

CSR 2017 & 2018 HIGHLIGHTS



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Tone at the top: CSR is at the heart of BNP Paribas' DNA

BNP Paribas created a Company Engagement department in September 2017, which lays on 2 ambitions:

- Strengthening its excellence in all topics related to CSR
- Responding to major issues facing society



Coordination between the Board and the Metiers to develop commercial offers linked to the above transversal matters of society, in line with the United Nations Sustainable Development Goals (SDGs)

Company Engagement ongoing topics gather internal and external initiatives:

- Creation of (i) a directory of products & services with positive impact and (ii) training programs both for all staff and for experts populations (e.g. LfC and LfT)
- Implementation of a strategic watch and launch of an Engagement barometer

2017-2018 highlights



▶ 155 billion euros as of end 2017 vs. 135 as of end 2016, in financings to support energy transition and sectors considered as directly contributing to SDGs*



▶ Support to social companies, microfinance and associations for 5.1 billion euros as of end 2017



▶ 6 billion USD of **green bonds** for which BNPP was joint lead manager for its clients in 2017 (+116% vs. 2016)

▶ Issuance of **BNP Paribas second green bond** for 500 million euros in April 2018

▶ **Carbon neutrality** as of end 2017 for BNPP operational scope



▶ **End of financing** of companies & infrastructures whose main activities are linked to **shale gas and/or shale oil and/or oil sands**, as well as projects dedicated to the exploration and production of **oil and gas in the Arctic region**



▶ **End of financing and investment activities** for tobacco industry companies

** Including sustainable bonds' placement and CSR funds*



The CSR policy: a major component of the Group's Engagement strategy

Strengthening of Group CSR through the creation of the Company Engagement Department

As of September 2017, CSR is part of the new Company Engagement Department...

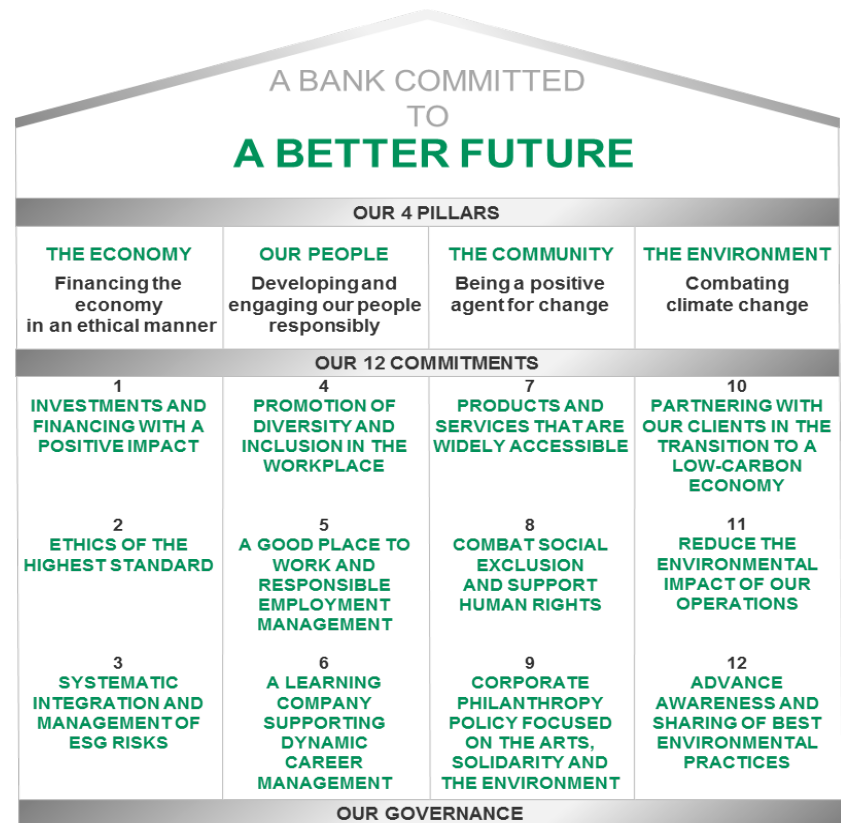
- Headed by an Executive Committee member fully dedicated to Company Engagement
- Working with all BNP Paribas' business lines, and more specifically: Group CSR, Group Diversity and Group Communication

