

BNP PARIBAS AND THE EXERCISE OF ITS CSR



CSR Department
December 2017



BNP PARIBAS

The bank for a changing world






Introduction

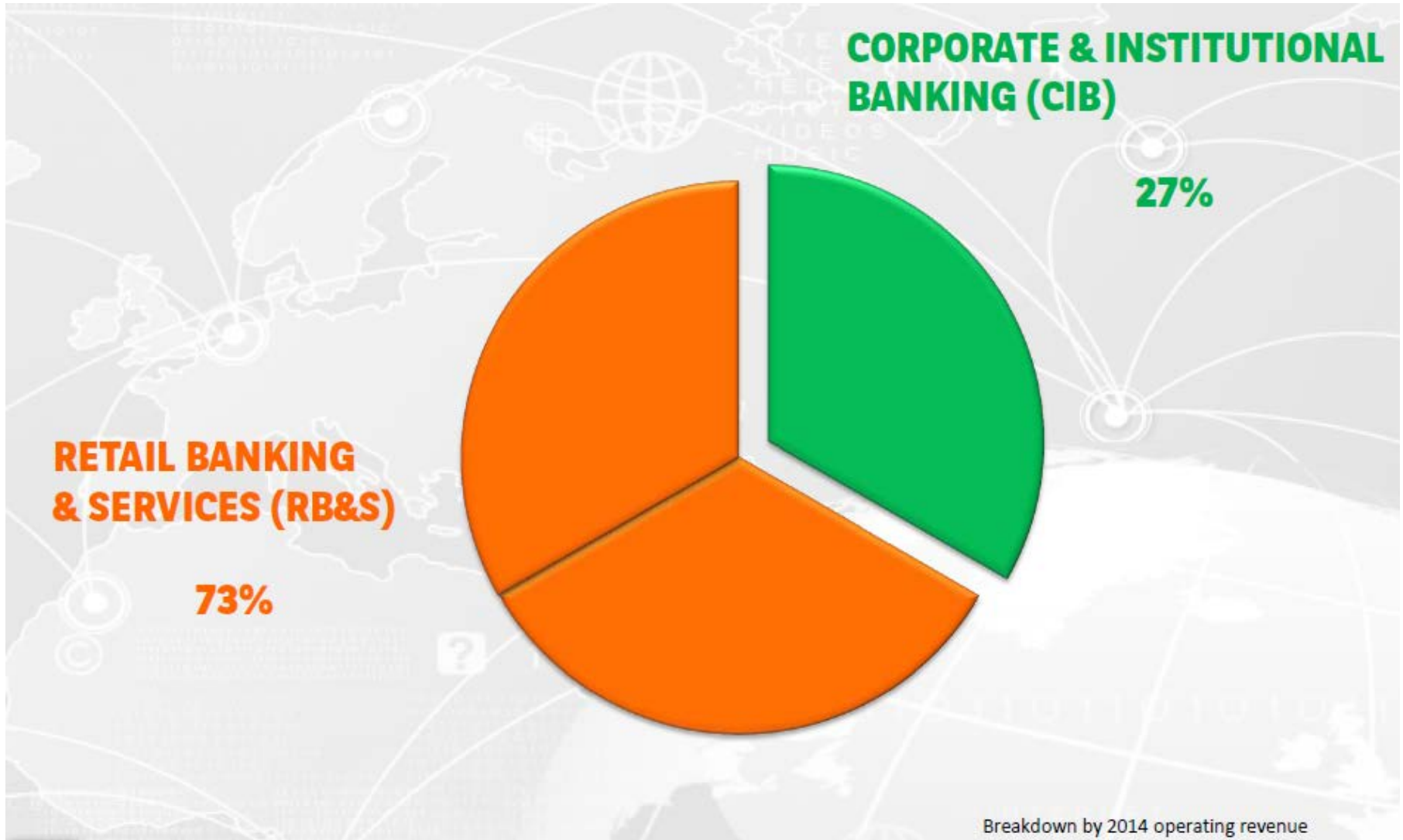
BNP Paribas Group

A European leader with responsibilities in three key areas

BNP PARIBAS GROUP STORY

	1999	2001	2016
			
<i>Number of Employees</i>	50,000	30,000	80,000 (Including 55,000 in France)
<i>International presence</i>	France, North African countries, India, Hong Kong...	Main Financial Markets: London, New York, Frankfurt, Paris...	83 countries
<i>Activities</i>	Retail Corporate Banking	Investment Banking Specialized Financial Services	Retail Corporate & Investment Banking Specialized Financial Services Asset Management & Services
			192,450
			74 countries
			Retail Banking & Services Corporate & Institutional Banking

| 2 ACTIVITIES



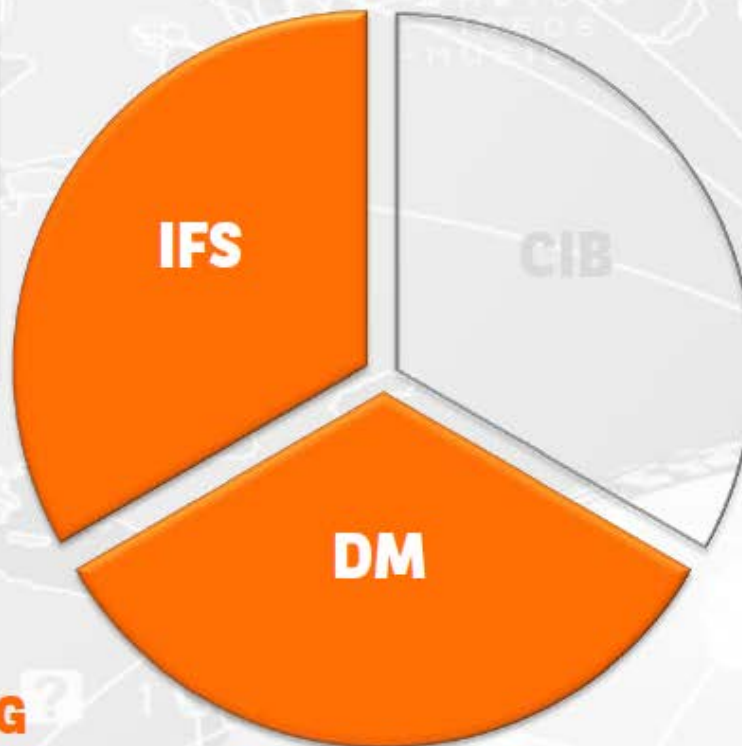
RETAIL BANKING AND SERVICES

RETAIL BANKING & SERVICES: this activity comprises two entities:
International Financial Services and Domestic Markets

INTERNATIONAL FINANCIAL SERVICES

International Retail Banking
BNP Paribas Personal Finance
BNP Paribas Cardif

BNP Paribas Wealth Management
BNP Paribas Investment Partners
BNP Paribas Real Estate



**RETAIL BANKING
& SERVICES (RB&S)**

DOMESTIC MARKETS

French Retail Banking
BNP Paribas Fortis
BNL
BGL BNP Paribas

Arval
BNP Paribas Leasing Solutions
BNP Paribas Personal Investors

Retail Development & Innovation
(RD&I)

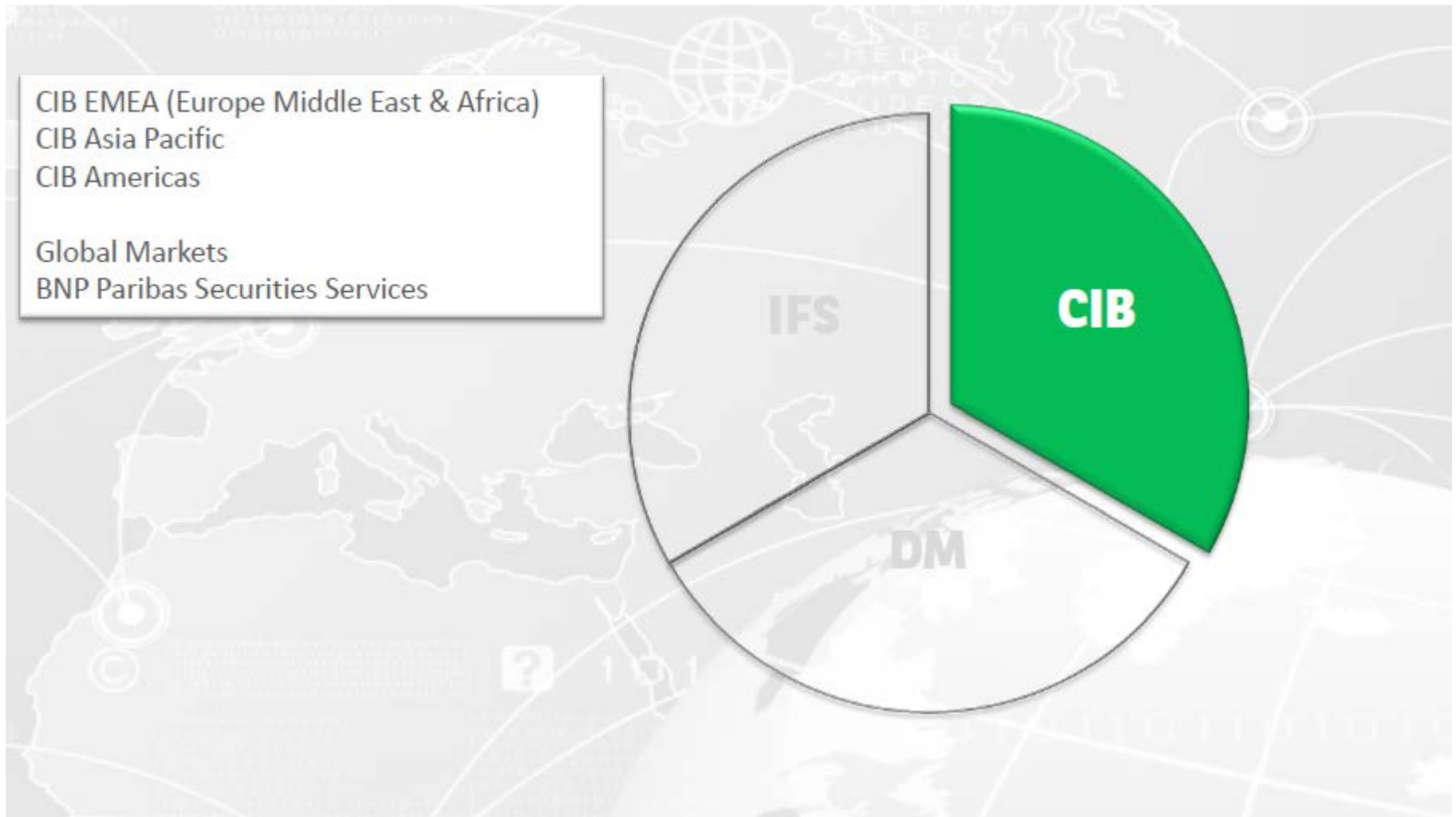
DOMESTIC MARKET

- 7,000 branches in 27 countries, around 70,500 employees
- Close to 17 million individual clients
- 850,000 professional and small business and corporates

INTERNATIONAL FINANCIAL SERVICES

- Over 80,000 employees in over 60 countries
- Strong international presence in Europe and abroad
(India, Brazil, Singapore, Middle East, etc.)

CORPORATE AND INSTITUTIONAL BANKING



CORPORATE AND INSTITUTIONAL BANKING

LOCAL SOLUTIONS FOR GLOBAL ACTIVITIES

- 30,000 employees in 57 countries
- A powerful client-driven business model
- First-class core products and services
 - Global leadership in Financing
 - A European powerhouse in Capital Markets
 - A world leader in Derivatives
 - A dynamic Advisory franchise in Europe and Asia
- A reinforced leadership in Europe and in those countries where our CIB platform is the strongest
- Around 27% of Group's revenues



THE IMPLEMENTATION OF A CODE OF CONDUCT FULLY REDESIGNED IN MAY 2016

Mission

Provide financing for the economy and advice for our clients in an **ethical manner**, to have a positive impact on its stakeholders and on the wider society

Values

4 strengths: Solidity, Responsibility, Expertise Good place to work
4 levers: Agility, Culture of compliance, client satisfaction, Open-mindedness

Rules

Elaborated at Group level and enforced in every business lines (Customer interest, financial security, market integrity, business ethics ...)

Practices

Employee **training**
Use of **whistleblowing** procedure
Incentive to be **exemplary**

A RESPONSIBLE BANK 4 PILLARS - 12 COMMITMENTS

OUR ECONOMIC RESPONSIBILITY

FINANCING THE ECONOMY IN AN ETHICAL MANNER

- ① Investments and financing with a positive impact
- ② Ethics of the highest standard
- ③ Systematic integration and management of environmental, social and governance risks

OUR SOCIAL RESPONSIBILITY

DEVELOPING AND ENGAGING OUR PEOPLE RESPONSIBLY

- ④ Promotion of diversity and inclusion in the workplace
- ⑤ A good place to work and responsible employment management
- ⑥ A learning company supporting dynamic career management

OUR CIVIC RESPONSIBILITY

BEING A POSITIVE AGENT FOR CHANGE

- ⑦ Products and services that are widely accessible
- ⑧ Combat social exclusion and support human rights
- ⑨ Corporate philanthropy policy focused on the arts, solidarity and the environment

OUR ENVIRONMENTAL RESPONSIBILITY

COMBATING CLIMATE CHANGE

- ⑩ Partnering with our clients in the transition to a low carbon economy
- ⑪ Reduce the environmental impact of our operations
- ⑫ Advance awareness and sharing of best environmental practices

STRONG PUBLIC COMMITMENTS

PARTICIPATION IN KEY INDUSTRY INITIATIVES

- United Nations Global Compact (2003)
- Principles for Responsible Investment (PRI) – BNP Paribas Asset Management (2006), BNP Real Estate Investment Management (2015), BNP Paribas Securities Services and BNP Paribas Cardif (2016)
- Equator Principles (2008)
- Institutional Investors on Climate Change – IIGCC (2007)
- United Nations Women’s Empowerment Principles (2011)
- Roundtable on Sustainable Palm Oil (2011)
- Green Bond Principles - voluntary guidelines to develop the green bond market (2014)
- Global Impact Investing Network (2014)
- Soft Commodities Compact (2014) of the Banking Environment Initiative
- ILO Business Charter on Disability (2016)
- Carbon Pricing Leadership Coalition (2017)



STRONG PUBLIC COMMITMENTS

BNP PARIBAS SPECIFIC PUBLIC COMMITMENTS ENDORSED BY CHAIRMAN AND CEO

■ **Environmental commitments (reinforced in 2016)**

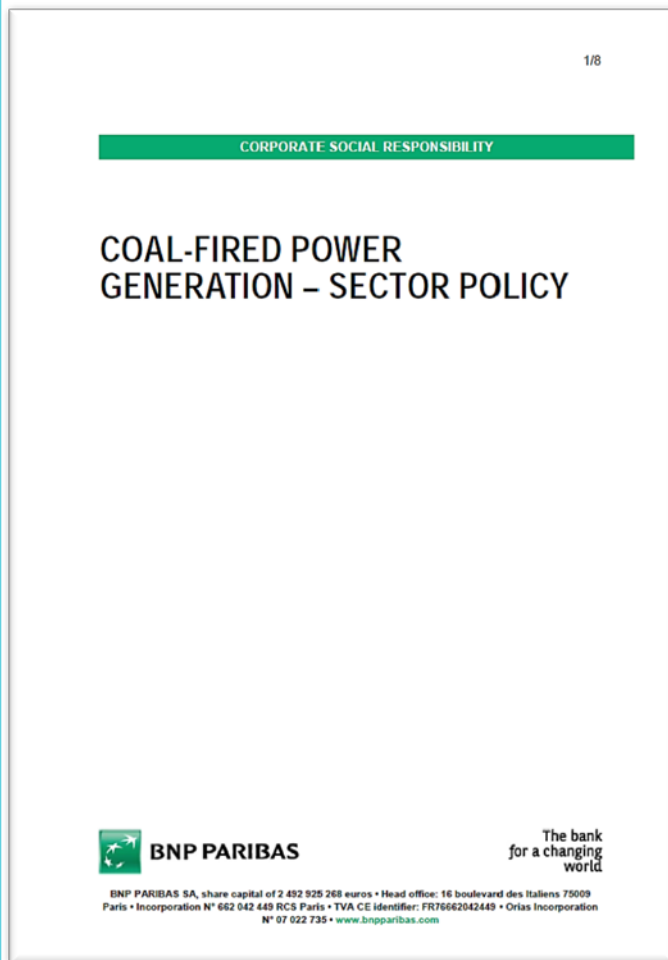
- Reduction of direct and indirect impacts on the environment
- Quantified commitments on renewable energy, green bonds, support for innovation in energy transition
- Reinforcement of carbon risk management policies (carbon neutrality by late 2017, internal carbon price, coal policy update)
- 2-degree strategy of BNP Paribas Investment Partners
- Criteria for the conservation of biodiversity in sector policies, exclusion of certain goods and services
- Endorsement of the Zero Net Deforestation objective set up by the Soft Commodities Compact
- Criteria for the preservation of water in sector policies
- Air Quality Criteria in sector policies
- Position on natural resources and circular economy

■ **Statement on Human Rights (2012) and Modern Slavery & Human Trafficking (2017)**

- Commitment to respecting the internationally accepted Human Rights standards as defined in the International Bill of Human Rights
- Acknowledgement of the core labor standards set out by the International Labor Organization
- Acknowledgement of its own responsibility within its sphere of influence: its employees, its suppliers and sub-contractors, its clients and the communities
- UK Modern Slavery Act : in May 2017, BNP Paribas published a statement on the measures put in place by the Group to prevent slavery and human trafficking

STRONG PUBLIC COMMITMENTS

BNP PARIBAS SPECIFIC PUBLIC COMMITMENTS



■ CSR sector policies governing financing and investments (Date of publication/Last update)

- Defence (2010/2017)
- Wood pulp (2011)
- Nuclear power generation (2011)
- Mining (2013/2016)
- Oil sands (2013)
- Agriculture (2015)
- Coal-fired power generation (2011/2017)
- Palm oil (2010/2017)

✓ Before end of 2017: a policy to monitor our financing and investments in the oil sand and shale sectors.

