BNP PARIBAS AND THE EXERCISE OF ITS CSR

CSR Department
May 2019
Introduction

BNP Paribas Group

CSR Governance
BNP PARIBAS GROUP
### BNP PARIBAS GROUP STORY

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Employees</th>
<th>International Presence</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>50,000</td>
<td>France, North African countries, India, Hong Kong...</td>
<td>Retail, Corporate Banking</td>
</tr>
<tr>
<td>2001</td>
<td>30,000</td>
<td>Main Financial Markets: London, New York, Frankfurt, Paris...</td>
<td>Investment Banking, Specialized Financial Services</td>
</tr>
<tr>
<td></td>
<td>80,000 (Including 55,000 in France)</td>
<td>83 countries</td>
<td>Retail, Corporate &amp; Investment Banking, Specialized Financial Services, Asset Management &amp; Services</td>
</tr>
<tr>
<td>2018</td>
<td>202,000</td>
<td>72 countries</td>
<td>Retail Banking &amp; Services, Corporate &amp; Institutional Banking</td>
</tr>
</tbody>
</table>
Breakdown by 2018 operating divisions revenue

- **Retail Banking & Services (RB&S)**: 74%
- **Corporate & Institutional Banking (CIB)**: 26%
RETAIL BANKING & SERVICES: this activity comprises two entities: International Financial Services and Domestic Markets

INTERNATIONAL FINANCIAL SERVICES
- International Retail Banking
- BNP Paribas Personal Finance
- BNP Paribas Cardif
- BNP Paribas Wealth Management
- BNP Paribas Asset Management
- BNP Paribas Real Estate

DOMESTIC MARKETS
- French Retail Banking
- BNP Paribas Fortis
- BNL
- BGL BNP Paribas
- Arval
- BNP Paribas Leasing Solutions
- BNP Paribas Personal Investors
- Partners in Action for Customer Experience (PACE)
- Nickel

RETAIL BANKING & SERVICES (RB&S)
DOMESTIC MARKETS

- Around 70,000 employees
- Close to 18 million customers
- Including 850,000 professionals, small businesses and corporates

INTERNATIONAL FINANCIAL SERVICES

- Over 80,000 employees in more than 60 countries
- Strong positions in the Asia-Pacific region and the Americas, which are key development regions for the Group
Corporate Banking
Global Markets
Securities Services
30,000 employees in 56 countries

A powerful client-driven business model centered on two client franchises: corporate and institutional

First-class core products and services

- Global leadership in Financing
- A European powerhouse in Capital Markets
- A world leader in Derivatives
- A dynamic Advisory franchise in Europe and Asia

A confirmed leadership in Europe

Around 25% of Group’s revenues

2018 AWARDS

- World’s Best Bank for Sustainable Finance (Euromoney – July 2018)
- Euro Bond House of the Year (IFR Awards 2018)
- Derivatives House of the Year (Risk Awards – January 2019)
- Custodian of the Year (Custody Risk Global Awards 2018)
- EMEA Loan House of the Year (IFR 2018)
CSR GOVERNANCE
BNP PARIBAS 2020 ENGAGEMENT STRATEGY

Extract from BNP Paribas 2020 Engagement Manifesto:

“We will strengthen our commitment to society, notably in line with the United Nations’ 17 Sustainable Development Goals”

EXCELLENCE

CSR POLICIES

DIVERSITY & INCLUSION

POSITIVE IMPACT BUSINESS

STAFF ENGAGEMENT

MAIN WORKSTREAMS

CLIMATE CHANGE & BIODIVERSITY

YOUNG PEOPLE

ENTREPRENEURS

LOCAL FOOTPRINT
<table>
<thead>
<tr>
<th>ENgagement: 2019-2020 outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve the impact of our activity on society</td>
</tr>
<tr>
<td>▪ Provide new and innovative solutions which combine the impact on society, the clients’ interest and the economic development of our activity</td>
</tr>
<tr>
<td>▪ Ensure the Group’s contribution to the 2°C scenario and support our clients in achieving that goal</td>
</tr>
<tr>
<td>▪ Reinforce the inclusion of both people and territories</td>
</tr>
<tr>
<td>Improve the pride of employees and our reputation</td>
</tr>
<tr>
<td>▪ Develop the employees’ knowledge as regards Engagement through new tools and a dedicated training package</td>
</tr>
<tr>
<td>▪ Support and help employees to act for these values both in their day-to-day activities (amongst which the business ones) and beyond</td>
</tr>
<tr>
<td>▪ Spread the Engagement’s storytelling and its values</td>
</tr>
<tr>
<td>Improve our image as a bank</td>
</tr>
<tr>
<td>▪ Get people to better understand our business and what it provides</td>
</tr>
<tr>
<td>▪ Communicate our actions and commitments to the civil society and the general public</td>
</tr>
<tr>
<td>▪ Generate allies among our clients, partners and employees so that they speak for us and help us to make our brand (commercial and employer) more attractive (virtuous circle of reputation)</td>
</tr>
</tbody>
</table>
A RESPONSIBLE BANK: 4 PILLARS AND 12 COMMITMENTS

A BANK COMMITTED TO A BETTER FUTURE

4 PILLARS - 12 COMMITMENTS

OUR ECONOMIC RESPONSIBILITY
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 SOCIAL RESPONSIBILITY
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

OUR CIVIC RESPONSIBILITY
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

OUR ENVIRONMENTAL RESPONSIBILITY
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
OUR CONTRIBUTION TO THE SDGs
Commitments firmly aligned with the UN Sustainable Development Goals

THE ECONOMY
Financing the economy in an ethical manner
- Investments and financing with a positive impact
- Ethics of the highest standard
- Systematic integration and management of ESG Risks

OUR PEOPLE
Developing and engaging our people responsibly
- Promotion of diversity and inclusion in the workplace
- A good place to work and responsible employment management
- A learning company supporting dynamic career management

THE COMMUNITY
Being a positive agent for change
- Products and services that are widely accessible
- Combat social exclusion and support human rights
- Corporate philanthropy policy focused on the arts, solidarity and the environment

THE ENVIRONMENT
Combating climate change
- Partnering with our clients in the transition to a low carbon economy
- Reduce the environmental impact of our operations
- Advance awareness and sharing of best environmental practices
And still following a CSR – Corporate Social Responsibility policy that is even tougher and strictly implemented. The world needs this, whether we’re talking about the energy transition or social commitment to attain the global commitments made under the COP 21 Agreement.
Within the **Board of Directors**, the “Corporate Governance, Ethics, Nominations and CSR Committee” is in charge of ethics, sustainability and CSR since the Annual General Meeting of May 2016.

As of **1st September 2017**, CSR is overviewed by the new **Company Engagement Department** directly represented on the Group’s executive Committee, and working with all business lines, to 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... This strategy is presented in BNP Paribas’ **2020 Engagement Manifesto**.

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**STRENGTHENING OF THE CSR FUNCTION**

- CSR Department is relying on support from correspondents within the Business Divisions, Subsidiaries, Functional departments and strategic geographical areas (**130 FTEs** spend all or a majority of their time on CSR matters within BNP Paribas):
  - One representative on the Entity Comex
  - One Head of CSR

- **... and an internal network of ≈ 300 experts**
  - Environment, SRI, Microfinance and Financing and Investment policies
**OUR KEY PERFORMANCE INDICATORS (1/2)**

**2016 – 2018 DASHBOARD (on the basis of 2015 baseline)**

### Our Economic Responsibility

<table>
<thead>
<tr>
<th>indicator</th>
<th>2015</th>
<th>2018</th>
<th>2018 objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of loans to companies contributing strictly to the achievement of UN sustainable development goals (SDGs)</td>
<td>15%</td>
<td>14.95%*</td>
<td>Maintain at least at 15%</td>
</tr>
</tbody>
</table>

### Our Social Responsibility

<table>
<thead>
<tr>
<th>indicator</th>
<th>2015</th>
<th>2018</th>
<th>2018 objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of women among the members of cross-functional executive committees across business lines and/or countries*</td>
<td>21%</td>
<td>25%</td>
<td>23%</td>
</tr>
</tbody>
</table>

*Out of approximately 500 Top executives

<table>
<thead>
<tr>
<th>indicator</th>
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<th>2018</th>
<th>2018 objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of employees trained on an ethics-related issue</td>
<td>No action</td>
<td>96.2%</td>
<td>Over 80% by the end of 2018</td>
</tr>
</tbody>
</table>

### Our Civic Responsibility

<table>
<thead>
<tr>
<th>indicator</th>
<th>2015</th>
<th>2018</th>
<th>2018 objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of employees contributing directly to the promotion of human rights who have received a specific training</td>
<td>No action</td>
<td>85%</td>
<td>80% of the target population (around 3,000 people)</td>
</tr>
</tbody>
</table>

### Our Environmental Responsibility

<table>
<thead>
<tr>
<th>indicator</th>
<th>2015</th>
<th>2018</th>
<th>2018 objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financing for renewable energies</td>
<td>EUR 7.2 billion</td>
<td>EUR 15.4 billion</td>
<td>EUR 15 billion in 2020</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>indicator</th>
<th>2015</th>
<th>2018</th>
<th>2018 objective</th>
</tr>
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<tbody>
<tr>
<td>Greenhouse gas emissions</td>
<td>2.89 teqCO₂/FTE</td>
<td>2.45 teqCO₂/FTE</td>
<td>2.41 teqCO₂/FTE in 2020</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>indicator</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2018 objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Numbers of people made aware of climate issues by BNP Paribas</td>
<td>70,000</td>
<td>116,000*</td>
<td>60,698</td>
<td>50,000</td>
<td>140,000 Over the 2016-2018 period</td>
</tr>
</tbody>
</table>

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*Average yearly budget over the 2016-2018 period greater or equal to the 2015 budget*
# OUR KEY PERFORMANCE INDICATORS (2/2)

11 out of 13 KPIs achieved at end-2018

### Group Sustainability and Incentive Scheme

20% of 6,750 key employees' deferred variable compensation relies on the performance of 8 CSR performance indicators.

## Economic

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2015 baseline</th>
<th>2016 value</th>
<th>2017 value</th>
<th>2018 value</th>
<th>2018 target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of loans to companies contributing strictly to the achievement</td>
<td>15%</td>
<td>16.6%</td>
<td>16.5%</td>
<td>14.95%</td>
<td>Maintain at least at 15%</td>
</tr>
<tr>
<td>of UN Sustainable Development Goals</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage of employees trained on an ethics-related issue</td>
<td>No baseline</td>
<td>96.3%</td>
<td>96.2%</td>
<td>96.2%</td>
<td>Over 80% by end 2018</td>
</tr>
<tr>
<td>action starts in 2016</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share of loans to companies subject to an environmental and social</td>
<td>25%</td>
<td>28%</td>
<td>54.9%</td>
<td>55.6%</td>
<td>40%</td>
</tr>
<tr>
<td>management system which is specific to the concerned activity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Social

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<tr>
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<td>Percentage of women among the members of cross-functional executive</td>
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<td>24%</td>
<td>25%</td>
<td>25%</td>
<td>23% (25% in 2020)</td>
</tr>
<tr>
<td>committees across business lines and/or countries (out of a population</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>of around 500 people)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage of employees having at least 14 weeks of paid maternity leave</td>
<td>74%</td>
<td>81%</td>
<td>82%</td>
<td>92%</td>
<td>85%</td>
</tr>
<tr>
<td>and/or six days of paid paternity leave</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage of employees reporting having been trained (any format,</td>
<td>74%</td>
<td>85%</td>
<td>86%</td>
<td>88%</td>
<td>90%</td>
</tr>
<tr>
<td>including e-learning) over the past 12 months</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Civic

<table>
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<th>Indicator</th>
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<th>2016 value</th>
<th>2017 value</th>
<th>2018 value</th>
<th>2018 target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual number of beneficiaries of microloans distributed by</td>
<td>250,000</td>
<td>309,000</td>
<td>289,000</td>
<td>358,000</td>
<td>350,000</td>
</tr>
<tr>
<td>microfinance institutions financed by BNP Paribas (on a prorata basis</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>of the financing issued by BNP Paribas)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage of employees contributing directly to the promotion of</td>
<td>No baseline</td>
<td>13%**</td>
<td>70%</td>
<td>85%</td>
<td>80% of the target</td>
</tr>
<tr>
<td>human rights who have received a specific training</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>population</td>
</tr>
<tr>
<td>The BNP Paribas Group's annual sponsorship budget</td>
<td>€ 38.6 M</td>
<td>€ 40.4 M</td>
<td>€ 40.2 M</td>
<td>€ 41.6 M</td>
<td>Average yearly budget</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>over the 2016-2018 period</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>greater or equal to the</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2015 budget</td>
</tr>
</tbody>
</table>