CSR is an integral part of our culture and strategy

- Top senior managers have CSR criteria integrated into their deferred variable compensation
- The CSR policy remains unchanged, structured around 4 pillars and 12 commitments

Consolidation of CSR policies' governance

- Decisions made by the Group Executive Committee and GSCC (Group Supervision and Control Committee, chaired by the Group's CEO)
- Reinforcement of the operational application of these decisions, notably through the Executive Committee, CSR committee Risk and Compliance committees...



Report on the achievement of the 2016-2018 steering objectives at end 2017: 10 out of 13 have been achieved or are in line with the objectives

	Indicator	2015 baseline	2016 value	2017 value	2018 Economic
GSIS objective	Share of loans to companies contributing strictly to the achievement of UN Sustainable Development Goals	15%	16.6%	16.5%	Maintain at least at 15%
	Percentage of employees trained on an ethics-related issue	No baseline action starts in 2016	96.3%	96.2%	Over 80%
	Share of loans to companies subject to an environmental and social management system which is specific to the concerned activity	25%	28%	54.9%	40%
GSIS Social	Percentage of women among the members of cross-functional executive committees across business lines and/or countries (out of a population of around 500 people)	21%	24%	25%	23% (25% in 2020)
	Percentage of employees having at least 14 weeks of paid maternity leave and/or six days of paid paternity leave	74%	81%	82%	85%
	Percentage of employees reporting having been trained (any format, including e-learning) over the past 12 months	74%	85%	86%	90%
GSIS Civic	Annual number of beneficiaries of microloans distributed by microfinance institutions financed by BNP Paribas (on a prorata basis of the financing issued by BNP Paribas)	250,000	309,000	289,000	350,000
	Percentage of employees contributing directly to the promotion of human rights who have received a specific training	No baseline action starts in 2016	13%*	70%	80% of the target population (around 3,000 people)
	The BNP Paribas Group's annual sponsorship budget	€38.6M	€40.4M	€40.2M	Average yearly budget over the 2016-2018 period greater or equal to the 2015 budget
GSIS Environmental	Financing for renewable energies	€7.2 billion	€9.3 billion	€12.3 billion	€15 billion in 2020
	Greenhouse gas emissions	2.89teqCO ₂ /FTE	2.72teqCO ₂ /FTE	2.54teqCO ₂ /FTE	2.41teqCO ₂ /FTE in 2020
	Number of people made aware of climate issues by BNP Paribas	70,000	116,000	60,698	140,000 over the period 2016-2018
GSIS Governance	Percentage of employees with a positive opinion of how the Group discharges its social and environmental responsibility and its commitments as a responsible bank (new question introduced in the GPS)	69%	70%	73%	72%

