

# BNP PARIBAS AND THE EXERCISE OF ITS CSR



CSR Department  
July 2020



**BNP PARIBAS**

The bank for a changing world



# Introduction





BNP Paribas Group

CSR fully embedded within the Group strategy

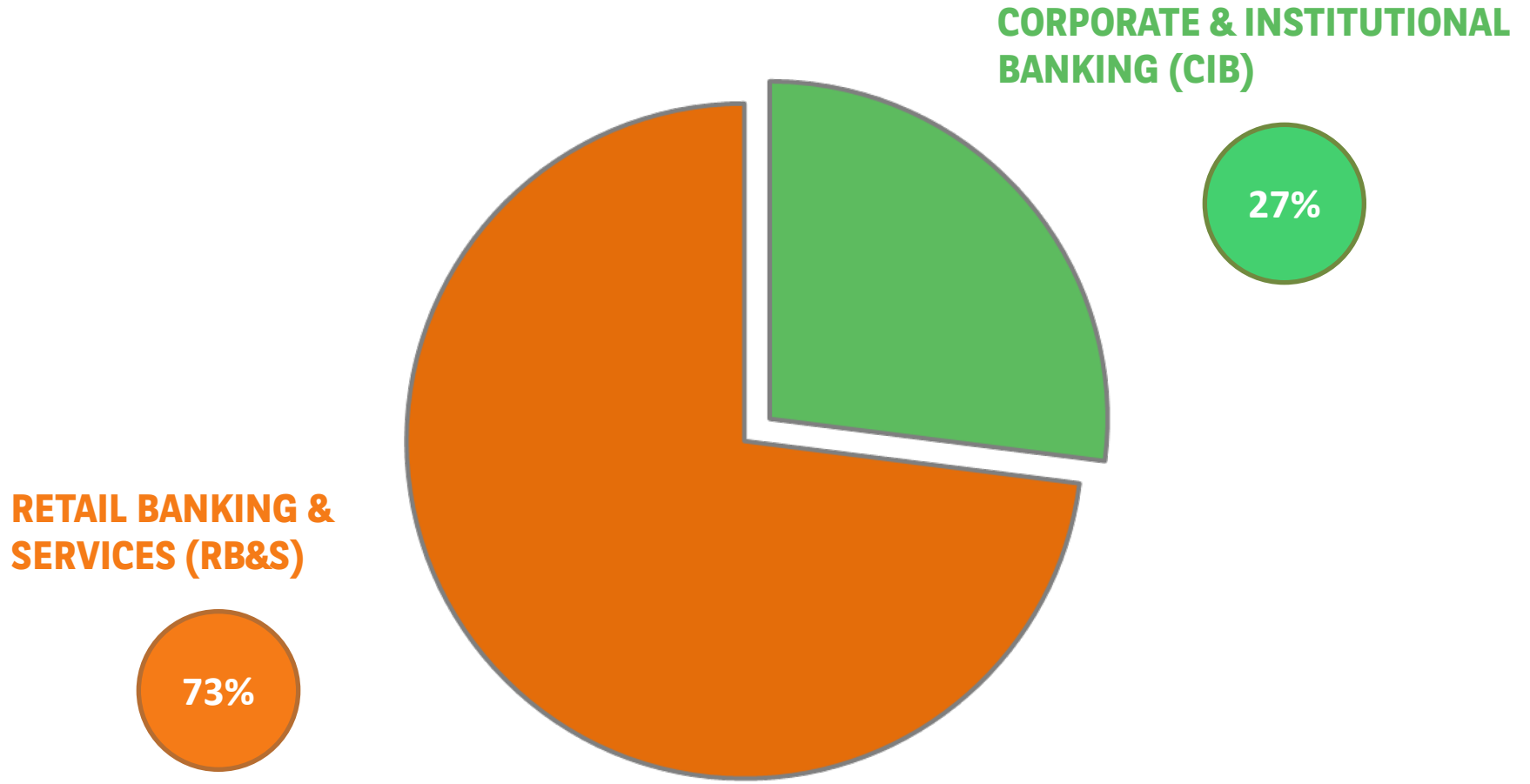
CSR Governance

# BNP PARIBAS GROUP

# BNP PARIBAS GROUP STORY

|                               | 1999   | 2001  | 2019   |
|-------------------------------|--|---|--|
|                               |   |  |                                 |
| <i>Number of Employees</i>    | 50,000   | 30,000  | 80,000<br>(Including 55,000 in France)   |
| <i>International presence</i> | France,<br>North African countries,<br>India, Hong Kong...   | Main Financial Markets:<br>London, New York,<br>Frankfurt, Paris...                 | 83 countries   |
| <i>Activities</i>             | Retail<br>Corporate Banking  | Investment Banking<br>Specialized<br>Financial Services                             | 83 countries   |
|                               |  |   | 71 countries   |
|                               |  |   | Retail Banking & Services<br>Corporate & Institutional<br>Banking  |
|                               |  |   | Retail<br>Corporate & Investment<br>Banking<br>Specialized Financial<br>Services<br>Asset Management<br>& Services |

# | 2 ACTIVITIES



Breakdown by 2019 operating divisions revenue

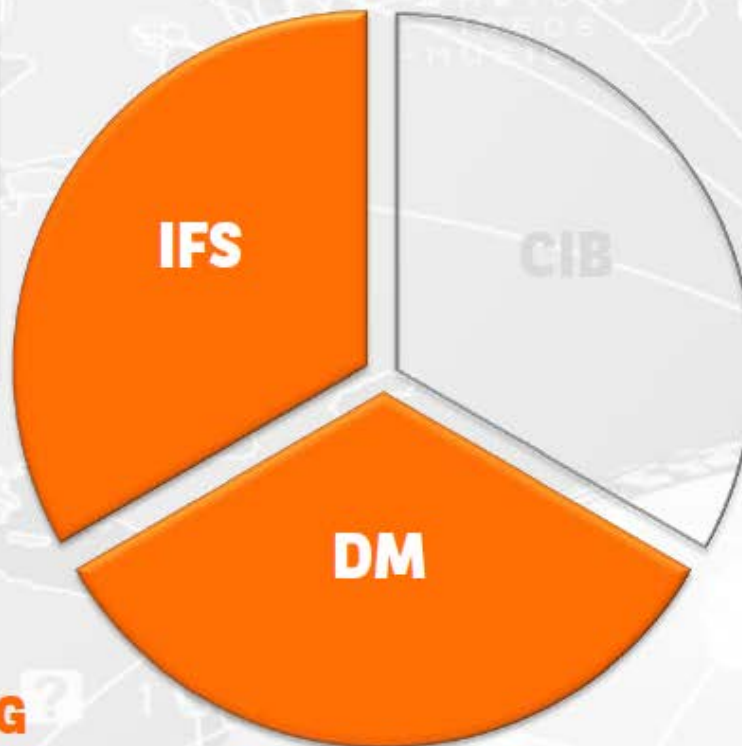
# RETAIL BANKING AND SERVICES

**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 Asset Management  
BNP Paribas Real Estate Services



## DOMESTIC MARKETS

French Retail Banking  
BNP Paribas Fortis  
BNL  
BGL BNP Paribas

Arval  
BNP Paribas Leasing Solutions  
BNP Paribas Personal Investors  
Nickel

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

# DOMESTIC MARKETS

- Nearly 66,000 employees
- More than 18 million customers
- Including nearly 900,000 professionals, small businesses and corporates

## Leading position in a dynamic corporate market

- **#1 in terms of customer penetration rate** with corporates in France and Belgium, #3 in Italy
- **Network banks** that take a comprehensive and broad approach to the needs of customers in connection with all the businesses of the Group
- **Strong businesses** with growth prospects at the core of the integrated model (e.g. Trade Finance and Cash Management both #1 in France and Belgium)

## Strong positions in Private Banking

- **#1 in France and in Belgium, #5 in Italy**
- **Assets under management** increasing by **8.1%** compared to 2018
- **A positive cooperation drive with the corporate business line**, with net asset inflows >2.9bn (as at 31 December 2019)

# INTERNATIONAL FINANCIAL SERVICES

- Close to 79,000 employees in more than 60 countries
- Strong positions in the Asia-Pacific region and the Americas, which are key development regions for the Group

## Enhanced leading positions at the core of the integrated market

- **Personal Finance:** #1 consumer credit specialist in Europe and a presence in 33 countries, >25 million clients
  - **Europe-Mediterranean and BancWest:** integrated retail and commercial banking model developed in 15 countries, >15 million clients
  - **BNP Paribas Cardif:** global leader in creditor protection insurance with a presence in 34 countries
- **BNP Paribas Wealth Management:** #1 private bank in the eurozone, *Best Private Bank in the World* (Global Finance 2019)
  - **Real Estate Services:** leader in continental Europe, #1 in Germany
- **Asset Management:** a global asset manager and leader in terms of sustainable finance with a #1 position in terms of assets under management certified SRI in France and Febelfin in Belgium

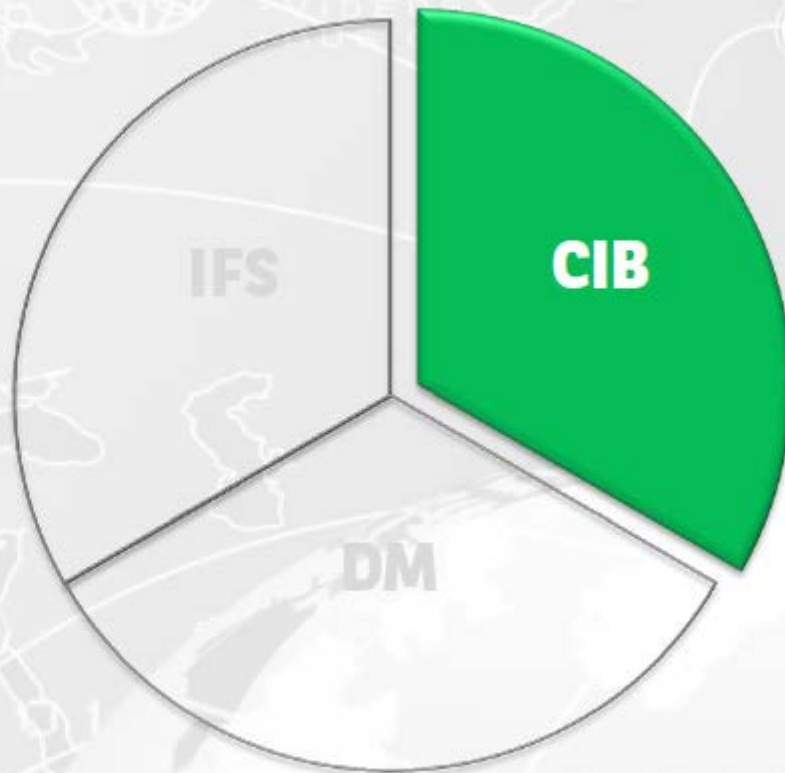


# CORPORATE AND INSTITUTIONAL BANKING

Corporate Banking

Global Markets

Securities Services



# CORPORATE AND INSTITUTIONAL BANKING

## LOCAL SOLUTIONS FOR GLOBAL ACTIVITIES

- Close to 35,000 employees in 55 countries
- A powerful client-driven business model centered on two client franchises: corporate and institutional
- First-class core products and services
  - Global leadership in Financing
  - A European powerhouse in Capital Markets
  - A world leader in Derivatives
  - Reinforcement of Prime Brokerage
  - A dynamic Advisory franchise in Europe and Asia
- A confirmed leadership in Europe
- 27% of Group's revenues

### 2019 AWARDS

Euro Bond House of the Year (IFR Awards 2019)

FX Derivatives house of the year (IFR Awards 2019)

Green Bond Lead Manager of the Year for Corporates (Environmental Finance Bond Awards 2019)

Most Impressive House for Corporate Bonds (Global Capital Bond Awards 2019)

Research & Strategy House of the Year (Global Capital Derivatives Awards 2019)

Derivatives House of the Year (Energy Risk Awards 2019)

Currency Derivatives House of the Year (Risk Awards 2020)

Best Bank for Financing, Western Europe (Euromoney – July 2019)

**CSR FULLY EMBEDDED  
WITHIN THE GROUP STRATEGY**

# 2017-2020 GROUP STRATEGIC PLAN : FOCUSING ON THE LONG TERM, TARGETING SUSTAINABLE GROWTH

## ●— ENCOURAGING SUSTAINABLE GROWTH IN THE ECONOMY

- BNP Paribas combines **economic efficiency** with the expectations of its clients and stakeholders to **create innovative** financing and investment **solutions**. As such, the Group seeks to :
  - Consolidate our **financial performance** and expand our activities
  - Support our **client's growth** and strengthen our **international presence**
  - Generate a **positive impact** through our products and solutions
  - Consolidate **our position as a major player in sustainable finance**
  - Build the **solutions of tomorrow** with our **partners** (startups, entrepreneurs and intrapreneurs)

## ●— DEVELOPING OUR CONTRIBUTION TO SOCIETY

- In order to increase its **positive impact on society**, the Group has committed to supporting causes where it can do the most. It is therefore dedicated to :
  - Ensure **best practices** in ethics and compliance
  - Implement a **fair and responsible HR policy** for the Group's employees
  - Adopt commitments **supporting the energy transition**
  - Promote a culture of **diversity, equality and inclusion** in our business lines and society
  - Develop our **support to territories and local communities** through cultural and solidarity-based initiatives

# BNP PARIBAS “COMPANY PURPOSE”

- BNP Paribas has formalized a “company purpose” text
- Elaborated under guidance from the BNP Paribas Executive Committee
- Approved by the Board of Directors
- Based on BNP Paribas’ Shared convictions, the Group Code of Conduct and the Engagement Manifesto
- Communicated to all employees in January 2020 and available externally

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

- The Group offers secure, sound and innovative financial solutions to individuals, professional clients, corporates and institutional investors while striving to **address the fundamental challenges of today with regard to the environment, local development and social inclusion**
- BNP Paribas employees aim to **deliver services that have purpose and relevance** for clients and the world around them
- The Group innovates in order to be a **leader in sustainable finance**
- BNP Paribas is developing the tools to **measure our environmental and social impact**

# 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 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



# BNP PARIBAS 2020 ENGAGEMENT STRATEGY

Extract from BNP Paribas 2020 Engagement Manifesto:

“We will strengthen our commitment to society, notably in line with the United Nations’ 17 Sustainable Development Goals”



## EXCELLENCE

*CSR POLICIES*

*DIVERSITY & INCLUSION*

*POSITIVE IMPACT BUSINESS*

*STAFF ENGAGEMENT*

## MAIN WORKSTREAMS

CLIMATE CHANGE & BIODIVERSITY



YOUNG PEOPLE



ENTREPRENEURS



LOCAL FOOTPRINT



# A COMMITTED BANK: 4 PILLARS AND 12 COMMITMENTS

## A BANK COMMITTED TO A BETTER FUTURE

### 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

Accelerating the energy and environmental transition

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

#### CSR is fully part of our corporate culture and strategy

- Integration of CSR criteria in the calculation of the deferred variable compensation plan of over 7,330 key employees of the Group
- Integration of criteria related to the Group's CSR performance in the calculation of the annual variable compensation of the Executive Corporate Officers
- A specialised Board committee, the "Corporate Governance, Ethics, Nominations and CSR" Committee (CGEN), is in charge of CSR issues

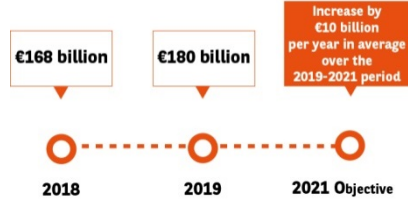


# OUR KEY PERFORMANCE INDICATORS (1/2)

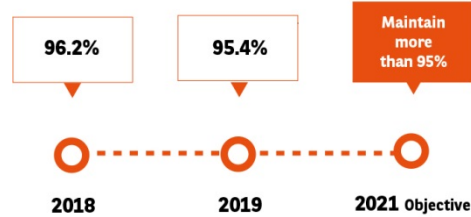
## 2019 DASHBOARD

### OUR ECONOMIC RESPONSIBILITY

AMOUNT OF CORPORATE FINANCING CONTRIBUTING TO THE ENERGY TRANSITION AND TO SECTORS CONSIDERED AS CONTRIBUTING DIRECTLY TO THE ACHIEVEMENT OF UN SDGS

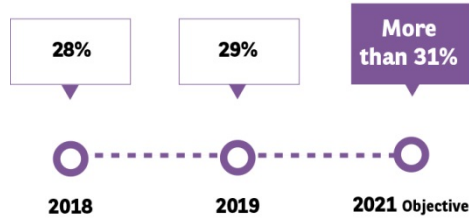


PERCENTAGE OF EMPLOYEES TRAINED ON ETHICS AND CONDUCT ISSUES

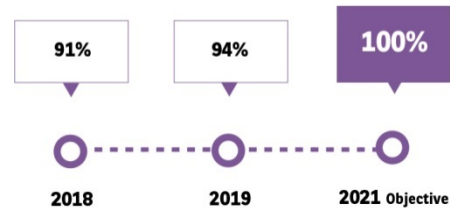


### OUR SOCIAL RESPONSIBILITY

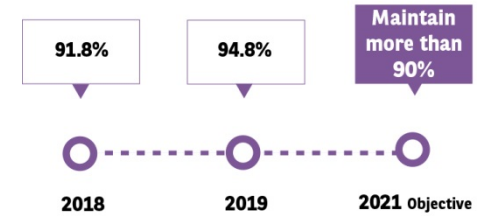
PERCENTAGE OF WOMEN AMONG THE SMP\* POPULATION  
\*SENIOR MANAGEMENT POSITION



PERCENTAGE OF ENTITIES WITH MORE THAN 1,000 EMPLOYEES HAVING TAKEN A COMMITMENT AS REGARDS DISABILITY

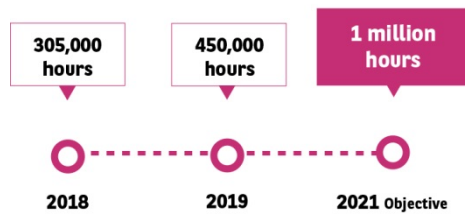


PERCENTAGE OF EMPLOYEES HAVING BEEN TRAINED AT LEAST TWICE OVER THE YEAR

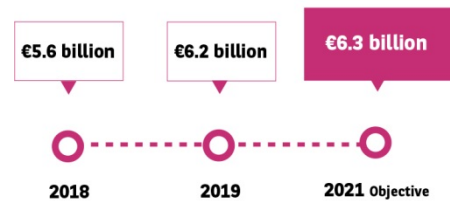


### OUR CIVIC RESPONSIBILITY

NUMBER OF SOLIDARITY HOURS PERFORMED BY THE EMPLOYEES

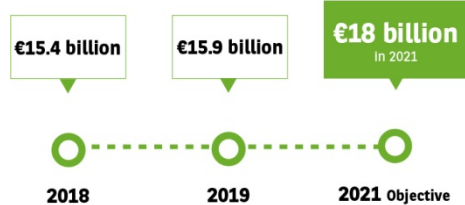


SUPPORT (FINANCING, INVESTMENTS ON BEHALF OF THE BANK AND THIRD PARTIES) TO ASSOCIATIONS AND SOCIAL AND SOLIDARITY ECONOMY ENTERPRISES

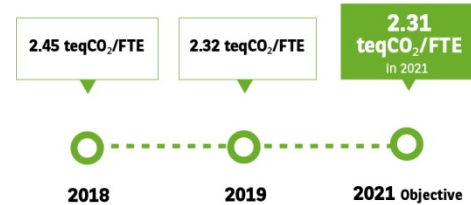


### OUR ENVIRONMENTAL RESPONSIBILITY

FINANCING FOR RENEWABLE ENERGIES



GREENHOUSE GAS EMISSIONS IN TEQCO<sub>2</sub>/FTE (KWH BUILDINGS AND BUSINESS TRAVEL)