## Environmental

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<td>Greenhouse gas emissions</td>
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</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2016-2018</td>
</tr>
</tbody>
</table>

## Governance

<table>
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<tr>
<th>Indicator</th>
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<th>2016 value</th>
<th>2017 value</th>
<th>2018 value</th>
<th>2018 target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of employees with a positive opinion of how the Group</td>
<td>69%</td>
<td>70%</td>
<td>73%</td>
<td>75%</td>
<td>72%</td>
</tr>
<tr>
<td>discharges its social and environmental responsibility and its</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>commitments as a responsible bank (new question introduced in the GPS)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*In 2018, a restatement was performed for € 2 billion of B2B2C  ** Training deployed in 2016 for a reduced target of employees
STRONG PUBLIC COMMITMENTS

PARTICIPATION IN KEY INDUSTRY INITIATIVES

- Institutional Investors on Climate Change – IIGCC (2007)
- Roundtable on Sustainable Palm Oil (2011)
- Green Bond Principles - voluntary guidelines to develop the green bond market (2014)
- Global Impact Investing Network (2014)
- Soft Commodities Compact (2014) of the Banking Environment Initiative
- ILO Business Charter on Disability (2016)
- Science Based Target initiative (2016)
- Carbon Pricing Leadership Coalition (2017)
- Task Force on Climate-related Financial Disclosures (2017)
- UN Principles for Responsible Banking (2018)
BNP PARIBAS SPECIFIC PUBLIC COMMITMENTS ENDORSED BY CHAIRMAN AND CEO

- Environmental commitments (reinforced in 2017)
  - Commitments to the energy transition and climate stability (Double renewable energy financings to €15 billion in 2020)
  - Reducing exposure to thermal coal and unconventional oil and gas
  - Mitigating business risks linked to the energy transition
  - Integrating carbon risk in its investment activities
  - Developing innovative financing and investment solutions to drive energy transition (Invest €100 million by 2020 to encourage innovative start-ups)
  - Reaching carbon neutrality for the emissions arising from its operations
  - Actively engaging with regulators, policy makers and the scientific community to support the energy transition
  - Protecting ecosystems, including biodiversity, forests, air, water and natural resources, through the endorsement of the Zero Net Deforestation objective set up by the Soft Commodities Compact

  - Commitment to respecting the internationally accepted Human Rights standards as defined in the International Bill of Human Rights
  - Acknowledgement of the core labor standards set out by the International Labor Organization
  - Acknowledgement of its own responsibility within its sphere of influence: its employees, its suppliers and sub-contractors, its clients and the communities
  - UK Modern Slavery Act: in May 2017, BNP Paribas published its first statement on the measures put in place by the Group to prevent slavery and human trafficking, to be annually updated and reported in the Registration Document
■ CSR sector policies governing financing and investments (Date of publication/Last update)
  ➢ Defence (2010/2017)
  ➢ Palm oil (2010/2017)
  ➢ Wood pulp (2011)
  ➢ Agriculture (2015)
  ➢ Mining (2013/2016)
  ➢ Coal-fired power generation (2011/2017)
  ➢ Unconventional Oil & Gas (2017)

■ Group public positions
  ➢ Exclusion of Tobacco companies (2017)

■ Goods and activities on exclusion list - regularly updated

■ Charter for responsible representation with respect to the public authorities (2012)

■ Sustainable Sourcing Charter for BNP Paribas Suppliers (updated in 2018)

■ BNP Paribas Responsible Business Principles (2018)
Executive Committee to define the CSR strategy

Recent examples:
- Commitment to carbon neutrality
- Financing and investment policy in the unconventional oil and gas sector

Board of Directors
- to approve the CSR strategy and the annual reporting
- Corporate Governance and Nominations Committee extended its responsibilities to Ethics, Conduct and CSR in 2016

Ethics Committee to advise General Management on ethical and CSR issues
- 7 members including 4 external advisors – 4 meetings in 2018
- Chaired by an external advisor: Jean-Marie Guéhenno, Former CEO of the International Crisis Group
- Was given presentations on the EU General Data Protection Regulation, French Duty of Care law, French Sapin 2 law...
- Gave opinion on the implementation of the Code of Conduct, and on the Palm oil and Defence sector policies

GSCC
(Group Supervisory and Control Committee)
- to validate financing and investment policies
- *Example*: BNP Paribas Responsible Business Principles, 2018 Duty of Care vigilance plan...

CCDG
(General Management Credit Committee)
- recently updated procedure specifies CCDG will review all issues surrounding the acceptability of risks including *ethics and CSR*
BEST PRACTICES IN GOVERNANCE

GOVERNANCE SUPPORTING THE LONG-TERM STRATEGY OF THE BNP PARIBAS GROUP

- Best practice in Governance are stated in a public document
  - Clear separation of powers between the Chairman of the Board of Directors and the Chief Executive Officer
  - An independent and representative Board of Directors
  - An Audit Committee with a majority of independent members
  - Voting rights that guarantee protection of the interests of all shareholders

- Compensation policy aligned with the long-term interests of the BNP Paribas Group
  - Transparency and controls on executive bonuses
  - Transparency and controls on the bonuses for regulated employees
  - Integration of CSR criteria in the variable remuneration

BEST PRACTICES IN GOVERNANCE
RULES FOR DETERMINING THE ANNUAL VARIABLE REMUNERATION OF EXECUTIVE CORPORATE OFFICERS FOR 2019

75% Group’s Financial Performance

10% CSR

15% Qualitative

Holistic assessment of CSR policy

1/3
1/3
1/3

By the Board
Alignment with key staff
By the market

Annual assessment by the Board of achievements and key developments around a line of action focused on climate and social challenges
Achievement of the three-year CSR objectives set for the Group’s key employees in the retention plan that expired during the year (basket of 9 indicators)
BNP Paribas positioned in the top quartile of the banking sector in the extra-financial performance rankings of FTSE, RobecoSAM and Vigeo Eiris
BNP Paribas has announced on July 31st, 2014, the creation of an Ethics Committee composed of members of the Group’s top management as well as independent qualified personalities. This advisory body met four times in 2018.

Its role 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.

In 2018, the Ethics Committee delivered opinions on:

- The concept of corporate *raison d’être* or purpose;
- The recommendations of the Sénard-Notat report and the Label B Corporation offered by B Lab;
- The Group’s strategy in terms of corporate commitment;
- The implementation of the GDPR (General Data Protection Regulation) regulations and the Group’s data protection policy;
- The implementation of the French laws on the duty of care of multinationals and anti-corruption (Sapin 2);
- The criteria applied by the Group in terms of the financing of light firearms in the US and the healthcare sector.

The external and independent personalities:

- **Jean-Marie Guéhenno** (Chairman of the Ethics Committee), international relations expert, Former President of the International Crisis Group
- **Julia Marton-Lefèvre**, Former Chief Executive Officer of the International Union for Conservation of Nature (IUCN)
- **Antoon Vandeveld**, Professor of Ethics and Political Philosophy, KU Leuven, Belgium
- **Margaret Jungk**, Head of global human rights practice at BSR; Former UN Appointed Independent Expert on Human Rights and Business; Founding Director of the Human Rights and Business Department, Danish Institute for Human Rights
The French law on the Duty of Care

- BNP Paribas’ systems in place to identify and manage risks (i.e. on human rights, health/safety and the environment) enable the Group to meet the requirements of the French Law on Duty of Care.

**“BNP Paribas Responsible Business Principles”**

- Published on the Group’s website at the end of 2018 and is valid for all commercial relationships of the Group.
- Reference to BNPP’s mission to contribute changing the world according to its existing commitments of promoting Human Rights and protecting the environment.
- Expectation of BNP Paribas to engage with clients having a high degree of governance and responsibility.

**Environmental and Social (E&S) risk per country**

- Definition of a level of risk: very high, high, medium and low.

**Dedicated measures according to the E&S country risk and the sector**

- Additional sector questionnaires for the most sensitive sectors.
BNP Paribas 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 complies 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)

- In 2019, BNP Paribas updated its Registration Document in line with this new regulation for 2018 exercise (business plan integration, materiality matrix with associated risks and indicators...)

**European Commission’s Action Plan on Financing Sustainable Growth**

- BNP Paribas has appointed a representative, Helena Vines Fiestas (head of Sustainability Research at BNPP AM), to participate in the technical expert group (30 people representing a wide range of financial, economic as well as academic actors and NGOs)
EXTENSIVE DIALOGUE WITH STAKEHOLDERS

- Employees, Central European Committee...: through a regular dialogue and an annual Group’s internal survey (with a 77% response rate)

- Suppliers: BNP Paribas is developing balanced relations with its suppliers, in line with its commitments. It also provides its suppliers with a redress procedure in the event of difficulties:
  - All suppliers may refer issues to a mediator internal to the Group
  - 24 cases were referred to the internal mediator in 2018

- Engagement and dialogue with clients on CSR issues (see Economic and Environmental pillars)

- SRI investors: 36 different investors met at least once in 2018

- Advocacy NGOs: 89 exchanges at Group level in 2018 among which 38 meetings on various topics
  - Social and environmental impacts of the Group’s financing and investing activities
  - Human rights
  - Climate change...
POSITIVE APPRAaisal of BNP Paribas’ CSR Strategy and Achievements by Extra-Financial Rating Agencies

Strong Extra-Financing Ratings

No.1 out of 31 companies in the sector of “diversified banks in Europe” according to Vigeo Eiris’ 2018 rating (70/100 as of September 2018)

Top 20% of the sector “Banks” in RobecoSAM’s 2018 rating (among 27 out of 201 banks listed in the DJSI World universe, as of September 2018)

BNP Paribas ranked in the “Leaders” category of Sustainalytics’ 2018 ESG rating (July 2018)

BNP Paribas received a score of A in MSCI ESG Ratings (September 2018)

Member of Sustainability Indices

No.5 out of 244 companies rated by ISS-Oekom in the Commercial Banks & Capital Markets sector in 2018 (C Prime as of July 2018)

BNP Paribas is listed in the Dow Jones Sustainability Index World (2018)

BNP Paribas is listed in Euronext-Vigeo Eiris indexes World 120, Europe 120, Eurozone 120, France 20 (2018)

BNP Paribas ranked in the “Leaders” category of Sustainalytics’ 2018 ESG rating (July 2018)

BNP Paribas received a score of A- in the Carbon Disclosure Project rating (December 2018)

Other CSR awards and rankings

BNP Paribas among the 2019 “Global 100 Most Sustainable Corporations” ranking (24th) as 1st European bank

European leader in managing climate risks according to the NGO ShareAction (promoting responsible investment)

World’s Best Bank for Sustainable Finance

Top Employer Europe label for 6 countries

Global Performance trophy for the best AGM in terms of financial and extra-financial information

Global Bank of the Year for CSR in TMI’s 2019 Treasury4Good Awards
Our Economic Responsibility: *financing the economy in an ethical manner*

Our Social Responsibility: *Developing and engaging our people responsibly*

Our Civic Responsibility: *Being a positive agent for change*

Our Environmental Responsibility: *Combating climate change*
Financing the economy in an ethical manner

- Investments and financing with positive impact
- Ethics of the highest standard
- Systematic integration and management of environmental, social and governance risks
With EUR 168 billion at the end of 2018, total contributing to the energy transition and the SDGs has increased by 8.4%.

The Group has committed to complying with the “Principles for Responsible Banking”, which state the role and responsibilities of the banking sector in building a sustainable future in order to achieve the SDGs and the climate targets of the Paris Agreement.

The Group’s total support for social enterprises (including microfinance institutions) amounted to EUR 1.6 billion.

BNP Paribas has structured 4 Social Impact Bonds (SIBs) for a total amount of EUR 9 million, enabling social enterprises and associations in France and in the USA to raise funds to develop their projects.

The SRI funds managed by BNP Paribas Asset Management stood at EUR 36.8 billion in assets as at December 31st, 2018 (+ 5.2% as compared with 2017).

The Group withdrew from financing the tobacco sector and became a funding member of the Tobacco-Free Finance Pledge, launched in September 2018.

Through its Responsible Business Principles, published in December 2018, BNP Paribas made public its willingness to work with players that share the same environmental and social standards.
OUR ECONOMIC RESPONSIBILITY
Objectives for 2018

SHARE OF LOANS TO COMPANIES CONTRIBUTING STRICTLY TO THE ACHIEVEMENT OF UN SUSTAINABLE DEVELOPMENT GOALS (SDGs)

- 15%
- 14.95%
- Maintain at least at 15%

2015 2018 2018 objective

PERCENTAGE OF EMPLOYEES TRAINED ON AN ETHICS-RELATED ISSUE

- No action
- 96.2%
- Over 80% by the end of 2018

2015 2018 2018 objective

*In 2018, EUR 2 billion of B2B2C was restated.