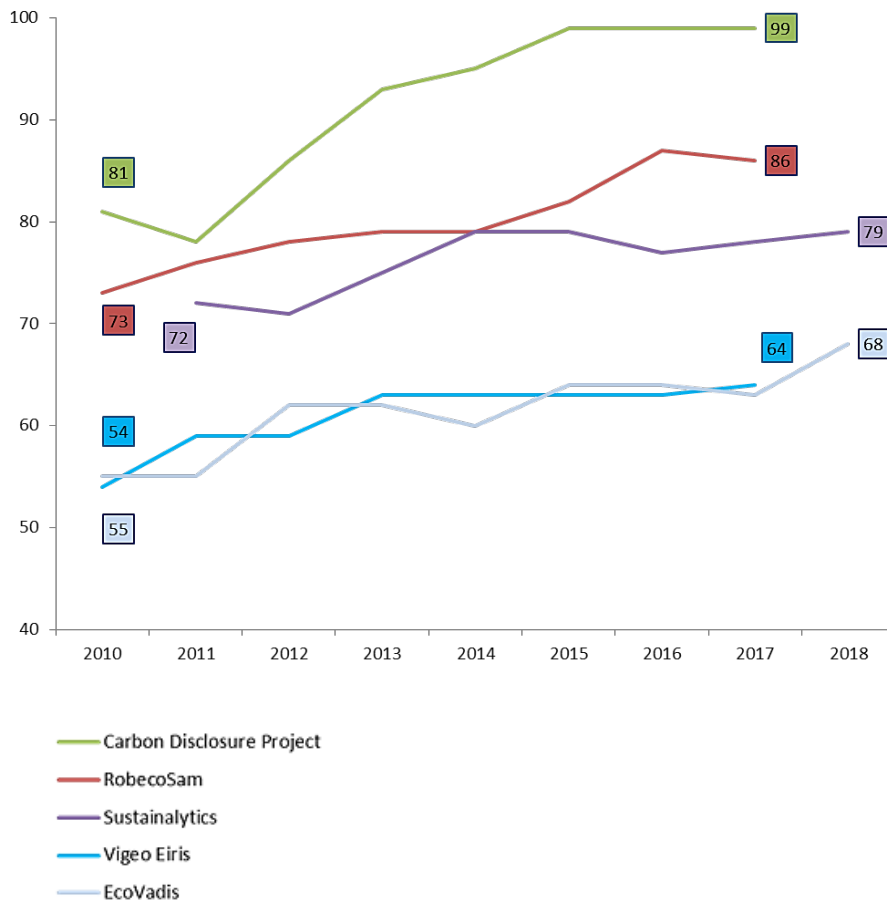
* Training deployed in 2016 for a reduced target of employees



A good CSR driver more and more recognised by extra-financial agencies and independent experts



A high positioning in constant increase in the extra-financial indexes



BNP Paribas has been named as the “World’s Best Bank for Sustainable Finance” for 2018, by Euromoney, a leading publication in the international finance field



BNP Paribas is identified as the European leader for climatic risk management for ShareAction (British NGO promoting responsible investment)



BNP Paribas appears for the 4th year in the demanding ranking of the « Global 100 Most Sustainable Corporations »



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HIGHLIGHTS



New regulations and initiatives for the energy transition

- BNP Paribas already complies with the reporting requirements of **article 173 of the French Energy Transition for Green Growth Act**
- ✓ BNP Paribas Cardif and BNP Paribas Asset Management report on the carbon impact of their funds, in line with the article 173 of the French Energy Transition law

- BNP Paribas is preparing to comply with the **European Directive on Non-Financial Reporting** as transposed into the French law
- ✓ BNP Paribas is compliant with the article 225 of the Grenelle II Act in France, and the Group already consolidates its data in its annual Registration Document (with a dedicated section on ESG risk management);
- ✓ An update of its Registration Document is planned in line with this new regulation by 2019 – for 2018 exercise (business plan integration, materiality analysis...)

- **European Commission's Action Plan on Financing Sustainable Growth**
- ✓ 2018: the EU Action Plan is released in accordance with the HLEG's recommendations, and 10 actions are defined in order to:
 - Improve the contribution of finance to sustainable and inclusive growth
 - Strengthen financial stability by incorporating ESG factors into decision making
- ✓ Creation of a technical expert group of 30 people, representing a wide range of financial, economic as well as academic and NGOs, in which BNP Paribas participates with Helena Vines Fiestas (head of Sustainability Research at BNPP AM) as a representative
- ✓ A BNP Paribas position paper on the Action Plan to be delivered



Preparation of the Group's Vigilance Plan in compliance with French regulations

2017 Report:

- Reflects the existing setup within the Group as regards the management of CSR risks
- 1st year of reporting: commitment of an approach of continuous improvement

