'plug and play' data marketplace seamlessly connecting clients with a wide range of third-party ESG data vendors and fintechs.





 The platform also helps clients prepare for Sustainable Finance Disclosure Regulation (SFDR) requirements and navigate the shifting regulatory landscape, providing a wide range of indicators through its expanding universe of data vendors.

*Manaos is a BNP Paribas platform in a separate legal entity - 100% owned by BNP Paribas Securities Services

INVESTMENT COMPLIANCE

- Screens and monitors client portfolios based on predefined ESG criteria.
- Ensures client have visibility and control when investing in a particular company, industry or country linked to social, environmental or ethical factors.
- Incorporates ESG benchmarks to monitor the investment universe of socially responsible companies.
- Automated alerts of compliance breaches enabling quick action and resolution for proprietary and investor ESG policies.

SUSTAINABLE SECURITIES LENDING

- Ensures that client securities lending programme is compatible with your and your clients' ESG policies.
- Fully compliant with client fiduciary duty with the option to recall or restrict securities to protect your voting rights.
- Your ESG requirements can also be applied to client collateral and your counterparty selection policies.
- At the forefront of industry development and Gold Sponsor of the Global Principles for Sustainable Securities Lending (GPSSL).

CLASS ACTIONS & PROXY VOTING

- Class action solution powered by our partner Class Action Claims Management (CACM) supporting any claims relating to ESG breaches.
- Proxy voting solution enabling you to take an active part in the investee companies' strategic decisions by voting in general meetings on ESG policies.

PRIVATE CAPITAL

- Fully integrated end-to-end service offering for private capital strategies - covering private equity & debt; fund of funds; infrastructure; and real estate.
- Knowledge and technical expertise to cover ESG funds, particularly for infrastructure (greenfield and brownfield projects).

SUSTAINABLE FINANCING

Our uniquely integrated service offering across BNP Paribas CIB provides clients with a menu of financing options - spanning capital markets, and ESG-linked loans and credit facilities.

DEBT SOLUTIONS

- Integrated model between Global Markets and Securities Services to support 'use-of-proceeds' instruments such as green and social bonds- from origination to post trade services.
- Enhancing the flow of communication in the pre-issuance phase (simplification of onboarding and efficiency in the end to end documentation process).



SUSTAINABILITY-LINKED LOANS & CREDIT FACILITIES

- Flexible financing instruments to accelerate clients sustainability strategies.
- Sustainability linked loans with adjusted pricing based on performance against ESG KPIs.
- · Credit facilities particularly suited to bridge & capital call financing, and for working capital requirements.

OUR CREDENTIALS

Our dedication to being the sustainable partner of choice is reflected in our leadership on key market initiatives, top tier extra financial ratings, and consistent recognition in industry awards.

EXTRA FINANCIAL RATINGS

MSCI

 $\Delta 1+$

No.1 European Bank

V₋E

#1/285°

Best-in-class

ISS ESG

COMMITMENTS & RECOGNITION

NET ZERO BANKING ALLIANCE

Founding signatory (2021)

PRINCIPLES FOR RESPONSIBLE INVESTMENT

1st Global Custodian signatory (2016)

EUROMONEY AWARDS FOR EXCELLENCE

World's Best Bank for:

Sustainable Finance (2021) ESG Data & Technology (2021) Financial Inclusion (2020)

^{*}Top-rated in financials/commercials banks and capital markets sector

BNP Paribas Group's 2020 sustainability achievements



ECONOMIC RESPONSIBILITY:

188
BILLION

as at the end of 2020 in financing and investment to companies in sectors considered as contributing to the UN SDGs

SUSTAINABLE DEVELOPMENT GALS

€2BILLION+

by year end 2019 in support of **social entrepreneurship**

SOCIAL RESPONSIBILITY:

Implemented the

5TH AGREEMENT ON DIVERSITY AND

INCLUSION within the Group, introducing new ambitious mechanisms to build on previous commitments.

Extension of the

#JAMAISSANSELLES charter to the Top 100 Executive Managers in 14 countries.

ACHIEVED ALL OBJECTIVES

SET FOR 2020

for proportion of women in

key populations, including in senior management positions.

CIVIC RESPONSIBILITY:

510,000+
SOLIDARITY HOURS

PERFORMED BY EMPLOYEES

(target of **ONE MILLION HOURS** in 2021)

EUR 60 MILLION

IN EMERGENCY DONATIONS

MADE TO ADDRESS THE HEALTH CRISIS.

NAMED WORLD'S BEST BANK FOR FINANCIAL INCLUSION BY EUROMONEY

ENVIRONMENTAL RESPONSIBILITY:

Founding member of the UN-convened NET-ZERO BANKING ALLIANCE

committing to be CARBON NEUTRAL by 2050

€17.8 BILLION (1)

of financing for renewable energies.

Decision to **STOP FINANCING**

companies related to **THERMAL COAL** by 2030 in European Union and OECD countries and 2040 for the rest of the world.



Actions in favour of

OCEAN PROTECTION

including pledge of **EUR 1 billion** to finance the ecological transition of ships by 2025

Adopted the PACTA¹ methodology

in order to assess the alignment of the Bank's loan portfolio with the conclusions of the Paris Agreement



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