



# BNP Paribas and the exercise of its Corporate Social Responsibility

Corporate Social Responsibility Department

June 2011



**BNP PARIBAS** | La banque d'un monde qui change





# BNP Paribas approach to sustainable development



- BNP Paribas Group
- BNP Paribas, a European leader in global banking and financial services
- Responsibilities in three key areas and clearly identified priorities



# BNP Paribas Group' Story

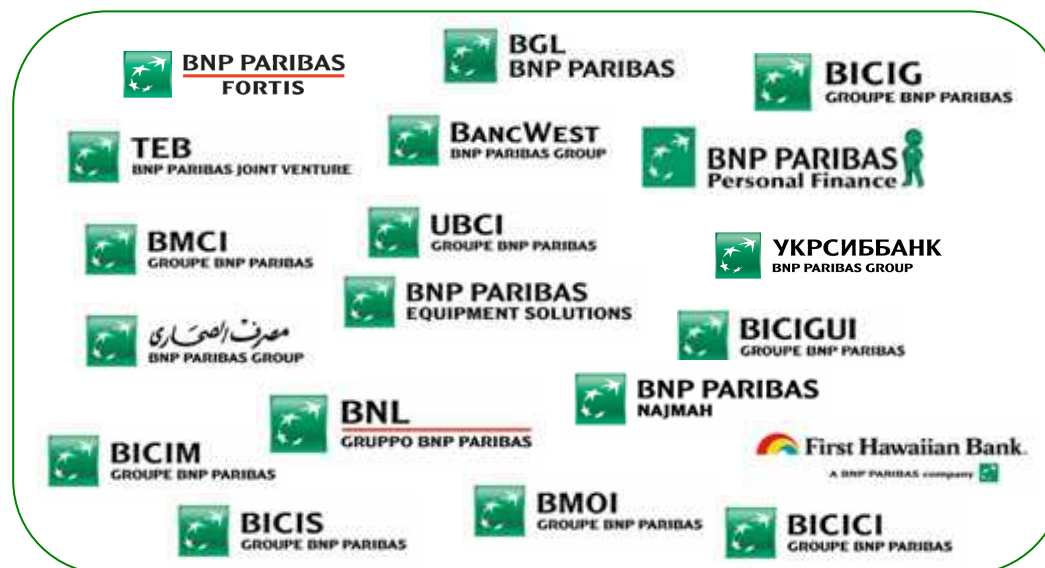
Year	1999		2000	December 2010
				
<i>Number of Employees</i>	<b>50 000</b>	<b>30 000</b>	<b>80 000</b> <i>(Including 55 000 in France)</i>	<b>205 300</b>
<i>International presence</i>	<i>France, North African countries, India, Hong Kong...</i>	<b>Main Financial Markets:</b> <i>London, New York, Frankfurt, Paris,...</i>	<b>83 countries</b>	<b>83 countries</b>
<i>Activities</i>	<i>Retail Corporate Banking</i>	<i>Investment Banking Specialized Financial Services</i>	<i>Retail Corporate &amp; Investment Banking Specialized Financial Services Asset Management &amp; Services</i>	<i>Retail Banking Corporate &amp; Investment Banking Investment Solutions</i>



