



**BNP PARIBAS**

# **Corporate social and environmental responsibility**

---

***Since the onset of the financial crisis***

Corporate Social & Environmental Responsibility  
Delegation  
September 2009

---

## Economy

- Sustainability: facing up to the crisis thanks to a solid business model
- Including CSR in the internal control mechanism
- A leading player in Socially Responsible Investment (SRI)
- Committed to financing the economy

## Environment

- The Equator Principles
- Tighter control of direct environmental impacts
- A leader in carbon finance

## Social

- The Group's CSR: a driver of employee commitment
- A proactive diversity programme
- Setting up a special body to monitor stress
- Operational rollout of Human Rights compliance mechanism
- Accelerated development of microfinance





**BNP PARIBAS**



**Economy**

**Environment**

**Social**

Corporate Social & Environmental Responsibility  
Delegation  
September 2009

## Sustainability: facing up to the crisis thanks to a solid business model

<b>A rigorous risk culture and policy</b>	<ul style="list-style-type: none"><li>▪ Moderate appetite for risk</li><li>▪ Well controlled consolidated risk profile</li><li>▪ Rigorous internal control</li></ul>
<b>A relevant business model</b>	<ul style="list-style-type: none"><li>▪ Excellent diversification of business within our business units</li><li>▪ Activities focused primarily on the client</li><li>▪ Limited exposure to riskier sectors and a diversified loan portfolio</li></ul>
<b>Strong and proactive risk management</b>	<ul style="list-style-type: none"><li>▪ Growth in revenues from clients compared with 2007</li><li>▪ Developing world leadership in derivatives and structured finance</li><li>▪ Growth strategy in emerging markets</li><li>▪ Remarkable first-half 2009 performance without additional risk exposure – VaR reduced</li></ul>
<b>Stable margins and adequate capitalisation</b>	<ul style="list-style-type: none"><li>▪ Robust and sustainable operating income</li><li>▪ Proactive and well-controlled cost management</li><li>▪ High-quality assets</li><li>▪ Solvency further strengthened, with a June 2009 Tier 1 ratio of 9.3%</li></ul>



**BNP PARIBAS**

# Including CSR in the internal control mechanism

---

- The sustainable development function has evolved into the Corporate Social & Environmental Responsibility Delegation
  - A tried and tested operational mechanism
- The CSR Delegation is involved in steering and coordinating internal control
  - The will to include CSR in the internal control mechanism, a key factor of differentiation in a period of crisis
  - The Managing Director is the permanent CSR spokesperson on the Executive Committee
  - The CSR audit methodology, developed with the General Inspection Unit in 2004 and strengthened in 2008, makes BNP Paribas a forerunner in this field



# A leading player in SRI

---

- BNP Paribas Investment Partners has been heavily involved in SRI since 2002
  - More than EUR 8.2 billion in assets under management and advisory services (BNPP AM and Impax AM)
  - Dedicated team of nearly 25 portfolio managers and analysts
  - Strategic partnership with Impax Asset Management on the environment
- Fund management covering a number of asset classes
  - Environmental technologies
  - European and international equities
  - Bonds and money-market funds
- Proven track record with institutional clients
  - France, Switzerland, United Kingdom, United States, Malaysia, South Korea, Japan
- BNP Paribas Investment Partners is a driving force in market initiatives
  - Application of the United Nations' Principles for Responsible Investment - [www.unpri.org](http://www.unpri.org)
  - Vice-presidency of the Institutional Investors Group on Climate Change - [www.iigcc.org](http://www.iigcc.org)
  - Founder member of the Enhanced Analytics Initiative - [www.enhanced-analytics.com](http://www.enhanced-analytics.com)



**BNP PARIBAS**

# Committed to financing the economy - June 2009

---

- Facilitating access to residential property loans
  - EUR 53.4 bn in property loans outstanding : + 6.2% since June 2008
- Support for entrepreneurs
  - EUR 13.6 bn in total investment loans outstanding: + 10.3%
- Investing in the capital of SMEs
  - Equity and quasi-equity investments: x 3
- Aid for students
  - EUR 657.4 million in total loans outstanding: + 25.3%
- Contributing to employment
  - 3,000 new posts to be filled and 1,000 dual education students
- Strengthening microfinance activities
  - Microfinance investments: + 21%





