

# CSR 2015 HIGHLIGHTS



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**BNP PARIBAS**

The bank for a changing world

# 2015: a particularly productive year

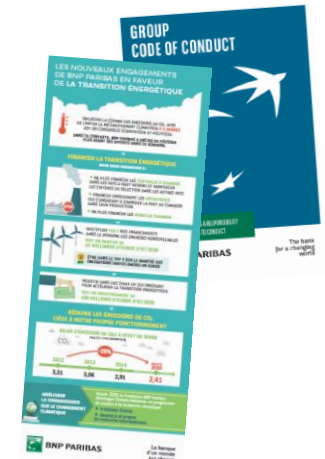
- ★ A strong involvement from the Group and especially of the Executive Committee on CSR subjects, in close conjunction with the Group Compliance and Human Resources' approaches.

Values : the definition of BNP Paribas Way



- ★ CSR Strategy:
  - Review of 2012-2015 indicators
  - Minor adaptations of our commitments
  - New indicators for 2016-2018

- ★ Three flagship projects:
  - The Code of Conduct
  - Energy transition financing policy
  - A new financing and investing policy for the agricultural sector



- ★ A strong involvement from the Board of Directors:
  - In-depth exchanges regarding the chapter dedicated to CSR in the Registration Document and the 2016 priorities
  - Active participation of the Corporate Governance and Nominations Committee in writing the Code of Conduct
  - The Corporate Governance and Nominations Committee chaired by L. Parisot becomes the "Corporate Governance, Ethics, Nominations and CSR Committee"



# 2 meetings of the Ethics Committee

➔ The role of the Ethics Committee is to advise the Executive Management in order to ensure that the Bank's activities are in line with the values of BNP Paribas and with the highest standards of professionalism, integrity and ethics.

It is an advisory body

➔ In 2015, the Ethics Committee

- Formalized its charter
- Gave its opinion on the overhaul of the Group's Code of Conduct, its financing and investment policy in the agricultural sector and strategy for the financing of the energy transition.

➔ The Committee is composed of 3 members of the Group Executive Committee and 4 external independent personalities

- **J-M Guéhenno**, diplomat, Chairman of the International Crisis Group, Chair
- **Pr Antoon Vandeveld**, professor of ethics and political philosophy at KU Leuven
- **Julia Marton-Lefevre**, former CEO of the IUCN
- **Margaret Jungk**, United Nations appointed independent expert on human rights and business; founding director of the Human Rights and Business Department, Danish Institute for Human Rights.



In 2016

The Ethics Committee will meet at least 3 times a year, in compliance with the charter



1

# 2016-2018 : SLIGHT EVOLUTION OF COMMITMENTS AND NEW INDICATORS



# 12/13 goals achieved by the end of 2015

Indicator	2012 Value	2015 Objective	Achieved at 31/12/2015
Cumulative credit growth since 2008 compared to the cumulative growth of real GDP over the period	France 21% vs 5% Italy 7,9% vs -0,6% Belgium/Lux 15,9% vs 11,6%	Remain above the cumulative growth of real GDP since 2008 (rate of growth of total average outstandings)	✓ France 18% vs 9,5% Italy 13,1% vs 0,1% Belgium/Lux 27,3% vs 20,0%
Overall satisfaction scores of individual customers from the 4 Domestic Markets (on a scale from 1 to 10)	BDDF 7,5 BNP Paribas Fortis 7,7 BNL 7,1 BGL BNPParibas 7,4	2013 - 2015 maintain score	✓ BDDF 7,5 BNP Paribas Fortis 7,7 BNL 7,6 BGL BNPParibas 7,2
Annual growth of SRI assets under management compared to the annual growth of total assets	+36,4% vs -0,3% AuM	Growth of SRI assets higher than that of total assets under management	+27,9% ISR vs. +6,8% AuM
Percentage of women in senior management	21%	25% (objective-2014)	✓ 26%
Percentage of employees with a positive opinion on the Group's implementation of the 4 management principles	69%	71%	✓ 73%
Number of mobility assignments between entities and business lines	4 500	4700 (An average per year between 2013 and 2015)	✓ 5157 (An average per year greater to 4700)
Amount of Group's support to social entrepreneurship and microfinance	EUR 103M	EUR 200M excluding loans to social enterprises	✓ EUR 279M
Number of beneficiaries of the financial education courses designed or given by the Group	91 727	180 000	✓ 479900
BNP Paribas Group's annual corporate sponsorship budget	EUR 38,83M	Average annual budget over 2013/2015 greater or equal to the 2012 budget	✓ EUR 38,6M
Percentage of employees trained on-line on sector policies	5 000	Train 12,500 employees	✓ 20 373
GHG assessment	3,21 teq CO <sub>2</sub> / FTE	2,89 teq CO <sub>2</sub> /FTE (-10% vs 2012)	2,89 teq CO <sub>2</sub> / FTE ie-10% vs 2012
Total paper consumption (internal and client)/employee	165 kg / FTE	140 kg/employee ie -15% vs 2012	133 kg/employee ie -19% vs 2012
Percentage of employees having a favourable opinion on the way the Group conducts its corporate responsibility (Indicator summarising 4 questions)	71%	73%	72%