# 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:



# 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 Results 2010: Consolidated Group

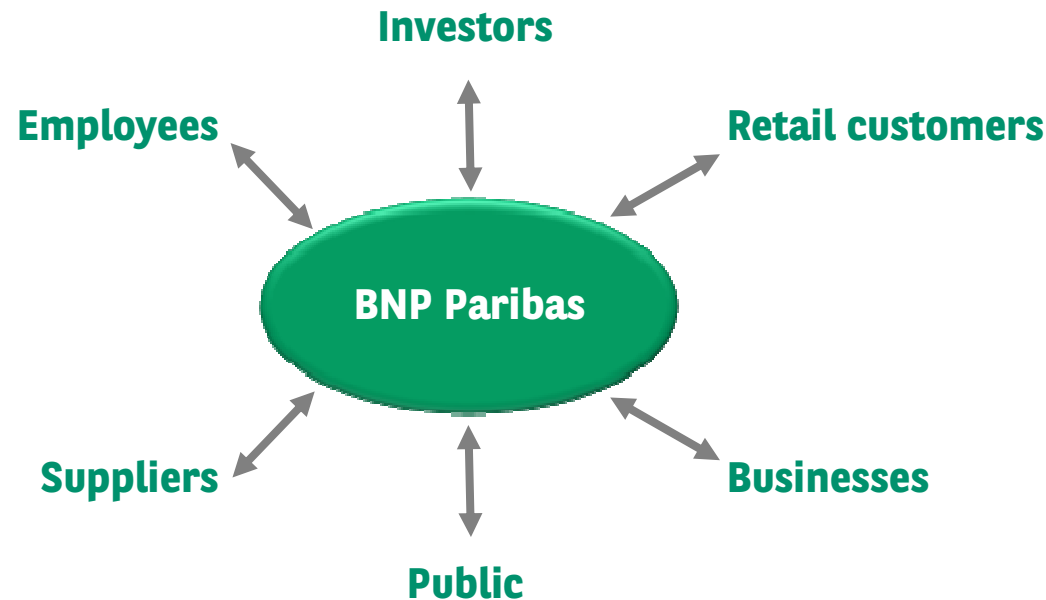
	> 2010	> 2010 vs. 2009	> 2010 vs. 2009 <i>Operating divisions At constant scope and exchange rates</i>
● Revenues	€43,880m	+9.2%	-3.4%
● Operating expenses	-€26,517m	+13.6%	+0.7%
● Gross operating income	€17,363m	+3.0%	-9.0%
● Cost of risk	-€4,802m	-42.6%	-48.3%
● Pre-tax income	€13,020m	+44.7%	+32.8%
● Net income attributable to equity holders	€7,843m	+34.5%	
● Annualised ROE	12.3%	+1.5pt	
● EPS	6.33 €	+21.7%	
● Book value per share	55.5 €	+9.0%	

> Strong increase in results in a new dimension for the Group



# BNP Paribas, a European leader in global banking and financial services

- Interaction with numerous stakeholders



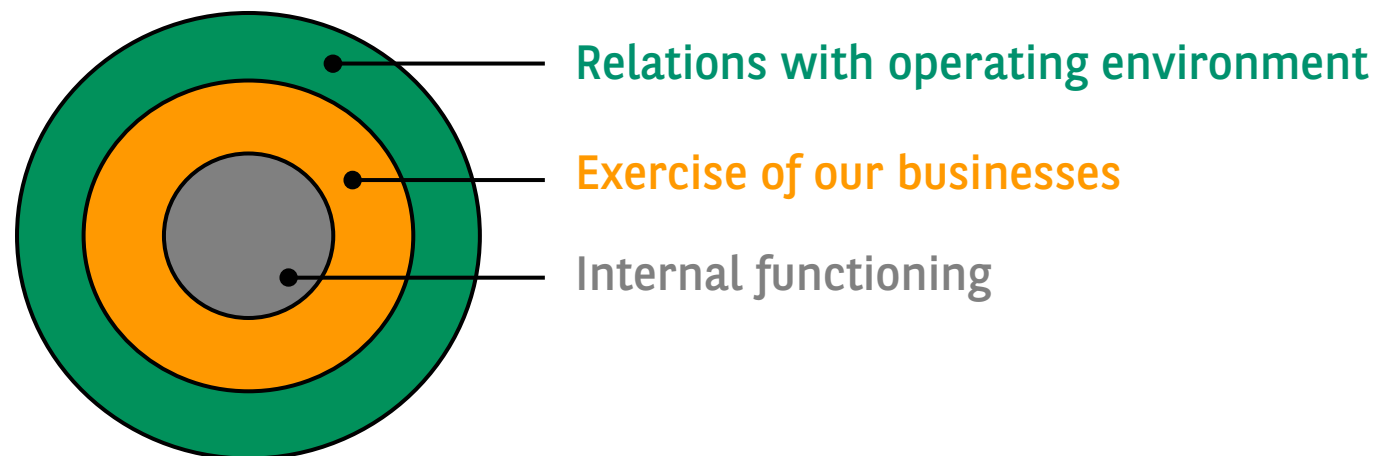
- Greater responsibilities in a post-crisis context
- Stronger risk management
- Exemplary governance