2018 Report:

- Will require to clarify/formalise more the plan and to report on its implementation



Current situation:

- The systems in place to identify and manage risks (i.e. on human rights, health/safety and the environment) enable BNP Paribas to meet the law's requirements for 2017

Outlook:

- An action plan has been implemented in 2018 to complete the existing systems



Pursuing our active contribution to the achievement of the UN Sustainable Development Goals



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- **155 billion euros** as of end 2017, vs. **135** as of end 2016, in financings to support energy transition and sectors considered as directly contributing to SDGs*
- The target is to reach **185 billion euros** by 2020, with an increase of 10 billion euros in average between 2018 and 2020

5.1 Bn€: amount **as of 2017** of BNP Paribas' support to associations and social enterprises (investments for third parties, financing, sponsorship and volunteering) **contributing to the SDG #10 "Reduced inequalities"**

The target is to reach **6 Bn€** by 2020

165,000 hours as of end 2017 of skill-based volunteering hours dedicated by BNP Paribas' employees

The target is to reach **1 million hours** by 2020

* Including sustainable bonds' placement and CSR funds



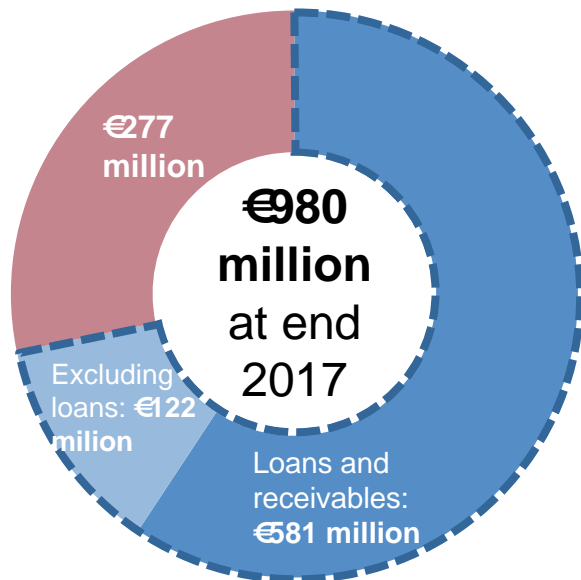
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A leadership position in support for social entrepreneurship

Microfinance:

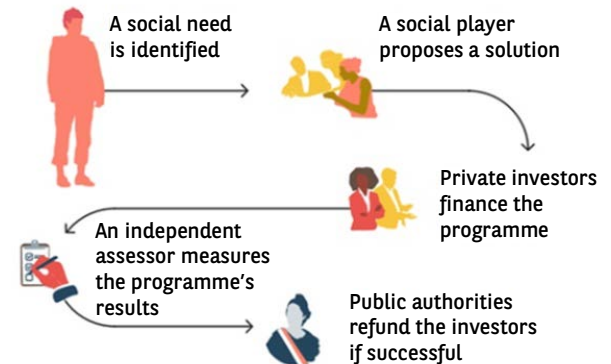
Support for 35 Microfinance Institutions in 17 countries for **€277 million** at end 2017



Social entrepreneurship:

Support for almost 1,100 social companies in 7 countries for **€718 million** at end 2017, of which €581 million in loans

Contrats à Impact Social (CIS) or Social Impact Bonds (SIB):



At end 2017, 7 out of 13 Social Impact Bonds labelled by the French State were structured by BNP Paribas.

5 are to be signed in 2018:

- Article 1 (fight against school dropout)
- Fondation d'Auteuil (child protection)
- La Cravate Solidaire (coaching for job interviews)
- Solidarités Nouvelles face au Chômage (social inclusion)
- Wimoov (travel better, improve employability)

In addition, 1 SIB "Pay for Success" structured in the US:

- State of Connecticut (child protection by helping ensuring family stability)

And another in favour of veterans which is currently under progress.