# OUR KEY PERFORMANCE INDICATORS (2/2)

**Group Sustainability and Incentive Scheme:**  
20% of over 7,330 key employees' deferred variable compensation relies on the performance of the 9 CSR performance indicators

| Pillar                       | Commitment   | Indicator  | 2018 baseline                  | 2019                           | 2021 target   |
|------------------------------|--|--|--------------------------------|--------------------------------|---|
| Economic Responsibility      | 1 - Investments and financing with a positive impact                       | 1 - Amount of financing and investments to companies of sectors considered as contributing directly to the achievement of UN SDGs  | € 168 Bn                       | € 180 Bn                       | Increase by € 10 Bn / year in average over the 2019-2021 period |
|                              | 2 - Ethics of the highest standards  | 2 - Percentage of employees trained on an ethics-related issue   | 96.2 %                         | 95.4 %                         | Maintain more than 95 % in 2021                                 |
| Social Responsibility        | 4 - Promotion of diversity and inclusion in the workplace                  | 3 - Percentage of women among the SMP population (Senior Management Position)  | 28 %                           | 29 %                           | Over 31 % in 2021   |
|                              | 6 - A learning company supporting dynamic career management                | 4 - Percentage of employees having been trained at least twice over the year   | 91.8 %                         | 94 %                           | Maintain more than 90 % in 2021                                 |
|                              | 4 - Promotion of diversity and inclusion in the workplace                  | 5 - Percentage of entities with more than 1,000 employees having taken a commitment as regards disability                          | 91 %                           | 94.8 %                         | 100% in 2021  |
| Civic Responsibility         | 8 - Combat social exclusion and support human rights                       | 6 - Number of solidarity hours performed by the employees  | 305 k hours                    | 450 k hours                    | 1 million hours in 2021   |
|                              | 8 - Combat social exclusion and support human rights                       | 7 - Support (financing, investment for the account of third parties) to associations and Social and Solidarity Economy enterprises | € 5.6 Bn                       | € 6.2 Bn                       | € 6.3 Bn in 2021  |
| Environmental Responsibility | 10 - Partnering with our clients in the transition to a low-carbon economy | 8 - Financing for renewable energies   | € 15.4 Bn                      | € 15.9 Bn                      | € 18 Bn in 2021   |
|                              | 11 - Reduce the environmental impact of our operations                     | 9 - Greenhouse gas emissions in CO <sub>2</sub> teq / FTE (kWh buildings + professional travels)                                   | 2.45 CO <sub>2</sub> teq / FTE | 2.32 CO <sub>2</sub> teq / FTE | 2.31 CO <sub>2</sub> teq / FTE in 2021                          |

# BNP PARIBAS' ENGAGEMENT IS MADE CONCRETE THROUGH STRONG AND TANGIBLE REALISATIONS IN 2019



- **EUR 180 Bn in support to the achievement of UN SDGs at end-2019**
- **Support to social entrepreneurship amounting to EUR 1.9 Bn at end-2019**

- **Improvement of diversity** at end-2019: the nomination of men at key positions in human resources has increased from 18% to 28%, and gender equality has been achieved in Global Markets recruitment
- **Inclusion and diversity policy recognized** by employees through the internal survey



- **30 years of Group support to microfinance**: close to 2 million beneficiaries
- **Strengthened coalitions** for the development of a more inclusive society

- **EUR 9.8 Bn of green bonds at end-2019** as joint lead manager for our clients
- **EUR 15.9 Bn of financing to renewable energies at end-2019**
- **EUR 63 Bn of SRI funds assets managed** by BNP Paribas Asset Management in 2019: 15% of assets managed



# HEALTH CRISIS: EXCEPTIONNAL MOBILISATION OF BNP PARIBAS FOR ITS CLIENTS AND SOCIETY AT LARGE

## Activation of a business continuity set-up

**Prompt adaptation to safeguard employees' health and ensure essential services**

- **Crisis management governance** set up at all levels to handle lockdown measures
- Rapid and agile management of **business continuity** while protecting employees' safety.
- More than **132,000 employees working remotely** worldwide
- **90% of branches open** with suitable public health set up
- **Enhanced IT network capacities** (x5 in Europe, increased bandwidth worldwide) and cybersecurity measures

## Support for customers during the crisis

**Exceptional mobilisation of entities and employees to support and assist clients**

- Proactive reach out to **assess the crisis' impact and design action plans**
- Implementation of **suitable credit and cash management solutions**:
  - faster processing times
  - strengthened staff mobilisation
  - respecting responsible risk management standards
- **~69,000 applications received for state guaranteed loans<sup>1</sup>** in particular for very small businesses and SMEs
- Payment deferrals and moratoriums
- BNP Paribas was joint lead manager for **€45.6 Bn of "Covid-19 response bonds"** as of the end of June 2020 and positions itself as one of the leaders in this market

## Commitment to civil society

**Around €55m emergency donations in 35 countries; Over €100m investments to support SMEs and the healthcare sector)**

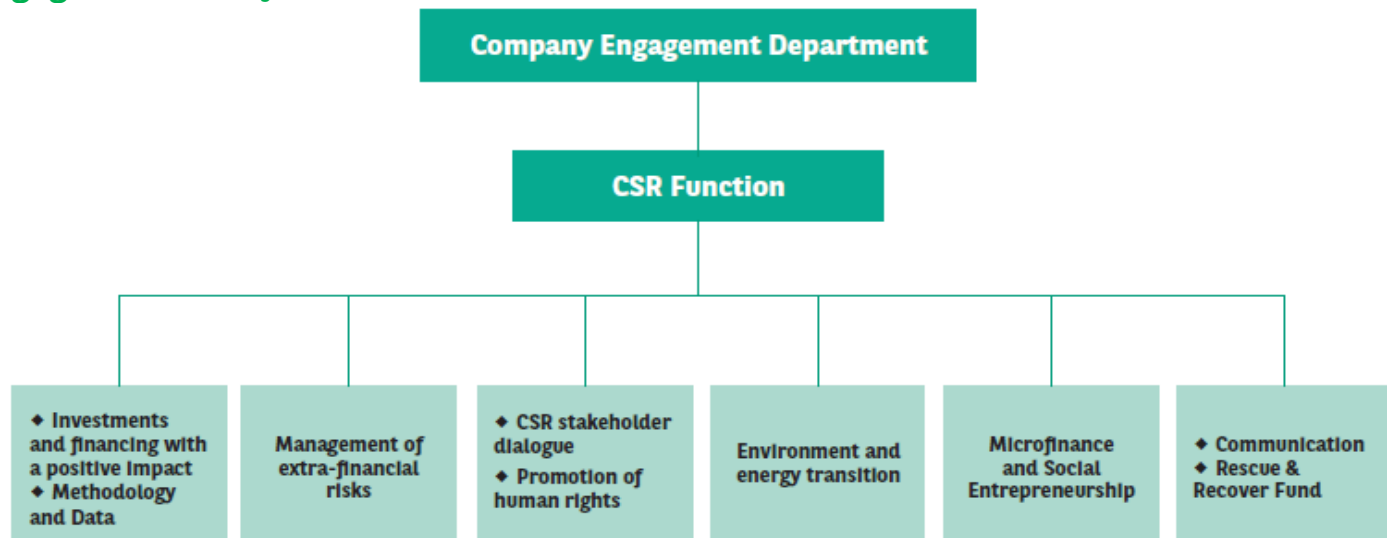
- **Support for hospitals and medical research**: donations to many hospitals worldwide, and to medical research (the Pasteur Institute)
- **Assistance to the most vulnerable persons**: donations to institutions (Red Cross, Food Banks, Care, Doctors Without Borders, ADIE, etc.)
- **Support for the youth** suffering from the digital divide: donations of computers (already close to 2,000) and digital keys, assistance to unprivileged youth
- Participation to **solidarity funds**

1. Received by the Retail Networks as at 30 April and according to the inception of the measures

# CSR GOVERNANCE

# STRENGTHENING OF THE 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 **1<sup>st</sup> September 2017**, CSR is overviewed by the new **Company Engagement Department** directly represented on the Group’s executive Committee, and working with all business lines, 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, etc. This strategy is presented in BNP Paribas’ [2020 Engagement Manifesto](#)



- CSR Department is relying on support from correspondents within the Business Divisions, Subsidiaries, Functional departments and strategic geographical areas (over **130 FTEs** spend all or a majority of their time on CSR matters within BNP Paribas)
  - One representative on the Entity Comex
  - One Head of CSR
- ... and an internal network of **≈ 300 experts**
  - Environment, SRI, Microfinance and Financing and Investment policies

# STRONG PUBLIC COMMITMENTS (1/3)

## 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)
- Institutional Investors on Climate Change – IIGCC (2007)
- Equator Principles (2008)
- 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)
- Science Based Target initiative (2016)
- Carbon Pricing Leadership Coalition (2017)
- Task Force on Climate-related Financial Disclosures (2017)
- UN Principles for Responsible Banking (2019)



# STRONG PUBLIC COMMITMENTS (2/3)

## BNP PARIBAS SPECIFIC PUBLIC COMMITMENTS ENDORSED BY CHAIRMAN AND CEO

### ■ Environmental commitments (reinforced in 2017)

- Commitments to the energy transition and climate stability (Reach €18 billion in financing to renewable energy in 2021)
- Reducing exposure to thermal coal and unconventional oil and gas
- Mitigating business risks linked to the energy transition
- Developing innovative financing and investment solutions to drive energy transition (Invest €100 million by end-2020 to encourage innovative start-ups)
- Reaching carbon neutrality for the emissions arising from its operations
- Actively engaging with regulators, policy makers and the scientific community to support the energy transition
- Protecting ecosystems, including biodiversity, forests, air, water and natural resources, through the endorsement of the Zero Net Deforestation objective set up by the Soft Commodities Compact

### ■ Statement on Human Rights (2012) and Modern Slavery & Human Trafficking (annual)

- Commitment to respecting the internationally accepted Human Rights standards as defined in the International Bill of Human Rights, and the fundamental conventions of the ILO
- Acknowledgement of its own responsibility of respecting and promoting human rights within its sphere of influence (employees, suppliers and sub-contractors, clients and local communities)
- Pursuant to the UK Modern Slavery Act, the Group has been publishing since 2017 an annual statement detailing the measures put in place to address and prevent slavery and human trafficking issues in its operations and value chains



# STRONG PUBLIC COMMITMENTS (3/3)

## BNP Paribas signing the UN Principles for Responsible Banking and Collective Commitment to Climate Action

- September 2019 at New York Climate Week: BNP Paribas signed the **UN Principles for Responsible Banking** and joined UNEP FI's **Collective Commitment to Climate Action**

**130 signatory banks** representing more than **1/3 of the global banking industry** committed to align their business strategies with the UN SDGs and the Paris Climate Agreement



- PRB were first developed in 2018 by a core group of **30 Founding Banks including BNP Paribas**, through an innovative global partnership with UNEP FI. They were subject to a **six-month global public consultation** from November 2018 to May 2019
- Additionally, **31 signatory banks including BNP Paribas** have endorsed the **Collective Commitment to Climate Action** to align their portfolios with a low-carbon and climate-resilient economy so as to limit global warming to well-below 2°C

# STRONG PUBLIC COMMITMENTS

## BNP PARIBAS SPECIFIC PUBLIC COMMITMENTS

CORPORATE AND SOCIAL RESPONSIBILITY

### BNP PARIBAS AND OCEAN PROTECTION

#### ■ CSR sector policies governing financing and investments

(Date of publication/Last update)

- Defence (2010/2017)
- Palm oil (2010/2017)
- Wood pulp (2011)
- Nuclear power (2012/2013)
- Agriculture (2015)
- Mining (2013/2016)
- Coal-fired power generation (2011/2020)
- Unconventional Oil & Gas (2017)

#### ■ Group public positions

- Exclusion of Tobacco companies (2017)
- Position on Ocean Protection (2019)

#### ■ Goods and activities on exclusion list - regularly updated

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

#### ■ Sustainable Sourcing Charter for BNP Paribas Suppliers (updated in 2018)

#### ■ BNP Paribas Responsible Business Principles (2018)



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# A COMPREHENSIVE GOVERNANCE

## Executive Committee to define the CSR strategy

### Recent examples:

- ✓ Commitment to carbon neutrality (since 2017)
- ✓ Financing and investment policy in the unconventional oil and gas sector (2017)
- ✓ Commitment to a global thermal coal exit timeframe for the financing of utilities using coal in their electricity production (2019/reinforced in 2020)

## 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

## GSCC

(Group Supervisory and Control Committee)

- to validate financing and investment policies
- *Example:* BNP Paribas Responsible Business Principles, 2018 Duty of Care vigilance plan...

## CCDG

(General Management Credit Committee)

- 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

APRIL 2020

CORPORATE SOCIAL RESPONSIBILITY

### ■ 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 that integrates the long-term interests of BNP Paribas Group

- Transparency and controls on executive bonuses
- Transparency and controls on the bonuses for employees identified as “Material Risk Takers”
- Integration of CSR criteria in the variable remuneration

#### 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 of the Chief Executive Officer have been separated since 2003 and no member of the Executive Committee has sat on any of the Board Committees since 1997.

The Chairman ensures that the Board fulfills 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 the Group strategy to the Board and then conduct the management of the company in order 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 of the Board of Directors.

An independent and representative Board of Directors

The Members of the Board of Directors are elected for three-year terms, which may be renewed.

Two of the Directors are elected by staff, and represent the company's employees.

As at end of 2019 financial year, six out of the fourteen Directors elected by shareholders are women, and five different nationalities are represented on the Board. Ten Board members qualify as independent, a proportion that largely exceeds the recommendations of the Afep-Medef code for corporate governance, which provide that at least half of the Board be composed of independent Directors.

An Audit Committee with a majority of independent members

The powers devoted to the Audit Committee have been split between the Financial Statements Committee, composed of 80% of independent Directors, and the Internal Control, Risk Management and Compliance Committee.

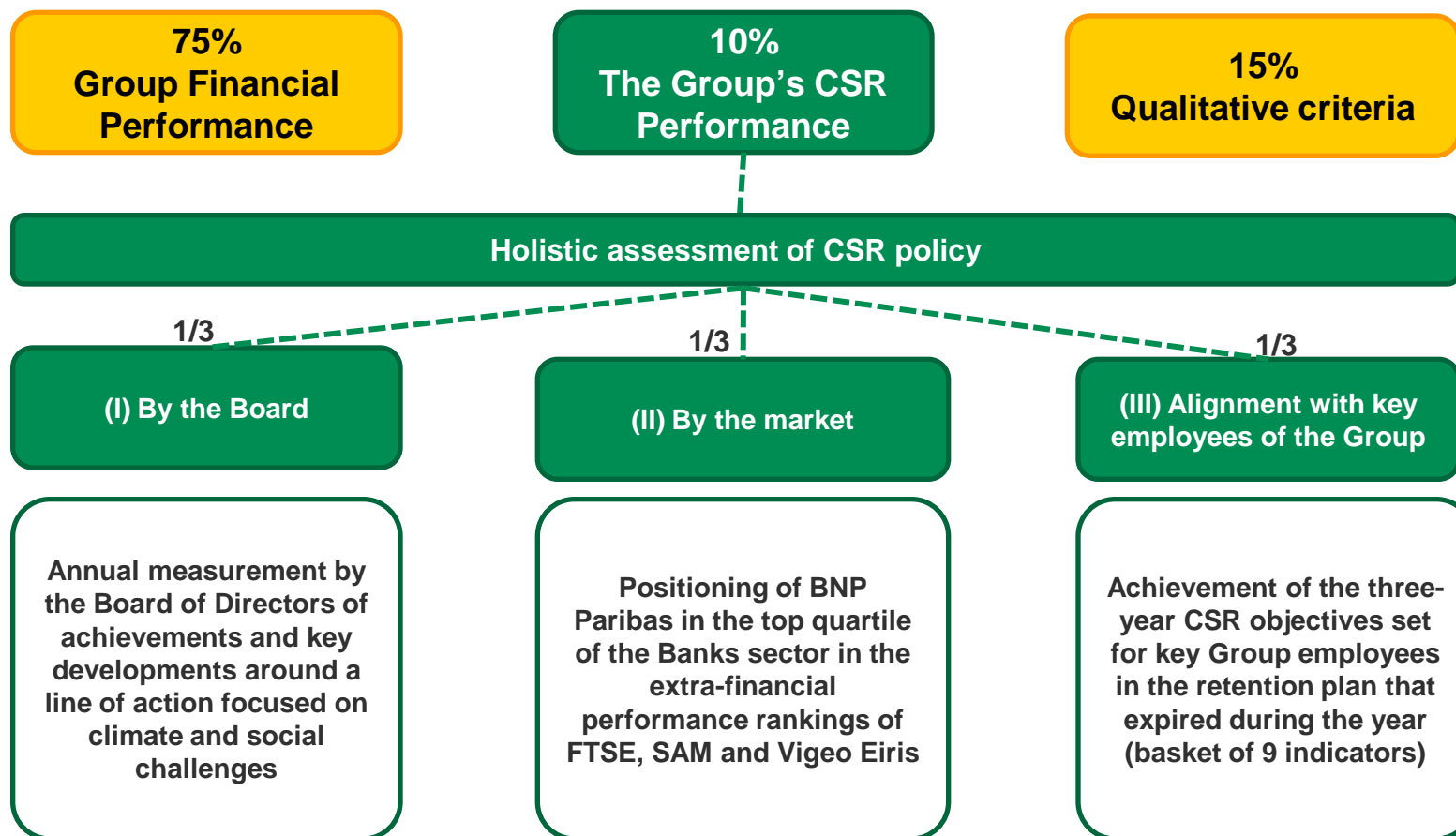


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# BEST PRACTICES IN GOVERNANCE

## RULES FOR DETERMINING THE ANNUAL VARIABLE REMUNERATION OF EXECUTIVE CORPORATE OFFICERS FOR 2019



# ADAPTATING AND COMPLYING TO NEW CSR REGULATIONS (1/5)

## The French law on the Duty of Care

### French Law on the Duty of Care

- BNP Paribas' systems in place to identify and manage risks (i.e. on human rights, health/safety and the environment) enable the Group to meet the requirements of the **French Law on Duty of Care**

#### ▶ **"BNP Paribas Responsible Business Principles"**

- Published on the Group's website at the end of 2018 and is valid for all commercial relationships of the Group
- Reference to BNPP's mission to contribute changing the world according to its existing commitments of promoting Human Rights and protecting the environment
- **Expectation of BNP Paribas to engage with clients having a high degree of governance and responsibility**

#### ▶ **Environmental and Social (E&S) risk per country**

- Definition of a level of risk: very high, high, medium and low

#### ▶ **Dedicated measures according to the E&S country risk and the sector**

- **Additional sector questionnaires** for the most sensitive sectors

# ADAPTATING AND COMPLYING TO NEW CSR REGULATIONS (2/5)

## New regulations and initiatives for the energy transition

- **BNP Paribas complies with the reporting requirements of article 173 of the French Energy Transition for Green Growth Act**
  - BNP Paribas Cardif and BNP Paribas Asset Management report on the carbon impact of their funds, in line with the article 173 of the French Energy Transition law
- **BNP Paribas complies with the European Directive on Non-Financial Reporting as transposed into the French law**
  - BNP Paribas is compliant with the article 225 of the Grenelle II Act in France, and the Group already consolidates its data in its annual Registration Document (with a dedicated section on ESG risk management)
  - In 2019, BNP Paribas updated its Universal Registration Document in line with this new regulation for 2018 exercise (business plan integration, materiality matrix with associated risks and indicators...)
- **European Commission's Action Plan on Financing Sustainable Growth**
  - BNP Paribas has appointed a representative, Helena Vines Fiestas (Head of Sustainability Research at BNPP AM), to participate in the Technical Expert Group (TEG) on the European Commission's Action Plan on Financing Sustainable Growth (30 people representing a wide range of financial, economic as well as academic actors and NGOs)

# ADAPTATING AND COMPLYING TO NEW CSR REGULATIONS (3/5)

## European taxonomy defining “green” activities



### ■ What is the context of the European taxonomy?

- EU Sustainability roadmap is composed of **4 pillars, amongst which sustainable finance**
- EU set a plan of 10 actions along the investment chain of the financing of sustainable growth, which 1<sup>st</sup> one is to **define the EU Sustainable Taxonomy**
- The action plan has 3 objectives in the global path to a carbon-neutral economy :
  - **Reorienting capital flows** towards sustainable investment
  - **Mainstreaming sustainability into risk management**
  - **Fostering transparency** and long-termism







### ■ What is the Taxonomy and what does it include?

The purpose of the EU Taxonomy is to define a common language on a list of activities that are considered environmentally sustainable

3 kinds of activities are considered to make a substantial contribution to climate change mitigation

|   |   |  |
|---|---|--|
| Activities that are <b>already low carbon</b> (e.g. zero emissions transport) | Activities that <b>contribute to a transition</b> (e.g. low-carbon electricity) | Activities that <b>enable the aforementioned</b> (e.g. manufacture of wind turbines) |
|---|---|--|

