

CSR HIGHLIGHTS



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BNP PARIBAS

The bank for a changing world

A CSR strategy firmly aligned with the UN Sustainable Development Goals



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 achievements 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



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

- As of 1st of September 2017, CSR is overviewed by 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 Communication
 - Group CSR
 - Group Diversity
- Defines and implements the Group'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 (1/2)

■ 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**;
- ✓ will help the Group to be in line with the **TCFD's recommendations** (Task Force on Climate-related Financial Disclosures) organized by the Financial Stability Board, which were officially supported by BNP Paribas' CEO Jean-Laurent Bonnafé in June 2017;
- ✓ allows the Group to directly contribute to work carried out by the UNEP FI pilot group of banks working on factoring the TCFD's recommendations in their practice.



Adapting and complying with new social and environmental regulations (2/2)

- 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 Bank will publish an updated version of its Statement in early 2018 (annual basis)
 - ✓ The French **corporate duty of care law**, applying to parent companies and contracting companies:
 - Adopted in March 2017, this law requires multinational French companies to “establish and implement a vigilance 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”
 - For the banking sector, it also includes clients’ activities as part of the whole value chain
 - BNP Paribas is currently preparing a duty of care plan for 2018 (topics covered: risks mapping, early-warning mechanism, monitoring of measures put in place...)
 - It will become an annual requirement and be included in the Annual financial report and Registration document



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INVESTMENT 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)
- ✓ **In France, BNP Paribas' contribution to SDGs also supports social job creation**
 - 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
- ✓ **More globally, BNP Paribas develops 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
 - To contribute to the SDG n°3 « Healthy Lives and Wellbeing », BNP Paribas has committed to no longer provide financing and investments to the Tobacco sector



As a whole, BNP Paribas dedicates a large amount of credits to the energy transition and the achievement of the United Nations Sustainable Development Goals, i.e. **EUR 133bn** at end of 2016

- ✓ **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, BNP Paribas has organised a series of conferences for employees in 2017



Developing innovative tools to further support social enterprises: social impact bonds and impact measurement

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

- Almost EUR 1bn of combined exposure to microfinance and social entrepreneurship
- Support comprising loans (81%) and investments (19%) at June 2017
- More than 1,000 clients in 15 countries (microcredit institutions and social enterprises)
- 304,000 microfinance beneficiaries at March 2017

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
- ✓ Ongoing: 6 more Social Impact Bonds in France, 2 in Belgium and 1 in the United States



Achievement: BNP Paribas is a leader in Social Impact Bonds with more than 50% of the French market

2. Being a key player in impact measurement

- ✓ Built in partnership with the *Caisse des Dépôts*, **MESIS** is a tool to measure and monitor social impact, developed to assess 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.



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ENERGY TRANSITION STRATEGY



BNP Paribas' support to the energy transition

- ✓ **Pursuing transversal actions in favour of the energy transition:**
 - Doubling the support for renewable energy (from EUR 7.2bn in 2015 to EUR 15bn by 2020)
 - Setting aside EUR100 million for investment in start-ups working on innovative solutions for energy transition
 - Committing to become “carbon neutral” by end-2017 in terms of the CO2 emissions arising from its own operations
 - First BNP Paribas Green Bond issuance (EUR 500M) mobilizing debt capital markets to refinance current Renewable Energy projects in Europe
 - EUR 8.8bn of Green Bonds lead-managed by BNP Paribas as of mid-2017 (EUR 5.8bn as of end 2016)
 - First BNP Paribas Asset Management's fund, Parvest Green Bond (EUR 100M), investing in bonds used to finance projects designed to mitigate or address climate change issues

- ✓ **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 winner 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