SHARE OF LOANS TO COMPANIES SUBJECT TO AN ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM WHICH IS SPECIFIC TO THE CONCERNED ACTIVITY

- 25%
- 55.6%
- 40%

2015 2018 2018 objective
INVESTMENTS AND FINANCING WITH A POSITIVE IMPACT
SUPPORT FOR BUSINESSES

BNP Paribas supports the local economy by financing businesses in all its markets

- Measuring economic impact

In 2016, the Group conducted a **pilot study to quantify the contribution that bank loans make to supporting local economies in France** (employment and GDP growth).

- Results
  1. Loans to businesses in the France network contributed to maintaining or creating 820,000 jobs in France – around 5% of market jobs
  2. Almost 200,000 of these jobs, around 24% of the total, were generated by the SMEs (businesses with revenue of under EUR 50 million)

In 2017, BNP Paribas conducted a **new survey to measure the socio-economic impact of BICICI**, its subsidiary located in the Ivory Coast.

- Results
  1. The Group created added value of approximately EUR 820 million for the country economy (2.3% of its GDP), mainly in industry, business services and trade
  2. The Group supported more than 150,000 jobs in the Ivory Coast (2% of the country’s global employment), mainly in farming, transport and trade
  3. The survey also highlighted the important role played by BICICI as a company providing training for careers in banking
OUR CONTRIBUTION TO THE SDGs

Financing and supporting companies and projects having a positive impact on society and the environment

■ A KPI among the 13 CSR KPIs
  ➢ KPI #1: “Share of corporate loans to companies strictly contributing to the achievement of UN SDGs”

■ Specific products for institutional and retail investors
  ➢ Since 2013, the Group has launched 26 ethical indices, which have raised more than EUR 5.5 billion
  ➢ 5 of these indices are closely linked to the SDGs, and they have raised over EUR 600 million

■ Asset Management: investment funds linked to SDGs
  ➢ A global ESG filter and thematic funds linked to SDGs, such as:
    ✓ BNP Paribas Aqua: SDG 6, 9 and 14
    ✓ BNP Paribas Human Development: 2, 3, 6, 11, 12 and 15
    ✓ BNP Paribas Smart food: 2, 12, 13 and 15

■ Strong partnership with the UN
  ➢ In 2017, BNP Paribas signed an important partnership with the United Nations aiming at funding projects designed to help small farmers to get access to renewable energies, agroforestry and water
  ➢ This partnership will help funding programmes up to EUR 10 billion by 2025

■ United Nations’ Principles for Responsible Banking
  ➢ In 2018, BNP Paribas contributed drafting the United Nations’ “Principles for responsible banking” alongside 26 banks and 19 countries
  ➢ They recognise the central role of banks in achieving the SDGs and the climate targets of the Paris Agreement and define an overall framework for responsible banking
At end-2018, EUR 168 billion contribute to the energy transition and the SDGs (compared to EUR 155 billion in 2017)

This includes financing in sectors such as: education, health care, agriculture, renewable energy, microfinance, social entrepreneurship, research...

- **Financing to economic sectors making a full contribution to the SDGs:**
  - In the **transport sector**, the creation of two metro lines in Santiago de Chile for a total of USD 106 million enables the quality of life to be improved for 2.2 million inhabitants and reduces greenhouse gas emissions

- **Sustainability-Linked Loans (SLL): EUR 3 billion in SLLs signed in 2018**
  - SLLs are loans whose interest rate varies on the basis of the borrower’s achievement of environmental and/or social objectives
  - In February 2018, **Danone** signed a EUR 2 billion SLL including a credit margin adjustment mechanism, based on the company’s ESG criteria provided by third parties, reviewed at least once per year

- **493 start-ups of the French Retail Banking portfolio have a significant positive impact**
  - **24%** have a positive impact on **biotechnologies**
  - **17%** are active in the fields of **medical and pharmaceutical research**
  - **14%** have a tangible impact on **energy efficiency**
LONGSTANDING SUPPORT FOR SOCIAL AND SOLIDARITY-BASED ECONOMY

VISION

Social and solidarity-based economy (SSE)
Social entrepreneurship + not-for-profit organisations and other non-public entities with general interest purpose

Leadership position in financing associations

Social Entrepreneurship (SE)
Combining a positive social or environmental impact with a viable business model

- Explicit social mandate
- Social performance comes before financial performance
- Most of the benefits are reinvested in the company
- Regardless of a specific legal status

Growing market underserved by « traditional banks »

Microfinance (MF)
Financial products (including microcredit) to impoverished population in order to support them in developing productive activities

BNP Paribas has been a well-known player for years
Financing to social enterprises:
EUR 1.126 M*

Investments and other support to social enterprises in addition to financing:
EUR 145 M*

BNP Paribas’ support to social enterprises in 17 countries amounted to EUR 1.6 billion, up 59% compared to 2017 on a like-for-like basis.

*at 31/12/2018
An evolving approach of support to social enterprises labelled “Act for Impact” in 2018

Since 2013, this approach has grown progressively to integrate a wider offer. Its main components as of 2018 are:

- An increasing number of advisors trained in the specificities of social entrepreneurship (100 in France and 30 in Belgium at end 2018)

- A Specific Credit Policy for customised financial analysis

- An impact measurement methodology, MESIS, co-built with CDC, INCO and KIMSO, to include social impact as a fully integrated analysis criteria and to make progress in collective thinking on measuring social impact

- A strong support to Social Enterprise ecosystems in 2018 via the implementation of new partnerships and their local anchoring:
  - French Impact: an initiative carried by the French government to strengthen and scale the Social and Solidarity Economy ecosystem in the country;
  - Lab’ESS incubator in Tunisia;
  - Creation of Ascenseur à Paris, a place which brings together over 20 associations, social enterprises and private and public actors from the entire value chain of equal opportunities to provide beneficiaries with a more effective integrated path.
BNP Paribas has developed an offering and expertise in Social Impact Bond (SIB) or “Contrat à Impact Social”, as an arranger and an investor:

- SIB is a *Payments by Results* financial tool supporting societal innovation
- Private investors assume the risks of failure of a social experiment carried out by an association or a social enterprise, in return for compensation; investors are only repaid by public authorities when an independent impact auditor testifies that the project has achieved the expected social impact

As a result, BNP Paribas has become:

- **Leader** in the field of structuring social impact bonds in France with 7 out of 13 SIBs certified by the French government structured by BNP Paribas, i.e. over 50% of the French market
- **A significant player** in the United States

In 2018, the Group invested in three SIBs and carried out the engineering of four new SIBs, for a total of EUR 9 million:

- The “Veterans Care” programme in the US aims to support 480 veterans of the US armed forces suffering from post-traumatic stress to enable them to find qualified, long-term employment;
- The “digital path” programme from *Wimoov*, an association that supports 10,000 people towards employment each year by promoting their mobility. In partnership with 3 French ministries, this SIB aims to implement an on-line tool to detect mobility issues of vulnerable people;
- The “Family Relay” project with the *Fondation Apprentis d’Auteuil* in Loire-Atlantique aims to avoid placing 68 children in foster care structures, by offering housing in family apartments and parental support to families in disadvantaged situations. This EUR 2.5 million experiment will be replicated in the Gironde Region;
- The “La Cravate Mobile” project with *La Cravate Solidaire*, which fights against hiring discrimination related to physical appearance, will allow a traveling device (fully equipped bus) to offer quality professional attire and coaching to 900 young people in Ile-de-France Seine Saint-Denis or Val d’Oise.
DEVELOP AND PROMOTE SRI: EXPAND SRI OFFER

- Around **EUR 36.8 billion assets managed** by BNP Paribas Asset Management as at 31 December 2018
- Total SRI assets under management increased by 5.2% this year
- **30 ESG/SRI labels were awarded in 2018**, two complementary approaches:
  - focused on committed issuers (“**best-in-class**”)
  - **theme based approach** targeting business activities, products and services related to environmental protection and/or social well-being

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AFG’s recommendations on exclusion of controversial weapons from index-linked products

Exchanges with Handicap International

MAQS* adopted the MSCI Global ex Controversial Weapons Indexes as the benchmarks for its range of open-ended funds (BNP Paribas Easy range of funds, formerly Parworld Track ex. Controversial Weapons offer)

In 2016, MAQS strengthened its ETF offer (Exchanged traded fund) with the launch of 10 new ETF MSCI Ex Controversial Weapons that enable investment on the world main stock markets while excluding controversial weapons

In September 2016 and in March 2018, BNP Paribas Asset Management launched 4 responsible ETFs (MSCI KLD400, MSCI Emerging Markets SRI, MSCI Japan SRI and MSCI Europe SRI), excluding conventional weapons and civilian firearms in addition to controversial weapons

*Multi-Asset, Quantitative and Solutions (MAQS) investment group is notably BNP Paribas’ specialist in multi-assets, quantitative and index investments. It gathers the former “THEAM” entity, which has merged with BNP Paribas Asset Management in November 2017. The mentioned MSCI index was adopted in 2013.
ETHICS OF THE HIGHEST STANDARD
<table>
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<th>Mission</th>
<th>Provide financing for the economy and advice for our clients in an ethical manner, to have a positive impact on its stakeholders and on the wider society</th>
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</table>
| Values  | **4 strengths:** Solidity, Responsibility, Expertise **Good place to work**  
**4 levers:** Agility, Culture of compliance, client satisfaction, Open-mindedness |
| Rules   | **Elaborated at Group level** and enforced in every business lines** (Customer interest, financial security, market integrity, business ethics ...)** |
| Practices | Employee **training**  
Use of **whistleblowing** procedure  
Incentive to be **exemplary** but also sanctions |

At end of 2018, **96.2%** of Group employees were trained on an ethics-related issue, including the Code of Conduct.
In 2018, BNP Paribas group paid EUR 5.6 billion in taxes representing an effective tax rate of 23.1%, including EUR 2.5 billion in France.

Studies refer to lists of unofficial “tax havens” and present statistics on operations in tax havens that do not correspond to any operational reality.

- Some countries included in the lists of tax havens belong to the Group’s Domestic Markets, such as Belgium:
  - 14,514 employees
  - 678 branches
  - 3.5M individual and professional customers

Each year, the Group publishes a detailed report on its locations, showing all relevant data country by country, and it is clear from the data that the location of its offices is not driven by tax considerations, but guided in the interest of best serving its customers around the world.

As regards non-OECD countries that could be considered to operate favourable tax regimes, BNP Paribas continues to reduce its presence there and ensures that its entities do not benefit from unduly from privileged tax schemes.

The Group pays close attention to customer compliance with tax laws: international private banking requires its non-resident customers to fill out a “tax compliance statement”, and the Group contributes to customer compliance with tax obligations due to its role of tax collector and provider of information to the tax authorities and to the taxpayers themselves.
Inclusion of Clients’ Interests topic into the 2017 – 2020 Business Development plan:

- In 2017, BNP Paribas published a new « Protection of the Clients’ Interests » Group internal policy aiming at reinforcing trust and satisfaction of our clients.

- Retail banks have made a significant contribution to cyber-commerce by securing online payments:
  - “Hello Bank!”’, our digital bank in Domestic Markets with 3M customers (+100,000 clients compared with 2017)
  - Retail & Private Banking in Belgium serves 2 million total cumulated active users through its banking (Easy Banking) and mobile banking online services

- The General Regulation on Data Protection (RGDP) became effective on May 25th, 2018. This Regulation aims at making the European data protection environment evolve and improving personal data protection within the European Union.
BNP Paribas Personal Finance put in place a responsible approach, including for its revolving loans activity

- A policy to protect the interests of our customers, which is deployed in all BNP Paribas Personal finance entities, respecting 4 main principles:
  - Adequacy/responsible sales practices;
  - Information to the clients;
  - Responsible pricing;
  - Fight against conflicts of interest.