■ Group public positions

- Tobacco position (2016)

■ Goods and activities on exclusion list - regularly updated

■ Charter for responsible representation with respect to the public authorities (2012)

■ Supplier CSR Code of Conduct (2012)

OUR KEY PERFORMANCE INDICATORS (1/2)

2016 – 2018 DASHBOARD

SHARE OF LOANS TO COMPANIES CONTRIBUTING STRICTLY TO THE ACHIEVEMENT OF UN SUSTAINABLE DEVELOPMENT GOALS



PERCENTAGE OF EMPLOYEES TRAINED ON AN ETHICS-RELATED ISSUE



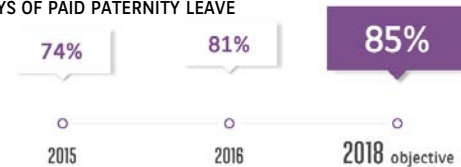
SHARE OF LOANS TO COMPANIES SUBJECT TO AN ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM WHICH IS SPECIFIC TO THE CONCERNED ACTIVITY



PERCENTAGE OF WOMEN AMONG THE MEMBERS OF CROSS-FUNCTIONAL EXECUTIVE COMMITTEES ACROSS BUSINESS LINES AND/OR COUNTRIES



PERCENTAGE OF EMPLOYEES HAVING AT LEAST 14 WEEKS OF PAID MATERNITY LEAVE AND/OR SIX DAYS OF PAID PATERNITY LEAVE



PERCENTAGE OF EMPLOYEES REPORTING HAVING BEEN TRAINED (ANY FORMAT, INCLUDING E-LEARNING) OVER THE PAST 12 MONTHS



OUR ECONOMIC RESPONSIBILITY

OUR SOCIAL RESPONSIBILITY

PROPORTION OF EMPLOYEES CONTRIBUTING DIRECTLY TO THE PROMOTION OF HUMAN RIGHTS WHO HAVE RECEIVED A SPECIFIC TRAINING



THE BNP PARIBAS GROUP'S ANNUAL SPONSORSHIP BUDGET



ANNUAL NUMBER OF BENEFICIARIES OF MICROLOANS DISTRIBUTED BY MICROFINANCE INSTITUTIONS FINANCED BY BNP PARIBAS



FINANCING FOR RENEWABLE ENERGIES



GREENHOUSE GASES EMISSIONS



NUMBER OF PEOPLE MADE AWARE OF CLIMATE ISSUES BY BNP PARIBAS



OUR CIVIC RESPONSIBILITY

OUR ENVIRONMENTAL RESPONSIBILITY

OUR KEY PERFORMANCE INDICATORS (2/2)

Target 2015-2018



Group Sustainability and Incentive Scheme :

20 % of the long-term incentive plan is determined by 9 of the CSR criteria below

	KPI	2015 baseline	2016 value	2018 target
GSIS Economic	Share of loans to companies contributing strictly to the achievement of UN Sustainable Development Goals	15 %	16.6 %	Maintain at least at 15%
	Percentage of employees trained on an ethics-related issue	No baseline, the action starts in 2016	96.3 %	More than 80%
	Share of loans to companies subject to an environmental and social management system which is specific to the concerned activity	25%	28 %	40%
GSIS Social	Percentage of women among the members of transversal executive committees across business lines and/or countries	21%	24 %	23% (25% en 2020)
	Percentage of employees having at least 14 weeks of paid maternity leave and/or six days of paid paternity leave	74%	81 %	85%
	Percentage of employees reporting having been trained (any format, including e-learning) over the past 12 months	74%	85 %	90%
GSIS Civic	Yearly number of beneficiaries of micro-credits allocated by microfinance institutions financed by BNP Paribas (calculated pro rata relative to the financing from BNP Paribas)	250,000	309,000	350,000
	Percentage of employees directly contributing to the promotion of human rights who have received a dedicated training	No baseline, the action starts in 2016	13 %*	80% of the target population (around 3,000 people)
	BNP Paribas Group's annual philanthropy budget	38.6M€	40.4 M€	Average annual budget over 2016-2018 greater or equal to the 2015 budget
GSIS Environmental	Amount of funding devoted to renewable energies	7.2Bn€	9.3 Bn€	15 Bn€ in 2020
	GHG emissions	2.89teqCO ₂ / ETP	2.72teqCO ₂ / ETP	2.41 teq CO ₂ /ETP in 2020
	Number of people made aware of climate change issues by BNP Paribas	70,000	116,000	140,000
GSIS Gov.	Percentage of employees having a favourable opinion on the way the Group conducts its corporate responsibility and its commitments as a responsible bank	69%	70 %	72%

OUR CONTRIBUTION TO THE SDGs

Commitments firmly aligned with the UN Sustainable Development Goals

THE ECONOMY

Financing the economy in an ethical manner

Investments and financing with a positive impact

Ethics of the highest standard

Systematic integration and management of ESG Risks



OUR PEOPLE

Developing and engaging our people responsibly

Promotion of diversity and inclusion in the workplace

A good place to work and responsible employment management

A learning company supporting dynamic career management



THE COMMUNITY

Being a positive agent for change

Products and services that are widely accessible

Combat social exclusion and support human rights

Corporate philanthropy policy focused on the arts, solidarity and the environment



THE ENVIRONMENT

Combating climate change

Partnering with our clients in the transition to a low carbon economy

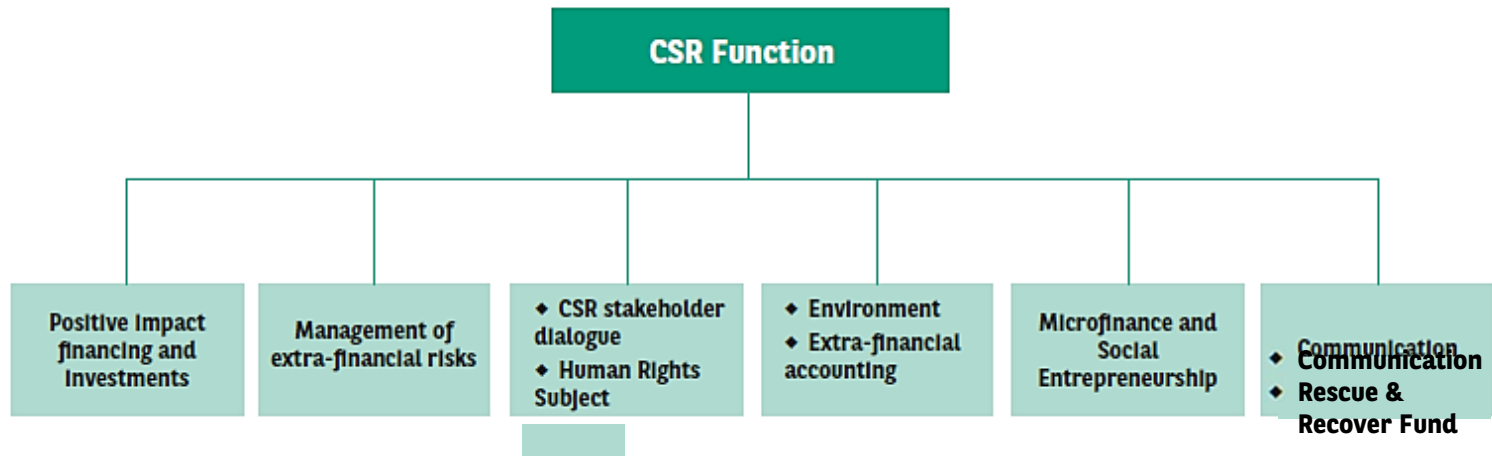
Reduce the environmental impact of our operations

Advance awareness and sharing of best environmental practices



STRENGTHENING OF CSR FUNCTION

- Within the **Board of Directors**, the “Corporate Governance, Ethics, Nominations and CSR Committee” is in charge of ethics, sustainability and CSR since the Annual General Meeting of May 2016.
- As of 31st December 2016, the CSR function directly reports to Michel Konczaty, Deputy Chief Operating Officer of BNP Paribas, member of the **Executive Committee**.
- As of 1st September 2017, CSR will be overviewed by the new **Company Engagement Department** that will be directly represented on the Group’s executive Committee. This new Department will work with all BNP Paribas business lines, in order to define and implement the company’s engagement strategy relating to key fields for the future of our society: economic development; the environment and energy transition; social inclusion and regional development; diversity and respect of human rights



- CSR Department is relying on support from correspondents within the Business Divisions, Subsidiaries, Functional departments and strategic geographical areas (130 FTEs and 123 people having CSR as their main responsibility)
 - One representative on the Entity Comex
 - One Head of CSR (frequently as part-time post)
- ... and an internal network of experts
 - Environment, SRI, microfinance, etc.

CSR IS ONE OF THE COMPONENTS OF 2020 STRATEGIC PLAN

And still following a CSR – Corporate Social Responsibility-policy that is even tougher and strictly implemented. The world needs this, whether we're talking about the energy transition or social commitment to attain the global commitments made under the COP 21 Agreement.



A COMPREHENSIVE GOVERNANCE

Executive Committee to define the CSR strategy

- ✓ Example: Energy transition strategy validated in November 2015
- ✓ Updated version of the Commitments for the Environment validated in October 2016

Board of Directors

- to approve the CSR strategy and the annual reporting
- Corporate Governance and Nominations Committee extended its responsibilities to Ethics, Conduct and CSR in 2016

Ethics Committee to advise General Management on ethical and CSR issues

- 7 members including 4 external advisors – 5 meeting since inception in 2015
- Chaired by an external advisor: Jean Marie Guéhenno, Chairman & CEO of the International Crisis Group

GSCC

(Group Supervisory and Control Committee)

- to validate financing and investment policies
- *Example:* Public position on tobacco in September 2016

CCDG

(General Management Credit Committees)

- recently updated procedure specifies CCDG will review all issues surrounding the acceptability of risks **including ethics and CSR**

BEST PRACTICES IN GOVERNANCE

GOVERNANCE SUPPORTING THE LONG-TERM STRATEGY OF THE BNP PARIBAS GROUP

■ Best practice in Governance are stated in a public document

- Clear separation of powers between the Chairman of the Board of Directors and the Chief Executive Officer
- An independent and representative Board of Directors
- An Audit Committee with a majority of independent members
- Voting rights that guarantee protection of the interests of all shareholders

■ Compensation policy aligned with the long-term interests of the BNP Paribas Group

- Transparency and controls on executive bonuses
- Transparency and controls on the bonuses for regulated employees
- Integration of CSR criteria in the qualitative part of variable remuneration

JUNE 2017

CORPORATE SOCIAL RESPONSIBILITY

BNP PARIBAS GOVERNANCE THAT SUPPORTS THE LONG-TERM STRATEGY OF THE BNP PARIBAS GROUP

Best practice in governance

A clear separation of powers between the Chairman of the Board of Directors and the Chief Executive Officer

The functions of the Chairman and the Chief Executive Officer have been separated since 2003 and no member of the Executive Committee has had a seat on the Board committees since 1997.

The Chairman ensures that the Board fulfils its role in representing the interests of all shareholders over the long term, independent from, in particular, the interests of Group management. The Chairman ensures compliance with best practice in the area of governance.

The Chief Executive Officer and the Chief Operating Officer propose Group strategy to the Board and then conduct management of the company and its performance to achieve the strategic objectives that have been approved.

This governance model guarantees the independence of functions, thus ensuring optimal efficiency in the functioning of executive management bodies and the Board of Directors.

An independent and representative Board of Directors

Members of the Board of Directors are elected for three-year terms which may be renewed. Following the Annual General Meeting of Shareholders of 23 May 2017, seven of the fourteen members of the Board of Directors are women and four different nationalities are represented on the Board. Ten Board members qualify as independent directors, a proportion that largely exceeds the recommendations of Asef-Medef code for corporate governance, which recommends that at least half the Board be independent directors. There are also two directors on the Board who represent the company's employees.

An Audit Committee with a majority of independent members

The powers devolved to the Audit Committee have been separated between the Financial Statements Committee, composed for 80% of independent directors, and the Internal Control, Risk Management and Compliance Committee, also composed in the same proportion of independent directors.



The bank
for a changing
world

EXTENSIVE DIALOGUE WITH STAKEHOLDERS

- Employees, Central European Committee... : through a regular dialogue and an annual Group's internal survey (130,577 employees surveyed in 2016, with a 72% response rate)
- Suppliers: 3 key principles:
 - 1) Fairness and transparency in selecting suppliers;
 - 2) Pursuit of the best cost/quality/risk ratio;
 - 3) Pursuit of innovative solutions (cf. *Fostering dialogue with stakeholders and Suppliers Charter*)
- SRI investors: 28 different investors met at least once in 2016 and around 40 exchanges
- Engagement and dialogue with clients on CSR issues (see *Economic and Environmental pillars*)
- NGOs: 54 exchanges at Group level in 2016 among which 18 meetings on several topics
 - Social and environmental impacts of the Group's financing and investing activities
 - Human rights
 - Tax havens...