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

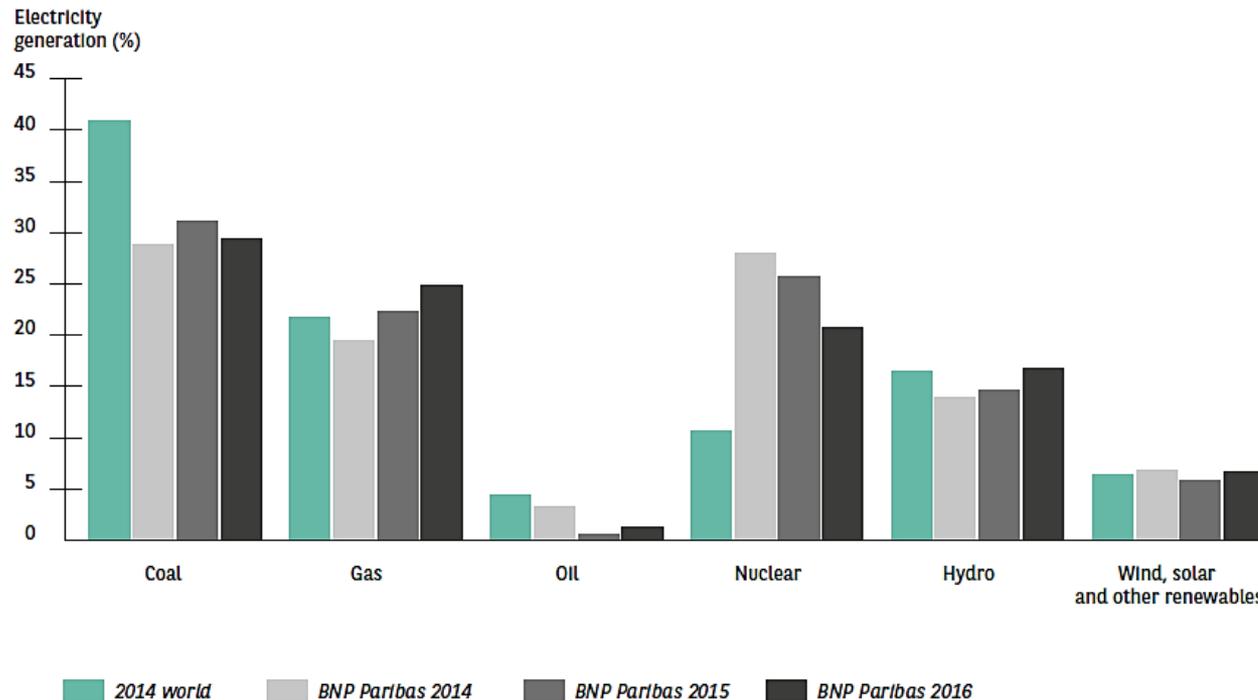
(1) Crédit Agricole, Deutsche Bank, ING, Natixis, Société Générale (2) Crédit Agricole, Société Générale

* Source ONG Banktrack



A general strategy of energy transition 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, i.e. **85% between 2014 and 2040**

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



New sector policy on unconventional oil and gas

✓ Context:

- Massive production of unconventional is incompatible with a 2°C scenario
- Large environmental (water pollution, ground impact, biodiversity loss...) and social impacts (access to resources for communities...)
- Development of unconventional oil and gas production: +27% for conventional oil and gas vs. +127% for unconventional between 2014 and 2040

✓ In line with its new sector policy, BNP Paribas will:

- No longer do business with companies whose principal business activity is the exploration, production, distribution, marketing or trading of oil and gas from shale and/or oil from tar sands
- Cease financing of projects that are primarily involved in the transportation or export of oil and gas from shale or oil from tar sands
- Not finance any oil or gas exploration and production projects in the Arctic region
- Actively support clients in the energy sector who are committed to being part of the energy transition



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 on improving the Equator Principles' standards
 - Closely monitoring its future outcomes following 2017 Annual General Meeting in Sao Paulo



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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)



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



For the 1st year in Global Banking & Finance Review's ranking as 'Best Corporate Social Responsibility Banking Group Europe 2017'