The activities must make a substantial contribution to at least 1 of the 6 environmental objectives listed below **AND** must not harm any of them

|   |  |   |
|---|--|---|
| Climate change mitigation   | Climate change adaptation  | Pollution prevention and control  |
|   |   |   |
| Sustainable use and protection of water & marine resources                          | Transition to circular economy, recycling & waste prevention                         | Protection of healthy ecosystems  |
|  |  |  |

### ■ Who is concerned by the European Taxonomy?

- **The scope** of the EU Taxonomy is “financial market participants making available financial products” :
  - portfolio management
  - alternative investment firms
  - insurance-based investment products
  - pension products
  - pension schemes
  - UCITS
  - pan-European personal pension products
- **Credit and core banking products are not included** in the definition of “financial product”
- **The taxonomy however offers great business opportunities for banks** in the development and sale of green financial products such as green bonds, loans or mortgages (e.g. when the use of proceeds is dedicated to green investments)

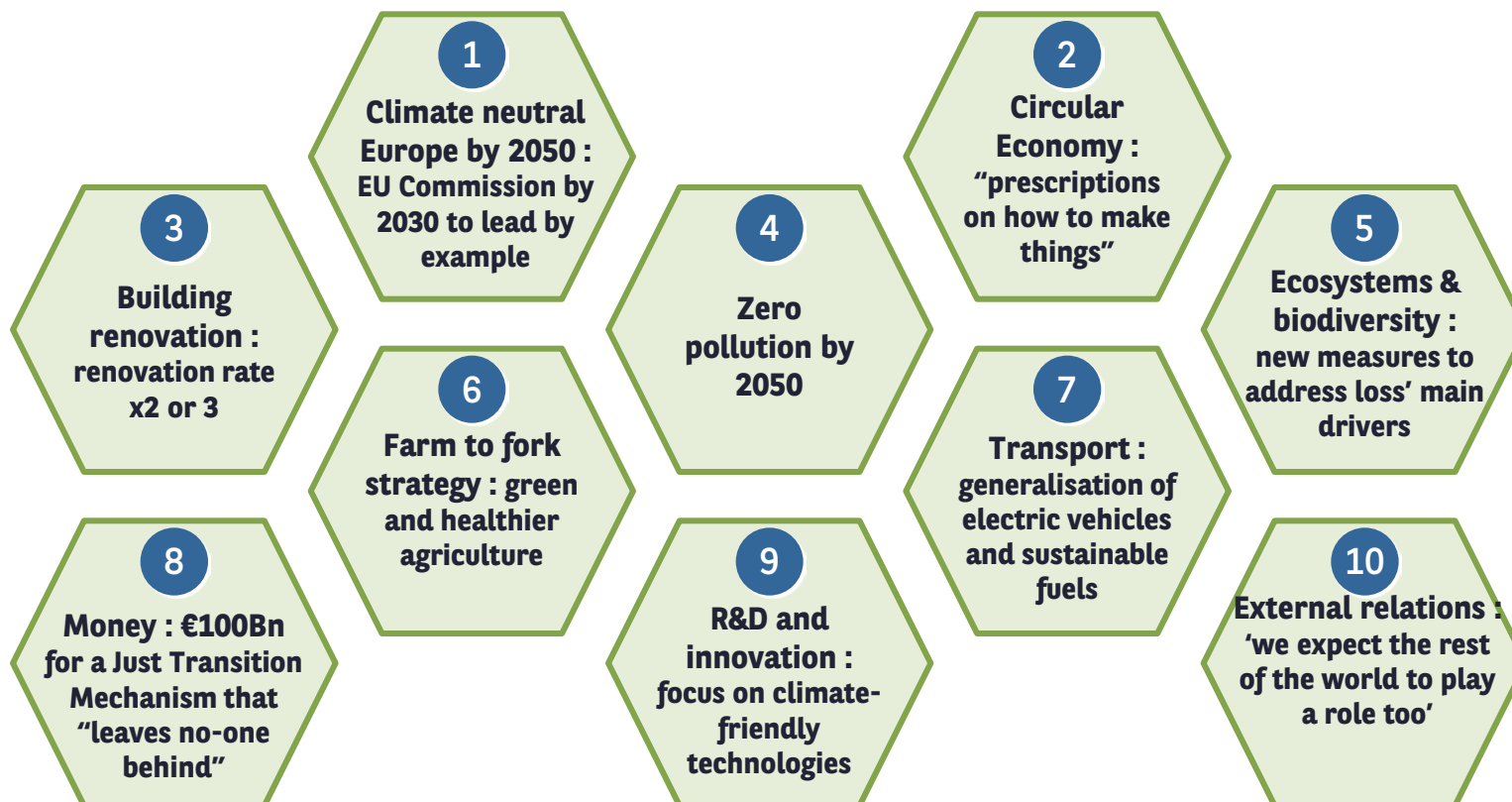


# ADAPTATING AND COMPLYING TO NEW CSR REGULATIONS (4/5)

## European Green Deal



As of end of 2019, the president of the European commission announced the **10 main axes of the new European Green Deal**



# ADAPTATING AND COMPLYING TO NEW CSR REGULATIONS (5/5)

## Climate pilot exercises

### Bank of England:

- 2021 biennial exploratory scenario on the financial risks from climate change ('BES')
- First to test the vulnerability of today's balance sheets to climate change, and then to ask firms how they might adapt their business models under the scenario

### ACPR:

- Announcement of climate pilot exercises for major French banks and insurances from 2020
- 2/3 adverse climate change scenarios
- Pilot exercise not leading to any capital requirement

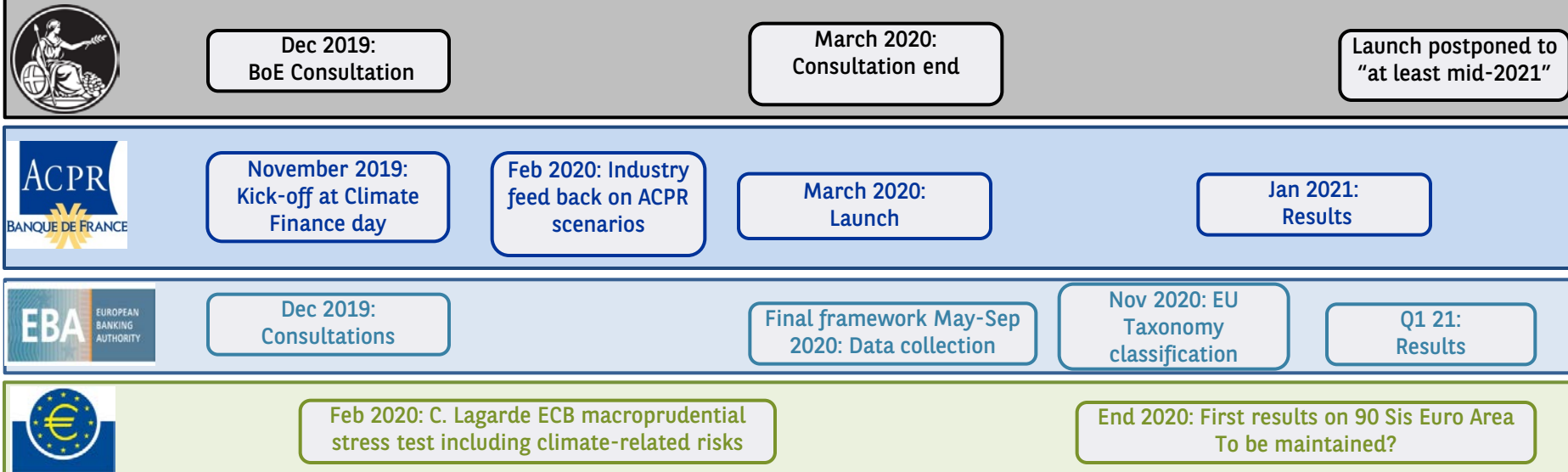
### EBA:

- CRD5 Mandate
- Pilot exercise on a voluntary basis
- Objectives: understanding of banks' vulnerabilities to climate risk and estimate of brown and green exposures held by banks
- Data collection and mapping with EU Taxonomy
- Not part of the EU-wide pilot exercise, no P2G

**BNPP participates to all initiatives, which are to be articulated and organised in a transversal manner:**

Interactions with the work on taxonomy ; classification and the prudential treatment of green versus brown assets

Group position: test & learn approach, aggregated data by sector / sub sector, transition risk only for banks



# EXTENSIVE DIALOGUE WITH STAKEHOLDERS

- Employees, Central European Committee... : through a regular dialogue and an annual Group's internal survey (with a 78% response rate)
- Suppliers: BNP Paribas is developing balanced relations with its suppliers, in line with its commitments. It also provides its suppliers with a redress procedure in the event of difficulties:
  - All suppliers may refer issues to a mediator internal to the Group
  - 10 cases were referred to the internal mediator in 2019
- Engagement and dialogue with clients on CSR issues (*see Economic and Environmental pillars*)
- SRI investors: 37 different investors met at least once in 2019
- Advocacy NGOs: 83 exchanges at Group level in 2019 among which 35 meetings on various topics
  - Social and environmental impacts of the Group's financing and investing activities
  - Human rights
  - Climate change...

**GREENPEACE**



**BANKTRACK**

# POSITIVE APPRAISAL OF BNP PARIBAS' CSR STRATEGY AND ACHIEVEMENTS BY EXTRA-FINANCIAL RATING AGENCIES

## Main extra-financial ratings

**No.1 out of 31 companies** in "diversified banks in Europe" industry and **no.4 of 4,906 companies** rated worldwide in **Vigeo Eiris' 2019 rating (70/100)** as of July 2019)



Now a Part of **S&P Global**

**No.1 French bank** and **no.4 European bank** out of 248 banks in SAM's 2019 rating, i.e. in the **top 10%** companies of the "Banks" sector (**79/100** as of September 2019)

BNP Paribas received a score of **A** in **MSCI ESG Ratings** (September 2019)



**85/100** in the **Gaia Rating** (Ethifinance)



In **top 5%** and among "**Industry Leaders**" of **ISS ESG Corporate Rating** in the "Commercial Banks & Capital Markets" sector (**C+ Prime** as of Nov 2019)

BNP Paribas ranked in the **top 10%** "Banks" of **Sustainalytics' 2019 ESG rating (77/100)** as of Nov 2019)

BNP Paribas received a score of **A-** in the **Carbon Disclosure Project** rating (January 2019)

## Presence in the sustainable indexes

MEMBER OF  
**Dow Jones Sustainability Indices**

BNP Paribas is listed in the **Dow Jones Sustainability Indices World & Europe** (Sept 2019)



BNP Paribas is listed in **Euronext-Vigeo Eiris indexes** World 120, Europe 120, Eurozone 120, France 20 (July 2019)

**BMI** maintains its presence in **Vigeo Eiris' Best 100 Emerging Market Performers Ranking** (July 2019)



FTSE4Good



**100**  
Sustainability Stock Index

**STOXX**  
ESG LEADERS INDICES

**PAXO**  
ellevate

## Other rankings and CSR prizes



BNP Paribas among the **2020 "Global 100 Most Sustainable Corporations"** ranking (31<sup>st</sup>) as **1<sup>st</sup> French and second European bank**



**European leader** in managing climate risks according to the NGO **ShareAction** (promoting responsible investment) in its 2020 study



World's Best Bank for **Corporate Social Responsibility**



**Top Employer Europe** label for 8 countries



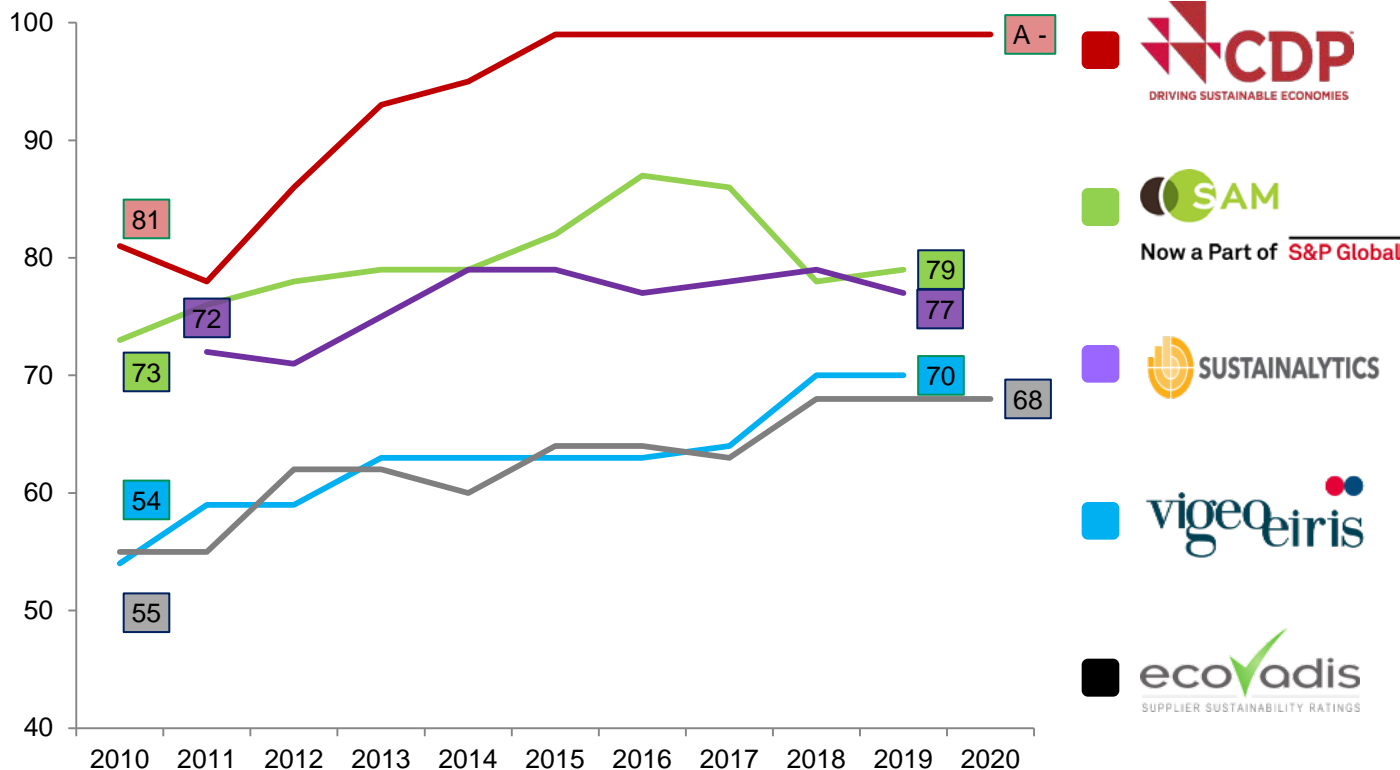
**Global Performance trophy** for the best AGM in terms of financial and extra-financial information



Environmental Finance - **Green Bond Award 2020** (Lead manager of the year)

# BNP PARIBAS' CSR STRATEGY RECOGNISED BY EXTRA-FINANCIAL AGENCIES

## > A high and increasing positioning within extra-financial indices



\* Methodology change: from 2017, CDP scores are now expressed in the form of letters

**BNP Paribas participated in the following agencies' solicited ratings:**



In July 2019, BNP Paribas obtained an **A1+** rating, based on an overall score of **70/100**, and thus ranks **no.1** out of 31 companies in the "diversified banks in Europe" sector and **no.4** out of 4,906 companies worldwide

**S&P Global Ratings**

In 2019, BNP Paribas started participating in Standard & Poor's **pilot to develop an ESG rating for the banking industry**



# 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:

*Accelerating the ecological and energy transition*



# 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 (ESG)

# OUR ECONOMIC RESPONSIBILITY

## 2019 Highlights

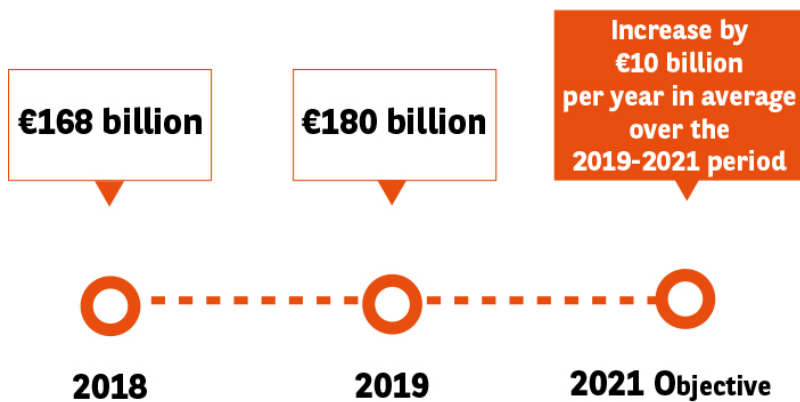
- In line with its strategy of speeding up the energy transition, in 2019, BNP Paribas decided to **completely stop its financing of the coal industry** by 2030 in the European Union and by 2040 for the rest of the world
- BNP Paribas updated its **operational control plan for ESG risks** with new tools and processes, and completed training for all relevant employees
- The Group and the European Investment Fund (EIF) launched the EUR 10 million **“BNP Paribas European Social Impact Bond Fund”**, created and managed by BNP Paribas Asset Management
- BGL BNP Paribas rolled out **“Act For Impact”** in Luxembourg, which supports entrepreneurs whose businesses have strong positive impact on society
- BNP Paribas joined **Business for Inclusive Growth (B4IG)**, a coalition launched by the OECD comprising around 30 multinationals and which objective is to promote a more inclusive economy and business models to the benefit of society
- The **total support for Social Enterprises** amounted to EUR 1.9 billion worldwide in 2019, representing a growth of 14% compared to 2018
- BNP Paribas entered into a partnership with the **“Grameen Creative Lab”**, a company set up by Nobel Peace Prize winner Muhammad Yunus to promote the creation of social businesses and the development of products with a positive impact within the bank.



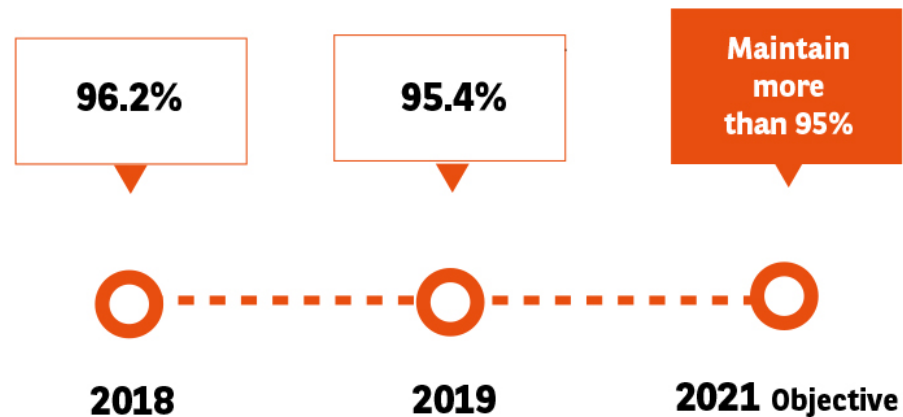
# OUR ECONOMIC RESPONSIBILITY

## Objectives for 2019

AMOUNT OF CORPORATE FINANCING CONTRIBUTING TO THE ENERGY TRANSITION AND TO SECTORS CONSIDERED AS CONTRIBUTING DIRECTLY TO THE ACHIEVEMENT OF UN SDGS



PERCENTAGE OF EMPLOYEES TRAINED ON ETHICS AND CONDUCT ISSUES



# INVESTMENTS AND FINANCING WITH A POSITIVE IMPACT

# SUPPORT FOR BUSINESSES

## BNP Paribas contributes to more inclusive growth by supporting SMEs and developing new models

### ■ Developing dedicated systems to contribute to the development of companies, SMEs in particular:

#### ➤ French Retail Banking has deployed a **specific system dedicated to SMES**

- The system covers 300 expertise centres;
- Its long-term commitment makes BNPP a go-to bank for SMEs, with >80,000 small businesses and corporate clients.

#### ➤ **Portzamparc** created through the merger of B\*capital and its subsidiary Portzamparc in September 2019

- Its purpose is to provide better support to private clients, management companies and SMEs wishing to invest in or raise financing from the stock market;
- It provides them with personalised support so that they can finance growth via the market.

### ■ Identifying models for more inclusive growth

In 2019, BNP Paribas partnered with 34 companies representing more than €1 trillion in revenues within the **Business for Inclusive Growth (B4IG) coalition** powered by the OECD:



#### ➤ The coalition's aim is to transform the role of businesses in the economy, based on three pillars:

1. Improve equal opportunities and reduce inequalities, including those linked to location, gender or sexual orientation;
2. Develop new and more inclusive business models;
3. Implement innovative financing systems which bring together businesses, philanthropic actors and public authorities.

