



# BNP Paribas and the exercise of its Corporate Social Responsibility

Corporate Social Responsibility Department  
October 2011



**BNP PARIBAS** | The bank for a changing world



# BNP Paribas and the exercise of its Corporate Social Responsibility

-  BNP Paribas approach to sustainable development
-  A culture of responsibility
-  Action plan





## BNP Paribas approach to sustainable development

- BNP Paribas Group
- A European leader with responsibilities in three key areas



# BNP PARIBAS GROUP STORY

	1999	2001	Décembre 2010
	 		
<i>Number of Employees</i>	50 000	30 000	80 000 (Including 55 000 in France)
<i>International presence</i>	France, North African countries, India, Hong Kong...	Main Financial Markets: London, New York, Frankfurt, Paris...	<b>83 countries</b>
<i>Activities</i>	Retail Corporate Banking	Investment Banking Specialized Financial Services	Retail Corporate & Investment Banking Specialized Financial Services Asset Management & Services
			Retail Banking Corporate & Investment Banking Investment Solutions



# RETAIL BANKING

## A NEW ORGANIZATION TAILORED AROUND THE BUSINESS

- 7.000 branches (5.000 outside France)
- 21 million customers

### Operational entities

- BDDF
- BNL bc
- BNP Paribas Fortis
- BGL BNP Paribas
- Europe Mediterranean
- BancWest
- Personal Finance
- Equipment Solutions



# INVESTMENT SOLUTIONS

## PROFESSIONALS AND SERVICES DEDICATED TO INVESTORS

- 29,800 employees
- Strong international presence in Europe and abroad (India, Brazil, Singapore, Middle East, etc.)

### Business Units



**BNP PARIBAS  
CARDIF**



**BNP PARIBAS  
REAL ESTATE**



**BNP PARIBAS  
INVESTMENT PARTNERS**



**BNP PARIBAS  
SECURITIES SERVICES**



**BNP PARIBAS  
PERSONAL INVESTORS**



**BNP PARIBAS  
WEALTH MANAGEMENT**



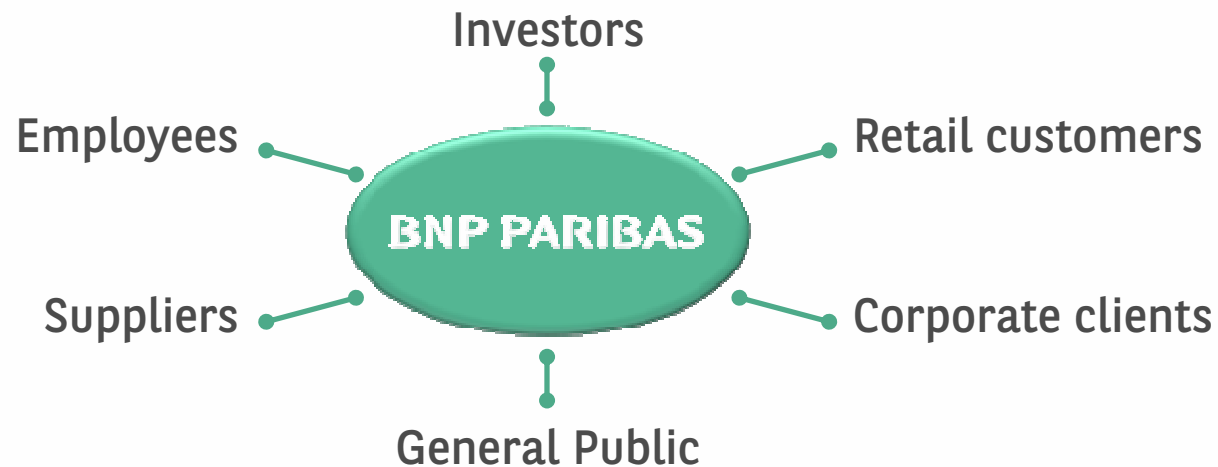
# CORPORATE AND INVESTMENT BANKING LOCAL SOLUTIONS FOR GLOBAL ACTIVITIES

- 19,800 employees in 52 countries
- A powerful client-driven business model
- First-class core products and services
  - Global leadership in Financing
  - A European powerhouse in Capital Markets
  - A world leader in Derivatives
  - A dynamic Advisory franchise in Europe and Asia
- A reinforced leadership in Europe and in those countries where our CIB platform is the strongest.



# BNP PARIBAS: A EUROPEAN LEADER IN GLOBAL BANKING AND FINANCIAL SERVICES

## Interaction with numerous stakeholders



- Greater responsibilities in a lasting crisis context
- Stronger risk management
- Exemplary governance

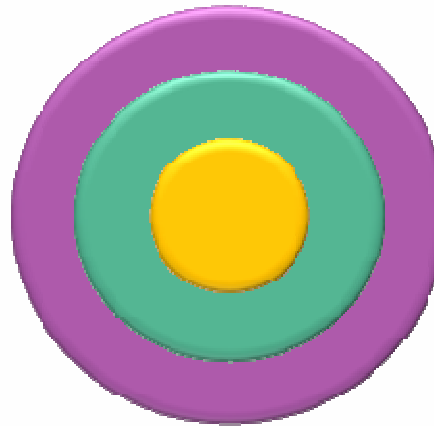




# RESPONSIBILITIES IN 3 KEY AREAS AND CLEARLY IDENTIFIED PRIORITIES

- 1 - ECONOMY:** financing for the real economy.
- 2 - ENVIRONMENT:** contribute to the fight against climate change.
- 3 - SOCIETY:** combat all forms of exclusion.

## 3 levels of involvement



- Internal functioning
- Exercise of our businesses
- Relations with operating environment

■ Emphasis on listening to stakeholders



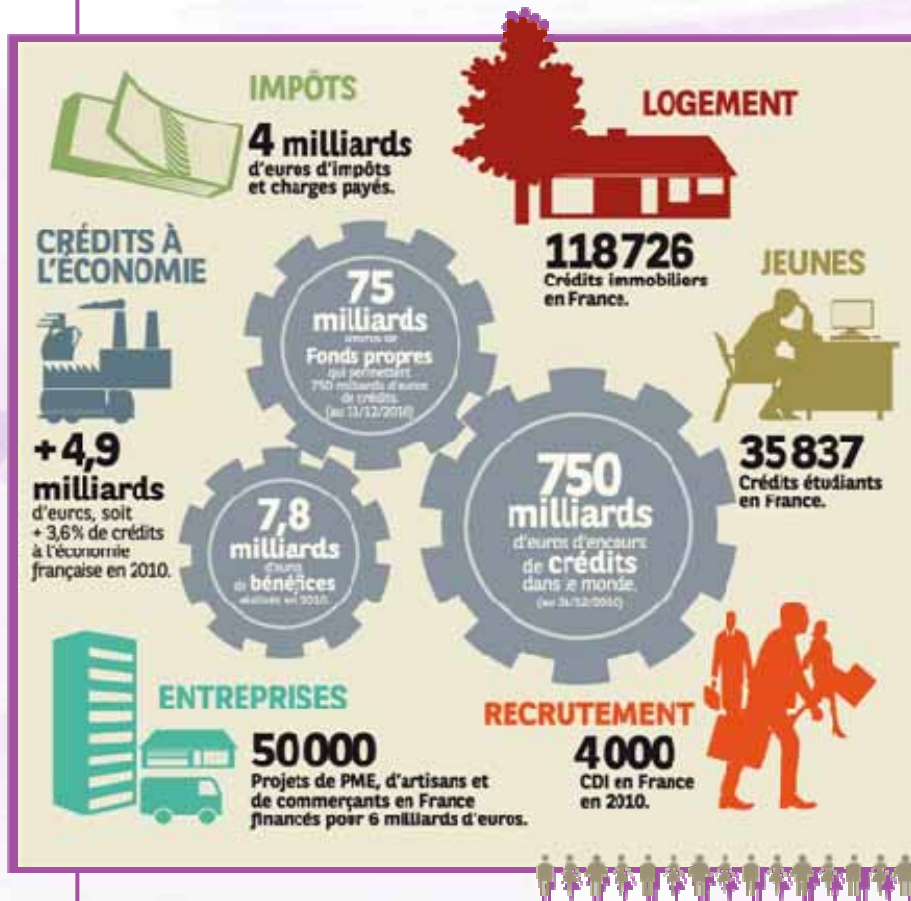


## A culture of responsibility

- Sharing the value of the company with our stakeholders
- Strong public commitments
- A comprehensive approach to compliance
- Active & constructive dialogue with regulators
- Extensive dialogue with NGOs
- Responsibility, a core Group management principle
- Staff play an active role in respecting our responsibilities