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

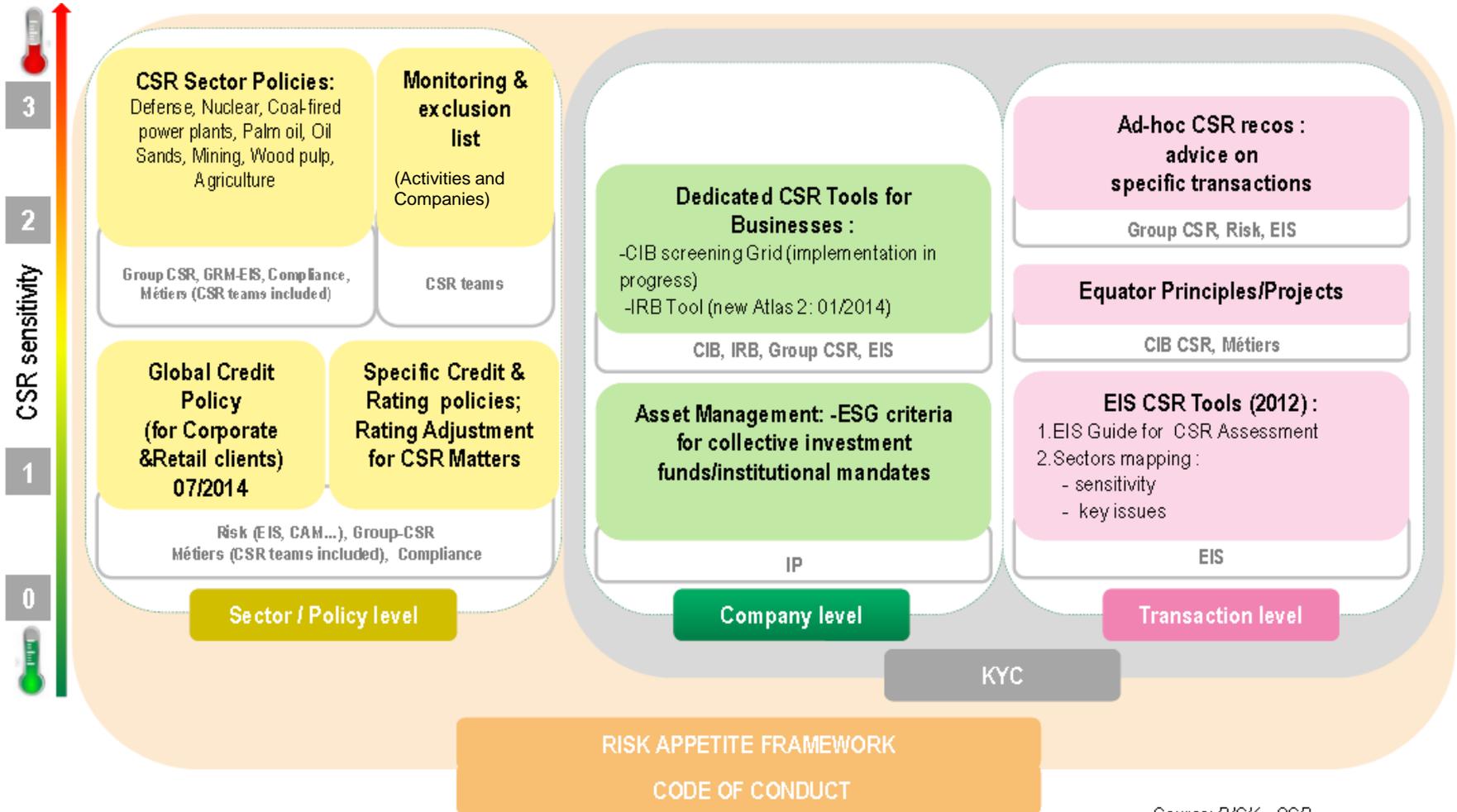


Global Women's Index Fund



Integration of ESG risks in the Group's risk management process

Risks Assessment Process



Source: RISK - CSR



THANK YOU!

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