

# BNP PARIBAS' CONTRIBUTION TO CIRCULAR ECONOMY

Emmanuelle BRU

Group CSR Expert Center – Circular Economy

17 October 2022



**BNP PARIBAS**

The bank for a changing world

## Contribute to circular economy is important for BNP Paribas because...



### Circular economy is a key to reach carbon neutrality

#### There is growing expectation from clients and society for the preservation of our planet

- Consumers are becoming increasingly **aware of their choices**
- **Legislation and soft law** are requesting concrete actions in the short term

#### The circular economy is an opportunity for generating new revenue

- The circular economy represents **€1.8 trillion opportunity\*** in overall benefits for Europe by 2030
- As a significant international banking group, BNP Paribas has **many opportunities** to invest in the circular economy to accelerate the transition and profit from market disruption

\* from 'Growth Within: A Circular Economy Vision for a Competitive Europe', developed by the McKinsey Centre for Business & Environment with the Ellen MacArthur Foundation



**BNP PARIBAS**

The bank for a changing world

# BNP Paribas' response: Circular Economy as a priority domain in its strategic plan

## Designating circular economy as a priority domain in sustainable finance in the 2025 GTS strategic plan

### MOBILISING BNP PARIBAS' DISTINCTIVE MODEL WITH 5 PRIORITY AREAS

Bring innovative & seamless solutions to answer clients' Sustainable needs & leverage cross-divisional strengths to reach UN SDGs<sup>1</sup>

#### Sustainable savings, investments and financing

Foster sustainable savings development and steering clients' investment decisions towards positive environmental and social impacts

#### Circular economy

Encourage clients' transition to circular models by financing adaptation of supply chain & production models



#### Social inclusion

Develop accessible financial services, promote female entrepreneurship, a positive-impact economy, and equal job opportunities for young people

#### Transitioning towards carbon neutrality

Foster our client's transition towards low carbon and more efficient energy systems and addressing their massive financing needs in this area in particular through the access to capital markets

#### Natural capital & biodiversity

Orchestrate & promote development of solutions contributing to terrestrial & marine biodiversity conservation

### 2025 SUSTAINABLE TARGETS

All BNP Paribas Business Lines aligned to reach ambitious targets, consolidated & monitored at Group level

**€150bn** | Amount of Sustainable loans to Corporates, Institutionals & Individuals dedicated to Sustainable projects<sup>2</sup>

**€200bn** | Amount of Sustainable bonds issued for BNP Paribas clients between 2022 & 2025<sup>3</sup>

**€300bn** | Amount of sustainable investments Assets under Management following ESG principles in 2025<sup>4</sup>

1. Sustainable Development Goals; 2. 2022-2025 cumulative amount of sustainable loans dedicated to environmental and social topics, originated by BNPP and granted to clients;

3. 2022-2025 cumulative amount of all types of sustainable bonds (total amount divided by the number of bookrunners); 4. BNP Paribas Asset Management European open funds classified SFDR Art 8 or 9