- Customer satisfaction regularly measured in 18 countries, and Net Promoter Score and Client Advocacy programs currently being deployed as part of Personal Finance’s 2020 strategic plan

- A revolving loans offer, representing less than 20% of Personal Finance’s activity
  - A flexible, transparent and responsible product that helps clients manage their cash flow more effectively
  - Cetelem: in France, the offering and marketing of its revolving credit received Vigeo Eiris’ certification for the 3rd time
  - In 2018, 23 countries had a specific score and operational system for fragile customers
  - Between 9,000 and 10,000 clients in difficulty are accompanied every year since 2012
  - Customers can receive a text alert if the monthly payment exceeds a set limit
  - Improve financial literacy: 9 countries deployed a financial literacy program for young people and customers
PROTECTING CLIENTS’ INTERESTS THROUGH HIGH INFORMATION AND CYBER SECURITY STANDARDS

Right to privacy: a direct salient Human Rights risk

- **Group policy on customer data privacy** applies in every entities and countries
  - Head of Group Compliance is member of the Group executive committee
  - Steering committees on data protection gather every 3 months at different Group levels

- **Governance of the Information and Cyber security strategy**
  - The Group Chief Information Security Officer (CISO), in charge of IT Risk & Cyber, is reporting to Group CIO
  - The Board is closely involved in Cybersecurity topics: a focus on Cybersecurity subjects is done several times a year by the Group CISO at the Group Supervision and Control Committee (GSCC) and Internal Control, Risk and Compliance Committee (CCIRC)
  - An update on the Cybersecurity program is done twice a year to the Board of Directors

- **The Group invests massively to adapt its system of protection to digital transformation**
  - “Data protection” training is mandatory for the whole workforce and guarantees a secure personal data process throughout the business relationship
  - In 2018, 89% of the 195,133 employees concerned have followed the “Know Your Data” training and 87% of employees in the European Economic Area have validated the “Personal Data Protection” training
  - Several trainings on cyber security have been done in 2017 and 2018 at the Board of Directors

- **The Group guarantees customers’ rights**
  - Systematic **encryption of confidential information**
  - Right of access, right to rectify, right to object, right to information
  - Available **contact points** (local Computer Security Incident Response Team or CISO) to raise concerns about a suspicious event
  - The Group has launched the **RaDAR Programme** to comply with the European General Data Protection Regulation (GDPR) and to offer a consistent privacy experience to its clients
PROTECTING CLIENTS’ INTERESTS THROUGH A COMPREHENSIVE APPROACH TO COMPLIANCE

- The Group's zero tolerance towards bribery, corruption and conflicts of interest is recalled in its Code of Conduct, which was revised in 2016 and updated in 2018:
  - Mandatory online training in the Code of conduct conducted in 2016 for all employees and ongoing for new hires
  - Extension of the Code of conduct in 2018 with an addendum on “Anti-corruption practices”, in accordance with the law of 9 December 2016 on transparency, the fight against corruption and modernization of the economy

- Apart from the Code of Conduct, BNP Paribas has also developed:
  - **A Group Global Policy on Anti-corruption**: updated in 2017, this policy presents BNP Paribas’ framework for preventing, detecting and managing acts of corruption. Compared with the previous version from 2011, the 2017 Global Anti-Corruption Policy widens its scope of application and takes account of the new measures in the Sapin II law
  - **Mandatory training procedure** regarding anti-money laundering, financing of terrorism, and compliance with international sanctions started since 2013, which lists the employees by type of training in relation to their risk exposure, program’s content and reporting requirements
    - As of end-2018, **96.2%** of the 184,312 employees concerned had taken the online training on international sanctions and embargoes, while **93.1%** of the 185,086 employees concerned had followed the online training on anti-money laundering and financing of terrorism
  - **Risk Academy**: BNP Paribas launched the Risk Academy in 2010, a Group-wide initiative (Compliance, Legal, HR, and Risk)

- Compliance is tasked with anticipating, expanding the range of robust tools, ensuring staff training, and strengthening internal control processes
  - **Key challenges identified by the Compliance Function in 2018**: financial security (anti-money laundering, fight against corruption and terrorist financing, etc.), market integrity, review of the Whistleblowing policy, following of the implementation of the French Banking Act and the US Volcker Rule, implementation of the Benchmark Regulation, and the strengthening of mechanisms to protect clients’ interests
SYSTEMATIC INTEGRATION AND MANAGEMENT OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISKS
OVERVIEW OF BNP PARIBAS’ CSR ASSESSMENT PROCESS OF ESG RISKS

CSR Sector Policies:
Defense, Nuclear, Coal-fired power plants, Palm oil, Unconventional Oil & Gas, Mining, Wood pulp, Agriculture

Specific Credit & Rating policies; Rating Adjustment for CSR Matters

Monitoring & exclusion list

Dedicated CSR Tools for Businesses:
- CIB CSR screening Grid
- IRB Tool

Asset Management: ESG criteria for collective Investment funds/Institutional mandates

Industry Research CSR Tools:
1. Guide for CSR Assessment
2. Sector mapping:
   - sensitivity
   - key issues

Company level

Transaction level

ad-hoc CSR recommendations: advice on specific transactions

Equator Principles/Projects

CSR sensitivity

Sector / Policy level

KYC

RISK APPETITE FRAMEWORK

CODE OF CONDUCT
17 transactions reviewed against the Equator Principles in 2018, including the financing of 10 renewable energy projects – installation of offshore wind farms representing and photovoltaic farms.

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<th>Year</th>
<th>2011</th>
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<td>Number of grade A transactions in the year</td>
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**Category A**: Projects with potentially significant environmental and social impact for which attenuation or corrective actions are required

**Category B**: Projects with limited or moderate environmental and social impact

**Category C**: Projects with minimal or zero impact

**Disclaimer**: The (A/B/C) categorization step is assessed before mitigation of the salient E&S risks identified and determines the extent of E&S due diligence to be performed. The proposed mitigation of identified E&S risks will have to be satisfactory to the banks.
FINANCING & INVESTMENT POLICIES IN SENSITIVE SECTORS

Sector policies and exclusion list

- BNP Paribas’ sector policies cover defense, nuclear power, coal-fired power generation, wood pulp and palm oil, mining industries, unconventional oil & gas and agriculture (see appendix)
- In addition, the Group has a list of goods and activities on exclusion
- Finally, BNP Paribas excluded Tobacco from its financing and investment activities in 2017 and became a founding member of the Tobacco-Free Finance Pledge, launched in September 2018

Sector policies implementation:

- In 2015, adoption of a CSR operational Control Plan to verify the right implementation of the CSR strategy throughout the Group, covering the Group’s CSR networks organization and the management of our ESG risks
- In 2018, the Group’s CSR teams reviewed 1,627 transactions (1,251 in 2017)
- A strong teams’ involvement:
  - The implementation relies on both the RISK and the Compliance function
  - E-learning trainings have been translated in 7 languages, and these trainings became mandatory for all RISK employees in 2018
Assure all BNP Paribas’ clients that environmental, social and governance issues have been taken into account in the management of their assets.

**BNP Paribas Asset Management:** systematic integration of extra-financial criteria

- Signatory to the UN Principles for Responsible Investment (UN PRI) and UN Global Compact’s 10 Principles
- Signatory to the Montreal Carbon Pledge: publication, at end 2018, of the carbon footprint of more than 120 funds of their investment portfolios on an annual basis in accordance with the Portfolio Decarbonization Coalition (PDC)
- At end-2018, BNP Paribas Asset Management managed EUR 36.8 billion in SRI funds (+5.2% compared with 2017)
- Signatory to the 2018 Tobacco-Free Finance Pledge
- BNPP Asset Management celebrated the tenth anniversary of its “BNP Paribas Easy Low Carbon 100 Europe UCITS ETF” in October 2018, which was the first low carbon fund, offering investors an effective investment solution to reduce the carbon footprint of their investment portfolio.

**CARDIF (Insurance):** At the end of 2018, 80% of the main euro fund run by BNP Paribas Cardif was screened using an ESG filter, compared to around 58% at the end of 2017.
Voting at Annual General Meetings is a key component of the ongoing dialogue with companies in which we invest on behalf of our clients and an integral part of our investment process: BNP Paribas Asset Management strives to vote in the best interest of its clients.

The voting policy’s objectives: To enhance the long-term value of our shareholdings and to foster corporate governance best practices, business ethics, economic development, social cohesion & environmental protection.

Corporate governance practices which we support include:
- Acting in the long-term interests of shareholders
- Protecting shareholders’ rights
- Ensuring independent and efficient board structure
- Aligning incentive structures with long-term interests of shareholders
- Disclosing accurate, adequate, & timely information
- Good environmental & social performance

In 2018, BNP Paribas Asset Management participated at over 1,464 Annual General Meetings and voted on 17,953 draft resolutions, abstaining from, opposing or voting against close to 22.2% of them.

Recognition expertise in responsible investing: in 2018, BNP Paribas Asset Management was again given the “A+” score, which is the highest ranking, by PRI (Principles for Responsible Investment).
Developing and engaging our people responsibly

- Promotion of diversity and inclusion in the workplace
- A good place to work and responsible employment management
- A learning company supporting dynamic professional path management
OUR SOCIAL RESPONSIBILITY
2018 Highlights

Promote employee’s fundamental rights and equal opportunities wherever the Group operates

- 2018 marked a decisive turning point in the Group’s social responsibility strategy with the signature of a Global Agreement on September 18th, 2018, with UNI Global Union, the International Trade Union Federation of the service sector
  - This agreement is in line with the BNP Paribas 2020 Engagement Manifesto and strengthens the Bank’s membership of the multi-party international partnership, the Global Deal
  - This agreement on fundamental rights and global social framework addresses seven topics that all contribute to improving quality of life and working conditions for employees
  - The concrete, ambitious commitments in this agreement must be applied to all Group employees progressively from 2019 for certain measures and by 2021 at the latest for others

- In March 2018, Jean-Laurent Bonnafé committed to the United Nations Women to make the Group a Thematic Champion of the “HeForShe” movement
  - This commitment, defined as a priority for the Company, is in line with the UN’s Sustainable Development Goals, which BNP Paribas included in its 2020 Engagement Manifesto

Consolidating the 2020HR strategy

- The 2020 HR transformation strategy, launched in 2017, continued to be deployed this year. It focuses on the employees, their long-term development and engagement in the Group
  - These goals are the rationale behind the design of the new HR interface, “About Me”, now accessible to approximately 70% of Group employees. About Me allows employees to self-assess their skills, build their own personal development plan with their manager and proactively receive personalised job and career development suggestions
OUR SOCIAL RESPONSIBILITY

Objectives for 2018

PERCENTAGE OF WOMEN AMONG THE MEMBERS OF CROSS-FUNCTIONAL EXECUTIVE COMMITTEES ACROSS BUSINESS LINES AND/OR COUNTRIES*

* Out of approximately 500 Top executives

- 21% in 2015
- 25% in 2018
- 23% in 2018 objective

PERCENTAGE OF EMPLOYEES HAVING AT LEAST 14 WEEKS OF PAID MATERNITY LEAVE AND/OR SIX DAYS OF PAID PATERNITY LEAVE

- 74% in 2015
- 92% in 2018
- 85% in 2018 objective

PERCENTAGE OF EMPLOYEES REPORTING HAVING BEEN TRAINED (ANY FORMAT, INCLUDING E-LEARNING) OVER THE PAST 12 MONTHS

- 74% in 2015
- 88% in 2018
- 90% in 2018 objective
OUR SOCIAL RESPONSIBILITY
Promoting employee development and commitment

Promotion of diversity and inclusion in the workplace

A good place to work and responsible employment management

A learning company supporting dynamic career management
OUR SOCIAL RESPONSIBILITY: why BNP Paribas makes a difference

Sole bank with such key achievements, targets & rewards

✓ Advocacy role & share of best practices with stakeholders (clients, suppliers...)
  - A Management Board with 43% women (incl. 1 elected by employees)
  - Since 2016, a **code of conduct** with an application of the most rigorous standards on workplace conduct and the rejection of all forms of discrimination, intimidation or sexual harassment

- Joined in 2018 the “HeForShe” movement as a thematic champion. This movement aims to promote and act for the equality of women and men
- Signed with six other large companies the “One in Three Women” Charter, in the wake of the European initiative called CEASE

- **CSR indicators** are included in calculating the 3-year loyalty plan of 6,750 key Group employees, where they account for 20% of the conditions for granting this compensation. **Eleven out of thirteen indicators were achieved** for the 2016-2018 period.

- Objectives set and positive impact of the gender equality actions with women representing:
  - 27% of the **G100** (41% of nominations since 2016);
  - 25% of **Top 500** executives (objective > 25% in 2020);
  - 28% of **SMP** (objective of 30% in 2020);
  - 43% of **Talents**, including an objective of 36% for top, 42% for advanced and 47% for young emerging talents.
OUR SOCIAL RESPONSIBILITY: why BNP Paribas makes a difference

A strong UN partner

BNP Paribas invites all its employees to sign up on the HeforShe United Nations website to embody the objectives of BNP Paribas in favor of gender equality (activation map)

Commitment at Group level

A goal of at least 40% women in the Graduate & Talent programmes of the market activities will be pursued by 2020

High quality of social dialogue

1 Global social framework (Global agreement) signed with Union Network International (UNI) Global Union to further improve the quality of life and working conditions at BNP Paribas on 7 main topics

Advocacy role & Recognition

The Group was awarded the gender equality label and the diversity label was renewed

High involvement of employees

In France, BNP Paribas was one of the main sponsors of the Gay Games organised in Paris with 200 employees from 15 countries involved in the competition

20,000 employees involved in the networks

High investment on employees

98% of the employees trained, with on average 24 hours of training per employee & objectives set

BNPP employment management always favors mobility and training throughout the world
Promotion of diversity and inclusion in the workplace
NOTABLE RESULTS AND ACTIONS REGARDING GENDER EQUALITY

A commitment from the Executive Management

- **Increase of the share of women** in key populations, with for instance 25% of the Leaders for Change, 28% of the SMP and 45% of the Leaders for Tomorrow
- Jean-Laurent Bonnafé becomes **Thematic Champion** of the *He For She* initiative
- **€ 2 billion** allocated to support women entrepreneurs’ projects
- **€ 5 million** budget to address any possible gender differences in annual compensation for BNPP SA in 2018. Budget provided by subsidiaries in France increased to around **€ 1.3 million**.
- **Paid maternity leave of at least 14 weeks** in all entities of the Group

Training, awareness raising actions and commitments

- Personal development programmes, such as “Active Inclusion”, “#WomengotTalent” or “Women in Business”
- Awareness to the bias, stereotypes, sexism, violence against women: **Respect campaign**, member of the intercompany European network “Cease” with the **signature of the charter “Une femme sur trois”** (one in three women)
Advocacy role & share of best practices with stakeholders (clients, suppliers...)