# SHARING THE VALUE OF THE COMPANY WITH OUR STAKEHOLDERS



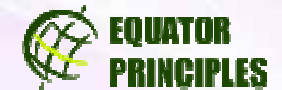
- Over the last 5 years, 2/3 of the profits have been reinvested to finance the economic development
- 5,8% of the staff own BNP Paribas shares



# | STRONG PUBLIC COMMITMENTS

## | Participation in key industry initiatives

- United Nations Global Compact (2003)
- Equator Principles (2008)
- Climate Principles (2010)
- Socially Responsible Investment Principles (2006)
- Institutional Investors on Climate Change – IIGCC (2007)
- United Nations Women’s Empowerment Principles (2011)
- Roundtable on Sustainable Palm Oil (2011)



# STRONG PUBLIC COMMITMENTS

## BNP Paribas specific public commitments



### ■ Environmental commitments (2011)

- Focus on the fight against climate change
- Reduction of direct impact on the environment
- Take environmental impact into account in business activities
- Support the transition to a low carbon economy

### ■ CSR sector policies governing financing and investments

- Defense (Dec. 2010)
- Palm oil (Dec. 2010) and Wood pulp (Sept. 2011)
- Nuclear power generation (Feb. 2011)
- Coal-fired power generation (Sept. 2011)

### ■ Position paper on essential agricultural commodities (July 2011)



## FROM A COMPREHENSIVE APPROACH TO COMPLIANCE...

- **BNP Paribas compliance's approach goes beyond legal and regulatory requirements**
  - Legal and regulatory measures
  - Professional and ethical standards
  - Guidelines defined by the Board of Directors
  - Instructions issued by General Management and procedures
  - Protection of the reputation of the BNP Paribas group
- **Compliance is tasked with anticipating, expanding the range of robust tools, ensuring staff training, and strengthening internal control processes**
- **In 2010 each Group employee took part in an average of 2 compliance training actions**
- **Creation of the Risk Academy in 2010 to strengthen the Group's risk management culture**
- **Compliance teams went from 700 to 1800 FTE between 2004 and 2011**





## | ...TO AN EXTENSIVE VISION OF COMPLIANCE

- For BNP Paribas, Compliance goes *a step further*
  - Place the interest of the Client at the heart of the Compliance
  - Take into account societal concerns that are not addressed by law
  - Take our share in the self-regulation of the financial sector
  - Overwatch the Compliance framework to achieve operational efficiency
- Our Compliance procedures address an extensive reach of subjects : gifts, ombudsman, sustainable development issues...
- Internal audit and control have been reinforced and integrated in Group Control Plans, to review all processes twice a year
- The integration of Operational Risk, Deontology, Financial Security and CSR around a “process approach” is a unique model in the financial sector



# ACTIVE & CONSTRUCTIVE DIALOGUE WITH REGULATORS

## ■ MISSION

→ Explain the complexity of the bank to enable regulatory authorities to make enlightened decisions

## ■ OBJECTIVE

→ Intelligent regulations that enable banks to continue to play their fundamental role in financing the economy

## ■ TRANSPARENCY

→ One of the first banks to sign up with the European Commission register of lobbyists (2008)

## ■ RESOURCES

- 5-person team at headquarters
- Network of 30 in-house correspondents
- Annual budget of €500,000





## EXTENSIVE DIALOGUE WITH NGOs

- 25 meetings in one year with NGOs covering a variety of issues
  - Environmental impact of financings
  - CSR sector policies governing financing and investment
  - Favorable taxation jurisdictions
  - Human rights

**BANK**Track



**GREENPEACE**



# RESPONSIBILITY, A CORE GROUP MANAGEMENT PRINCIPLE

## ■ CLIENT FOCUS

→ Inspire our people to focus in an innovative way on the client first, as the interest of the client is always at the centre of our action.

## ■ PEOPLE CARE

→ Care for our people, by showing them respect, promoting equal opportunities and developing their talents and skills.

## ■ RISK-AWARE ENTREPRENEURSHIP

→ Undertake initiatives for development and efficiency while being accountable

## ■ LEAD BY EXAMPLE

→ Set an example through our own behavior and ethics by:

- Respecting regulations and compliance rules and by **behaving in a socially-responsible way**
- Act in accordance with these Management Principles, just as we are asking our teams to do



# STAFF PLAY AN ACTIVE ROLE IN RESPECTING OUR RESPONSIBILITIES

- **CSR = One of the recurring foremost levers of engagement for the staff in the Global People Survey**

- **CODE OF CONDUCT**

- Updated March 2011

- Addition of a CSR criteria: “Respect the commitments made by BNP Paribas in the area of Corporate Social Responsibility”

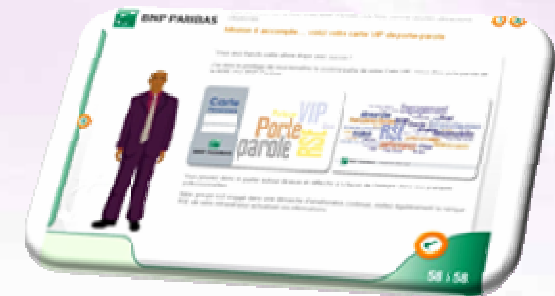
- **CSR TRAINING**

- CSR e-learning

- **6 missions illustrating 6 key components in the Group’s CSR strategy:**  
diversity, direct impacts, SRI, financing, microfinance and philanthropy

- In French, English, Italian and Dutch

- Included in integration process for new hires



# STAFF PLAY AN ACTIVE ROLE IN RESPECTING OUR RESPONSIBILITIES

## Involvement in goodwill initiatives

- **VOLUNTEERING OF COMPETENCIES:** “Skills Volunteering and Solidarity” and “Microfinance Beyond Borders” (“Bénévolat de Compétences et Solidarité” and “Microfinance Sans Frontière”)  
→ 150 volunteers of in “skills” program and 160 for Microfinance
- **PHILANTHROPY:** Helping Hand (Coup de Pouce) program supports projects in which staff are personally involved  
→ 248 projects funded worldwide in 2010 totaling €706,000
- **SPONSORING:** Talent in the Neighbourhood (Nos Quartiers ont des talents)
- **INNOVATION AWARDS (2011)**  
2 CSR categories, “Environment” and “Social Commitment”
  - “Phitrust Partenaires”- an investment fund specialised in the social entrepreneurship (IS)
  - “Branch Image Capture and Courier Elimination” (RB)CSR criteria included in evaluation of all projects





