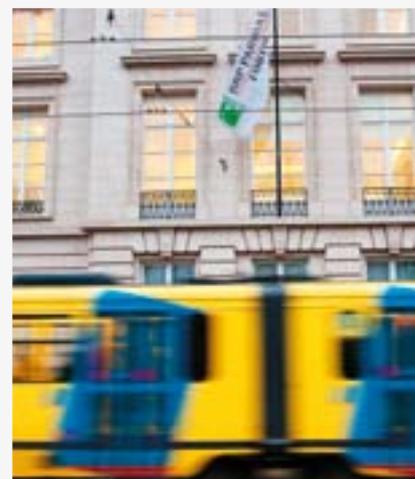




# REPORT ON ENVIRONMENTAL AND SOCIAL RESPONSIBILITY 2009



**BNP PARIBAS** | The bank for a changing world



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# MESSAGE FROM THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER



BNP Paribas' social and environmental responsibility has always been based on our economic responsibility. The importance of this connection was demonstrated more clearly than ever during the recent crisis, which has given rise to a strong expectation that banks should act in a socially useful, compliant and ethical manner.

In these demanding circumstances, BNP Paribas was able to maintain its socially and environmentally responsible approach, which is one of the key factors behind our employees' commitment to the group, as the latest

survey in 2009 confirmed. Several of our initiatives have been certified by independent organisations. On social issues, we have obtained the French diversity label, and on our environmental commitments our "Accueil & Services" branch programme has received ISO 14001 certification.

Despite serious pressure on the banking sector as a whole, BNP Paribas' robust model and values have resulted in positive ratings from the main CSR agencies, as well as our inclusion in all leading CSR indexes.

During the crisis, BNP Paribas' efforts to continue financing the economy were exemplary. We fully complied with our commitments to the French government in 2009 and we put our capital, resources and staff to work in financing the real economy. We also set an example by complying strictly with the new recommendations adopted by the G20 as regards tax havens and the remuneration of capital market operators.

While learning the lessons of the crisis, we maintained our long-standing commitment to social and environmental responsibility. More than ever, we believe that this responsibility, in all of its aspects, is crucial in maintaining our reputation, our attractiveness and the trust placed in us over the long term. We have therefore increased the resources dedicated to implementing our policies in this area. This report sets out our approach to corporate social responsibility and the main initiatives we undertook in 2009 in favour of a more sustainable development.



*J. P. P. P. P.* *BNP*

# GROUP PRESENTATION



# History

---

## 1966

### **Creation of BNP**

The merger of BNCI and CNEP to form BNP represented the largest restructuring operation in the French banking sector since the end of the Second World War.

## 1968

### **Creation of Compagnie Financière de Paris et des Pays-Bas**

## 1982

### **Nationalisation of BNP and Compagnie Financière de Paris et des Pays-Bas at the time of the nationalisation of all French banks**

In the 1980s, deregulation of the banking sector and the growing tendency of borrowers to raise funds directly on the financial market transformed the banking business in France and worldwide.

## 1987

### **Privatisation of Compagnie Financière de Paribas**

With 3.8 million individual shareholders, Compagnie Financière de Paribas had more shareholders than any other company in the world. Compagnie Financière de Paribas owned 48% of the capital of Compagnie Bancaire.

## 1993

### **Privatisation of BNP**

BNP's return to the private sector represented a new start. During the 1990s, new banking products and services were launched and financial market activities were developed. At the same time, the Bank expanded its presence in France and internationally, and prepared to reap the full benefits of the introduction of the euro. Privatisation also significantly boosted the Bank's profitability – in 1998, it led the French banking industry in terms of return on equity.

## 1998

### **Creation of Paribas**

On 12 May 1998, the merger between Compagnie Financière de Paribas, Banque Paribas and Compagnie Bancaire was approved.

## 1999

### **A momentous year for the Group**

Following an unprecedented double tender offer and a stock market battle waged over six months, BNP was in position to carry out a merger of equals with Paribas. For both groups, this was the most important event since their privatisation. It gave rise to a new Group with tremendous prospects. At a time of economic globalisation, the merger created a leading player in the European banking sector, poised to compete on a global scale.

## 2000

### **Creation of BNP Paribas**

BNP and Paribas merged on 23 May 2000. Drawing on its strong banking and financial services heritage, the new Group's objectives are to create value for shareholders, clients and employees by building the bank of the future and becoming a leading global player.

## 2006

### **Acquisition of BNL in Italy**

BNP Paribas acquired BNL, Italy's 6th-largest bank. This acquisition transformed BNP Paribas, providing it with access to a second domestic market in Europe. In both Italy and France, all of the Group's businesses can now develop their activities by leveraging a nationwide banking network.

## 2009

### **Merger with the Fortis group**

BNP Paribas took control of Fortis Bank and BGL (Banque Générale du Luxembourg), thereby creating a European leader in retail banking, with four domestic markets.

# Presentation of our activities and business lines

---

BNP Paribas, Europe's leading provider of banking and financial services, has four domestic retail banking markets in Europe, namely in Belgium, France, Italy and Luxembourg.

It is present in over 80 countries and has more than 200,000 employees, including 160,000 in Europe.