## 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



- Greater emphasis on listening to stakeholders

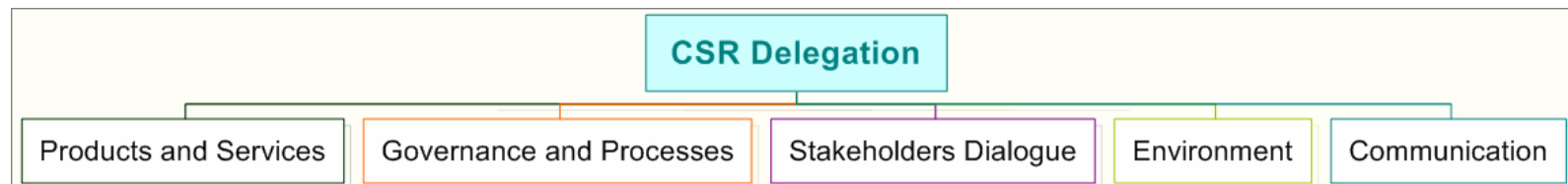


# Organization



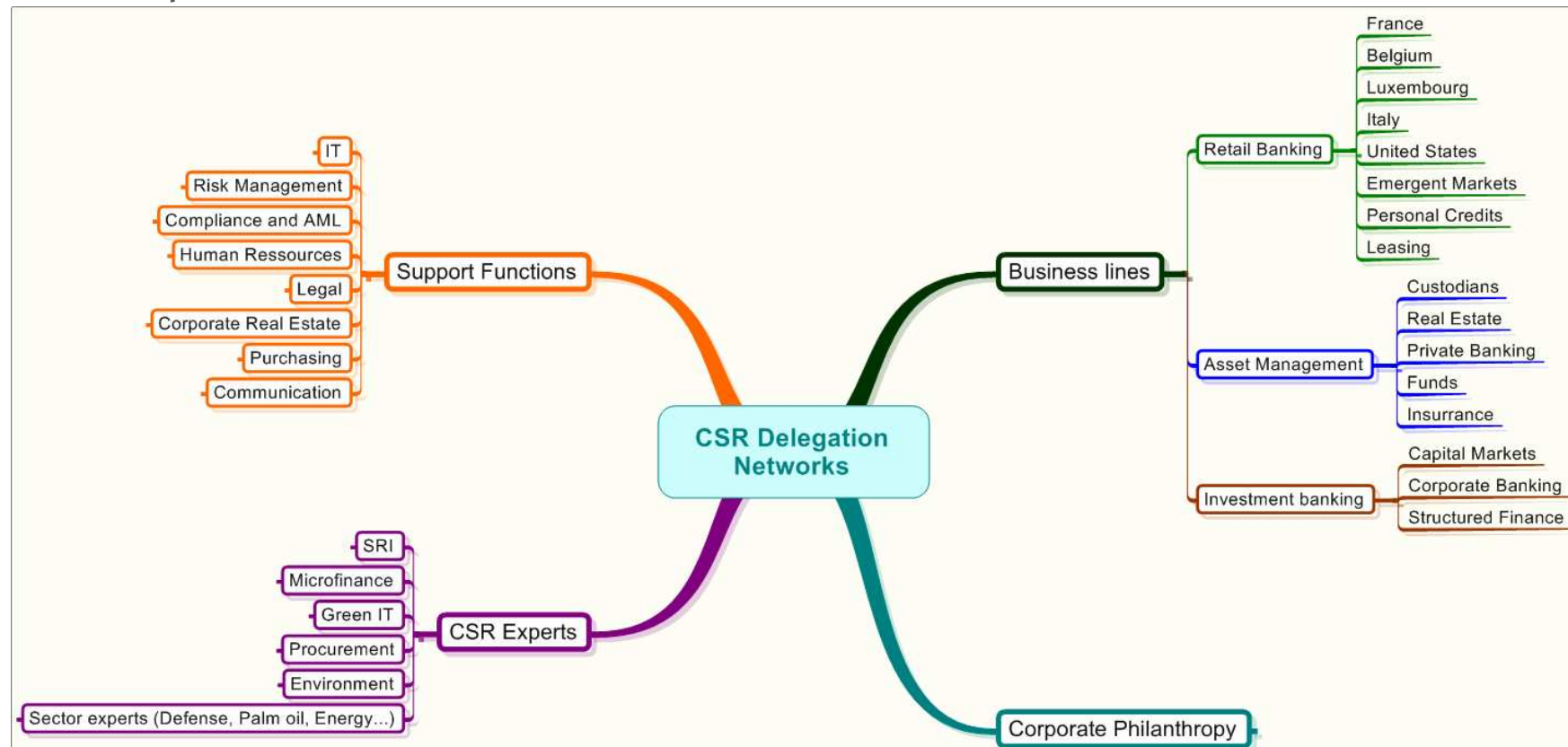
# Strengthening of CSR function

- 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



# Strengthening of CSR function

- Network of 87 full-time equivalent employees and approximately 200 CSR specialists