## Action plan

- Embed sustainable development in the functioning of the enterprise
- Systematically take into account the environmental and social impact of the Group's business activities
- Contribute to the economic and social development of the Group's host countries through philanthropy initiatives





# Action plan

- **Embed sustainable development in the functioning of the enterprise**
  - Responsible and engaged human resources management
  - Managing our direct impact on the environment
  - Encourage responsible behaviour by our suppliers
- **Systematically take into account the environmental and social impact of the Group's business activities**
- **Contribute to the economic and social development of the Group's host countries through philanthropy initiatives**



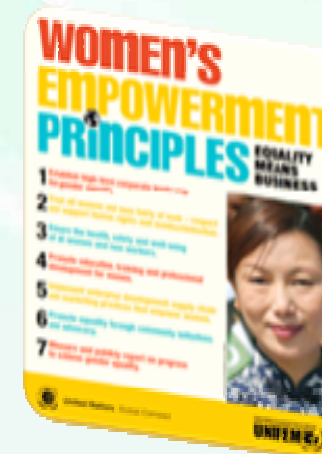
# AN INTERNATIONAL GROUP EXPERIENCING ROBUST DEVELOPMENT

- Over 205,000 people of more than 160 nationalities in over 83 countries
- Group headcount has doubled in 5 years
- 4 domestic markets → Belgium  
→ France  
→ Italy  
→ Luxembourg
- The integration of Fortis, the expansion of the Group's international scope and the financial crisis have all significantly impacted BNP Paribas
  - Significant growth in Poland and Turkey
  - These 6 countries account for 60% of the global workforce



# PROMOTE DIVERSITY

- Diversity label awarded in January 2009
- Gender equality
  - Objective of 20% women in senior management positions in 2012
  - Representation of women on Board of Directors: 27.8%
  - Numerous women's networks (France, Luxembourg, UK, US, Gulf, etc.)
  - Signature of United Nations "Women's Empowerment Principles" on 1 March 2011
- Specific policy to support employment of seniors in France
  - Employment policy for seniors in France introduced in January 2010 for 3-year period
  - Average retirement age for employees 55 and older in 2010 (European Works Council BNP Paribas - not including Laser) : 59.7\*
- Disabilities
  - In France, 65% of hiring target for employees with disabilities achieved by end 2010



\* (European Works Council BNP Paribas - not including Laser)



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# SUPPORT STAFF TO ENABLE THEM TO CONTRIBUTE TO DEVELOPMENT AND CHANGE

## ■ A Group that creates jobs

- 24,559 new hires in 2010, including
  - 4,000 in France and 1,358 recruitments as part of work/study programs
  - 52% of people on work/study programs subsequently given long-term or fixed-term contracts

## ■ Recognized positive employer image

- Voted preferred employer in France (nationwide) and greater Paris region by a panel of 9,000 web survey participants
- BNP Paribas included in Times Top 100 Graduate Employer league table of best employers, ranked by UK school-leavers



## ■ Sustained efforts to develop employee skills

- 3.8% of total payroll expenditure allocated to training  
(BNP Paribas SA - parent company in France)
- An average of 34 hours of training per employee in 2010 (BNP Paribas SA)



# | NURTURE LOYALTY AND MOTIVATE PEOPLE OVER THE LONG TERM

- **Comprehensive appraisal of employees**
  - 85% of people appraised
  
- **Recognition of talent through targeted policies**
  - Improved process for identifying high-potential managers in 2010 (including evaluation of management performance and preparation of long-term succession planning for senior executives)
  - Leadership For Development program for experienced high potentials: over 165 participants in 2010
  - Go to Lead and Share to Lead programs for high potentials and junior managers, respectively: over 185 and 70 participants in 2010



# COMPETITIVE COMPENSATION POLICY ALIGNED WITH INTERNATIONAL STANDARDS

- **Responsible vision of long-term professional relationship**
  - Compensation for work and performance supplemented by employee share ownership and collective incentive schemes, health benefits and retirement savings
- **Compensation policy adapted to new regulations**
  - Established in 2009 conform to G20 principles and modified at the end of 2010 to take into account European Union CRDIII Directive
  - Deferred component varies from 40% to 60%

Business activity	Number of persons	Total compensation Thousands of euros	Variable share Thousands of euros	Fixed component Thousands of euros
Corporate officers	3	6 483	2 350	4 133
CIB	3 394	1 463 073	479 183	983 890
Rest of Group	67	32 432	11 404	21 028
Total	3464	1 501 988	492 937	1 009 051



# DIALOGUE, LISTENING AND CARE FOR PEOPLE

## ■ Quality dialogue with employees, a pillar of the BNP Paribas culture

→ New European Works Council

- Represents 140,000 employees, with 49 representatives from 20 countries
- **Prepares European Social Report (1<sup>st</sup> edition in 2011) and writes social charters in 3 areas: employment, stress management and diversity**

→ Very active employee dialogue in 2010, including:

- 60 company or Group agreements in France
- 9 agreements in Belgium
- 23 agreements in Italy

## ■ Protection of employee health

→ Beyond compliance with applicable legislation, BNP Paribas is committed to prevention of psychosocial risks

- In France, a medical observatory has been created to monitor stress, anxiety and depression

## ■ Employee satisfaction feedback is encouraged through the Global People Survey (GPS)

→ 177,150 surveyed

→ Overall participation rate of 64%



# MANAGING OUR DIRECT IMPACT ON THE ENVIRONMENT



## 2010 FIGURES PROVIDE A BASELINE TO BENCHMARK PERFORMANCE IN THE FUTURE

- 82.9% of total Group headcount (compared with 64% in 2009)
- **264 kWh / sq. m.** consumed in our buildings - equivalent to 2,038 GWh of which three-quarters for electricity
- **4,794 km / FTE** for business travel (plane, train, car)
- **174 kg paper** consumed/ FTE of which 30.5% eco-certified (FSC, PEFC) or recycled
- **22 cubic m. water** consumed / FTE in our buildings
- **183 kg waste / FTE**, of which 28% recycled
- **10.6%** environmentally-friendly office supplies products purchased

3.42 tons CO<sub>2</sub>  
equivalent  
emissions / FTE

TOTAL

701,905 tons of CO<sub>2</sub> equivalent emissions, or **3.42 tons CO<sub>2</sub> equivalent /FTE**  
Emissions break down to **76.3%** for buildings and **23.7%** for business travel





# Group paper policy: Consume less, consume better

## ■ Reduce paper consumption

- ➔ -20%/FTE of internal paper by 2013 vs. 2010, -40% by 2015 vs. 2010,
- ➔ -10%/individual client of client paper by 2013 vs. 2010, -20% by 2015 vs. 2010

## ■ Consume better paper

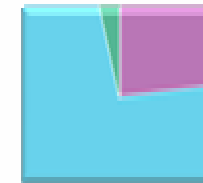
- ➔ 40% of internal paper to be responsible by 2013 (2010 : 30,5%), 60% by 2015
- ➔ 100% of client paper to be responsible as of 2013

## ■ Sorting and recycling more

- ➔ +10% of paper sorted, collected and recycled by 2012 vs. 2010
- ➔ +30% by 2015 vs. 2010

### PAPER CONSUMPTION (2010):

174 kg / FTE

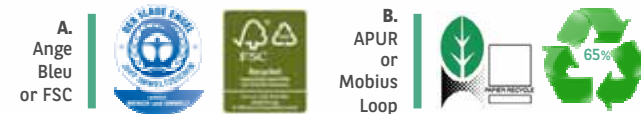


- 69.4% Standard paper
- 3.3% Recycled paper over 50%
- 27.2% Paper certified FSC or PEFC