# OUR RESPONSIBILITY

## 4 PILLARS AND 12 COMMITMENTS TOWARDS

### THE ECONOMY

FINANCING THE ECONOMY IN AN ETHICAL MANNER

- ↓
- 1-Investments and financing with a positive impact
- 2-Ethics of the highest standard
- 3-Systematic integration and management of environmental, social and governance risks

### OUR PEOPLE

DEVELOPING AND ENGAGING OUR PEOPLE RESPONSIBLY

- ↓
- 4-Promotion of diversity and inclusion in the workplace
- 5-A good place to work and responsible employment management
- 6-A learning company supporting dynamic career management

### THE COMMUNITY

BEING A POSITIVE AGENT FOR CHANGE

- ↓
- 7-Products and services that are widely accessible
- 8-Combat social exclusion and support human rights
- 9-Corporate philanthropy policy focused on the arts, solidarity and the environment

### THE ENVIRONMENT

COMBATING CLIMATE CHANGE

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

### GOVERNANCE

- ↓
- driven by a culture of responsibility and integrity
- ↓
- based on best practices and
- ↓
- Involving the Board of Directors, the shareholders, the management and the whole Group
- ↓
- to ensure a sustainable future for our business and deliver a positive impact on society



# Dashboard 2016 – 2018\*

Pillar	Indicator	Baseline 2015	2018 Objective
Economic Responsibility	Share of corporate loans to companies strictly contributing to the achievement of the United Nations Sustainable Development goals.	15%	To be maintained at least at 15 %
	Percentage of employees trained on an ethics-related issue	No baseline, the action starts in 2016	More than 80% by the end of 2018
	Share of loans to companies subject to an environmental and social-management system specific to the concerned activity.	25%	40%
Social Responsibility	Percentage of women among the members of transversal executive committees across business lines and/or countries(*) Executive Committees	21%	23%
	Percentage of employees having at least 14 weeks of paid maternity leave and/or 6 days of paid paternity leave	74%	85%
	Percentage of employees reporting having been trained (any formats, including e-learning) during the last 12 months	74%	90%
Civic Responsibility	Yearly number of beneficiaries of microcredits allocated by microfinance institutions financed by BNP Paribas (calculated pro rata relative to the financing from BNP Paribas)	250,000	350,000
	Percentage of employees directly contributing to the promotion of human rights who have received related training	No baseline, the action starts in 2016	80% of the target population**
	BNP Paribas Group's annual corporate philanthropy budget	€38.6 million	Average annual budget over the 2016-2018 period greater than or equal to the 2015 budget
Environmental Responsibility	Amount of funding devoted to renewable energies	€7.2 billion	€15 billion in 2020
	GHG emissions	2.88 teqCO <sub>2</sub> /FTE	2.41 teqCO <sub>2</sub> /FTE in 2020
	Number of people made aware of climate change issues by BNP Paribas	70,000	140,000
Governance and Steering	Percentage of employees having a favourable opinion of the way the Group conducts its corporate social responsibility and its commitments as a responsible bank.(****)	69%	72%



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(\*) Out of approximately 500 Top executives.

