



# BNP Paribas and the exercise of its Corporate Social Responsibility

Corporate Social Responsibility Department  
September 2013









# Introduction

**BNP Paribas Group**

**A European leader with responsibilities in three key areas**

# BNP PARIBAS GROUP STORY

	1999	2001	2012
	 		
<i>Number of Employees</i>	50 000	30 000	80 000 (Including 55 000 in France)
<i>International presence</i>	France, North African countries, India, Hong Kong...	Main Financial Markets: London, New York, Frankfurt, Paris...	83 countries
<i>Activities</i>	Retail Corporate Banking	Investment Banking Specialized Financial Services	Retail Corporate & Investment Banking Specialized Financial Services Asset Management & Services
			Retail Banking Corporate & Investment Banking Investment Solutions

# RETAIL BANKING

## MORE THAN HALF OF BNP PARIBAS' REVENUES FROM RETAIL BANKING ACTIVITIES

- 7.150 branches in 41 countries, around 135,000 employees
- 22 million individual, professional and small business customers
- 216,000 corporate clients and institutions and 12 million customers
- Over 12 million active customers at Personal Finance

### Operational entities

BDDF

BNL bc

BNP Paribas Fortis

BGL BNP Paribas

Europe Mediterranean

BancWest

Personal Finance

Equipment Solutions

Personal Investors



# INVESTMENT SOLUTIONS

## PROFESSIONALS AND SERVICES DEDICATED TO INVESTORS

- Around 25,650 employees in 70 countries
- Strong international presence in Europe and abroad (India, Brazil, Singapore, Middle East, etc.)

### Business Units



**BNP PARIBAS  
CARDIF**



**BNP PARIBAS  
SECURITIES SERVICES**



**BNP PARIBAS  
INVESTMENT PARTNERS**



**BNP PARIBAS  
WEALTH MANAGEMENT**

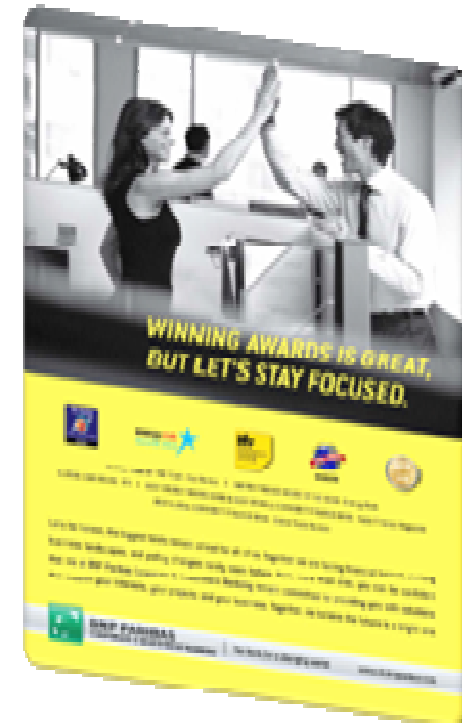


**BNP PARIBAS  
REAL ESTATE**

# CORPORATE AND INVESTMENT BANKING

## LOCAL SOLUTIONS FOR GLOBAL ACTIVITIES

- Around 19,000 employees in close to 45 countries
- A powerful client-driven business model
- First-class core products and services
  - Global leadership in Financing
  - A European powerhouse in Capital Markets
  - A world leader in Derivatives
  - A dynamic Advisory franchise in Europe and Asia
- A reinforced leadership in Europe and in those countries where our CIB platform is the strongest
- Around 25% of Group's revenues



# A RESPONSIBLE BANK: 4 PILLARS AND 12 COMMITMENTS



# THE BNP PARIBAS CHARTER

## OUR MISSION, OUR RESPONSIBILITY



- BNP Paribas' senior management decided in early 2012 to draw up a Charter entitled *'Our mission, our responsibility'*
- The BNP Paribas Charter is addressed to all the Group's stakeholders and staff: it was distributed to all staff and clients
- It does not create any new standards but sets out the essential commitment that BNP Paribas makes to both its clients and the wider world
- The Charter has been translated in 8 languages and spread across all Group's entities.
- The Charter is founded around four main imperatives :
  - ➔ Remaining true to our primary mission: long-term service to our clients
  - ➔ Being prepared to take risks, while ensuring close risk control
  - ➔ Following a strict business ethic
  - ➔ Being a responsible bank



# STRONG PUBLIC COMMITMENTS

## PARTICIPATION IN KEY INDUSTRY INITIATIVES

- United Nations Global Compact (2003)
- Equator Principles (2008)
- 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)



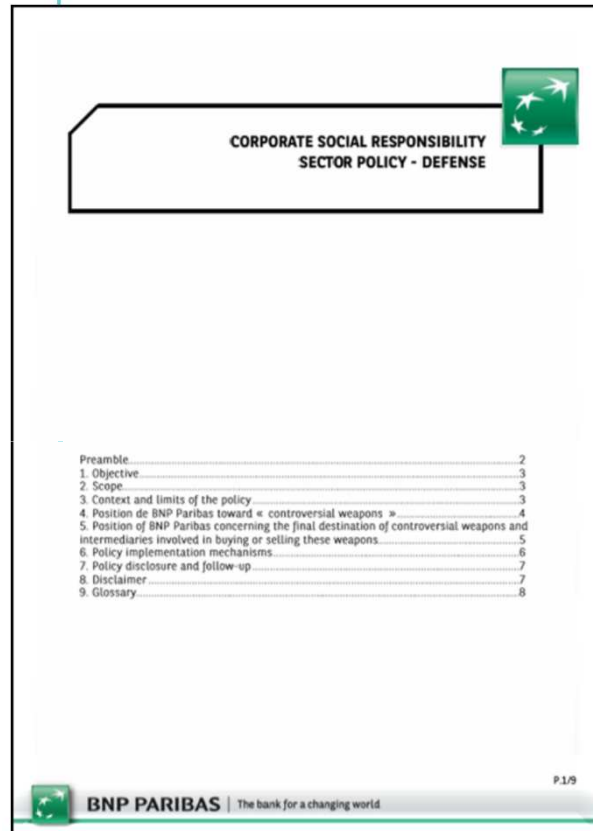
# STRONG PUBLIC COMMITMENTS

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

- **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
  
- **Statement of BNP Paribas on Human Rights (2012)**
  - Commitment to respecting the internationally accepted Human Rights standards as defined in the International Bill of Human Rights
  - Acknowledgement of the core labor standards set out by the International Labor Organization
  - Acknowledgement of its own responsibility within its sphere of influence: its employees, its suppliers and sub-contractors, its clients and the communities

# STRONG PUBLIC COMMITMENTS

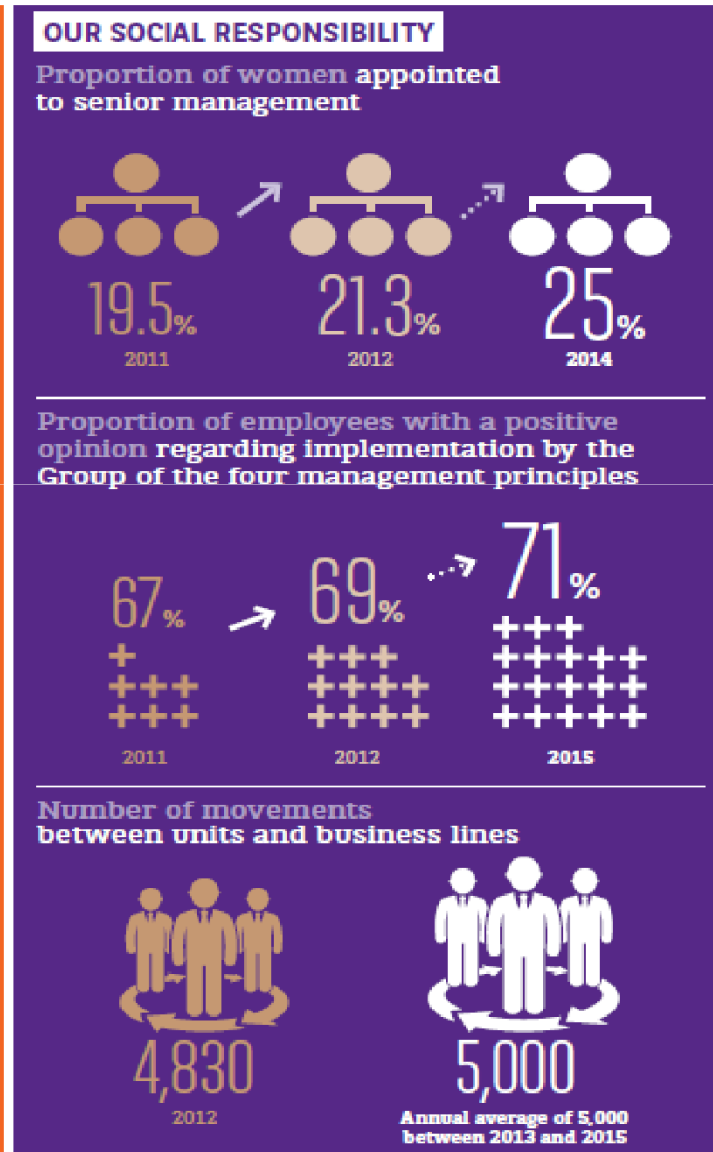
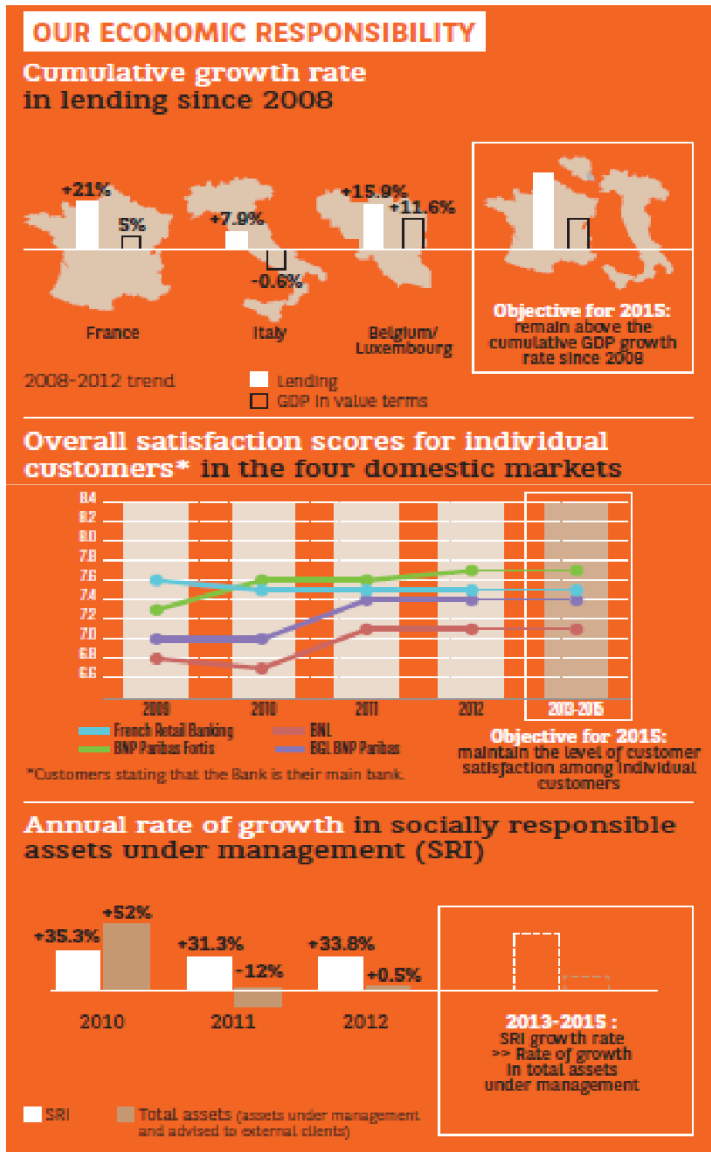
## BNP PARIBAS SPECIFIC PUBLIC COMMITMENTS