# Climate Change Steering Committee

## 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



# A culture of responsibility

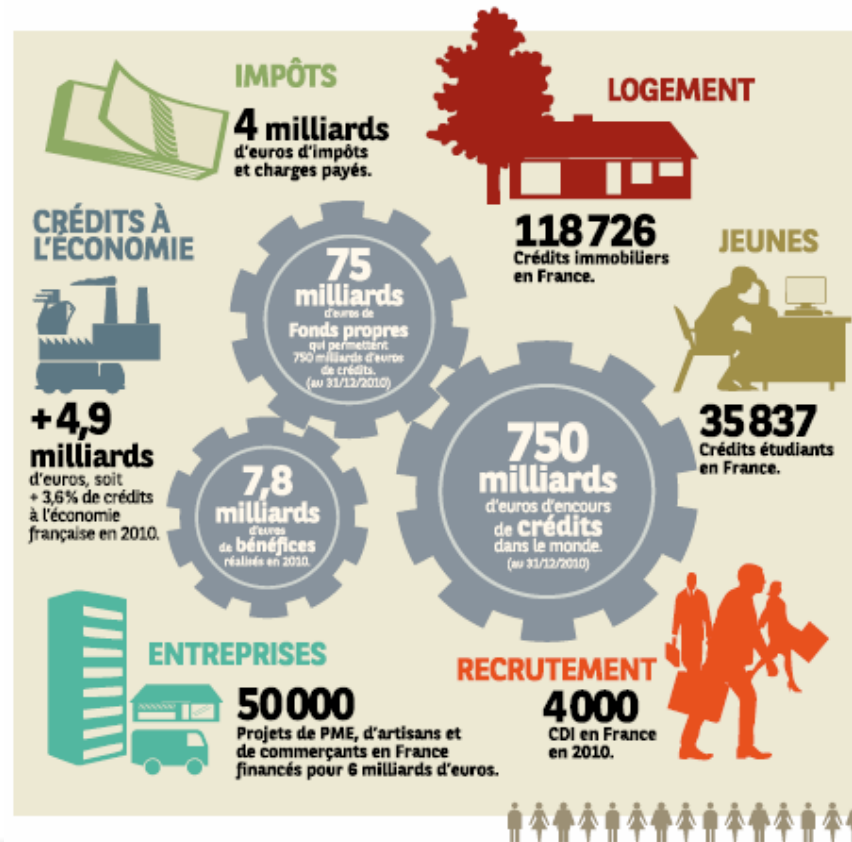


- Sharing the value of the company with our stakeholders
- Strong public commitments
- A comprehensive approach to compliance
- Active & constructive dialogue with regulators
- Extensive dialogue with NGOs
- Responsibility, a core Group management principle
- Staff play an active role in respecting our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

BNP Paribas is a member of the Global Compact France Steering Committee



- **Equator Principles (2008)**

BNP Paribas is a member of the EP Association, which defines new standards of governance



- **Climate Principles (2010)**

BNP Paribas has joined a group of financial institutions committed to playing an active role in the fight against climate change



- **Socially Responsible Investment Principles (2006)**

BNP Paribas Asset Management is a signatory of these principles, which integrate environmental, social and governance (ESG) criteria in investment decisions



- **Institutional Investors on Climate Change - IIGCC (2007)**

BNP Paribas Investment Partners holds vice presidency



- **United Nations Women's Empowerment Principles (2011)**

- **Roundtable on Sustainable Palm Oil (2011)** industry initiative to promote the production of sustainable palm oil





# Strong Public Commitments

## BNP PARIBAS SPECIFIC PUBLIC COMMITMENTS

- Environmental commitments (2011):
  - ➔ Reduction of direct impact on the environment
  - ➔ Take environmental impact into account in business activities
  - ➔ Support the transition to a low carbon economy
  - ➔ Active commitment to fight against climate change
- CSR sector policies governing financing and investments
  - ➔ Defense (Dec. 2010)
  - ➔ Palm oil (Dec. 2010)
  - ➔ Financing of nuclear power plants (Feb. 2011)