(\*\*) Roughly 3,000 people.

(\*\*\*) This new question was included in the internal Global People Survey to replace the composite indicator used previously. These results therefore differ from the indicator for the period 2013-2015.

2

# CODE OF CONDUCT





# The set up of a new Code of conduct

(1/3)

## (extracts of the Foreword)

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- ✓ 'The Board of Directors and General Management of BNP Paribas share the conviction that the success of the bank depends directly on the behavior of each employee'.
- ✓ 'To do this, we must of course scrupulously comply with laws and regulations. At the same time, we must go further and make certain that every decision is guided by a deep sense of ethical responsibility. This begins with an ability to learn from inappropriate practices'.
- ✓ 'This Code of Conduct guides our thinking and our behavior. It expresses what we aspire to be: one of the most respected European banks with a global reach.'
- ✓ The Code of Conduct is a guide for our actions and decisions. There are no specific rules that can apply to every situation. Rather, the Code of Conduct should be sufficiently embedded to ensure that, aided by personal judgment, this spirit is always respected.



# The set up of a new Code of conduct

(2/3)

<b>Mission</b>	<b>Provide financing for the economy</b> and advice for our clients in an <b>ethical manner</b> , supporting them in their projects, investments and savings management, in compliance with the law and regulation.
<b>Values</b>	<b>4 strengths:</b> Solidity, Responsibility, Expertise, Good place to work <b>4 levers:</b> Agility, Culture of compliance, Client satisfaction, Open-mindedness
<b>Rules</b>	<b>Elaborated at Group level</b> and enforced in every business lines (Customer interest, financial security, market integrity, business ethics ...)
<b>Practices</b>	Employee <b>training</b> Use of <b>whistleblowing</b> procedure Incentive to be <b>exemplary</b>



# The set up of a new Code of conduct

(3/3)

★ Ongoing deployment in each division of the Group

The example of CIB: a « Conduct program » structured around 9 themes:

CIB Tomorrow Programme								
Conduct Workstream Steering Group – sponsored by <u>Y. Gerardin</u>								
Conduct Taskforce – led by XXX								
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
<b>Strategy &amp; articulation</b>	<b>Governance</b>	<b>Conduct Management Framework</b>	<b>People Management</b>	<b>Training</b>	<b>Client Segmentation and Journey</b>	<b>Product Management</b>	<b>Post-Trade</b>	<b>Management Information</b>
Sponsor: <u>XXX</u>	Sponsor: <u>XXX</u>	Sponsor: <u>XXX</u>	Sponsor: <u>XXX</u>	Sponsor: <u>XXX</u>	Sponsor: <u>XXX</u>	Sponsor: <u>XXX</u>	Sponsor: <u>XXX</u>	Sponsor: <u>XXX</u>
WG Lead: <u>XXX</u>	WG Lead: <u>XXX</u>	WG Lead: <u>XXX</u>	WG Lead: <u>XXX</u>	WG Lead: <u>XXX</u>	WG Lead: <u>XXX</u>	WG Lead: <u>XXX</u>	WG Lead: <u>XXX</u>	WG Lead: <u>XXX</u>
<ul style="list-style-type: none"> <li>• Conduct Principles</li> <li>• Conduct Dilemmas</li> <li>• Strategic planning</li> <li>• Comms</li> </ul>	<ul style="list-style-type: none"> <li>• Committees</li> <li>• Roles and Responsibilities</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct risk identification</li> <li>• Link to controls</li> <li>• Ongoing mgmt processes</li> </ul>	<ul style="list-style-type: none"> <li>• Performance management</li> <li>• Compensation</li> <li>• Non-comp incentives</li> </ul>	<ul style="list-style-type: none"> <li>• Case studies and P2P training</li> <li>• E-learning</li> <li>• New joiner training</li> <li>• Leadership development</li> </ul>	<ul style="list-style-type: none"> <li>• Client segmentation</li> <li>• Suitability framework</li> <li>• Pricing guidelines</li> <li>• Disclosure guidelines</li> </ul>	<ul style="list-style-type: none"> <li>• NAC process</li> <li>• Product shelf review</li> <li>• Product mgmt guidelines</li> <li>• Guidelines for grey areas</li> </ul>	<ul style="list-style-type: none"> <li>• Product performance</li> <li>• Client feedback</li> <li>• Client complaints</li> </ul>	<ul style="list-style-type: none"> <li>• Metrics</li> <li>• Reports</li> <li>• Evidencing</li> </ul>