GREENPEACE


netwerk
Anders omgaan met geld




Amnesty
International

BANKTRACK

POSITIVE APPRAISAL OF BNP PARIBAS CSR STRATEGY AND ACHIEVEMENTS BY NON FINANCIAL RATING AGENCIES

Strong Extra-Financing Ratings



No.1 out of 31 companies in the sector of “diversified banks in Europe” according to **Vigeo Eiris’ 2017 rating (64/100)**



In the top 8% of the “diversified banks” sector (out of 27 other banks in the DJSI World universe) in 2016 **(87/100)** with a **Bronze class distinction**



No.2 out of 250 companies rated by **Oekom research** in the Commercial Banks & Capital Markets sector in 2017 **(C Prime)**

No.1 French bank and among the only 6 European banks in **Carbon Disclosure Project 2016 ranking (A-)**

No. 15 out of 397 companies in the sector of “Banks” of **Sustainalytics’ 2016 ranking (77/100)**

Member of Sustainability Indices



BNP Paribas is listed in **Dow Jones Sustainability Indexes, World & Europe (2016)**



BNP Paribas is listed in **Euronext-Vigeo Eiris indexes World 120, Europe 120, Eurozone 120, France 20**



FTSE4Good

BMCI maintains its presence in **Euronext-Vigeo Eiris Ranking Emerging 70**



Other CSR awards and rankings



ROBECOSAM Sustainability Award Bronze Class 2017



The Banker Investment Banking Awards 2016

MOST INNOVATIVE INVESTMENT BANK FOR CLIMATE CHANGE AND SUSTAINABILITY



BNP Paribas is part of 2017 **‘Global 100 Most Sustainable Corporations’ ranking (42nd)**

THE ETHICS COMMITTEE

- BNP Paribas has announced on 31st July 2014 the creation of an Ethics Committee composed of members of the Group's top management as well as independent qualified personalities. It met twice in 2015 and three times in 2016.
- The role of the Ethics Committee is to advise the Executive Management in order to ensure that the Bank's activities are in line with the values of BNP Paribas and with the highest standards of professionalism, integrity and ethics. It is an advisory body.
- In 2016 the Ethics Committee formulated opinions on the adoption of a new 'Code of Conduct' and on bank policies that aim to provide a framework with regard to financing and investment in a number of sensitive industrial sectors, in particular the tobacco sector. The Committee was also consulted on initiatives to protect customers' interests and forge responsible relationships with public authorities.
- **The external and independent personalities:**
 - **Jean-Marie Guéhenno** (Chairman of the Ethics Committee), President of the International Crisis Group.
 - **Julia Marton-Lefèvre**, Former Chief Executive Officer of the International Union for Conservation of Nature (IUCN).
 - **Antoon Vandeveld**, Professor of Ethics and Political Philosophy, KU Leuven, Belgium.
 - **Margaret Jungk**, Head of global human rights practice at BSR; Former UN Appointed Independent Expert on Human Rights and Business; Founding Director of the Human Rights and Business Department, Danish Institute for Human Rights

ADAPTATING AND COMPLYING TO NEW CSR REGULATIONS

- The publication of **BNP Paribas' actions focused on the environment**:
 - complies with reporting requirements of **article 173 of Energy Transition for Green Growth Act**, and is endorsed as such by our Statutory Auditors;
 - allows the Group to directly contribute to work carried out by the French Prudential Supervision and Resolution Authority (ACPR) regarding the establishment of a **"climate stress test" methodology**
 - is already largely in line with **TCFD's recommendations** (Task Force on Climate-related Financial Disclosures) organized by the Financial Stability Board, whose previous dialogue at end-2016 was addressed by the Group

- In terms of civic and social responsibilities, BNP Paribas also has to adapt with **new regulations** regarding transparency and respect for human rights:
 - **The UK "Modern Slavery Act" :**
 - BNP Paribas published its "Modern Slavery and Human trafficking Statement" on the 23rd of May 2017, reporting transparently the measures put in place to prevent slavery and human trafficking in its direct operations or supply chain.
 - **The French corporate duty of vigilance law, applying to parent companies and contracting companies:**
 - Adopted in February 2017, this law requires multinational French companies to "establish and implement a diligence plan which should state the measures taken to identify and prevent the occurrence of human rights and environmental risks resulting from their activities, the activities of companies they control and the activities of sub-contractors and supplier, in France and abroad"
 - BNP Paribas is currently involved in working groups and conferences to prepare the implementation of this law in 2018 (topics covered; risks mapping, early-warning mechanism, monitoring of measures put in place...)



BNP Paribas and the exercise of its Corporate Social Responsibility

Our Economic Responsibility:

financing the economy in an ethical manner

Our Social Responsibility:

Developing and engaging our people responsibly

Our Civic Responsibility:

Being a positive agent for change

Our Environmental Responsibility:

Combating climate change



Financing the economy in an ethical manner

Investments and financing with positive impact

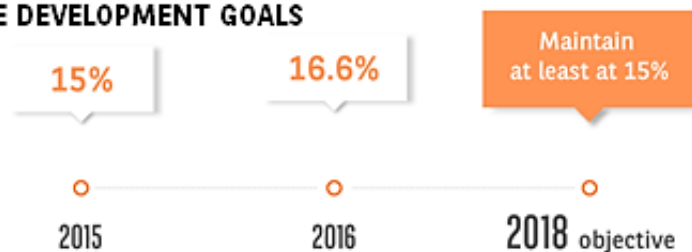
Ethics of the highest standard

Systematic integration and management of environmental, social and governance risks

OUR ECONOMIC RESPONSIBILITY

Objectives for 2018

SHARE OF LOANS TO COMPANIES CONTRIBUTING STRICTLY TO THE ACHIEVEMENT OF UN SUSTAINABLE DEVELOPMENT GOALS



PERCENTAGE OF EMPLOYEES TRAINED ON AN ETHICS-RELATED ISSUE



SHARE OF LOANS TO COMPANIES SUBJECT TO AN ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM WHICH IS SPECIFIC TO THE CONCERNED ACTIVITY



INVESTMENTS AND FINANCING WITH A POSITIVE IMPACT

SUPPORT FOR BUSINESSES

BNP Paribas supports the local economy by financing businesses in all its markets

- **Faster growth in loans provided to businesses and individuals than GDP growth rate in all domestic markets**
 - In the past 8 years, GDP growth was 11.4% and loan growth was 18.9% in France; 13.7% versus 2.5% in Italy; and 30.7% versus 23% in Belgium and Luxembourg (in 7 years for this latter scope)
- **In 2016, its commitment to SMEs and small business clients was further strengthened by:**
 - **In Europe:** launch of the BNP Paribas European SME Debt Fund, bringing together 13 institutional investors for a total amount of EUR 500 million, to finance the growth plan of European SMEs
 - **In the United States:** Bank of the West has increased the SME loan portfolio by 15% and has lent a total of USD 3.5 billion in 2016, ranking it as the 13th biggest lender to small businesses in the US

■ **Measuring economic impact**

In 2016, the Group decided to conduct a pilot study to quantify the contribution that bank loans make to supporting local economies in France (employment and GDP growth):

➤ **Methodology**

1. Selection of a representative sample of loans (10% of amounts authorized)
2. Use of the “input-output” tables of Leontief and national accounting consolidated by Eurostat
3. Choice of 2 separate indicators - job creation and economic growth - as they are necessary to life improvement

➤ **Results**

1. **Loans to businesses in the France network contributed to maintaining or creating 820,000 jobs in France – around 5% of market jobs**
2. **Almost 200,000 of these jobs, around 24% of the total, were generated by the SMEs (businesses with revenue of under EUR 50 million)**

Our contribution to the SDGs

Financing and supporting companies and projects having a positive impact on society and the environment

The **Sustainability Report**
BNP Paribas to develop products
around Sustainable Development Goals

■ A KPI among the 13 CSR KPIs

- KPI #1: "Share of corporate loans to companies strictly contributing to the achievement of UN SDGs"
- Monitored annually

■ Specific products for institutional and retail investors

- After COP 21 and environment focused products, a new range of structured bonds
- 10/2016: launch of the Solactive Sustainable Development Goals World Index exclusive licence to BNP Paribas



BNP Paribas expands offering on ESG
build up push

Pablo Conde-Herrman
6 October, 2016



Henning Kahre, Solactive



BNP Paribas Plans Products Linked
to Development Goals

FT **ADVISER**
BNP Paribas adds to
sustainability index rush

responsible-
investor.com
ESG and sustainable finance
BNP Paribas plans structured
products tied to Sustainable
Development Goals

■ Investment Partners: investment funds linked to SDGs

- A global ESG filter and thematic funds linked to SDGs
 - ✓ BNP Paribas Aqua: SDG 6, 13 and 14
 - ✓ BNP Paribas Human Development: 3, 4, 8 and 12
 - ✓ BNP Paribas Smart food : 2, 9, 12 and 13

■ Awareness Program

- BGZ (Poland) Partner of the program "SDGs in Practice" in Poland which aims at implementing SDGs in business strategies
- Fortis (Belgium) signed the Belgian SDG Charter committing to contribute to the 17 SDG of the United Nations
- In France, conference cycle with four events intended for BNP Paribas's employees in 2017



| High-Value Impact Deals

| Financing and supporting companies and projects having a positive impact on society and the environment

- **16.6% of the loans granted to companies by BNP Paribas in 2016 contributed directly to the achievement of one of the UN Sustainable Development Goals**

- **This involves financing projects related to:**
 - ➔ associations,
 - ➔ social work,
 - ➔ education,
 - ➔ health care,
 - ➔ modal transport,
 - ➔ distribution of electricity,
 - ➔ agriculture,
 - ➔ telecommunications,
 - ➔ recycling,
 - ➔ renewable energy,
 - ➔ research.

- **407 start-ups having a significant positive impact in the French Retail Banking portfolio**
 - **21%** have a positive impact on **biotechnologies**
 - **17%** have both **social and environmental impacts**
 - **17%** are active in the fields of **medical and pharmaceutical research**
 - **13%** have a tangible impact on **energy efficiency**

LONGSTANDING SUPPORT FOR SOCIAL AND SOLIDARITY-BASED ECONOMY

VISION

SSE

Social and solidarity-based economy (SSE)

Social entrepreneurship + not-for-profit organisations and other non-public entities with general interest purpose

Leadership position in financing associations

SSE market share in France: 10% (2016)

SE

Social Entrepreneurship (SE)

Combining a positive social or environmental impact with a viable business model

- Explicit social mandate
- Social performance comes before financial performance
- Most of the benefits are reinvested in the company
- Regardless of a specific legal status

Growing market underserved by « traditional banks »

Social and solidarity-based economy

Social Entrepreneurship

Microfinance

MF

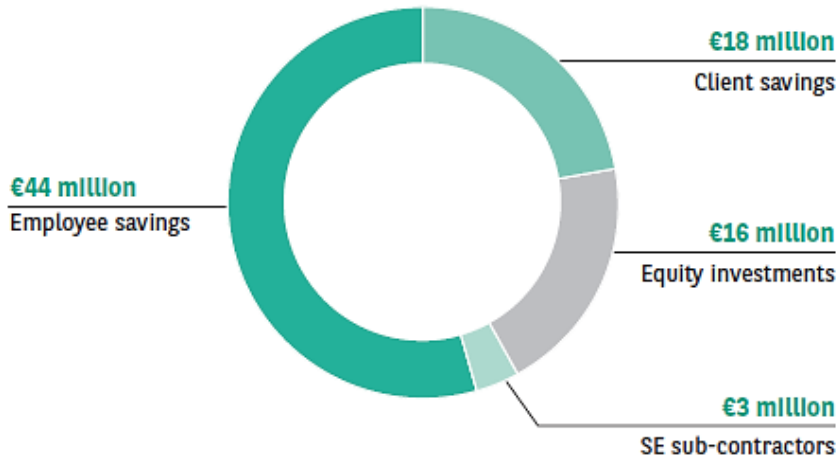
Microfinance (MF)

Financial products (including microcredit) to impoverished population in order to support them in developing productive activities

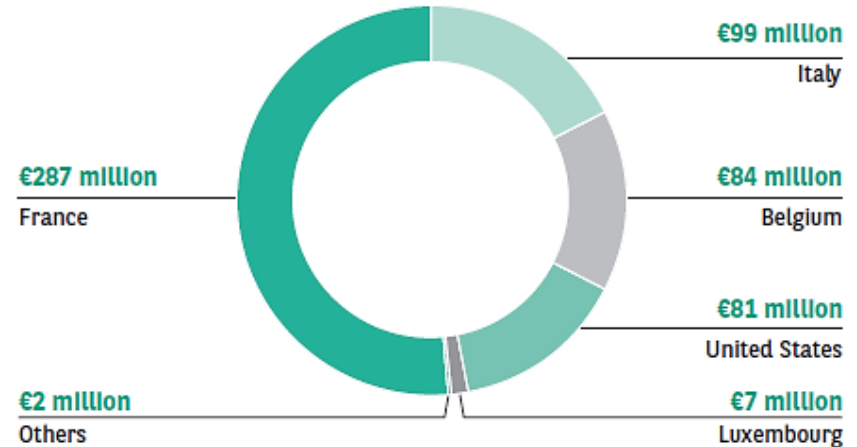
BNP Paribas has been a well-known player for years.

BNP PARIBAS' SUPPORT TO SOCIAL ENTREPRENEURSHIP

**Support for Social Enterprises
(excluding loans): EUR 81 M***



**Support for Social Enterprises
(loans by country): EUR 560 M***



BNP Paribas' support to social enterprises amounted to EUR 641 million, up 38% compared to 2015 on a like-for-like basis.

*at 31/12/2016

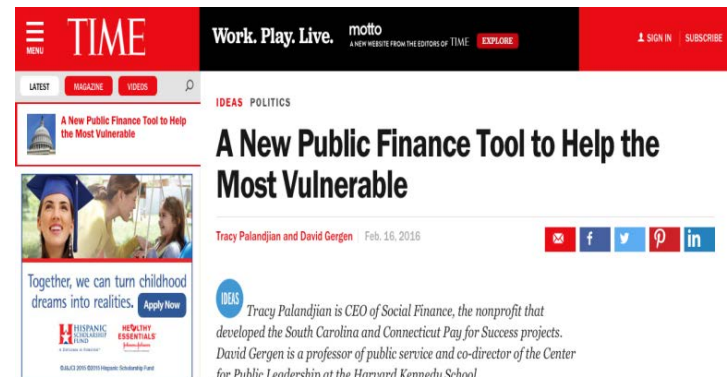
SOCIAL IMPACT BONDS: A NEW TOOL FOR FINANCIAL INNOVATION

- **BNP Paribas has developed an offering and expertise in Social Impact Bond (SIB) or “Contrat à Impact Social”, as a structurer and an investor:**
 - New financial tool enabling private investors to finance programmes for social innovation and generate savings for the State
 - If these experiments are successful, the public authorities use all or part of the savings achieved to reimburse and pay the investors



- **BNP Paribas structures the first SIB (EUR 1.3M) ever in France:**
 - Signed on 24 November 2016 in the presence of President François Hollande
 - Double role: structured the SIB and invested in it
 - Very first specimen of SIB in France: contributing to build a standard on this new product






- **At the same time, BNP Paribas CIB NY signed its first SIB in the US:**
 - BNP Paribas acts as Administrative Agent and Lead bank / Social Finance handles structuration
 - A USD 11.2M syndicated loan (BNPP NY senior lender: USD 4M)
 - State of Connecticut is the outcome funder
 - Maximum IRR: 6%



The screenshot shows a webpage from TIME magazine. The header includes the TIME logo, navigation links for 'LATEST', 'MAGAZINE', and 'VIDEOS', and a search icon. Below the header, there are social media icons for YouTube, Facebook, Twitter, and LinkedIn. The main content area features the article title 'A New Public Finance Tool to Help the Most Vulnerable' by Tracy Palandjian and David Gergen, dated Feb. 16, 2016. A sub-headline reads 'Together, we can turn childhood dreams into realities.' with an 'Apply Now' button. The article text mentions that Tracy Palandjian is the CEO of Social Finance and David Gergen is a professor at Harvard.