- 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)
  - Mining (2013)
  - Tar sands (2013)
- Position paper on essential agricultural commodities (July 2011)
- Goods and activities on exclusion list (Dec 2011)
- Charter for responsible representation with respect to the public authorities (Nov 2012)
- Supplier CSR Code of Conduct (May 2012)

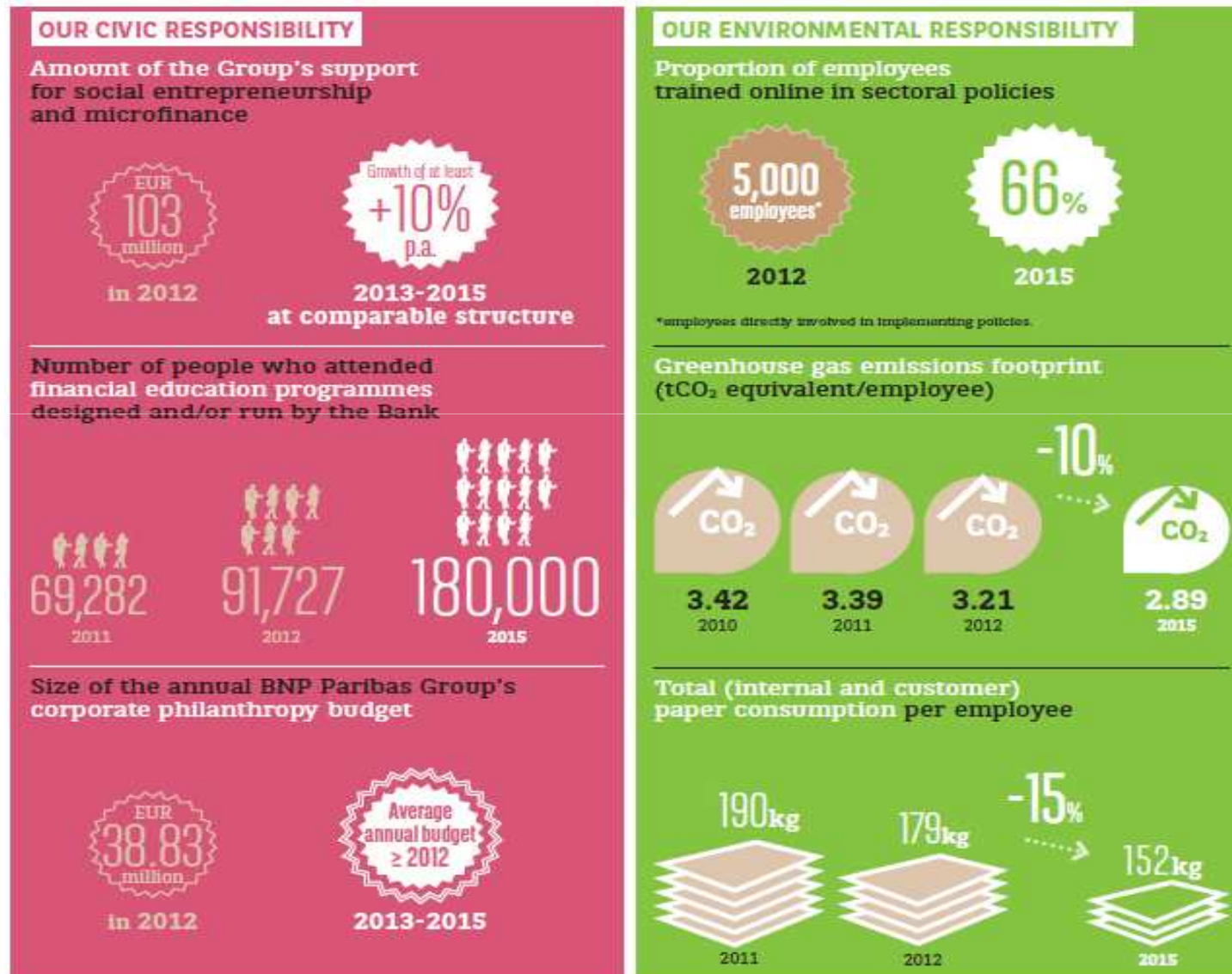
# OUR MANAGEMENT INDICATORS (1)

BNP PARIBAS MANAGES ITS CSR POLICY FOR THE PERIOD TO 2015 USING 13 INDICATORS COVERING THE FOUR PILLARS OF ITS STRATEGY



# OUR MANAGEMENT INDICATORS (2)

BNP PARIBAS MANAGES ITS CSR POLICY FOR THE PERIOD TO 2015 USING 13 INDICATORS COVERING THE FOUR PILLARS OF ITS STRATEGY



## OUR MANAGEMENT INDICATORS (3)

BNP PARIBAS MANAGES ITS CSR POLICY FOR THE PERIOD TO 2015 USING 13 INDICATORS COVERING THE FOUR PILLARS OF ITS STRATEGY

- A 13th indicator reflects employees' opinion of the Group's CSR policy

### EMPLOYEES' OPINION

Proportion of employees with a positive opinion concerning how the Group exercises its corporate responsibility



2009



2010



2011



2012



2015

# INTEGRATION OF CSR CRITERIA IN THE VARIABLE COMPENSATION

## INTERNATIONAL SUSTAINABILITY AND INCENTIVE SCHEME (ISIS) (TOP 5000)

Pillar	Commitment	Indicator	2012 baseline*	Objective
Economic Responsibility	1 - A range of responsible products	Increase rate of socially responsible assets under management ("SRI") Vs. Increase rate of total assets under management including advisory for external clients ("AuM")	+33,8 % SRI Vs. +0,5% AuM	Increase rate of SRI between 2012 and 2015 greater than the increase rate of AuM between 2012 and 2015
Social Responsibility	2 - The promotion of diversity	Percentage of women among the senior management (at Group level)	21%	25% in 2015
	3 - The application of the Group's 4 management principles	Percentage of employees having a positive opinion about how the Group applies its 4 management principles	69%	71% in 2015
	4 - A long-term employment management	Number of inter-entities or inter-business lines assignments	4 830	5 000 per year on average from 2012 to 2015
Civic Responsibility	5 - Combating exclusion and supporting social entrepreneurship	Number of people served by financial education programmes created and/or facilitated by BNP Paribas	91 727	180 000 in 2015
	6 - A corporate philanthropy policy focused on education, health, culture and solidarity	Annual budget for BNP Paribas corporate philanthropy	35 millions euros	Average budget per year from 2012 to 2015 at least equal to the 2012 budget
Environment Responsibility	7 - Reducing the environmental footprint linked to the Group's operations	Greenhouse gas emissions in teq CO2 / FTE (kWh in buildings + business travel)	3,21 teq CO2 / FTE	A reduction of 10%/FTE in 2015 compared with 2012
	8 - Reducing the environmental footprint linked to the Group's operations	Total (internal + client) paper consumption / FTE	180kg / FTE	A reduction of 15%/FTE in 2015 compared with 2012
Governance and Steering	9 - The opinion of employees on the Group's corporate social responsibility performance	Percentage of employees having a positive opinion about how the Group practises its corporate social responsibility	71%	73% in 2015

\*The final 2012 baseline figures to be taken into account for the purpose of this Scheme will be those as disclosed after the review of the statutory auditors and may be slightly different from the figures contained in this table.  
teq = tons equivalent; FTE = Full Time Equivalent

- If at least 6 objectives out of 9 are met, then an amount equal to 20% of the Initial Amount will be paid,
- If only 4 or 5 objectives out of 9 are met, then an amount equal to 10% of the Initial Amount will be paid,
- If less than 4 objectives are met, then 20% of the Initial Amount will be cancelled and forfeited.

## STRENGTHENING OF CSR FUNCTION

- The CSR function reports directly to François Villeroy de Galhau, Chief Operating Officer of BNP Paribas, member of the Executive Committee
- The missions and responsibilities of the CSR Department are defined by instructions issued by General Management



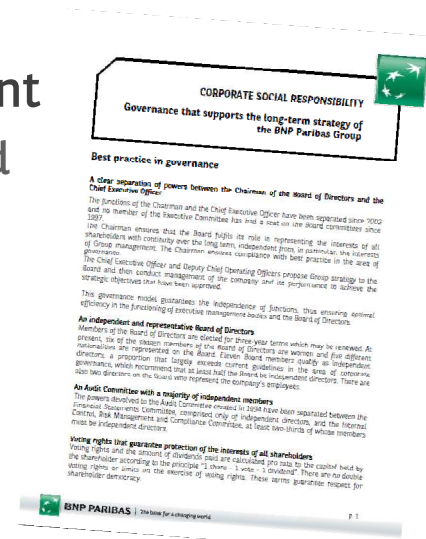
- Correspondents within the Business Divisions, Subsidiaries, Functional departments and strategic geographical areas (130 people)...
  - One representative on the Entity Comex
  - One Head of CSR (frequently as part-time post)
- ... an internal network of experts (300 people)
  - Environment
  - SRI, micro-finance, etc



# BEST PRACTICES IN GOVERNANCE

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

- Best practice in Governance are stated in a public document
  - ➔ Clear separation of powers between the Chairman of the Board of Directors and the Chief Executive Officer
  - ➔ An independent and representative Board of Directors
  - ➔ An Audit Committee with a majority of independent members
  - ➔ Voting rights that guarantee protection of the interests of all shareholders
- A stable executive team that guarantees long term deployment of the group's strategic objectives
- Compensation policy aligned with the long-term interests of the BNP Paribas group
  - ➔ Transparency and controls on executive bonuses
  - ➔ Transparency and controls on the bonuses for regulated employees