### RESPONSIBLE PAPER

#### Pulp made from recycled paper

*(minimum 50% post consumption recycled fibers)*



#### Pulp from sustainably managed forests



# ENCOURAGE RESPONSIBLE BEHAVIOUR BY OUR SUPPLIERS





# GROUP PURCHASING TAKES CSR FACTORS INTO ACCOUNT THROUGH GROUPWIDE POLICIES

## ■ INITIATIVES WITH SUPPLIERS

- Standard CSR questionnaire for tenders since July 2010
- Standard CSR clauses in terms and conditions since July 2010

## ■ INITIATIVES WITH GROUP PURCHASING OFFICERS

- Special Purchasing CSR training for purchasing officers
- Creation of CSR toolbox for purchasing officers:
  - **CSR factsheets for main expense categories:**  
paper, furniture, IT equipment, moving, temporary employees
  - **Guide to eco labels/certifications**

- Signature in June 2010 of charter "10 Commitments for Sustainable Purchasing between Customers and SMEs" (CDAF / *mediateur du crédit*)

- Preparation of "Sustainable Purchasing Policy" and "CSR Commitments by BNP Paribas Suppliers"





## Action plan

- Embed sustainable development in the functioning of the enterprise
- **Systematically take into account the environmental and social impact of the Group's business activities**
  - Integration of ESG criteria in our business activities
  - Responsible products and services
- Contribute to the economic and social development of the Group's host countries through philanthropy initiatives





# INTEGRATION OF ESG CRITERIA IN OUR BUSINESS ACTIVITIES



# MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS

## ■ A comprehensive approach

- 73 projects reviewed against the Equator Principles in 2010
- CSR financing and investment policies on sectors carrying high E&S risks since 2010
- Embed ESG criteria in all asset management activities for evaluation of environmental and social risks (on going process)

## ■ An initiative in progress with Risk Management to specify criteria for evaluation of environmental and social risks

- Analysis of Group best practices
- Mapping of evaluation methods for identifying impacts
- Undergoing scoring process for industrial sectors

### EP Transactions reviewed in 2010 (Breakdown by category)



- **Category A: 4%**  
(projects with potentially significant environmental and social impact for which attenuation or corrective actions are required)
- **Category B: 77%**  
(projects with limited or moderate environmental and social impact)
- **Category C: 19%**  
(projects with minimal or zero impact)



# | CSR SECTOR POLICIES: objectives and motivation

- **Certain sectors raise specific CSR issues**
  - Specific legislative framework in certain countries
    - For example, financing of anti-personnel mines and cluster munitions is prohibited in France and Belgium
  - Particularly sensitive industries
    - **Environmental impact:** carbon emissions, biodiversity, etc.
    - **Social impact:** human rights, displaced populations, etc.
  
- **BNP Paribas finances the real economy while exercising its social responsibilities**
  - Define the practices that BNP Paribas accepts and those it prohibits, beyond a strict legal framework and in consistence with its general commitments
    - **Through sector policies development:**
      - *Multi functions committees, NGOs, experts, industries*
      - *Responsibility of deployment: Compliance Function*
      - *Ownership of the policies: Executive Committee*
      - *Coverage: all activities and countries where the group operates*
  - Answer questions from all stakeholders:
    - Investors
    - Employees
    - NGOs
    - Rating agencies
    - Customers
    - Unions



# | SECTOR POLICY: DEFENCE

## ■ POLICY OBJECTIVES

- Avoid financing of illegal weapons under the terms of the Ottawa and Oslo Conventions (ratified by France in August 2010): cluster munitions and anti-personnel mines
- Avoid financing of “controversial weapons”:  
biological and chemical weapons, depleted uranium ammunition
- Avoid contributing to the sale of weapons to conflict zones (trade and export finance)

## ■ PRINCIPLES

- Exclusion of certain companies:
  - A list of companies that produce controversial weapons, consolidated with external expertise and validated by Group ExCo
  - **Two criteria:** key and dedicated components
- Financing of weapons exported to a number of countries is prohibited:
  - Countries under embargo (regulatory constraints)
  - Countries where occur violations of children rights in armed conflicts (children soldiers)
- Increased monitoring of financing for all types of weapons exported to sensitive countries
  - List established by BNPP according to transparency and political stability factors

## ■ CONCRETE ACTIONS

- A list of prohibited companies is regularly updated
- Refusal of financing transactions:
  - Application of standard compliance channels to implement the policy





# SECTOR POLICY: PALM OIL

## 1<sup>st</sup> section of Forestry policy

### ■ POLICY OBJECTIVES

- Avoid financing or investing in companies that actively contribute to deforestation (loss of biodiversity, aggravation of climate change, etc.) and are involved in non-sustainable economic development of their business
- Address concerns of NGOs

### ■ APPLICATION PRINCIPLES

- Actively encourage companies in the sector to certify their production according to principles defined by the RSPO (Roundtable on Sustainable Palm Oil)
- **Obtain sufficient assurances regarding compliance with operating conditions:**
  - No plantations in protected areas (UNESCO, Ramsar, etc.)
  - No forced labour
  - Respect for local communities
  - No burning of land

### ■ CONCRETE ACTIONS

- Exclusion of companies that fail to respect minimum criteria
- Inclusion of RSPO standards in analysis of companies
- Companies in the sector (processing, trading) are encouraged to comply with the Group policy



# SECTOR POLICY: WOOD PULP

## 2<sup>nd</sup> section of Forestry policy

### ■ POLICY OBJECTIVES

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

### ■ POLICY KEY PRINCIPLES

- Actively encourage companies in the sector to adopt best international industry practices
- **Compliance with operating conditions:**
  - Ensure that best pulp production technology is used (to avoid severe pollution)
  - Ensure that companies monitor their air emissions and water effluents
  - Ensure that companies keep track of their workers' health condition
  - No forced labour and respect for local communities

### ■ CONCRETE ACTIONS

- Exclusion of companies that fail to respect minimum criteria
- Encouraging companies in the sector to become an active member of their national FSC or PEFC multi-stakeholders governance





# SECTOR POLICY: NUCLEAR POWER



## ■ POLICY OBJECTIVES

Answer a strong demand for governance:

- Development potential, particularly in countries with little or no experience in nuclear energy
  - Strong expectations from stakeholders
- Provide analysis criteria for evaluation of projects and companies
- **Address key CSR issues:**  
safety, security, non-proliferation, protection of people and the environment, etc.

