

BNP PARIBAS DEDICATES €15BN IN FINANCING FOR RENEWABLE ENERGY AND REINFORCES ITS CARBON RISK MANAGEMENT POLICIES

Key points:

BNP Paribas will:

- **More than double its financing in the renewable energy sector**
- **Reinforce its carbon risk management policies**
- **Support its clients in making a safe transition to more sustainable energy use**

BNP Paribas is taking a step further in financing the transition to a low carbon economy. The Bank will more than double the financing resources allocated to the renewable energy sector, from €6.9bn in 2014 to €15bn in 2020. The Group has also decided to strengthen its policies for the management of carbon risk.

Today there is broad scientific and political consensus that the current trajectory in CO₂ emissions must be curbed before 2020 if we are to restrict global warming to a 2°C increase over pre-industrial levels. In this context, BNP Paribas has decided to further intensify its efforts in this area.

BNP Paribas is today committing to support the development of renewable energies by more than doubling its financing of this sector from €6.9bn in 2014 to €15bn in 2020, and continuing at the same time to promote Green Bonds to institutional investors, a market in which BNP Paribas aims to rank among the top three players worldwide for euro-denominated issues by 2018.

Jean-Laurent Bonnafé, CEO of BNP Paribas said: “Our decision to more than double our financing in the renewable energy sector and to reinforce our carbon risk management procedures is both an environmental and economic necessity..”

“It has been calculated that if we want to limit the increase in average global temperatures to 2°C, only one third of existing fossil fuel reserves can be burnt. The electricity mix currently financed by the BNP Paribas Group, with 23% renewables that is, hydroelectric power, photovoltaic and wind power – and 23% coal-fired power, is already more advanced than the global average mix which, according to the IEA¹, comprises 21% renewables and 40% coal,” Mr Bonnafé said.

BNP Paribas is now further strengthening its carbon risk management policies. The Bank has decided that it will no longer finance coal mining activities, whether through direct financing of mining projects or by financing mining companies specialising in coal extraction, unless they have put in place an energy diversification strategy.

BNP Paribas has also made the choice to support the gradual transition to a less carbon-intensive economy in Asia and sub-Saharan Africa. The Bank recognises that climate strategies of individual

¹International Energy Agency



countries may vary according to their current state of economic development, given that some 1.3 billion people worldwide still do not have access to electricity.

BNP Paribas is therefore putting in place a differentiated strategy with regard to the financing of coal-fired power plants:

- In high-income countriesⁱ: no further financing of coal-fired power plants
- In other countries, BNP Paribas will consider the possibility to finance such projects, on the basis of the following criteria:
 - - The host country must have made a commitment to limit greenhouse gases (GHG) emissions as part of the COP21 framework
 - - A proper community consultation process must be put in place for local populations potentially impacted by the project, arrangements must be made to provide compensation where necessary, and they must have access to a grievance mechanism
 - - The power plant must be designed to reduce its GHG emissions as much as possible

In addition, the Group will only provide financing to power generation companies that have a formal diversification strategy to reduce the share of coal in their power generation mix that is at least as ambitious as that of their host country.

BNP Paribas is also going to include a climate component in its methodology for rating companies and projects financed by the Bank. This means that going forward the Group will progressively integrate the use of an internal carbon price in its financing decisions, to reflect the changes brought about by the transition towards sustainable energy and to take into account the associated risks..

Finally, given that energy efficiency has a major role to play in overall efforts to reduce GHG emissions, BNP Paribas is to significantly step up its initiatives in this field. The Group will further expand the offers already available to individual customers for the purpose of making home energy efficiency improvements, both through loan plans plus dedicated services and through partnerships with equipment suppliers and installation providers. BNP Paribas also intends to increase its support for companies which devote a significant part of their business activities to finding solutions for reducing energy consumption.

“We’re determined to live up to our role as a responsible bank by supporting companies and countries that are committed to the transition to sustainable energy use. This is a high priority in which technological innovation will help to drive progress. For this reason, we have also made a commitment to invest €100 million by 2020 in start-ups working to develop solutions in areas such as energy storage and smart grids” said Jean-Laurent Bonnafé.

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ⁱ According to the World Bank classification