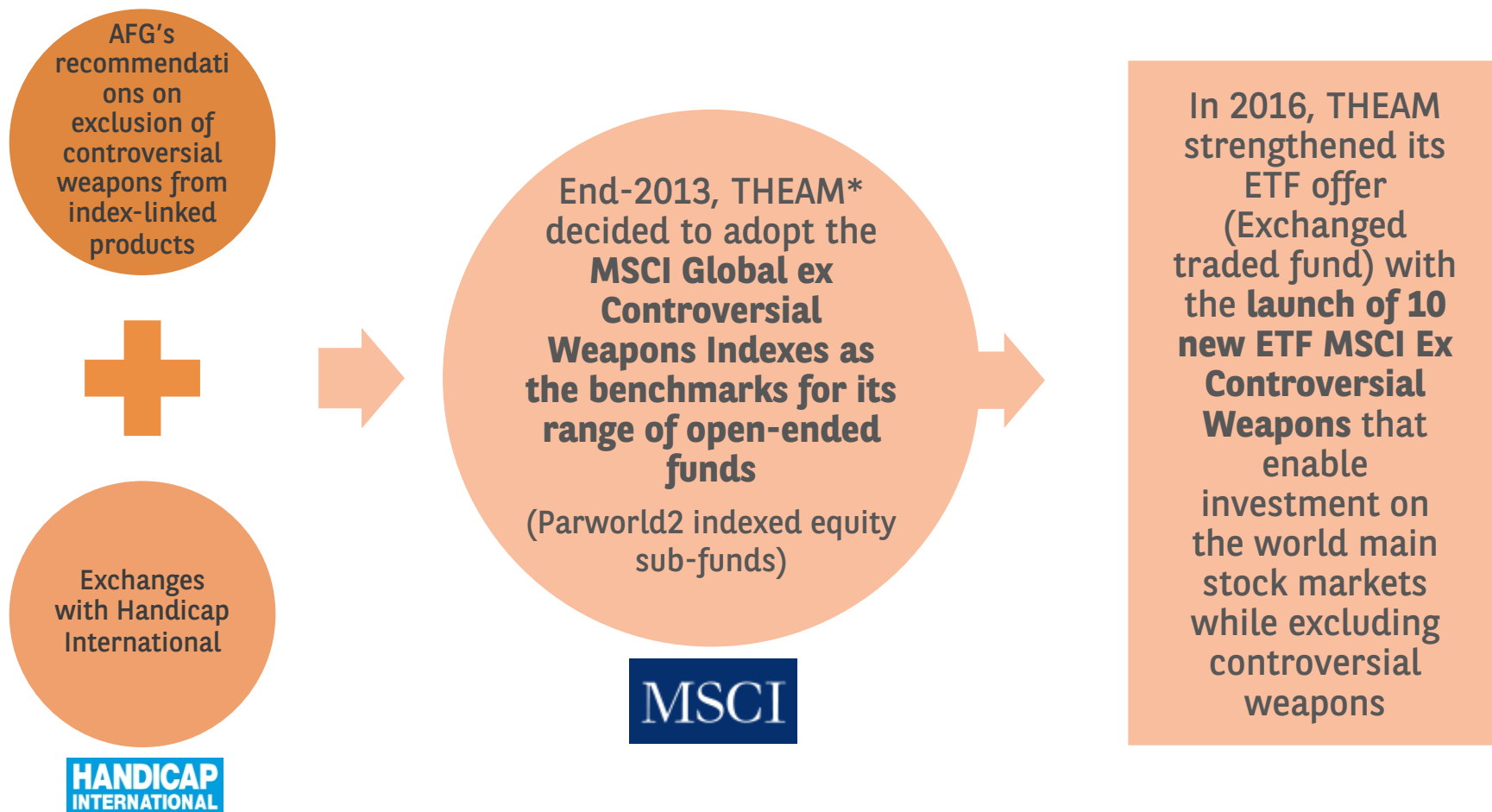
DEVELOP AND PROMOTE SRI: EXPAND SRI OFFER

- Around **EUR 25 billion assets managed** by BNP Paribas Investment Partners as at 31 December 2016
- Total SRI assets increased by 31.5% this year, more than the assets managed by BNP Paribas Investment Partners which increased by 6.4% over the same period
- **25 ESG/SRI labels were awarded in 2016**, two complementary approaches:
 - focused on committed issuers ("**best-in-class**")
 - **theme based approach** targeting business activities, products and services related to environmental protection and/or social well-being

Fund	SRI label	Finansol	CIES	Luxflag Environment	Luxflag ESG
					
BNP Paribas Aqua				X	
BNP Paribas L1 Equity World Aqua				X	
Parvest Aqua				X	
Parvest Climate Impact				X	
Parvest Global Environment				X	
Parvest Green Tigers				X	
Parvest SMaRT Food					X
BNP Paribas L1 SMaRT Food					X
BNP Paribas Social Business France		X			
BNP Paribas Social Business Impact France		X			
BNP Paribas Actions Europe Responsable	X				
BNP Paribas Euro Valeurs Durables	X				
BNP Paribas Obli Responsable	X	X			
Parvest Sustainable Bond Euro	X				
Parvest Sustainable Bond Euro Corporate	X				
Parvest Sustainable Equity Europe	X				
Multipar funds		2 funds	5 funds		
MAIF Investissement Responsable Europe	X				



1st European industry player to adopt indices excluding controversial weapons for its range of indexed open-ended funds

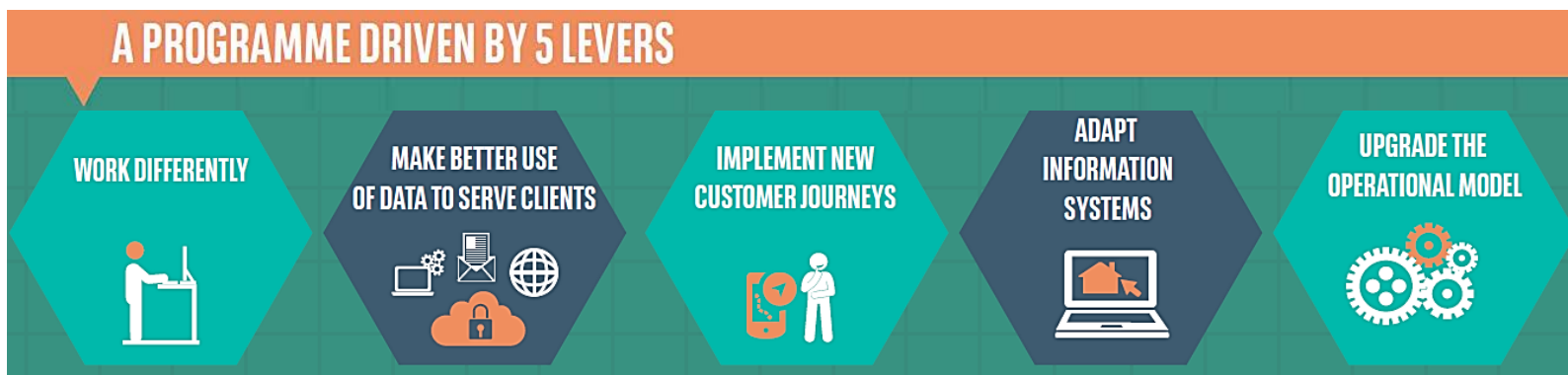


ETHICS OF THE HIGHEST STANDARD

CLIENTS AT THE HEART OF 2017-2020 DEVELOPMENT PLAN

An ambitious program of new customer experience, digital transformation & savings in all the divisions

- **Inclusion of Clients' Interests topic** into the 2017 – 2020 Business Development plan:



- In 2017, BNP Paribas published a new « **Protection of the Clients' Interests** » **Group internal policy** aiming at reinforcing trust and satisfaction of our clients:
 - “Hello Bank!”, our digital bank in Domestic Markets with 2.5M customers (+200,000 clients compared with 2015)
 - Banks have made a significant contribution to cyber-commerce by securing online payments:



- Easy Banking App & Web in Belgium: 2 online banking platforms implemented for clients and future customers, respectively accounting for 1M & 2.4M users
- These new standards promote the zero paper principle, reduce carbon footprint and facilitate digital access

PROTECTING CLIENTS' INTERESTS THROUGH HIGH CYBER SECURITY STANDARDS

Right to privacy: a direct salient Human Rights risk

- **Group policy on customer data privacy** applies in every entities and countries
 - Head of Group Compliance is member of the Group executive committee
 - Steering committees on data protection gather every 3 months at different Group levels
- **Revision of the security model in 2016**
 - The Group CISO, in charge of IT Risk & Cyber, is now reporting to Group CIO
 - The Board is closely involved in Cybersecurity topics: a focus on dedicated Cybersecurity subjects is done every month by the Group CISO at the Group Supervision and Control Committee (GSCC)
- **The Group invests massively to adapt its system of protection to digital transformation**
 - **"Data protection" training** designed for the whole workforce, guarantees a secure personal data process throughout the business relationship
 - Systematic **encryption of information**
- **The following principles apply to the entire Group**
 - Principle of purpose: collection and process for specific, legitimate reasons;
 - Principle of proportionality: amount of data adequate to the purpose;
 - Principle of relevance: data appropriate for the stated objectives;
 - Principle of security: by technical and organizational measures
- **The Group guarantees customers' rights**
 - Right of access, right to rectify, right to object, right to information

PROTECTING CLIENTS' INTERESTS THROUGH A COMPREHENSIVE APPROACH TO COMPLIANCE

- **The Group's zero tolerance towards bribery, corruption and conflicts of interest is recalled in its Code of Conduct, which was revised in 2016**
 - An annual e-learning on the Group Code of conduct is mandatory for all employees
- **Apart from the Code of Conduct, BNP Paribas has developed:**
 - **A Group Global Policy on Anti-corruption:** disclosure of a summary in end-2011
 - Revision of the internal anti-corruption Group policy and reinforcement and revision of the internal Group policy regarding gifts received by the staff in 2011
 - **A Group's Financial Security Policy** in 2011
 - **A procedure** on training requirements regarding anti-money laundering, financing of terrorism, and compliance with international sanctions in 2013
 - Lists the employees by type of training in relation to their risk exposure, program's content and reporting requirements
 - At end-2016, more than 90% of the employees concerned had taken online training on international sanctions and embargoes, and that on anti-money laundering and financing of terrorism training.
 - **Risk Academy** - continuous internal training program on risk management - to strengthen the Group's risk management culture
 - Flagship theme of this academy : "Protecting the clients' interests"
- **Compliance is tasked with anticipating, expanding the range of robust tools, ensuring staff training, and strengthening internal control processes**
 - **Key challenges identified by Compliance Function in 2016:** financial security (anti-money laundering, fight against corruption and terrorist financing...), market integrity, the implementation of the French Banking Act and the US Volcker Rule, data protection, and the strengthening of mechanisms to protect clients' interests

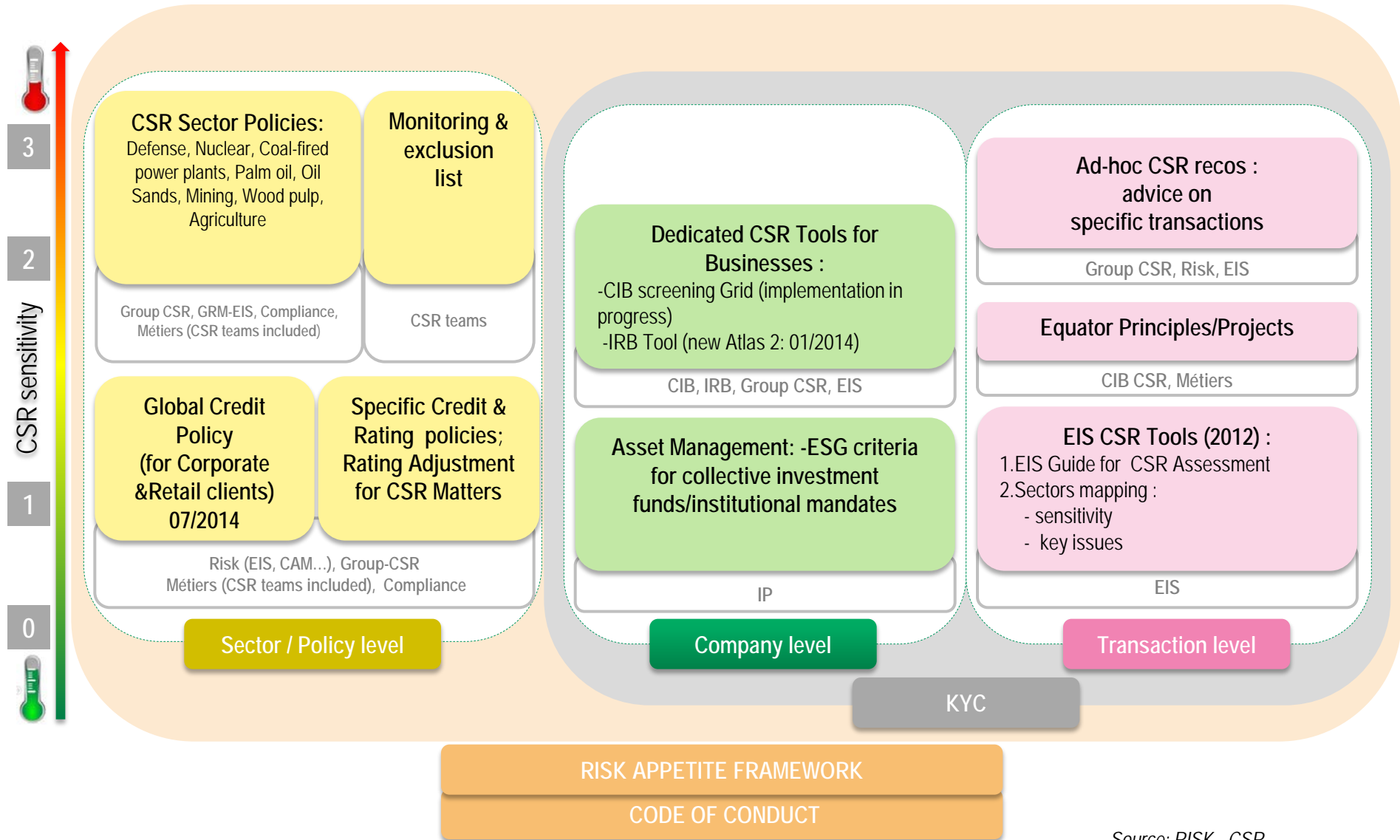
TAX HAVENS

The location of the Group's offices is driven not by tax consideration, but in the interest of serving customers around the world

- In 2016, BNP PARIBAS paid EUR 2.4 billion in taxes representing an effective tax rate* of 28.8%
- Studies refer to lists of unofficial "tax havens" and present statistics on operations in tax havens that do not correspond to any operational reality
 - Some countries included in the lists of tax havens belong to the Group's Domestic Markets, such as Belgium :
 - 15,721 employees
 - 785 branches
 - 3.6M individual and professional customers
 - 7,600 corporate clients
- As regards non-OECD countries that could be considered to operate favourable tax regimes, BNP Paribas continues to reduce its presence there

SYSTEMATIC INTEGRATION AND MANAGEMENT OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISKS

OVERVIEW OF BNP PARIBAS' CSR ASSESSMENT PROCESS OF ESG RISKS



Source: RISK - CSR

EQUATOR PRINCIPLES

■ **17 transactions reviewed** against the Equator Principles in 2016, **including the financing of 4 renewable energy projects** – installation of wind farms representing an electricity capacity of 1,457MW.

