



# BNP PARIBAS CORPORATE GOVERNANCE

**Jean LEMIERRE**  
Chairman

MARCH / APRIL 2021



**BNP PARIBAS**

The bank for a changing world

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**BNP PARIBAS**

# The BNP Paribas Fundamentals

Corporate Governance within BNP Paribas

Corporate Governance within BNP Paribas: focus on CSR

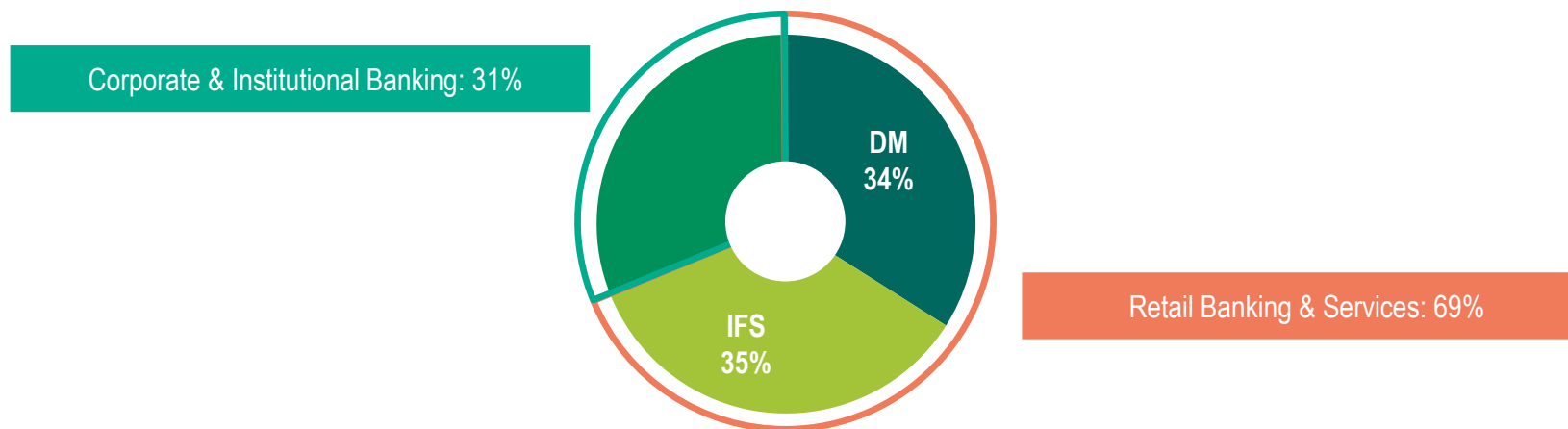
The Board of Directors and its Committees

Corporate Officers' Compensation

Appendix

# Organisation of the Operating Divisions

## 2020 Revenues of the Operating Divisions



### CIB

- CORPORATE BANKING
- GLOBAL MARKETS
- SECURITIES SERVICES

### INTERNATIONAL FINANCIAL SERVICES

- PERSONAL FINANCE
- EUROPE - MEDITERRANEAN
- BANCWEST
- BNP PARIBAS CARDIF
- WEALTH MANAGEMENT
- BNP PARIBAS ASSET MANAGEMENT
- BNP PARIBAS REAL ESTATE

### DOMESTIC MARKETS

- FRENCH RETAIL BANKING
- BNL BANCA COMMERCIALE
- BELGIAN RETAIL BANKING
- LUXEMBOURG RETAIL BANKING
- BNP PARIBAS PERSONAL INVESTORS
- ARVAL
- BNP PARIBAS LEASING SOLUTIONS
- NICKEL

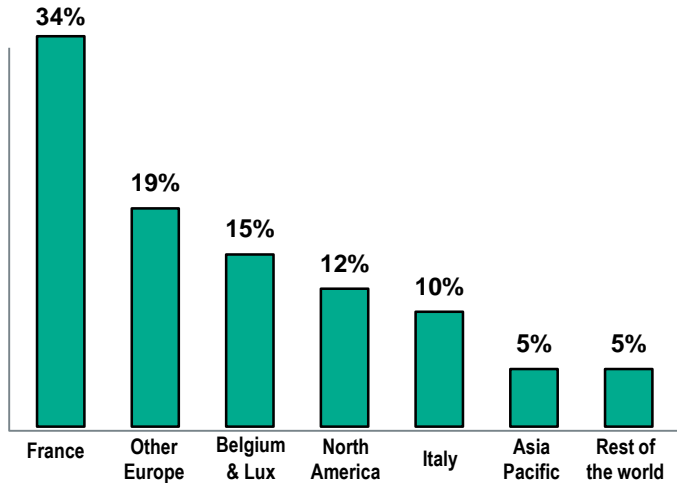
● **Straightforward business structure with more than 2/3 of retail and service activities**



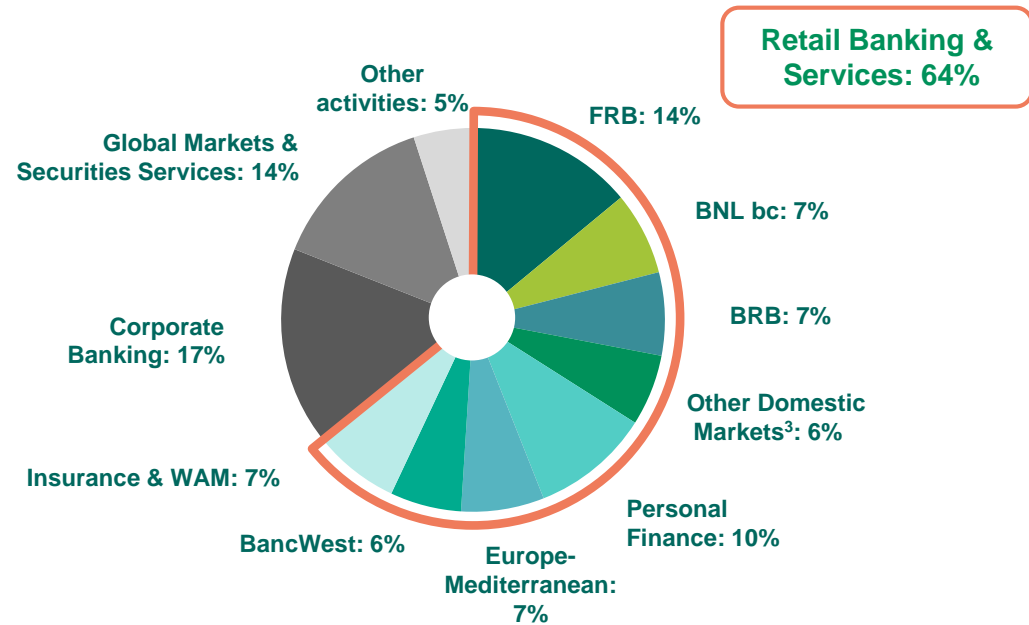
# A Business Model Well Diversified by Country and Business

No country, business or industry concentration

● 2020 Gross Commitments<sup>1</sup> by region  
>90% in wealthy markets



● Basel 3 risk-weighted assets<sup>2</sup> by business as at 31.12.20

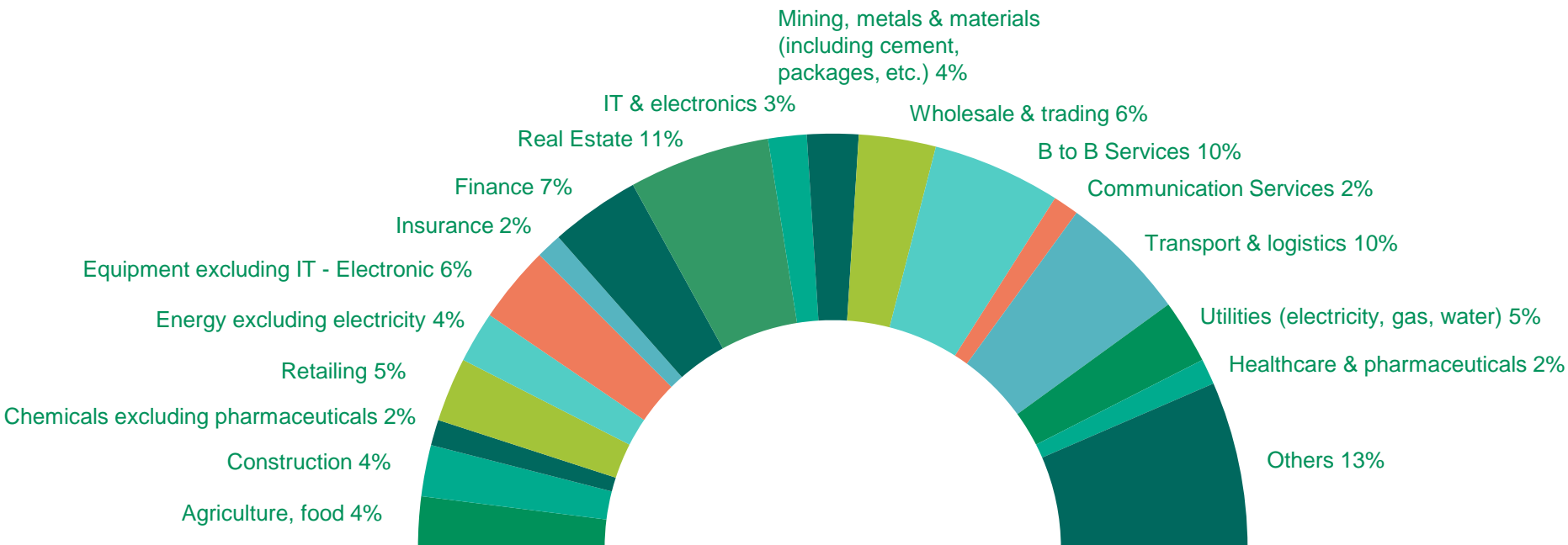


**A balanced business model: a clear competitive advantage in terms of revenues and risk diversification**  
**Business units and regions evolving according to different cycles**  
**An integrated business model fuelled by cooperation between Group Businesses**  
**Strong resilience in changing environment**

1. Total gross commitments, on and off balance sheet, unweighted of €1,783bn as at 31.12.20 ; 2. CRD 4 ; 3. Including Luxembourg