**BNP PARIBAS**

---

**Economy**



**Environment**

**Social**

---

---



# The Equator Principles - 1

---

- BNP Paribas until 2008
  - Project Financing is a financial activity in which the assets financed are clearly identified: due diligence and monitoring are implemented
  - Distinguishing between Project Financing and simply financing a project is not easy for the general public, a fact that is deliberately exploited by certain NGOs
  - BNP Paribas declined to ratify the Equator Principles introduced by the World Bank in 2003 without a clear definition of Project Financing
  - Our approach was to ensure that our project financing complied with the Equator Principles by including this requirement in the credit approval procedure, without stating this publicly
  - In 2006, a revision to the Equator Principles to include a clear definition of Project Financing prompted the update of our procedures
- Not to ratify the Principles now could be seen in a negative light



# The Equator Principles - 2

---

- Signatory since 2008

- A commitment integrated into our internal control mechanism

- A sustainable development team has been set up in CIB
- Procedures have been implemented to control the most sensitive transactions undertaken by the BNP Paribas Group, over and above the CIB business
- The CIB teams affected by the Principles have been trained

- Membership of Equator Principles Financial Institutions working groups to enhance the development of the Principles



**BNP PARIBAS**

# Tighter control of direct environmental impacts

---

- The creation of a Technology and Processes function, ITP, encourages the development of an industrial culture in a services group
- ITP is organised as a worldwide, centralised steering structure
- ITP optimises the economic performance and ecological efficiency of buildings
  - ✓ A summary indicator: 15% reduction in three years in kWh consumption per square metre in France



# Managing our carbon footprint

---

- A strict transport policy
  - Flights of less than 3 hours 15 minutes must be in economic class
  - Trains are favoured for travel within France and must be used on Paris - Luxembourg and Paris – Brussels routes. BNP Paribas is Eurostar's leading customer
    - ✓ According to SNCF, in the first half of 2009 BNP Paribas' carbon emissions were reduced by 494.5 tonnes through the use of Eurostar
  - Car-sharing software available to 30,000 employees
  - Optimisation of the tele - and video - conferencing system is currently being rolled out
- A trail-blazing programme for the sector, *Greening IT*, applies responsible IT practices in three areas
  - Energy savings
  - Reduced use of toxic components in computers
  - Recycling of end-of-life IT equipment



# A leader in carbon finance - 1

---

- Sustainable and structured CO<sup>2</sup> emission quota markets
  - Setting a monetary equivalent per tonne of CO<sup>2</sup> is an effective means of fighting climate change
  - International treaties on carbon emissions, both currently in force and under negotiation, determine the structure of the assets financed
- Our expertise at the service of our clients
  - We are a major player in CO<sup>2</sup> quota trading in Europe
    - ✓ *BNP Paribas Commodity Futures* clears 20% of orders on the ECX, the leading marketplace for trading CO<sup>2</sup> emission quotas in Europe
    - ✓ *BNP Paribas Commodity Derivatives* is a major player in the EU-ETS, trading 600,000 tonnes of CO<sup>2</sup> daily, 7% of the market
  - The Group's positions enable it to provide low-cost risk-hedging products to clients, helping them to include carbon finance in their financial management processes



**BNP PARIBAS**

## A leader in carbon finance - 2

---

- Financing projects to reduce CO<sup>2</sup> emissions
  - Construction of a wind farm in South Korea, avoiding the emission of **420,000 tonnes of CO<sup>2</sup>**
  - Methane capture for a coal mine in China, avoiding the emission of **17.8 million tonnes of CO<sup>2</sup>**
- Two agreements signed in 2007 for the purchase of Emission Reduction Units (ERU) in Mexico and India, thus extending the reach of international markets in the field of the environment





**BNP PARIBAS**

---

**Economy**

---

**Environment**

---

✓ **Social**

---

Corporate Social & Environmental Responsibility  
Delegation  
September 2009

# The Group's CSR: a driver of employee commitment

---

- The Global People Survey 2009
  - A worldwide survey of 163,000 employees representing 150 different nationalities, conducted by Towers Perrin in 17 languages, with a dual objective
    - ✓ To identify how employees assessed their experience of and vision for CSR within the Group
    - ✓ To analyse the drivers of employee commitment in order to orient management actions
- Points of satisfaction
  - Proud to work for a Group that has made change and innovation the driver of its development
  - Confidence expressed in the Group's management
  - High personal commitment to contribute to success
    - *A strong enterprise culture and shared commitment to our values*
- The main commitment drivers
  - Leadership and confidence in management
  - CSR is more important within BNP Paribas than in other groups surveyed by Towers Perrin





# A proactive diversity programme

---

- Commitment 2007 - 2010
  - The four pillars of the Group's diversity policy, boosted by agreements with trade unions
    - ✓ *Diversity of origins*: signature of the Apprenticeship charter in 2005 and the Equal Opportunities charter in 2006
    - ✓ *Gender equality in the workplace*: signature of an agreement in 2008
    - ✓ *Employment and integration of persons with disabilities*: agreement signed in 2007 with AGEFIPH (the French body promoting the employment and integration of persons with disabilities) followed by a collective agreement in 2008
    - ✓ *Diversity of ages*: providing career prospects for employees aged over 45 and developing inter-generational working