# 1 - Financing circular economy

## Financing the corporates which develop circular business models in their operations

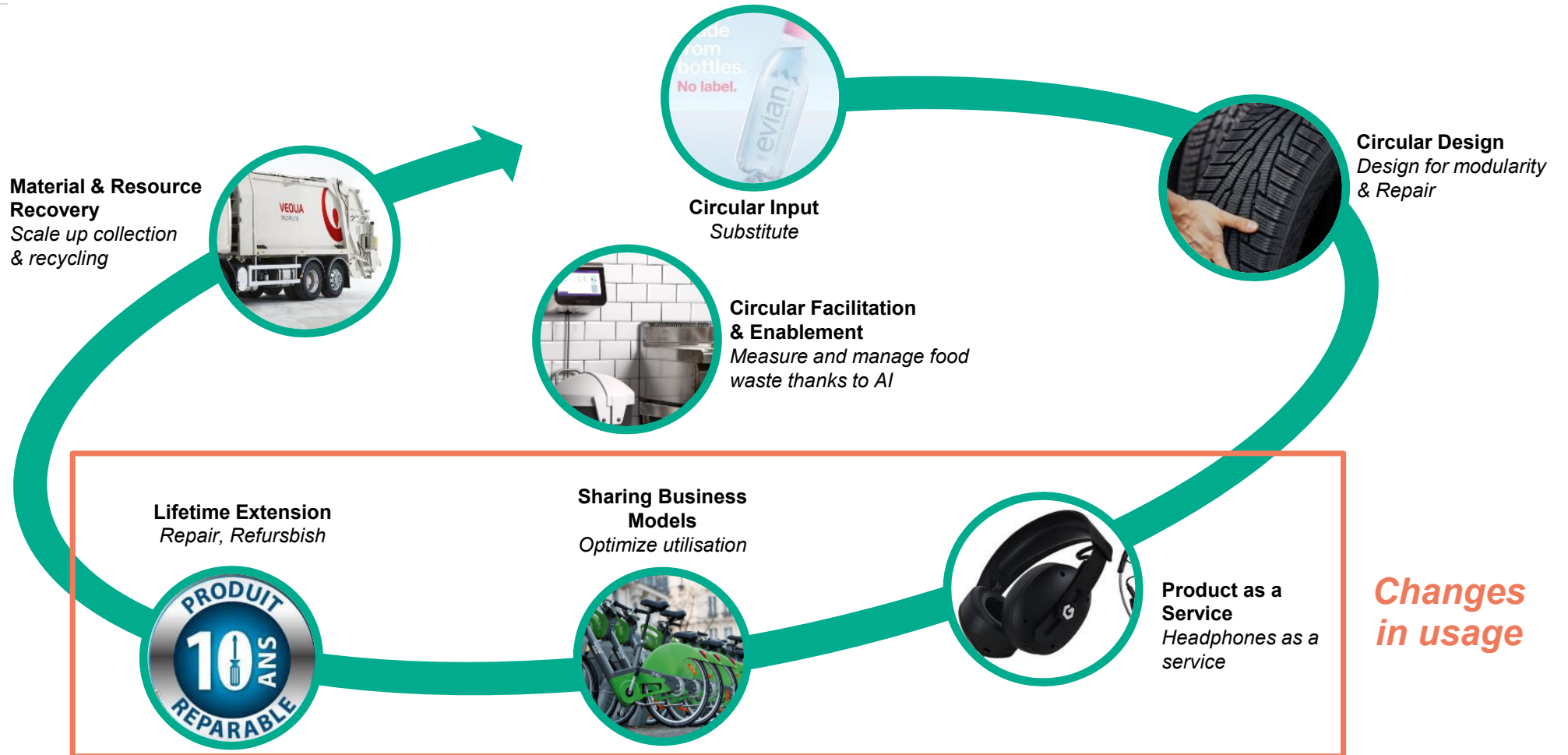
- Sustainable bonds: key role of the Group in the two bond issues of €3bn by L'Oréal (GHG1 emissions reduction and more sustainable packaging) and €1.5bn by Carrefour (reduction of packaging use and food wastage)
- Sustainability-Linked Loans: In December 2021, with BNP Paribas as sole Sustainability coordinator, sole Documentation and RFR coordinator, and joint-mandated lead arranger and bookrunner, UK-based Marks and Spencer included a target on removing disposable plastic from its portfolio in its [£850mn SLL](#)
- Green bonds if the use of proceeds is a clear contribution to circular economy

## Financing pure players of circular economy such as:

- Corporates whose main activity is waste management, recycling, etc.
- Social entrepreneurs: innovating to develop circular solutions



# 'Eligible' circular business models for BNP Paribas



## 2 – Innovative products to support circular economy: Impact contract & Investment

### Structuring and financing impact contracts amounting to €23m in the circular economy

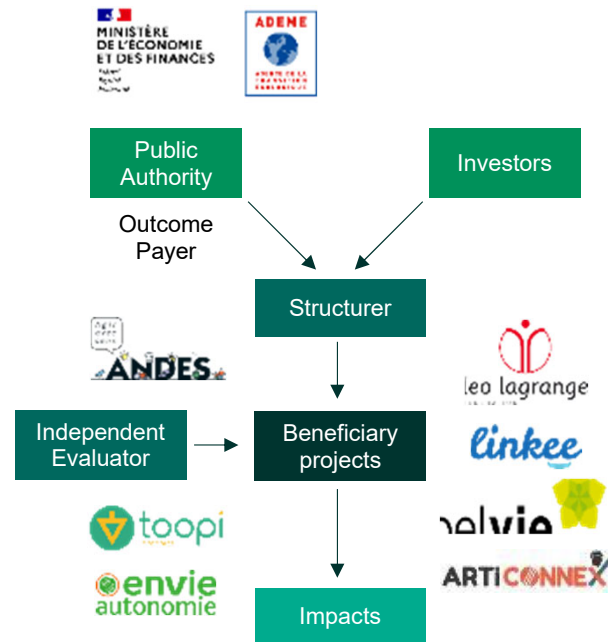
**Description:** An Impact Bond is a financial mechanism that aims to respond to a social or environmental problem by facilitating collaboration between investors, impact structures and the public sector.

BNP Paribas will structure seven winners.

#### Circular projects:

- Linkee and Andes: **fight against food waste**
- Envie Autonomie: Reuse, **recycling** and affordability of medical equipment,
- Toopi Organics: **collection and valorization of human urine as soil fertilizer**
- Leo Lagrange: induce ecological behavioral changes through games and challenges in schools
- Articonnex: the reuse and **recycling of building materials**.
- Label Vie: eco-responsible policy and behaviours in childcare facilities

**BNP Paribas' role:** structurer and investor



#### Innovation Investment

- Partnership with Solar Impulse Fund: Phenix
- Investment in the European Circular Bioeconomy Fund

#### Impact investing

- Le Pavé



**BNP PARIBAS**

The bank for a changing world

### 3 - BNP Paribas circular economy's specific offer

#### BNP PARIBAS ASSET MANAGEMENT

BNP Paribas Asset Management offer to investor of a range of investment products related to Circular Economy