## EXTENSIVE DIALOGUE WITH STAKEHOLDERS

- Employees, Central European Committee, etc.: a regular dialogue and an annual Group's internal survey (173,835 employees surveyed in 2012, with a 71% response rate)
- Suppliers: BNP Paribas encourages its suppliers to embrace its vision of corporate social responsibility
- Meeting with SRI investors several times a year: 29 meetings in 2012 to inform them and explain our CSR strategy; in 2013 a meeting dedicated to SRI investors has been organized (with COO F. Villeroy de Galhau)
- Engagement and dialogue on CSR issues with clients (see economic and env. pillars)
- Dialogue with NGOs: 10 meetings at Group level and ongoing exchanges on over 30 subjects in 2012
  - Environmental impact of financings
  - CSR sector policies governing financing and investment
  - Favorable taxation jurisdictions
  - Human rights

**GREENPEACE**

  
netwerk  
Anders omgaan met geld



**BANKTRACK**



# GROUP POSITION IN INDICES

## SOCIALLY RESPONSIBLE INVESTMENT INDICES

### ■ BNP Paribas' rating in 2012/2013:

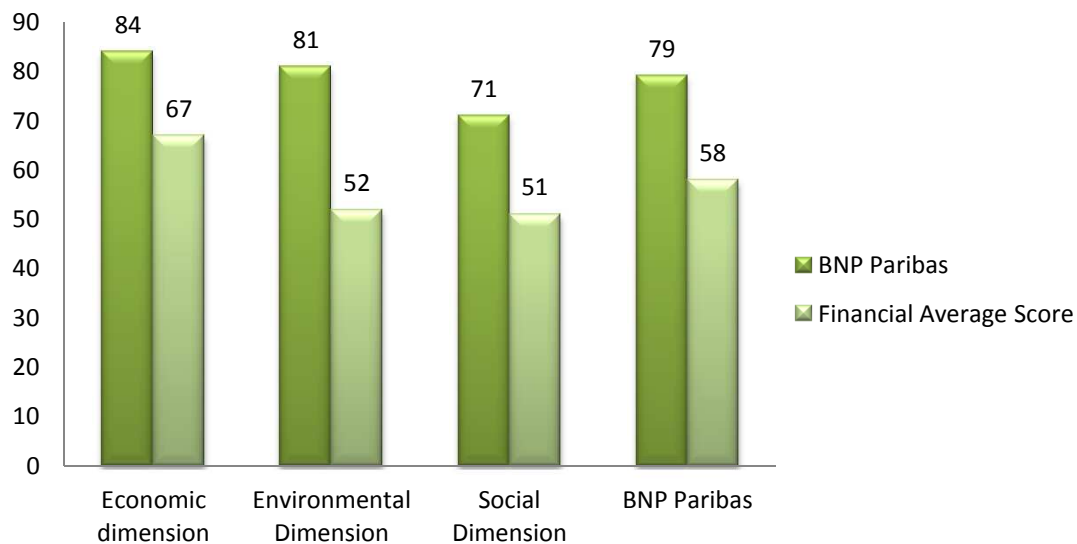
- ➔ Carbon Disclosure Project: 93 / A
- ➔ Sustainalytics: No.5 in the banking sector (75/100) out of 137 companies assessed and the only international bank in the top 5
- ➔ No.1 in the european banking sector according Vigeo's ranking (63/100)
- ➔ Oekom: C PRIME

### ■ BNP Paribas is included in leading SRI benchmark indices

- ➔ DJSI World
- ➔ Vigeo World 120, Europe 120, France 20



**SAM rating: BNP Paribas Total Score**



- ➔ Ethibel Sustainability Index (Excellence Global and Excellence Europe)



- ➔ Aspi Eurozone



- ➔ Carbon Performance Leadership Index

- ➔ FTSE4Good Index series

- ➔ Stoxx Global ESG Leaders



# BNP Paribas and the exercise of its Corporate Social Responsibility

**Our Economic Responsibility:**  
*financing the economy in an ethical manner*

**Our Social Responsibility:**  
*pursuing a committed and fair human resources policy*

**Our Civic Responsibility:**  
*combating exclusion, promoting education and culture*

**Our Environmental Responsibility:**  
*combating climate change*



# Financing the economy in an ethical manner

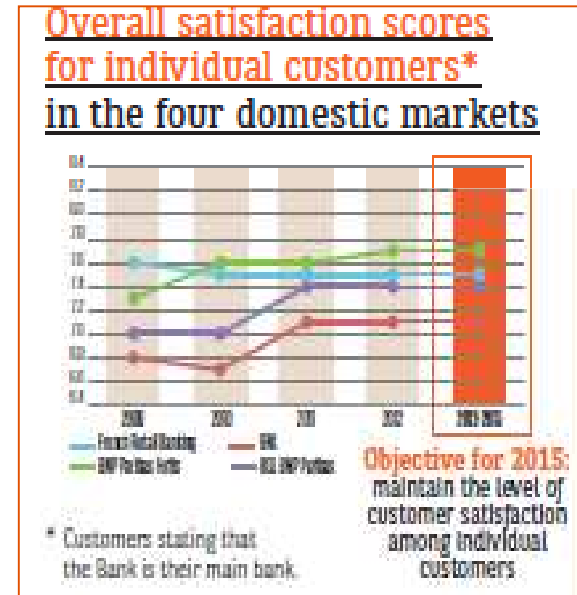
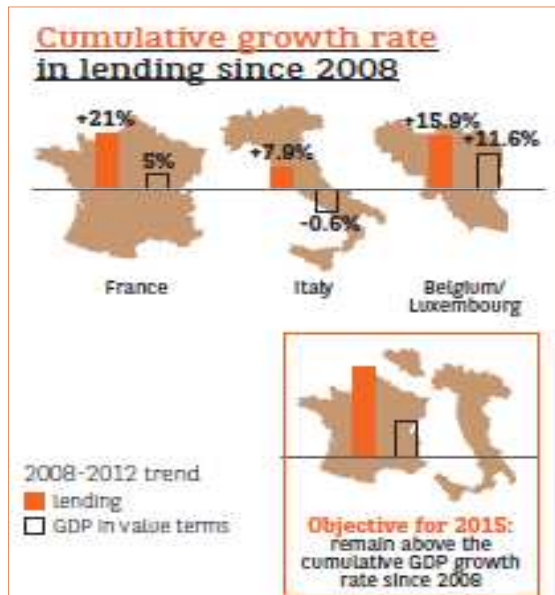
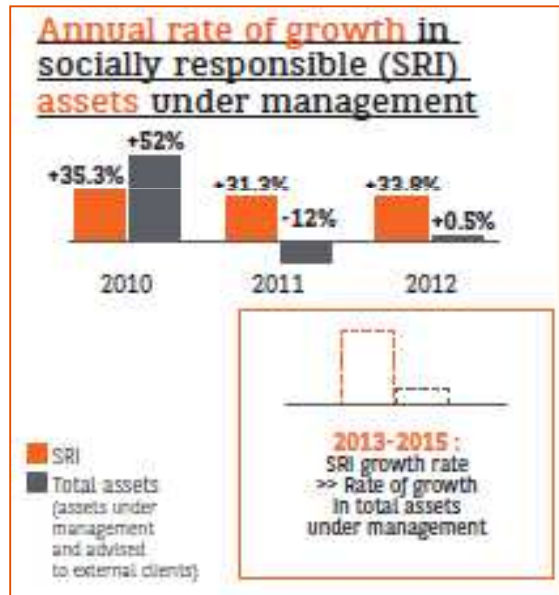
Sustainable financing for the economy

Business ethics

A range of responsible credit and savings products

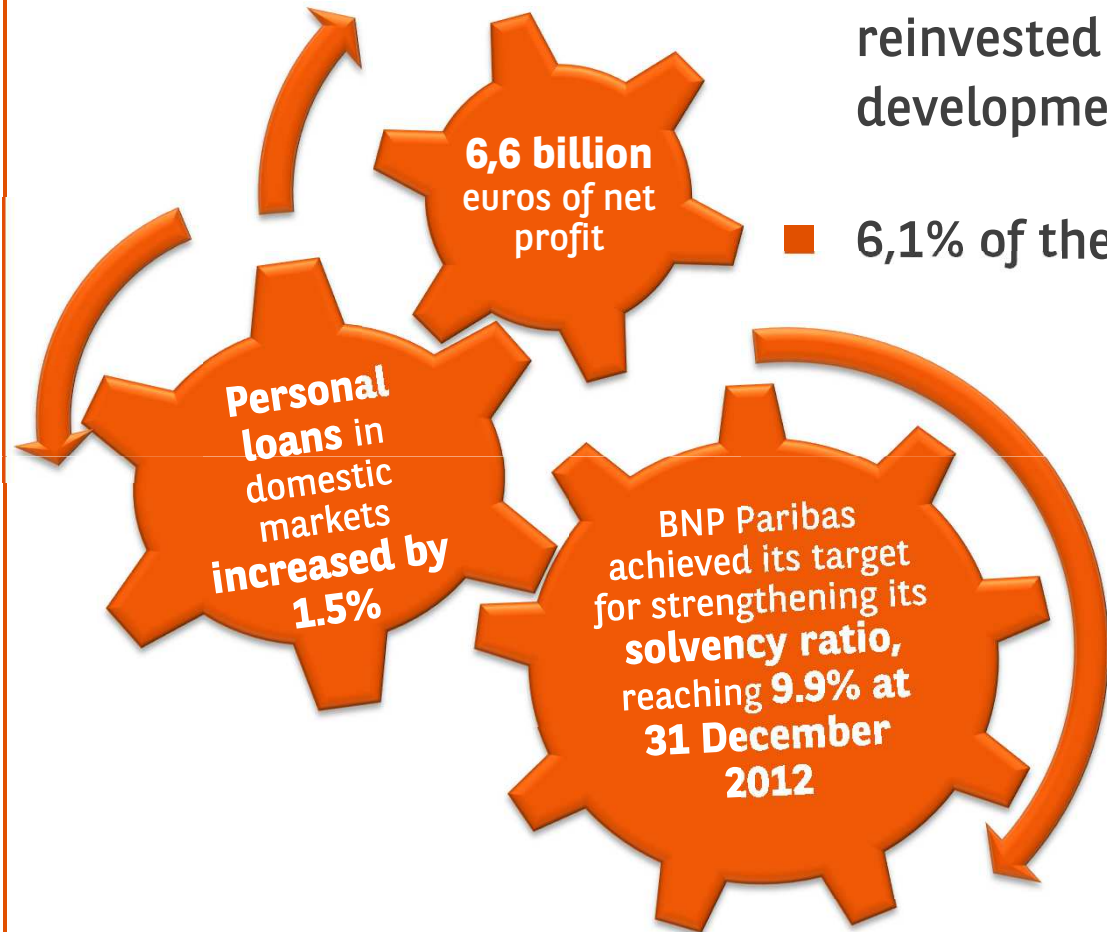
# OUR ECONOMIC RESPONSIBILITY

## Objectives for 2015



# Sustainable financing for the economy

## SHARING THE VALUE OF THE COMPANY WITH OUR STAKEHOLDERS



- More than 2/3\* of the profits have been reinvested to finance the economic development
- 6,1% of the staff own BNP Paribas shares

\* More than two-thirds of profits were reinvested in the company in order to continue pursuing the Group's development and providing support for its customers. By consolidating its capital base, the Bank is also directly boosting its ability to extend loans and thus its investments in the real economy.