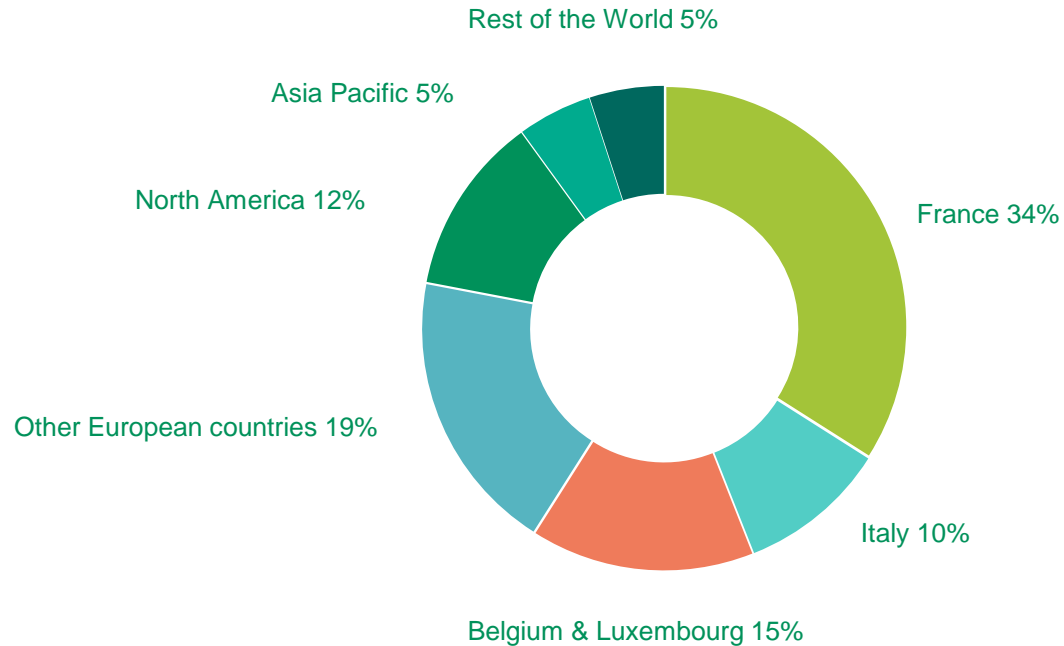
# Breakdown of Commitments by Industry (Corporate Asset Class)



**Total gross commitments, on and off-balance sheet, unweighted  
(corporate asset class) = €742bn as at 31.12.20,  
or 42% of total Group exposure to credit risk (€1,783bn as at 31.12.20)**



# Breakdown of Commitments by Region



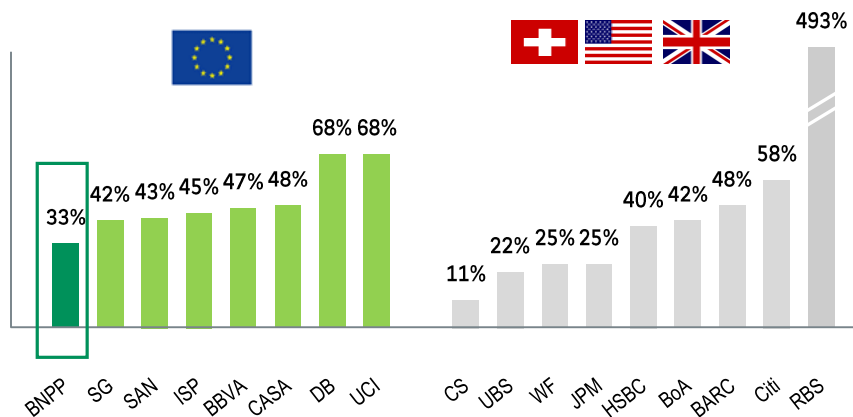
**Total gross commitments on and off balance sheet, unweighted  
= €1,783bn<sup>1</sup> as at 31.12.20**

*1. Excluding Equity credit exposure class*

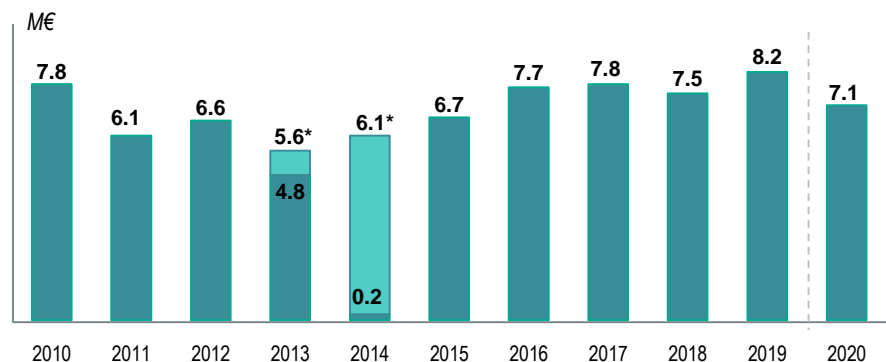


# Diversification leading to a recurrent profitability through the cycle

● Cost of Risk/Gross Operating Income 2008-2020



● Net Income Group Share (2008-2020)



- One of the lowest CoR/GOI through the cycle

- Recurrent earnings generation through the cycle
  - Thanks to diversification
  - Strong proven capacity to withstand local crisis and external shocks

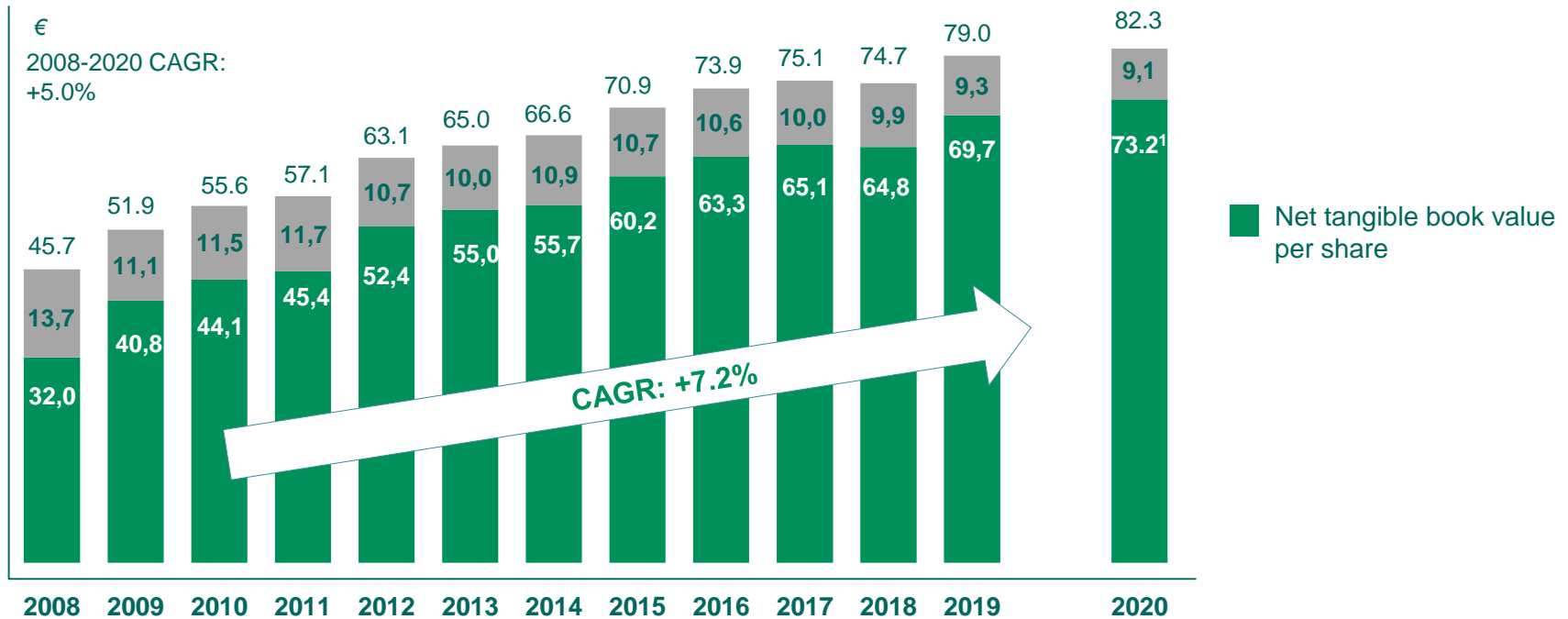
**Low risk and limited volatility of earnings  
Diversification => lower risk profile**

\* Adjusted for costs and provisions relating to the comprehensive settlement with U.S. authorities



# Growing net tangible book value per share: €73.2<sup>1</sup>

● Net book value per share<sup>1</sup>, end of period



1. With 2019 earnings placed into reserves



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Corporate Governance - March/April 2021



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The BNP Paribas Fundamentals

# Corporate Governance within BNP Paribas

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# A Corporate Governance Framework Deeply Embedded in the Bank's Culture

## A « Triptic » Culture / Governance / Business Strategy

- — **Balance, stability and consistency of the strategy**
- — **A culture of control and risk management, aiming at helping customers to implement their projects**
- — **A risk-reward balance closely monitored throughout the cycle**
- — **A commitment for a positive impact on society as a whole**
- — **Business model is closely aligned with culture, focused on:**
  - Customers (vs sales)
  - Long term (vs short term) results
  - Sustainability (vs growth)
  - Efficiency (vs low cost)
- — **A reputation based on rigorous rules of ethics, compliance and transparency and on a true social commitment with a focus on:**
  - Values, compliance, behaviour
  - Consistency of message
  - Tone at the top.....Echo from the bottom



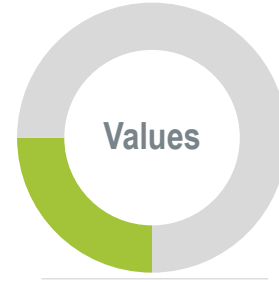
# Upholding the Highest Standards of Conduct and Ethics



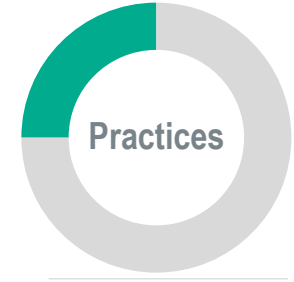
Mission



Rules



Values



Practices

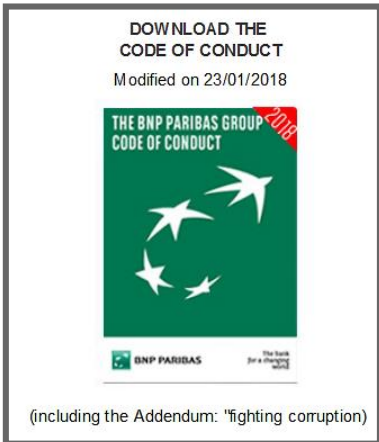
- **Provide financing** for the economy and advise clients in an ethical manner
- **Have a positive impact** on our stakeholders and on the society

- Elaborated at Group level and built around **7 themes** (Customers' interests, Financial security, Market integrity, Professional ethics, Respect for colleagues, Group protection, Involvement with society)
  - Enforced in every business line

- **4 strengths:** Stability, Responsibility, Expertise, Good place to work
- **4 levers:** Agility, Culture of compliance, Client satisfaction, Openness

- Annual performance appraisal, opportunity to reinforce the importance of appropriate behaviors
- Employee training
- Processes for employees to raise concerns, notably whistleblowing procedure
- Incentive to be exemplary but also sanctions (clawbacks,...)