## From a comprehensive approach to compliance...

- BNP Paribas views the basis of compliance as respect for all regulations:
  - Legislation 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 beyond the scope of the law
  - 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, CSR) beyond strict compliance with law
- 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 informed 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 French and Belgian 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 Entrepreneurships
  - Undertake initiatives for development and efficiency while being accountable
- Lead by example
  - Set an example through our own behaviour 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 = No. 1 engagement motivating factor for staff (2010 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”



# Staff play an active role in respecting our responsibilities

- **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:**
  - 2010: 2 CSR categories, “Environment” and “Social Commitment”
    - financing for wind power in Ethiopia (CIB)
    - 1<sup>st</sup> non-commercial credit information service (Cetelem)
  - 2011: 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





Embed sustainable development in  
the functioning of the enterprise



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# Responsible and engaged human resources management



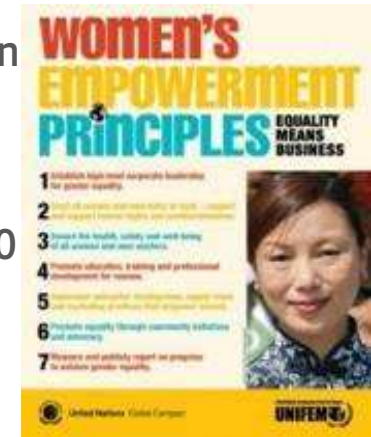
# An international group experiencing robust development

- 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



# 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

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- 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 (1st 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)
  - 183,140 surveyed
  - Overall participation rate of 52%



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# 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**

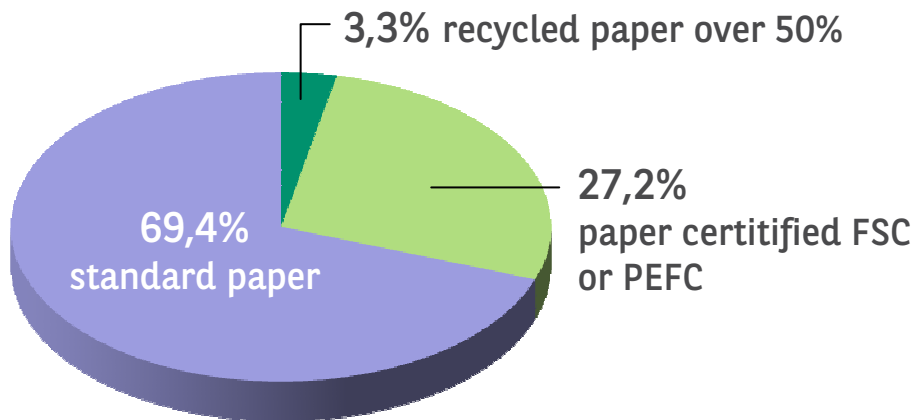
Emissions break down to **76.3%** for buildings and **23.7%** for business travel



# 2010 paper audit: 35,669 tons consumers, 174 kg / FTE of which 30.5% certified eco-friendly paper

- 174 kg of paper is equivalent to 80g/sq. m.
  - ➔ 2,175 sq.m. (46-meter square)
  - ➔ 27,770 A4 sheets - 55 packs of 500 sheets

Paper consumption  
174 kg / FTE



## Pulp made from recycled paper (minimum 50% post consumption fibres recycled)

a) Ange Bleu or FSC

b) APUR or Mobius Loop



## Pulp from sustainably managed forests

a) FSC 100%

b) FSC Mixed Sources

c) PEFC (in EU)



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# Encourage responsible behaviour by our suppliers



# Group Purchasing takes CSR factors into account through published policies that cover Group wide procurement

- Initiatives with suppliers:
  - Standard CSR questionnaire for invitations to tender since July 2010
  - Standard CSR clauses in terms and conditions since mid-2010
- Initiatives with Group purchasing officers:
  - Special Purchasing CSR training for purchasing officers
  - Creation of CSR toolbox for purchasing officers:
    - CSR data sheets 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 / Credit mediator)
- Preparation of “Sustainable Purchasing Policy” and “CSR Commitments by BNP Paribas Suppliers”





Systematically take into account  
the environmental and social  
impact of the Group's business  
activities