# | SUPPORT FOR BUSINESSES

## | BNP PARIBAS SUPPORTS THE LOCAL ECONOMY BY FINANCING BUSINESSES IN ALL ITS MARKETS

### ■ FRANCE

- **Focus on SMEs** : by end-2012, more than 27,000 projects had been financed, representing a total amount of EUR 3.2 billion
- In 2012, 60 'Small Business Centers' to answer the needs of business leaders (46 in 2011)

### ■ BELGIUM

- In early 2013, BNP Paribas Fortis decided to earmark EUR 1 billion in loans to supporting businesses' activities
- **Incubator for young entrepreneurs (Bryo)**: EUR 500,000 given by BNP Paribas Fortis

### ■ LUXEMBURG

- Creation of a **one-billion-euro credit line earmarked** for investment activities and projects for SMEs, as well as to help with starting up businesses

### ■ TUNISIA

- **Tunisia (UBCI)**: the 30,000 million for entrepreneurs campaign continued to run during 2012, reiterating UBCI's financial support for small business creation

### ■ USA

- Bank of the West increased its lending by close to **15%** in 2012
- In 2012 it ranked as the **no. 2 domestic lender to US farming sector** by the American Bankers Association, with close to USD 3.2 billion (EUR 2.47 billion) in agricultural loans at end-2011

# Business ethics



# 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 (40 products' families)
  - ➔ Delayed compensation to ensure actual use by customer
- **Satisfaction measurement based on use of products 3 months after sale**
- **In October 2012, Raphaèle Leroy was appointed Head of Relations with consumers and the associations that represent them**



*BNP Paribas ranked n°2 for providing clear information about life insurance by the French consumer association UFC-Que Choisir (sept 2012)*

13 banques ou compagnies d'assurances		Note sur 20
1	Crédit mutuel	14,4
2	BNP-Paribas	14,2
3	Allianz	14
4	Société générale	13,9
5	Crédit agricole	13,9
6	La Banque postale	13,9
7	Groupama	13,6
8	LCL	13,5
9	CIC	13,4
10	Aviva	13,3
11	Generali	13,2
12	Axa	12,9
13	Caisse d'épargne	12,7

# “RESPONSIBLE CREDIT” BY BNP Paribas PERSONAL FINANCE

BNP Paribas PERSONAL FINANCE PUT IN PLACE A COMPREHENSIVE APPROACH FOR REVOLVING LOANS WHICH REPRESENTS 20% OF ITS TOTAL OUTSTANDINGS

3 ethical benefits with a new revolving loan offering:

- A flexible, transparent and responsive product that helps them manage their cash flow more effectively
- Ahead of law
  - Main requests of *Loi Lagarde* were in place before its enforcement
  - Average interest rate well below legal maximum rate
  - Allowing customers to choose from among six repayment options
  - Customers are able to switch easily between those options
- Improve financial literacy
  - Information and training (teaching videos, etc.)
  - ✓ Customers can receive a text alert if the monthly payment exceeds a set limit
  - ✓ A website, [jegeremesfinsdemois.com](http://jegeremesfinsdemois.com), has been designed to help them understand how to manage their budget
    - Dedicated website: [www.moncreditresponsable.com](http://www.moncreditresponsable.com)
    - Upon request, annual budget review



\*Vigeo audited four customer relations centres to analyse how the product is marketed by customer advisors. Mid-April 2013, it issued final certification of its responsible nature valid for a period of 18 months.

# PROVIDING A FRAMEWORK FOR ACTIVITIES WITH A SIGNIFICANT IMPACT ON SOCIETY

## ■ Sector policies, position paper and exclusion list

- BNP Paribas sector policies cover defense, nuclear power, coal-fired power generation, wood pulp and palm oil, mining industries (2013) and tar sands (2013)\*
- BNP Paribas published a Position Paper on essential food commodities
- Goods and activities on exclusion list

## ■ Sector policies implementation

- A strong teams' involvement:
  - The implementation relies on both the **Risk function** (around 6,000 employees) and **Compliance** (more than 2,000 employees within the Group)
  - More than **1500 collaborators were trained** regarding the sector policies in 2012
  - e-learning trainings have been translated in 7 languages
- **In 2012, 30 of 275 transactions were rejected**

*\*Except for Defence, these sector policies are detailed in the Environmental Responsibility (4<sup>th</sup> pillar), see slides: 73 to 76*

# | 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 Executive Committee
  - 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 BNP Paribas 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
- **Revision of the sector policy in March 2012 (integrates corruption, small arms, etc.)**
- **In 2012, 18 of 146 transactions revised by CSR teams were rejected**

# POSITION PAPER: ESSENTIAL AGRICULTURAL COMMODITIES

## ■ CONTEXT

- ➔ 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 STATEMENT publicly disclosed in 2011

- ➔ BNP Paribas is particularly vigilant in monitoring its activities in the area of basic food supplies. In July 2011: a formal public commitment not to sell derivative products to external operators whose objectives are purely financial, i.e. not related to the need to protect a physical activity from price fluctuations has been taken
- ➔ 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 has decided to liquidate 4 ETFs (Exchange Traded Funds) exposed primarily to essential commodities:

- ✓ 2 in 2011 (valorisation : around €65 M),
- ✓ 1 in 2012,
- ✓ and another one in early 2013

## ■ Subscriptions to the Parvest World Agriculture fund have been suspended in early 2013

## ■ EUR 411 million: this is the total share of food commodities in our funds, on behalf of third parties or 0.08% of our total assets under management

# PROTECTING CLIENTS' INTERESTS THROUGH A COMPREHENSIVE APPROACH TO COMPLIANCE

- Compliance is tasked with anticipating, expanding the range of robust tools, ensuring staff training, and strengthening internal control processes
- In 2012, 138,876 compliance training sessions.  
Since July 2010, staff whose work is directly exposed to this risk (61,253 employees, i.e. around one-third of Group headcount) have had to attend a specific internal training every year
- Creation of the Risk Academy - continuous internal training program on risk management - in 2010 to strengthen the Group's risk management culture.  
→ Flagship theme of this academy : "Protecting the client's interests"
- Compliance teams went from 700 to 1800 FTE between 2004 and 2012
- Revision of the internal anti-corruption Group policy and reinforcement and revision of the internal Group policy regarding gifts received by the staff in 2011
- Disclosure of a summary of the internal anti-corruption Group policy in end-2011
- **Update of the Group Code of Conduct in 2011:** it includes *"the necessity for each employee to act in a responsible manner by complying with BNP Paribas commitments relating Corporate Social and Environmental Responsibility"*



# TAX HAVENS

BNP Paribas is **one of the largest taxpayers in France**

**EUR 1.9 billion** in taxes paid in 2011

In 2012, the Group made 70% of its profits in 7 countries, USA, Turkey and 5 euro-zone countries

BNP Paribas has **no establishments in any of the countries designated by the OECD as tax havens**

The decision to **cease all activities in any of the 'grey list'** tax havens was taken in 2009

A **tiny amount of business in countries regarded as 'uncooperative'** by the French authorities

BNP Paribas **does not in any way use these establishments to shield Group profits** or to enable French companies to place revenues out of reach of the French tax authorities

Some reports frequently make reference to lists of what are termed **"unofficial" tax havens which do not corresponds to operational realities**

These lists place for example **European countries in the category of tax haven** such as countries which are BNP Paribas' domestic markets: as an example in **Belgium** there are **73 entities** with **18,000 employees** and a network of **1,324 branches** serving more than **3.7 million individuals, professionals, small enterprises** and private banking customers and **35,000 companies**

BNP Paribas has undertaken to **trim its presence in certain non-OECD countries.**

*Objective for 2013:* reducing the number of subsidiaries in these eight countries **from 35 countries to around 20—a reduction of 40 %**. Further cuts will be made thereafter.

BNP Paribas **does not open any accounts for Europeans in these countries**

BNP Paribas follows guidelines **going well beyond the legal constraints** and refuses to set up vehicles registered in this type of jurisdiction for European clients. Accordingly, the Group **opens accounts for BVIs\* only where they are held by non-European clients.**

\*Companies acting as an asset holding vehicle on behalf of private individuals or structured trusts for non-European clients.

**A range of responsible credit  
and savings products**

# DEVELOP AND PROMOTE SRI: EXPAND SRI OFFER

## GROWTH IN SRI OUTSTANDINGS: BNP PARIBAS IN TOP 2 PLAYERS

- 22 SRI funds accredited in 2012
- In 2012, growth in SRI assets (+33.8%) largely exceeded growth in total assets (+0.5%)

EUR 20 BILLION IN SRI ASSETS MANAGED BY BNP PARIBAS INVESTMENT PARTNERS AT END 2012

### » BNP Paribas SRI funds approved in 2012

Fund name	Labels				
	Novethic label (Awarded every September)		Luxflag label (awarded every December)	Finansol	CIES
	With ESG Indicators	Without ESG Indicators			
					
BNP Paribas Ethels	✓				
Parvest Sustainable Equity Europe	✓				
MAIF Investissement Responsable Europe	✓				
BNP Paribas Euro Valeurs Durables	✓				
BNP Paribas L1 Sustainable Bond Euro	✓				
BNP Paribas Obli Ethels	✓			✓	
BNP Paribas Obli Etat	✓				
Parvest Sustainable Bond Euro Corporate	✓				
BNP Paribas Mois		✓			
BNP Paribas Money Prime Euro SRI		✓			
BNP Paribas Aqua			✓		
Parvest Environmental Opportunities			✓		
Parvest Global Environment			✓		
Sicav Retraite	✓ (Retraite Horizon)				
Multipar Funds				✓✓ (2 funds)	✓✓✓✓✓ (5 funds)



## 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
  - ➔ Signatory to the UN Principles for Responsible Investment (UN PRI) and UN Global Compact's ten principles
  - ➔ Sector policies taken into account for all AUM
  
- **CARDIF (Insurance) :** 40 % of the main euro fund run by BNP Paribas Cardif was screened using an ESG filter

# VOTING RIGHTS

## BNP PARIBAS ASSET MANAGEMENT'S VOTING POLICY

- **Voting at assembly general meetings** is a **key component** of the **ongoing dialogue with companies** in which we invest on behalf of our clients and forms an integral part of our **investment process**.  
BNP Paribas Asset Management strives to vote in the best interest of its clients
- **The voting policy's objectives:** To enhance the long-term value of our shareholdings and to foster corporate governance best practices, business ethics, economic development, social cohesion & environmental protection.
- **Corporate governance practices which we support include:**
  1. Acting in the long-term interests of shareholders
  2. Protecting shareholders' rights
  3. Ensuring independent and efficient board structure
  4. Aligning incentive structures with long-term interests of shareholders
  5. Disclosing accurate, adequate, & timely information
  6. Good environmental & social performance
- In 2012, BNP Paribas Investment Partners **systematically exercised its shareholder** voting rights, **participating at over 1,200 Annual General Meetings** and voting on more than **14,000 draft resolutions**, abstaining from, opposing or voting against close to 20% of them.