Initiative to raise awareness: the «**Conduct Week**»

- ✓ Conferences in several places (for example: « Conduct gone wrong, a real life example », or « Conduct from a client perspective »...)
- ✓ Supported and animated by the daily publication of the « CIB Conduct chronicle »



**3**

# **A NEW SECTOR POLICY: AGRICULTURE**



# New financing and investment policy for the agricultural sector\*

(published August 2015)

- A **sector challenged** by rising demand, adapting to changing food consumption patterns in developing countries, and addressing demand for more sustainable farming practices.
- Various environmental and social issues,
- A **major sector for the Group**: €30bn in exposure to agricultural commodities.

## Major agriculture-related challenges



- A clear position regarding financial products whose underlying assets are related to agricultural commodity prices:

To ensure that the Group's financial products do not destabilize the agricultural commodity market, BNP Paribas has made a commitment not to offer individual or institutional investors internal funds that entail exposure to food commodities.

- This policy joins the Bank's commitments to prevent deforestation set out in its palm oil and wood pulp policies.
- An employee training module available in seven languages.



# 4

# ENERGY TRANSITION FINANCING



# ENERGY TRANSITION FINANCING STRATEGY

## BNP PARIBAS' NEW COMMITMENTS TO THE ENERGY TRANSITION

### REDUCE OUR EXPOSURE TO COAL



- STOP FINANCING COAL-FIRED POWER PLANTS IN HIGH-REVENUE COUNTRIES, AND REINFORCE THE SELECTION CRITERIA IN OTHER COUNTRIES
- ONLY FINANCE COMPANIES WHICH ARE COMMITTED TO DIMINISHING THE SHARE OF COAL IN THEIR PRODUCTION
- STOP FINANCING COAL MINES

### FINANCE THE ENERGY TRANSITION



DOUBLE OUR FINANCING IN RENEWABLE ENERGIES.

TARGET: €15 BILLION BY 2020



RANK AMONG THE TOP 3 ISSUERS OF EURO-DENOMINATED GREEN BONDS

### ACCOMPANY TECHNOLOGICAL INNOVATION



SUPPORT INNOVATIVE START-UPS TO ACCELERATE THE ENERGY TRANSITION.

INVESTMENT:  
€100 MILLION BY 2020

### STRENGTHEN CARBON RISK MANAGEMENT

- SYSTEMATIC USE OF INTERNAL CARBON PRICE
- ADAPTATION OF RATING METHODOLOGIES TO TAKE CLIMATE CHANGE INTO ACCOUNT IN COMPANIES AND PROJECTS FINANCING

### COMBAT DEFORESTATION

BNP PARIBAS SIGNED THE BEI SOFT COMMODITIES COMPACT AND COMMITTED TO A NET ZERO DEFORESTATION OBJECTIVE IN ITS FINANCING AND INVESTMENT ACTIVITIES.

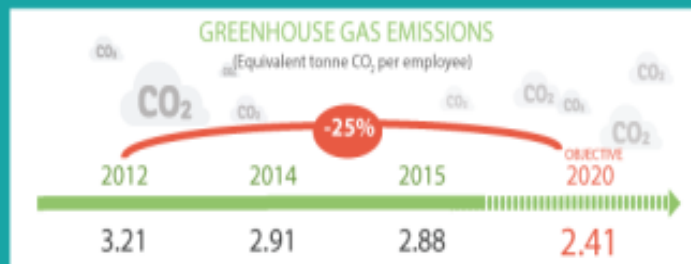
CRITERIA TO PROTECT FORESTS ARE INCLUDED IN AGRICULTURE, PALM OIL AND WOOD PULP SECTOR POLICIES.