	2011	2012	2013	2014	2015	2016
Category A	5	2	3	3	1	2
Category B	20	10	13	17	13	21
Category C	5	1	5	2	1	0
Total	30	13	21	29	17	23

Category A : Projects with potentially significant environmental and social impact for which attenuation or corrective actions are required

Category B : Projects with limited or moderate environmental and social impact

Category C : Projects with minimal or zero impact

■ **In addition, BNP Paribas has taken several positive actions in 2016:**

- Awareness and training campaign : 489 people concerned by the application of the Equator Principles have taken the module online in 2016

COMMITTED FINANCING POLICIES IN SENSITIVE SECTORS

■ Sector policies and exclusion list

- BNP Paribas' **sector policies** cover defense, nuclear power, coal-fired power generation, wood pulp and palm oil, mining industries, tar sands and agriculture
- In addition, BNP Paribas released a **position paper** on tobacco industry in 2016
- Finally, the Group has a goods and activities on **exclusion list**

■ Sector policies implementation

- A strong teams' involvement:
 - The implementation relies on both the **Risk function** (more than 6,000 employees) and **Compliance** (more than 3,000 employees within the Group)
 - e-learning trainings have been translated in 7 languages
- In 2016, the Group's CSR teams reviewed 1,109 transactions (658 in 2015)
- In 2015, adoption of a Control Plan to verify the right implementation of the CSR strategy throughout the Group, covering the Group's CSR networks organization and the management of our ESG risks → The first periodic controls took place in 2016 and the plan will be generalized starting in the first quarter of 2017

REINFORCE ITS CARBON RISK MANAGEMENT POLICIES

New commitments in 2016:

- **BNP Paribas no longer finances coal mining activities**, whether through direct financing of mining projects or by financing mining companies specializing in coal extraction that have not put in place an energy diversification strategy
 - BNP Paribas has refused $\frac{3}{4}$ of proposed coal projects over the period 2011-2016, and excluded 20 companies in the coal sector in 2016
- **BNP Paribas no longer finances new coal-fired power plants projects, wherever they are located**
- **BNP Paribas won't initiate new commercial relationships with clients that derive over 50% of their revenue from coal**
- **BNP Paribas will gradually make systematic use of internal carbon pricing** and integrate the climate component in its methodology for rating the projects and companies financed by the Group

ESG CRITERIA INTEGRATION

INTO SAVINGS: Assure all BNP Paribas' clients that environmental, social and governance issues have been taken into account in the management of their assets

- **INVESTMENT PARTNERS:** systematic integration of extra-financial criteria
 - Signatory to the UN Principles for Responsible Investment (**UN PRI**) and UN Global Compact's 10 Principles
 - Signatory to the **Montreal Carbon Pledge**: publication, at end 2016, of the **carbon footprint of almost 100 funds** of their investment portfolios on an annual basis in accordance with the **Portfolio Decarbonization Coalition (PDC)**
 - At end 2016 Investment partners managed **EUR 25 billion in decarbonized assets**
- **CARDIF (Insurance) :** **56% of the main euro fund** run by BNP Paribas Cardif was screened using an ESG filter, compared to around 50% at the end of 2015

INTO SUPPLY CHAIN MANAGEMENT: Expect all suppliers to commit to respecting BNP Paribas' CSR Charter

- **"Know Your Supplier" project:** to ensure that BNP Paribas only contracts with suppliers who respect local and international laws and CSR basic principles

VOTING RIGHTS

BNP PARIBAS ASSET MANAGEMENT'S VOTING POLICY

- **Voting at Annual General Meetings** is a **key component** of the **ongoing dialogue with companies** in which we invest on behalf of our clients and an integral part of our **investment process** → BNP Paribas Asset Management strives to vote in the best interest of its clients
- **The voting policy's objectives:** To enhance the long-term value of our shareholdings and to foster corporate governance best practices, business ethics, economic development, social cohesion & environmental protection
- **Corporate governance practices which we support include:**
 - Acting in the long-term interests of shareholders
 - Protecting shareholders' rights
 - Ensuring independent and efficient board structure
 - Aligning incentive structures with long-term interests of shareholders
 - Disclosing accurate, adequate, & timely information
 - Good environmental & social performance
- In 2016, BNP Paribas Investment Partners **participated at over 1,500 Annual General Meetings** and voted on **18,800 draft resolutions**, abstaining from, opposing or voting against close to 18% of them
- Recognition expertise in responsible investing: in 2016, **BNP Paribas Investment Partners was given the "A+" score**, which is the highest ranking, by PRI (Principles for Responsible Investment)



Developing and engaging our people responsibly

Promotion of diversity and inclusion in the workplace

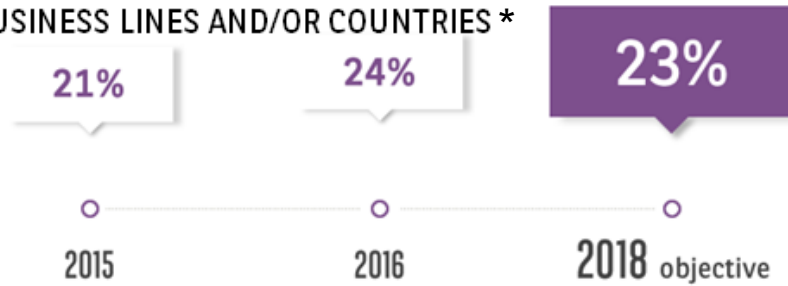
A good place to work and responsible employment management

A learning company supporting dynamic career management

OUR SOCIAL RESPONSIBILITY

Objectives for 2016

PERCENTAGE OF WOMEN AMONG THE MEMBERS OF CROSS-FUNCTIONAL EXECUTIVE COMMITTEES ACROSS BUSINESS LINES AND/OR COUNTRIES *



** Out of approximately 500 Top executives*

PERCENTAGE OF EMPLOYEES HAVING AT LEAST 14 WEEKS OF PAID MATERNITY LEAVE AND/OR SIX DAYS OF PAID PATERNITY LEAVE



PERCENTAGE OF EMPLOYEES REPORTING HAVING BEEN TRAINED (ANY FORMAT, INCLUDING E-LEARNING) OVER THE PAST 12 MONTHS



OUR SOCIAL RESPONSIBILITY

Promoting employee development and commitment

Promotion of diversity and inclusion in the workplace

5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES



A good place to work and responsible employment management

3 GOOD HEALTH AND WELL-BEING



5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



A learning company supporting dynamic career management

4 QUALITY EDUCATION



5 GENDER EQUALITY



10 REDUCED INEQUALITIES



OUR SOCIAL RESPONSIBILITY: why BNP Paribas makes a difference

■ Sole bank with such key achievements, targets & rewards

✓ Advocacy role & share of best practices with stakeholders (clients, suppliers...)



In 2015, JL Bonnafé launched the UN “HeforShe” campaign and signed the Charter of LGBT commitment from l’Autre Cercle.
In 2016, he signed the ILO Global Business and Disability Charter.

Jean-Laurent Bonnafé,
CEO BNP Paribas

A strong UN* partner

- BNPP NA renewed the Group LT commitment to the **WEPS**; **HeForShe** campaign launched by CEO & successfully relayed; Signing of the **ILO* Global business a Disability charter**;

Top management engaged

- The Group’s executives regularly intervene, internally and externally, to promote the Bank commitment to D&I (e.g. Chairman at Women’s Forum, CEO for APAC at the Sustainable Forum)

High quality of social dialogue

- **3 European agreements** signed on Employment Management, Workforce Equality and Prevention of work-related stress.

Advocacy role & Recognition

- **Top Employer Europe** certification in 7 countries (France, Belgium, Luxembourg, Italy, Poland, Turkey and Spain)
- In France, only bank with the **Diversity Label** and to have signed the **LGBT Charter from l’Autre Cercle**. Best place to work for LGBT in the USA & 2nd workplace Pride
- Coordination for the signature of the first **Diversity Charter in Africa** (Morocco, Senegal, Ivory Coast)

High involvement of employees

- 10,000 employees involved in the networks
- 98% of the employees trained, with on average 27 hours of training per employee & objectives set

High investment on employees

- BNPP employment management always favors mobility and training throughout the world

- ➔ CSR indicators are included in the variable calculation of +6,000 Top managers, some on D&I (% of women in top management).
- ➔ Objectives set and positive impact of the gender equality actions with women representing:
 - 23% of the G100 (40% of nominations since 2014),
 - 24% of Top 500 executives (objective > 25% in 2020),
 - 27% of SMP (objective of 30% in 2020),
 - 40% of Talents, including 30% of top, 40% of advanced and 50% of young emerging talents.

* United Nations
* International Labor Organization



Promotion of diversity and inclusion in the workplace

PROMOTE DIVERSITY & INCLUSION – INTERNAL & EXTERNAL REWARDS

■ External & internal recognition

- 72% of employees stated that the management of BNP Paribas promotes diversity in the workplace by respecting and recognizing differences among people
- 69% have a clear vision of the actions carried out to promote Diversity



Handita Bakhtsi
President & CEO of
Bank of the West and
co-CEO of BNP Paribas USA



Michelle Di Gangi
Head of SWE Banking,
Bank of the West



Claudine Gallagher
Head of BNP Paribas
Securities Services,
North America

AMERICAN
BANKER
**THE MOST
POWERFUL
WOMEN
IN BANKING**

- In France, within a partnership with Medef*, “Patrons champions du changement” (Bosses champion of change), BNP Paribas invested in developing an e-learning programme for SMEs aiming at combating discrimination when recruiting.

* MEDEF is the leading network of entrepreneurs in France

PROMOTE DIVERSITY & INCLUSION

✓ **Advocacy role & share of best practices with stakeholders (clients, suppliers...)**

■ **3 international commitments:**

➤ Professional equality: ambitious objectives and visible results

✓ **25% of Top 500 executives**

✓ Women represent 40% of the BNPP Talent programme

➤ Internationalization and multiculturalism


✓ 162 nationalities in the Group, 57 nationalities among Senior Management

➤ Promoting employment and insertion of people with disabilities

✓ On 29 June 2016, the CEO signed the ILO Global Business and Disability Charter. All entities are invited to take at least one commitment on disability.

■ **10,000 employees involved in the networks**





A good place to work and responsible employment management

A GOOD PLACE TO WORK & KEY RECRUITER

■ Trends in the workforce

- Total workforce end-2016: 192,419 FTE
- 20,249 staff recruited worldwide (+13%) on permanent contracts
- Increased presence on social networks with +330,000 LinkedIn subscribers
- Launch of the first international recruitment campaign on Snapchat



■ Top Employer in Europe

- Top Employer Europe certificate for the 4th consecutive year in 7 countries: Belgium, France, Italy, Poland, Turkey, Spain and Luxembourg





**A learning company supporting
dynamic career management**

HR STRATEGY 2020 – HR TRANSFORMATION

- Aims at providing each employee with a career plan, more personalized experiences, training and development by applying “positive management” and transforming and digitalizing the main HR processes (qualitative transformation)
- In 2017: launch of the “HR User experience” tool



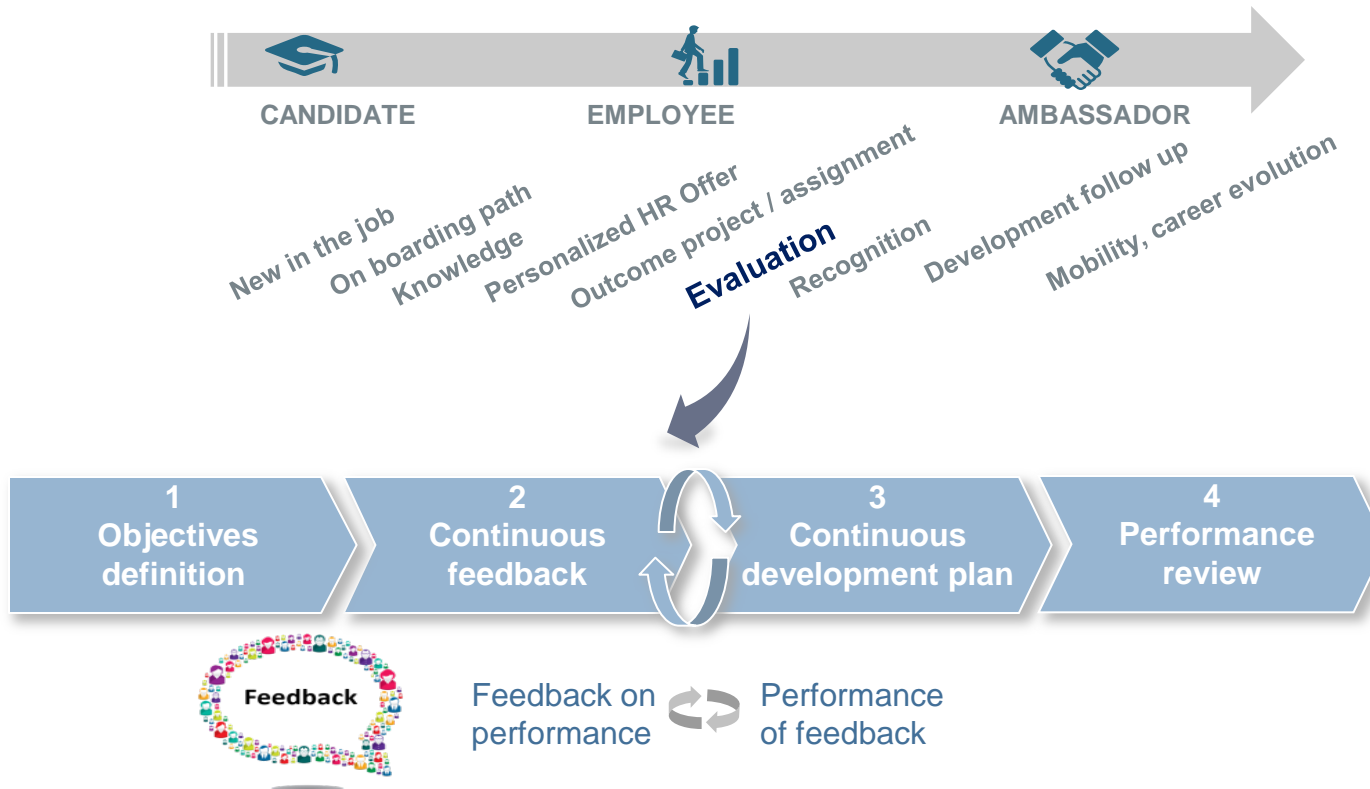
HR STRATEGY 2020 – HR TRANSFORMATION

■ Transform

The culture top to bottom with Positive Management & Employee Feedback

■ The four Management Principles

- Positive Management is based on each person's strengths, favouring « test & learn » and valuing success. Development of immediate feedback will reinforce a climate of trust with respect and inclusion.



HR STRATEGY 2020 - DEVELOP PERSONALIZED TRAINING

- 100% of employed* trained with an average of 27 hours of training per employee, notably due to Compliance mandatory training on sanctions and embargoes, on the Code of conduct (96%) and on fraud, corruption and anti-money laundering (91%).
- Focus on digital training in all businesses. The **“Let’s get digital” App** created in France and deployed internationally reached 140,000 views, 16,000 unique visitors & 6,000 likes.
- Diversified sources of development
 - E-learning, Hackatons, Learning Expeditions, Pro bono, Corporate volunteering and other solidarity activities, intrapreneurship with the People’s Lab
 - CSR missions of Corporate volunteering for Leaders for tomorrow (Talent programme)



* Physical headcount taking into account 98% of Group headcount across 71 countries (v. 96% in 60 countries in 2015)

■ **Mobility remains a major focus of HR management practises**

- With 5,469 transfers between entities and business lines in 2016
- With communication, an active community on mobility and an increased deployment of internal mobility tools
- With International **“Mobility Days”**





Being a positive agent for change

Products and services that are widely accessible

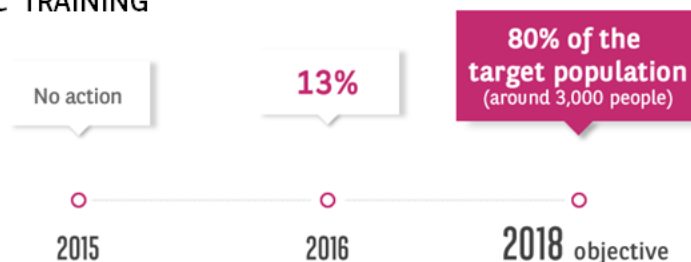
Combat social exclusion and support human rights

Corporate philanthropy policy focused on the arts, solidarity and the environment

OUR CIVIC RESPONSIBILITY

Objectives for 2018

PROPORTION OF EMPLOYEES CONTRIBUTING DIRECTLY TO THE PROMOTION OF HUMAN RIGHTS WHO HAVE RECEIVED A SPECIFIC TRAINING



THE BNP PARIBAS GROUP'S ANNUAL SPONSORSHIP BUDGET



ANNUAL NUMBER OF BENEFICIARIES OF MICROLOANS DISTRIBUTED BY MICROFINANCE INSTITUTIONS FINANCED BY BNP PARIBAS



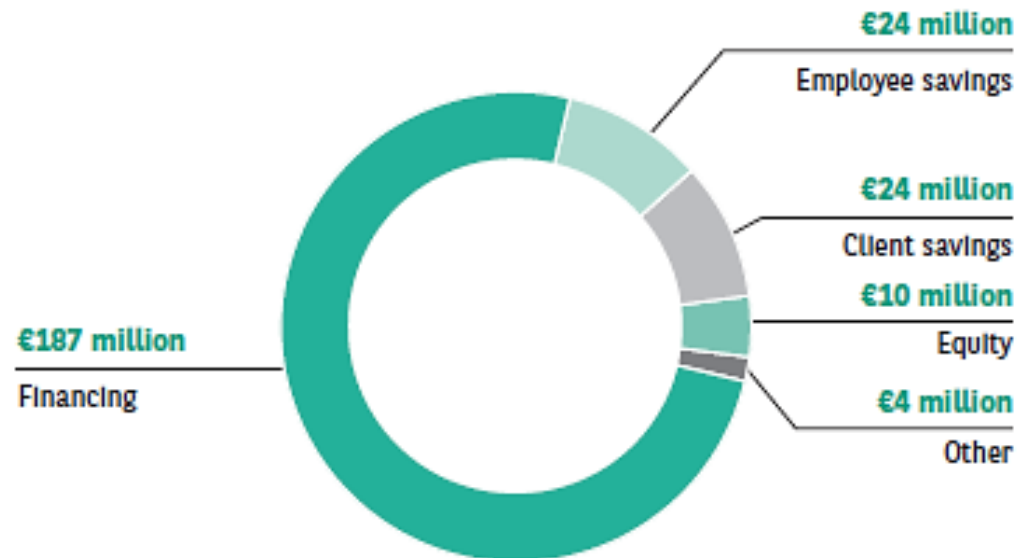
**Products and services that are
widely accessible**

GROUP SUPPORT TO MICROFINANCE

OBJECTIVE: A powerful lever of inclusion for people usually excluded from the traditional banking system

- **This support** takes the form of credit lines for financing the microcredit portfolios of microfinance institutions (MFIs) that generally do not have the ability to develop savings or to finance the support of micro-borrowers.
- **In mature economies:** BNP Paribas is one of the leading banking partners of the main European microfinance players as Adie (Association pour le Droit à l'Initiative Économique) in France, PerMicro in Italy, Microstart in Belgium and MicroLux in Luxembourg.
- **In emerging economies:** the Group provides support to partners in 10 countries by financing a portion of the microcredit portfolios of these institutions while taking a close look at their social impact, which is characterized for instance by the average loan size or by the percentage of female borrowers.