- **International commitments:**

  - In addition to gender equality, the Group also sets ambitious objectives and obtains visible results on the following topics:
    - Internationalization and multiculturalism
      - 163 nationalities in the Group
      - French nationals among expatriate employees: 59% (vs 68% in 2011)
    - Promoting employment and inclusion of people with disabilities by implementing the ILO Disability Charter
      - The objective of one commitment included in the criteria of the 3-year loyalty plan of 6,750 key Group employees is to reach 95% in 2020

- **20,000** employees involved in internal networks interacting about topics as varied as gender equality, sexual orientation, intergeneration, harmony, parenting, disability, inter-religion harmony and veterans
PROMOTE DIVERSITY & INCLUSION – INTERNAL & EXTERNAL REWARDS

Internal recognition

- 76% of employees stated that the management of BNP Paribas supports diversity in the workplace recognise and respect the value of human differences.

- 75% have a clear overview of the actions BNP Paribas is carrying out to promote social and environmental responsibility and responsible bank commitments.

External recognitions

- Presence of the Group in specific indices related to professional equality topics, such as the Bloomberg Financial Services Gender Equality Index (BFGEI) or the Pax Ellevate Women’s Index Fund.

- Jean-Laurent Bonnafé was again included on the “FT’s Outstanding List” for his actions to promote inclusion of LGBT+ people.
A good place to work and responsible employment management
A GOOD PLACE TO WORK & KEY RECRUITER

Recognized progresses to attract and keep the best talents

• More than 26,000 permanent contracts recruitment in 2018, amongst which 59% in Europe and a total of 202,624 FTE in the world

• 6,500 “Leaders for Tomorrow” talents benefit from dedicated support and development programmes

• Top Employer Europe certification in 7 countries for the 5th consecutive year

• Top European bank in the Vigeo Eiris 2018 ranking

• Increased presence on social networks with +500,000 LinkedIn subscribers

• Continue the innovative recruitment practices to attract talents specially with the launch of Job Preview, a platform to connect our employees and applicants

A qualitative working environment

In the context of the Global agreement, progressive implementation for all employees of the Group:

➢ Of a death insurance and of a incapacity and disability insurance

➢ Of a health insurance plan

A new way of working

➢ Flex office: more than 12,000 permanent contract employees in France

➢ Teleworking: regularly performed by 9,000 employees
A GOOD PLACE TO WORK & RESPONSIBLE EMPLOYMENT MANAGEMENT

- **Quality social dialogue**
  - 47 countries have staff and/or union representatives, including European Council
  - 287 collective agreements signed
  - This context of responsible social management led to the signature of the Global Agreement, based on three previous European agreements, on employment, gender equality in the workplace and stress prevention

- **European Works Council (EWC) 5-year mandate**
  - 22 countries and more than 67% of the total workforce are covered
  - The European Works Council Secretariat contributed to the negotiation and will participate in the annual follow-up of the Global agreement with representatives of BNP Paribas Executive management and UNI Global union

- **Employee care**
  - In 25 countries, entities developed initiatives to support employees suffering from addictions
  - According to the Global People Survey (GPS), 76% of employees have an optimistic view of BNP Paribas’ future, believing that it “will improve or remain stable” (versus 75% in 2017)
  - Under the Global agreement, the HR internal procedure on reports of harassment will be implemented in all Group entities, together with measures to support victims

- **Competitive compensation policy**
  - Since 2016, an indicator on the pay distribution between men and women was included in the annual compensation review process for all Group business lines and functions
SIGNATURE OF A GLOBAL AGREEMENT TO FURTHER IMPROVE THE QUALITY OF LIFE AND WORKING CONDITIONS AT BNP PARIBAS

BNP Paribas Global agreement encompasses 7 main topics:

1. Human rights, social dialogue and trade union rights
2. Social and environmental responsibility
3. Employment management and skills
4. Gender equality
5. Promotion of diversity and inclusion
6. Prevention of and fight against moral and sexual harassment
7. Health and quality of life at work

- Signature in September 2018 with Union Network International (UNI) Global Union
- Spirit of BNP Paribas 2020 Engagement Manifesto signed at the beginning of 2018
- Concrete measures which will be applied progressively by the end of 2021 in all entities of the Group
- Example: contribution to society (NGO, associations) with 1 million solidarity hours, equivalent to a little more than half a day of volunteering per employee per year, fully paid
A learning company supporting dynamic professional path management
HR 2020 STRATEGY – EMPLOYEE CENTRIC TRANSFORMATION

Aims at providing each employee with a transparent professional path, more personalized HR experiences and training and relevant development opportunities; all by digitalizing the main HR end to end processes, and applying “positive management” based on trust, respect, empowerment, recognition and continuous feedback.

As a first visible step, “About Me” is the new HR platform that allows a better knowledge of our employees in order to better serve them and offer them a seamless employee experience. It is currently being deployed worldwide.

1 : Net Promoter Score
2 : Net Promoter score for Employees
3 : By the end of June 2018, About Me will be available to +110,000 employees (56%) in the Group
HR2020 leads to Purpose
- Responsible employer

HR2020 leads to Positive Management
(Trust Empowerment Recognition Transparency)
- Positive Management promotion & support with PM weeks
- Trust, transparency and recognition of employees’ skills & achievements in About Me
- Promotion of collaborative and transversal objectives in Performance principles

HR2020 leads to Development opportunities
- Wide range of personalized jobs & L&D offers recommendations in About Me
- Richness of mobility opportunities (lots of locations and métiers)
  - Fast mobility process with HR as an advisor
- No discrimination thanks to ethical skills approach
- Long term job opportunities thanks to SWP anticipative approach on future skills’ needs
  - Continuous development thanks to continuous feedback
- New ways of learning: On the job training, Development paths through partnerships
  (within Startups or other Group’s business lines: job swap, Digital School, etc.)

HR2020 leads to Challenging projects
- Ability to work on transversal projects and be recognized (breaking silos)
  - Supporting People’s lab, Initiative Alpha, etc.

HR2020 leads to good working environment & work-life balance
- Promoting, enabling and supporting New ways of working with a HR framework
  - Flexoffice & home working opportunities
    - Digital working
    - Code of conduct
HR 2020 STRATEGY – MAIN ACHIEVEMENTS SO FAR

- Digital School & dev. paths via internal & external partnerships (Since Oct 16)
- About Me HR digital Platform (Since April 17)
- HR Academy (Since June 17)
- Learning proactive recommendations (Since Nov 17)
- Feedback between colleagues (Since Sep 18)
- Continuous feedback & performance management process (Since April 17)
- Working Differently & Positive management implementation (Since June 17)
- Job proactive recommendations (Since Oct 17)
- Group Skills Catalog (Since April 17)
- SWP Anticipating our future skills needs (Since Feb 17)
- SkiMe – Skills Gaming App (Since Oct 17)
- 2020 Employee Value Proposition (Since Jan 17)
- Digital, Data, Agile Academy (Nov 18)
- HR2020 Change kit: videos, e-learning (Since May 17)
- Employee Experience Lab (Since Mar 18)
- Mobility new principles, process & portal (Q2 19)
- International Management Programme (Q2 19)
- New roles & skills of HR (Q4 19)
- Chatbot in Staffing Process (Q4 19)
98% of employees* trained with an average of 24 hours of training per employee, with a clear increase in training on Business lines and functions’ (+9 points)

Focus on digital training in all businesses: 149 employees have already attended technical courses with the “Digital, Data & Agile Academy” launched this year and programmes like “Upskilling 2.0” and “Skills up” have been developed for employees to hone their existing skill set or add new skills in this area.

Alternative formats (videos, quizzes and e-learning) continue to grow and now represent 89% of training. The Group has strengthened its means of developing skills effectively through on-the-job practice. This approach reinforces the ambitions of the Group in terms of cross-functions transfers.

The Group considers intrapreneurship as a source of development for the employees, as demonstrated by the People’sLab4Good Corporate Engagement programme to fully support 100% positive impact projects. The 2018 campaign gathered 15 intrapreneurs from 4 countries and nine projects were organised in the business lines.

Around 20,000 employees (+20%) took part in initiatives of corporate volunteering amounting to a total of 300,000 hours (+45%) of voluntary /solidarity work during working hours.

* Source: My Learning reporting tools (for almost all countries/entities) and social reporting campaign (Bank of the West); this includes 100% of the physical headcount of fixed-term and permanent contracts in the Group in 72 countries (99% in 72 countries in 2017), even though other employees (apprentices, professional contracts, vocational contracts, casual workers, interns) also benefit from training.
Mobility remains a major focus of HR management practices

- With 5,989 transfers between entities and business lines in 2018
- With communication, an active community on mobility and an increased deployment of internal mobility tools
- For the fifth consecutive year, "Mobility Days" organised over three weeks in 40 countries involved around 10,000 employees. A Snapchat campaign around the “jobs of the future” was launched to promote roles in digital and data. In France, an interactive game aimed to introduce staff to future banking roles.
Being a positive agent for change

- Products and services that are widely accessible
- Combat social exclusion and support human rights
- Corporate philanthropy policy focused on the arts, solidarity and the environment
Numerous concrete contributions promoting BNP Paribas’ civic responsibility:

- At the end of 2018, the Group’s subsidiary, Nickel, which offers prepaid “accounts for everyone” that are sold at tobacconists, had opened 1.142 million bank accounts;
- In the field of microfinance, more than 350,000 people across 17 countries benefited from the Bank’s support to microfinance Institutions (MFIs);
- As a committed philanthropist, BNP Paribas conducted five fund-raising campaigns via the Rescue & Recover Fund, which raised more than EUR 570,000 for NGO partner actions on the field;
- BNP Paribas strengthened its commitment to the integration and inclusion of refugees in Europe by raising its support plan budget by EUR 4.5 million by 2021.

Contribution to several key events:

- For the 4th year running, BNP Paribas participated in “One Young World”, an annual international summit for the leaders of tomorrow, held in The Hague in 2018. For the occasion, BNP Paribas sent an unprecedented delegation of 40 employees from 15 countries and 20 representatives of Group partner associations or social businesses;
- Five-year partnership between BNP Paribas and the NGO Whitaker Peace & Development, as part of a programme in South Africa enabling young people from disadvantaged neighbourhoods in Cape Town to act as entrepreneurs and ambassadors of peace in their community. The aim of the project is to have a positive impact on nearly 60,000 young people and residents;
- BNP Paribas also supported and participated in the Paris Peace Forum, which emphasises cooperation to address global challenges for lasting peace.
OUR CIVIC RESPONSIBILITY
Objectives for 2018

PERCENTAGE OF EMPLOYEES CONTRIBUTING DIRECTLY TO THE PROMOTION OF HUMAN RIGHTS WHO HAVE RECEIVED A SPECIFIC TRAINING

- No action
- 85%
- 80% of the target population (around 3,000 people)

THE BNP PARIBAS GROUP’S ANNUAL SPONSORSHIP BUDGET

- EUR 38.6 M
- EUR 41.6 M
- Average yearly budget over the 2016-2018 period greater or equal to the 2015 budget

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
- 358,000
- 350,000

- 2015
- 2018
- 2018 objective
Products and services that are widely accessible
GROUP SUPPORT TO MICROFINANCE

OBJECTIVE: A powerful lever of inclusion for people usually excluded from the traditional banking system

30 years of partnerships and financial inclusion

- Support for 31 Microfinance Institutions in 17 countries, which takes the form of credit lines for financing the microcredit portfolios of microfinance institutions (MFIs)
- In mature economies: the leading banking partners of the main European microfinance players such as Adie in France, PerMicro in Italy, Microstart in Belgium and MicroLux in Luxembourg
- In emerging economies: the Group provides support to 24 partners in 11 countries

BNP Paribas support for microfinance as of 31 December 2018

- Over 350,000 beneficiaries supported through loans, of which 88% are women
- 2018 innovation: New partnership with UN Environment (MEbA programme) to improve rural microcredit beneficiaries’ resilience towards climate change