## ■ POLICY KEY PRINCIPLES

→ Structure of the policy

- Compulsory criteria: to be met before BNP Paribas agrees to participate in financing
- Evaluation criteria: to perform in-depth analysis and may lead to request additional conditions or to refuse to participate in the project (even if compulsory criteria are satisfied)

→ Assessment of power plant projects based on

- **PROJECT HOST COUNTRY:** Evaluation of governance of nuclear industry (legal framework, experience, international cooperation, stability, etc.)
- **INDUSTRIAL:** Evaluation of capabilities and past performance of key industrial partners in the project
- **NUCLEAR POWER PLANT:** Evaluation of safety and security standards

→ Nuclear companies

- Covers production and fuel cycle companies
- Apply same principles as project financing



# SECTOR POLICY: COAL-FIRED POWER GENERATION

## ■ POLICY OBJECTIVES

- Integrate climate change issue in coal fired power generation sector by taking into account GHG emissions
- Avoid investing in companies with low environment and social standards

## ■ POLICY KEY PRINCIPLES

→ **Structure of the policy** : compulsory and evaluation criteria

→ **Coal fired power plant**

- **Host country:**

- Compulsory : legal framework
- Evaluation : energy independency, social impact of energy generated

- **Technology**

- Efficiency:
  - Greenfield "pure coal": minimum efficiency (38% for high income, 43% for low income countries)
  - Cogen and heat: maximum emission (550g CO<sub>2</sub>/kWh for high income, 660g for low income countries)
  - Brownfield: same standard as greenfield and minimum 10% improvement in efficiency
- Other emissions: IFC standard, impact assessment
- Evaluation: project CO<sub>2</sub> intensity compared to country's, CCS ready

→ **Companies**

- **Transparency:** health and GHG emissions
- **Emission track record**



# POSITION PAPER : ESSENTIAL AGRICULTURAL COMMODITIES

## ■ CONTEXT

→ Market

- Sharp increase in food prices has led to difficult supply in some countries
- Rising transaction volumes on derivatives markets has led stakeholders to examine the potential responsibility of financing institutions

→ BNP Paribas has a whole range of product and services linked to agriculture and soft commodities: from producers and intermediaries financing to hedging products



## ■ BNP PARIBAS STATEMENT

→ BNP Paribas is particularly vigilant in monitoring its activities in the area of basic food supplies

→ All investment products available from BNP Paribas whose underlying assets include basic soft commodities must have medium-to-long-term investment horizons

→ The BNP Paribas group is committed to limiting its exposure in the agricultural commodities derivative market

- **BNP PARIBAS** also supports the recommendations of the Paris Europlace work group on soft commodities, particularly those concerning the regulation and transparency of agricultural commodities markets.



# EMBED ESG CRITERIA IN ALL ASSET MANAGEMENT ACTIVITIES

**OBJECTIVE:** assure all BNP Paribas clients that environmental, social and governance issues have been taken into account in the management of their assets

- **INVESTMENT PARTNERS:** systematic integration of extra-financial criteria
  - Sector policies taken into account for all AUM
  - **Before end 2011:** additional ESG criteria to be included in the management of all the assets
- **CORTAL CONSORS:** green rating
  - Benchmarking of carbon emissions against an index
  - Ranking of 400 European equity funds
- **BNP PARIBAS CARDIF (insurance):** inclusion of ESG criteria in euro (general) fund investments (70 bn€)



# RESPONSIBLE PRODUCTS AND SERVICES





# RESPONSIBLE PRODUCTS AND SERVICES

## ■ Our approach

- Responsible relationships with customers
- “Responsible credit“ by BNPP Personal Finance
- “Green” products
- Products with positive social impact
- Support for small businesses
- Financing for the green economy
- Develop and promote SRI
- Continue engagement in support microfinance

## ■ 12 priority initiatives approved by ExCo oct 2011

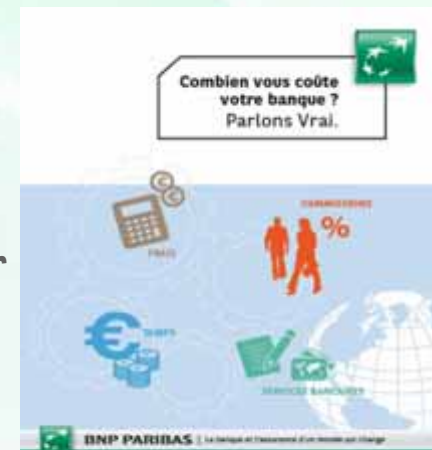
- make our commitment even more visible and credible for our clients by expanding our offer of green products and services, as well as those with a positive social impact.
- span investment products, insurance, credit, offers for specific clientele profiles and products designed to support our corporate clients.
- Identify the clientele segments most receptive to a “responsible” offer, and disseminate a marketing message that underlines the ethical position of BNP Paribas.



# RESPONSIBLE RELATIONSHIPS WITH CUSTOMERS

## French Retail Banking network: an approach aligned with customer needs and expectations

- **Greater clarity for rates and fees**
  - A table enabling easy comparison of rates is available to customers in branches and on the Web
- **Planned contacts**
  - Dates and objectives of customer appointments are established before the meeting with account officers
- **Commissions better adapted to neutral advice**
  - Defined by category of need
  - Delayed compensation to ensure actual use by customer
- **Satisfaction measurement based on use of products 3 months after sale**





## “RESPONSIBLE CREDIT” BY BNPP PERSONAL FINANCE

BNPP Personal Finance put in place a comprehensive approach for revolving loans which represents 20% of its total outstandings:

- **Ahead of law**

- Main requests of Loi Lagarde were in place before its enforcement
- Average interest rate well below legal maximum rate

- **A strict analysis of clients profile**

- High rate of refusal: 33%
- High repayment rate: 98%

- **Improve financial literacy**

- Information and training: teaching videos, Foundation dedicated to financial education, etc.
- Dedicated website: [www.moncreditresponsable.com](http://www.moncreditresponsable.com)
- Upon request, annual budget review



# | “GREEN” PRODUCTS

## | Support “green” behaviours by customers

- **FRENCH RETAIL BANKING NETWORK:**  
low-interest loans for energy efficiency  
home renovations (energiBio)
- **CETELEM:** innovative financing solutions for  
vehicles with low CO<sub>2</sub> emissions and financing of  
improved energy performance of homes
- **INSURANCE:** “New Energies” option



## Offer of SRI funds with a positive impact on the environment

- Aqua
- EcoCO<sub>2</sub>, etc.



# | PRODUCTS WITH POSITIVE SOCIAL IMPACT

## | **Domestic branch networks:** physical access to banking services

### ■ **FRANCE**

- 95% of ATMs can be accessed by people with reduced mobility
- 850 branches have voice-controlled ATMs for the visually impaired

### ■ **BELGIUM**

- 400 PCs equipped to allow visually impaired customers to make banking transactions

### ■ **INSURANCE:** make insurance available to customers with major diseases to enable them to take out loans

- Asthma
- Paralysis of accidental origin, etc.



# PRODUCTS WITH POSITIVE SOCIAL IMPACT

## Emerging countries: specific offers

- **BANQUE LIGHT (BaLi):** facilitate access to banking services for low-income segments of the population

- Simplified product range
- Low fee for opening new account



- **HOME CASH:** an easy way to send money from France to Morocco

- Card guarantees security and exchange rate
- Beneficiary does not need a bank account

- **ORANGE MONEY:** financial transactions via mobile phone

- A range of transactions: deposits, withdrawals, transfer
- 2,600 sales outlets in 4 countries
- 1.4 million customers



# SUPPORT FOR SMALL BUSINESSES

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

## ■ FRANCE

- **Objective:** 40,000 projects representing 5 billion euros in financing
- **Actual:** 49,881 projects totaling 6 billion euros in financing

## ■ BELGIUM

- 75,000 small business loans
- Partnership with EIB to provide special loan terms for 500 businesses
- **Incubator for young entrepreneurs (Bryo):** training, networking, support

## ■ ITALY

- **“Made in Lombardy” project:**  
500 million euros in loans to boost competitiveness and innovation

## ■ EMERGING MARKETS

- **Morocco:** joint program with Confédération Générale des Entreprises to provide preferential financing terms for socially-responsible enterprises
- **West Africa and Madagascar:** special financing mechanism in partnership with French Development Agency (AFD)



# FINANCING FOR THE GREEN ECONOMY

## BNP Paribas CIB supports the development of infrastructure, anticipating the impact on climate change

- Financing for urban mass transport projects, water treatment and distribution, etc.
- Financing that facilitates the transition to a low carbon economy
- Renewable energies: financing and advisory services for a dozen major new wind or solar power projects around the world each year