➤ **BNP Paribas support for microfinance as of 31 December 2016**



➤ **GROUP TOTAL SUPPORT FOR MICROFINANCE IN 2016: EUR 248 MILLION**

ACCESS TO FINANCING AND INSURANCE

OBJECTIVE: Innovate to answer the specific needs of the young people, the customers with major diseases, and the associations

- **PERSONAL FINANCE France:** specific credit offer dedicated to employees with limited-term working contracts (18-30 years old)
 - An offer for employees with temporary work contracts in particular was launched in 2016 in the Czech Republic, Portugal, Spain and Italy

- **INSURANCE:** make insurance available to all customers
 - Example of Cardif in South Korea: product designed for customers with major diseases to enable them to take out loans
 - Simplifying contracts by using “plain language” (i.e. B1 level)
 - Example of BNP Paribas Investment Partners in India: offer enabling access to funds via mobiles, making app saving accessible for the majority of the people

SUPPORT FOR VULNERABLE CUSTOMERS

■ A tailored offer for customers in financial difficulty

- **French Retail Banking** has implemented several prevention and support mechanisms for its customers experiencing difficult situations, such as a partnership with the CRESUS association, which provides assistance to people experiencing over-indebtedness or difficulty managing their budget
- As well, **CETELEM** provides a dedicated team who offers an in-depth exploratory interview to discuss the households' financial health as soon as the clients are identified
 - In 2016, 8,464 customers benefited from a complete budget analysis; 40% revealed areas of weakness and were provided with personalized assistance
- Last but not least, **BNP Paribas Leasing Solutions** offers flexible leasing solutions for its customers experiencing cash-flow problems due to unforeseen events (e.g. earthquakes in Italy)

■ Branch accessibility for the greatest number:

- Belgium: **BNP Paribas Fortis** continues to strengthen actions implemented since 2012
 - 213 branches “accessible to persons with reduced mobility” in 2016 (132 in 2015)
 - Cash dispensers with vocal prompts to guide the unsighted and enable them to carry out banking transactions: 2,000 such machines are now available throughout Belgium
 - The Bank is the first company in Belgium to have received the ‘Disability Matters Europe’ prize

FINANCIAL AND INSURANCE EDUCATION FOR CONSUMERS

Over 492,000 people trained or informed on financial education in 2016

■ Many programs focusing on young people:

- **In Morocco**, for the fifth consecutive year of the Financial Education Week for children and young people, BMCI enabled 7,000 schoolchildren to benefit from lessons in 47 towns and cities, thanks to the involvement of 94 branches
- **In the United States**, First Hawaiian Bank took part in “Teach Children to Save”, during Financial Literacy Month. Employees gave lessons about savings in 13 schools to students from low-income families

■ Where financial education has long been present in local practice, initiatives are aimed at all sectors of the public:

- **Italy**: 40,000 students in 1,400 participating schools were made aware about responsible borrowing thanks to the “Per Corsi Young” program
- **France**: partnership of BNP Paribas Cardif with the “Entreprendre pour Apprendre” (EPA) association: 85 employees, 31 more than in 2015, decided to help micro-companies during the school year

Combat social exclusion and support human rights

GIVING SUPPORT TO DEPRIVED URBAN AREAS SINCE 2006 WITH « PROJET BANLIEUES »

Over 10 years of
commitment to help
deprived suburbs
/ EUR40 Million
of support

BNP Paribas
No.1 private employer in Seine-Saint-Denis
No.2 private employer in Marseille

A program that provides long-term support for
disadvantaged neighborhoods through three main focuses

Job creation & integration into the labor market

- The Foundation has enabled **Adie** to open 20 branches throughout France to accommodate job seekers with projects
- BNP Paribas, as the bank, refinances Adie's loan activity (micro-credit); in 2015 and 2016, EUR 20 Million loaned by BNP Paribas enabled Adie to create/maintain 5,175 jobs in France

Supporting education

- Help with schooling for more than 7,000 young people in deprived areas in partnership with **AFEV** (*Association de la Fondation Etudiante pour la Ville*) every year
- 2,632 teenagers benefited from one of the 61 schooltrips organised in 2016 by the "**Odysée Jeunes**" program (EUR 1 M/year)

Proximity and local presence

- **51 local associations** spread across ten different regions have received backing of a total amount of EUR 430,000 in 2016
- Creation in 2016 of **17 "Entreprises & Quartiers"** clubs to connect businesses (regional Bank managers and corporate customers) with local associations

RESPECTING THE UN'S GUIDING PRINCIPLES RELATED TO BUSINESS AND HUMAN RIGHTS

- The **Human Rights Statement of BNP Paribas**: signed in 2012 by the General Management, is a level 1 Policy, accessible to all online
- A commitment **reflected in the Group strategy** : “The fight against the exclusion and the promotion of human rights”.
- ... and highlighted in the **2016 BNP Paribas Code of Conduct**, “Involvement with Society” (7th article)
- Following the **UK Modern Slavery Act**, the Group published a statement on slavery and human trafficking validated by the General Management and Board of Directors, in May 2017
- A **monitoring indicator**: Percentage of employees contributing directly to the promotion of human rights having undergone a dedicated training (Target: risks, procurement, etc.)
- An **independent and qualified expert on human rights** is present in the Ethical Committee of the Group
- BNP Paribas is a **founder member of EDH**, takes part in the Thun Group and is a **member of the UN Global Compact** since 2003



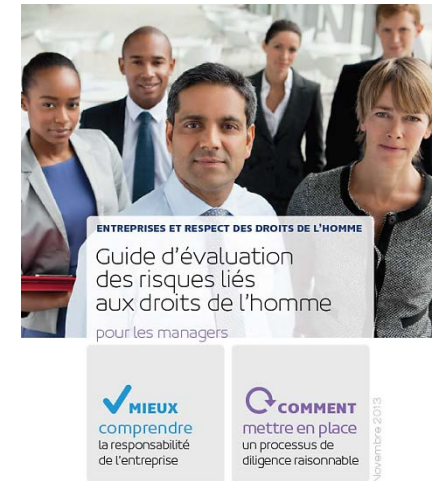
RESPECTING THE UN'S GUIDING PRINCIPLES RELATED TO BUSINESS AND HUMAN RIGHTS

- **Protecting our employees in countries at risk**
 - Mapping of employee human rights in about 40 countries in order to identify the strengths and weaknesses of the entities in the regions where the Group operates.

- **Commitments expected of suppliers and subcontractors**
 - Reinforced supplier assessment for particularly sensible goods (by an independent rating organism).
 - “Know Your Supplier” project (only contract with suppliers who respect international and local laws and basic CSR principles).

- **Controlling the indirect impact of our financing and investments**
 - Human Rights criteria in financing and investment policies.
 - Since 2017, Human Rights criteria in project financing credit and rating policies.
 - Engagement with clients suspected to be involved, directly or indirectly, in human rights abuses (e.g. on cluster munitions production).
 - Dedicated Human Rights Risk Assessment tool (HRRRA) to identify and assess human rights-related risks in the Group’s loan portfolio by sector and geography.

- **Training and raising awareness on Human Rights**
 - Dedicated e-learning compulsory for the CSR network, Risks, Procurement, Sales managers of the BNP Paribas CIB entity...



edh entreprises pour les droits de l'homme

BNP Paribas' "salient" Human Rights Risks

Direct	Right to privacy (protection of customers' private data)
	Right of access to financial services
Indirect	Rights of local communities
	Workers' rights

Corporate Philanthropy policy focused on the arts, solidarity and the environment

CORPORATE PHILANTHROPY

■ **SOLIDARITY: combating exclusion and discrimination; fostering employee volunteering; supporting education and professional integration**

- Fighting against destitution (Resto du coeur, Samusocial) and aid for refugees (EUR 5 million Support Plan renewed in 2016)
- Supporting Education and Inclusion (through initiatives such as Dream up and Adie)
- Supporting employees' commitment through the "Coup de pouce" (Helping hand) program

■ **ARTS : fostering the performing arts; preserving and enhancing cultural heritage**

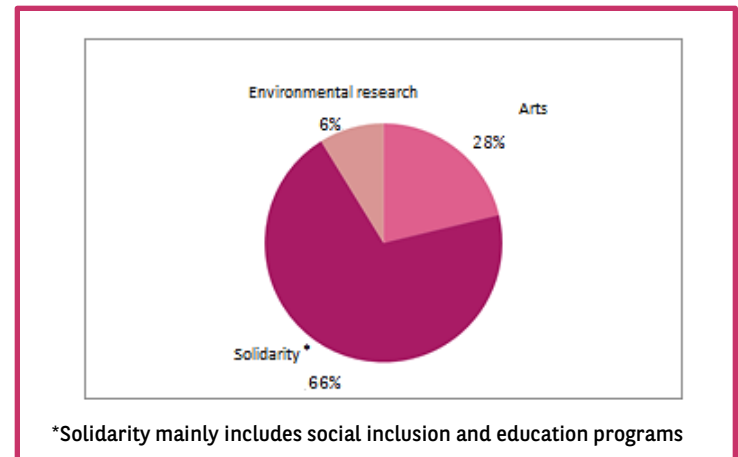
- "Previews at the Opéra" enabling young audiences to discover lyrical and choreographic performances
- Preserving cultural heritage and patrimony by restoring works of art in museums in France and abroad

■ **ENVIRONMENTAL RESEARCH : financing and supporting research on climate change**

- Supporting climate initiative projects
- Disseminating knowledge and best environmental practices.

2016

Over 40.4M€
and over 5,182 programs supported



UNIFYING EMPLOYEES' GENEROSITY



- **The Rescue & Recover endowment fund**, a long-term solution launched in 2012 to help victims of humanitarian disasters, **celebrated its 4th anniversary in 2016**

- **A unique initiative**

- A pioneering solidarity tool: permanently open to all BNP Paribas employees around the world
- Each employee donation is matched by BNP Paribas and paid to the 3 NGOs partnered by the fund: CARE, the French Red Cross and Doctors Without Borders (Médecins Sans Frontières)
- Chaired by Baudouin Prot, former Chairman of BNP Paribas

- **Positive results**

- Since 2012, the fund has organised 15 fundraising campaigns and collected more than EUR 2.8 million
- In 2016, the fund has provided:
 - Around EUR 220,000 to the victims of the earthquake in Italy through the Italian Red Cross
 - Around EUR 175,000 to help the associations' work in communities affected by Hurricane Matthew in Haïti



COMMITTED EMPLOYEES SHOWING SOLIDARITY

FOSTERING VOLUNTEER WORK THROUGH DEDICATED STRUCTURES

■ Voluntary Work Coordination

- Creation of this internal structure in 2016, to coordinate both types of volunteering;
 - 1) Collective solidarity actions and voluntary work (performed outside of working hours)
 - 2) Skills-based volunteering
- The Volunteerism Coordination is based on a network of representatives in the different entities of the Bank. The « Bénévolat de compétences et solidarité » (BCS) association, in particular, promotes skills-based volunteering by the Group's active and retired employees.

BACKING THE GENEROSITY OF EMPLOYEES

- **PHILANTHROPY:** Helping Hand (Coup de Pouce) program supports projects in which staff are personally involved.
 - In 2016, 296 projects received grants for a total of almost EUR 1 million
 - Implemented in 22 countries; Brazil joined them in 2016 with the launch of "Mao Amiga"



Combating climate change

Partnering with our clients in the transition to a low carbon economy

Reduce the environmental impact of our operations

Advance awareness and sharing of best environmental practices

OUR ENVIRONMENTAL RESPONSIBILITY

Objectives for 2018

FINANCING FOR RENEWABLE ENERGIES



GREENHOUSE GASES EMISSIONS



NUMBER OF PEOPLE MADE AWARE OF CLIMATE ISSUES

BY BNP PARIBAS



BEING A LEADER IN COMBATING CLIMATE CHANGE

■ BNP Paribas is committed to **reduce its impacts**

As a bank with a presence in 74 countries and financing all kind of sectors, BNP Paribas' activities have two types of impacts:

1. **Direct:** impacts produced by our own actions;
 2. **Indirect:** impacts generated by our financing and investments.
- In 2016, BNP Paribas' environmental reporting quality, including both direct and indirect impacts, was rated **A-** by the **Carbon Disclosure Project**

■ In October 2016, BNP Paribas was named as the **“Most Innovative Investment Bank for Climate Change and Sustainability”** by The Banker Awards 2016.