- Adaptations in the Business lines (CIB Conduct Program, ..)
- A Code of Conduct on Fighting corruption integrated in 2018 provides definitions as well as examples to illustrate prohibited behaviours.
- All employees have the duty to respect the rules and the responsibility to support the Group in its commitments, including those related to the prevention and the fight against corruption
- Internal policies and procedures are deployed to ensure that employees comply with laws and regulations, as well as internal rules of conduct within the scope of their professional activities.
- A Global Conduct Framework is in place, monitored by Compliance
- At end of 2020, 97.0% of Group employees were trained on ethical or conduct issues



Source: <https://group.bnpparibas/en/group/governance-compliance/compliance>



# BNP Paribas company purpose

- BNP Paribas has formalized a “company purpose”
  - Elaborated under guidance from the BNP Paribas Executive Committee
  - Reviewed 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**

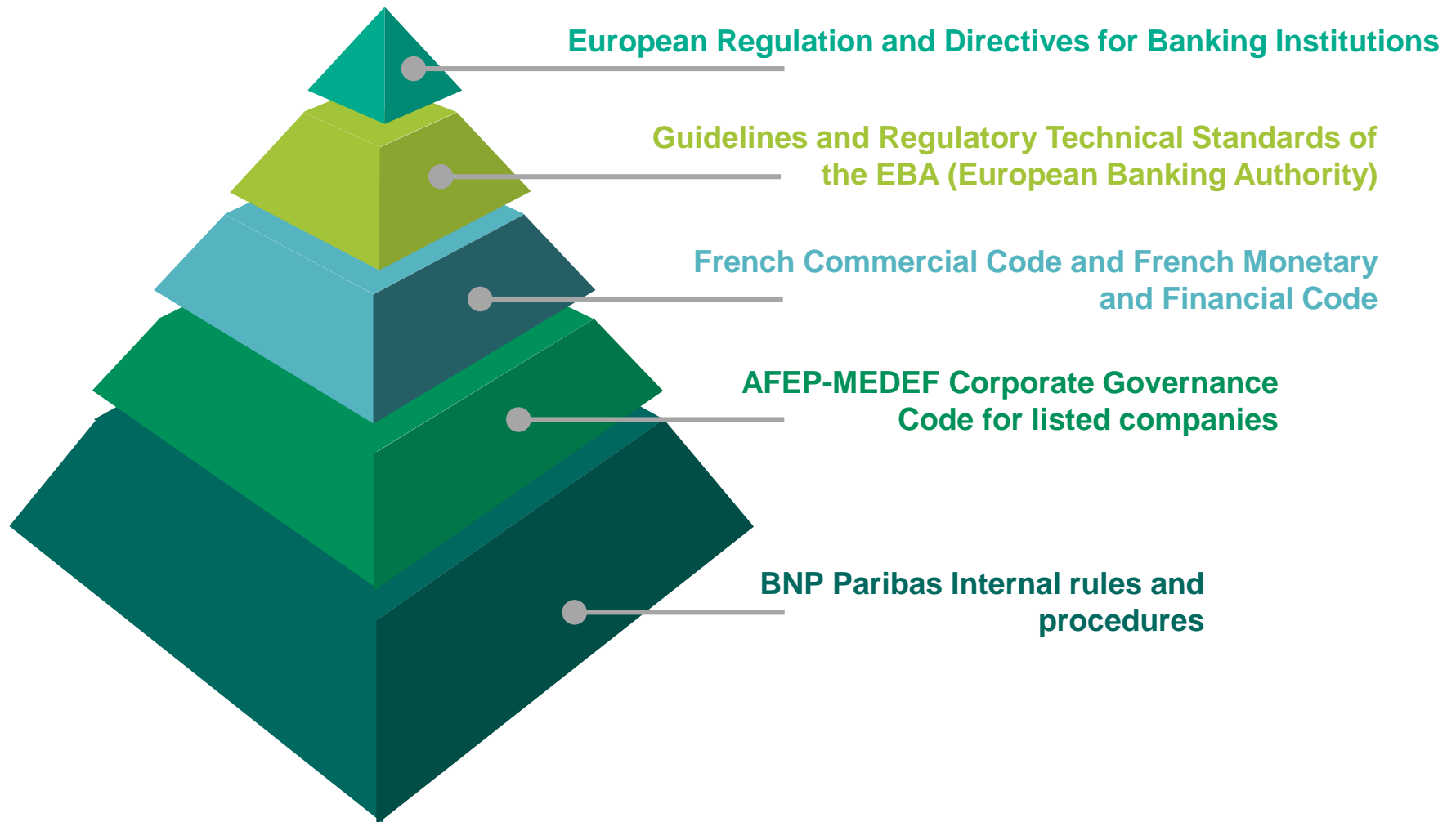


# A Corporate Governance that Supports the Long-Term Strategy of the BNP Paribas Group

- Separation of the functions of Chairman and CEO since 2003
- No member of the Executive Committee sitting on any of the Board Committees since 1997
- Selection of Directors:
  - A forward looking “Fit & Proper” process
  - Diversity and complementarity of the personal characteristics as well as of the areas of expertise
- Audit Committee set up as soon as 1994, whose competencies were split:
  - Financial Statements Committee, on the one hand
  - On the other hand, an Internal Control, Risk Management and Compliance Committee
- A Committee of the Board in charge of dealing, among others, with CSR matters
- Undertaking by the Directors to put their mandate at the Board’s disposal in the event of any significant change in their duties or powers
- Shareholders’ protection: 1 share = 1 vote = 1 dividend
  - No double voting rights
  - No voting caps
- No anti takeover or public exchange offer provisions
- A compensation policy integrating the long-term interests of the Group and its stakeholders



# A Specific Feature for Corporate Governance in the Banking Industry (1/3): A Pyramid of Regulations



# A Specific Feature for Corporate Governance in the Banking Industry (2/3): Regulators' and Supervisors' Oversight

- Suitability of the Board of Directors: oversight by the ECB and the ACPR through the SSM



- Financial Institutions are subject to stricter regulations than other sectors' companies, for instance:
  - Fewer directorships allowed
  - On-going assessment of the suitability of Directors and Effective Directors
  - Guidelines by the EBA on internal governance and the « fit and proper » of Directors and Corporate Officers



# A Specific Feature for Corporate Governance in the Banking Industry (3/3): Regulators' and Supervisors' Oversight

- Remuneration policy: mandatorily consistent with the institution's risk profile



## For executive management and “Material Risk Takers”:

- Limitation of variable remuneration:
  - $\leq$  fixed remuneration or  $\leq 2$  times fixed remuneration if prior approval by the Shareholders General Meeting;
- obligation to apply deferral and retention periods to variable remuneration;
- obligation to pay part of the variable remuneration in equity-linked instruments;
- Claw-back and malus provisions.

- Corporate Governance within BNP Paribas subject to EBA (European Banking Authority) guidelines and to the continuous oversight and assessment of the ECB (European Central Bank) through the SSM (Single Supervisory Mechanism)
- A rich set of rules and guidelines forming an additional guarantee for stakeholders regarding the suitability of Corporate Governance and its alignment with shareholders' interests





**BNP PARIBAS**

The BNP Paribas Fundamentals  
Corporate Governance within BNP Paribas

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Appendix

# A comprehensive governance

CSR is overviewed by the **Company Engagement** Department created end of 2017 and directly represented on the Group's Executive Committee

**Executive Committee defines the CSR strategy**

**Board of Directors approves the CSR strategy and the annual reporting**

“Corporate Governance, Ethics, Nominations and CSR Committee” is in charge of ethics, sustainability and CSR since the Annual General Meeting of May 2016

## **GSCC**

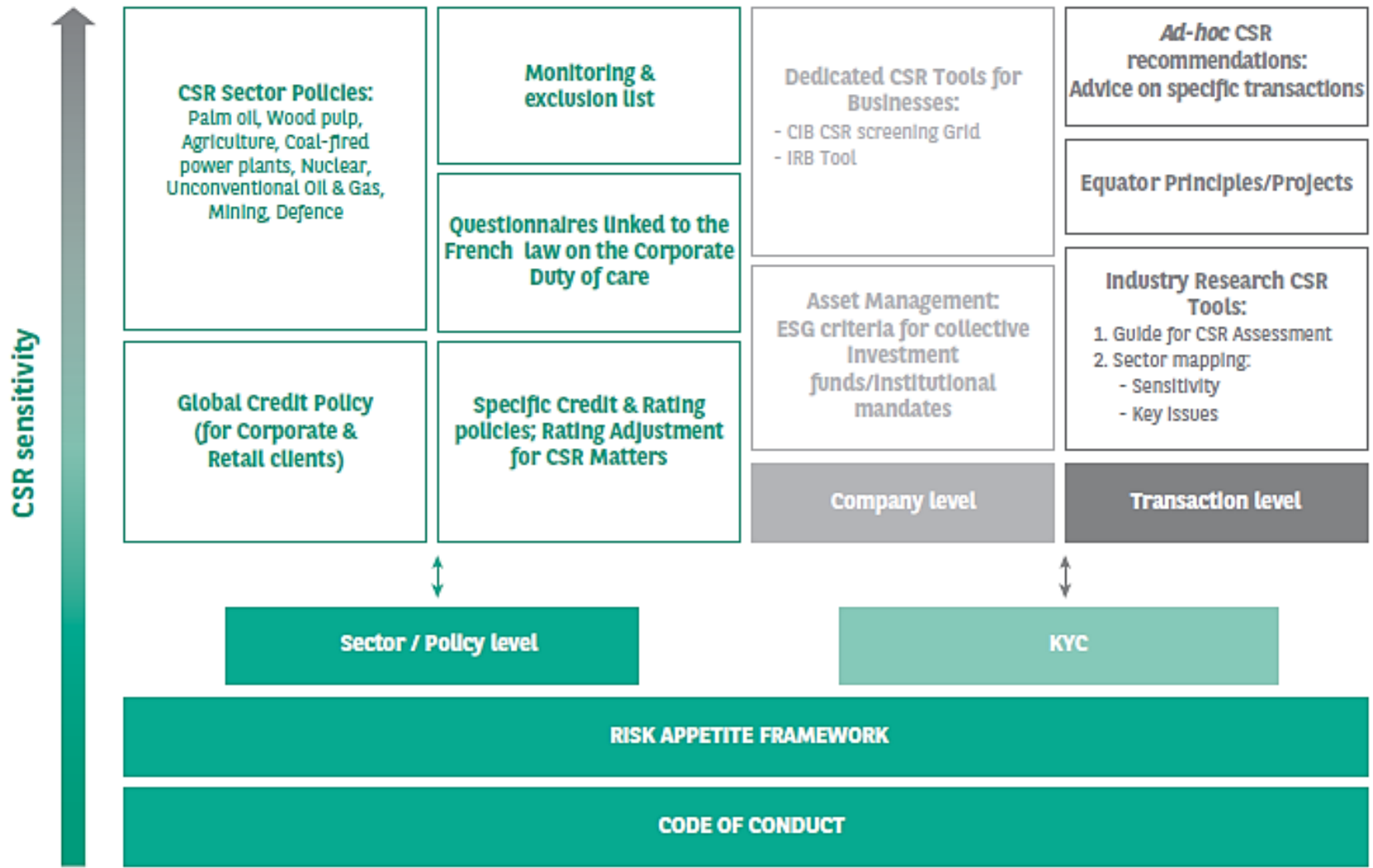
(Group Supervisory and Control Committee)  
validates financing and investment policies (e.g. BNP Paribas Responsible Business Principles, 2018 Duty of Care vigilance plan...)