## Development of market instruments that promote a green economy

- Design of a set of indices covering themes with a positive impact on the environment or society, enabling investors to allocate funds to the green economy





# FINANCING OF THE GREEN ECONOMY

BNP Paribas is a major player in the carbon emissions market through two CIB teams



## ■ CARBON TEAM

- Draws on skills from all businesses to help companies meet targets defined in international treaties and declarations
- Actively participates in European Union Emissions Trading Scheme (EU-ETS)
- A leading position in CO<sub>2</sub> emissions trading markets

## ■ BNP PARIBAS COMMODITY FUTURES

- Clearing of approximately 20% of orders on European Climate Exchange (ECX)
- Nominated for Energy Risk Award 2010





# DEVELOP AND PROMOTE SRI

## Growth in SRI outstandings: BNP Paribas in top 3 players



2002-2003

**1.2 bn EUR**

- BNP Paribas Etheis
- BNP Paribas Obli Etheis
- CIES Award
- SICAV Retraite

2004-2005

**4 bn EUR**

- Development of dedicated SRI research team
- 1<sup>st</sup> IIGCC conference in Paris
- Novethic Rating: 'aaa'
- Advisory mandate for supranational institution

2006-2007

**6 bn EUR**

- Major mandates
- BNPP L1 Sustain. Bd Euro
- BNPP L1 Green Future
- PV Sustain. Eq Europe
- PV Sustain. Bd Euro Corp
- PV Env. Opportunities
- Structured ISR funds
- Al Gore conference
- Vice presidency of IIGCC
- Signature of UN PRI

2008-2009

**9 bn EUR**

- Major mandates
- BNP Paribas Aqua
- BNP Paribas Money Etheis
- EasyETF Euronext Low Carbon 100
- BNPP L1 Sust. Equity World
- BNPP L1 Green Tigers
- Several awards for IMPAX
- Award of extra-financial reporting quality
- Copenhagen conference on climate change

2010

**14.1 bn EUR**

**2.56% of total AUM**

- Merger with Fortis Investments
- 11 funds given Novethic SRI label, 6 with special mention for "ESG Indicators"
- Launch of "Sustainable Development Investors Club" with Erik Orsenna
- BNP Paribas Euro Valeurs Durables (sustainable equities)
- Triple A Asset Award: Green Investor of the Year



## DEVELOP AND PROMOTE SRI: EXPAND SRI OFFER

BNP Paribas Investment Partners has been awarded the Novethic label for 14 of its SRI funds with a special mention for the “ESG Indicators” report for 12 of the funds (ESG).



- BNP Paribas Euro Valeurs Durables (ESG)
- BNP Paribas Etheis (ESG)
- Parvest Sustainable Equity Europe (ESG)
- BNP Paribas L1 Sustainable Equity World (ESG)
- BNP Paribas Retraite Horizon (ESG)
- Parvest Sustainable Bond Euro Corporate (ESG)
- BNP Paribas Obli Etheis (ESG)
- BNP Paribas L1 Sustainable Bond Euro (ESG)
- BNP Paribas Money Prime Euro Sri
- BNP Paribas Aqua (ESG)
- Parvest Environmental Opportunities (ESG)
- Parvest Global Environment (ESG)
- BNP Paribas L1 Green Future (ESG)
- BNP Paribas L1 Green Tigers

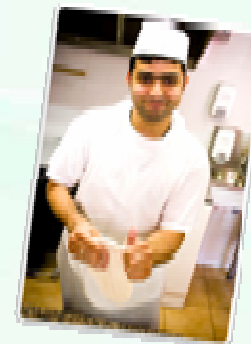


# DEVELOP ENGAGEMENT IN SUPPORT OF MICROFINANCE

## MATURE MARKETS: MICROFINANCE AS A DRIVER OF JOB CREATION

### FRANCE: long partnership with Adie association for over 15 years

- Aid and assistance for new business creation
- FINANCING: 9 million euro credit line
  - 2,357 loans granted
  - 11,263 loans funded in 6 years
  - Average loan amount: 2,863 euros



### BELGIUM: creation of Microstart in 2010

- Collaboration between BNP Paribas Fortis, Adie and European Investment Fund
- 2 MicroStart branches in Brussels area
- 57 projects funded in 7 months – average credit €4900



### ITALY: new partnership with Permico in 2011

- Creation of "PerMicro Point" in BNL branches
- A participation in Permico's capital, up to 25% (1,5 millions euros)

### UK: new partnership with Fair Finance in 2011

- Advice and guidance to Fair Finance
- Structuration of a 5 years GBP 500.000 loan



# CONTINUE ENGAGEMENT IN SUPPORT MICROFINANCE EMERGING MARKETS: SOCIAL CONTRIBUTION OF MFIs

## A powerful and regularly renewed engagement



- Around 50 million euros in loan authorizations in local currencies at end 2010
- 19 MFIs funded in 8 countries: India, Indonesia, Brazil, Egypt, Morocco, Tunisia, Mali and Guinea
- Average microcredit amount: 243 euros
- 127,000 customers benefit from loans, of whom 88% are women
- 636,000 people benefit from indirect impacts

## Complete banking offer

- Loans
- Foreign exchange hedging solutions, including exotic currencies



# CONTINUE ENGAGEMENT IN SUPPORT MICROFINANCE ENABLE BNP PARIBAS CUSTOMERS TO INVEST IN MICROFINANCE

## FOR RETAIL CUSTOMERS: Obli Etheis



label de la finance solidaire

- Bond fund certified by Finansol,
- 10% of assets can be allocated to microfinance,
- Financing for numerous projects and support for nearly 3,500 micro-entrepreneurs.

## FOR WEALTH MANAGEMENT CUSTOMERS: responsAbility Global Microfinance Fund

**responsAbility**  
leading social investments

- A vehicle for investment in microfinance and social solidarity economic initiatives.
- This fund selects MFIs according to financial as well as social, environmental and governance criteria **FUND SIZE: 500 million euros**

## PhiTrust Partners

- A vehicle for investment in economically viable SMEs with a measurable social impact
- Expected new cash end 2011: 20 millions euros



**BNP PARIBAS** | The bank for a changing world



## Action plan

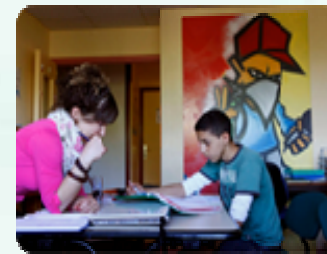
- Embed sustainable development in the functioning of the enterprise
- Systematically take into account the environmental and social impact of the Group's business activities
- **Contribute to the economic and social development of the Group's host countries through philanthropy initiatives**
  - 5 areas of focus for corporate philanthropy
  - Climate initiatives: a major international program with strong credibility and a long-term vision, achieving success right from year one