ACTFOR IMPACT

Label created by BNP Paribas for social entrepreneurs

- Objectives: to provide specific support, accelerate projects and provide access to key partners
- Participation in the new French Impact for the Social and Solidarity Economy (ESS) project announced by the French Government in January 2018

** Post Traumatic Stress Disorder*



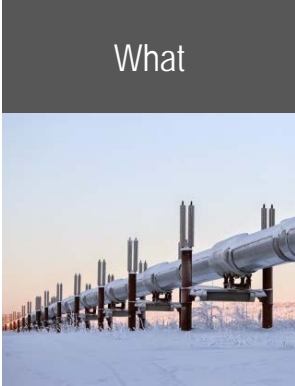
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Implementation of a new sector policy at the end of 2017 to manage non-conventional Oil & Gas activities

Overall background

What



- Shale gas, shale oil and oil sands
- The **pipelines** transporting non-conventional oil and gas and the **terminals for exporting LNG** (liquefied natural gas) fed by non-conventional gas
- The exploration and production of oil and gas in **the Arctic region**

Why



- Since the Paris Agreement, the world is committed to move towards a **low-carbon world**, and BNP Paribas intends to support this movement
- **Difficult access** to non-conventional oil and gas makes their production and use **more likely to generate negative impacts on the environment**
- Numerous infrastructure projects (LNG pipelines and terminals) stimulate demand and should intensify production
- BNP Paribas' objective is both to **manage this sector** and **support its customers in their own energy transition approach**

Sector policy

December 2017:
Entry into force of the Sector Policy on non-conventional oil and gas

- **End** of relations with **producers** whose main activities are the exploration or production of shale gas and/or shale oil and/or oil sands
- **End** of relations with **customers** whose main activity is trading in shale gas and/or shale oil and/or oil sands
- **End** of **financing for projects** primarily dedicated to the land transport of shale gas and/or shale oil and/or oil sands, and LNG terminals dedicated to the export of shale gas
- **The policy is worldwide** and affects all BNP Paribas Group employees, although the immediate impact will be felt more strongly in North America



Pilot testing the impact of an internal carbon price on the customers of our loan portfolio

2018: Pilot Phase

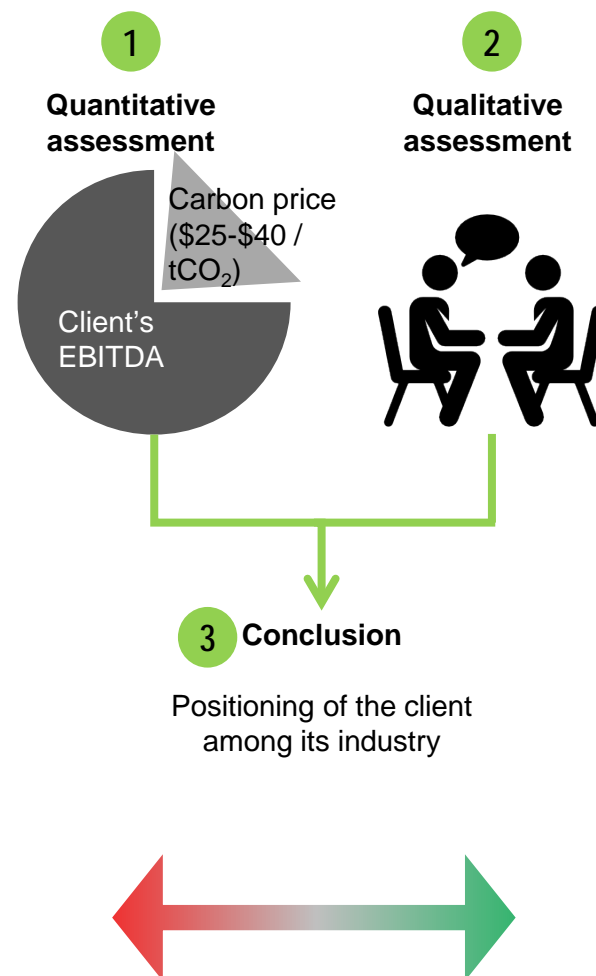
- In 2015, BNP Paribas committed to progressively integrate the use of an internal carbon price in its financing decisions.
- After having developed the tool in 2017 for 8 industries* identified as highly sensitive to carbon risks, a pilot phase has been launched in 2018. The goal is to test the methodology on the 3 geographies (EMEA, APAC, Americas) and for all the industries, on a selection of clients, and to organize trainings throughout the Group.
- Full roll-out is scheduled for 2019.