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# Investment and financing 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 finance the real economy while exercising its social responsibilities
  - Define the practices that BNP Paribas accepts and those it prohibits, beyond a strict legal framework
    - 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
  - Position BNP Paribas in relation to:
    - Its general commitments (environmental commitments, etc.)
    - Commitments made by its competitors
  - Answer questions from all stakeholders:
    - Investors,
    - Employees
    - NGOs,
    - Ratings 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:
    - External experts prepare a list of companies that produce controversial weapons
    - Two criteria: key and dedicated components
  - Financing of weapons exported to a limited number of countries is prohibited:
    - Embargo (regulatory constraints)
    - Child combatants
  - Increased monitoring of financing for all types of weapons exported to sensitive countries
- 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

## 1st 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 in analysis of companies
  - Companies in the sector (processing, trading) are encouraged to comply with the Group policy



# Sector policy: financing of nuclear power plants

- Strong demand for governance:
  - Development potential, particularly in countries with little or no experience in nuclear energy
  - Strong expectations from stakeholders
- Policy objectives:
  - Provide analysis criteria for evaluation of projects
  - Address key CSR issues: safety, security, non-proliferation, protection of people and the environment, etc.
- Policy structure: compulsory criteria and evaluation criteria
  - Compulsory criteria must be met before BNP Paribas agrees to participate in financing
  - Evaluation criteria enable in-depth analysis of projects
  - Evaluation of the project may lead the bank to impose additional conditions or to a refusal to participate in the project (even if compulsory criteria are satisfied)
- 3 main resulting actions:
  - **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



## Future sector policies

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- Policies to be issued in 2011:
  - 2<sup>nd</sup> section on Forestry and Deforestation: paper pulp
  - Coal power



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# **Responsible products and services for consumers and SMEs**



## Responsible relationships with customers

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

- 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





## “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 CO2 emissions and financing of improved energy performance of homes
- Insurance: “New Energies” option



### Range of themes socially responsible investment (SRI) products to invest savings in products with a positive impact on the environment:

- Aqua
- EcoCO2, 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)



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**Manage the environmental impact  
of our financings and support  
the transition to  
a low carbon economy**



# Corporate and Investment Banking: 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

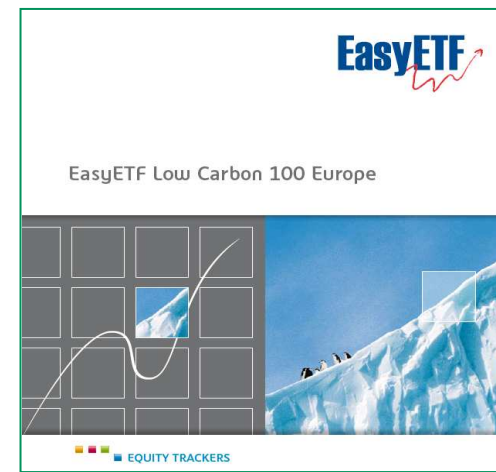
- Design of a set of indices covering themes with a positive impact on the environment or society, enabling investors to allocate funds to the green economy



# 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 CO2 emissions trading markets
- BNP Paribas Commodity Futures
  - Clearing of approximately 20% of orders on European Climate Exchange (ECX)
  - Nominated for Energy Risk Award 2010



## More efficient management of environmental and social risks

Analysis of environmental and social risks is an integral part of project analysis by Corporate and Investment Banking businesses

Financing or capital markets transactions that raise complex CSR issues are reviewed by Transaction Acceptance Committees (TAC) comprising:

- Managers responsible for decisions
- CSR experts,
- Communications teams,
- Ethics and Compliance teams
- Legal specialists

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

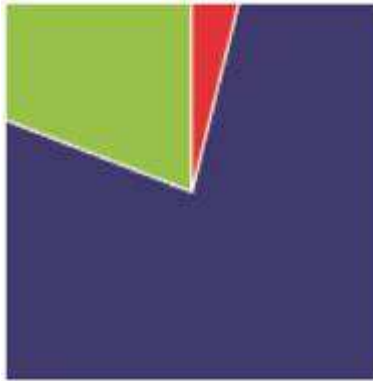
- Analysis of Group best practices
- Mapping of evaluation methods for identifying impacts





# 73 projects reviewed against the Equator Principles

## 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)

- The Equator Principles (EP) are the primary benchmark for banks for managing social and environmental risks in project finance.
- The EP are based on :
  - ➔ performance standards in social and environmental sustainability
  - ➔ Environmental, Health and Safety general guidelines specific to different sectors developed by the International finance Corporation (IFC) (a unit of the World Bank for the private sector).
- In 2010, the financial institutions that had adopted the EP created the EP Association to prepare the introduction of new governance rules.
- BNP Paribas has played a major role in finalizing and implementing these rules, which have been applied since June 2010.