# OUR CONTRIBUTION TO THE SDGs

## Partnerships, financing and investment activities contributing to attaining the SDGs

### ■ A KPI among the 9 CSR KPIs

- KPI #1: “Amount of corporate financing contributing to the energy transition and to sectors considered as contributing directly to the achievement of UN SDGs”

### ■ Specific products for institutional and retail investors

- Since 2013, the Group has launched 23 ethical indices, which have raised more than EUR 7 billion
- 5 of these indices are closely linked to the SDGs

### ■ Asset Management: investment funds linked to SDGs

- A global ESG filter and thematic funds linked to SDGs, such as BNP Paribas Aqua, which contributes to SDG 3, 6, 9 and 14
- BNP Paribas Asset Management launched the first circular economy ETF in May 2019 (BNP Paribas Easy ECPI Circular Economy Leaders UCITS ETF): this tracker offers investors exposure to the performance of 50 international large caps selected for their active participation in a business model based on the circularity of goods, materials and raw materials

### ■ United Nations’ Principles for Responsible Banking

- At Climate Week NYC 2019, BNP Paribas signed the “Principles for Responsible Banking” (PRB) alongside 130 banks from 46 countries
- Thanks to this coalition, which covers approximately one-third of worldwide banking assets, the SDGs and the Paris Agreement are at the heart of banking strategy for the first time.

# HIGH-VALUE IMPACT DEALS

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

- **At end-2019, EUR 180 billion contribute to the energy transition and the SDGs (compared to EUR 168 billion in 2018)**
- **This includes financing in sectors such as:** education, health care, agriculture, renewable energy, microfinance, social entrepreneurship, research...
  - **Financing to economic sectors making a full contribution to the SDGs:**
    - In the **transport sector**, the Group's Senegalese subsidiary BICICIS has arranged and financed the new EUR 150 million tranche for the regional high-speed train (Train Express Regional (TER)) between Dakar and AIBD international airport
  - **Sustainability-Linked Loans (SLL): EUR 96.3 billion in SLLs granted in 2019, including EUR 6.2 billion directly underwritten by the Bank**
    - SLLs are loans whose interest rate varies on the basis of the borrower's achievement of environmental and/or social objectives
    - In September 2019, **Sodexo** agreed a loan for EUR 1.3 billion which involves an adjustment to the cost of loan based on the company's performance in meeting its 50% waste reduction target by 2025
  - **Other innovative products are also being developed:**
    - In 2019 BNP Paribas participated in the issuance by Italian leading power generator **ENEL** of a EUR 2.5 billion **SDG-linked bond**. The coupons on this bond are linked to the achievement of targets derived from the UN SDGs: SDG 7 (Affordable and Clean Energy) and SDG 13 (Climate Action)

# 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

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

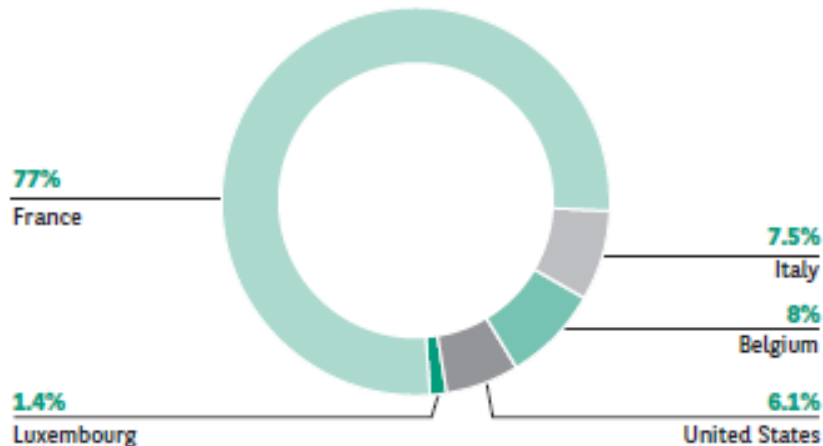
### Microfinance (MF)

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

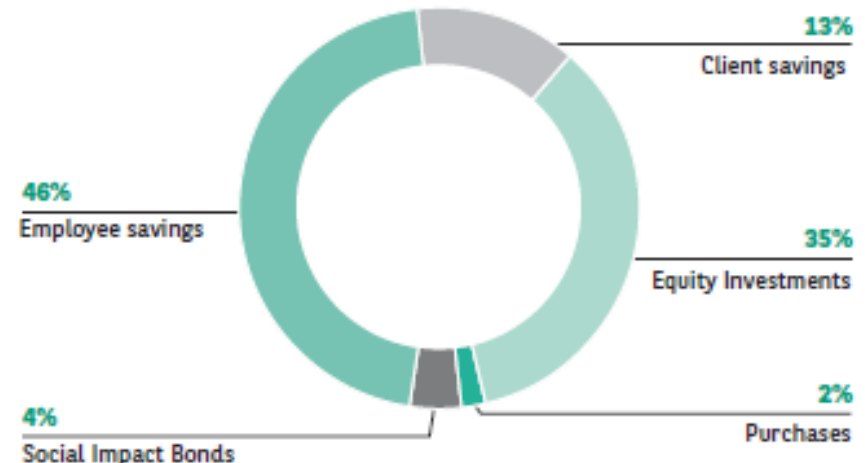
BNP Paribas has been a well-known player for years

# BNP PARIBAS' SUPPORT TO SOCIAL ENTREPRENEURSHIP

**Financing to social enterprises  
(excl. Microfinance) : EUR 1.356 M\***



**Investments and other support to social enterprises (excl. Microfinance & in addition to financing) :  
EUR 136 M\***



**BNP Paribas' support to social enterprises (including microfinance institutions) amounted to EUR 1.9 billion, up 14% compared to 2018 on a like-for-like basis**

\*at 31/12/2019

# “Act for Impact”, an evolving approach to supporting social enterprises



Label created by BNP Paribas for social entrepreneurs to:

- Provide them with dedicated support
- Accelerate their projects
- Introduce them with key partners
- Enhance the range of products and services available to that sector

“Act for impact” is a comprehensive approach to support SE: a community of experts, a wide range of tailored financial and non-financial products and services, and support for managers of social enterprises. Its main components as of 2019 are:

- A **EUR 1 million investment** in the first “French Impact” labelled positive-impact seed-fund: MakeSense Seed, alongside the European Investment Fund and Banque des Territoires
- A strong **support to Social Enterprise ecosystems** in 2019 via the implementation of new partnerships and the launch of several initiatives:
  - **Partnership with the French Government** (High Commissioner for Social and Solidarity Economy (SSE or “Third Sector”)), primarily through participation in the working Group dedicated to creating a favorable framework to develop Social Impact Bonds (*Contrats à Impact Social - CIS*) in France ;
  - **The launch of “Accelerate Business for Good”** in partnership with the economic newspaper Les Echos, with the aim of promoting companies which combine profitability with a positive regional impact ;
  - **Active participation in the creation of “Pact for Impact”**, a global coalition to develop the SSE, led by the French Government
- The **launch of “Act for Impact” in Luxembourg**
- **Support for social enterprises is also evolving in North Africa** : as an example, in Tunisia, the UBCI and Lab’ESS joined forces to hand out the social entrepreneur of the year Award for the second year running

**PACT  
FOR  
IMPACT**  
A GLOBAL ALLIANCE FOR A SOCIAL  
AND INCLUSIVE ECONOMY





# DEVELOPMENT OF SOCIAL IMPACT BONDS

- **BNP Paribas has developed an offering and expertise in Social Impact Bond (SIB) or “Contrat à Impact Social”, as a an arranger and an investor:**

- SIB is a *Payment by Results* financial tool supporting societal innovation
- Private investors assume the risks of failure of a social experiment carried out by an association or a social enterprise; investors are only repaid by public authorities when an independent impact auditor testifies that the project has achieved the expected social impact

**As a result, BNP Paribas has become a leader in the field of structuring social impact bonds in France and a significant player in the United States with 9 SIBs structured between 2016 and 2019**

- **In 2019, the Group co-structured 3 new SIBs launched in France for a total of EUR 4.3 million, in which BNP Paribas invested EUR 1 million:**

- The SIB launched with **Article 1** (co-structured with Citizen Capital) aims at reducing drop-out in a number of agricultural highschools and universities in 2 French departments and to improve the ambition of 1,130 scholarship students in technical education ;
- The **“Family Relay”** project with Fondation Apprentis d’Auteuil in Gironde (co-structured with Kois) is a EUR 2.8 million SIB that aims to avoid placing 68 children in foster care, by offering housing and parental support to families in distressed situations ;
- The **Solidarités Nouvelles face au Chômage** (SNC) SIB aims at helping the long-term unemployed people to reintegrate the workforce, based on an original two-step approach

- **In 2019, BNP Paribas and the European Investment Fund (EIF) launched a EUR 10 million BNP Paribas European Social Impact Bonds Fund:**

- which enables both organisations to invest in SIBs structured by BNP Paribas within the European Union
- which already allowed to fund three SIBs, while several others are under study or structuring in France, Belgium and Italy

# FIVE-YEAR AGREEMENT WITH GRAMEEN CREATIVE LAB



**BNP Paribas signed a five-year agreement with the Grameen Creative Lab (“GCL”), a company founded by Nobel Prize winner Muhammad Yunus.**

- BNP Paribas joined forces with the Grameen Creative Lab (“GCL”) to **promote social businesses** (based on the definition put forward by Professor Yunus) and products which have a positive impact within the Bank
- The **objectives** of this five-year agreement include:
  - The creation of new social businesses within the Bank itself ;
  - Creating a profound awareness of the employees so that positive impact will be embedded at the heart of their business lines.
- After supporting the first social business launched by the Bank in 2018 (ClimateSeed), in 2019, GCL accompanied **2 new “intrapreneurial” projects** thanks to the Agreement signed:
  - Tilia: personal assistants combined with an application to provide a tailor-made daily support to people’s vulnerable relatives ;
  - Tangata: an offer of leisure activities available for people with all kinds of disabilities

# DEVELOP AND PROMOTE SRI FUNDS

As part of its Global Sustainability Strategy, BNP Paribas Asset Management continued to develop its range of responsible products and services for both individual customers and institutional investors. **In 2019, major steps were taken to promote the quality of its SRI range**

➤ **In 2019, BNP Paribas Asset Management was ranked:**

- **No. 1 in France** for SRI-labelled assets under management (20% of the EUR 138 billion of assets under management are labelled assets), and second by number of funds (with 34 funds out of 321) ;
- **No. 1 in Belgium** by number of funds (80 funds out of 320) and by assets under management (EUR 54 billion labelled or 39% of total assets)

➤ **84 ESG/SRI labels were awarded in 2019**, 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

In June 2019, BNP Paribas Asset Management became the first ETF (exchange-traded fund) provider to obtain the **French SRI label fort 3 of its ETF**



| Funds        | France             |          |          |      | Belgium                |
|--------------|--------------------|----------|----------|------|------------------------|
|              | SRI label          | Greenfin | Finansol | CIES | Towards Sustainability |
| Equities     | 44 certified funds | 21       |          | 1    | 37                     |
| Bonds        | 19 certified funds | 7        | 1        | 2    | 18                     |
| Diversified  | 32 certified funds | 4        |          | 5    | 24                     |
| Money market | 2 certified funds  | 2        |          | 1    | 1                      |

➤ These labels confirm BNP Paribas Asset Management’s **long-term commitment to develop and promote its range of SRI products** according to sound methodological standards

# 1ST EUROPEAN INDUSTRY PLAYER TO ADOPT INDICES EXCLUDING CONTROVERSIAL WEAPONS FOR ITS RANGE OF INDEXED OPEN-ENDED FUNDS

AFG's recommendations on exclusion of controversial weapons from index-linked products



Exchanges with Handicap International

**HANDICAP**  
INTERNATIONAL

**MAQS\* adopted the MSCI Global ex Controversial Weapons Indexes as the benchmarks for its range of open-ended funds**

(BNP Paribas Easy range of funds, formerly Parworld Track ex. Controversial Weapons offer)

**MSCI**



In **2016**, MAQS strengthened its ETF offer (Exchanged traded fund) with the **launch of 10 new ETF MSCI Ex Controversial Weapons** that enable investment on the world main stock markets while excluding controversial weapons

In **September 2016** and in **March 2018**, BNP Paribas Asset Management launched 4 responsible ETFs (MSCI KLD400, MSCI Emerging Markets SRI, MSCI Japan SRI and MSCI Europe SRI), excluding conventional weapons and civilian firearms in addition to controversial weapons

In **2019**, BNP Paribas Asset Management became the first ETF (exchange-traded fund) provider to obtain the **French SRI label fort 3 of its ETF**


\*Multi-Asset, Quantitative and Solutions (MAQS) investment group is notably BNP Paribas' specialist in multi-assets, quantitative and index investments. It gathers the former "THEAM" entity, which has merged with BNP Paribas Asset Management in November 2017. The mentioned MSCI index was adopted in 2013.

# ETHICS OF THE HIGHEST STANDARD

# THE IMPLEMENTATION OF A CODE OF CONDUCT, FULLY REDESIGNED IN MAY 2016 AND UPDATED IN 2018

|                  |  |
|------------------|--|
| <b>Mission</b>   | <b>Provide financing</b> for the economy and advice for our clients in an <b>ethical manner</b> , to have a positive impact on its stakeholders and on the wider society |
| <b>Values</b>    | <b>4 strengths:</b> Solidity, Responsibility, Expertise Good place to work<br><b>4 levers:</b> Agility, Culture of compliance, client satisfaction, Open-mindedness      |
| <b>Rules</b>     | <b>Elaborated at Group level</b> and enforced in every business lines (Customer interest, financial security, market integrity, business ethics ...)                     |
| <b>Practices</b> | Employee <b>training</b><br>Use of <b>whistleblowing</b> procedure<br>Incentive to be <b>exemplary</b> but also sanctions  |

DOWNLOAD THE  
CODE OF CONDUCT  
Modified on 23/01/2018



THE BNP PARIBAS GROUP  
CODE OF CONDUCT

BNP PARIBAS

(including the Addendum: "fighting corruption")

A Code of Conduct on Fighting Corruption, integrated into the Group Code of Conduct, provides definitions as well as examples to illustrate prohibited behaviours. In case of violation of this Code, employees face disciplinary measures

At end of 2019, **95.4%** of Group employees were trained on ethics and conduct issues

# TAX HAVENS

## BNP Paribas releases its first Group Code of Tax Conduct

- On May 15<sup>th</sup>, 2020, BNP Paribas published its first Group Code of Tax Conduct, which defines the Tax principles and procedures applicable to operations made and offered by the Group
- It aims at giving a better visibility to the Group's commitments in this field, and thus allows to share it with all BNP Paribas' stakeholders



### THE BNP PARIBAS GROUP'S CODE OF TAX CONDUCT

**Link to the Code of Tax Conduct:**

[https://group.bnpparibas/uploads/file/the\\_bnp\\_paribas\\_group\\_s\\_code\\_of\\_tax\\_conduct.pdf](https://group.bnpparibas/uploads/file/the_bnp_paribas_group_s_code_of_tax_conduct.pdf)

# 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 2019, BNP Paribas Group paid EUR 5.9 billion in taxes representing an effective tax rate of 24.2%, including EUR 2.5 billion in France
- 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 :
    - 13,586 employees
    - 590 branches
    - 3.5M individual and professional customers
- Each year, the Group publishes a detailed report on its locations, showing all relevant data country by country, and it is clear from the data that the location of its offices is not driven by tax considerations, but guided in the interest of best serving its customers around the world
- The Group avoids locations in States or territories considered uncooperative by France or the official bodies of which France is a member (European Union, OECD). BNP Paribas ensures that its entities do not benefit unduly from privileged tax schemes
- The Group pays close attention to customer compliance with tax laws: international private banking requires its non-resident customers to fill out a “tax compliance statement”, and the Group contributes to customer compliance with tax obligations due to its role of tax collector and provider of information to the tax authorities and to the taxpayers themselves



# PROTECTING CLIENTS' INTERESTS THROUGH A COMPREHENSIVE APPROACH TO COMPLIANCE

- **As outlined in its Company purpose, BNP Paribas' mission is to contribute to responsible and sustainable economy by financing and advising clients according to the highest ethical standards.**
- **Furthermore, the Code of Conduct states that “our success lies in being our customers' preferred choice. To gain our customers' trust, all employees must always act in a way that protects customers' interests while complying with all relevant laws”.**
- **The Group's zero tolerance towards bribery and corruption is recalled in its Code of Conduct, which was revised in 2016 and updated in 2018:**
  - Mandatory online training in the Code of conduct conducted in 2016 for all employees and ongoing for new hires
  - Extension of the Code of conduct in 2018 with an addendum on “Anti-corruption practices”, in accordance with the law of 9 December 2016 on transparency, the fight against corruption and modernization of the economy
  - Mandatory online training on the fight against corruption: as of end-2019 **92%** of the 202 000 employees concerned had followed this training
- **Apart from the Code of Conduct, BNP Paribas has also developed a Group Global Policy for the Protection of Interests of Clients which defines the organizational and conduct rules applicable within the Group regarding the protection of the interests of Clients**
- **Compliance is tasked with anticipating, expanding the range of robust tools, ensuring staff training, and strengthening internal control processes**
  - **Key challenges identified by the Compliance Function in 2019:** financial security (anti-money laundering, fight against corruption and terrorist financing, etc.), market integrity and the strengthening of mechanisms to protect clients' interests

# PROTECTING CLIENTS' INTERESTS THROUGH HIGH INFORMATION AND 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
- **Governance of the Information and Cyber security strategy**
  - The Group Chief Information Security Officer (CISO), in charge of IT Risk & Cyber, is reporting to Group CIO
  - The Board is closely involved in Cybersecurity topics:
    - an update on the Cybersecurity program is done twice a year to the Board of Directors
    - a focus on Cybersecurity subjects is done once a year at the Internal Control, Risk and Compliance Committee (CCIRC), and when needed at the Group Supervision and Control Committee (GSCC)
- **The Group invests massively to adapt its system of protection to digital transformation**
  - **“Data protection” training** is mandatory for the whole workforce and guarantees a secure personal data process throughout the business relationship
  - In 2019, 91.3% of the 192,790 eligible employees have completed the “Know Your Data” training and 87% of employees in the European Economic Area completed their “Personal Data Protection” training in 2018
- **The Group guarantees customers' rights**
  - Systematic **encryption of confidential information**
  - Right of access, right to rectify, right to object, right to information
  - Available **contact points** (local Computer Security Incident Response Team or CISO) to raise concerns about a suspicious event
  - The Group has launched the **RaDAR Programme** to comply with the European General Data Protection Regulation (**GDPR**) and to offer a consistent privacy experience to its clients

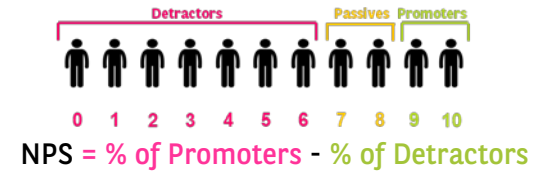
# NET PROMOTOR SYSTEM DRIVES THE REQUIRED CULTURAL CHANGES AND CREATES CUSTOMER CENTRICITY WITHIN THE GROUP

To become the recommended bank by its customers, BNP Paribas implemented a structured Net Promoter System across Domestic Markets entities

## NET PROMOTOR SCORE (NPS)

NPS measures the willingness to recommend

*How likely are you to recommend BNP Paribas to friends or family ?*



## NET PROMOTOR SYSTEM

### Engaging employees

- From the front lines to the top management, all employees have been trained to NPS

### Listening to customers

- 1.4 M + customers' feedbacks collected
- Detractors called back within 48 hours by relationship managers

### Acting on feedbacks

- Resolution of customer pain points by the branch
- If not, resolutions in customer journeys

# BNP PARIBAS PERSONAL FINANCE: “More Responsible Together”

Since 2004 BNP Paribas Personal Finance has developed a responsible lending and servicing approach, and spread it all over its 32 entities

## ■ A responsible lending approach to protect the interests of our customers, built on 4 main principles:

- Access to financial services for as many people as possible
- Flexible support to every customer
- Fight against over-indebtedness
- Assistance in difficult situations

## ■ 2 main illustrations of this approach:

### ➤ Assistance to fragile customers

- System to identify & support customers in difficulty developed in all entities where BNPP PF operates
- In 2019, 45,000 customers were contacted, 17,000 of whom received specific solutions (+78% compared with 2018)