TOTAL SUPPORT IN 2018: EUR 296 MILLION
ACCESS TO FINANCING AND INSURANCE

OBJECTIVE: Innovate to answer the specific needs of the young people, the customers with major diseases or experiencing financial difficulties

■ Customers with disabilities
  ➢ In Belgium, BNP Paribas Fortis continues to step up the initiatives introduced in 2012. At end-2018, 30% of its branches were accessible to people with reduced mobility
  ➢ In July 2018 in France, before it became a legal obligation for all insurers, BNP Paribas Cardif launched a new service: Acceo, which enables deaf or partially deaf customers to access relationship centers autonomously
  ➢ In Senegal, BICIS has signed a partnership with Humanité et Inclusion (HI) so that accessibility diagnostics are carried out for every new branch opening or renovation

■ Customers experiencing financial difficulties
  ➢ French Retail Banking has implemented several prevention and support mechanisms for its customers experiencing difficult situations. Throughout the year, 300 advisors specialised in budget solutions help customers in financial distress. Furthermore, the Centres in which these advisors are based obtained the Human for Client INRC label in December 2018, assessed by AFNOR Certification and which values customer relationships carried out on a one by one basis or online
  ➢ BNPP Personal Finance launched numerous initiatives to promote access to credit for young people, people with precarious employment and senior citizens, such as specific products for migrants in Italy and for young entrepreneurs in the United Kingdom
  
In 2018, 26 countries had a specific score and operational system for fragile customers, and solutions to fight over-indebtedness have effectively been in place for nearly 10,000 customers in difficulty
Many financial education programs focusing on young people:

- In 2018, BNP Paribas Personal Finance initiated a "Responsible Budget" training: a digital platform that shows teachers, young students and their families how to manage their budgets by way of "serious games".
- The French Retail Banking run in collaboration with the Fédération Bancaire Française (French Banking Federation) the game entitled "J’invite un banquier dans ma classe" (I invite a banker to visit my class). This game was hosted by BNP Paribas employees during 185 sessions in schools. It raised awareness on how to manage a budget of pupils in junior schools, aged 9 to 10.

Transparency of the offer allowing a better understanding of products and services:

- In Belgium, BNP Paribas Fortis organised over 100 "Customer Advice Committees" for all customer segments, with the aim of collecting opinions. Over 550 customers took part in one or several sessions, alongside experts and members of the Executive Committee;
- BNP Paribas Cardif launched a major drive to simplify commercial documents and management letters sent to customers, by writing them in a language accessible at the B1 level, according to the common European reference framework for languages. This simplification approach has new been deployed in all the countries in which Cardif operates, and over 10,000 documents were updated between 2015 and 2018;
- In France, Hello Factory, a programme to jointly shape the bank of the future, encourages interaction between its customers and Hello bank!, the digital bank. In 2018, 16 out of 279 customer proposals for banking innovation have been selected and published on the "MaBanque" site.
Combat social exclusion and support human rights
GIVING SUPPORT TO DEPRIVED URBAN AREAS SINCE 2006 WITH « PROJET BANLIEUES »

A program that provides long-term support for disadvantaged neighborhoods through three main focuses

**Job creation & integration into the labor market**
- In 2018, the Group contributed significantly to the development of Adie’s activity by directly supporting 16 of its branches installed in priority urban neighborhoods.
- Through its support, BNP Paribas enabled the association to fund over 4,000 people in 2018 and thus to create 7,800 jobs in total.

**Supporting education**
- The fight against academic failure in partnership with the AFEV (Association de la Fondation Etudiante pour la Ville) association enabled 4,200 children and young people in deprived areas to be supported.
- 1,150 young people benefited from a school mentoring programme set up by Proxité.

**Proximity and local presence**
- The BNP Paribas Foundation pursued its policy of supporting local associations, to foster social ties in priority urban neighbourhoods.
- In 2018, 143 associations benefited from the Foundation’s EUR 452,000 budget, including 66 which are more specifically dedicated to young people.
RESPECTING THE UN’S GUIDING PRINCIPLES RELATED TO BUSINESS AND HUMAN RIGHTS

- The Human Rights Statement of BNP Paribas: signed in 2012 by the General Management, is a level 1 Policy, accessible to all online.

- A commitment reflected in the Group strategy:
  - Commitment 8 “Combat social exclusion and support human rights”
  - 2 human rights related indicators included in the 9 2016-2018 CSR management indicators used to calculate the deferred variable remuneration for the top 6,750 key employees.

- ... and highlighted in the 2018 BNP Paribas Code of Conduct, “Promoting respect for Human Rights” (7th article).

- Following the UK Modern Slavery Act, the Group first published a statement on slavery and human trafficking in 2017, which was validated by the General Management and Board of Directors, updated in 2018, and reported in the Registration Document.

- The Duty of vigilance law, applies to Group as a whole and requires a vigilance plan to identify and prevent the risk of violations of human rights.

- BNP Paribas is a founder member of EDH, takes part in the Thun Group and is a member of the UN Global Compact since 2003.

- Training and raising awareness on Human Rights:
  - Dedicated e-learning compulsory for the CSR network, Risks, Procurement, Sales managers of the BNP Paribas CIB entity...
  - As of end-2018, 85% of the employees assigned had completed the online awareness module i.e. 7,552 people.

Human Rights reporting in BNP Paribas 2018 Registration Document is in compliance with the recommendations of the UN Guiding Principles Reporting Framework released in February 2015.
RESPECTING THE UN’S GUIDING PRINCIPLES RELATED TO BUSINESS AND HUMAN RIGHTS

- Protecting our employees in countries at risk
  - Annual review of countries that are high-risk in terms of human rights: in 2018, the Group operated in 26 countries with a worrying situation, i.e. 16% of its total headcount, and no longer operated in any high-risk country

- Commitments expected of suppliers and subcontractors
  - Risk mapping for activities of the suppliers and subcontractors with which the Group has commercial relationships
  - New “Sustainable Sourcing Charter” drafted jointly with 3 other French banks published on the Group’s website in March 2018

- Management of salient risks in the distribution of the Group’s financial products and services
  - Non-discrimination in access to financial services: the Group strives to boost access to financial services in the communities in which it operates
  - Rights to privacy: data protection was a priority issue in 2018, with the introduction of European General Data Protection Regulation (GDPR), which came into force on May 25th, 2018

- Management of salient risks in the Group’s financing and investment activities
  - 2018 Responsible Business Principles charter for BNP Paribas’ customers
  - Risk mapping of the Group’s clients that covers all business sectors and all the countries where the Group’s clients’ legal entities are located to comply with the French Duty of care law
  - Human Rights criteria in financing and investment policies and in all the other components of the Group’s ESG risk management system
  - Engagement with clients suspected to be involved, directly or indirectly, in human rights abuses (e.g. on cluster munitions production)
Corporate Philanthropy policy focused on the arts, solidarity and the environment
**CORPORATE PHILANTHROPY**

- **SOLIDARITY: combating exclusion and discrimination; fostering employee volunteering; supporting education and professional integration**
  - Supporting social inclusion (EUR 12.5M assistance plan for refugees in Europe since 2016)
  - Supporting Education and Inclusion (through initiatives such as *Dream up* and *Odyssée Jeunes*)
  - Supporting employees’ commitment through the “Help2Help” program (EUR 945,000 in 29 countries)

- **ARTS: fostering the performing arts; preserving and enhancing cultural heritage**
  - Dansathon: collaborative and connected event intended to create the innovations that will mark the future of dance, held simultaneously in the cities of Lyon, Liege and London
  - Support to the careers of many jazz musicians and several international festivals, such as the “Bamako Jazz Festival”, a 3-day concert event organized in Mali in 2018

- **ENVIRONMENTAL RESEARCH: financing and supporting research on climate change**
  - Supporting climate initiative & biodiversity projects (EUR 12 M support to researchers via Climate Initiative since 2010)
  - Disseminating knowledge and best environmental practices

*Solidarity mainly includes social inclusion and education programs*
The Rescue & Recover endowment fund, a long-term solution launched in 2012 to help victims of humanitarian disasters, celebrated its 6th anniversary in 2018

- In six years, circa EUR 4 million have been collected and matched by BNP Paribas, with EUR 540,000 raised in 2018

A unique initiative

- A pioneering solidarity tool: permanently open to all BNP Paribas employees around the world, and retirees and clients in France
- Each donation is matched by BNP Paribas and paid to the 3 NGOs partnered by the fund: CARE, the French Red Cross and Doctors Without Borders (Médecins Sans Frontières)
- Chaired by Baudouin Prot, former Chairman of BNP Paribas

Positive results

- Since 2012, the fund has organised 25 fundraising campaigns and collected nearly EUR 4 million
- 2018 was marked by emergency responses related to:
  - The eruption of the De Fuego Volcano in Guatemala in the spring (EUR 63,000);
  - The series of earthquakes in Indonesia (EUR 30,000);
  - The floods in India during the summer (EUR 90,000);
  - The tsunami on the Celebes islands in September (EUR 185,000);
  - The deadly fires in California at the end of the year (EUR 10,000);
  - A campaign to help three vulnerable communities adapt to climate change in Haiti, Niger and Madagascar (EUR 125,000).
COMMITTED EMPLOYEES SHOWING SOLIDARITY

FOSTERING VOLUNTEER WORK THROUGH DEDICATED STRUCTURES

- **Dedicated Volunteering Coordination Team**
  - 3 types of Volunteering during working hours
    1) Long-term Volunteering French Program “Mécénat de compétences”: 2-years assignment for free in an NGO of senior employees;
    2) *Pro bono missions* with specialized teams: Legal / Internal Consulting / Talent Development Program;
    3) **Solidarity Days**: 5 working hours per year allowed by the bank to all employees worldwide to take part in this program.
  - Voluntary work performed outside of working hours, with the support of « Bénévolat de Compétences & Solidarité » (BCS)
    1) By the Group’s active employees through a network of correspondents in Business lines and Functions;
    2) By retired employees.

BACKING THE GENEROSITY OF EMPLOYEES

- **PHILANTHROPY**: The “Help2Help” programme devised by the BNP Paribas Foundation encourages employees to donate their time and energy to community and humanitarian causes
  - The programme is now deployed in more than 29 countries;
  - In 2018, the programme supported the projects of *260 associations* in 2018 thanks to an endowment totaling **EUR 945,000**.
Combating climate change

- Partnering with our clients in the transition to a low carbon economy
- Reduce the environmental impact of our operations
- Advance awareness and sharing of best environmental practices
BNP Paribas has supported act4nature alongside 64 other international companies, an initiative launched by the think tank EpE (Business for the Environment) to protect and restore biodiversity;

At end-2018, in addition to renewable financing, which reached a level of EUR 15.4 billion, the Bank structured and placed EUR 6.3 billion in green bonds;

The Bank also launched nine Climate indices, which raised more than EUR 750 million in 2018;

In October 2018, BNP Paribas received its accreditation from the Green Climate Fund, whose objective is to catalyse funding for low-carbon projects that are resilient to climate change impacts;

BNP PARIBAS Securities Services launched ClimateSeed, a voluntary carbon offsetting platform that puts investors seeking to offset their carbon emissions in contact with project developers;

The Group launched Green Company for Employees, an environmental program that calls on employees to contribute towards reducing the Group’s environmental impact;

Since its launch in 2010 by the BNP Paribas Foundation, the Climate Initiative program has provided financial support totaling EUR 12 million to 324 researchers, professors and engineers and raised the awareness of around 300,000 people on climate change.
OUR ENVIRONMENTAL RESPONSIBILITY

Objectives for 2018

FINANCING FOR RENEWABLE ENERGIES

- EUR 7.2 billion in 2015
- EUR 15.4 billion in 2018
- EUR 15 billion in 2020

GREENHOUSE GAS EMISSIONS

- 2.89 teqCO₂/FTE in 2015
- 2.45 teqCO₂/FTE in 2018
- 2.41 teqCO₂/FTE in 2020

NUMBERS OF PEOPLE MADE AWARE OF CLIMATE ISSUES BY BNP PARIBAS

- 70,000 in 2015
- 116,000* in 2016
- 60,698 in 2017
- 50,000 in 2018
- 140,000 over the 2016-2018 period

* This exceptional peak in people’s awareness in 2016 was due to the organisation of an expedition in the Southern Ocean onboard the Marion Dufresne, showcasing the SoClim programme supported through the Climate Initiative programme.
BNP Paribas is committed to reduce its impacts on climate change:

As a bank with a presence in 72 countries and financing all kind of sectors, BNP Paribas’ activities have two types of impacts:

1. **Direct**: impacts produced by our own actions;