## **CCDG**

(General Management Credit Committee)  
reviews all issues surrounding the acceptability of risks including ethics and CSR



# Overview of BNP Paribas assessment process of ESG risks



# An ambitious policy of engaging with society: transformation Projects continued into 2021



## Strengthening of the ESG<sup>1</sup> set-up

Continued **industrialisation of ESG<sup>1</sup> criteria integration** into the Group's processes and set-ups

**Systematic integration of ESG<sup>1</sup> criteria and increased collection and use of extra-financial data**



## Alignment with Paris Agreement objectives

Implementation of steering tools to align the loan portfolio emissions with **the Paris Agreement required trajectory (PACTA, etc.)**

**Gradual application to the most CO<sub>2</sub> emitting sectors:** power generation, oil & gas, transport, cement and steel



## Biodiversity, a major topic

Publication of a position paper and Act4nature commitments aiming to guide companies in their transition **towards models that are more biodiversity-friendly**

**Target of € 3bn by end-2025** for financing tied to the protection of **terrestrial biodiversity**

**Target of € 210bn by end-2022** in financing companies that operate in favor of the energy transition, and economic sectors considered to contribute directly to **SDGs<sup>2</sup>**

1. Environmental, Social, Governance; 2. United Nations's Sustainable Development Goals

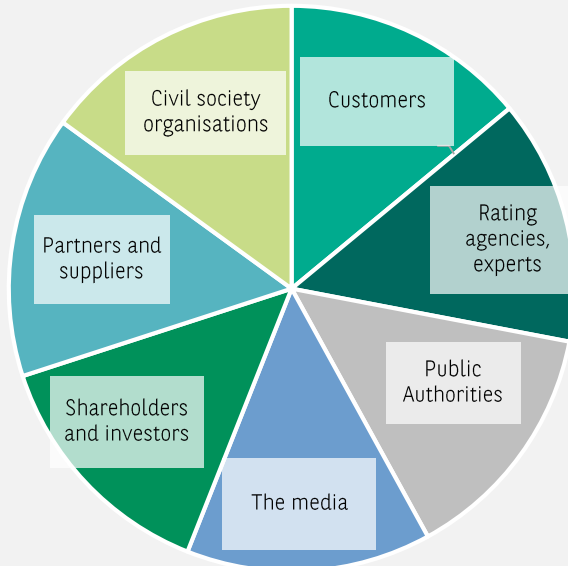


# Increasing ESG dialogue with external stakeholders

Maintain long-term relationships with stakeholders, by:

- Responding reactively to enquiries
- Anticipating needs and requests and communicating information proactively (e.g. newsletter sent regularly to investors and analysts, Etc.)

Increasing external stakeholders' requests and exchanges on CSR in 2020



## Dialogue with activist NGOs

- **Strong increase of the exchanges in 2020** despite the sanitary crisis context (+ 31% vs. 2019)
- Main subjects of discussion: **climate change** (main focus on oil and gas), **biodiversity**, **deforestation**

## Dialogue with investors on ESG

- **30 different SRI investors met** at least once in 2020
- **Increasing interest from mainstream investors**



# Continuous effort of transparency

- On May 15<sup>th</sup>, 2020, BNP Paribas published its renewed 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.

**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)

- On May 18<sup>th</sup>, 2020, BNP Paribas published its first dedicated and stand-alone TCFD report

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

**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)



# Our key CSR performance indicators

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

	CSR Indicator	2018 Baseline	2019	2020	2021 Target
Economic Responsibility	1 Amount of financing and investments to companies of sectors considered as contributing directly to the achievement of UN SDGs	€ 168 Bn	€ 180 Bn	€ 188 Bn	Increase by € 10 Bn / year in average over the 2019-2021 period
	2 Percentage of employees trained on an ethics-related issue	96,2 %	95,4 %	97 %	Maintain > 95%
Social Responsibility	3 Percentage of women among the SMP (Senior Management Position) population	28 %	29 %	31 %	> 31 %
	4 Percentage of entities with more than 1,000 employees having taken a commitment as regards disability	91 %	94 %	100 %	100 %
	5 Percentage of employees having been trained at least twice over the year	91,8 %	94,8 %	90,2 %	Maintain > 90 %
Civic Responsibility	6 Number of solidarity hours performed by the employees	305 000 hours	> 450 000 hours	> 510 000 hours	1 million hours
	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	€ 6,3 Bn
Environmental Responsibility	8 Financing for renewable energies	€ 15,4 Bn	€ 15,9 Bn	€ 17,8 Bn	€ 18 Bn
	9 Greenhouse gas emissions in CO2 teq / FTE (kWh buildings + professional travels)	2,45 CO2 teq / FTE	2,32 CO2 teq / FTE	1,85 CO2 teq / FTE	2,31 CO2 teq / FTE





# A comprehensive governance

- #1 worldwide<sup>1</sup> with €24.2bn in sustainable bonds as of end-2020
- #1 worldwide<sup>2</sup> with €14.5bn in pandemic bonds as of end-2020
- #2 in EMEA<sup>1</sup> in renewable energy project financing as of end-2020
- #2 worldwide<sup>3</sup> in sustainable investment strategy (ShareAction's ranking)
- Issue of BNP Paribas' 5th green bond, totalling €3.25bn over 4 years



World's Best Bank for Corporates  
World's Best Bank for Financial Inclusion



**The Banker**  
Investment Banking  
Awards 2020

INVESTMENT BANK  
OF THE YEAR FOR  
SOCIAL BONDS



**The Banker**  
Investment Banking  
Awards 2020

INVESTMENT BANK  
OF THE YEAR FOR  
SUSTAINABILITY-  
LINKED LOANS



**The Banker**  
Investment Banking  
Awards 2020

INVESTMENT BANK  
OF THE YEAR FOR  
SUSTAINABLE FIG  
FINANCING

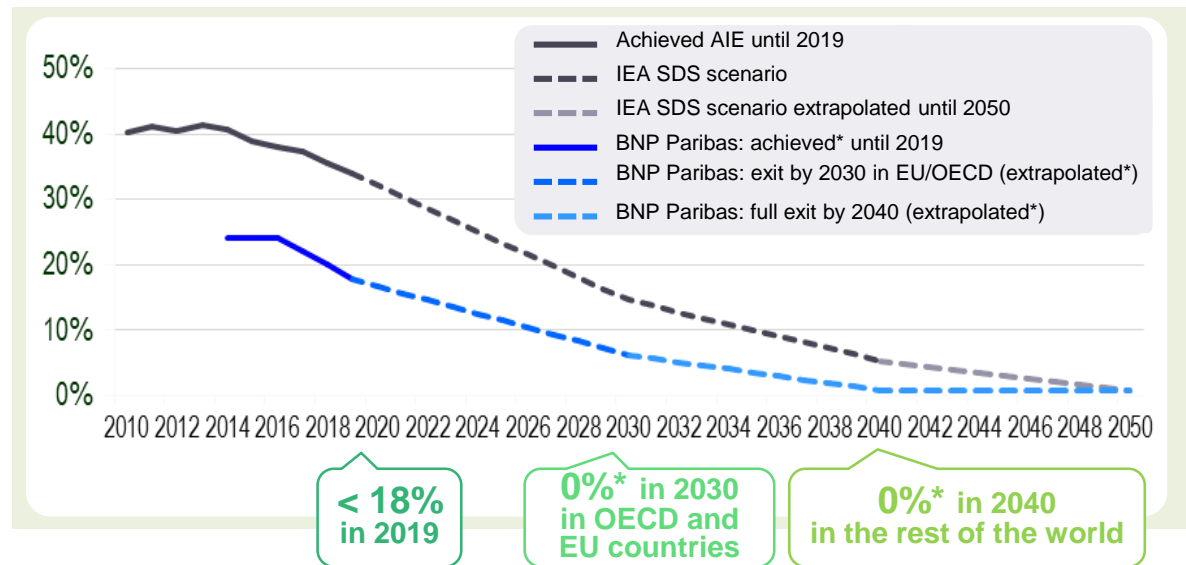
1. Source: Bloomberg; 2. Sources: Bloomberg, Global Pandemic Bonds as of 12.31.20; 3. Shareaction's « Point of No returns » ranking , march 2020



# A global thermal coal exit timeframe

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

- **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
  - Objective: **EUR 18 billion in 2021**