### ➤ Significant improvements in revolving lines offer (<15% of Personal Finance’s activity):

- Development of revolving solutions in several countries (France, Germany, UK, Spain, Portugal) to allow customers to have more control over their revolving line, via more repayment features accessible through an app
- Customers can receive a text alert if the monthly payment exceeds a set limit

## ■ Customer satisfaction regularly measured through the Net Promoter Score (NPS):

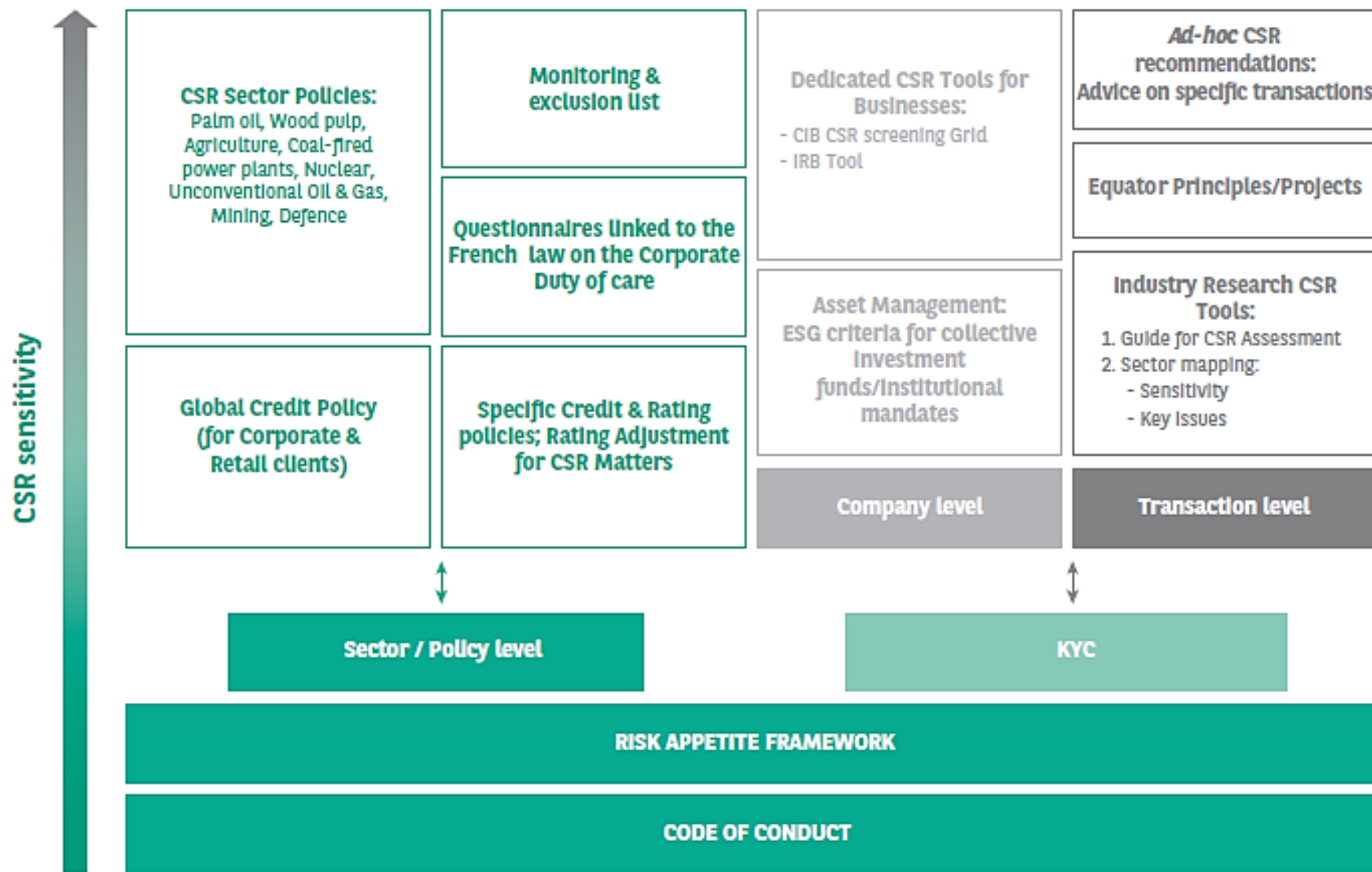
- 3<sup>rd</sup> NPS benchmark campaign launched in 15 entities in 2019 & feedback loop deployed in 12 entities over those 15

## ■ Improve financial literacy

- Digital Platform “Budget Responsible” deployed in 3 countries (France, Belgium & Italy) & other programs developed in France and the Czech Republic
- 2,200 teachers involved & almost 50,000 young people supported in 2019, vs. 21,000 in 2018

# SYSTEMATIC INTEGRATION AND MANAGEMENT OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISKS (ESG)

# OVERVIEW OF BNP PARIBAS' CSR ASSESSMENT PROCESS OF ESG RISKS



# EQUATOR PRINCIPLES

■ **8 transactions reviewed** against the Equator Principles in 2019, including the financing of renewable energy projects

|  | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|------|------|------|------|------|------|------|------|------|
| Number of transactions concerned in the year | 30   | 13   | 21   | 26   | 17   | 23   | 8    | 17   | 8    |
| Number of grade A transactions in the year   | 5    | 2    | 3    | 6    | 1    | 2    | 1    | 3    | 2    |
| Number of grade B transactions in the year   | 20   | 10   | 13   | 18   | 15   | 21   | 7    | 14   | 6    |
| Number of grade C transactions in the year   | 5    | 1    | 5    | 2    | 1    | 0    | 0    | 0    | 0    |

**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

- **Disclaimer** : The (A/B/C) categorization step is assessed before mitigation of the salient E&S risks identified and determines the extent of E&S due diligence to be performed. The proposed mitigation of identified E&S risks will have to be satisfactory to the banks.

## ■ Sector policies and exclusion list

- BNP Paribas' sector policies cover defense, nuclear power, coal-fired power generation, wood pulp and palm oil, mining industries, unconventional oil & gas and agriculture (see appendix)
- In addition, the Group has a list of goods and activities on exclusion
- BNP Paribas excluded Tobacco from its financing and investment activities in 2017 and became a founding member of the Tobacco-Free Finance Pledge, launched in September 2018
- In 2019, BNP Paribas released a public position on Ocean Protection



### Sector policies implementation:

- To ensure that ESG risk management tools are strictly applied in all entities and business lines, the Group has introduced a CSR operational Control Plan. In 2019, the Bank updated this control plan to incorporate the new ESG risk management policies defined by the Group to comply with the French law on corporate Duty of care.
- In 2019, the Group's CSR teams reviewed 2,340 transactions (1,627 in 2018)
- A strong teams' involvement:
  - The implementation relies on the CSR, RISK and Compliance Functions
  - BNP Paribas has boosted training on ESG risk management systems in 2019: 657 employees attended live trainings and 19,359 took e-learnings



# ESG CRITERIA INTEGRATION INTO ASSETS UNDER MANAGEMENT

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

## ■ BNP Paribas Asset Management (BNPP AM): systematic integration of extra-financial criteria

- In 2019, BNPP AM launched its **"Global Sustainability Strategy"** (GSS), making sustainable development the cornerstone of its strategic and investment decisions, and:
  - Introduced a new stricter carbon policy, effective from 1 January 2020;
  - Published its public engagement strategy policy;
  - Made its flagship range of active funds, BNP Paribas Funds, 100% sustainable;
  - Committed in its GSS to integrate ESG factors at the core of all its investment processes. This integration is overseen by formal guidelines and an ESG Validation Committee, with the objective that, by 2020, every investment process will have been reviewed by this Committee.
- BNPP AM is signatory to the **UN Principles for Responsible Investment** (UN PRI) and UN Global Compact's 10 Principles
- BNPP AM celebrated the eleventh anniversary of its **"BNP Paribas Easy Low Carbon 100 Europe UCITS ETF"** in October 2019, which was the first low carbon fund, offering investors an effective investment solution to reduce the carbon footprint of their investment portfolio
- In 2019, BNPP AM launched the **THEAM Quant Europe Climate Carbon Offset Plan**, the first French UCITS fund associated with a carbon footprint offset mechanism

## ■ BNP Paribas CARDIF (Insurance) :

- As of end-2019, BNP Paribas Cardif held **€260 Bn** of assets under management and its main general funds were located in France (€123 Bn AuM), Italy (€20 Bn) and Luxembourg (€10 Bn). **ESG criteria are now applied to all assets held directly in these general funds.** Moreover, in 2019, BNP Paribas Cardif's **green investments amounted to €3.7 Bn** over € 6.5 Bn impact investments.

# 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**:
  - Focusing on long-term sustainable value creation
  - Protecting shareholders' rights
  - Ensuring independent, effective and accountable board structure
  - Aligning incentive structures with long-term interests of shareholders
  - Ensuring respect for society and the environment
  - Disclosing accurate, adequate and timely information
- In 2019, BNP Paribas Asset Management participated at **over 1,758 Annual General Meetings** and voted on **22,454 resolutions**, abstaining from, opposing or voting against close to **27.7%** of them
- BNP Paribas Asset Management has been a member of the **Climate Action 100+ Initiative** since 2017 and, as such, regularly engages in dialogue with firms ranked among the world's top 100 GHG emitters to improve their climate change governance



# 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 professional path management

# OUR SOCIAL RESPONSIBILITY

## 2019 Highlights

### **Promotion of diversity and inclusion in the workplace: employees are seeing concrete results**

- The fact that the Group's engagement survey, the GPS, received a higher response rate in 2019 (78%) than in 2018 (77%) testifies to the impact of the actions taken by the Group.
  - Responses to the seven questions on Diversity & Inclusion continue to show improvement. More broadly, of the five items that showed the greatest improvement in the last 10 years, three relate to the promotion of diversity and inclusion
- Through the array of actions concerning diversity and inclusion that have been implemented, employees recognise the principles of the Group's social responsibility

### **The HR 2020 transformation is keeping its promises**

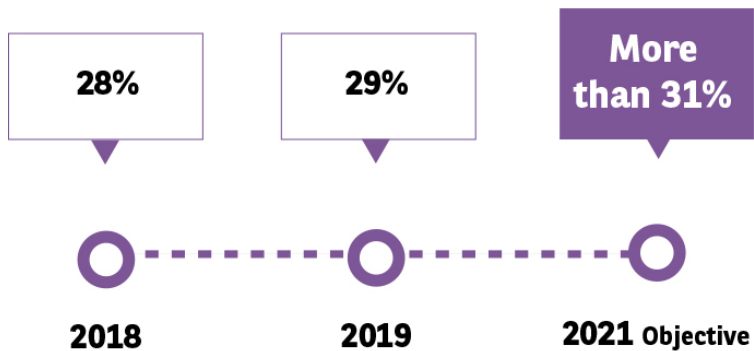
- We have entered the home stretch for this strategic plan, which began in 2017 and aims first and foremost to identify skills and anticipate skills requirements in the short and medium term.
  - It enables individual action plans to be defined that support all employees in their professional growth and give them greater long-term prospects, thus promoting employee engagement
- These goals are the rationale behind the design of the new HR platform, "About Me", now accessible to more than 85% of employees
  - About Me allows employees to self-assess their skills, build their own personal development plan with their manager and proactively receive personalised job and career development suggestions. In addition, the deployment of positive management, a key factor in managing change, is encouraged, including using continuous feedback, which simplifies the professional evaluation process.

# OUR SOCIAL RESPONSIBILITY

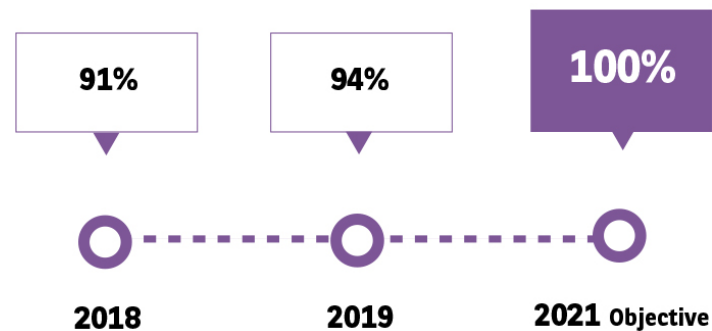
## Objectives for 2019

### PERCENTAGE OF WOMEN AMONG THE SMP\* POPULATION

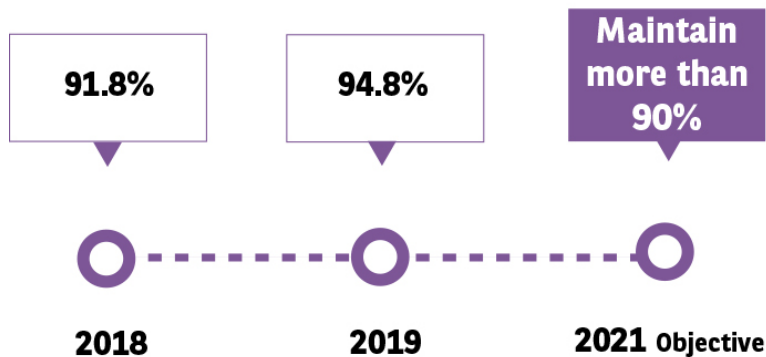
\*SENIOR MANAGEMENT POSITION



### PERCENTAGE OF ENTITIES WITH MORE THAN 1,000 EMPLOYEES HAVING TAKEN A COMMITMENT AS REGARDS DISABILITY



### PERCENTAGE OF EMPLOYEES HAVING BEEN TRAINED AT LEAST TWICE OVER THE YEAR



# 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...)

- A Board of Directors with **43% women** (incl. 1 elected by employees)
- As a member of OneInThreeWomen network, the Group participated in the first inter-company European study seeking to identify and measure the **impact on businesses of domestic violence against employees**. The Ministry of Labour sought out the input of the Group as a **pioneering business** in this area



Jean-Laurent Bonnafé,  
CEO BNP Paribas

- Joined in 2019 the **#JamaisSansElles charter** with all members of the BNP Paribas' Executive Committee committing individually to abstain from participating in public events, juries or in public forums, roundtables or panels that have at least three participants without at least one of them being a woman (**first CEO of a CAC 40 company**)

- As **Thematic Champion of the "HeForShe"** programme, committed to implementing concrete solutions to promote gender diversity within business lines and female entrepreneurs to develop renewable energy in Africa.

- **CSR indicators** are included in calculating the 3-year loyalty plan of over 7,330 key Group employees, where they account for 20% of the conditions for granting this compensation. **Eight out of nine indicators were achieved** for the 2017-2019 period.
- Objectives set and positive impact of the gender equality actions with women representing:
  - **30% of the G100 (50% of nominations in 2019);**
  - **27% of Top 500 executives** (objective > 25% in 2020);
  - **29% of SMP** (objective > 31% in 2021);
  - **47% of Emerging Talents, 43% of Advanced Talents** and 34% of **Top Talents**, overcoming the 2020 objectives set for Top Talents (30%) and Advanced Talents (40%).

# OUR SOCIAL RESPONSIBILITY: why BNP Paribas makes a difference

A strong  
UN partner

**Women's Forum** in Kyoto where, as a member of the strategic committee, it signed the Charter for Engagement: **"Taking the Lead for Inclusion: Women Leading Climate Action"**.

Commitment at  
Group level

The percentage of women among the **Graduate programme** and among the **Leadership Talent programme of the global market** activities reached respectively **50% and 35% in 2019** (deployment of HeForShe commitments).

High quality of  
social dialogue

310 **collective agreements** were signed worldwide, a large proportion of which about compensation and/or employee savings and/or retirement protection insurance.

**Disability** : BNP Paribas SA achieved its targets in the final year of the 3<sup>rd</sup> disability agreement and renewed its commitments by signing the 4<sup>th</sup> disability agreement.

Advocacy role  
& Recognition

Partnership with **Handicap International** : to speed up the roll-out of the ILO Business Charter on Disability at a global level.

For the third consecutive year, Jean-Laurent Bonnafé, **Director and Group Chief Executive Officer**, is in the top 10 of the OUTstanding 50 Ally Executives as a result of his support for **LGBT+** people in the workplace.

High involvement  
of employees

**More than 20,000 employees** involved in the internal employee **networks**.

Success of the **Diversity & Inclusion week** and the **parenting week** and a large audience for the podcast series titled **"In My shoes"** with **more than 6,000 listens**.

High investment  
on employees

**94,8% of the employees** have been trained at least twice a year.

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



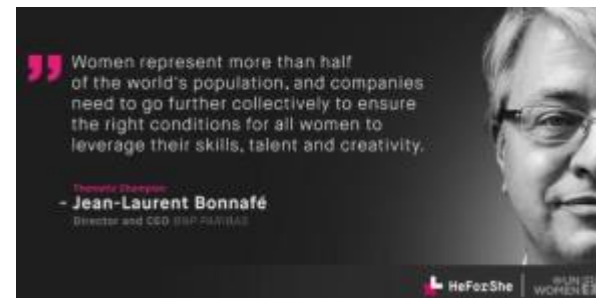


# Promotion of diversity and inclusion in the workplace

# NOTABLE RESULTS AND ACTIONS REGARDING GENDER EQUALITY

## A commitment from the Executive Management

- **Increase of the share of women** in key populations: all the objectives are reached or overcome.
- First achievements of the **HeForShe** initiative thanks to the **nudge** approach used to attract Women talents into the global market activities and Men talents into the Human Resources functions.
- **€ 2 billion** allocated by French Retail Banking to support women entrepreneurs' projects in 2019.
- **€ 10 million** budget (spread over 3 years) to address possible gender differences in annual compensation for BNPP SA in 2019. Budget provided by subsidiaries in France stable to around **€ 1.3 million**.



