

CSR 2016 & 2017 HIGHLIGHTS



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BNP PARIBAS

The bank for a changing world

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2016-2017: CSR BETWEEN CONTINUITY AND ENHANCEMENT



A CSR strategy firmly aligned with the UN Sustainable Development Goals



Main achievements

★ Many innovative « first steps »

- 1st ever Social Impact Bond in France signed in presence of the President François Hollande for ADIE
- 1st Social Impact Bond in the US for the state of Connecticut:
- One of the 4 founding companies of the charitable foundation, *La France s'engage*, that supports social innovation initiatives, was recognized as a public-interest organization
- 1st BNP Paribas Green Bond issuance (500M€) mobilizing debt capital markets to refinance current Renewable Energy projects in Europe
- 1st investments in innovative green start ups in line with our target to invest 100M€ by 2020
- Partnership with the World Bank to create and disseminate structured products linked to performance as measured against the SGD's World Indices
- Public position on tobacco
- Group commitment to become "carbon neutral" by end-2017 in terms of the CO emissions arising from its own operations



★ Pursuing transversal actions in the long term

- Strengthening of the Group's Environmental Commitments to the protection of ecosystems
- Strengthening of the Coal sector policy: commitment to no longer finance any coal-fired electricity generating stations, regardless of the country in which it is located
- Doubling the support for renewable energy (EUR 9.3bn in 2016 over EUR 15bn by 2020)
- Extension of BNP Paribas' initiative to assist refugees in Europe until 2018 (EUR 5 million funding envelope)



CSR initiatives expanded in all entities of the Bank

- Products and services conceived to support our clients in their energy transition
 - ✓ **BNP Paribas Leasing Solutions** launched a long-term leasing offer for corporates and the public sector to finance LED lights
 - ✓ **BNP Paribas Personal Finance** signed new partnerships in France, Belgium, Italy and Portugal in order to finance energy efficiency and renewable energy sources for private customers
 - ✓ **BNP Paribas Real Estate** one of the winners of the tender for green urban projects “Reinventing Paris”
 - ✓ **BNP Paribas Asset Management** discloses the carbon footprint of 100 funds and offers a range of low-carbon funds totalizing EUR 25bn

- Investment and financing with a positive impact on society
 - ✓ **French Retail Banking** has contributed to create or maintain **820,000 jobs in France** thanks to EUR 50 million credits granted to 46,000 enterprises in 2016
 - ✓ **Corporate Institutional Banking** designed a program to improve its client **Puma’s** supply chain in a more responsible way
 - ✓ EUR 890 million exposure (loans and investments) to **microfinance and social entrepreneurship** (+40%/2015)



Well on the way to meet 2018 objectives



Group Sustainability and Incentive Scheme :
20 % of the long-term incentive plan is determined by 9 of the CSR criteria below

	KPI	2015 baseline	2016 value	2018 target
GSIS Economic	Share of loans to companies contributing strictly to the achievement of UN Sustainable Development Goals	15 %	16.6 %	Maintain at least at 15%
	Percentage of employees trained on an ethics-related issue	No baseline, the action starts in 2016	96.3 %	More than 80%
	Share of loans to companies subject to an environmental and social management system which is specific to the concerned activity	25%	28 %	40%
GSIS Social	Percentage of women among the members of transversal executive committees across business lines and/or countries	21%	24 %	23% (25% en 2020)
	Percentage of employees having at least 14 weeks of paid maternity leave and/or six days of paid paternity leave	74%	81 %	85%
	Percentage of employees reporting having been trained (any format, including e-learning) over the past 12 months	74%	85 %	90%
GSIS Civic	Yearly number of beneficiaries of micro-credits allocated by microfinance institutions financed by BNP Paribas (calculated pro rata relative to the financing from BNP Paribas)	250,000	309,000	350,000
	Percentage of employees directly contributing to the promotion of human rights who have received a dedicated training	No baseline, the action starts in 2016	13 %*	80% of the target population (around 3,000 people)
	BNP Paribas Group's annual philanthropy budget	38.6M€	40.4 M€	Average annual budget over 2016-2018 greater or equal to the 2015 budget
GSIS Environmental	Amount of funding devoted to renewable energies	7.2Bn€	9.3 Bn€	15 Bn€ in 2020
	GHG emissions	2.89teqCO ₂ / ETP	2.72teqCO ₂ / ETP	2.41 teq CO ₂ /ETP in 2020
	Number of people made aware of climate change issues by BNP Paribas	70,000	116,000	140,000
GSIS Gov.	Percentage of employees having a favourable opinion on the way the Group conducts its corporate responsibility and its commitments as a responsible bank	69%	70 %	72%