## PRODUCTS WITH A POSITIVE SOCIAL IMPACT

**OBJECTIVE:** INNOVATE TO ANSWER THE SPECIFIC NEEDS OF THE YOUNG PEOPLE, THE CUSTOMERS WITH MAJOR DISEASES, AND THE ASSOCIATIONS

- **PERSONAL FINANCE France:** specific credit offer dedicated to employees with limited-term working contracts (18-30 years old)
  - In 2012, BNP Paribas Personal Finance provided **EUR 44 million in loans to over 7,000** customers working on fixed-term contracts
  
- **INSURANCE:** make insurance available to customers with major diseases to enable them to take out loans
  - Asthma
  - Paralysis of accidental origin (paraplegics and tetraplegics)
  - People with heart disease
  
- **BNP Paribas Wealth Management:** **No 1 global private bank in philanthropic services** by The Banker and Professional Wealth Management (Financial Times Group)

# PRODUCTS WITH A POSITIVE SOCIAL IMPACT

## OBJECTIVE: FACILITATE THE ACCESS TO BANKING SERVICES IN EMERGING MARKETS

### ■ An innovative dedicated package launched in Jan 12: The Pack Trankil

→ Current account + ATM Card: a simple offer that enables people gain access banking services at an attractive price 1 000 CFA (1.52 €)

→ 4 countries involved:

Country	Ivory Coast	Senegal	Burkina Faso	Mali
<b>Low income packaged offer</b>	Pack Trankil - Current account - Visa Electron ATM card - Cellia TAM TAM (SMS alerts)	Pack Trankil - Current account with checkbook - Visa Electron card - Mobicis (SMS alerts)	Pack Trankil - Current account - Visa Electron ATM card - IVR balance enquiry	Pack Trankil - Current account - Visa Electron ATM card - SMS alerts

→ A wide target:

- Population with a low banking rate: countries with a banking rate lower than 10%
- Low income households : From 60 000 to 80 000 CFA (from 91 to 123 Euros) depending on countries

→ Provide a concrete answer to basic needs of customers

→ In 2012, 36,057 accounts were opened





# Pursuing a committed and fair human resources policy

Developing its managerial culture

Promoting diversity

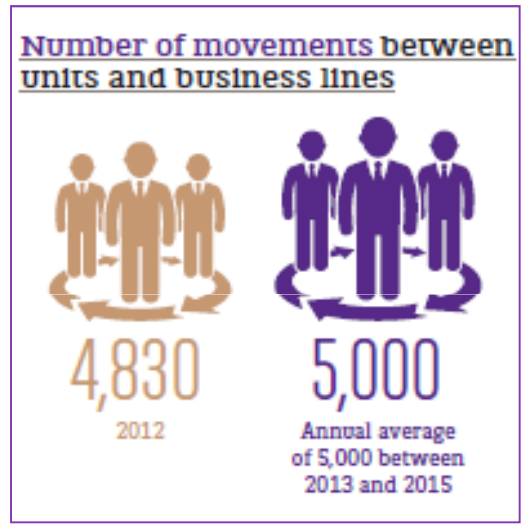
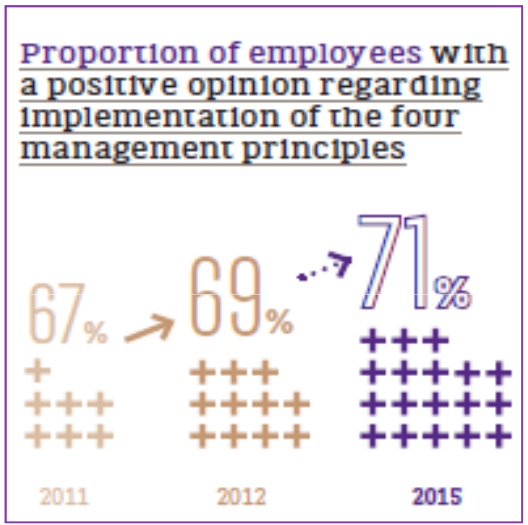
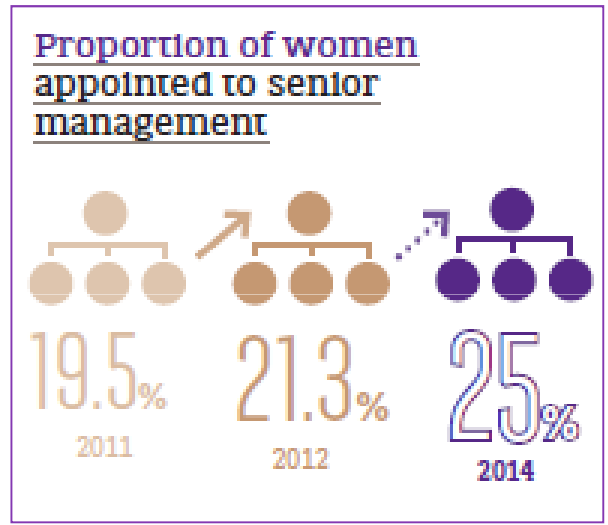
Securing loyalty and motivating employees over the long term

Listening to employees



# OUR SOCIAL RESPONSIBILITY

## Objectives for 2015





# Developing its managerial culture

# | RESPONSIBILITY, A CORE GROUP MANAGEMENT PRINCIPLE

## ■ CLIENT FOCUS

- Inspire our people to focus on the client first in an innovative way, as the interest of the client is always at the center of our actions

## ■ RISK-AWARE ENTREPRENEURSHIP

- Undertake initiatives for development and efficiency while:
  - being accountable
  - Acting in an interdependant and cooperative way with the other entities to serve the global interest of the Group and its clients
  - Being continuously vigilant of the risks related to our area of responsibility
- And to empower our people to do the same

## ■ LEAD BY EXAMPLE

- Set an example through our own behavior and ethics by:
  - Respecting the regulations and compliance rules, and behaving in a socially responsible way
  - Applying these Management Principles ourselves, as we expect our teams to do

## ■ PEOPLE CARE

- Care for our people, by showing them respect, promoting equal opportunities, acknowledging performance and developing their talents and skills

In 2013: 70% of the Group's employees were satisfied by the four management principles

# KEY RECRUITER, ENABLING STAFF TO DEVELOP EMPLOYABILITY

## ■ Trends in the workforce

- **Total workforce end-2012: 188,551 FTE** (198,423 FTE in 2011) as a result of two large transactions, i.e. the transfer of Personal Finance Russia to Sberbank and the disposal of Klépierre, which reduced headcount by 4,760.
- **18,737 staff recruited** worldwide: BNP Paribas comfortably met its commitment to hire 15,000 new staff in 2012, in spite of the challenging environment
- The countries recruiting the most (in 2013): the United States, Turkey, India, France, Ukraine and UK. *External recruitment therefore remains at a high level, even though internal mobility is the priority.*

## ■ Recognized positive employer image

- Most popular employer among business schools and university students in France

### EMPLOYER BRAND - 2013

- ✓ 1st bank in France (Universum, Trendence)
- ✓ 1st position in the overall ranking in France (RH Idea)
- ✓ BNL BNP Paribas certified Top Employer for the 4<sup>th</sup> consecutive year

# TRAINING: RETAINING AND MOTIVATING EMPLOYEES IN THE LONG-TERM

## ■ Training: total number of hours and employees\*

2012	
Total number of employees trained	136,918
Total number of training hours	4,208,901

## ■ E-learning

- ✓ The e-learning programme now features 1,825 new modules, taking the total to 2,718 (1,073 in 2011). They are available in five languages and to all employees. 62% of users have completed more than one module, and 9% have completed ten or more

	2011	2012	
		M: 50.5%	W: 49.5%
Number of employees	37,185	66,241	
Number of modules completed	81,588	238,962	

## ■ France: sustained efforts to develop employees skills

- ✓ 4% of total payroll expenditure allocated to training for 2012

(BNP Paribas SA, parent company in France)

\* Physical headcount taking into account 77% of Group headcount



# Promoting diversity

# PROMOTE DIVERSITY

- **Creation of a Diversity governance organisation**
  - ➔ 26 Diversity Officers in charge of deploying the diversity policy in each of the Group's business areas and countries worldwide
  - ➔ A Group Diversity Committee was set up in October 2012 and will meet twice a year
  
- **Diversity label awarded in 2009, renewed for 4 years in 2012**
  
- **Gender equality**
  - ➔ 20% women in senior management positions in 2012: target exceeded at end-2012
  - ➔ New objective of 25% women in senior management positions by end-2014
  - ➔ Representation of women on Board of Directors: 35.7%
  
- **A more international dimension for senior management**
  - ➔ The composition of senior management reflects the Group's increasingly international dimension with 52 nationalities represented in 59 countries and 38% of senior managers being non-French