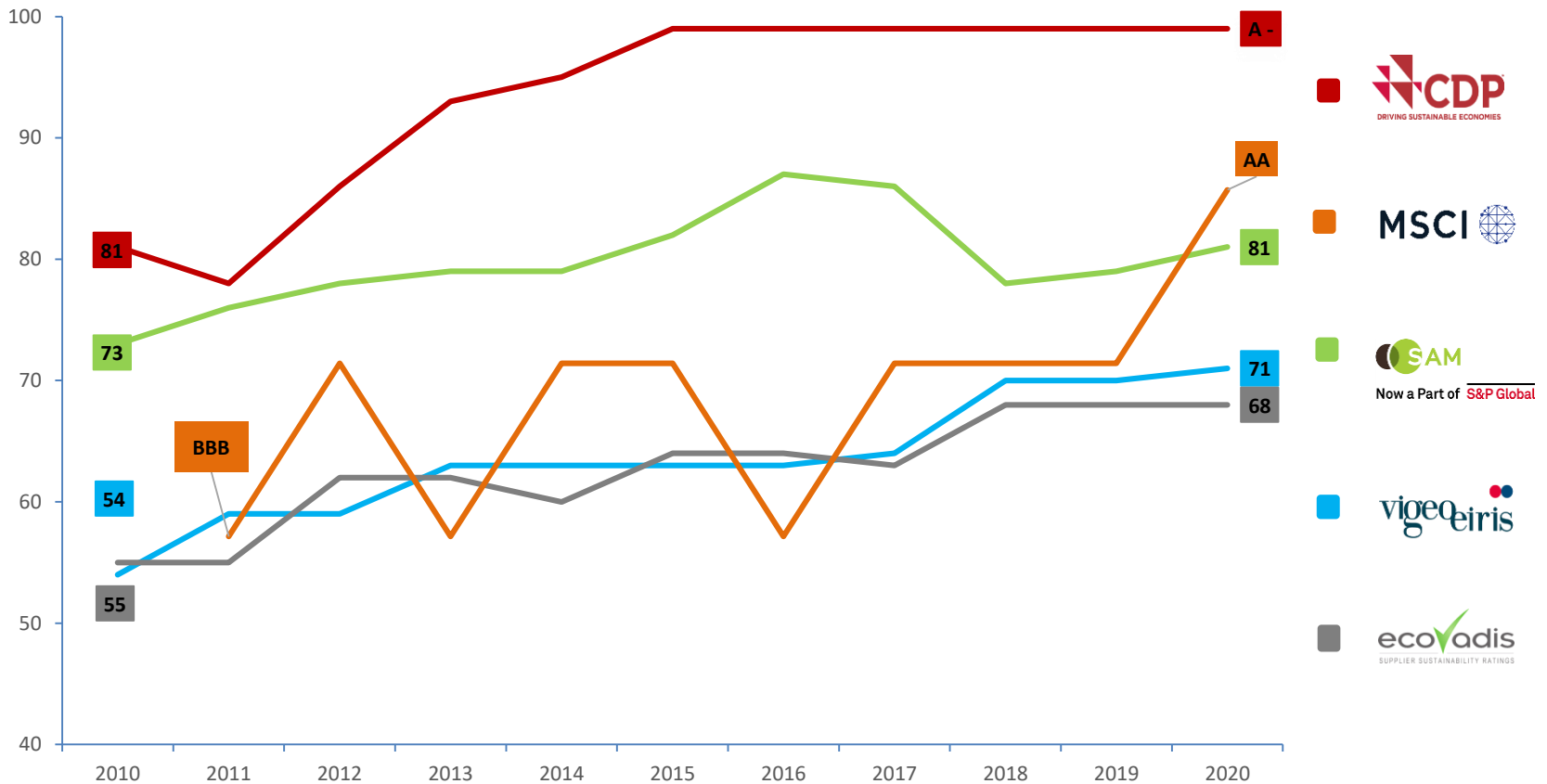


*\* Data based upon 80% of BNP Paribas portfolio's coal capacity at the end of 2019 (data used for the calculation of the Group electric mix); The trajectory is based on the hypothesis of a full exit for each perimeter, and doesn't take into account potential commitments terminating after the exit dates*



# BNP Paribas' CSR strategy recognised by extra-financial agencies

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

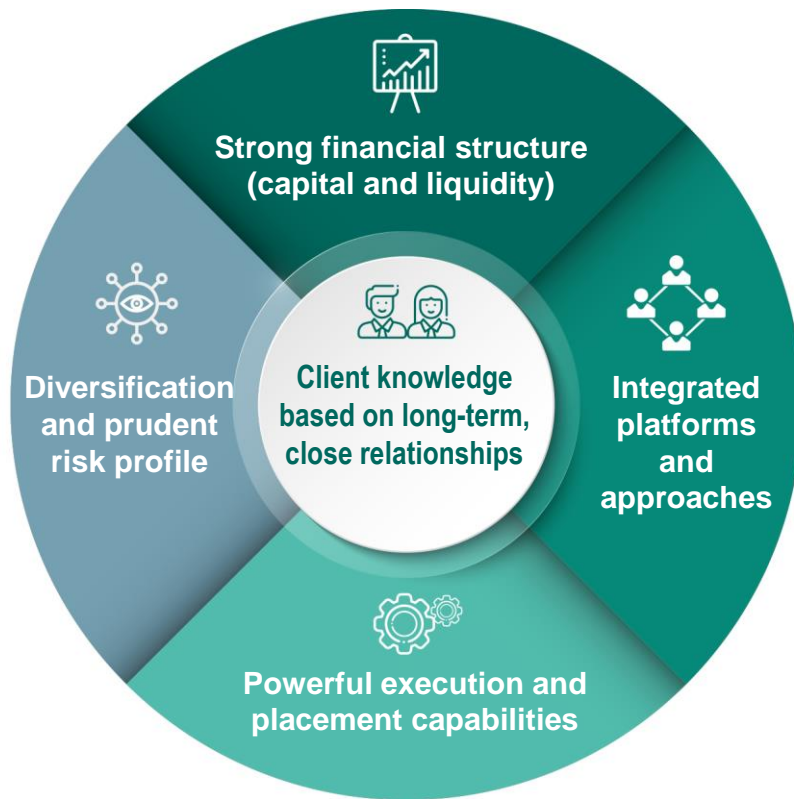


\* Methodology change: from 2017, CDP scores are now expressed in the form of letters



# BNP Paribas: a diversified platform, mobilised at the service of the economy during the Covid-19 pandemic

A model that allows BNP Paribas to fulfil a leading role in financing the economy



**Exceptional mobilisation of resources and expertise**

**Bridging public authorities' measures with the needs of corporates**

Rapid deployment of **state-guaranteed loans: more than 120 000 loans granted** by the end of December<sup>1</sup>

**More than €396bn in financing** raised for clients **on the syndicated loan, bond and equity markets<sup>2</sup>** and placed with investors

**#1 worldwide<sup>3</sup> with €14.5bn in pandemic bonds** as of end-2020

A driving role in bridging the financing needs of corporates and institutions with institutionals' investment needs

1. Granted by retail banking networks as at 31.12.20; 2. Source: Dealogic as at 31.12.20, bookrunner, apportioned amount; 3. Sources: Bloomberg, Global Pandemic Bonds as of 31.12.20





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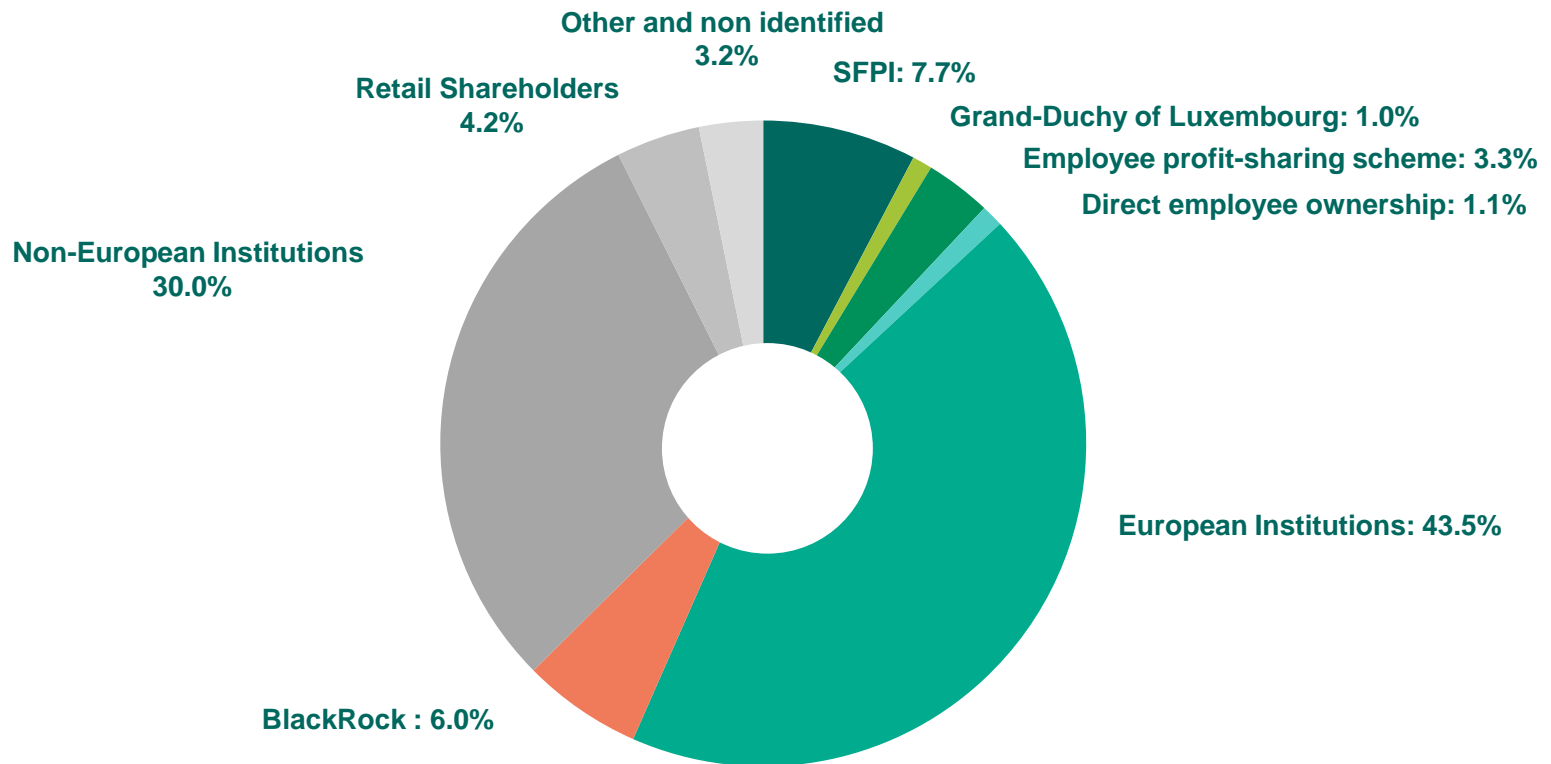
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# Share Ownership Structure

As at 31 December 2020 (as % of capital)



● — A very liquid security, included in all the leading indices



# Sixth to Eighth Resolutions

## Proposed Re-Elections of Directors and Nomination of a Director



### M. Pierre André de CHALENDAR

- Chairman and CEO of Compagnie de Saint-Gobain
- Chairman of the Remuneration Committee, member of the Corporate Governance, Ethics, Nominations and CSR Committee
- Independent within the meaning of the Afep-Medef Code\*

**Main areas of expertise:**  
Industry / International / CSR



### Ms. Rajna GIBSON BRANDON

- Swiss
- Professor of Finance at the University of Geneva
- Member of the ICRMCC(\*\*)
- Independent within the meaning of the Afep-Medef Code

**Main areas of expertise:**  
Financial Markets, Risk Management / Regulation Monitoring, CSR



### M. Christian NOYER

- Honorary Governor of the Banque de France
- Chairman of the Financial Statements Committee
- Independent within the meaning of the Afep-Medef Code\*

**Main areas of expertise:**  
Bank/Finance, International, Risk management / Regulation monitoring

(\* ) As assessed by the Board; (\*\* ) Internal Control, Risk Management and Compliance Committee



# Proposals for the Appointment of a Director Representing Employee Shareholders

- Ninth Resolution (Approved by the Board of Directors)



## **Ms. Juliette BRISAC : 9<sup>th</sup> resolution**

- Chief Operating Officer of BNP Paribas Real Estate
- Chairwoman of the Supervisory Board of Actionnariat Monde FCPE <sup>(1)</sup>