CSR embedded at all strategic levels of the Bank

1. CSR integrated in the 2017-2020 Development Plan

A responsible growth strategy in all activities:

- ✓ Group's corporate culture marked by a high sense of Ethics responsibility
- ✓ A positive impact for our society through our financing and philanthropic actions
- ✓ A key role to play in the transition to a low carbon economy

2. Extra-financial risks integrated in the Group's Risk Appetite Framework

A risk evaluation process composed of 2 key indicators:

- ✓ Environment : evolution of the energy mix financed by the Group
- ✓ ESG risks : coverage of credit portfolio by specific CSR procedures

3. Integration of CSR strategy and news in the Group's publications and communication material:

- ✓ 2016 : Group annual Activity Report and Corporate Social Responsibility Report combined into a single publication
- ✓ Integration of extra-financial subjects to the communication on quarterly results



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NEW COMPANY ENGAGEMENT DEPARTEMENT



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

- As of 1st September 2017, CSR will be overviewed by the new **Company Engagement Department** :
 - It will be headed by Antoine Sire and directly represented on the Group's executive Committee
 - It will work with all BNP Paribas business lines, and more specifically:
 - Group Communication
 - Group CSR
 - Group Diversity

- It will define and implement the company's engagement strategy relating to key fields for the future of our society:
 - Economic development;
 - The environment and energy transition;
 - Social inclusion and regional development;
 - Diversity and respect of human rights.



“Today’s social and environmental challenges require that our group contribute even more actively to sustainable growth. We have therefore made a decision to put in place a structure to support this ambition at all levels of the Group. With Bertrand Cizeau, Laurence Pessez, Barbara Levéel and their teams, Antoine Sire will have the ability to bring together all BNP Paribas’ forces, to implement an ambitious company engagement strategy and support the development of all business lines”



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NEW SOCIAL AND ENVIRONMENTAL REGULATIONS



Adapting and complying with new social and environmental regulations

- The publication of **BNP Paribas' actions focused on the environment**:
 - ✓ complies with reporting requirements of **article 173 of Energy Transition for Green Growth Act**, and is endorsed as such by our Statutory Auditors;
 - ✓ allows the Group to directly contribute to work carried out by the French Prudential Supervision and Resolution Authority (ACPR) regarding the establishment of a **"climate stress test" methodology**
 - ✓ is already largely in line with **TCFD's recommendations** (Task Force on Climate-related Financial Disclosures) organized by the Financial Stability Board, whose previous dialogue at end-2016 was addressed by the Group

- In terms of civic and social responsibilities, BNP Paribas also has to adapt with new regulations **regarding transparency and respect for human rights**:
 - ✓ The **UK "Modern Slavery Act"** :
 - BNP Paribas published its "Modern Slavery and Human trafficking Statement" on the 23rd of May 2017, reporting transparently the measures put in place to prevent slavery and human trafficking in its direct operations or supply chain.
 - ✓ The French **corporate duty of vigilance law**, applying to parent companies and contracting companies:
 - Adopted in February 2017, this law requires multinational French companies to "establish and implement a diligence plan which should state the measures taken to identify and prevent the occurrence of human rights and environmental risks resulting from their activities, the activities of companies they control and the activities of sub-contractors and supplier, in France and abroad"
 - BNP Paribas is currently involved in working groups and conferences to prepare the implementation of this law in 2018 (topics covered; risks mapping, early-warning mechanism, monitoring of measures put in place...)