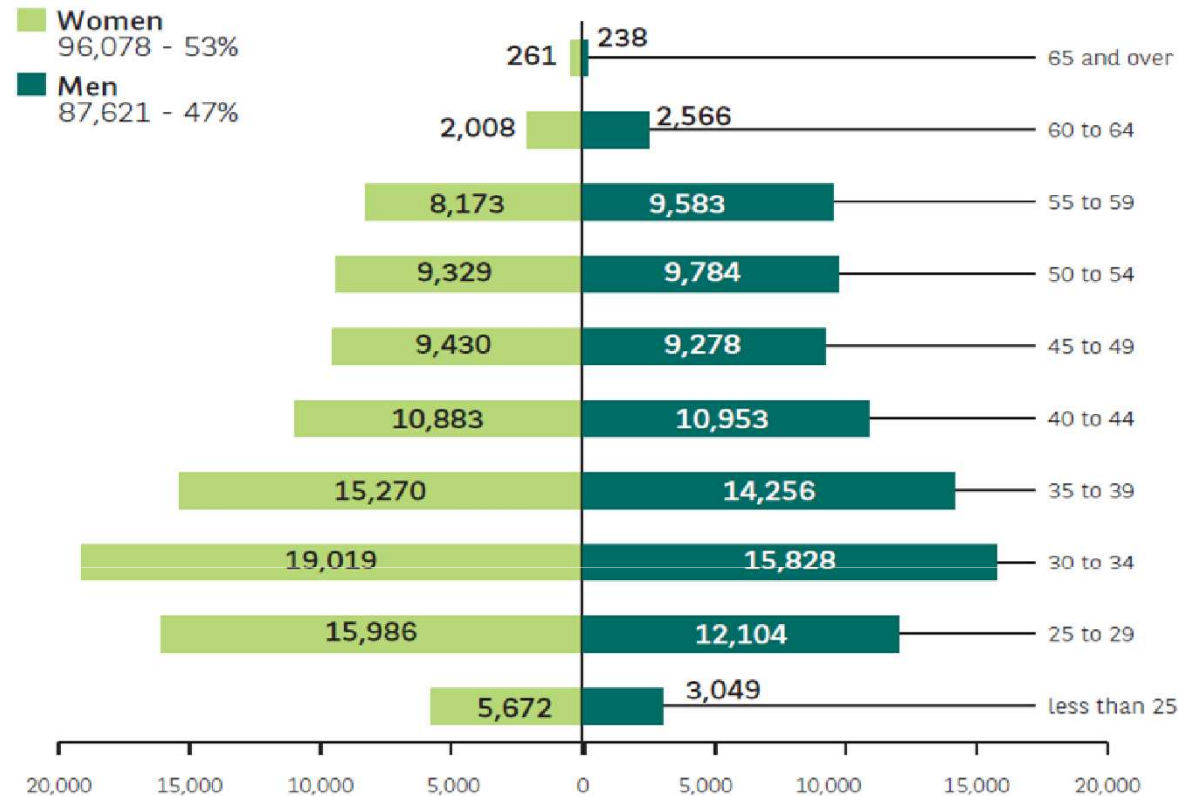
## PROMOTE DIVERSITY

- **Disabilities: in France, a new 4-year agreement was signed providing for 2012-2015**
  - ➔ A challenging target of 200 recruitments of disabled employees (170 reached in 2008-2011)
  - ➔ To help disabled workers to remain in employment
  - ➔ To multiply by 3 the use of goods and services ordered from companies that employ disabled people and provide them with special facilities and support.
  - ➔ Over 2,600 disabled employees in the Group worldwide in 2012
  
- **3-year agreement to support employment of seniors in France (2013-2015)**
  - ➔ It provides objectives on career management, training, mobility and actions relating to health and working conditions
  - ➔ Part-time available 12-24 months prior to retirement
  - ➔ Average retirement age for employees 55 and older in 2012: 60.2 (in the 4 domestic markets)



# GROUP AGE PYRAMYD

Breakdown of the Group workforce by age and gender\*



\* Physical headcount taking into account 95% of Group headcount (2012)

## ■ Age diversity

- ➔ Varies considerably within the Group depending on the country and the business line
- ➔ Remains broadly balanced with predominant lower age groups in most divisions and older employees in retail banking operations in Western Europe, requiring a variety of different policies for older employees



# Securing loyalty and motivating employees over the long term

# NURTURE LOYALTY AND MOTIVATE PEOPLE OVER THE LONG TERM

- Creation of the Management Academy in 2011 to strengthen the management culture
- An active career management
  - Through internal mobility to adjust to the new environment: prior to hiring, focus on diversity of careers and experiences & respect non discrimination.  
In France, the mobility average rate approaches 20%
  - E-job posting in 30 countries (74% of Group's employees)
    - 3,641 job offers worldwide, 1,582 filled by internal candidates
    - 13,124 applications received
    - available on internet and intranet with an average of 60,000 clicks per month
  - Mobility Forum, the 3rd edition took place in April 2013
    - 2-day Mobility Forum for employees of the Paris Region seeking internal transfers to meet 250 managers and HR practitioners with job vacancies
    - 735 employees visited the Forum, 2780 interviews conducted, with a satisfaction rate of 90%
  - No forced redundancies in the 4 domestic markets, considering the Group's usual dynamic internal mobility, size, and diversity of jobs
  - Adapting and rolling out the Talent Development Program with specific training
  - Succession planning insuring long-term succession for executive management positions

# COMPETITIVE COMPENSATION POLICY ALIGNED WITH INTERNATIONAL & EUROPEAN STANDARDS

- **Integration of CSR criteria in the variable compensation of the Top 5000**
  - ➔ a 3-year incentive plan, settlement due will be made in June 2016: International Sustainability And Incentive Scheme (ISIS) adopted early 2013
  - ➔ 20 % of each beneficiary's award is contingent upon achieving targets related to the Group corporate social responsibility (CSR) policy based on the four pillars of the Group's CSR
  
- **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% over 3 years and linked to profitability

Quantitative information on Group regulated employees awarded in 2013 for the 2012 performance year:

Business activity	Number of persons	Total compensation (thousands of euros)	Fixed component (thousands of euros)	Variable share (thousands of euros)
Corporate officers	4	6,840	2,880	3,960
CIB	3,189	1,037,510	505,634	531,876
Rest of Groupe	59	36,108	13,280	22,828
<b>Total</b>	<b>3,252</b>	<b>1,080,457</b>	<b>521,793</b>	<b>558,664</b>

(2012 figures)



# Listening to employees

# | DIALOGUE, LISTENING AND CARE FOR PEOPLE

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

### → European Works Council

- **On 10<sup>th</sup> July 2012, BNP Paribas signed the Employment Management Agreement, a first agreement at the European level, first part of the European Social Charter**
- Publication of the 3<sup>rd</sup> edition of the European Social Report - It covers 127,000 employees, with 49 representatives from 20 countries

### → Employee dialogue at local/national level remains active with

- 148 collective agreements signed in 11 countries, including 69 in France, 12 agreements in Belgium, 51 agreements in Italy

## ■ Protection of employee health

### → Overview of agreements signed

- Employees covered by protection plans offered by the Group in 23 countries where the Group has more than 500 employees, representing 76% of Group headcount
- 8 countries have signed collective agreements regarding health and safety at work, covering 45% of Group headcount

### → Beyond legal requirement, BNP Paribas is committed to prevent psychosocial risks

- In 2012, almost 12,000 staff at BNP Paribas SA and its subsidiaries took part in tests carried out by OMSAD (a medical observatory monitoring stress, anxiety and depression)
- Employees covered by protection plans offered by the Group in 23 countries where the Group has more than 500 employees, representing 76% of Group headcount
- Eight countries have signed collective agreements regarding health and safety at work, covering 45% of Group headcount



# Combating exclusion, promoting education and culture

Combating exclusion and supporting social entrepreneurship

BNP Paribas Corporate Philanthropy: philanthropy that brings people together

Employee involvement in solidarity initiatives

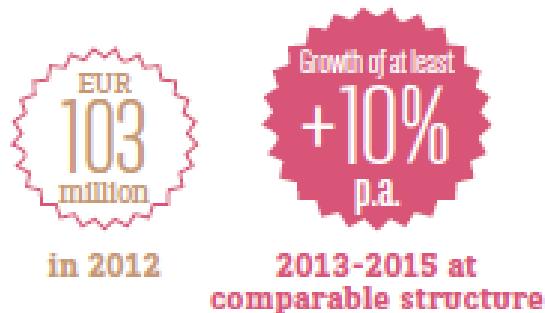
Special importance attached to human rights

# OUR CIVIC RESPONSIBILITY

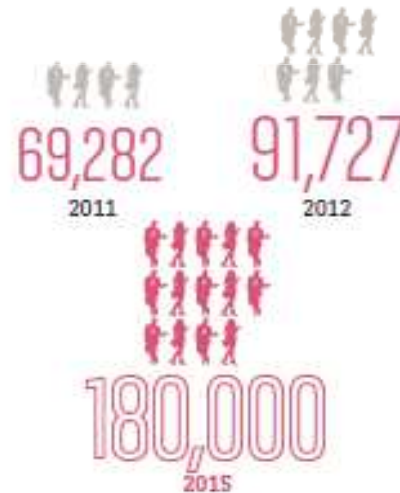
## Objectives for 2015



### Amount of the Group's support for social entrepreneurship and microfinance



### Number of people who attended financial education programmes designed and/or run by the Bank



### Size of the BNP Paribas Group's annual corporate philanthropy budget



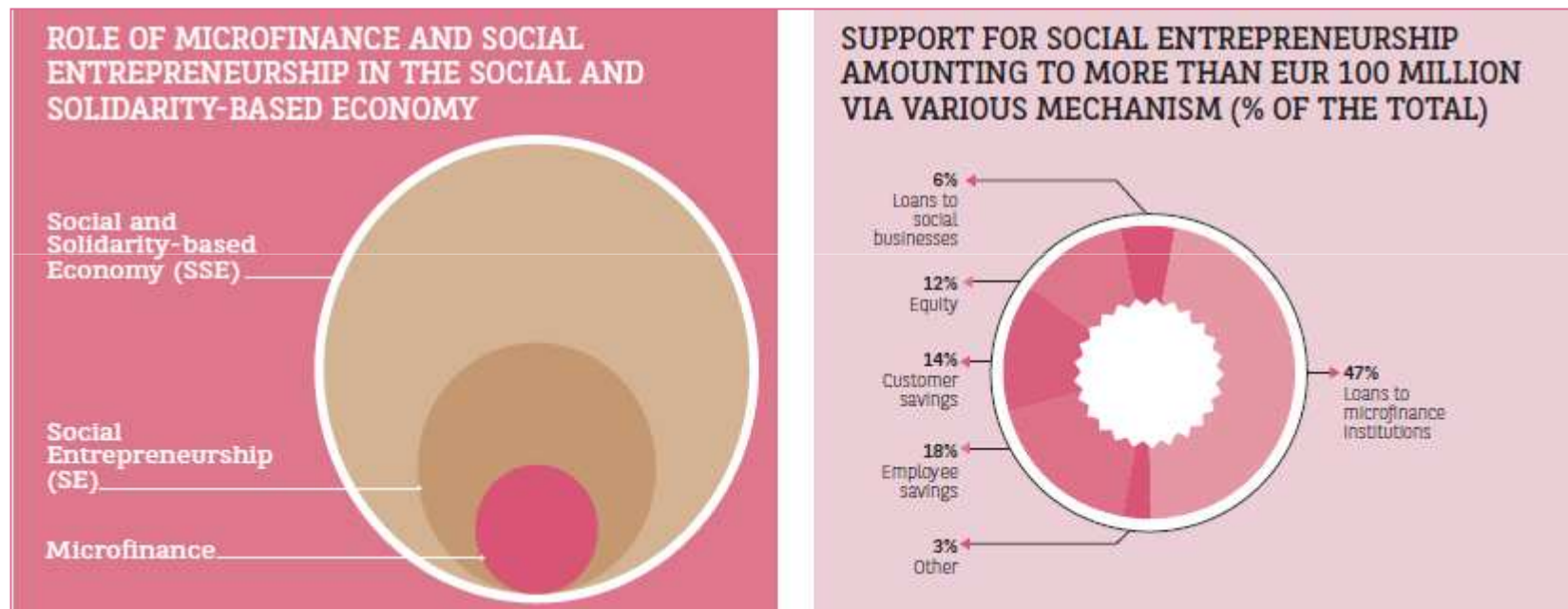


# Combating exclusion and supporting social entrepreneurship

# DEVELOP ENGAGEMENT IN SUPPORT OF SOCIAL ENTREPRENEURSHIP AND MICROFINANCE

## LONGSTANDING SUPPORT FOR SOCIAL AND SOLIDARITY-BASED ECONOMY

- In 2012, support social entrepreneurship and microfinance: more than EUR 100 million
  - ➔ EUR 76.5 million to support microfinance in 19 countries, including 14 emerging countries
  - ➔ EUR 26.1 million to support social entrepreneurship in France