Details of the Carbon Risks Analysis

At the occasion of annual reviews and new entries for both corporate and projects, analysts will have to:

1. Make a quantitative assessment by running sensitivities on client's EBITDA by using our shadow carbon price scenario.
2. Complete this analysis by a qualitative analysis based on the information collected by the RM or SB, about the strategy of the client regarding its GHG emissions.
3. Conclude this analysis by proposing the positioning of the client among its industry (most sensitive up to best-in-class).

**Power Generation, Thermal Coal, Oil & Gas (upstream & downstream), Transportation (Automotive, Airlines, Trucking and Shipping), Agrifood (Processed & Packaged Food, Grains & Oilseed, Dairy, Meat), Aluminum Smelting, Steel, Cement*



Financing proactively the “green” economy



Renewable energies

- BNPP allocated **€12.3 billion** to renewable energies at end 2017
- Increase of **+32% vs. 2016** (€9.3 billion)
- In line with the **2020 target of €15 billion**, which will more than double the €6.9 billion of 2014



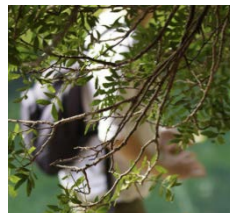
Developing sustainable products

- CIB's sustainable finance
- **30.3 Bn€** of sustainable bonds for which BNPP was joint lead manager for its clients between 2012 and June 2018, mainly “green”^{***}
- 2018 first half amounts more than **20 Bn€**
- BNP Paribas is in the world's **top 3 sustainable bonds issuers**



Pointing savings towards Energy Transition

- BNPP Asset Management
- BNP Paribas Green Business (launched in 2018): 10% will be invested in a fund that directly invest in SME in the Energy Transition and the other 90% will be in companies fighting climate change



Energy efficiency for individual customers

- Personal Finance : **2Bn€** of outstanding
- BNPP Fortis proposes a better rate (1.95%) for renovation impacting energy consumption: market share x2



Carbon offsetting

- BP2S ClimateSeed to be launched mid 2018
- Facilitation of carbon emissions offsetting both for corporates and asset managers



Supporting innovation

- **100 M€** to be invested by 2020 in innovative start-ups active in the energy transition, with **20m€** as of end 2017. For example:
 - Heliatek (solar thin films)
 - Sunna Design (off grid solar street light)
 - STEM (behind-the-meter storage)
 - Demeter Venture (seed fund for start-ups in the field of energy transition)

* European Emission Trading Scheme (2 Bn allowances traded, Governance auctions) ** Renewable Energy, Energy Efficiency or Mobility



BNP Paribas has been carbon-neutral for its operational scope since the end of 2017

The implementation of carbon neutrality for the Group is based on 3 focuses:

1. 25% reduction in the carbon footprint of employees between 2012 and 2020 (already -21% in 2017)
2. Purchase of low-carbon electricity wherever possible
3. Compensation of residual emissions via reduction programmes with partners:
 - **Wildlife Works**, which preserves and replants forests in Kenya and helps local people to avoid new forest destruction
 - **Good Planet**, which provides gas bio-composters in India, thus avoiding CO2 emissions and preserving forests, whilst relieving women of the job of collecting wood