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INVESTMENTS AND FINANCING WITH A POSITIVE IMPACT



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

- ✓ **BNP Paribas is the only bank that has a quantitative objective to measure its contribution to the SDGs**
 - KPI: "Share of loans to corporate clients contributing strictly to the attainment of the United Nations SDGs"
 - Managed annually (16.5% in 2016)

- ✓ **A range of products to point savings towards the SDGs**
 - SDGs Everyone: partnership with the World Bank to create and disseminate structured products linked to performance as measured against the Solactive Sustainable Development Goals World Indices
 - Thematic SRI funds that directly address certain SDGs: BNP Paribas Aqua, BNP Paribas Smart Food, BNP Paribas Human Development

- ✓ **Promotion of the SDGs**
 - The objective of BGZ, partner of the "SDGs in Practice" programme in Poland, is to implement the SDGs in corporate strategies
 - BNP Paribas Fortis, signatory of the Belgian SDG Charter, has committed to contributing to UN SDG 17 (promoting partnerships)
 - In the UK, "What's my impact" internal communication campaign in relation to the SDGs
 - In France four conferences cycle for employees in 2017



Social Impact measurement: contributing to the elaboration of a methodology that is essential for the development of social enterprises and SIB

A rapidly growing market segment where we want to become the benchmark bank

- EUR 890 million of exposure to microfinance and rapidly growing social entrepreneurship (+40%/2015)
- Support comprising loans (87%) and investments (13%)
- Nearly 1,000 clients in 7 countries
- 36 microcredit institutions financed in 15 countries

1. Developing the market of Social Impact Bonds (an innovative form of financing to respond to the needs of socially-minded companies)

- ✓ In November 2016, the **1st French Social Impact Bond (SIB)** was signed in the presence of François Hollande
- ✓ BNP Paribas collaborated with the **General Directorate of the Treasury** to establish a standard for this new financial innovation product, created to have a social impact



2. Being a key player in impact measurement

- ✓ Built in partnership with the *Caisse des Dépôts*, **MESIS** is a tool developed for measuring and monitoring social impact, developed to meet the evaluation needs of the investments of the **NovESS** fund of €100M for social and solidarity entrepreneurship in which BNP Paribas invested €10M.
- ✓ Goal: making MESIS the market standard in France.
- ✓ Progress: a joint trademark registration is in progress.



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ENERGY TRANSITION STRATEGY



Coal: a sector policy at the highest standards of the market

- ✓ The **European banks are the most advanced*** in terms of regulating the coal sector (coal mines and power plants)
 - A very firm commitment in the framework of COP 21
 - Considerable civil society expectations
- ✓ Today, most new coal-fired power generation capacities are **financed by corporate loans and by bond issues** (and not by project financing)

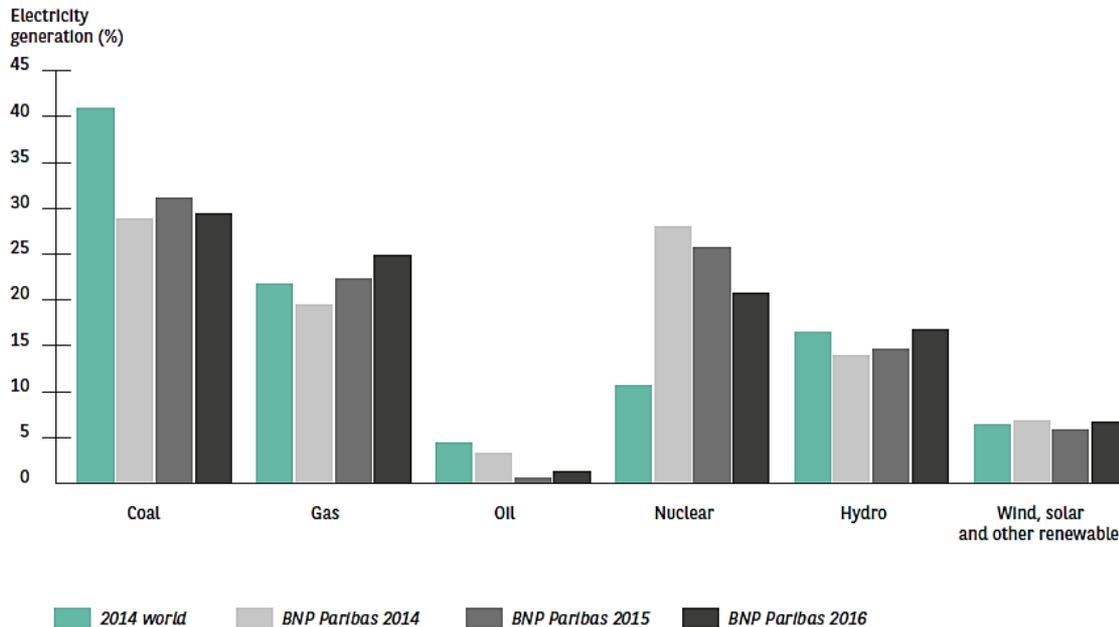
		European banks	 BNP PARIBAS
BNP Paribas is the only bank to cover all the financing dimensions of the coal sector	1 Coal mining project	✓ Banned by six banks ⁽¹⁾	✓ Banned
	2 Coal fired power plant (CFPP) project	✓ Banned by six banks ⁽¹⁾	✓ Banned
	3 Advisory mandate (sales or purchase) for a mining or CFPP asset	- No criterion	✓ Banned
	4 New client onboarding	Threshold for two banks ⁽²⁾	✓ Threshold
	5 Corporate strategy Coal mining companies	- No criterion	✓ Analysis of the diversification strategy
	6 Corporate strategy Coal-fired power generation companies	- No criterion	✓ A strategy to reduce the share of coal which is more ambitious than the country's