## Training, awareness raising actions and commitments

- Personal development programmes, such as **"Active Inclusion"**, **"#WomengotTalent"** or **"Women in Business"**
- Awareness to the bias, stereotypes, sexism, violence against women: **Respect U campaign**, member of the intercompany European network **"Cease"** with the **signature of the charter "Une femme sur trois"** (one in three women)

# PROMOTE DIVERSITY & INCLUSION

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

- Other Diversity & Inclusion topics:
  - Internationalization and multiculturalism:
    - 173 nationalities in the Group, with 11 of them in the G100
    - Topic of origins addressed through events such as podcasts, exhibitions, documentaries, etc.
  - LGBT+
    - 3 managers recognized on the 2019 list of OUTstanding 100 LGBT+
    - For the International Day Against Homophobia: CEO's press interview, events around the world
    - BNPP's Polish retail banking launched its "we are open to everyone" campaign (rainbow logo)
  - Promoting employment and inclusion of people with disabilities by implementing the **ILO Global Business and Disability Network Charter** : 94% of entities with more than 1,000 FTE
- 20,000 employees involved in internal networks interacting about topics as varied as gender equality, sexual orientation, intergeneration, harmony, parenting, disability, inter-religion harmony and veterans



# PROMOTE DIVERSITY & INCLUSION – INTERNAL & EXTERNAL REWARDS

## Internal recognition

- **77%** of employees stated that the management of BNP Paribas promotes diversity in the workplace (77%, +1 point, +21 points compared to 2010)
- **76%** have a clear overview of the actions BNP Paribas is carrying out to promote diversity...” (76%, +2 points, +21 points compared to 2010)



## External recognitions

- Presence of the Group in specific indices related to professional equality topics, such as the **Bloomberg Financial Services Gender Equality Index (BFGEI)** or the **Pax Ellevate Women’s Index Fund**
- **Best French Bank in Equileap's gender equality** ranking (and 33 organization overall)
- **Scoring 100/100 at the Corporate Equality Index 2020** published by Human Rights Campaign Foundation for being a business most welcoming to and respectful of the LGBTQ population in the United States

« Good place to work » and  
responsible employment  
management

# A GOOD PLACE TO WORK & KEY RECRUITER

## Recognized progresses to attract and keep the best talents

- **More than 20,972 permanent contracts recruitments** In 2019, amongst which 62% in Europe for a total workforce of **198,816 FTE** in the world
- **6,600 “Leaders for Tomorrow” talents** benefit from dedicated support and development programmes
- **Top Employer Europe** certification in 8 countries for the 6<sup>th</sup> consecutive year: Belgium, France, Italy, Poland, Turkey, Luxembourg, Germany and Ukraine
- **No1 European bank** in the ranking of Vigeo Eiris 2019 solicited rating: A1+
- Increased presence on social networks with **more than 600,000** LinkedIn followers (a 35% increase from 2018). The Group is ranked 1 in the 2019 “Top Companies” ranking in France



## A qualitative working environment

- The Group has an international partnership with **Europ Assistance** on health and safety, to provide support to employees. Europ Assistance will provide 24/7 telephone support in case of traumatic events
- BNP Paribas is responding to the WHO's recommendation to fight sedentariness by allowing employees to use the “**wePulse**” **mobile app** to track and increase their physical activity while participating in challenges to benefit charities

## A new way of working

- **Flex office**: more than **14,000** permanent contract employees in France
- **Teleworking**: regularly performed by **11,000 employees**

# A GOOD PLACE TO WORK & RESPONSIBLE EMPLOYMENT MANAGEMENT

## ■ Quality social dialogue

- First achievements in relation to the **Global Agreement** signed with UNI Global Union. It is based on three previous European agreements, on employment, gender equality in the workplace and stress prevention, and it covers **71** countries and applies to the **total workforce**

## ■ European Works Council (EWC) 5-year mandate

- **22** countries and more than **68%** of the total workforce are covered
- The European Works Council Secretariat contributed to the negotiation and will participate in the annual follow-up of the **Global agreement** with representatives of BNP Paribas Executive management and UNI Global union

## ■ Employee care

- According to the Global People Survey (GPS), as part of the new “**positive management**” index, **75%** of employees consider that “manager’s ability to encourage cross-functionality and cooperation improved” as did the “communication of regular feedback to employees” (**71%** up 1 point from 2018)
- The HR internal procedure on reports of **harassment** enables the Group to track all sanctions imposed for sexual or psychological harassment, sexist behaviour or violence at work in 2018 and 2019

## ■ Competitive compensation policy

- **First gender equality index publication in France.** The scores earned by the Group’s banking and insurance entities (more than 45,000 employees), are **among the best in the industry and well above the statutory minimum**, demonstrating the Group’s long-term commitment to professional gender equality
- In France, the Group associates its employees with its performance as part of **profit-sharing and incentive mechanisms**. For 2019, **EUR 160 million** will be distributed to the estimated **66,305 beneficiaries**

# HR STRATEGY 2020 – NEW EMPLOYEE VALUE PROPOSITION

## A New Employer Promise

In the context of a competitive job market and challenged by job seekers who have increasingly high expectations of their employer, BNP Paribas decided in 2017 to reinforce the perception of its employer brand to meet the challenges of its HR2020 strategy. The BNP Paribas Groups' Employer Promise is based on 4 fundamental pillars: **A Sustainable & Responsible Global Leader, A Learning Company, An Open-Minded Group, and The Place to Work Differently.**

To bring our new Employer Promise to life, in 2019 we created a campaign that would on the one hand foster **pride of belonging for employees** and **create adhesion from candidates.**

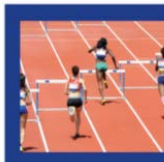
*“Together, committing to change the world for a better future”*



**A SUSTAINABLE  
& RESPONSIBLE  
GLOBAL LEADER**

#RockSolid  
#PositiveImpact  
#WorldWide

A major player in the financial services industry that is stable and committed to acting for the common good and to helping to change the world to create a better future.



**A LEARNING  
COMPANY**

#ThePlaceToGrow  
#ContinuousLearning  
#DevelopmentPath

BNP Paribas has a long track record of investing heavily in training and working to facilitate employees' professional development.



**AN OPEN-MINDED  
GROUP**

#Diversity&Inclusion  
#Innovation  
#FreshPerspectives

A group open to the world. This is demonstrated in the Group's strength in terms of diversity and inclusion. BNP Paribas was built naturally on the basis of its diversity. The never-ending search for innovation and discovery of new trends also illustrates this open-mindedness.



**THE PLACE  
TO WORK  
DIFFERENTLY**

#Wellbeing  
#Collaborating  
#PositiveManagement

The Group strives to build an organisation where people really do work differently, where collaboration succeeds, where the manager-employee relationship is grounded in trust, empowerment and accountability, and where flexible work practices are developed.



# HR STRATEGY 2020 – EMPLOYEE CENTRIC TRANSFORMATION

- Aims at providing each employee with a **transparent professional path, more personalized HR experiences and training and relevant development opportunities**; all by digitalizing the main HR end to end processes, and applying “positive management” based on trust, respect, empowerment, recognition and continuous feedback

FROM CUSTOMER CENTRIC APPROACH ...

- Responsible Bank
- Client Knowledge
- Customer Experience
- Personalized Offer
- Digital Bank



#NPS<sup>1</sup>

TO EMPLOYEE CENTRIC APPROACH ...

- Responsible Employer
- Employee Knowledge
- Employee Experience
- Personalized Offer
- Digital HR end-to-end



#NPE<sup>2</sup>

- The main drivers of the strategy are :

- Strategic business support to catalyse transformation
- Improved employee experience to increase engagement
- Upgrades HR role to stay ahead of the curve

- As a first visible step, “About Me” is the new HR platform that allows a **better knowledge of our employees** in order to better serve them and offer them a seamless employee experience<sup>3</sup>.

1 : Net Promoter Score for Customers

2 : Net Promoter Score for Employees

3 : About Me is accessible to more than 85% of Group employees worldwide

A learning company supporting  
dynamic professional path  
management

# HR 2020 STRATEGY – FOSTERING EMPLOYEE ENGAGEMENT

**HR2020 leads to Purpose** ●  
→ Responsible employer

## HR2020 leads to change in Culture and Management

- Promoting, enabling and supporting New ways of working with a HR framework
  - Positive Management promotion & support with dedicated weeks
- Trust, transparency and recognition of employees' skills achievements in About Me ●
  - Promotion of collaborative and transversal objectives in Performance principles
    - NPE<sup>1</sup> system is used to listen the voice of employees and improve experience
- An Employer brand promise: together, committing to change the world for a better future

## HR2020 leads to Learning and Development opportunities

- Promote culture of continuous learning, based on continuous feedback
- Personalised learning experiences adapted to employees and business needs
  - A new learner experience to accelerate employee development ●
- New ways of learning: On the job training, Development paths through partnerships
- A digitalized and seamless Employee journey to drive professional path and mobility
  - No discrimination thanks to ethical skills approach
  - A Personal Development Plan for all employees, actors of their development
- Long term job opportunities thanks to an anticipative approach on future skills' needs

## HR2020 leads to Challenging projects

- Ability to work on transversal projects and be recognized (breaking silos) ●
  - Supporting People's lab, Initiative Alpha, etc.



# HR STRATEGY 2020 - DEVELOP PERSONALIZED TRAINING

- **202,876 employees\* trained** with an average of 22 hours of training per employee, with a clear increase in the development of Business lines and functions' technical skills (+12 points);
- As part of the dynamic offer to better develop the skills of the future, the **Digital, Data & Agile Academy** uses **Upskilling** and **Reskilling** training activities to guide employees in developing these skills. These are related to 30 identified future jobs in the Digital, Data and Agile areas and providing Managers with the levers to speed up the transformation of the BNP Paribas Group. In 2019, more than 600 employees from 25 countries completed the DDA Academy training programme;
- Alternative formats (videos, quizzes and e-learning) continue to grow and now represent **92% of training**. This, together with the adoption of **Personal Development Plans**, further reinforces that employees are now more empowered to drive their own development through the diverse opportunities available across the Group;
- The Group considers **intrapreneurship** as a source of development for the employees, as demonstrated by the **People'sLab4Good** Corporate Engagement programme to fully support 100% positive impact projects. The 2019 campaign gathered **12** intrapreneurs from **4** countries and **6 projects** were developed within the business lines;
- The programme **#1MillionHours2Help** aims to foster more sustainable, equitable growth by allowing all employees to use working time to help charitable organisations build a more inclusive, eco-friendly world. Around 26,000 employees (+30%) took part in initiatives of **corporate volunteering** amounting to a total of 450,000 hours (+50%) of voluntary /solidarity work during working hours.

\* Source: My Learning reporting tools. This includes 98% of the Group's physical headcount on permanent or fixed-term contracts in 71 countries (change in scope due to the change in indicator only tracked in My Learning), although other employees (apprentices, employees on vocational training or qualification contracts, interns and casual workers) also receive training.

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

- In 2019, there were **5,666 transfers** between entities and business lines.
- With communication, an active community on mobility and an increased deployment of internal mobility tools : an average of 5,000 offers of internal mobilities worldwide were regularly published into the Group tool (MyMobility)
- For the sixth consecutive year, "**Mobility Days**" 2019 were organised over three weeks in **43** countries involving more **13,000 employees**. A total of 620 events took place including workshops, forums, conferences and training sessions amongst other dedicated events.





# 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

## 2019 Highlights

### **In the area of financial inclusion:**

- BNP Paribas celebrated 30 years of working in the microfinance sector: more than 2 million people without access to banking services, indirectly financed by BNP Paribas via 84 Microfinance Institutions (MFIs), have thus been able to launch or grow their business
- BNP Paribas has signed a partnership agreement with UN Environment as part of the Microfinance for Ecosystem-based Adaptation (MEbA) project. As a result, smallholder farmers in Senegal and Colombia have access to innovative financing solutions to help them adapt to climate change

### **To encourage social inclusion in France:**

- BNP Paribas helped to launch L'Ascenseur ("the Elevator"), the only place in Europe that promotes access to education, employment, sport and the arts for young people from disadvantaged backgrounds,
- BNP Paribas has signed the "SSD Egalite" charter, which furthers its efforts to boost the economic and social development of the Seine-Saint-Denis French department

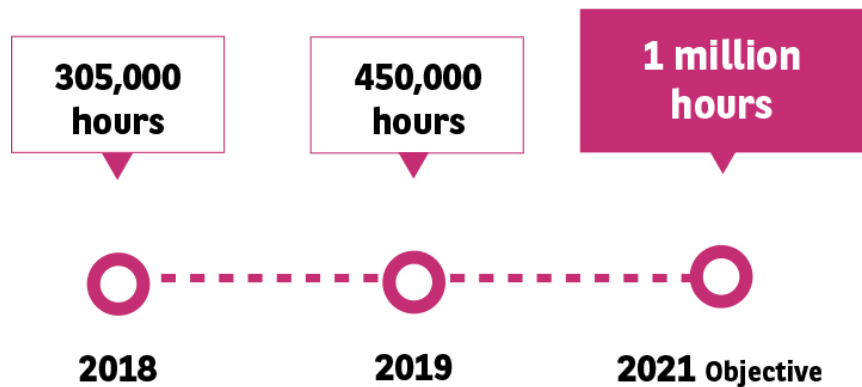
### **In terms of generosity:**

- In total, more than EUR 400,000 was raised for partner NGOs of the Rescue & Recover Fund, enabling teams to react swiftly and effectively to humanitarian disasters thanks to donations from BNP Paribas staff, retired employees and customers in France
- the BNP Paribas Foundation donated EUR 20 million to help restore Notre-Dame Cathedral in Paris following the fire that affected this Unesco World Heritage Site

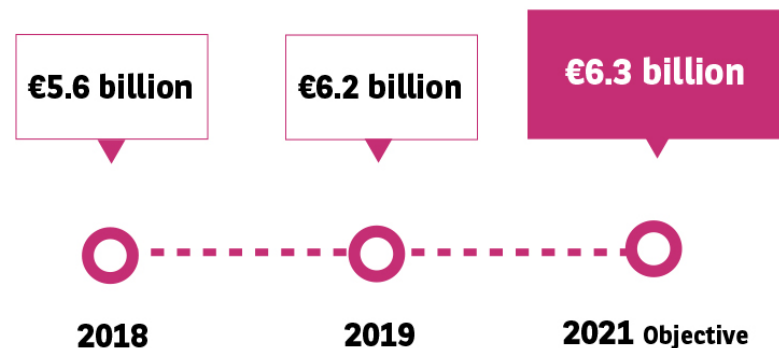
# OUR CIVIC RESPONSIBILITY

## Objectives for 2018

### NUMBER OF SOLIDARITY HOURS PERFORMED BY THE EMPLOYEES



### SUPPORT (FINANCING, INVESTMENTS ON BEHALF OF THE BANK AND THIRD PARTIES) TO ASSOCIATIONS AND SOCIAL AND SOLIDARITY ECONOMY ENTERPRISES





**Products and services that are  
widely accessible**

# GROUP SUPPORT TO MICROFINANCE

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

## 30 years of involvement in microfinance

- Support provided through several levers, including direct financing of Microfinance Institution (MFIs), investment in specialized funds, development of positive impact funds, etc.
- Over the past 30 years, the Group's microfinance activities indirectly benefited **more than 2 billion people worldwide** through a total of nearly €900 million cumulated loans, both in mature and emerging economies



## ➤ BNP Paribas support to microfinance at 31 December 2019



## ➤ TOTAL SUPPORT IN 2019: EUR 357 MILLION

- Direct financing of **28 MFIs in 15 countries** and indirect financing of **100 MFIs** around the world.
- **New Microfinance Institutions** supported in 2019, including Than Hoa in Vietnam and Madura in India, which exclusively target communities of women in rural areas which are excluded from conventional financing.

# ACCESS TO FINANCING AND INSURANCE

**OBJECTIVE:** Innovating to answer the specific needs of the customers with disabilities or experiencing financial difficulties

## ■ Customers with disabilities

- In Belgium, BNP Paribas Fortis continues to step up the initiatives introduced in 2012. At end-2019, 36% of its branches were accessible to people with reduced mobility
- In Poland, BNP Paribas Bank Polska has converted some of its branches and signed several partnerships agreements on accessibility. The bank was awarded “Accessibility Leader 2019” by the President of the Republic of Poland in the category ‘branch network’
- BNP Paribas Cardif also has various initiatives in place with respect to disabilities. In Germany, it has for example developed a specific support for temporary disability, which helps customers in their day-to-day lives

## ■ Customers experiencing financial difficulties

- French Retail Banking has set up a scheme for individuals who find themselves in financial difficulty and thus may obtain the expertise of 300 advisers specialised in budgeting solutions. In 2019, a “customised path” enabled in-branch advisers to be even more proactive, and to offer solutions such as the deferral of monthly loan repayments, or the use of insurance solutions.
- BNPP Personal Finance has also put in place a system to find and support customers in difficulty, with a tailored solution in the 32 countries where it operates. In 2019 solutions to fight over-indebtedness have effectively been in place for nearly 17,000 customers in difficulty
- The Group’s subsidiary Nickel offers a bank account accessible to everyone from the age 12, without discrimination, conditions or minimum income requirements. At end-2019, nearly €1.5 million Nickel accounts had been opened, 78% of them are opened by persons earning < €1,500 per month.

# FINANCIAL EDUCATION FOR CONSUMERS

## Supporting innovative financial education programs and the access to the bank's products and services

- **Many financial education programs focusing on young people:** most Group entities deploy training programmes in several countries, which include:
  - **“Responsible Budget”, digital platform** targeting young people, their families and teachers to show them how to better manage their budget using “serious games”. Since 2019, this platform is now live in three BNP Paribas Personal Finance entities (France, Italy and Belgium)
  - **“I bring a banker to school”** program (“J’invite un banquier dans ma classe”), led by French Retail Banking in association with the French Banking Federation. The program has taught more than 3,000 pupils how to manage a budget.
  - **In Morocco, BMCI has joined forces with MATYM**, a women-led cooperative, to provide training in financial education and digital marketing
- **Transparency and customer input into products and services, allowing a better understanding of products and services and access to the offer:**
  - In Belgium, BNP Paribas Fortis organised **over 70 “Customer Advice Committees”** in 2019 for all customer segments, with the aim of collecting opinions. Over 350 customers took part in one or several sessions, alongside sales, marketing and operations experts;
  - In France, BNP Paribas Cardif is now offering a three-way meeting using video-conferencing tools whereby deaf or hearing-impaired customers can meet remotely with a sign language interpreter and a customer relationship centre (CRC) adviser, which enables them to access CRCs independently and receive the information they need to monitor their savings plans, borrower’s insurance or individual retirement cover.

# Combat social exclusion and support human rights

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

Over 10 years  
of commitment  
to help deprived  
suburbs

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

## Job creation & integration into the labor market

- In 2019, the Group contributed significantly to the **development of Adie's\* activity** by supporting 16 of its branches installed in priority urban neighborhoods
- Through its support, BNP Paribas enabled the association to **fund over 4,000 people** in 2019 and thus to create or maintain around 5,700 jobs in total

*\*Association pour le Droit à l'Initiative Economique  
(Association for the Right to Economic Initiative)*

## Supporting education

- The fight against academic failure in partnership with the **AFEV\*** association enabled 16,800 children and young people in deprived areas to be supported in 2019
- As a result of its partnership with the **EPA association\*\***, the BNPP Foundation has set itself the goal for the 2019-2020 academic year of encouraging around 8,000 young people on vocational courses to take part in mini-corporate games

*\*Association de la Fondation Etudiante pour la Ville*

*\*\*Entreprendre pour Apprendre*

## Proximity and local presence

- In 2019, the BNP Paribas Foundation extended its policy of **supporting local associations** to 80% of people living in priority urban areas
- In 2019, **186 associations benefited from the Foundation's EUR 590,000 budget**

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

- The **Statement of BNP Paribas on Human Rights**, signed in 2012 by the General Management, is a level 1 Policy, accessible to all online
- A commitment of the **Group strategy**...
  - CSR Commitment **reflected in commitment 8** "Combat social exclusion and support human rights "
  - "Human Rights" have been identified as a major issue in BNP Paribas materiality analysis
- ... highlighted in **BNP Paribas' Code of Conduct**, "Promoting respect for Human Rights" (7<sup>th</sup> article)
- Pursuant to the **UK Modern Slavery Act**, the Group annually issues a statement on how it tackles modern slavery and human trafficking. This statement is approved by the General Management and Board of Directors and included in the Group *Universal Registration Documents*
- Pursuant to the **French "Duty of Care" law**, the Group has established a vigilance plan to identify and prevent the risk of violations of human rights. This plan is also included in the Group *URD*.
- BNP Paribas is a **founder member of EDH**, takes part in the **Thun Group** and is a **member of the UN Global Compact (advanced)** since 2003
- **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, and available to all employees
  - As of end-2019, 88% of the employees assigned had completed the online awareness module



Human Rights reporting in BNP Paribas 2019 Universal Registration Document is in compliance with the recommendations of the UN Guiding Principles Reporting Framework released in February 2015

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

## ■ Protecting our employees in countries at risk

- Annual review of countries that are high-risk in terms of human rights: in 2019, the Group operated in 2 high-risk countries (0.002% of its workforce) and 28 countries with a worrying situation, i.e. 21% of its total headcount.

## ■ Commitments expected of suppliers and subcontractors

- Risk mapping for activities of the suppliers and subcontractors with which the Group has commercial relationships
- Commitment to respect the Sustainable Sourcing Charter of the Group (1.200 signed in 2019)
- 2.500 suppliers ESG assessments carried out during suppliers' selection in 2019

## Management of salient risks...

### ■ ...in the distribution of the Group's financial products and services

- **Non-discrimination in access to financial services:** the Group strives to boost access to financial services in the communities in which it operates
- **Rights to privacy:** pursuant to the European General Data Protection Regulation (GDPR), data protection is a priority of the Group

### ■ ...in the Group's financing and investment activities (workers and local communities rights)

- 2018 *Responsible Business Principles* charter for BNP Paribas' customers
- 2019 *Global Sustainability Strategy* issued by BNP Paribas Asset Management
- Risk mapping of the Group's clients that covers all business sectors and all the countries where the Group's clients' legal entities are located to comply with the French Duty of care law
- Human Rights criteria in financing and investment policies and in all the other components of the Group's ESG risk management system (including KYC criteria and exclusion & monitoring lists)
- Application of the Equator Principles for large infrastructure project financing
- Engagement with clients suspected to be involved, directly or indirectly, in human rights abuses, and dialogue with advocacy NGOs.

## SUSTAINABLE SOURCING CHARTER

### PREAMBLE

This Sustainable Sourcing Charter (hereinafter the "Charter") is a joint initiative by French companies of the "Bank & Insurance" sector (hereinafter the "Signatories") who want to associate their suppliers in the implementation of due diligence measures as part of their Corporate Social Responsibility efforts (CSR).

To propose to inform suppliers:  
On the one hand, of the Signatories' commitments to them in terms of responsible sourcing.

<sup>1</sup> On February 1st 2018, the Signatories are: Allianz, CDP Investments, Credit Agricole SA, BNP Paribas, EPCE Assuris for Group EPCE and Société Générale. The signed list of Signatories in the Charter, such as the Charter itself, is available on the website of each of the Signatories.