■ In May 2017, BNP Paribas committed to become **'carbon neutral'** by **end-2017**. 3 complimentary initiatives:

1. **Reduce employees' emissions** by 25% by 2020
2. Using only **low carbon electricity** in all countries where it is available
3. **Offset CO2 emissions** that cannot be directly avoided or easily reduced through partnerships with benchmark organizations (e.g. GoodPlanet Foundation)



Partnering with our clients in the transition to a low carbon economy

Doubling the support for Renewable Energy

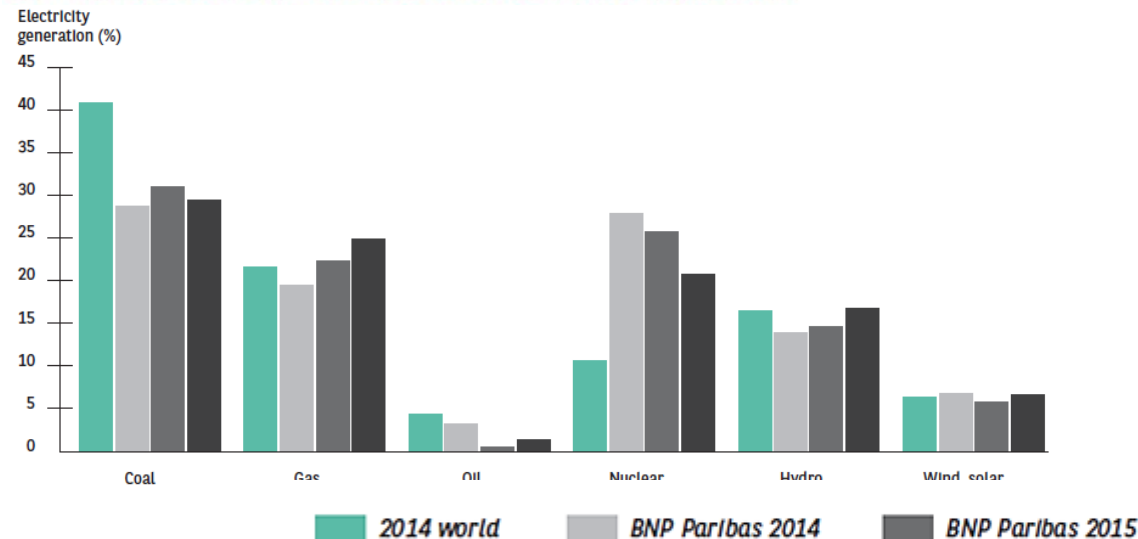
■ Major participant in the renewable energy sector

- BNP Paribas ranked as the **fourth overall** (mandated Lead Arranger) in Europe by Infrastructure Journal
- In total, in 2016, the Group financed or advised on renewable energy projects totaling more than **7.6GW** of installed capacity
- **EUR 9.3 billion exposure** at end-2016 (EUR 7.2 Bn in 2015)
- Commitment to **significantly step up its financing** in the sector to EUR 15Bn in 2020

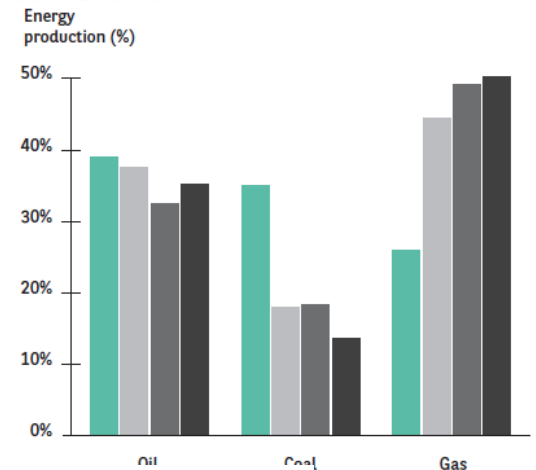
■ Financing electricity and energy mixes that rank better than the world mix (electricity mix and primary energy mix as well)

- The kWh carbon content financed by the Group is 395 g of CO₂, compared with the world average of 515 in 2014 (source: IEA)
- BNP Paribas undertakes to ensure that the carbon content of a kWh financed by it will from now on reduce as quickly as the worldwide average in the IEA's 450 scenario (i.e. 85% between 2014 and 2040)

BNP PARIBAS' ELECTRICITY MIX COMPARED TO THE GLOBAL MIX



BNP PARIBAS' PRIMARY ENERGY MIX COMPARED TO THE GLOBAL MIX



BNP Paribas' green services for institutional investors

A significant role promoting green bonds

■ The Group is one of the world's top three players, in euros, on the Green Bonds' market

- A position it had initially planned to achieve by 2018
- Since 2012, the Group has been joint lead manager for EUR 5.8 billion including more than EUR 1 billion equity-linked bonds

■ 2016 Achievements

- In November, BNP Paribas issued its **first green bond** (EUR 500 million) in order to refinance a portfolio of renewable projects in Europe
- **On top of this, EUR 2.4 billion of Green Bond issues** for which the Group acted as joint lead manager
- **Examples:**
 - Two out of three Iberdrola green bonds (EUR 1 billion, then EUR 750 million, with BNP Paribas as joint lead manager) used to refinance onshore wind farms in Spain
 - The first sovereign green bond in France (EUR 7 billion planned with a 22 year maturity), based on a syndicated bank facility including BNP Paribas

HELPING COMPANIES TO ENGAGE WITH ENERGY TRANSITION

■ Assisting entrepreneurs in their energy efficiency efforts

- BNL “Green Desk”
 - Advice and financing of renewable energy or energy efficiency projects
 - 498 projects received since April 2014
 - EUR 119.5 million – including EUR 66.6 million in 2016
- BNP Paribas Fortis’ **Sustainable Energy Services (SES)** Department
 - offers real expertise and support to its SME clients in order to design and finance infrastructure for the production of renewable energy or work done to improve energy efficiency within their plants
 - 106 projects in 2016 representing EUR 250 million

■ Support for innovative start-ups in the energy transition

- The Group has committed to investing **EUR 100 million up to 2020 in innovative start-ups involved in the energy transition**, e.g. EUR 5 million in Heliatek GmbH (Germany): ultra-light organic photovoltaic film suitable for all kinds of roofs and glass or concrete building façades

■ For households and individual customers

- **Domofinance**, joint venture between EDF and BNP Paribas Personal Finance specialized in **financing of energy efficiency in private customers’ homes**
 - 46,000 loans in 2016 (530,000 loans since launch)
 - Energy savings equivalent to the annual consumption of around 47,400 households in 2016
- Platform to facilitate home energy renovation
 - www.monprojetrenovation.com, platform for energy efficiency self diagnosis
 - Simulation with BNP Paribas renovation loans and interest-free eco-loans

HELPING COMPANIES TO IMPROVE THEIR ENERGY EFFICIENCY

In specialized Businesses

■ BNP Paribas Real Estate

- All of the commercial property developed by BNP Paribas Real Estate is **environmentally certified**
 - Improved its certification services in 2016 and is now a **BREEAM assessor and HQE adviser**
 - Key projects in 2016 include **Citylight**, two residential buildings certified as **passive houses** and **67 wood-framed social housing units** in Montreuil
- A proactive approach for promoting innovative urban projects
 - Example of “Reinventing Paris”, integrating many eco-friendly solutions, such as smart grids, car sharing solutions, residential urban agriculture schemes, etc.



■ Arval (long-term rentals)

- Responsible mobility: telematics systems enabling effective customer fleet management by monitoring fuel consumption, distances covered, CO2 emissions and driving behaviors
 - Number of vehicles managed for international clients increased 9% between 2014 and 2016 (from 267,000 to 290,000), while total emissions dropped 3%
 - Received the Sustainable Mobility Award in June 2016.

■ BNP Paribas Leasing Solutions

- Offers a range of services in France based on the long-term leasing of low carbon assets.
 - E.g. natural gas-powered lorries; LEDs, with a long-term leasing offer for users and finance leases for constructors and distributor



**Reduce the environmental
impact of our operations**

| REDUCE OUR DIRECT IMPACT: QUANTIFIED OBJECTIVES FOR 2020

Achieve carbon neutrality as of 2017

Cut GHG emissions per employee by 25% compared with 2012, from 3.21 to 2.41 tones of CO₂ equivalent per employee

Cut paper consumption per employee by 30% compared with 2012, from 165kg to 115kg per employee

Increase the share of responsibly sourced paper (produced from recycling or sustainably managed forests) to 80% of the total amount consumed internally

Increase the share of internal waste paper collected for recycling up to 55%

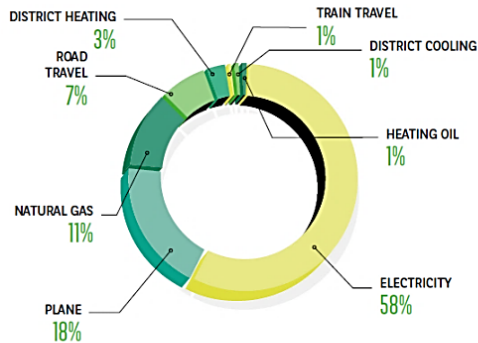
Process obsolete IT equipment according to a rigorous policy for controlling the associated environmental and social risks

REDUCE OUR DIRECT IMPACTS: QUANTIFIED OBJECTIVES FOR 2020

Environmental indicators

TOTAL GREENHOUSE GAS EMISSIONS

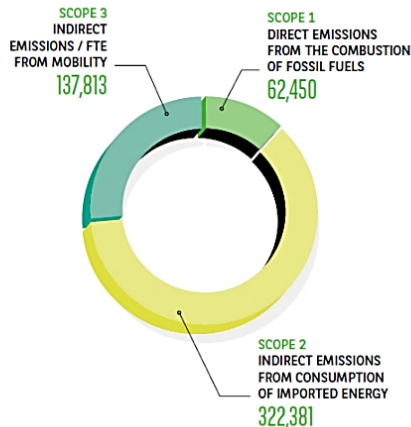
522,644 teqCO₂ in total, i.e. 2.72 teqCO₂ per FTE (2015: 544,718 / 2.89), made up as follows:



EMISSIONS / FTE FELL BY 15.3% BETWEEN 2012 AND 2016, IN LINE WITH OUR 2020 OBJECTIVE TO REDUCE THEM BY 25% COMPARED WITH 2012

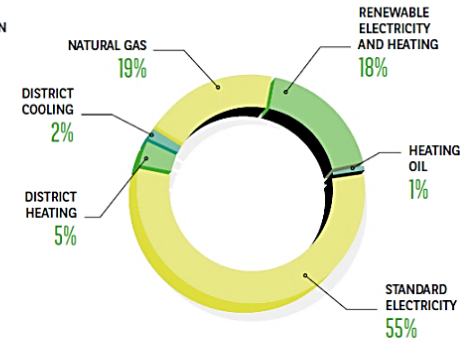
BREAKDOWN OF EMISSIONS BY SCOPE UNDER THE GHG / PROTOCOL / ISO 14064-1

In teqCO₂ per FTE



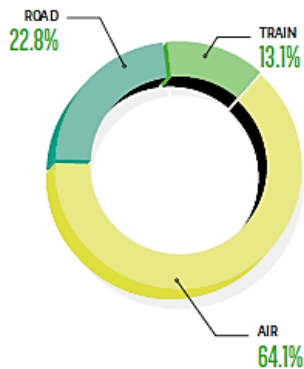
ENERGY CONSUMED IN BUILDINGS

1,460 GWh i.e. 201 kWh / m² (2015: 1,529 / 207), broken down as follows:



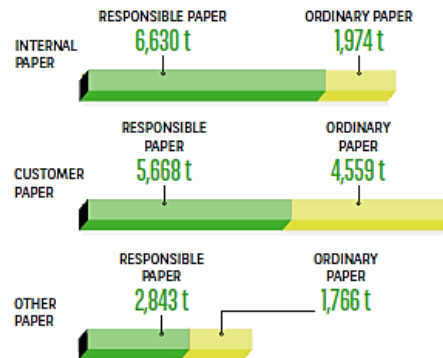
BUSINESS TRAVEL

910 million km, i.e. 4,730 km / FTE (2015: 956 / 5,055), which breaks down as follows:



TOTAL PAPER CONSUMPTION

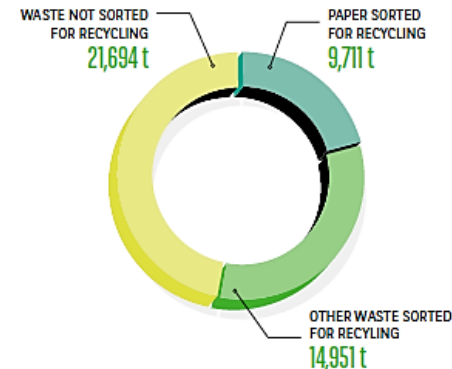
23,440 tons, i.e. 122 kg / FTE (2015: 25,293 / 134), which breaks down as follows:



PAPER CONSUMPTION / FTE DECREASED BY 26% BETWEEN 2012 AND 2016, IN LINE WITH OUR 2020 OBJECTIVE TO REDUCE CONSUMPTION BY 30% COMPARED WITH 2012. THE PERCENTAGE OF SUSTAINABLE PAPER USE INCREASED TO 64% IN 2016, IN LINE WITH THE 2020 OBJECTIVE OF 80%.

OFFICE WASTE

46,356 tons, i.e. 241 kg / FTE, of which 53% is sorted for recycling (2015: 33,025, i.e. 175 / 44.9%)



REDUCE OUR DIRECT IMPACT: WHAT'S AT STAKE?

- 201 kWh/sq.m. consumed in our buildings – total of 1,460 GWh of which almost two thirds for electricity
- 4,730 km/FTE for business travel (plane, train, car)
- Renewable energy represented 17.6% of total energy consumption in buildings



522,644 tonnes of CO₂ equivalent emissions, or 2.72 tonnes of CO₂ equivalent /FTE

73.6% for buildings and 27.1% for business travel

- 122 kg paper consumed/FTE of which 64.6% is responsible
- 39.24 cubic m. water consumed/FTE in our buildings
- 241 kg waste/FTE, of which 53% is recycled
- 26.5% environmentally-friendly office supplies products purchased



REDUCE OUR DIRECT IMPACT: A GLIMPSE OF OUR ACTION PLANS

Achieving carbon neutrality as of 2017

Strong commitment to achieve carbon neutrality as of 2017: in 2016, the Group emitted a total of 522,644 teqCO₂/FTE which represents a 15.3% reduction compared to 2012
Three complementary initiatives:
1. Group reduction target: 25% reduction by 2020:
➤ Since 2012, BNP Paribas has already reduced its direct CO₂ emissions by 15% per employee
➤ This achievement is the result of a specific policy of promoting energy efficiency at the Bank's buildings, data centres and optimising business travel
2. Use of low carbon electricity:
➤ As half of CO₂ emissions arise from our electricity consumption, BNP Paribas committed to use only low carbon electricity in all countries where it is available
3. Carbon offsetting :
➤ Partnerships with benchmark organisations to offset CO₂ emissions that cannot be directly avoided (e.g. business travel)
➤ Partnership with the GoodPlanet Foundation to promote the construction of biodigesters - individual household biogas production facilities - in rural India

Paper: consume less, consume better

➤ 30% reduction target as of 2020 compared to 2012: in 2016, the Group already achieved a 18% reduction.

Reduce wastes and recycle

➤ Recycle paper (e.g. BNP Paribas Fortis is the first Belgian company to obtain a recycling certificate for recycling and reusing its own used paper)
➤ Recycle food (e.g. In one of the Group's buildings in the UK, food waste is transformed into biogas and agricultural fertilizer)
➤ Give a second life to obsolete computer equipment by donations or resale whenever possible

Combat loss of biodiversity

➤ Use responsibly sourced paper to protect forest ecosystems and their biodiversity
➤ Take measures to protect the biodiversity of the 23-hectare Domaine des Voisins park in Louveciennes, France

A LEADER IN CERTIFICATIONS



- With 70 ISO 9001 certifications, the Group is a leader in the banking and insurance sector
 - 16,625 employees work in an organization certified ISO 9001
- 26 ISO 14001 certifications which makes BNP Paribas the world leader in the banking/insurance sector for environmental management systems.
 - 8,664 Group employees work in an entity certified ISO 14001
 - Integrated approach for French Retail Banking
 - The branch network, document publishing, factoring and data centers have all received ISO 14001 certification
 - Launch of an ambitious certification program at CIB UK involving 74% of its workforce as well as Arval and its 15 certified subsidiaries worldwide
- At the same time, BNP Paribas is developing and launching other processes of ISO certification with regards to:
 - Occupational Health and Safety Management (OHSAS 18001),
 - Information Security Management (ISO 27001),
 - Information Technology – Service Management (ISO 20000)
- The Group integrates the ISO 26000 standard alongside other CSR standards to establish its framework for CSR initiatives and define action plans



**Advance awareness and sharing
of best environmental practices**

SUPPORT FOR RESEARCH AIMED AT COMBATING CLIMATE CHANGE

- **Financing sciences - Climate Initiative**, a major international program with strong scientific credibility and a long-term vision, achieving success right from year one
 - 3rd call for projects to support research in climate change in 2016: 228 applications, from laboratories and universities, involving 1,568 researchers, based in 95 countries
 - 8 projects selected with an overall budget over three years of EUR 3 million, such as Invacost project, “Invasive Insects and Their Cost Following Climate Change” and SOCLIM project: first oceanographic campaign aiming at gathering data on the Southern Ocean
- **Raising awareness - Conference cycles**: 116,000 people sensitized in 2016 through the Climate exhibition and the conferences in France and in the world, such as:
 - Philippe Ciais’ conference, “Is it possible to maintain warming to less than 2C?” in Paris
 - Stéphane Blain’s conference, “What is the future of the Southern Ocean?” at the Oceanographic Institute in Paris
 - Jérôme Chappellaz’ conference on the Subglacior project in Hong Kong
 - Guillemette Ménot’s conference “What climates for Africa?” in Paris
- **Getting involved - Participation in Think-Thanks and commitment platforms**, such as:
 - Portfolio Decarbonization Coalition (joined by BNP Paribas Investment Partners)
 - The Transition Pathway Initiative
 - Science Based Targets
 - Banking Environment Initiative (BEI)
 - Entreprises pour l’Environnement
 - IDDRI (the French Institute for Sustainable Development and International Relations)



APPENDICE

- BNP Paribas financing and investment sector policies, public position on tobacco industry
- Group global strategy: energy transition financing

SECTOR POLICY: DEFENCE

■ POLICY OBJECTIVES

- **2012 Defence Policy was structured around 3 axes:**

- Exclusion of Controversial Weapons (and their producers)
 - Cluster munitions,
 - Anti-personnel mines
 - Nuclear arms (outside France, UK, USA)
 - Depleted uranium ammunitions...