(1) Crédit Agricole, Deutsche Bank, ING, Natixis, Société Générale (2) Crédit Agricole, Société Générale



Energy transition: a general strategy of guidance that goes beyond the issue of coal

✓ Measuring BNP Paribas' electricity mix compared to the global mix



- 55.7% fossil sources (gas, coal and oil) vs. 66.7% in global mix*
- 23.5% renewable sources (hydro, photovoltaic and wind) vs. 22.6% in global mix*
- The electricity mix financed by BNP Paribas has a **lower average carbon footprint** than that of the world mix
- In line with Paris Agreement, the Group commits to reduce the carbon content of a kWh that it finances in line with the IEA's 450 scenario

*source: 2013 world data available in IEA's 2014 report

✓ Defining a financing and investment policy in the oil and gas sector by the end of 2017

- Oil sands
- Shale gas
- LNG export terminals
- Other infrastructures...



Encouraging the improvement of project financing criteria in all countries

- **Key fact:** on April 5, BNP Paribas decided to **exit the Dakota Access Pipeline** project
 - ✓ Decision made following to further reviews of the project, including consultation with all the relevant stakeholders
 - ✓ It signalled the importance of full and detailed consultation on projects that impact large numbers of stakeholders
 - ✓ After selling its USD 120m share in the USD 2.5bn loan, BNP Paribas was no longer involved in the project

- **Actions taken to strengthen project financing criteria:**
 1. **Joint letter from BNP Paribas and 9 other EPFIs to the EPA on improving the EP standards**
 - On May 22, 2017, we proactively submitted a request to the EPA and invited other EPFIs to join this initiative
 - Our request is to standardize the EPs' project financing criteria applying to both Developing and Designated Countries
 - And more particularly the obligation to obtain a FPIC (Free, Prior and Informed Consent) from impacted communities

 2. **Strengthening of BNP Paribas' project finance credit policy**
 - To encourage our clients to seek for a Free, Prior and Informed Consent from the communities impacted by their projects
 - Even in countries where the World Bank Performance Standards do not apply in the frame of the EPs

 3. **Participation of BNP Paribas to the new Designated Countries Working Group**
 - Continuing to express our support to this initiative
 - Closely monitoring its future outcomes



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APPENDIX



Group's performance well-recognised in sustainability ratings



N°1 over 31 banks in the sector of "Diversified banks in Europe" in Vigeo Eiris 2017 rating



N°1 French bank in 2017 RobecoSAM ranking within a universe of 274 banks



N°2 over 250 banks in the sector of 'Commercial Banks & Capital Markets' in Oekom Research 2017 rating



Listed in both Europe and World Dow Jones Sustainability Indices (DJSI)



N°1 over 6 European banks in the environmental rating of the Carbon Disclosure Project



For the 3rd year in Corporate Knights' ranking of the '100 Most Sustainable Corporations'

- ✓ BNP Paribas is listed in the main global ethical indices and has integrated 2 new indices in 2016 thanks to the Group Diversity policy



Global Women's Index Fund



THANK YOU!

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