- Specific monitoring and a particular offering
- leadership position in financing for associations
  - ➔ Market share of 12% in France, 27% in Belgium, 50% in Luxembourg and 60% in Italy

# « PROJET BANLIEUES »

EUR 4.5 MILLION A YEAR TO SUPPORT DEPRIVED URBAN AREAS IN 2012

*BNP Paribas*

*No 1 private employer in Seine-Saint-Denis*

*No 2 private employer in Marseille*

Launched  
in 2006

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



## **Job creation & integration into the labor market**

- Financing of 13 ADIE centers in France in 7 years
- BNP Paribas has become the ADIE's primary partner: more than EUR 6.5 million in subsidies since 2006, (EUR 5 million in credit lines in 2012)
- 3,500 micro-businesses created and more than 4,500 jobs



## **Supporting education**

- Help with schooling for more than 7,300 young people in deprived areas in partnership with AFEV (Association de la Fondation Etudiante pour la Ville) in 2011 - 2012
- 19,000 students able to go on a school trip



## **Proximity and local presence**

- 270 local associations supported financially and through the involvement of the branch network since 2006

# | SUPPORT FOR VULNERABLE CUSTOMERS

## ■ A tailored offer for customers in financial difficulty

→ **French Retail Banking:** In 2012, BNP Paribas' French Retail Banking segment finalised its system for supporting customers facing, or likely to face, difficult circumstances. More than 400 experts at eight commercial negotiation regional branches throughout France are now wholly dedicated to the needs and expectations of these customers.

→ **CETELEM** has set up a special mechanism for detecting customers who are up to date with their loans, but could find themselves in difficulties. A dedicated team, separate from the sales teams, offers an in-depth exploratory interview to discuss the households' financial health as soon as the clients are identified.

Cetelem also relies on **its partnership with CRESUS** association with which it has jointly developed a **specific support programme**.

## ■ Branch accessibility for the greatest number: examples

→ In Belgium, the Braille League designated BNP Paribas Fortis and Fintro as the first Belgian bank to have cash dispensers with vocal prompts to guide the unsighted and enable them to carry out banking transactions: 850 such machines are now available throughout Belgium.

→ 75 % of machines located in the self-service area of BNP Paribas' 2,200 branches in France are accessible to persons of reduced mobility

# PROMOTING TRAINING OF THE GENERAL PUBLIC ON FINANCIAL MATTERS

## Over 91,000 PEOPLE TRAINED OR INFORMED IN FINANCIAL EDUCATION IN 2012

- Different other initiatives have been developed in many countries

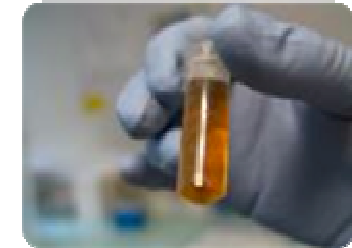
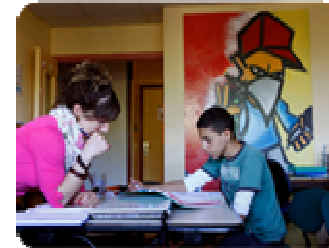
(some examples)

- ➔ **Netherlands:** BNP Paribas Cardif has launched the Life and Finance project for young people (a financial education platform): followed by 2,500 people in 2012
- ➔ **In Luxembourg:** 860 pupils from 27 schools took part in the Startin' Finance programme (guided visits, presentations on business lines, workshops) in the 2011-2012 academic year
- ➔ **In France:** The Cetelem Foundation has developed training tools for trainers at associations and institutions working alongside it in budget education. It also provides them with educational support and financial assistance with the implementation of programmes. In 2012, more than 6,300 young people (school pupils, young people seeking to join the world of work, apprentices) and adults in difficulty in France were able to benefit from this training
- ➔ **In Turkey:** TEB Family Academy has been launched in October. It aims to help households to manage their budgets by offering financial education courses at its branches. In 2012, 939 such events were held, with 18,000 people attending
- ➔ **In Italy:** EduCare programme aims at educating people about topics such as savings, management of expenses and how banking services work. 3,100 events organised since 2008 for over 50,000 individual customers and close to 4,000 businesses

**BNP Paribas Corporate  
Philanthropy: philanthropy  
that brings people  
together**

## 5 AREAS OF FOCUS FOR CORPORATE PHILANTHROPY

- **EDUCATION:** promoting equal opportunity
- **HEALTHCARE:** funding research and providing support for patients
- **CULTURE:** preserving cultural heritage and sponsoring the performing arts
- **SOLIDARITY:** combating exclusion
- **ENVIRONMENT:** supporting research into climate change



March  
2013

Global Annual Budget: over 38.15 M€  
and over 2044 programs supported

# Employee involvement in solidarity initiatives



## PROPOSING VOLUNTARY ASSIGNMENTS OR SKILLS SPONSORSHIP PROGRAMS

### ■ MicroFinance Sans Frontières (MFSF):

Provides skills-based volunteering to MFIs in emerging countries, enabling them to benefit from the banking skills and qualifications of BNP Paribas' active and retired employees

- More than 230 people have volunteered in France, Belgium, the UK, the USA, Argentina, Luxembourg and Tunisia
- Around 7,000 hours of volunteering in 2012

### ■ Bénévolat de Compétences et Solidarité (BCS):

An association which promotes skills-based volunteering by the Group's active and retired employees

- 30,000 hours of volunteering in 2012



Over 37,000 hours of volunteering devoted to MFSF and BCS projects

## SUPPORTING EMPLOYEES INVOLVED OUTSIDE THE COMPANY

### ■ PHILANTHROPY: Helping Hand (Coup de Pouce) program supports projects in which staff are personally involved.

- Over 500 projects funded worldwide in 2012 totaling over EUR 1 million



Helping Hand program 10<sup>th</sup> Anniversary

# UNIFYING EMPLOYEES' GENEROSITY



## ■ One million dollars for Sandy

→ A donation programme was rapidly set up, raising USD 1 million to help victims of the destruction wrought by Hurricane Sandy in the autumn 2012

## ■ Rescue & Recover endowment fund: a long-term solution to help victims of humanitarian disasters launched in 2012

### A unique initiative

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

### A promising launch

- The launch campaign in November 2012 has been able to collect around EUR 100,000 in few weeks
- The average donation, at more than EUR 90, reflects employees' commitment
- Projects proposed in the area of maternal and paediatric health:
  - ✓ Prevention and treatment of the main childhood diseases in Mali by Doctors Without Borders (Médecins Sans Frontières);
  - ✓ Action by CARE to tackle malnutrition in Niger;
  - ✓ Work by the French Red Cross to facilitate access to healthcare in the Central African Republic

**Special importance attached to  
human  
rights**

# RESPECTING THE UN'S GUIDING PRINCIPLES CONCERNING HUMAN RIGHTS

RANKED AS ONE OF THE TOP 30 COMPANIES IN TERMS OF OBSERVATION OF HUMAN RIGHTS BY VIGEO

- Statement of BNP Paribas on Human Rights (2012)
- Protecting the rights of our employees in countries at risk
  - Audits planned: an on-site pilot was realized last December in Brazil
- Encouraging our suppliers to share the same values
  - Standard CSR questionnaire and Group Suppliers CSR Charter
- Controlling the indirect impact of our financing and investments
  - Due diligence case by case
  - Human Rights criteria in financing and investment policies (e.g.: health & safety criteria in BNP Paribas's Wood Pulp sector policy)
- Business for Human Rights (Entreprise pour les Droits de l'Homme)
  - BNP Paribas is a founder member of EDH
  - EDH aims to improve companies' understanding in terms of respecting fundamental human rights (trainings)



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**BNP Paribas has suspended its financing for the cotton sector in Central Asia because the risk of violations of Human Rights is too high**

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# Combating climate change

Financing policy commitments

A range of products and services helping to combat climate change

Limiting the Group's environmental footprint

Corporate philanthropy supporting research into climate change

# OUR ENVIRONMENTAL RESPONSIBILITY

## Objectives for 2015

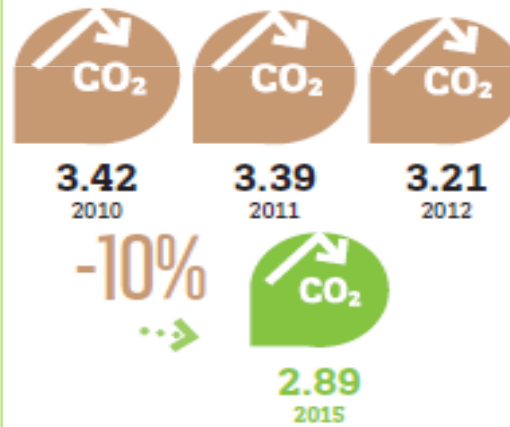


### Proportion of employees trained online in sectoral policies

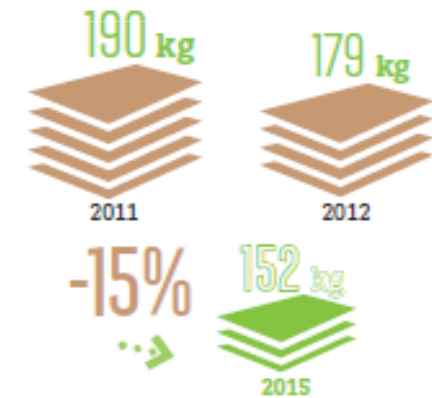


\* employees directly involved in implementing policies

### Greenhouse gas emissions footprint (tCO<sub>2</sub> equivalent/employee)



### Total (internal and customer) paper consumption per employee





# Financing policy commitments

# EQUATOR PRINCIPLES

**13 transactions reviewed** against the Equator Principles in 2012

Transactions reviewed in 2012 by category and country classification

<b>Project Category</b>	<b>High Income OECD</b>	<b>Non High Income OECD</b>	<b>Total</b>
<b>Category A</b>	<b>0</b>	<b>2</b>	<b>2</b>
<b>Category B</b>	<b>7</b>	<b>3</b>	<b>10</b>
<b>Category C</b>	<b>1</b>	<b>0</b>	<b>1</b>
<b>Total</b>	<b>8</b>	<b>5</b>	<b>13</b>