2. **Indirect**: impacts generated by our financing and investments.
   - In 2018, BNP Paribas’ environmental reporting quality, including both direct and indirect impacts, was rated **A- by the Carbon Disclosure Project**
   - In 2018, after having identified BNP Paribas as the European leader in managing climate risks, the British NGO **ShareAction** has published a new report detailing the Bank’s best practices
In this purpose, BNP Paribas also participates to several working groups and industry initiatives in favour of the energy transition:

- Supports the **TCFD recommendations** (Task Force on Climate-related Financial Disclosures) which aim to facilitate and standardize financial communication on environmental issues and therefore participated to several working groups, notably with UNEP-FI and CDP, to define the implementation of TCFD recommendations for banks;

- Has a representative on the **Technical Expert Group on the European Commission’s Action Plan on Financing Sustainable Growth**, following to the HLEG recommendations;

- Committed, alongside 4 other banks, to creating common CO₂ emissions measurement standards and aligning credit portfolios with the objectives of the Paris Agreement, at the occasion of the **COP 24 in Katowice**;

- Supports the **Science Based Targets Initiative** and will therefore participate in a working group on the definition of a Scope 3 calculation methodology for the financial sector.
Partnering with our clients in the transition to a low carbon economy
DOUBLING THE SUPPORT FOR RENEWABLE ENERGY

- **Major participant in the renewable energy sector**
  - In total, in 2018, the Group financed or advised on renewable energy projects totaling more than **6.6GW** of installed capacity
  - **EUR 15.4 billion exposure** to renewable energy in 2018 (EUR 12.3Bn in 2017)
  - The **target of EUR 15 billion set for 2020**, equal to double the 2015 amount, has been reached

- **Financing electricity and energy mixes that rank better than the world mix** (electricity mix and primary energy mix as well)
  - The kWh carbon content financed by the Group is 339 g of CO₂, compared with the world average of 484g in 2017 (source: IEA)
  - In line with the Paris Agreement, BNP Paribas is committed to reducing the kWh carbon content financed as rapidly as the world average is due to fall under IEA’s SDS scenario (i.e. 69g of CO₂/kWh by 2040)
STRONG GROWTH IN THE OFFER OF “GREEN” PRODUCTS AND SERVICES

Renewable energies
➢ 15.4 billion euros as of end 2018
➢ 2020 objective of 15 billion euros already achieved

Coalitions
➢ BNPP accredited by the Green Climate Fund Board in October 2018, enabling riskier projects to be financed
➢ BNPP and UNEP* aim to reaching by 2025 10 Bn$ in investments in sustainable projects in developing countries (e.g. Indonesia, India)

Pointing savings towards Energy Transition
➢ BNPP Green Business: 10% invested in a fund directly investing in SME in the Energy Transition; the other 90% in companies fighting climate change

Carbon offsetting
➢ BP2S ClimateSeed launched in November 2018
➢ Facilitation of carbon emissions offsetting both for corporates and asset managers

Green bonds
➢ 7.4 Bn€ of sustainable bonds in 2018 for which BNPP was joint lead manager for its clients, mainly “green”**
➢ BNP Paribas ranks number 3 worldwide of green bonds issuers (as of end 2018)

Sustainability-Linked Loans (SLL)
➢ Tailor-made loans for which the bank will improve the rate according to the achievement of environmental and/or social criteria matching the clients’ strategy
➢ 3 Bn€ of SLLs signed in 2018

Green loans for individual customers
➢ Personal Finance: 2 Bn€ of outstanding
➢ BNP Paribas Fortis: 3.3 Bn€ of outstanding

Supporting innovation
➢ 100 M€ to be invested by 2020 in innovative start-ups active in the energy transition, of which 35 M€ already invested at end 2018, amongst which:
  • 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)
The Group is one of the world’s top three players on the sustainable bonds market

- At the end of 2018, the Group was the 3rd largest global player, all currencies, on the sustainable bond market
- The total value of the sustainable bonds placed in 2018 was EUR 7.4 billion

Examples:
- Société du Grand Paris’ inaugural EUR 1.75bn Green bond, whose net proceeds will be exclusively dedicated to finance the Grand Paris Express automatic metro;
- Ireland’s inaugural green bond (NTMA’s), whose net proceeds will be used in particular to finance projects that promote Ireland’s transition to a low carbon, climate-resilient and environmentally sustainable economy.
THE SUSTAINABLE FINANCE FACILITIES

- BNP Paribas signed a Memorandum of Understanding with the United Nations Environment Programme (UNEP) in December 2017
- The collaboration aims to bring 10 billion US dollars of long term private sector finance to promote sustainable growth in developing countries by 2025
- The structuration and distribution of these Facilities are performed while involving local governments and benefits from a strong sponsorship from UNEP & BNPP Senior Management

The first SFF issued

The Tropical Landscape Finance Facility (Indonesia)
The TLFF helps both Indonesia to rehabilitate heavily degraded land for farmers, and Michelin to secure a sustainable rubber supply chain.

Key figures:
Initial transaction of US$ 95 millions
15-year sustainable loan
88,000 hectares to be rehabilitated
16,000 jobs

The second SFF under construction

The Zero Budget Natural Farming (India)
The ZBNF is an agricultural ancestral technique which limits the purchase of fertiliser and chemical products. With the Andhra Pradesh government, an help is provided to farmers to move from an agriculture using pesticides to a more sustainable one to improve soil biodiversity.

Key figures:
US$ 2.3 billion investment over the next 6 years
6 millions farms/farmers
8 millions hectares of land cultivated
PARTNERING WITH OUR CLIENTS IN THE TRANSITION TO A LOW-CARBON ECONOMY

- **Support for innovative start-ups in the energy transition**
  - As part of the commitment the Group entered of 2015 to invest EUR 100 million by 2020 in innovative start-ups active in the energy transition, more than EUR 35 million had been invested at the end of 2018 in seven start-ups and three energy transition funds

- **Assisting entrepreneurs in their energy efficiency efforts**
  - Through its Sustainable Business Competence Centre, BNP Paribas Fortis offers expertise and support to its SME clients in order to design and finance infrastructure for the production of renewable energy or works to improve energy efficiency within their plants.
    - In 2018, this department was involved in projects representing EUR 620 million of investment, including 9 projects in the field of energy efficiency
  - In Brazil, BNP Paribas has strengthened its commitment to energy efficiency by developing a new financing solution
    - Signify (formerly Philips) used this solution to finance an LED lightning installation project for a car factory and dispose of the used light bulbs

- **Helping private customers reduce their energy consumption**
  - Domofinance, joint venture between EDF and BNP Paribas Personal Finance specialized in financing of energy efficiency in private customers’ homes
    - 44,400 loans in 2018
    - Elsewhere in Europe, BNP Paribas Personal finance developed similar partnerships in 2018, such as Innogy in Poland
  - In the United States in September 2018, Bank of the West launched a low-rate offer for some real estate loans to promote energy renovation work
    - At the end of 2018, over 40 loans had been approved for a total amount of USD 6.1 million
HELPING COMPANIES TO IMPROVE THEIR ENERGY EFFICIENCY
In specialized Businesses

■ BNP Paribas Real Estate
- In 2018, BNP Paribas Real Estate Services – of which 100% of the real estate activity with corporates has obtained an environmental certification – has made an environmental commitment particularly through the signing of the following two charters:
  - Call for action: Make our Planet Green again Charter with the International Biodiversity & Property Council
  - The charter of the CIRCOLAB association which encourages real estate players to promote the circular economy
- Conduction of a pilot operation by installing an urban farm on the roof of its headquarters
- In 2018, BNP Paribas Real Estate Services financed a pre-planning study for a future low carbon neighborhood label developed by CSTB and Eliot consultants

■ Arval (long-term rentals)
- Arval is developing new offers to encourage customers to use low-carbon vehicles with:
  - SMaRT (Sustainable Mobility and Responsibility Targets): an innovative consulting offer that enables fleet managers to define and implement their energy transition strategies
  - A new green mobility offer, developed in partnership with Engie and launched in Belgium in early 2019. The goal of this offer is to simplify access to electric vehicles for companies, communities and individuals

■ BNP Paribas Leasing Solutions
- Offers a range of services relating to the leasing of low-carbon assets, such as:
  - Natural gas-powered lorries, support to customers on environmental performance, LEDs with a long-term leasing offer, and “green real-estate finance leases” to encourage clients to select energy efficient buildings
- In March 2019 was announced a new JV with 3 Step IT, which will provide a service offer deeply rooted in the circular economy through complete, sustainable, technology lifecycle management solutions
Reduce the environmental impact of our operations
As part of its policy to combat climate change, in 2017 BNP Paribas became a carbon neutral bank at all levels of its operations through three commitments:

- **The reduction of its CO₂ emissions**
  - In 2018, the Group emitted a total of 496,025 tCO₂ equivalent emissions, i.e. a **23.6% reduction** compared to 2012
  - “Carbon Reduction 2020” programme, extended to Asia in 2018
  - Three mechanisms to reduce emissions: energy efficiency of buildings, energy efficiency of IT equipment, and business travel optimisation

- **Use of low-carbon electricity**
  - In 2018, renewable electricity represented **32.2% of electricity consumed** in the Group’s buildings

- **Offsetting residual emissions generated during the previous year**
  - In 2018, offsetting all of 2017 emissions was actually carried out as part of the **Kasigau Wild Life Works’ project**, i.e. 412,014 teqCO₂
  - This conservation and restoration programme covers 200,000 hectares of forest in Kenya
<table>
<thead>
<tr>
<th><strong>REDUCE OUR DIRECT IMPACT: QUANTIFIED OBJECTIVES FOR 2020 AND 2018 RESULTS</strong></th>
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<tr>
<td><strong>2020 OBJECTIVES</strong></td>
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<tr>
<td><strong>Carbon neutrality</strong></td>
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<tr>
<td><strong>Cut GHG emissions per employee by 25%</strong> compared with 2012, from 3.21 to 2.41 tones of CO₂ equivalent per employee</td>
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<td><strong>Cut paper consumption per employee by 43%</strong> compared with 2012, from 165kg to 94kg per employee</td>
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<td><strong>Increase the share of responsibly sourced paper</strong> (produced from recycling or sustainably managed forests) to 80% of the total amount consumed internally</td>
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<td>The Group committed to <strong>making progress each year on the amount of waste recycled by employees</strong>, mostly paper</td>
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<td><strong>Process obsolete IT equipment according to a rigorous policy</strong> for controlling the associated environmental and social risks</td>
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<tr>
<td><strong>Controlling impacts on ecosystems through a monitoring of water consumption</strong></td>
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• **Focus Plastic:**
  **Global commitment: fight against single use plastic**
  Main focus: office’s supply, take away food, promotional items

• **Focus Mobility:**
  **Global commitment: promote sustainable mobility**
  Main focus: make BNP Paribas' buildings accessible to sustainable mobility (e.g. parking), make easier the car-sharing, journey-sharing or bike-sharing, deliver advantageous rates to buy and/or lease green vehicles (cars/bikes)

**Targets:**
- Accelerate the reduction of BNP Paribas’ direct environmental impacts,
- Making the actions more readable
- Get the employees involved in this programme
A LEADER IN CERTIFICATIONS

- **With 57 ISO 9001 certifications**, the Group is a leader in the banking sector
  - 13,281 employees work in an organization certified ISO 9001

- **23 ISO 14001 certifications** which makes BNP Paribas the world leader in the banking/insurance sector for environmental management systems.
  - 64,940 Group employees work in an entity certified ISO 14001
  - Integrated approach for French Retail Banking
    - The facilities, factoring and data centers have all received ISO 14001 certification
  - Launch of an ambitious certification program at CIB UK involving 74% of its workforce as well as Arval and its 15 certified subsidiaries worldwide

- At the same time, BNP Paribas is developing and launching other processes of ISO certification with regards to:
  - Occupational Health and Safety Management (OHSAS 18001)
  - Information Security Management (ISO 27001)
  - Information Technology – Service Management (ISO 20000)

- The Group integrates the **ISO 26000 standard** alongside other CSR standards to establish its framework for CSR initiatives and define action plans

- In 2017, AFNOR renewed the BNP Paribas **diversity label** in France
Advance awareness and sharing of best environmental practices
Financing environmental research through the Climate & Biodiversity Initiative:
- Launched in 2010 by the BNP Paribas Foundation, the Climate & Biodiversity Initiative has already supported 18 international research teams, with a total budget of EUR 12 million.
- This global sponsorship program consists in a call for projects organized every 3 years and a rigorous selection process by recognized experts in their respective fields.
- In November 2018, the BNP Paribas Foundation decided to focus this program on both climate change & biodiversity loss, because these two issues are intimately interconnected and one of the biggest concerns of our time.
- The 4th call for projects, launched in February 2019, aims to select 6 to 8 research projects to deepen our knowledge on interactions between climate and biodiversity. These projects will be funded from 2020 to 2022, with a budget of EUR 6 million.