- Resolutions A to C (Not Approved by the Board of Directors)



## **Ms. Isabelle CORON : resolution A**

- Consultant RISK Consulting - RISK COO
- Member of the Supervisory Board of Actionnariat Monde FCPE <sup>(1)</sup>



## **Ms. Cécile BESSE ADVANI : resolution B**

Director of Strategy, Investments, Marketing and Communication of BNP Paribas Epargne & Retraite Entreprises



## **Ms. Dominique POTIER : resolution C**

Key Clients Manager at BNP Paribas Wealth Management

*(1) Fonds Commun de Placement d'Entreprise: Company Mutual Fund*





# Composition of the Board of Directors after the 18 May 2021 AGM\* - Independence

The independence of Directors is ultimately demonstrated through their decisions

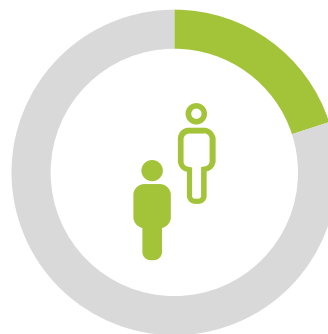
**9<sup>th</sup> resolution, and resolutions A to C\*\* : in order to implement the “PACTE” law, appointment of a Director representing employee shareholders**



**13 Directors**

Appointed by the  
General Meeting

- For 3-year terms
- 5 nationalities
- 10 independent\*\*\* Directors
  - ✓ i.e. more than 80% of the Directors elected by shareholders
- 6 ladies
  - ✓ i.e. close to 50% of Directors elected by shareholders
- including 1 representative of employee shareholders



**2 Directors**

Elected by the staff

- For 3-year terms
- 1 lady
- Not considered independent\*\*\*\* (despite the method of their election)
- Of whom:
  - ✓ one sits at the Compensation Committee and at the Internal Control, Risk Management and Compliance Committee
  - ✓ and the other one sits at the Financial Statements Committee

## > Directors with complementary skills

**A composition that fully complies with stock market recommendations: largely more than 50% of independent Directors**

(\* ) If approved by the shareholders; (\*\*) Resolutions not approved by the Board of Directors; (\*\*\*) Within the meaning of the Afep-Medef Code and in accordance with the guidelines of the Board; (\*\*\*\*) Within the meaning of the Afep-Medef Code



# Composition of the Board of Directors after the 18 May 2021 AGM\* - Independence

## Main Areas of Expertise (1/2)

**Composition must ensure the necessary diversity within the Board, in terms of competences and experience, in accordance with the Bank's strategy**

### ● Members with complementary backgrounds and experiences:



- Right balance between
  - “Wisdom” and judgment stemming from experience and tenure, on the one hand
  - On the other hand, the need for refreshment bringing renewed thinking and perspective

### ● Members with diverse skills, among others:



- Banking and financial matters
- Risk assessment capabilities
- High level management of large corporations
- Human resource staffing
- International vision
  - Stemming not only from nationality, but also from professional experience and assignments
- Digital expertise
- Expertise in the field of CSR



**To ensure the Board's ability to make informed and effective decisions**



# Composition of the Board of Directors after the 18 May 2021 AGM\* - Independence

## Main Areas of Expertise (1/2)

**Diversity and complementarity of the Directors' skills throughout the BNP Paribas Board**

### DIRECTORS

Jean Lemierre	Jean-Laurent Bonnafé	Jacques Aschenbroich	Employee Shareholders Representative	Pierre-André de Chalendar	Monique Cohen	Wouter De Ploey
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### MAIN AREAS OF EXPERTISE

- |  |  |   |   |  |  |   |
|--|--|---|---|--|--|---|
| <ul style="list-style-type: none"> <li>• Bank / Finance</li> <li>• Risk Management / Regulation Monitoring</li> <li>• International</li> </ul> | <ul style="list-style-type: none"> <li>• Bank / Finance</li> <li>• Business Operations</li> <li>• International</li> </ul> | <ul style="list-style-type: none"> <li>• Industry</li> <li>• International</li> <li>• Transformation</li> </ul> | <ul style="list-style-type: none"> <li>• Representation of employee shareholders</li> </ul> | <ul style="list-style-type: none"> <li>• Industry</li> <li>• International</li> <li>• CSR</li> </ul> | <ul style="list-style-type: none"> <li>• Bank / Finance</li> <li>• Business Operations</li> <li>• CSR</li> </ul> | <ul style="list-style-type: none"> <li>• Bank / Finance</li> <li>• Digital</li> <li>• Transformation</li> </ul> |
|--|--|---|---|--|--|---|

### DIRECTORS

Hugues Epailard	Rajna Gibson-Brandon	Marion Guillou	Christian Noyer	Daniela Schwarzer	Michel Tilmant	Sandrine Verrier	Fields Wicker-Miurin
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### MAIN AREAS OF EXPERTISE

- |  |   |  |  |   |  |  |  |
|--|---|--|--|---|--|--|--|
| <ul style="list-style-type: none"> <li>• Staff Representative</li> </ul> | <ul style="list-style-type: none"> <li>• Financial Markets</li> <li>• Risk Management / Regulation Monitoring</li> <li>• CSR</li> </ul> | <ul style="list-style-type: none"> <li>• Risk Management / Regulation Monitoring</li> <li>• CSR</li> <li>• Technology</li> </ul> | <ul style="list-style-type: none"> <li>• Bank / Finance</li> <li>• International</li> <li>• Risk Management / Regulation Monitoring</li> </ul> | <ul style="list-style-type: none"> <li>• Money Markets</li> <li>• Geopolitics</li> <li>• International</li> </ul> | <ul style="list-style-type: none"> <li>• Bank / Finance</li> <li>• Risk Management / Regulation Monitoring</li> <li>• International</li> </ul> | <ul style="list-style-type: none"> <li>• Staff Representative</li> </ul> | <ul style="list-style-type: none"> <li>• Bank / Finance</li> <li>• Financial Markets</li> <li>• International</li> </ul> |
|--|---|--|--|---|--|--|--|

**A forward-looking succession planning process in order to implement a balanced set of skills, experiences and personalities**

(\* ) After agreement by the shareholders on the resolutions approved by the Board



# Composition of the Board of Directors after the 18 May 2021 AGM\*



\*Subject to the election/ reelection of the concerned Directors at the AGM;  
 (I): Independent Director, in accordance with the guidelines of the Board and of the Afep-Medef Code; <sup>(1)</sup> will be an observer until end 2021 before being a member in 2022;  
 (DRES): Director Representing Employee Shareholders; (ER): Employee Representative.



# Focus on the Audit Committee: roles split between the Financial Statements and the Internal Control, Risk Management and Compliance Committees

## ● Both Committees composed of Directors with the required expertise

- Financial Statements Committee: most members with qualifications and experience in financial management, accounting and financial information
  - Chairman's (till the 18 May 2021 AGM), financial skills are reinforced by his position as CEO of SCOR, a major international reinsurance company
  - After the 2021 AGM, Chairman is (among others) a former Governor of Banque de France
- Internal Control, Risk Management and Compliance Committee: most members with specific expertise in financial matters and risk management, either through their training or experience
  - Chairman with international experience in banking management
  - Another member has been a member of the College of the French Financial Market Authority
  - A third one with extensive knowledge of financial risks

## ● Frequent contacts with operational managers and Auditors

- Compliance, Legal, Risk and Internal Audit functions
  - report regularly to the ICRMCC\*
  - can be interviewed by this Committee if and when they wish to do so
- The Group's Chief Financial Officer, the executive in charge of accounting and financial reporting, as well as the Statutory Auditors are interviewed every quarter by the Financial Statements Committee

## ● The ICRMCC\* analyzed and proposed to the Board the Risk Appetite Statement of the Group, which addresses all the risks to which the Group is exposed and is used as reference in the process of decision-making having an impact on the risk profile of the Group

## ● The ECB as Supervisor periodically conducts thematic reviews on Risk Governance and Appetite, which are twofold assessments:

- Of the functioning and effectiveness, among others, of the Board and its Committees
- Of the Risk Appetite Framework

**Close monitoring of the impacts of the Covid-19 crisis in both committees**

\* Internal Control, Risk Management and Compliance Committee



# The Governance, Ethics, Nominations and CSR Committee :

## Focus on Board Assessment and the deployment of the Code of Conduct

- **Assessment of the Board of Directors :**
  - By an external firm every three years (last time in 2018, on the account of 2017)
  - “Internally” every year in the meantime
- **2020 assessment internally conducted on 2019 - Main outcomes**
  - Satisfaction with the functioning of the Board
  - Facilitation of debates by the Chairman
  - Transparency and trust within the Board
  - Professionalism of the management team,
  - Complementarity of Board members
- **Implementation of the action plan following the 2019 assessment**
  - Ongoing discussion on succession processes for corporate officers and key managers
  - Deepening the understanding of IT issues and in particular cybersecurity
  - Continuing discussions with the Group's operational managers
  - Deepening the understanding of CSR topics and those related to operational risk
- **Assessment on the account of 2020 to be performed externally, as decided in 2014**

### The Committee:

- has reviewed the implementation of the Code of Conduct within the Group.
- has been informed of the consequences of the health crisis linked to Covid-19, which has strengthened the “Conduct” dimension with the generalization of the use of teleworking, the acceleration of digitization and the modification of interactions with customers.
- has examined the general management proposal on gender diversity enhancement on Group governing bodies





**BNP PARIBAS**

The BNP Paribas Fundamentals

Corporate Governance within BNP Paribas

Corporate Governance within BNP Paribas: focus on CSR

The Board of Directors and its Committees

# Corporate Officers' Compensation

Appendix

# Total Compensation in 2020

Stability since 2011 of the global amount of the compensation granted

## ● Fixed compensation paid in 2020:

- Stability of the fixed compensation over the last 5 years\*
- Revision of the fixed compensation in 2016 in the context of a package restructuring with an unchanged global amount

J. LEMIERRE	950,000 €
J-L. BONNAFE	1,562,000 €
PH. BORDENAVE	1,000,000 €

\* Since the beginning of his chairmanship (1<sup>st</sup> December 2014) for Jean Lemierre