On the other hand, of the Signatories' expectations regarding adherence by the basic principles.

The mutual commitments laid out hereinafter are based on the fundamental principles of the UN Global Compact, which all the Signatories have adhered to, in the field of human rights, working conditions, the environment and the fight against corruption and on the United Nations Global Principles on Business and Human Rights, which specify the modalities for the respect of human rights by enterprises.

The suppliers' ability to commit and to translate these commitments into appropriate practices is part of the evaluation criteria chosen by the Signatories for the whole the term of their relationship with suppliers.

### SIGNATORIES' COMMITMENTS TO THEIR SUPPLIERS

#### Fairness, Ethics and Transparency

The Signatories undertake to:  
Ensure fairness in the supplier selection process by establishing the conditions for loyal competition and fair treatment of suppliers.

Fight against all forms of corruption, active or passive, and avoid any situation where there may be a conflict of interest by abiding by the compliance rules in force in their company.  
Ensure transparency and compliance with the rules relating to the selection processes by providing clear preliminary information to the bidders regarding the terms and conditions applicable to any competitive process.

#### Mutual dependence

The Signatories undertake to:  
Be vigilant about the risk of mutual dependence with their suppliers.  
Implement measures to detect, monitor and minimize the risk.

#### Compliance with payment deadlines

The Signatories recall their obligation to pay their suppliers in accordance with the law in force in the countries where they operate.

#### Confidentiality and intellectual property

The Signatories undertake to establish a sustainable relationship based on mutual trust with their suppliers, by ensuring the strict confidentiality of the information that is not public which they are transmitted, and the intellectual property rights of their suppliers, in compliance with applicable laws.

#### Small and medium-sized suppliers

The Signatories shall endeavor to adapt their practices to facilitate access for these businesses to their competitive calls.

#### Use of mediation

The Signatories undertake to offer their suppliers the possibility to use mediation to facilitate amicable settlement of any dispute which may arise during the term of a contract.



The asset manager for a changing world



# 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**

- Promoting social inclusion (support plan for the integration of refugees renewed: €4.5m over 3 years)
- Fostering equal opportunities (*Dream up* programme renewed for the 2018-2020 period, with €1.8m)
- Supporting employees' commitment through the "Help2Help" program (€750,000 in 30 countries)

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

- Celebrating **contemporary dance** to mark 350 years of the Paris Opera: 5 arts institutions and 17 companies supported in 2019, including Kidd Pivot
- Support to the careers of many **jazz** musicians and several international festivals. In 2019, support was provided to the Metropole Orkest, a unique ensemble featuring around 40 musicians

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

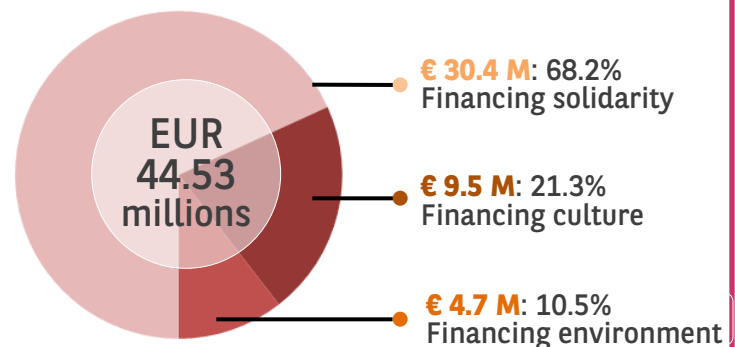
- Supporting R&D on climate change and biodiversity
- Raising awareness among internal & external stakeholders
- Taking an active part in collective initiatives

Participation in the Hydrogen Council, etc.

2019

BNP Paribas' philanthropy budget amounted EUR 45.53 million

**Breakdown of BNP Paribas Foundation 2019 budget:**



\*Solidarity mainly includes social inclusion and education programs

# UNIFYING EMPLOYEES' GENEROSITY



- **The Rescue & Recover endowment fund**, a long-term solution launched in 2012 to help victims of humanitarian disasters, **celebrated its 7<sup>th</sup> anniversary in 2019**
  - In seven years, more than EUR 4 million have been collected and matched by BNP Paribas, with EUR 412,000 raised in 2019
  
- **A unique initiative**
  - A pioneering solidarity tool: permanently open to all BNP Paribas employees around the world, and retirees and clients in France
  - Each 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 30 fundraising campaigns and collected EUR 4 million
  - 2019 was marked by emergency responses related to:
    - The hurricane Idai in Mozambique in the spring (EUR 60,000);
    - A campaign to help vulnerable women to have access to health and hygiene in France, Philippines and Madagascar (EUR 245,000).



# COMMITTED EMPLOYEES SHOWING SOLIDARITY

## THE #1MILLIONHOURS2HELP PROGRAM

BNP Paribas recognises its responsibility to use the significant resources at its disposal – finance, intellect, creativity – to **lead the way towards a more sustainable future**



### □ What?

- ❖ Reaching a total volume of **1 million paid solidarity hours at Group level by 2020** focused on the following themes:
  - Promoting the **social inclusion of young people**
  - Accelerating the **energy transition** and fostering the preservation of **biodiversity**
  - Supporting **local entrepreneurship** initiatives
  - Improving **local communities** where we are located

### □ How?

- ❖ In average half a day (4 hours) of corporate volunteering and solidarity hours per employee per year, on a voluntary basis:
  - Corporate volunteering
  - Pro bono
  - Other solidarity hours or actions



### □ Who?

- ❖ All group employees

### □ When?

- ❖ By 2020

### □ Where?

- ❖ All Group entities and territories

### □ Why?

- ❖ In order to comply with UNI World Agreement commitments

# COMMITTED EMPLOYEES SHOWING SOLIDARITY

## FOSTERING VOLUNTEER WORK THROUGH DEDICATED STRUCTURES

### ■ Dedicated Volunteering Coordination Team

#### ➤ 4 types of Volunteering during working hours

- 1) Long-term Volunteering French Program “**Mécénat de compétences**”: 2-years assignment for free in an NGO of senior employees: 175 Volunteers as of end-2019;
- 2) **Pro bono missions** with specialized teams: Legal / Internal Consulting / Talent Development Program;
- 3) **Solidarity Days**: one team / one day within an NGO;
- 4) **Individual Volunteering** such as mentoring young people or social entrepreneurs.

- All these actions are part of ONEMILLIONHOURS TO HELP, a Group Program allowing five working hours to all employees for Volunteering
- Each country has designed a dedicated set-up
- Besides, volunteering is also open to Group retirees

## BACKING THE GENEROSITY OF EMPLOYEES

### ■ **PHILANTHROPY**: The “Help2Help” programme devised by the BNP Paribas Foundation showcases and supports the voluntary commitment of employees to NGOs that promote community and humanitarian causes

- The programme is now deployed in more than 30 countries;
- In 2019, the programme supported the projects of **250 associations** thanks to an endowment totaling **EUR 750,000**.



# Accelerating the ecological and energy transition

Enabling our clients to transition to a low-carbon economy respectful of the environment

Reduce the environmental impact of our operations

Advance awareness and sharing of best environmental practices

# OUR ENVIRONMENTAL RESPONSIBILITY

## 2019 Highlights

### **On tackling climate change:**

- Funding for renewable energies reached EUR 15.9 billion; BNP Paribas is ranked 2<sup>nd</sup> when it comes to financing renewable energy projects in the EMEA region and 4<sup>th</sup> worldwide
- On the investment side, the Group launched 10 climate indices, raising more than EUR 750 million in 2019
- Within its own operations, BNP Paribas is continuing to cut its energy consumption, with a 5.3% reduction in CO<sub>2</sub> emissions per FTE at end-2019

### **In terms of biodiversity and commitment to circular economy:**

- The Group is committed to protecting the world's oceans, and in the maritime sector, EUR 1 billion has been earmarked for the environmental transition of ships by 2025
- The BNP Paribas Foundation's Climate Initiative programme has been expanded to include biodiversity issues and has become the Climate & Biodiversity Initiative
- The Bank has bolstered its commitment to circular economy notably by creating the joint venture BNP Paribas 3 Step IT, offering companies an end-to-end management service for their technological equipment at each stage of its life cycle

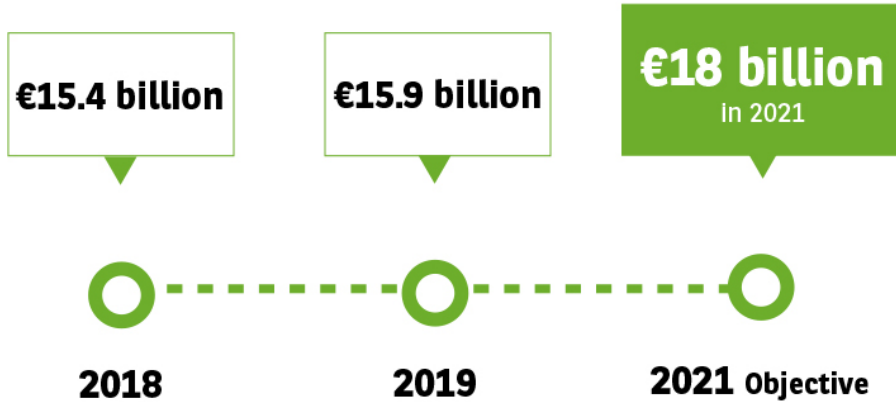
### **Coalitions to promote collective action in favour of the energy & environmental transition:**

- In 2019, Jean-Laurent Bonnafé, Director and CEO of the Bank, became Chairman of the environmental business forum EpE (Entreprises pour l'environnement)
- BNP Paribas is also involved in the work of the Hydrogen Council

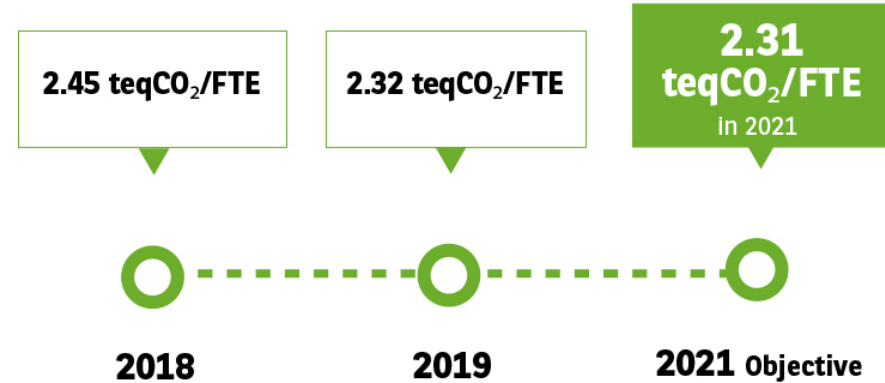
# OUR ENVIRONMENTAL RESPONSIBILITY

## Objectives for 2019

### FINANCING FOR RENEWABLE ENERGIES



### GREENHOUSE GAS EMISSIONS IN TEQCO<sub>2</sub>/FTE (KWH BUILDINGS AND BUSINESS TRAVEL)





# BEING A LEADER IN COMBATING CLIMATE CHANGE (1/3)

## BNP Paribas is committed to reduce its impact on climate change

■ As a bank with a presence in 71 countries and financing all kind of sectors, BNP Paribas' activities have two types of impacts:

1. **Direct:** impacts produced by its own actions

2. **Indirect:** impacts generated by its financing and investment activities

➤ In 2019, BNP Paribas' environmental reporting quality, including both direct and indirect impacts, was rated **A-** by the **Carbon Disclosure Project**

➤ In 2020, for the second time, the British NGO **ShareAction** identified BNP Paribas as the **European leader** in a report analyzing how the 20 largest European banks are managing risks and opportunities related to climate change



**Jean-Laurent Bonnafé**

Director and CEO of BNP Paribas

*"NGO ShareAction ranked BNP Paribas first European bank on the scale of best practices for the climate for the second time. This is a strong recognition of the efforts made by BNP Paribas. It is the result of work by all teams around the world to accelerate the energy transition and strengthen the management of climate-related risks. I am grateful for their commitment and I extend my sincere thanks to them. We, all banks, need to accelerate change to adopt strong climate strategies."*

# BEING A LEADER IN COMBATING CLIMATE CHANGE (2/3)

## Participation in several working groups and industry initiatives in favour of the energy transition

- Supports and implements the **TCFD\* recommendations** which aim to facilitate and standardize financial communication on environmental issues. The Group participated to working groups to define the implementation of the recommendations for banks, and published its first TCFD report in May 2020;
- Signed the **Katowice commitment** in 2018, and joined the **Collective Commitment to Climate Action** in September 2019, under the aegis of the **UNEP Finance Initiative**. The Group has therefore committed to developing tools which will bring its credit portfolio in line with the objectives of the Paris Agreement;
- Made a commitment to the **Science Based Targets Initiative** and participates in working groups set up to develop a methodology to set objectives for financial sector companies.



\*Task Force on Climate-related Financial Disclosures

# BEING A LEADER IN COMBATING CLIMATE CHANGE (3/3)

## Publication of BNP Paribas' first TCFD report

- Since 2011, BNP Paribas has been strongly engaged in the fight against climate change and works to align its activity with the objectives set by the Paris Climate Agreements. BNP Paribas has therefore endeavoured for several years to identify, analyse, and manage the climate-related risks and opportunities for the Group and its clients;
- In 2017, BNP Paribas CEO Jean-Laurent Bonnafé publicly supported the release of the final recommendations of the TCFD (Task Force on Climate-related Financial Disclosures), which have been supported and implemented by the Group since then;
- Also, within BNP Paribas, Jane Ambachtsheer (Global Head of Sustainability, BNP Paribas Asset Management) and Mark Lewis (Global Head of Sustainability Research, BNP Paribas Asset Management) are both members of the TCFD;
- On May 18<sup>th</sup>, 2020, BNP Paribas published its first dedicated and stand-alone TCFD report, which represents an additional step toward leading this alignment with constructive transparency, a central concern of the 21<sup>st</sup> century.



Link to the report: [https://group.bnpparibas/uploads/file/bnpparibas\\_tcf\\_d\\_report\\_en.pdf](https://group.bnpparibas/uploads/file/bnpparibas_tcf_d_report_en.pdf)

Enabling our clients to  
transition to a low-carbon  
economy respectful of the  
environment

# INCREASED SUPPORT FOR RENEWABLE ENERGY

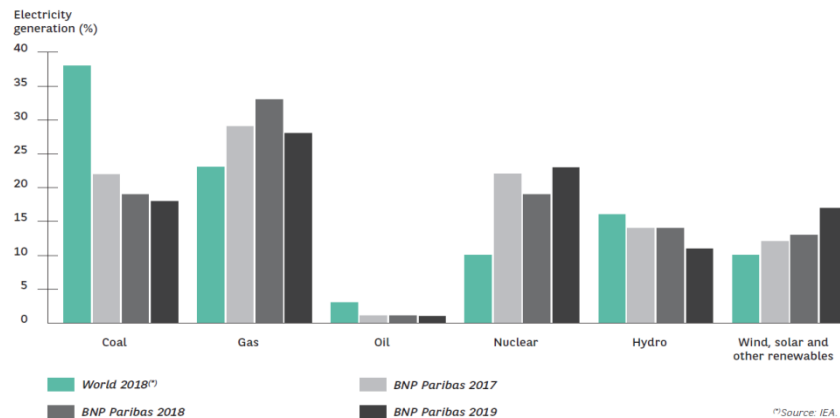
## ■ Major participant in the renewable energy sector

- **EUR 15.9 billion financing** to renewable energy in 2019 (EUR 15.4 Bn in 2018)
- The Group raised its financing target for the sector **to EUR 18 billion** by the end of 2021
- **BNP Paribas Cardif** has already reached its 2020 target at end-2019, with **EUR 3.7 billion** of green investments

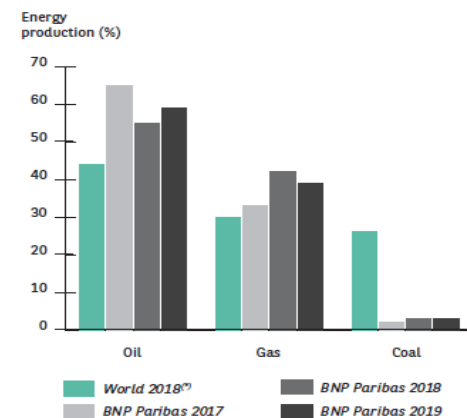
## ■ Financing electricity and energy mixes that rank better than the world mix (electricity mix and primary energy mix as well)

- The kWh carbon content financed by the Group is 299g of CO<sub>2</sub>, compared with the world average of 476g in 2018 (source: IEA)
- **In line with the Paris Agreement**, BNP Paribas is committed to reducing the kWh carbon content financed as rapidly as the world average is due to fall under IEA's SDS scenario (i.e. 81g of CO<sub>2</sub>/kWh by 2040)
- In 2019, BNP Paribas announced a **timeframe for a complete thermal coal exit**, which has been reinforced in May 2020 now committing the Group to cease all its financing to utilities using thermal coal in their electricity production by 2030 in all OECD countries and by 2040 in the rest of the world

➤ **BNP PARIBAS' ELECTRICITY MIX**



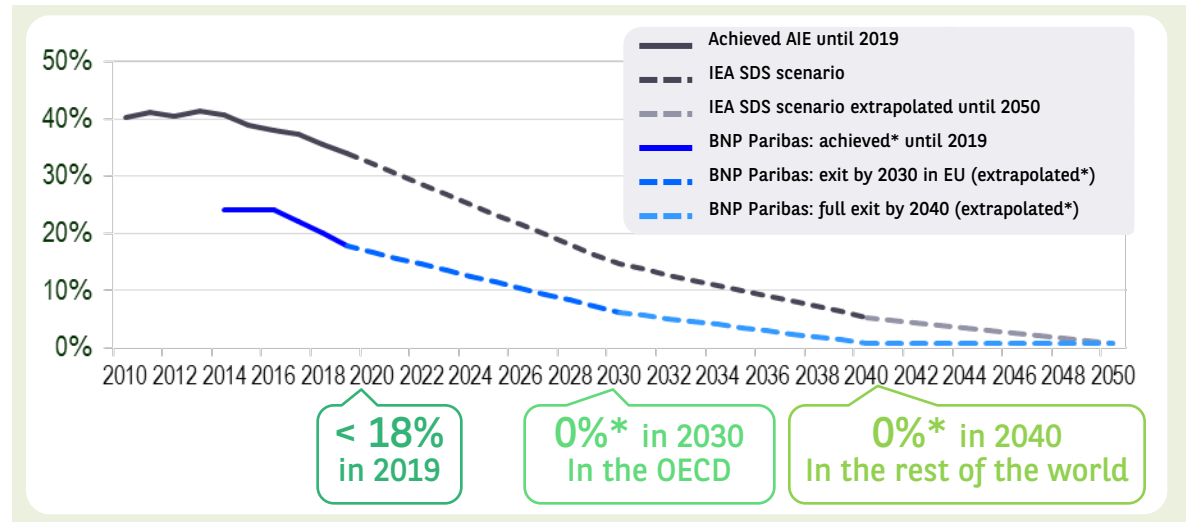
➤ **BNP PARIBAS' ENERGY MIX (PRIMARY ENERGY)**



# A GLOBAL LEADER IN TERMS OF FINANCING THE ENERGY TRANSITION

BNP Paribas is the **only bank in the world** to have announced (i) a timeframe for complete thermal coal exit, (ii) have ceased financing unconventional oil and gas, and (iii) to be a leader in renewable energies at the same time

- **The biggest bank in the world** to have announced a complete exit from the use of coal in electricity production
- **A residual share of coal (2.4%) approaching 0%** in the field of energy extraction
- **A reinforced ambition** in terms of the financing of renewable energies



\* Data based upon 80% of BNP Paribas portfolio's coal capacity at the end of 2019 (data used for the calculation of the Group electric mix); The trajectory is based on the hypothesis of a full exit for each perimeter, and doesn't take into account potential commitments terminating after the exit dates

Objective: **EUR 18 billion in 2021**

# STRONG GROWTH IN THE OFFER OF “GREEN” PRODUCTS AND SERVICES



## Renewable energies

- **EUR 15.9 Bn** as of end 2019
- **2021 objective of EUR 18 Bn**
- **#2 financier worldwide** of renewable energy projects (EMEA)



## Green bonds

- **EUR 9.8 Bn of green bonds in 2019** for which BNPP was joint lead manager for its clients
- In 2019, The Group was the **3<sup>rd</sup> largest global player on the green bond market**



## Commitment to the preservation of the ocean

- Management of the financing and sensitive activities and support of initiatives respectful to the marine ecosystems and human beings, which includes **EUR 1 Bn** to finance the ecological transition of ships by 2025



## Sustainability-Linked Loans (SLL)

- **Tailor-made loans** for which the bank will improve the rate according to the achievement of environmental and/or social criteria **matching the clients' strategy**
- **EUR 6.2 Bn of SLLs in 2019**, of which almost a third were exclusively based on green KPIs



## Charter for engagement on women leading climate action

- The charter's purpose is to raise awareness and promote related action signed in Kyoto



## Management of SRI funds

- **EUR 63 Bn** of SRI funds assets managed by BNP Paribas Asset Management in 2019



## Carbon offsetting

- **BP2S ClimateSeed created in 2018**
- Facilitation of carbon emissions offsetting both for corporates and asset managers



## Greener vehicles for clients

- **EUR 1.3 Bn of outstanding** in 2019 of electric and hybrid vehicles at Arval



## Supporting innovation

- **EUR 56 M invested in 2019** in innovative start-ups active in the energy transition

# BNP PARIBAS' GREEN SERVICES FOR INSTITUTIONAL INVESTORS

## Focus on BNP Paribas' significant role in promoting green bonds

### ■ The Group is one of the world's top three players on the sustainable bonds market

- At the end of 2019, the Group was the **3<sup>rd</sup> largest global player**, all currencies, on the green bond market according to Dealogic
- Since 2012, the Group has been joint lead manager for **EUR 29.9 billion** of green bonds. The amount of green bonds placed in 2019 by BNP Paribas totaled **EUR 9.8 billion**

### ■ Examples:

- First sovereign green bond in Latin America (Chile) for EUR 1.3 billion, which will be partly used to finance renewable energy and environmental protection projects;
- Apple's inaugural EUR 2 billion green bond, which will be used to reduce Apple's overall carbon footprint and to develop the use of more sustainable materials in its products and processes.