Biodiversity

■ 2020: a major deadline for biodiversity

- ✓ 2011-2020: United Nations' Decade on Biodiversity
- ✓ 2020: 15th meeting of the **COP on Biodiversity** in Beijing is expected to update the UN Convention on Biological Diversity in a "**New Deal for Nature**" which will prepare the post-2020 biodiversity framework
- ✓ **IUCN** (International Union for Conservation of Nature) will hold its World Conservation Congress in France in 2020
- ✓ Looking forward 2020 with the "**Act for Nature**" initiative: scientists, associations for the protection of Nature, governments and companies are mobilizing the world actors for biodiversity
- ✓ "**Entreprises pour l'Environnement**" (EpE) is a part of the Act for Nature initiative and J-L. Bonnafé will be the president since 2019

■ Biodiversity: a raising topic for BNP Paribas

- ✓ BNP Paribas is already a member of the "**Zero Net deforestation**" initiative and **4 policies** provide a framework to sectors related to forest protection
- ✓ More generally, the whole topic of biodiversity is being looked at, including between others: protection of Nature, forests, oceans



BNP Paribas ends its financing and investment activities for tobacco companies

BNP Paribas' previous position

At the end of 2016, a restrictive position

- **Dialogue with customers** to encourage good practices and end of commercial relations if the practices remained unacceptable
- **Limited commitments:** no increase in exposure, short term commitments favoured, restrictions in countries known for trafficking

2016-2017, global disengagement movement

- **Pension funds** (CalPERS, PGB, Asgard, Telstra, BT), **banks** (ABN Amro, ANZ, BNZ, Westpac), **sovereign funds** (Retirement Reserve Fund, Irish Sovereign IF), **fund managers** (AMP Capital, Actiam), **insurers and reinsurers** (AXA, SCOR) massively disengaged from the tobacco industry
- The rating agency, Vigeo Eiris, **downgraded all tobacco companies**

The Group's new position

On November 24th, 2017, the Group announced that it was ending its financing and investment activities for tobacco industry companies



On 29 November 2017, Jean-Laurent Bonnafé presented the Group's decision at the Business and Human Rights Forum of the United Nations

Human Rights Council

- Tobacco is added to the **Exclusion Lists** of certain goods and activities of BNP Paribas;
- The decision impacts all commercial relations held by the Group with companies in the tobacco industry, as well as the investments made on behalf of third parties.

On September 26th, 2018, on the sidelines of the 2018 UN General Assembly, the Tobacco Free Finance Pledge will be launched by the NGO Tobacco Free Portfolio and several UN organisations (PRI, PSI and UNEP-FI) to represent a new collaboration between the health sector, governments, civil society and global finance actors, among which BNP Paribas. The objective is to accelerate progress towards a tobacco-free future, in line with the UN SDGs, in particular SDG n°3 Health & Wellbeing and SDG n°17 Partnerships.



In September 2017, the United Nations Global Compact excluded tobacco companies from membership



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APPENDIX



BNP Paribas has implemented partnerships with UNEF, the Bill & Melinda Gates Foundation and the Solar Impulse Foundation



Collaboration between BNP Paribas and the United Nations Environment Programme (UNEP) to promote sustainable growth in emerging countries

- Aim of reaching \$10 billion in investments by 2025 in developing countries
- Support for project owners with, amongst others, access to renewable energies, access to water, responsible agriculture

BILL & MELINDA
GATES foundation



Partnership between the BNP Paribas Foundation and the Bill & Melinda Gates Foundation to support climate research in Africa

- Creation of a programme endowed with US\$15 million over 5 years, the One Planet Fellowship, financed equally by the 2 foundations
- Aim of supporting European and African researchers in order to help Africa adapt to climate change
- Aim of federating the scientific communities working on this issue



Partnership between BNP Paribas Switzerland and Bertrand Piccard's Solar Impulse Foundation

- Creation of the World Alliance for Efficient Solutions, which aims to promote 1,000 profitable and environmentally-friendly solutions during the COP 24
- Aim of demonstrating that viable and operational solutions exist, and thus encouraging political decision-makers to develop and implement them

THANK YOU!

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