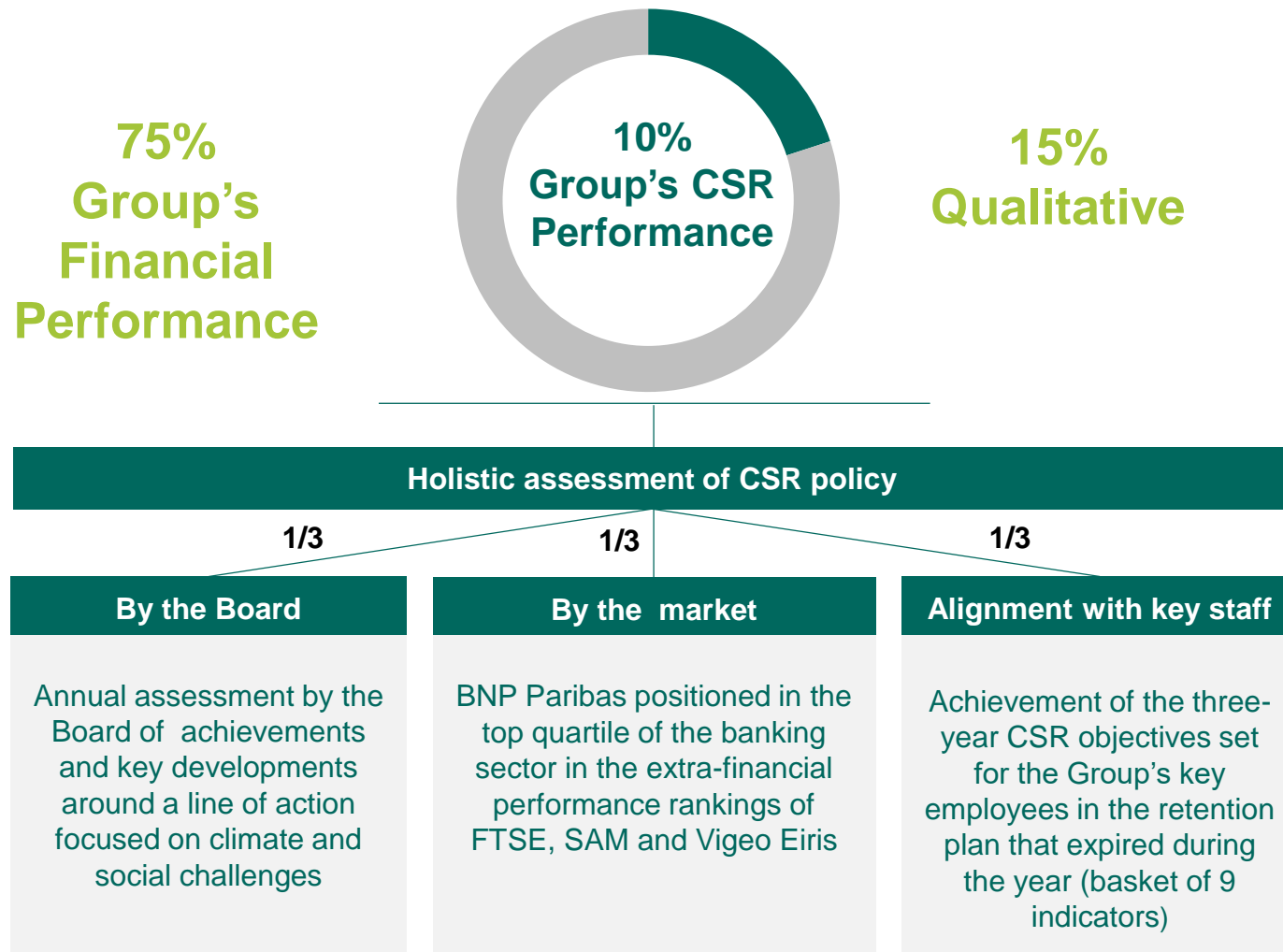
# Rules for Determining the Annual Variable Remuneration for 2020 (1/2)

- The target variable compensation (as a % of fixed remuneration) is set at:
  - 100% for Jean-Laurent Bonnafé and Philippe Bordenave
    - Reminder: Jean Lemierre, Chairman, receives neither annual nor multi-annual variable compensation, i.e. only a fixed remuneration
- Malus and claw-back in case of inappropriate behavior
- 60% of the variable compensation awarded is deferred over 5 years + 1 additional retention year
- Half of the non-deferred portion is paid in May 2021, subject to the approval by the AGM
  - the other half being postponed for 1 year from the date of the award (until March 2022) and indexed to the share price
- The deferred amounts will be:
  - Spread in fifths, from 2022 to 2027
  - Indexed for half of their total to the share price since the date of the award
    - each payment will thus be made half in March every year, then half in March the following year, indexed to the performance of the BNP Paribas share
    - the last payment of the award for 2020 will be made in March 2027
  - Subject to a performance condition: pre-tax RoE of the Group for FY preceding the payment > 5%

The Board makes sure that the amount of the variable remuneration is consistent with the Group's results evolution  
The annual variable compensation cannot exceed 120% of the fixed remuneration




# Rules for Determining the Annual Variable Remuneration for 2020 (2/2)



# Rules for Determining the Annual Variable Remuneration

for 2021 (executive corporate officers in office from 19.05.2021)

Criteria	% of TVR <sup>(1)</sup>	Jean-Laurent BONNAFÉ	% of TVR <sup>(1)</sup>	Yann GERARDIN* Thierry LABORDE*
Criteria related to financial performance 	37.50%	Change in Earnings per Share (EPS) during previous FY	18.75%	Change in EPS during previous FY
			18.75%	Evolution of the NPBT <sup>(2)</sup> of activities under responsibility
	37.50%	% of achievement of the Group's budgeted Gross Operating Income (GOI)	18.75%	% of achievement of the Group's budgeted GOI
			18.75%	% of achievement of the budgeted GOI for the scope under responsibility

The exceeding of the objective cannot result in an award higher than 130% of the target

Criteria related to the Group's CSR performance

10.00%

Multicriteria assessment of environmental, social and societal actions

Qualitative criteria

15.00%

Implementation of the strategic orientations, including the transformation plan, in terms of human, organizational and technical aspects, taking into account the general context of the FY under review

The exceeding of qualitative and CSR objectives does not result in an increase of the variable component linked to these criteria

The Board makes sure that the amount of the variable remuneration is consistent with the Group's results evolution  
The annual variable compensation cannot exceed 120% of the fixed remuneration

<sup>(1)</sup> Target Variable Remuneration; <sup>(2)</sup> Net Profit Before Tax; \* Prorata temporis of their executive corporate officer mandate in 2021



# Assessment of the Annual Variable Remuneration for 2020: Strict Implementation of the Criteria

CRITERIA	% of TVR <sup>(1)</sup>		EXECUTIVE CORPORATE OFFICERS
	Weight	Result	
Criteria related to the Group's financial performance	37.5%	32.07%	Change in Earnings per Share during previous FY <i>The exceeding of the objective cannot result in an award higher than 130% of the target</i>
	37.5%	37.63%	% of achievement of the Group's budgeted Gross Operating Income <i>The exceeding of the objective cannot result in an award higher than 130% of the target</i>
Criteria related to the Group's CSR performance	10.0%	10.0%	Multicriteria assessment of environmental, social and societal actions <i>The exceeding of objectives related to the Group's CSR performance does not result in an increase of the variable component linked to these criteria.</i>
Qualitative criteria	15.0%	15.0%	Implementation of the strategic orientations, including the transformation plan, in terms of human, organizational and technical aspects, taking into account the general context of the FY under review <i>The exceeding of qualitative objectives does not result in an increase of the variable component linked to these criteria</i>

**The annual variable compensation cannot exceed 120% of the fixed remuneration**

\* Target Variable Remuneration



# Qualitative Criteria and Their Assessment for 2020

- **The Board of Directors considers essential to carry out a qualitative evaluation, in particular given the strengthening of its responsibilities in terms of monitoring and oversight stemming from the Monetary and Financial Code**
  - Beyond the strategy of the Bank that it has to approve, the Board must form an opinion on the performance of Corporate Officers taking into account the capacities of foresight, decision-making, leadership skills and exemplarity
- **Qualitative criteria considered as implemented**
  - Jean-Laurent Bonnafé: among others
    - resilient operating results in 2020 marked by a contained increase in the cost of risk, the achievement of the cost savings provided for in the 2017-2020 strategic plan and the increase in the CET1 ratio over the year;
    - his decisive action in the management of the Bank during the Covid-19 crisis with (i) the continuity of the Bank's services (ii) his key role vis-à-vis large clients (iii) the adaptation of conditions of work for employees;
    - his commitment to make the Bank a leader recognized for its CSR strategy;
    - his personal commitment to the feminization of governing bodies with the definition of objectives for the promotion of women in the medium term;
  - Philippe Bordenave: among others
    - resilient operational results in 2020 with, in particular, his involvement in achieving the cost control objectives defined in the 2017-2020 strategic plan and his role in the management of the Bank's balance sheet and liquidity;
    - his involvement in the improvement and sustainable transformation of the Group's information systems to ensure the continuity of BNP Paribas services during the health crisis;
    - his role in the operational integration of Deutsche Bank's prime brokerage activities according to the agreed terms;
    - the monitoring of the implementation of the commitments of the Group's CSR policy;
    - his personal involvement in the reviews requested by the SSM (Single Supervisory Mechanism, ECB) teams in connection with the health crisis

**Compensation should not entirely be formula based  
Qualitative factors are essential to achieve sustainability**



# Annual Variable Compensation Awarded in Respect of 2020

	Reminder of Target Variable Remuneration	Cap to Annual Variable Remuneration	Variable Compensation set by the Board	« Award / target » ratio	Reminder 2019 ratio « Award / target »
J-L. BONNAFÉ	1,562,000 €	1,874,400 €	1,479,214 €	94.7%	103.2%
PH. BORDENAVE	1,000,000 €	1,200,000 €	947,000 €	94.7%	103.2%

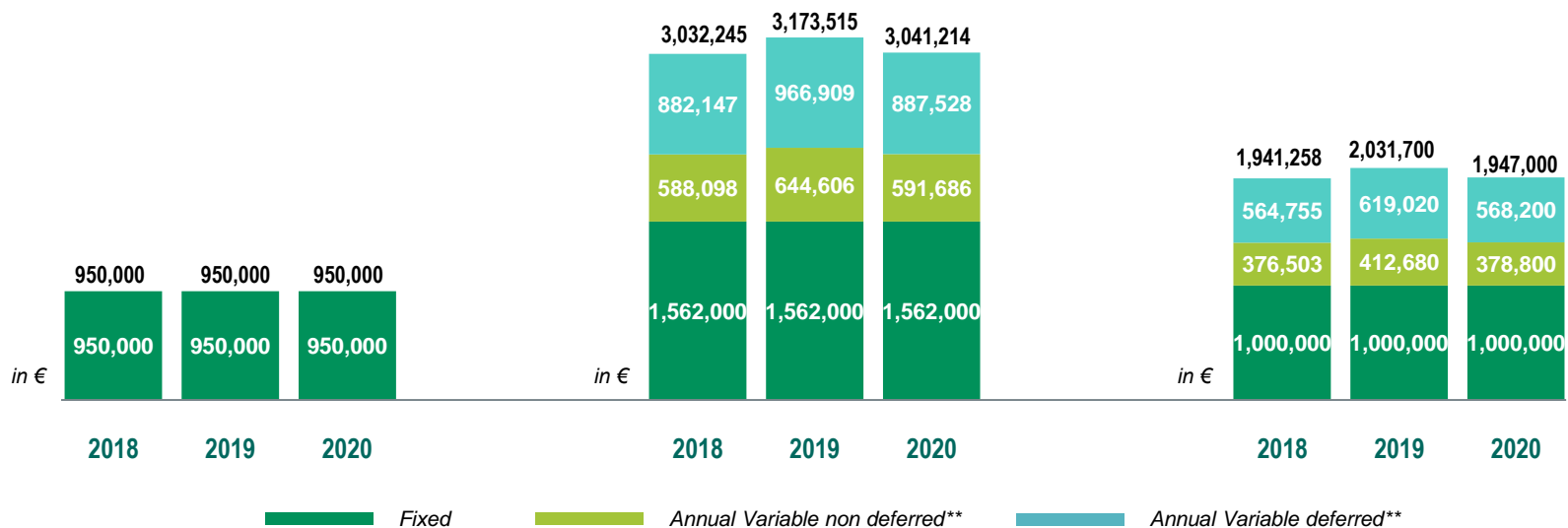


# Remuneration\* Awarded to Corporate Officers

● **Jean Lemierre**  
Chairman of the Board

● **Jean-Laurent Bonnafé**  
Director and Chief Executive Officer

● **Philippe Bordenave**  
Chief Operating Officer



\*\* 50% of the Annual Variable Compensation (deferred or not) are paid in indexed cash e.g. subject to share price variations