# PARTNERING WITH OUR CLIENTS IN THE TRANSITION TO A LOW-CARBON ECONOMY (1/2)

Fully supporting corporate clients in their energy & environmental transition

## ■ Support for SMEs in Domestic Markets to help them reduce their energy consumption

- In France, a broad-based solution has been developed by Arval, BNPP Rental Solutions, BNPP Leasing solutions, and their partner Economie d'Énergie (EDE), to reduce energy consumption of French SMEs in three areas of operation: real estate, transport & mobility, movable assets. At end-2019, total support stood at EUR 2.7 billion



## ■ Arval & BNP Paribas Leasing Solutions: greener vehicles for their clients

- At end-2019, the amount of Arval's hybrid and electric outstandings was around EUR 1.3 billion, up more than 60% compared to 2018
- BNP Paribas Leasing Solutions has also developed a specific solution for sustainable mobility by financing electric vehicle charging points for companies

## ■ BNP Paribas Real Estate Services: offering companies responsible real estate

- in 2019, BNPP Real Estate was ranked 4<sup>th</sup> in the top 10 French low-carbon real estate developers

## ■ Supporting businesses in the shift towards carbon neutrality

- in 2018, BNP Paribas created the social business ClimateSeed, a voluntary carbon offset platform
- In 2019, 31 project developers, representing 5.5 M tons of carbon dioxide equivalent, were on the platform

# PARTNERING WITH OUR CLIENTS IN THE TRANSITION TO A LOW-CARBON ECONOMY (2/2)

## Helping retail banking customers lower their energy consumption

### ■ Retail Banking support to customers: two loans launched by French Retail Banking in 2019

- **Auto Ecologiques:** this loan is a form of consumer credit used to purchase cars eligible for the 2019 conversion premium. In 2019 1,057 loans were granted for a total of EUR 27 million
- **EnergiBio:** this loan is a form of consumer credit used to finance energy retrofitting work. In May 2019, the EnergiBio rate was set at 1%, in line with the Auto Ecologique loan



### ■ Consumer loans to finance more sustainable goods developed by BNP Paribas Personal Finance

- **In the mobility sector,** this translates into partnerships with car manufacturers, particularly in France and in the UK, to improve electric vehicle solutions
- **In the housing sector,** Domofinance, the joint subsidiary of EDF and BNPP Personal Finance in France which specializes in the financing of energy efficiency in customers' homes, financed 41,250 projects in 2019

# ACTIVELY CONTRIBUTING TO THE TRANSITION TO THE CIRCULAR ECONOMY

## ■ BNP Paribas has significant opportunity in financing and investing in the circular economy

- The linear economy of take-make-dispose value chains is exhausting our planet's resources. The **growing scarcity of critical resources** represents significant risk through market disruption, increasing costs and reputational risk
- The circular economy represents **€1.8 trillion opportunity** in overall benefits for Europe by 2030
- As a significant international banking group, BNP Paribas has **many opportunities** to invest in the circular economy to accelerate the transition and profit from market disruption



## ■ In 2019, BNP Paribas actively contributed to the transition to the circular economy through:

- **Lease finance solutions:** e.g. the leasing offer proposed by the Arval and BNP Paribas Leasing Solutions subsidiaries is a service based on the use, rather than the ownership of an asset, thus taking into account the whole life cycle of assets
- **The launch of a circular economy fund:** BNP Paribas Asset Management has launched the first exchange-traded fund (ETF) dedicated to the circular economy
- **Structured partnerships:** e.g. partnership between BNPP Leasing Solutions and the Ellen MacArthur Foundation's Circular Economy 100 programme

# GREEN HYDROGEN, AN IMPORTANT TOOL FOR THE CLIMATE CHANGE FIGHT

## ■ A key element to decarbonize our economy

- Hydrogen is more and more considered as a **key tool on the path to low carbon economy**. In total, it is **60% of GHG emissions that can be decarbonized by the use of green hydrogen**.

Some applications are already competitive with conventional options.

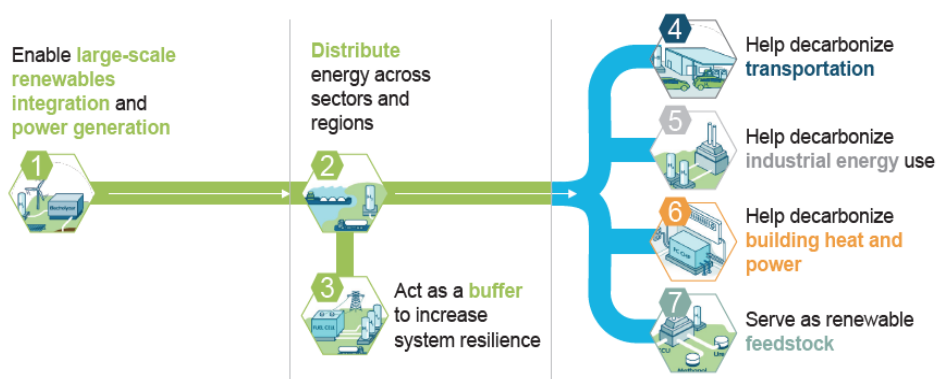
## ■ Countries and EU supporting actively the development of hydrogen

- Hydrogen is clearly identified as one of the key elements of the European Green Deal, and even more after the Covid-19 crisis
- At country level, many countries have or are building up a dedicated strategy: France, UK, Germany, USA, Japan, South Korea, etc.

## ■ BNPP already committed to the financing of this technology and sectors

- BNPP is a member of the Hydrogen Council, a group of 80 international companies aiming at developing the hydrogen applications
- BNPP intends to support the applications of green hydrogen by providing the financing for companies and projects. Technical expertise and know-how is being built

Enable the renewable energy system ———> Decarbonize end uses ———



Source: Mc Kinsey for the Hydrogen Council, 2019



*“The membership of BNP Paribas in the Hydrogen Council is a natural path for the Group to accompany our clients in the development and the financing of hydrogen,*

*which we believe will be a key element of the energy transition of the next decade.”*

Jean-Laurent Bonnafé, Director and CEO of BNP Paribas



**Reduce the environmental  
impact of our operations**

# REDUCE OUR DIRECT IMPACT: A CARBON NEUTRAL BANK ACROSS ITS OPERATIONAL SCOPE SINCE 2017

■ As part of its policy to combat climate change, BNP Paribas became a carbon neutral bank at all levels of its operations in 2017 based on a 3-step approach:

➤ Reduction of the Group's global carbon footprint

- In 2019, the Group emitted a total of 461,030 teqCO<sub>2</sub> equivalent emissions, or 2.32 tonnes of CO<sub>2</sub> equivalent / FTE, i.e. a **7.06% reduction** compared to 2018
- Three mechanisms to reduce emissions: energy efficiency of buildings, energy efficiency of IT equipment, and business travel optimisation

➤ Use of low-carbon electricity

- In 2019, renewable electricity accounted for **35% of the Group's total electricity bill**, compared to 32.2% in 2018

➤ Offsetting residual emissions via programmes with established partners



- **Wildlife Works**, which preserves and replants forests in Kenya and helps local people to avoid new forest destruction



- **Kalimantan Protection**, which restores tropical peatland in forests in Indonesia

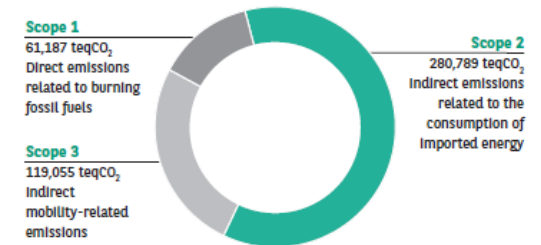


- **United Purpose Malawi**, which puts in place water treatment so it is potable




- **Good Planet**, which provides gas bio-composters in India, thus avoiding CO<sub>2</sub> emissions and preserving forests

➤ **BREAKDOWN OF THESE EMISSIONS BY ISO/GHG PROTOCOL SCOPE IN TeqCO<sub>2</sub>**



# REDUCE OUR DIRECT IMPACT: QUANTIFIED OBJECTIVES FOR 2020 AND 2019 RESULTS

| 2020 OBJECTIVES   | 2019 RESULTS  |
|---|---|
| <p><b>Carbon neutrality</b></p>   | <p>Annual carbon neutrality objective achieved since 2017 within the Group's own operations<br/>The Group was also carbon neutral as of end-2019</p>  |
| <p><b>Cut GHG emissions per employee</b><br/>Reach 2.31 tonnes of CO<sub>2</sub> equivalent per employee by end-2021</p>  | <p>In 2019, the Group emitted a total of 461,030 tCO<sub>2</sub> equivalent emissions, or 2.32 tonnes of CO<sub>2</sub> equivalent / FTE<br/>(2020 objective of 2.41 reached well in advance)</p> |
| <p><b>Cut paper consumption per employee by 43%</b><br/>compared with 2012, from 165kg to 94kg per employee</p>   | <p>In 2019, 94kg of paper were consumed per employee, representing a 48% decrease compared to 2012</p>  |
| <p><b>Increase the share of responsibly sourced paper</b><br/>(produced from recycling or sustainably managed forests) to 80% of the total amount consumed internally</p> | <p>72% of paper was from responsible sources in 2019</p> <div style="text-align: center;">  </div>            |
| <p>The Group is committed to <b>making progress each year on the amount of waste recycled by employees</b>, mostly paper</p>  | <p>In 2019, a total of 33,905 tonnes of waste generated by the Group was collected, or 170.5kg/FTE<br/>21% of the total volume of waste is recycled, or the equivalent of 26.7kg per employee</p> |

# GREEN COMPANY FOR EMPLOYEES



## Targets:

- ➔ Accelerate the reduction of BNP Paribas' direct environmental impacts,
- ➔ Making the actions more readable
- ➔ Get the employees involved in this programme

- **Plastic:**

**Global commitment: fight against single use plastic**

Main focus: office's supply, take away food, promotional items

Key actions in 2019: public commitment to ban petrochemical sourced single-use plastics from the working environment of the Group employees by 2020 (2019 [Position on Ocean Protection](#))

- **Mobility:**

**Global commitment: promote sustainable mobility**

Main focus: make BNP Paribas' buildings accessible to sustainable mobility (e.g. parking), make easier the car-sharing, journey-sharing or bike-sharing, deliver advantageous rates to buy and/or lease green vehicles (cars/bikes)

Key actions in 2019: a Green Friday was held in France to give employees cheap access to green cars and bikes and thus encourage sustainable mobility



# A LEADER IN CERTIFICATIONS



- With 49 ISO 9001 certifications, the Group is a leader in the banking sector
- 21 ISO 14001 certifications which makes BNP Paribas the world leader in the banking/insurance sector for environmental management systems.
  - More than 93000 Group employees work in an entity certified
  - Integrated approach for French Retail Banking
    - The facilities, 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:
  - Information Security Management (ISO 27001)
  - Information Technology – Service Management (ISO 20000)
  - Energy Management (ISO 50 001)
  - Business Continuity Management (ISO 22 301)
  - Sustainable procurement (20 400)
- The Group integrates the ISO 26000 standard alongside other CSR standards to establish its framework for CSR initiatives and define action plans
- In 2019, AFNOR renewed the BNP Paribas diversity label in France



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

# SUPPORTING SCIENTIFIC RESEARCH ON CLIMATE CHANGE & BIODIVERSITY

## ■ **Financing environmental research through the *Climate & Biodiversity Initiative*:**

- Launched in 2010 by the BNP Paribas Foundation, the *Climate & Biodiversity Initiative* has already supported **27 international research teams**, with a total budget of **EUR 18 million**
- Through this global philanthropy program, a call for projects is organized **every 3 years** with recognized experts. To **tackle climate change and biodiversity erosion**, two of today's biggest challenges, the Foundation launched its 4<sup>th</sup> call for projects in 2019
- Between 2020 and 2022, the Foundation will fund **9 new international research projects** with a total budget of EUR 6 million. For example, they will study the consequences of glacier extinction for biodiversity and local communities, or the vulnerability and resilience of coastal biodiversity to the increased extreme weather events (hurricanes, droughts...)

## ■ **The *One Planet Fellowship*: creating an intergenerational network of climate scientists in Africa**

- Created at Emmanuel Macron's *One Planet Summit* in 2017, the *One Planet Fellowship* program aims to create a community of African and European researchers working on climate change adaptation in Africa's agricultural sector
- With a budget of approximately \$20 million, this 5-year program is supported by the BNP Paribas and Bill & Melinda Gates foundations, the European Commission and the International Development Research Centre (IDRC, Canada). It is operated by AWARD (ICRAF, Kenya) and the Agropolis Foundation

## ■ **Raising awareness – Conferences:** In 2019, **22 conferences** made it possible to discuss, with Group employees and the general public, the state of the art of research supported by the Foundation

- With the various awareness-raising initiatives, **more than 86,000 people** were made aware of environmental issues related to climate change and biodiversity loss in 2019
- Lecture by **Philippe Cury**, senior researcher at the French National Research Institute for Sustainable Development (IRD) and member of the Scientific committee of the BNP Paribas Foundation, on ocean protection and marine biodiversity preservation, Prague (Czech Republic)
- Lecture by **Tiphaine Chevallier** (IRD): "Soil: an overlooked ally in the fight against global warming", Paris (France)
- Lecture by **Philippe Ciais**, researcher at the Laboratories des Sciences du Climate et de Environment (LSCE/IPSL, CNRS/CEA/UVSQ), on recent trends in the carbon cycle, characterized by the fast growth of emissions and by a slowing trend of natural sinks, Manama (Bahrain)

# APPENDIX

- BNP Paribas financing and investment sector policies
- Public position on tobacco industry
- Public position on ocean protection
- Alignment of financing portfolios with the Paris Agreement goals (PACTA)

# 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 219 companies and 36 companies under monitoring in 2019

**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
- The coal-fired power generation policy, **updated in July 2020** (see [CSR sector policy](#)), sets the following criteria:

### **On Project finance:**

- BNP Paribas no longer finances **new CFPP projects** wherever they are located, **including brownfield retrofit CFPP projects** seeking lifetime extension or capacity increase

### **On Corporate finance, BNP Paribas will only provide financial products and services to power generation companies that meet, among others, the following requirements:**

- Having a strategy to reduce coal power generation in its mix under a regularly monitored plan including a timeline, resulting in a thermal coal exit **by 2030 in the EU and OECD countries, and by 2040 in the rest of the world;**
- **Not adding operational CFPG capacity** to their power portfolio (irrespective of other capacity that could be dismantled and/ or sold ), etc.

### **Moreover, for new clients:**

- From the date of release of this policy, BNP Paribas will not accept any new client who derives **more than 25% of its revenues** from coal-fired power generation; who has not planned a **strategy to exit from its coal power generation capacities** in line with BNPP deadline; and/or who is **planning to add CFPG capacity** to its power portfolio.

### **On Asset Management activities:**

- BNP Paribas Asset Management will only invest in power generation companies whose **intensity from power generation is below the 2017 global average of 491 gCO<sub>2</sub>/kWh**, and which **follow a Paris-compliant trajectory** for the sector, as determined by the International Energy Agency (IEA) in its Sustainable Development Scenario (SDS)

## ■ CONCRETE ACTIONS

- Before this update, the criteria set by the former CFPG policy contributed to the exclusion of 391 companies and 65 under monitoring in the Energy & Extractives sector in 2019

# 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 391 companies and 65 under monitoring in the Energy & Extractives sector in 2019
- 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 certifications such as 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.
- **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.**
- **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 1<sup>st</sup> 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 alignment with RSPO standards, 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), in high conservation value forests, high carbon stock forests or 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 391 companies and 65 under monitoring in the Energy & Extractives sector in 2019

# 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 391 companies and 65 under monitoring in the Energy & Extractives sector in 2019

# PUBLIC POSITION: TOBACCO INDUSTRY

## ■ OUR POSITION

- **In 2016, decision to raise expectations towards tobacco 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.

# PUBLIC POSITION: OCEAN PROTECTION

## ■ OUR POSITION

- **A public position released Sept. 23, 2019 in New York**

- Statement of BNP Paribas' willingness to work with its clients towards the achievement of SDG 14 ("Life Below Water")
- Ocean is critical for our planet: it is a cradle of biodiversity essential for life balance on earth, a source of vital resources for human beings including food and habitat preservation, and a vector of the global economy, generating direct and indirect jobs



- **BNP Paribas commits to finance in a responsible manner activities likely to impact the ocean**

- Sectors identified: Maritime transportation; Fishing and Aquaculture; Offshore oil and gas, deep sea mining and renewable marine energies; and Land-based activities in relation to the ocean

- **BNP Paribas seeks to actively take part in the preservation of the ocean**

- Support the implementation of best practices through positive-impact banking solutions and services, e.g. BNP Paribas' commitment to dedicate **1 billion euros to finance the ecological transformation of the shipping fleet by 2025**
- Support innovation and invest in start-ups through the **100 million euros global envelope targeting among others sustainable maritime transportation**
- Moving the needle, e.g. participation to working groups and initiatives like the **Poseidon Principles** (signed in early 2020) towards GHG emission reduction in the shipping industry
- Support research for a better understanding of the ocean with the international sponsorship program Climate and Biodiversity Initiative of the BNP Paribas Foundation

# ALIGNMENT OF PORTFOLIOS WITH THE PARIS AGREEMENT GOALS

## ■ THE KATOWICE COMMITMENT

- During the **COP24 in Katowice**, BNP Paribas, BBVA, ING, Société Générale and Standard Chartered made a historic commitment: pledging to measure the climate alignment of their lending portfolios, and to explore ways to progressively steer financial flows through their core lending towards the Paris Agreement's goals

## ■ ALIGNING THE BANK'S LENDING PORTFOLIOS WITH THE PARIS AGREEMENT GOALS



- BNP Paribas works together with other signatory banks to test and recommend ways to improve the Paris Agreement Capital Transition Assessment (PACTA) methodology developed by the **2 Degrees Investing Initiative**, so as to provide open-source methodologies and tools that can be used by all banks. In 2020 the **finalized IP rights free, open source software** will be released, enabling any bank to carry out the analysis
- **BNP Paribas has been continuously and intensively working on this project for its own activities**
  - As of 2019, the Group uses the PACTA methodology to **calculate its loan book's profile** at various maturity dates for five high-carbon sectors (extraction of fossil fuels, electricity generation, transport, steel production and cement production)
  - The method, tailored to each sector, employs **benchmark scenarios** used and developed by **independent organizations** such as the International Energy Agency (IEA)
  - The Group is now focusing its efforts not only on improving the percentage and quality of client coverage, but also gaining a **better understanding of projected trends** in each sector