- A sector specific list of excluded and sensitive countries applying to export transactions
- Exclusion of private intermediaries on defence transactions outside the EU/NATO zone

- **2017 update of the policy introduces new commitments:**

- Exclusion of torture tools (and their producers)
- Addition of surveillance equipment in the list of Sensitive equipment
- Exclusion of transactions involving both sensitive equipment or activities and a sensitive country
- Exclusion of clients specializing in sensitive activities that are located in sensitive countries
- Exclusion of non-State entities (states or state-controlled companies) outside OECD countries
- Exclusion of counterparties, whether private or state-owned, having a verified, recent history of involvement in deals in violation of UN, EU, United States or French embargoes on arms and international repression equipment

■ CONCRETE ACTIONS

- Transaction in the sector of Defence are regularly reviewed by Group Compliance and CSR
- Thus leading to the exclusion of 142 companies and 37 companies under monitoring in 2017

Evolution of the policy between 2012 and 2017:

	All other Countries	Defence Sensitive country	Excluded Countries
Regular Defence equipment	Authorized	Authorized	Forbidden
Regular Security equipment (New)	Authorized (New)	Authorized (New)	Forbidden (New)
Sensitive equipment	Authorized	Forbidden (New)	Forbidden
Excluded equipment*	Forbidden	Forbidden	Forbidden

SECTOR POLICY: COAL-FIRED POWER GENERATION

■ POLICY OBJECTIVES

- Addressing social and environmental issues of the coal fired power generation sector and conducting business in a responsible manner
- **Grounds for exclusion for projects:**
 - Following to the policy update in 2017, BNP Paribas will not provide financial products and services to **new CFPP projects wherever they are located**
- **Grounds for exclusion for companies:**
 - Inadequate disclosure of safety track record or environmental data
 - In addition, the CFPG company must have a diversification strategy to reduce the share of coal in its power generation mix at least as ambitious as the national commitment to limit GHG emissions of the country where its principal operations are located
 - Following to the policy update in 2017, BNP Paribas will not initiate new commercial relationships with clients that derive **over 50% of their revenue from coal**
- **Complementary environmental, social and governance due diligence on the company**

■ CONCRETE ACTIONS

- Over the period 2011-2016, for every 4 projects analysed, 3 were rejected
- These commitments lead to the exclusion of 63 companies and 33 under monitoring in the Energy & Extractives sector in 2017
- Internal carbon pricing (2015) and integration of climate component in the projects and companies rating methodology

SECTOR POLICY: NUCLEAR POWER

■ POLICY OBJECTIVES

- Addressing key CSR issues: safety, security, non-proliferation, protection of people and the environment, etc.
- **Grounds for exclusion for power plant projects:**
 - Inadequate legal framework, international cooperation, Nuclear Safety Agency or political instability in the host country
 - Unsatisfactory results of the technical, environmental and social due diligence
 - Reactor design neither from a Reference Nuclear Country nor validated by NSA of a Reference Nuclear Country
 - Insufficient arrangements to ensure radiation monitoring, protection of workers and adequate temporary storage of nuclear waste
- **Grounds for exclusion for nuclear companies:**
 - Operating license suspended or owns or operate NPPs whose nuclear reactors has not been validated by the NSA of a Reference Nuclear Country
 - No independent chain of control to monitor safety of nuclear operations, or inadequate global policy ensuring radiation monitoring, prevention of radiation emission and the protection of workers
- **Complementary environmental, social and governance due diligence on the project, the company and the host country**
- **Policy update in 2013: integrating the lessons learned from the Fukushima nuclear accident**
 - Any application for financing a nuclear power plant now requires verification of additional criteria relating to the country's nuclear safety authority.

■ CONCRETE ACTIONS

- This policy leads us to ask complementary E&S audits and to develop dialogue with clients
- And to the exclusion of 63 companies and 33 under monitoring in the Energy & Extractives sector in 2017
- BNP Paribas has not financed any nuclear power plant since 2006; the group regularly finances maintenance (spare parts, engineering...) or modernization of existing power plants

■ POLICY OBJECTIVES

- Avoid financing or investing in companies which activities may have adverse environmental (ecosystem and biodiversity, water use and water pollution, GHG emissions, use of agrochemicals), social (poor working conditions, health and safety issues) and governance (land grabbing, food security issues, food safety and traceability issues and animal mistreatments) impacts.
- Monitor the Group's activities in agricultural commodities hedging and investment products
- Agricultural commodities producers are encouraged to certify their crop fields or plantations against RTRS, BCI, Bonsucro or UTZ. Forest managers and processors of timber products are encouraged to have their forest concessions certified against the FSC or the PEFC standard by 2020.
- **BNP Paribas is signatory of the BEI Soft Commodities' Compact, an initiative that aims to mobilize the banking industry to help transform soft commodity supply chains, thereby helping clients to achieve Zero net deforestation by 2020.**
- **Grounds for exclusion for agricultural projects:**
 - Are located on sensitive areas (UNESCO World Heritage Sites, Wetlands on the Ramsar list, Alliance for Zero Extinction sites, IUCN Category I-IV areas or Peat lands)
 - Use child or forced labour
 - Do not have a policy in place to obtain the Free, Prior and Informed Consent (FPIC) of the local communities
- **Grounds for exclusion for agricultural companies:**
 - Do not have a water management plan
 - Engage in Land grabbing practices
 - For physical agricultural products merchants and traders, do not have a policy on food safety and traceability covering their sourcing and their own operations
- **Specific position on Agriculture commodities**
 - BNP Paribas has made a commitment not to offer individual and institutional investors BNP Paribas internal funds containing exposure to agricultural commodities

I SECTOR POLICY: PALM OIL

I 1st SECTION OF FORESTRY POLICY

■ CONTEXT

- BNP Paribas is signatory of the **BEI Soft Commodities' Compact** (an initiative to help transforming soft commodities supply chains), thereby helping clients to achieve Zero net deforestation by 2020

■ POLICY OBJECTIVES

- Avoid financing or investing in companies that actively contribute to deforestation (loss of biodiversity, aggravation of climate change, etc.) and/or people exploitation, and address concerns of NGOs

• **2017 update of the policy:**

- Echoing to new “No peat, no deforestation, no exploitation” (NDPE) commitments, BNP Paribas now requires companies in the sector to integrate a “**High carbon stock**” **forestry assessment** and to achieve “**Free Prior and Informed Consent**” for potentially impacted local communities

• **Main grounds for exclusion:**

- For upstream palm oil companies, no compliance with existing social and environmental laws and international regulations
- Use of child or forced labour
- No consultation process, acceptable compensation process and grievance mechanism – FPIC is a mandatory requirement
- New plantations on peat (new: whatever their depth), high conservation value forests, high carbon stock forests and protected areas (World Heritage sites, IUCN zones I to IV...)
- No no-burn policy

■ OUTCOME

- Mighty Earth and Sustainable Brands acknowledge the policy as “a new path for responsible financing that all major financial institutions should follow”

■ POLICY OBJECTIVES

- Avoid financing or investing in companies that actively contribute to deforestation (loss of biodiversity, aggravation of climate change, etc.) and address concerns of NGOs.
- BNP Paribas encourages companies to adopt best international industry practices and to move towards higher standards of sustainability (FSC and PEFC) and is also a signatory of the “Soft Commodities Compact” from the Banking Environment initiative and the Consumer Goods Forum
- **Grounds for exclusion for upstream pulp companies:**
 - No compliance with existing social and environmental laws and international regulations
 - Use of child or forced labour or no regular monitoring plan of health and safety conditions
 - No consultation process, acceptable compensation process and grievance mechanism
 - Use of illegally harvested wood or new plantations on high conservation value forests
 - No stringent peat land management procedure or no no-burn policy
- **Grounds for exclusion for pulp producers:**
 - Wood sourcing does not respect the above requirements
 - No compliance with existing social and environmental laws and international regulations
 - No use of Elementary Chlorine Free or Totally Chlorine Free process in new pulp mills or no actual transition in existing pulp mills
 - No regular monitoring plan of the workforce’s health and safety conditions

SECTOR POLICY: MINING

■ POLICY OBJECTIVES

- Financing or investing responsibly in the mining sector by taking into account governance, social and environmental issues
- **Grounds for exclusion for projects:**
 - Located on protected areas or in countries under financial sanctions or in conflict area
 - Use of child or forced labor or do not respect Health and Safety requirements as defined in the ILO Conventions
 - Do not include a site reclamation plan or cannot provide a health and safety management plan and track record
 - Extract asbestos, artisanal or small-scale mining activities, Appalachian MTR projects or use riverine or shallow marine tailings disposal
- **Grounds for exclusion for mining companies:**
 - Have their headquarters located in countries under financial sanctions or cannot disclose information on their performance related to water use, waste, GHG emissions and land reclamation
 - Use child or forced labour as defined in the ILO Conventions or cannot provide a track record regarding health and safety at company level
 - Are involved in asbestos extraction or significant producers of coal extracted from Appalachian MTR operations
- **Complementary environmental, social and governance due diligence on the company**
- **Policy update in 2015 for coal mining:** BNP Paribas stopped financing coal mining activities, whether project or company financing, unless they have put in place an energy diversification strategy
- **Policy update in 2017 for coal mining:** BNP Paribas will not initiate new commercial relationships with clients that derive over 50% of their revenue from coal.

■ CONCRETE ACTIONS

- These commitments lead to the exclusion of 63 companies and 33 under monitoring in the Energy & Extractives sector in 2017

SECTOR POLICY: UNCONVENTIONAL OIL AND GAS

■ CONTEXT

- Massive production of unconventional is incompatible with a 2 degree scenario
- Development of unconventional oil and gas production: +27% for conventional oil and gas vs. +127% for unconventional between 2014 and 2040

■ POLICY OBJECTIVES

- To address social and environmental issues of the unconventional oil and gas industry and establish guidelines for conducting business in the most possible responsible manner

• **Grounds for exclusion for unconventional oil and gas projects:**

- Exploration and Production of unconventional oil and gas resources (under the present policy, unconventional oil and gas resources cover shale oil or gas, oil sands as well as oil and gas resources located in the Arctic region);
- Pipelines transporting a significant volume of unconventional oil and gas;
- LNG export terminals supplied by a significant volume of unconventional gas.

• **Grounds for exclusion for companies involved in unconventional oil and gas:**

- Exploration and production companies for which unconventional oil and gas represent a significant part of their total reserves;
- Diversified companies for which unconventional oil and gas exploration and production represent a significant share of their total revenues (i.e. companies with exploration, production as well as midstream and/or downstream activities);
- Trading companies for which unconventional oil and gas resources represent a significant part of their business;
- Companies that own or operate pipelines or LNG export terminals supplied with a significant volume of unconventional oil and gas.

• **Complementary environmental, social and governance due diligence on the project and the company**

■ CONCRETE ACTIONS

- These commitments lead to the exclusion of 63 companies and 33 under monitoring in the Energy & Extractives sector in 2017

PUBLIC POSITION: TOBACCO INDUSTRY

■ OUR POSITION

- **In 2016, decision to raise expectations towards tobacco leaves growers and traders, and tobacco companies**
 - Definition of mandatory requirements and evaluation criteria, in particular regarding their human rights, environmental and health standards
 - Rationale: the World Health Organisation (WHO), United Nations' agency specialised in Health, identified tobacco as the first avoidable cause of deaths, and instituted in 2003 the Framework Convention on Tobacco Control, the first global public health treaty
 - Objective: to avoid financing or investing in companies that do not respect national laws, are not transparent on the health risks associated with smoking and target young or vulnerable people
- **In 2017, decision to end any financing and investment activity related to tobacco companies or professional players whose principal activity is linked/dedicated to tobacco**
 - Exclusion of manufacturers of tobacco products, as well as producers, wholesalers and traders whose revenue is mainly derived from tobacco
 - This decision impacts all of the Group's business relations with tobacco companies, as well as investments on behalf of third-parties

"The WHO has called on the international community regarding the effects of tobacco in terms of health. We have reaffirmed our ambition to finance the economic development while having a positive impact on all our stakeholders, contributing to build a better future." said Jean-Laurent Bonnafé, Director and Chief Executive Officer, BNP Paribas.

"We are delighted by BNP Paribas' announcement, and we call on all leaders in the finance sector to stand alongside BNP Paribas in solidarity with health and government sectors across the globe", said Dr. Bronwyn King, CEO, Tobacco Free Portfolios.

GLOBAL STRATEGY : ENERGY TRANSITION FINANCING

BNP PARIBAS' COMMITMENTS TO THE ENERGY TRANSITION

REDUCE OUR EXPOSURE TO COAL



- NO FINANCING OF COAL-FIRED POWER PLANTS
- NO FINANCING OF COAL MINES
- NO PRODUCTS & SERVICES RELATED TO A COAL ASSET
- ONLY FINANCE COMPANIES WHICH ARE COMMITTED TO DIMINISHING THE SHARE OF COAL IN THEIR PRODUCTION

FINANCE THE ENERGY TRANSITION



DOUBLE OUR FINANCING IN RENEWABLE ENERGIES.

TARGET: €15 BILLION BY 2020

 RANK AMONG THE TOP 3 ISSUERS OF EURO-DENOMINATED GREEN BONDS

ACCOMPANY TECHNOLOGICAL INNOVATION



SUPPORT INNOVATIVE START-UPS TO ACCELERATE THE ENERGY TRANSITION.

INVESTMENT: €100 MILLION BY 2020

STRENGTHEN CARBON RISK MANAGEMENT

- SYSTEMATIC USE OF INTERNAL CARBON PRICE
- ADAPTATION OF RATING METHODOLOGIES TO TAKE CLIMATE CHANGE INTO ACCOUNT IN COMPANIES AND PROJECTS FINANCING

COMBAT DEFORESTATION

BNP PARIBAS SIGNED THE BEI SOFT COMMODITIES COMPACT AND COMMITTED TO A NET ZERO DEFORESTATION OBJECTIVE IN ITS FINANCING AND INVESTMENT ACTIVITIES.

CRITERIA TO PROTECT FORESTS ARE INCLUDED IN AGRICULTURE, PALM OIL AND WOOD PULP SECTOR POLICIES.

INVEST IN LOW CARBON ECONOMY

BNP PARIBAS INVESTMENT PARTNERS SIGNED THE MONTREAL CARBON PLEDGE AND THE PORTFOLIO DECARBONIZATION COALITION, WHICH ENGAGE TO MEASURE, PUBLISH AND REDUCE THE CARBON FOOTPRINT OF MANAGED FUNDS.

BNP PARIBAS OFFERS INVESTORS A LARGE RANGE OF LOW CARBON FUNDS.

REDUCE OUR OWN GREENHOUSE GAS EMISSIONS