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

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

Category C : Projects with minimal or zero impact



# 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

## ■ CONCRETE ACTIONS

- BNP Paribas has not financed any nuclear power plant since 2006; the group regularly finances maintenance (spare parts, engineering...) or modernization of existing power plants
- This policy leads us to ask complementary E&S audits and to develop dialogue with clients

# 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 (43% for high income, 38% 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**

- **Results**

- From Jan 2011 to mid-2013, more than 70 transactions have already been reviewed by CSR teams and **39 transactions were declined** (poor energy efficiency) representing around **236 MteqCO<sub>2</sub> avoided**
  - **It represents around 50% of France's annual GHG emission avoided** and 390 times the annual GHG emission of BNP Paribas Group in 2012



# SECTOR POLICY: WOOD PULP

## 2<sup>nd</sup> SECTION OF FORESTRY POLICY

### ■ POLICY OBJECTIVES

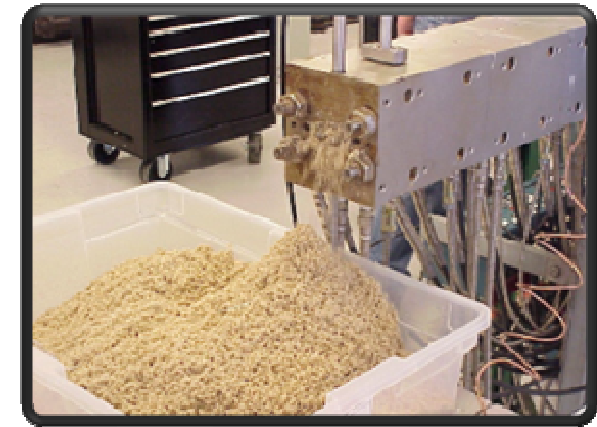
- Avoid financing or investing in companies that actively contribute to deforestation (loss of biodiversity, aggravation of climate change, etc.)
- Address concerns of NGOs

### ■ 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
  - A major paper pulp producer that was failing to adhere to the criteria of the sector policy was placed on the watch list in September 2011 and ultimately removed from the Group's financing and investment universe in 2012, because it did not take convincing steps to comply with BNP Paribas' sector policy.
- Encouraging companies in the sector to become an active member of their national FSC or PEFC multi-stakeholders governance
- Engagement: we do not work with a controversial producer waiting for a feedback from itself about an improvement of its practices



# 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
- Annual review of the palm oil companies by NGO The Forest Trust (at least 25% of the plantations worldwide were analyzed from March 2011)
- Companies in the sector (processing, trading) are encouraged to comply with the Group policy
  - From March 2011, BNP Paribas' teams met 8 companies representing around 18% of the production and over 15% of the plantations worldwide



# SECTOR POLICY: MINING

## ■ POLICY OBJECTIVES

- Financing or investing responsibly in the mining sector by taking into account governance, social and environmental issues and address NGOs' concerns



## ■ APPLICATION PRINCIPLES

### → Mining projects

Nature	Social
<ul style="list-style-type: none"> <li>→ The following activities are not allowed:                             <ul style="list-style-type: none"> <li>- artisanal and small scale mining*</li> <li>- asbestos extraction</li> <li>- Appalachian MTR projects</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- No use of child or forced labor as defined in the ILO Conventions</li> <li>- Operate in line with the requirements set out by the ILO in the Safety and Health in Mines Convention</li> <li>- Provide a health and safety management plan</li> </ul>
Location	Environmental
<ul style="list-style-type: none"> <li>→ Projects are excluded if:                             <ul style="list-style-type: none"> <li>- the mining area or the associated facilities are located on Unesco World Heritage Sites, Wetlands on the Ramsar list, Alliance for Zero Extinction sites, IUCN category I-IV areas</li> <li>- located in countries under financial sanctions from France, the UE, the USA or the UN, or in active armed conflict area</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- Include a site reclamation plan</li> <li>- No use of riverine or shallow marine tailings disposal</li> </ul>

In addition, BNP Paribas applies the Equator Principles to Project Finance lending and advisory services for Mining Projects as well as to corporate loans where at least 50% of the proceeds are dedicated to a Mining Project and where the borrower has effective control over the project

### → Mining companies

BNP Paribas will not provide any financial products or services to Mining Companies that either:

Location	Controversial activities
<ul style="list-style-type: none"> <li>- Have their headquarters located in countries under financial sanctions from France, the European Union, the USA, or the United Nations</li> </ul>	<ul style="list-style-type: none"> <li>- are involved in asbestos extraction</li> <li>- are significant producers of coal extracted from Appalachian MTR operations</li> </ul>
Social practices	Environmental track record
<ul style="list-style-type: none"> <li>- Use child or forced labour as defined in the International Labour Organization (ILO) Conventions</li> <li>- Cannot provide a track record regarding health and safety at company level</li> </ul>	<ul style="list-style-type: none"> <li>- Cannot disclose or provide on demand information at company level on their performance related to water use, waste and GHG emissions as well as strategies regarding land reclamation</li> </ul>

\*Concerning artisanal and small scale mining only banking services are allowed

# SECTOR POLICY: OIL SANDS

## ■ POLICY OBJECTIVES

- Financing or investing only in the companies willing to develop oil sands reserve in a balanced and responsible manner and address NGOs' concerns

## ■ APPLICATION PRINCIPLES

### → Host Country:

- **No involved in countries without sufficient governance** on oil sands projects and sufficient track records in areas such as human rights, labour conditions and environmental regulations: No financial products and services to oil sands projects provided by BNP Paribas outside Canada

### → **Oil sands projects:** obtain sufficient assurances regarding compliance with operating conditions in the following domain:

- Fresh water and GHG intensity of its operations
- Energy consumption
- Nox and Sox intensity and management
- Protection of UNESCO World Heritage Sites, biodiversity (fauna and flora), High Conservation Value habitats
- Protection of aboriginal peoples, consultation process,
- Existence of a grievance mechanism

### → **Oil sands companies :**

- Not be involved in severe controversies related to violations of any UN Global Compact Principles
- Have in place environmental and social policies
- Be involved in research or multi-stakeholders efforts to monitor and address the Key Environmental and Social Issues
- Have in place a formal public engagement, an aboriginal consultation process and a grievance mechanism
- Commit not to adversely impact protected areas and biodiversity (UNESCO World Heritage / Ramsar Sites, national parks, etc.)
- Have in place a policy to carry out High Conservation Value assessments prior to developing new projects and commits not to convert HCV habitats into industrial oil sands operations



A range of products and services helping to combat climate change

# FINANCING RENEWABLE ENERGIES AND GREEN INFRASTRUCTURES

**With total credit authorizations of close to EUR 7 billion at 30 June 2012, of which over EUR 2 billion for project financing, the BNP Paribas Group provides significant support to the renewable energy sector**

The Group provided financing or advice for more than 71 projects around the world, with a total installed capacity of more than 9,476 MW at end-2012, equivalent to the annual consumption of 10 million French households:

## ■ Wind energy:

- In 2014, a giant windfarm with 72 turbines and a total production capacity of 216 MW will provide a significant share of Belgium's green energy production
- Oaxaca II & IV projects in Mexico (two independent wind projects, with a production capacity of 102MW each)



## ■ Solar energy:

- The Capricorn Ridge wind project being developed by NextEra Energy Resources, the largest producer of wind and solar power, with a capacity of 662.5MW
- Sumitomo's Desert Sunlight project in California, one of the largest photovoltaic solar plants ever built in the United States, with a capacity of 550MW

## ■ Water treatment and distribution:

- Financing of a water treatment plant in Lima: 4 million Peruvians will benefit from the plant and pollution of the ocean will be reduced significantly
- Hydropower projects in Columbia, biofuel projects in Sierra Leone and even public transport infrastructure projects in Denmark



## A RANGE OF GREEN PRODUCTS FOR INDIVIDUALS

**BNP Paribas also offers products and services that encourage environmentally-friendly behaviour in the housing and commercial property sectors**

### ■ **Domofinance:**

- It offers a comprehensive range of products and services combining technical and financial expertise for individuals
- Since the structure was set up, more than 330,000 projects have received tailored financing, allowing for energy savings in 2012 at a level equivalent to the annual consumption of close to 30,000 households.

### ■ **Arval:** innovative solutions for enabling its clients to reduce their environmental footprint such as An eco-driving training programme or an AutoPartage offer



### ■ **BNP Paribas Real Estate:**

- An eco-supplier charter has been set up in order to select the best products and best practice in relation to sustainable development criteria
- has obtained HQE ("Haute Qualité Environnementale") environmental certification for all of its new commercial office development projects
- has obtained Habitat & Environnement certification for all of its new housing developments
- is ranked in 6th position (vs 10th in 2011) in the " 2012 Ecoperformance Reporting Barometer" established by Novethic in which are assessed the quality and transparency of the reporting on energy and CO2 performances of the French property developers' assets
- awarded the Prix de l'Excellence by Certivéa in 2012, for the first project to be HQE Rénovation



# Limiting the Group's environmental footprint

# 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 2012

**179 kg** paper consumed/ FTE of which  
**43.5%** eco-certified  
(FSC, PEFC) or recycled

### RESPONSIBLE PAPER

#### Pulp made from recycled paper

*(minimum 50% post consumption recycled fibers)*



#### Pulp from sustainably managed forests



# MASTERING OUR DIRECT ENVIRONMENTAL IMPACTS: WHAT'S AT STAKE?

- 83.7% of total Group headcount (compared with 64% in 2009)
- 227 kWh/sq. m. consumed in our buildings - equivalent to 1,751 GWh of which three-quarters for electricity
- 4,618 km/FTE for business travel (plane, train, car)
- 179 kg paper consumed/FTE of which 43.5% eco-certified (FSC, PEFC) or recycled
- 26.6 cubic m. water consumed/FTE in our buildings
- 201 kg waste/FTE, of which 38% recycled
- 14.9% environmentally-friendly office supplies products purchased
- Renewable energy represented 10.6% (vs 9.3% in 2011) of the Group's total energy consumption in its buildings (i.e. excluding transport)
- In France, electricity consumption in the branches was reduced by 13% from 2009 to 2011 as part of the ISO 14001 certification process for the "Welcome and Services" model

605,644 tons of CO<sub>2</sub> equivalent emissions, or 3,21 tons CO<sub>2</sub> equivalent /FTE  
emissions break down to 75% for buildings and 25% for business travel

Data verified by our Statutory Auditors (PwC) with reasonable assurance level according to ISAE 3000

The quality of BNP Paribas' environmental reporting was rated 86/100 by the Carbon Disclosure Project in 2012 (compared with 79/100 in 2011)




# Corporate philanthropy supporting research into climate change

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

- **BUDGET:** EUR 3 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**

## A LEADER IN CERTIFICATIONS

- With **67 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
- **14 ISO 14001 certifications.** Over 20,000 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
- 2 OH&S 18001 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