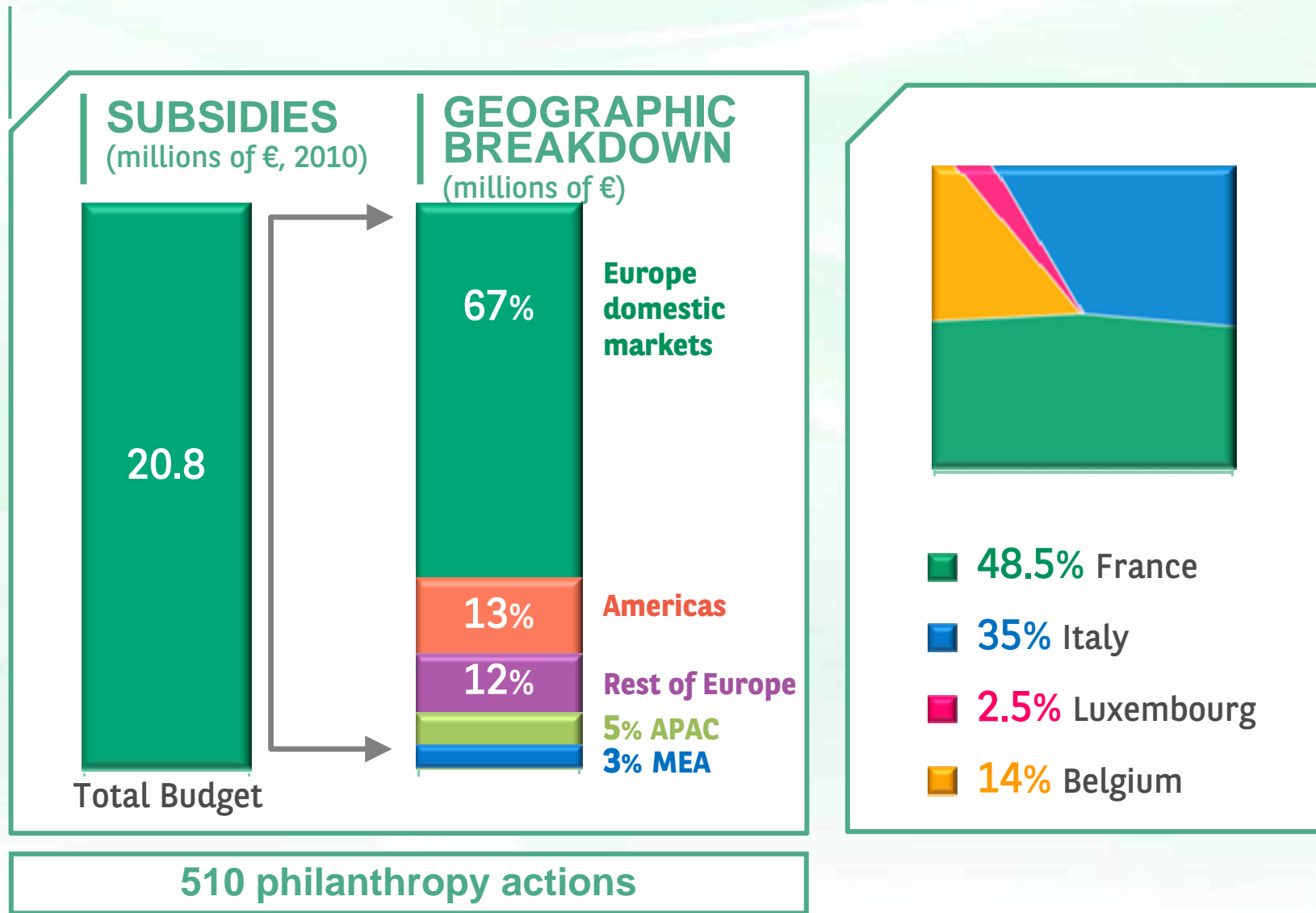
# 5 AREAS OF FOCUS FOR CORPORATE PHILANTHROPY

- **SOCIAL SOLIDARITY:** fight exclusion
- **CULTURE:** preserve heritage and encourage artistic expression
- **EDUCATION:** schooling and transmission of knowledge
- **MEDICAL RESEARCH:** fund programs in advanced sectors
- **ENVIRONMENT:** fund climate change research





# GLOBAL PHILANTHROPY BUDGET



# CLIMATE INITIATIVES: A MAJOR INTERNATIONAL PROGRAM WITH STRONG CREDIBILITY AND A LONG-TERM VISION, ACHIEVING SUCCESS RIGHT FROM YEAR ONE

- **BUDGET:** €1 million/year for three years
- **INTERNATIONAL CALL FOR PROJECTS**
- **SUBJECTS:**
  - Fundamental climate research
  - Reduction of negative impact of fossil resources
  - Transition to a low carbon economy
  - Adaptation to future climate changes
- **EVALUATION CRITERIA**
  - Scientific credentials and credibility of project leaders
  - Consistency with BNP Paribas positioning
  - Project timeframe (3 years on average)
  - Potential for communication
  - International scope
  - Visibility of BNP Paribas's support
- **FINAL SELECTION BY SCIENTIFIC COMMITTEE**
  - Comprised of 5 eminent members
  - Chaired by Philippe Gillet, Vice President of Academic Affairs EPFL (Ecole Polytechnique Fédérale de Lausanne)

**Over 50 grant applications received and evaluated according to specific criteria**

**4 projects selected with general objective of contributing to the advance and promotion of climate science**



# PROJECTS SELECTED INVOLVE SUBJECTS THAT ARE BOTH IMPORTANT AND COMPLEMENTARY FOR CLIMATE SCIENCE

- **1 PROJECT FUNDED IN 2010: "Subglacior":** study of climate history using innovative subglacial drilling project in Antarctica



- **4 PROJECTS SELECTED IN 2011** by the Scientific Committee in four areas that are both important and complementary to advance climate science:

- **FOCE:** long-term effects of acidification of oceans,
- **AAA:** climate history (access to weather archives in Fontainebleau),
- **GLOBAL CARBON ATLAS:** availability of knowledge (posting online of current emissions data, available to anyone)
- **PRECLIDE:** a vision of the climate over the coming 30 years,