### INVEST IN LOW CARBON ECONOMY

BNP PARIBAS INVESTMENT PARTNERS SIGNED THE MONTREAL CARBON PLEDGE AND THE PORTFOLIO DECARBONIZATION COALITION, WHICH ENGAGE TO MEASURE, PUBLISH AND REDUCE THE CARBON FOOTPRINT OF MANAGED FUNDS.

BNP PARIBAS OFFERS INVESTORS A LARGE RANGE OF LOW CARBON FUNDS.

### REDUCE OUR OWN GREENHOUSE GAS EMISSIONS



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# Implement our energy transition strategy (1/2)

## Rigorous management of non-financial risks

Progress Status

- **Reduce our exposure to coal**

- ✓ Update our public policies
- ✓ Define guidelines for implementing our commitments
- ✓ Analyze the diversification strategy of energy clients
- ✓ Terminate relations with clients who fail to comply with our selection criteria
  - It has been decided to stop the relations with 20 clients, representing a credit authorization amount of 1bn€.



- **Manage indirect energy transition-related risks in close coordination with the Risks department**

- ✓ Include an internal 'carbon price' in investment profitability calculations (pilot project in 2016)
- ✓ Integrate 'carbon risk' and 'climate-change resilience' into counterparty ratings
- ✓ Introduce 'climate risk' into the Risk Appetite Framework and propose a list of relevant indicators for managing it
- ✓ Respond to the banking regulator's request to build climate-risk resilience into our investment portfolios, in coordination with other financial players





# Implement our energy transition strategy (2/2)

## Helping clients make the transition to a carbon-free economy

Progress Status

- **Renewable energies**
  - ✓ Develop Green Desks in retail markets to support small and mid-size businesses
  - ✓ Global review of the Renewable energies financing
- **€100m investment in innovative start ups that contribute to the energy transition**
  - ✓ A governance and a dedicated team within Principal Investment (own-account investment's team)
  - ✓ A first investment decision taken
- **Asset Management:**
  - ✓ 19Bn€ carbon-free AUM at end 2015
- **Sustainability, a cornerstone of the CIB of Tomorrow, 13 projects, including:**



Investments in renewable energies  
BNP Paribas leader in financing  
offshore wind farms in Europe

Green bonds  
3,2bn€ issued in 2015

Financing the subcontracting chain  
ex : supplier finance program relying on  
the fulfillment of E&S criteria developed  
for Puma

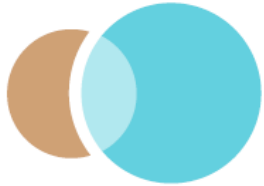


**5**

# APPENDIX



# Positive appraisal of BNP Paribas & improvement in non-financial rankings



**No.2 bank** in the sector of diversified bank according to **Vigeo's ranking with an overall rating of 63/100**



**No. 13 in the banking sector** out of 411 companies assessed (79/100) according to **Sustainalytics' ranking**

BNP Paribas is present in major CSR indexes:

- **DJSI World and DJSI Europe**
- **Vigeo World 120, Europe 120, France 20**
- **FTSE4Good Index series**
- **UN Global Compact 100 Index\***
- **Stoxx Global ESG Leaders**



BNP Paribas carbon reporting was scored **99A-** by **Carbon Disclosure Project** in 2015

BNP Paribas is included in the **Dow Jones 'World' and 'Europe' Sustainability Indexes** (September 2016).

BNP Paribas has achieved an overall score of **87/100** (up five points versus 2015)

*The Magazine for Clean Capitalism*

**Corporate Knights**

•BNP Paribas gained 47 places compared to 2015 in the **2016 Global 100 Most Sustainable Corporations** (no.35)



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