Assets amounted to €665M at the end of 2021

#### LEASING & SHARING BUSINESS MODELS

BNP Paribas Personal Finance acquired a minority stake in Evollis (Oct 2021), a digital platform for subscribing to and managing long-term rental contracts for capital goods

#### SERVICES

BNP Paribas 3 Step IT joint venture offers companies a complete service for managing their technological equipment at each stage of its life cycle through a circular economy approach

**€0.85bn  
by 2025**

Amount of production in BNP Paribas 3 Step IT circular model

#### INSURANCE

Back Market launches new eco-responsible offer in partnership with BNP Paribas Cardif and i-surance



# Focus: BNP Paribas Easy ECPI Circular Economy Leaders UCITS ETF

## 1<sup>st</sup> ETF launched on the Circular Economy thematic

It allows investors to gain exposure to the performance of 50 international large caps selected for their active participation in the economic model based on the circularity of goods, materials and commodities





A sub-fund of BNP Paribas Easy, a SICAV under Luxembourg law in compliance with Directive 2009/65/EC as amended by the 2014/91/UE European Directive (UCITS V). The investment company is BNP Paribas Asset Management France

Bloomberg tickers: **REUSE FP, EMEC GY, REUSE IM, REUSEN MM**
EUR Capitalisation
ISIN code: **LU1953136527**


**ECPI Circular Economy Leaders Equity index**  
 Bloomberg ticker: **GALPHCEN Index**

Replication method: **Physical**  
**No security lending**, in accordance with the Prospectus  
 Currency: **€**  
 NAV frequency: **Daily**  
 Rebalancing: **Semi-Annually**  
 SRRI<sup>1</sup>: **6** (scale of 1 to 7)  
 Entry / Exit Fees<sup>2</sup>: **0%**  
 OCR<sup>3</sup>: **30 bps**  
 One year rolling Tracking Error<sup>4</sup>: **0.06%**  
 SFDR<sup>5</sup> category: **Art. 9**  
 AMF<sup>6</sup> category: **1**


**Listing places: Euronext Paris, Xetra, Borsa Italiana and BMV (Mexico)**

**AUM<sup>4</sup>: 577 M€**



AAA

CCC B BB BBB A AA AAA



★★★★★

Sustainability Score and Sustainability Rating. The Morningstar Sustainability Rating™ allows investors to evaluate how well the companies in a fund's portfolio are managing the environmental, social, and governance (ESG) investing factors relevant to their industries.

*1 The synthetic risk indicator is determined on a scale from 1 to 7, the higher the risk, the longer the investment horizon. 2 Entry / Exit Fees: 3% max on the Primary market only. 3 Ongoing Charges Ratio. Labels: the fact that the sub-fund has obtained this label does not mean that the sub-fund meets your own sustainability objectives or that the label meets the requirements of future national or European rules. For more information on this subject, please visit [www.fsma.be/fr/finance-durable](http://www.fsma.be/fr/finance-durable). 4 As of 30/06/2022. 5 SFDR: Sustainable Finance Disclosures Regulation. Regulation 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector. Article 9: fund having a sustainable investment objective. 6 AMF Doctrine. Category 1 - approach based on significant commitment to management. The investment company is BNP Paribas Asset Management France. MSCI ESG Fund Ratings are for informational purposes only and are subject to the Notice & Disclaimer found at: <https://www.msci.com/notice-and-disclaimer>; and MSCI Inc's and MSCI ESG Research LLC's terms of use at: <https://www.msci.com/terms-of-use> and additional-terms-of-use-msci-esg-research-llc. Source: BNP Paribas Asset Management.*



## 4 - Developing partnerships & facilitation

### Real Estate: The Re-Use Booster



The principle : a digital platform that consolidates demand for reuse materials from operations, so that it can connect to existing supply.

- Value added involves analyzing and processing project input data through the use of artificial intelligence, to formalize contract prescription documents. To ensure the platform's operational capability, each member undertakes concrete real estate transactions on which lots will be prescribed for re use.
- It is estimated that the Re Users Booster avoids, on a surface area of 1,000 m<sup>2</sup> of office space:
  - 67 tCO<sub>2</sub>e;
  - 1.15 million litres of water;
  - 44 tons of waste.
- BNP Paribas Real Estate & around 29 other real estate companies finance the project for three years and contribute to the platform by integrating ongoing projects and real material offerings and applications – launched in Sept. 2020



**BNP PARIBAS**

The bank for a changing world

## Conclusion



- Setting target requires a clear definition of what is circular or not
- Awareness raising is key to develop the bank's contribution to circular economy
- There are lots of ways to support the development of circular economy



**THANK YOU** merci

mèsitak **GRAZIE** chokrane

dhanyavad **ARIGATÔ** dziękuje

**GRACIAS** danke ευχαριστώ **NANDRI**

ederim спасибо **MAHALO** teşekkür

**OBRIGADO** spas **JĚRĚJĚF**