# Appendices



Organization



Positive perception of our approach by stakeholders





# Organization



## STRENGTHENING OF CSR FUNCTION

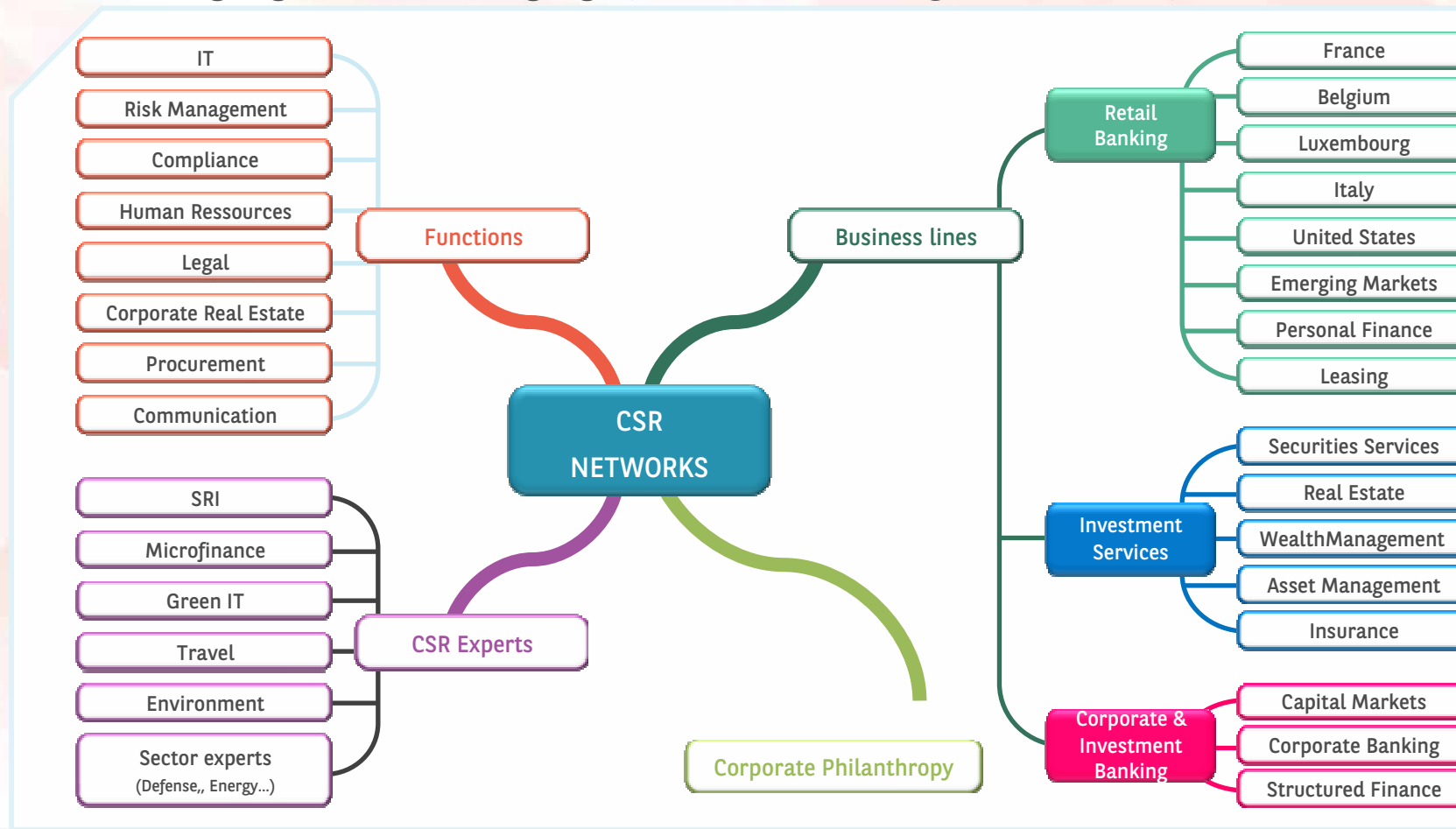
- The Group's central CSR function, the CSR Department, tripled its staff in 2010
- The CSR function reports directly to a member of the Executive Committee
- The missions and responsibilities of the CSR Department are defined by instructions issued by General Management



# INTEGRATION OF CSR INTO THE GROUP ORGANIZATION

## 3 PRINCIPLES:

- **Empowering management:** CSR managers are members of the executive committee of their entity
- **Promote Dialogue:** common understanding of the issues involved
- **Coordinating organizations and geographic zones:** ensuring consistent response to local challenges





# CLIMATE CHANGE STEERING COMMITTEE

It has been established in 2010 and is chaired by a member of the Executive Committee

## ■ MAIN MISSION

better anticipate direct and indirect climate change impacts on our business and identify business opportunities and risks

## ■ 9 PROJECTS IN PROGRESS

1. Research
2. Asset management
3. Retail banking
4. Insurance
5. CIB
6. Direct emissions
7. Communication
8. Risks
9. Supplier relations





## Positive perception of our approach by stakeholders

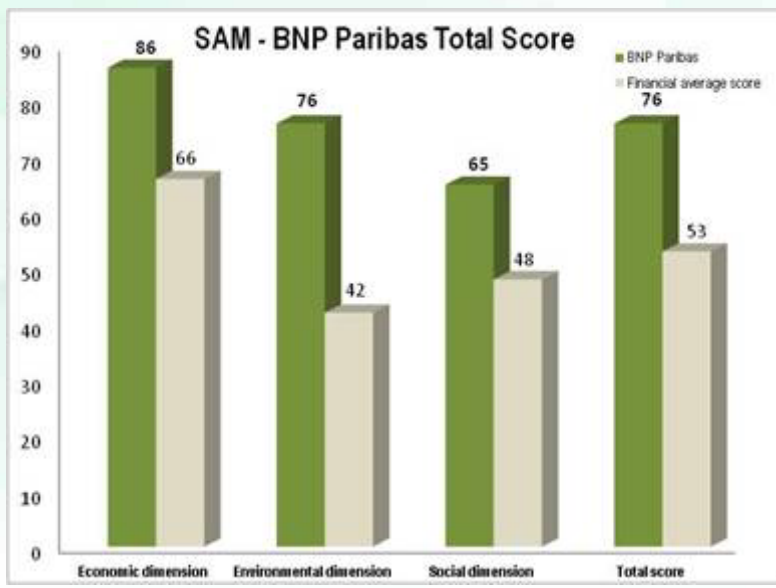
- Group position in indices
- One of the only CAC 40 company with a “reasonable assurance” rating
- A leader in certifications



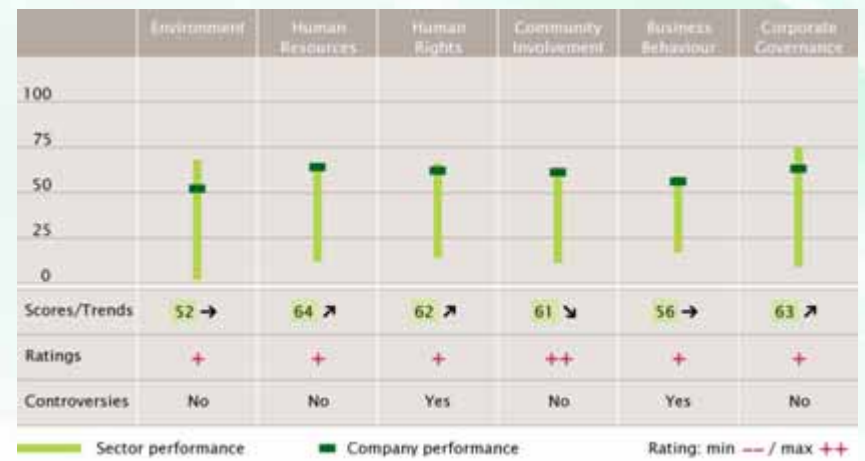
# GROUP POSITION IN INDICES

## Socially Responsible Investment indices

- BNP Paribas is included in leading SRI benchmark indices
  - DJSI World, Ethibel, Aspi, FTSE4Good
- Carbon Disclosure Project
  - Rating of 78/100 in 2011
- Meeting with 30 investors and analysts



VIGEO: No.2 in the banking sector out of 57 companies assessed



## ONE OF THE FEW GROUPS GRANTED A “REASONABLE ASSURANCE” ASSESSMENT FOR CSR APPROACH

Excerpt from report by statutory auditors (PwC) on 2010 CSR report

- Further to your request and in our capacity as the Statutory Auditors of BNP Paribas, we have carried out work for the purpose of enabling us to express
  - **Reasonable assurance** on three social indicators and issues published in the BNP Paribas 2010 Corporate Social Responsibility Report;
  - **Moderate assurance** on nine environmental indicators published in the BNP Paribas 2010 Corporate Social Responsibility Report.



## A LEADER IN CERTIFICATIONS

- With **71 ISO 9001 certifications**, the Group is a leader in the banking and insurance sector. **Nearly 20,000 employees** work in an organization certified ISO 9001.
- **11 ISO 14001 certifications** including **4 in 2010 and 1 in 2011**. Nearly 12,000 employees work in an entity certified ISO 14001.  
**An integrated approach for French Retail Banking:** the branch network (2,250 branches), document publishing, factoring and data centers (40% of the Group's IT resources) have all received ISO 14001 certification.
- The Group is implementing the **new ISO 26000 standard** alongside other CSR standards to establish its framework for CSR initiatives and define action plans.