2007	2020	GROSS REMUNERATION		2011	2020
100	90	GROUP NET INCOME		100	117
100	72	TOTAL REMUNERATION		100	87
100	43	VARIABLE REMUNERATION		100	65

\* LTIP not included



# Rules of the Conditional Five-Year Long-Term Incentive Plan (LTIP) granted to Corporate Officers in FY 2020

- *Reminder:* as soon as April 2011, the Board of Directors established a long-term (five-year) fully conditional compensation plan, in order to align the interests of Executive Corporate Officers with the medium- to long-term performance of the BNP Paribas Group
- Initial amount equal to the target annual variable compensation in respect of 2020, split into 2 equal parts
- ***One assessed on the evolution of the share price in absolute terms***
  - No payment would be made if the share price has not increased by at least 5% over the 5 year period
  - If this condition is met, a factor is applied to the initial amount, varying less than proportionally with the share price increase
  - Full payment of the initial award only if the share price has increased by at least 20%
    - Maximum: 175%
- ***The other half in relative terms, measuring the over-performance of the share as compared to the EURO STOXX Banks index***
  - No payment is made if the share just follows the evolution of the benchmark
  - Full payment of this 50% portion only if an over-performance of at least 10% is observed
    - Maximum: cap at the initial award
- The amounts granted are valued in accounting terms by an outside firm. In 2021, it was thus valued at **41,59%** of the target annual variable compensation granted in respect of 2020
- Payment conditional to the presence in the Group during the five years of the plan (except retirement)
- In case of inappropriate behaviour: malus, and clawback over 5 years

**No payment linked to the LTIP can exceed 137.5% of the initial awarded amount**





# Long-Term Conditional Compensation Granted for 2020 to Corporate Officers

	LTIP awarded by the Board	Valuation at Fair Value of the Granted Amount <sup>(1)</sup>
J-L. BONNAFÉ	1,562,000 €	649,636 €
PH. BORDENAVE	1,000,000 €	415,900 €

● Performance-linked payment after a five-year period

Determined on the basis of the target annual variable compensation in respect of FY2020

<sup>(1)</sup> Fair Value of 41.59% of the amount awarded, as calculated by an independent expert



# Total Compensation granted on 2020 and Comparison With 2019

	2019	2020	FIXED	ANNUAL VARIABLE	LTIP (at fair value <sup>(1)</sup> )	TOTAL
J. LEMIERRE	950,000 €	950,000 €				950,000 €
	950,000 €	950,000 €				950,000 €
J-L. BONNAFÉ	1,562,000 €	1,562,000 €	1,611,515 €	1,479,214 €	617,927 €	3,791,442 €
	1,562,000 €	1,562,000 €	1,611,515 €	1,479,214 €	649,636 €	3,690,850 €
Ph. BORDENAVE	1,000,000 €	1,000,000 €	1,031,700 €	947,000 €	395,600 €	2,427,300 €
	1,000,000 €	1,000,000 €	1,031,700 €	947,000 €	415,900 €	2,362,900 €

More than 50% of the compensation indexed to the share price

<sup>(1)</sup> Fair Value of the amount awarded, as calculated by an independent expert: 39.56% for FY2019 and 41.59% for FY 2020



# Focus on Compensation Multiples

	2016	2017	2018	2019 <sup>(1)</sup>	2020
<b>Chairman of the Board</b>					
Ratio / average employee compensation	12	12	12	12	12
Evolution N/N-1		0%	0%	-2%	-2%
Ratio / median employee compensation	19	19	19	18	18
Evolution N/N-1		0%	0%	-5%	-2%
<b>Director and Chief Executive Officer</b>					
Ratio / average employee compensation	49	44	41	45	43
Evolution N/N-1		-10%	-7%	10%	-5%
Ratio / median employee compensation	75	68	62	69	66
Evolution N/N-1		-9%	-9%	11%	-4%
<b>Chief Operating Officer</b>					
Ratio / average employee compensation	31	28	26	28	27
Evolution N/N-1		-10%	-7%	9%	-5%
Ratio / median employee compensation	48	43	39	43	42
Evolution N/N-1		-10%	-9%	11%	-4%

<sup>(1)</sup> The average and median compensation of employees for 2019 has been updated to take into account the actual grants which were not all available at the time of publication of the 2019 URD. The resulting 2019 ratios were also subject to 'an update'.



# Total Compensation Paid in 2020\* and Comparison With 2019

	2019	2020	FIXED	ANNUAL VARIABLE**	LTIP***	TOTAL	TARGET	Deviation from target****
J. LEMIERRE			950,000 €			950,000 €	950,000 €	nm
			950,000 €			950,000 €	950,000 €	nm
J-L. BONNAFÉ			1,562,000 €	1,184,433 €	0 €	2,746,433 €	3,662,890 €	-25%
			1,562,000 €	1,151,790 €	0 €	2,713,790 €	3,662,890 €	-26%
Ph. BORDENAVE			1,000,000 €	758,670 €	0 €	1,758,670 €	2,345,000 €	-25%
			1,000,000 €	737,294 €	0 €	1,737,294 €	2,345,000 €	-26%

LTIP has been paid only twice over six last performance years

\* On the account of their corporate office except remuneration linked to the directorship and benefits in kind

\*\* For the variable remunerations of FY 2019, 2018, 2017 and 2016.

\*\*\* Payment of the 2015 LTIP is subject to a minimum performance of the BNP Paribas share of 5% during the 5 year reference period. This condition was not met, which led to no payment in 2020 under the LTIP awarded on February 4, 2015. As a reminder, the 2014 LTIP was not paid in 2019, due to failure to meet the minimum performance condition for the BNP Paribas share. The criteria for the 2016 LTIP which would be paid in 2021 are identical to those for previous years. In accordance with these criteria, no payment will take place in February 2021

\*\*\*\* Target compensation defined on the basis of the fixed, annual target variable, LTIP calculated with a fair value of 34.50% (average observed 2017 to 2020)





The BNP Paribas Fundamentals  
Corporate Governance within BNP Paribas  
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# Appendix

# Amount of the Directors' Fees

- Fee pool approved by the fifteenth resolution of the May 26<sup>th</sup>, 2016 General Meeting and not re-evaluated since then
  - 1,300,000 euros
  
- Appointment by the May 18<sup>th</sup>, 2021 General Meeting of a Director representing Employee Shareholders
  - Increasing the number of Directors from 14 to 15
  
- New amount of Directors' fees from 2021 on
  - 1,400,000 euros
  - applicable in 2021 *prorata temporis* of the appointment of the Director representing employee shareholders



# — Post-Employment Benefits

## ●— End-of-career compensation

- No commitment has been made in respect of Jean Lemierre
- Jean-Laurent Bonnafé is not entitled to any retirement bonus
- Philippe Bordenave should benefit upon his retirement and depending on his original contractual situation, from the provisions applicable to all employees of BNP Paribas SA

## ●— Pension scheme: Corporate Officers

- Are not entitled to any kind of defined-benefit top-up pension plan
- Are part of the defined-contribution pension plan (article 83 of the French General Tax Code) set up for all BNP Paribas SA employees

## ●— End-of-mandate compensation

- Corporate Officers receive no contractual compensation for the termination of their term of office



# — Non-Competition Clause for Jean-Laurent Bonnafé, CEO

In order to protect BNP Paribas' and its shareholders' interests in the case of Jean-Laurent Bonnafé leaving the Company

- **A 12-month non-competition agreement has been concluded**
  - Preventing Jean-Laurent Bonnafé from cooperating with any listed financial institution or insurance company worldwide (or such non listed firm in France)
- **For which a compensation would be awarded to Jean-Laurent Bonnafé, equal to 1.2 times the amount of the fixed plus annual variable remuneration he received during the year preceding his leaving**
  - Paid in 12 monthly instalments
- **In coherence with the recommendations of the Afep-Medef Code, no payment can be made if Jean-Laurent Bonnafé leaves for retirement or has exceeded the age of 65**





# Stock Options and Performance Shares

## Holding and Retention of Shares

- **Jean Lemierre, Corporate Officer since 1 December 2014, received no allocation from 2011 onwards**
- **Jean-Laurent Bonnafé hasn't received stock options or performance shares since 2008**
- **Philippe Bordenave, Corporate Officer since 1 December 2011, received no allocation since then**
- **Throughout their term of office, Corporate Officers are required to hold a minimum number of shares, set at:**
  - 10,000 shares for Jean Lemierre: holding<sup>(\*)</sup> = 35,826
  - 80,000 shares for Jean-Laurent Bonnafé: holding<sup>(\*)</sup> = 106,603<sup>(1)</sup>
  - 30,000 shares for Philippe Bordenave: holding<sup>(\*)</sup> = 105,474

(\*) At 31.12.20; (1) Including 25,228 BNP Paribas shares held under the Company Savings Plan





# BNP PARIBAS CORPORATE GOVERNANCE

**Jean LEMIERRE**  
Chairman

**MARCH / APRIL 2021**



**BNP PARIBAS**

The bank for a changing world

# Contact



**BNP PARIBAS**

**Patrice MENARD**

**Advisor to the Group Chief Operating Officer**  
Head of Key Shareholders Relations

3, rue d'Antin – 75078 Paris Cedex 02

Tel: +33 (0) 1 42 98 21 61

E-mail: [patrice.menard@bnpparibas.com](mailto:patrice.menard@bnpparibas.com)

Web address: [www.invest.bnpparibas.com](http://www.invest.bnpparibas.com)