Raising awareness – Conference cycles:
- In 2018, 12 conferences made it possible to discuss, with Group employees and the general public, the state of the art of research supported by the Foundation.
- With the various awareness-raising initiatives carried out by the Foundation, more than 70,000 people were made aware of climate change in 2018.

- Lecture by Jean-Paul Moatti, Chairman and Managing Director of the French National Research Institute for Development (IRD): “Sustainability: which role do scientists have to play in the fight against climate change?” in Paris (FRANCE).
- Lecture by Joost Vervoort, Assistant professor at the Copernicus Institute of Sustainable Development at Utrecht University: “How does the way we anticipate a future under climate change impact present decision-making?” in London (United Kingdom).
APPENDIX

- BNP Paribas financing and investment sector policies
- Public position on tobacco industry
POLICY OBJECTIVES

- **2012 Defence Policy was structured around 3 axes:**
  - Exclusion of Controversial Weapons (and their producers)
    - Cluster munitions,
    - Anti-personnel mines
    - Nuclear arms (outside France, UK, USA)
    - Depleted uranium ammunition...
  - A sector specific list of excluded and sensitive countries applying to export transactions
  - Exclusion of private intermediaries on defence transactions outside the EU/NATO zone

- **2017 update of the policy introduces new commitments:**
  - Exclusion of torture tools (and their producers)
  - Addition of surveillance equipment in the list of Sensitive equipment
  - Exclusion of transactions involving both sensitive equipment or activities and a sensitive country
  - Exclusion of clients specializing in sensitive activities that are located in sensitive countries
  - Exclusion of non-State entities (states or state-controlled companies) outside OECD countries
  - Exclusion of counterparties, whether private or state-owned, having a verified, recent history of involvement in deals in violation of UN, EU, United States or French embargoes on arms and international repression equipment

CONCRETE ACTIONS

- Transaction in the sector of Defence are regularly reviewed by Group Compliance and CSR
- Thus leading to the exclusion of 187 companies and 36 companies under monitoring in 2018
SECTOR POLICY: COAL-FIRED POWER GENERATION

POLICY OBJECTIVES

- Addressing social and environmental issues of the coal fired power generation sector and conducting business in a responsible manner

- **Grounds for exclusion for projects:**
  - Following to the policy update in 2017, BNP Paribas will not provide financial products and services to **new CFPP projects wherever they are located**

- **Grounds for exclusion for companies:**
  - Inadequate disclosure of safety track record or environmental data
  - In addition, the CFPG company must have a diversification strategy to reduce the share of coal in its power generation mix at least as ambitious as the national commitment to limit GHG emissions of the country where its principal operations are located
  - Following to the policy update in 2017, BNP Paribas will not initiate new commercial relationships with clients that derive **over 50% of their revenue from coal**

- **Complementary environmental, social and governance due diligence on the company**

CONCRETE ACTIONS

- These commitments lead to the exclusion of 327 companies and 62 under monitoring in the Energy & Extractives sector in 2018
SECTOR POLICY: NUCLEAR POWER

POLICY OBJECTIVES

- Addressing key CSR issues: safety, security, non-proliferation, protection of people and the environment, etc.

- Grounds for exclusion for power plant projects:
  - Inadequate legal framework, international cooperation, Nuclear Safety Agency or political instability in the host country
  - Unsatisfactory results of the technical, environmental and social due diligence
  - Reactor design neither from a Reference Nuclear Country nor validated by NSA of a Reference Nuclear Country
  - Insufficient arrangements to ensure radiation monitoring, protection of workers and adequate temporary storage of nuclear waste

- Grounds for exclusion for nuclear companies:
  - Operating license suspended or owns or operate NPPs whose nuclear reactors has not been validated by the NSA of a Reference Nuclear Country
  - No independent chain of control to monitor safety of nuclear operations, or inadequate global policy ensuring radiation monitoring, prevention of radiation emission and the protection of workers

- Complementary environmental, social and governance due diligence on the project, the company and the host country

- Policy update in 2013: integrating the lessons learned from the Fukushima nuclear accident
  - Any application for financing a nuclear power plant now requires verification of additional criteria relating to the country’s nuclear safety authority.

CONCRETE ACTIONS

- This policy leads us to ask complementary E&S audits and to develop dialogue with clients
- And to the exclusion of 327 companies and 62 under monitoring in the Energy & Extractives sector in 2018
- BNP Paribas has not financed any nuclear power plant since 2006; the group regularly finances maintenance (spare parts, engineering...) or modernization of existing power plants
POLICY OBJECTIVES

- Avoid financing or investing in companies which activities may have adverse environmental (ecosystem and biodiversity, water use and water pollution, GHG emissions, use of agrochemicals), social (poor working conditions, health and safety issues) and governance (land grabbing, food security issues, food safety and traceability issues and animal mistreatments) impacts.

- Monitor the Group’s activities in agricultural commodities hedging and investment products
  - Agricultural commodities producers are encouraged to certify their crop fields or plantations against RTRS, BCI, Bonsucro or UTZ. Forest managers and processors of timber products are encouraged to have their forest concessions certified against the FSC or the PEFC standard by 2020.
  - BNP Paribas is signatory of the BEI Soft Commodities’ Compact, an initiative that aims to mobilize the banking industry to help transform soft commodity supply chains, thereby helping clients to achieve Zero net deforestation by 2020.
  - Grounds for exclusion for agricultural projects:
    - Are located on sensitive areas (UNESCO World Heritage Sites, Wetlands on the Ramsar list, Alliance for Zero Extinction sites, IUCN Category I-IV areas or Peat lands)
    - Use child or forced labour
    - Do not have a policy in place to obtain the Free, Prior and Informed Consent (FPIC) of the local communities
  - Grounds for exclusion for agricultural companies:
    - Do not have a water management plan
    - Engage in Land grabbing practices
    - For physical agricultural products merchants and traders, do not have a policy on food safety and traceability covering their sourcing and their own operations
  - Specific position on Agriculture commodities
    - BNP Paribas has made a commitment not to offer individual and institutional investors BNP Paribas internal funds containing exposure to agricultural commodities
SECTOR POLICY: PALM OIL
1st SECTION OF FORESTRY POLICY

■ CONTEXT

➢ BNP Paribas is signatory of the BEI Soft Commodities’ Compact (an initiative to help transforming soft commodities supply chains), thereby helping clients to achieve Zero net deforestation by 2020

■ POLICY OBJECTIVES

➢ Avoid financing or investing in companies that actively contribute to deforestation (loss of biodiversity, aggravation of climate change, etc.) and/or people exploitation, and address concerns of NGOs

• 2017 update of the policy:

➢ Echoing to new “No peat, no deforestation, no exploitation” (NDPE) commitments, BNP Paribas now requires companies in the sector to integrate a “High carbon stock” forestry assessment and to achieve “Free Prior and Informed Consent” for potentially impacted local communities

• Main grounds for exclusion:

➢ For upstream palm oil companies, no compliance with existing social and environmental laws and international regulations
➢ Use of child or forced labour
➢ No consultation process, acceptable compensation process and grievance mechanism – FPIC is a mandatory requirement
➢ New plantations on peat (new: whatever their depth), high conservation value forests, high carbon stock forests and protected areas (World Heritage sites, IUCN zones I to IV...)
➢ No no-burn policy

■ OUTCOME

➢ Mighty Earth and Sustainable Brands acknowledge the policy as “a new path for responsible financing that all major financial institutions should follow”
SECTOR POLICY: WOOD PULP

2nd SECTION OF FORESTRY POLICY

POLICY OBJECTIVES

- Avoid financing or investing in companies that actively contribute to deforestation (loss of biodiversity, aggravation of climate change, etc.) and address concerns of NGOs.

- BNP Paribas encourages companies to adopt best international industry practices and to move towards higher standards of sustainability (FSC and PEFC) and is also a signatory of the “Soft Commodities Compact” from the Banking Environment initiative and the Consumer Goods Forum.

Grounds for exclusion for upstream pulp companies:

- No compliance with existing social and environmental laws and international regulations
- Use of child or forced labour or no regular monitoring plan of health and safety conditions
- No consultation process, acceptable compensation process and grievance mechanism
- Use of illegally harvested wood or new plantations on high conservation value forests
- No stringent peat land management procedure or no no-burn policy

Grounds for exclusion for pulp producers:

- Wood sourcing does not respect the above requirements
- No compliance with existing social and environmental laws and international regulations
- No use of Elementary Chlorine Free or Totally Chlorine Free process in new pulp mills or no actual transition in existing pulp mills
- No regular monitoring plan of the workforce’s health and safety conditions
SECTOR POLICY: MINING

POLICY OBJECTIVES

- Financing or investing responsibly in the mining sector by taking into account governance, social and environmental issues

- **Grounds for exclusion for projects:**
  - Located on protected areas or in countries under financial sanctions or in conflict area
  - Use of child or forced labor or do not respect Health and Safety requirements as defined in the ILO Conventions
  - Do not include a site reclamation plan or cannot provide a health and safety management plan and track record
  - Extract asbestos, artisanal or small-scale mining activities, Appalachian MTR projects or use riverine or shallow marine tailings disposal

- **Grounds for exclusion for mining companies:**
  - Have their headquarters located in countries under financial sanctions or cannot disclose information on their performance related to water use, waste, GHG emissions and land reclamation
  - Use child or forced labour as defined in the ILO Conventions or cannot provide a track record regarding health and safety at company level
  - Are involved in asbestos extraction or significant producers of coal extracted from Appalachian MTR operations

- **Complementary environmental, social and governance due diligence on the company**

- **Policy update in 2015 for coal mining:** BNP Paribas stopped financing coal mining activities, whether project or company financing, unless they have put in place an energy diversification strategy

- **Policy update in 2017 for coal mining:** BNP Paribas will not initiate new commercial relationships with clients that derive over 50% of their revenue from coal.

CONCRETE ACTIONS

- These commitments lead to the exclusion of 327 companies and 62 under monitoring in the Energy & Extractives sector in 2018
SECTOR POLICY: UNCONVENTIONAL OIL AND GAS

■ CONTEXT
  ➢ Massive production of unconventional is incompatible with a 2 degree scenario
  ➢ Development of unconventional oil and gas production: +27% for conventional oil and gas vs. +127% for unconventional between 2014 and 2040

■ POLICY OBJECTIVES
  ➢ To address social and environmental issues of the unconventional oil and gas industry and establish guidelines for conducting business in the most possible responsible manner

• Grounds for exclusion for unconventional oil and gas projects:
  ➢ Exploration and Production of unconventional oil and gas resources (under the present policy, unconventional oil and gas resources cover shale oil or gas, oil sands as well as oil and gas resources located in the Arctic region);
  ➢ Pipelines transporting a significant volume of unconventional oil and gas;
  ➢ LNG export terminals supplied by a significant volume of unconventional gas.

• Grounds for exclusion for companies involved in unconventional oil and gas:
  ➢ Exploration and production companies for which unconventional oil and gas represent a significant part of their total reserves;
  ➢ Diversified companies for which unconventional oil and gas exploration and production represent a significant share of their total revenues (i.e. companies with exploration, production as well as midstream and/or downstream activities);
  ➢ Trading companies for which unconventional oil and gas resources represent a significant part of their business;
  ➢ Companies that own or operate pipelines or LNG export terminals supplied with a significant volume of unconventional oil and gas.

• Complementary environmental, social and governance due diligence on the project and the company

■ CONCRETE ACTIONS
  ➢ These commitments lead to the exclusion of 327 companies and 62 under monitoring in the Energy & Extractives sector in 2018
OUR POSITION

- In 2016, decision to raise expectations towards tobacco leaves growers and traders, and tobacco companies
  - Definition of mandatory requirements and evaluation criteria, in particular regarding their human rights, environmental and health standards
  - Rationale: the World Health Organisation (WHO), United Nations’ agency specialised in Health, identified tobacco as the first avoidable cause of deaths, and instituted in 2003 the Framework Convention on Tobacco Control, the first global public health treaty
  - Objective: to avoid financing or investing in companies that do not respect national laws, are not transparent on the health risks associated with smoking and target young or vulnerable people

- In 2017, decision to end any financing and investment activity related to tobacco companies or professional players whose principal activity is linked/dedicated to tobacco
  - Exclusion of manufacturers of tobacco products, as well as producers, wholesalers and traders whose revenue is mainly derived from tobacco
  - This decision impacts all of the Group’s business relations with tobacco companies, as well as investments on behalf of third-parties

“We are delighted by BNP Paribas’ announcement, and we call on all leaders in the finance sector to stand alongside BNP Paribas in solidarity with health and government sectors across the globe”, said Dr. Bronwyn King, CEO, Tobacco Free Portfolios.

“We have reaffirmed our ambition to finance the economic development while having a positive impact on all our stakeholders, contributing to build a better future.” said Jean-Laurent Bonnafé, Director and Chief Executive Officer, BNP Paribas.