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# Develop and promote SRI



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



# 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 asset management
  - 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€)



## Expand SRI offer

**BNP Paribas Investment Partners has been awarded the Novethic label for SRI funds for 11 of its SRI funds with a special mention for the “ESG Indicators” report for six of the funds (ESG).**

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



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# Continue 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
- Two MicroStart branches in Brussels area
- Microcredits (individuals or collective) of 1,000 to 10,000 euros



## 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





# Enable BNP Paribas customers to invest in microfinance

## For retail customers: Obli Etheis

- 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

- 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 (population segments that benefit from loans, cost of products and services delivered, economic sectors financed)
- Fund size: 500 million euros





Contribute to the economic and  
social development of the  
Group's host countries through  
philanthropy initiatives



**BNP PARIBAS** | La banque d'un monde qui change

## 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



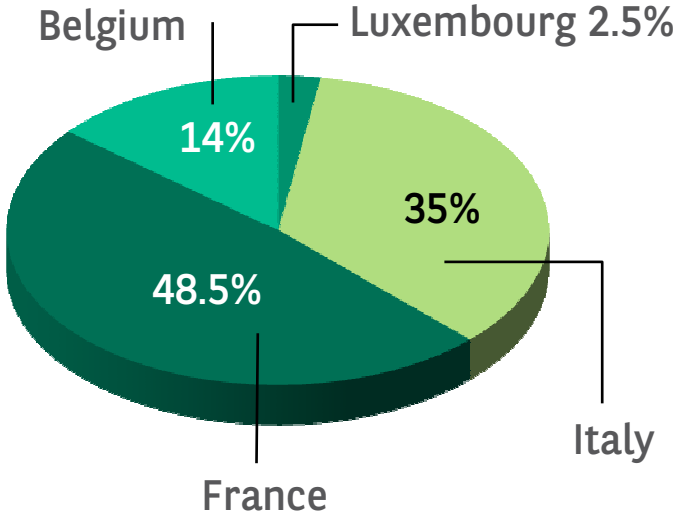
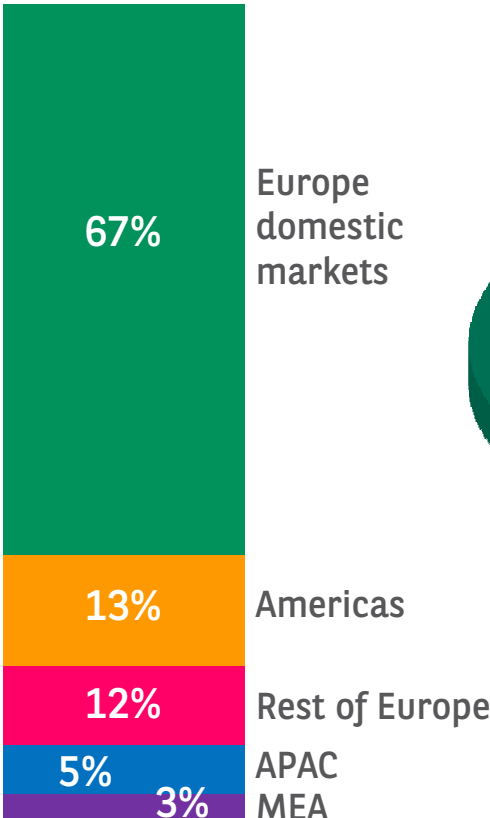
# Global philanthropy budget

**Subsidies**  
(millions of €, 2010)



**Total Budget**

**Geographic breakdown**  
[millions of €]



## 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),
  - PRECLIDE: a vision of the climate over the coming 30 years,
  - GLOBAL CARBON ATLAS: availability of knowledge (posting online of current emissions data, available to anyone)



# Positive perception of our approach by stakeholders



- Group position in indices
- One of the only groups 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
- Aspi Eurozone
- FTSE4Good Global 100
- FTSE4Good Europe 50
- ESI Excellence Euro
- ESI Excellence Europe
- ESI Excellence Global



### Carbon Disclosure Project

- Rating of 81/100 in 2010 (compared with 51/100 in 2009)
- Inclusion in "Carbon Disclosure Leadership Index"





## 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 a selection of social indicators and issues published in the BNP Paribas 2010 Corporate Social Responsibility Report;
- Moderate assurance on a selection of 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 les 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.