# A proactive diversity programme

---

- The management of diversity, a key to performance
  - Training in diversity and non-discrimination
    - ✓ Since April 2008, more than 500 managers in the Group's business units and functions have been trained
    - ✓ Training of all managers in France scheduled by 2009-2010
  - Tools: recruitment, CV analysis software
    - ✓ Measuring managerial performance: TEAM, Global People Survey
    - ✓ Assessing each employee; professional assessments, career management
  - Procedures
    - ✓ Recruitment Code of Ethics in France: objectivity, transparency, respect
  - Partnerships
    - ✓ *Projets Banlieues*: since 2005, contribution to collective efforts covering fragile suburbs and to programmes for the development and integration of sensitive areas with AFEV, ADIE and SOS Racisme
    - ✓ Participation in 2008 with ANPE in the *Train pour l'Emploi et l'Égalité des Chances* project aimed at boosting employment and equal opportunities.
    - ✓ Since 2005, *Entretien Immédiat*, job interviews in Paris and its region within BNP Paribas branches
- BNP Paribas, the only bank to obtain the French Diversity Label in 2009



**BNP PARIBAS**

# Setting up a special body to monitor stress

---

- The issues
  - Depression will be the second most frequent pathology worldwide in 2010 according to the WHO
  - After back pain, stress is the leading work-related risk to health
  - Stress is an issue that concerns profitability, competitiveness and social responsibility for companies
- Objectives
  - Definition of stress and excessive stress at work
  - In group terms
    - ✓ Identify levels of excessive stress
    - ✓ Localise and identify populations at risk
    - ✓ Define prevention, managerial and organisational action plans
  - For the individual
    - ✓ Diagnosis by the company doctor
    - ✓ Therapeutic care
- Resources
  - Scientifically validated questionnaires to measure perceived stress, anxiety and depression
  - An online questionnaire completed by more than 90% of employees
  - Guaranteed anonymity and confidentiality
  - A voluntary medical check-up to confirm the pre-diagnosis
  - Prior training of company doctors, nurses and assistants
  - Inclusion in managerial training programmes



# Operational rollout of Human Rights compliance mechanism

---

- Creation of EDH (Businesses for Human Rights) in 2006
  - Inspired by the Business Leaders Initiative on Human Rights, EDH is an initiative by eight French-speaking companies to rollout Human Rights policies at the operational level
  - EDH is in dialogue with Amnesty International in this respect.
  - Development in 2009 of an EDH training programme
- Action SIDA-Entreprises
  - SIDA-Entreprises helps major French groups in the fight against AIDS in African countries in which they are present.
  - BNP Paribas was a founder and has been an active member since 2004
  - Our actions in Africa: setting up national equipment and technical support platforms, sharing of best practice, coordination with other players, mobilisation of the private sector, support for training healthcare personnel
- Public commitments concerning the arms industry
  - The Group has committed not to invest on its own account in the capital of companies producing anti-personnel mines or cluster bombs, not to provide financing to companies producing anti-personnel mines, and not to hold, in investment funds for which it provides active investment management, shares in companies producing anti-personnel mines



# Accelerated development of microfinance

- A microfinance team in the Private Banking business co-operates with around 100 employees in the deployment of projects in emerging countries
- With the PlanetFinance NGO, a Microfix hedging fund has been set up to enable microfinance institutions to hedge the currency risk between their local currency and the Euro or Dollar
- Since October 2008, the socially responsible fund *Obli Etheis* has included a microfinance segment that should soon account for 5% to 10% of the fund, enabling it to be marketed in France as a solidarity savings product
- In 2008, the microfinance team formed a committee with Paris Europlace to create a favourable legal environment for microfinance funds in France, based on the models used in countries such as Luxembourg, the Netherlands and the United States
- Two volunteer skills initiatives launched in 2007 with the BNP Paribas Retirees Association: Jacadie and Microfinance Sans Frontières

**At end-June 2009,  
BNP Paribas  
had authorised  
commitments totalling  
EUR 51 million  
to  
19 institutions  
in 10 countries  
with an impact on  
422,000 borrowers,  
of which 80% are  
women**

**BNP Paribas, one of the world's top three banks for microfinance institutions**

ING study - March 2009



**BNP PARIBAS**



**BNP PARIBAS**

# **Corporate social and environmental responsibility**

---

***Since the onset of the financial crisis***

Corporate Social & Environmental Responsibility  
Delegation  
September 2009