BNP Paribas holds key positions in its three activities:

- **RETAIL BANKING**, which includes the following operating entities:
  - French Retail Banking (FRB);
  - BNL banca commerciale (BNL bc), Italian Retail Banking;
  - BNP Paribas Fortis;
  - BGL BNP Paribas;
  - BancWest;
  - Europe Mediterranean;
  - Personal Finance;
  - Equipment Solutions;
- **CORPORATE AND INVESTMENT BANKING (CIB)**
- **INVESTMENT SOLUTIONS**

The acquisition of Fortis Bank and BGL has strengthened the Retail Banking businesses in Belgium and Luxembourg, as well as Investment Solutions and Corporate and Investment Banking.

BNP Paribas SA is the parent company of the BNP Paribas Group.

# RETAIL BANKING

Over **7,000** branches including **5,000** outside France, to serve the real economy/ A powerful growth driver for the Group/**21 million** individual clients/**200,000** corporate clients/**271** Business Centres and **90** Trade Centres

## French Retail Banking

- **32,700** employees
- **7.2 million** clients
- Record performance in 2009, with **145,000** net new accounts openings
- Continued expansion of multi-channel banking
- Sharp growth in cross-selling with other BNP Paribas businesses

### Individual clients

- **2,250** branches and **5,400** ATMs
- **224** Private Banking Centres across France

### Corporate clients

**27** Business Centres with a wide range of services, including:

- Experts linked through a global Trade Centre network
- **7** Regional Trading Rooms
- Structured Finance
- Corporate Finance
- Cash Management
- Corporate Support Service

### Specialised subsidiaries

- Banque de Bretagne
- BNP Paribas Factor
- BNP Paribas Développement
- Protection 24

### Awards

- 2009 Best Services Award (*le Revenu*)
- Excellence Award (*Dossiers de l'Épargne* 2010) for the Bank's Bienvenue and Esprit Libre products
- **15%** market share in the Île-de-France region (*BNP Paribas French Retail Banking marketing research*)
- Strong presence in the individual client segment (*IPSOS*)
- A top-tier bank in the corporate market
- **1st** private bank for the fifth time (*Euromoney* 2010)
- **Best** Cash Management Bank in Southern Europe (*Treasury Management International, January 2009*)

## BNL bc

- Italian Retail Banking
- **14,400** employees
  - Robust sales growth in 2009 with **60,800** net new accounts openings
  - An innovative spirit

### Individual clients

- **810** branches and over **1,800** ATMs across Italy
- **29** Private Banking Centres
- **2.6 million** individual and small business clients

### Corporate clients

- **27,000** corporate clients
- **16,000** local government clients

- **52** corporate and local government centres
- **20** Regional Business Centres
- **5** Trade Centres

### Specialised subsidiaries

- Ifitalia
- Artigiancassa
- BNL Finance

### Awards

- Italy's **6th**-largest bank by total assets
- Global Italian bank with **5** Trade Centres in Italy and **11** "Italian offices" abroad
- **Leading** Bookrunner and Mandated Lead Arranger for mid-caps

## BNP Paribas Fortis

- **33,900** employees (including **9,300** in Retail & Private Banking Belgium)

### Individual clients

- **1,338** BNP Paribas Fortis and Fintro branches
- Around **3,900** ATMs
- **35** Private Banking Centres and **2** Wealth Management Centres
- **3.6 million** individual clients (one-third of the Belgian population)
- **1.7 million** users of internet banking
- Corporate clients
- Over **35,000**

### Corporate clients

- **22** Business Centres in Belgium

### Awards

- **1st** retail bank in terms of clients and deposits in Belgium
- **1st** private bank in terms of clients and deposits in Belgium
- Market **leader** for middle and large corporates' financial services

# BGL BNP Paribas

---

- Luxembourg Retail Banking
- **4,000** employees
  - Biggest banking employer in Luxembourg
  - **37** branches
  - **300,000** clients

## Awards

- **1st** private bank in Luxembourg (*Euromoney 2010*)
  - **1st** bank in terms of deposits in Luxembourg
  - **1st** bank for SMEs and **2nd-leading** bank for individual clients residing in Luxembourg
- 

# BancWest

---

- Two US retail banks: Bank of the West and First Hawaiian Bank
- **11,200** employees
  - **750** branches in **20** states
  - **1,041** ATMs
  - **2.2** million clients

## Awards

- **7th-largest** bank in Western America in terms of deposits
  - California's **2nd-largest** trading bank
- 

# Europe Mediterranean

---

- Retail banking operating in **25** countries around the Mediterranean and in Central and Eastern Europe
- **34,000** employees
  - **2,300** branches
  - **3,500** ATMs
  - **6.2 million** individual, professional,

## Awards

- BNP Paribas is the only international bank with branches in all **5** North African countries: Morocco, Algeria, Tunisia, Libya, and Egypt
  - UkrSibbank was named Ukraine's "Bank of the Year" in 2010 by *Global Finance*, for the fourth year in a row
  - BMCI was given a short-term credit rating of F1+ and a long-term credit rating of AAA by Fitch
  - TEB was named the most transparent bank in Turkey by Sabanci University
- 

# BNP Paribas Personal Finance

---

- Loans activities for individual clients (consumer credit and home loans)
- Nearly **28,000** employees in over **30** countries
  - Around **115 billion** euros of outstanding loans

## Awards

- **1st** provider of consumer loans in France and Europe (*2009 independent benchmark*)
  - **1st** bank for online loans in Europe
- 

# Equipment Solutions

---

- Equipment financing for professionals through a range of rental options tailored to the markets for specific assets, as well as fleet outsourcing services
- **6,300** employees in **40** countries
  - BNP Paribas Lease Group, Arval, and Arius

## Awards

### Arval

- Operations in **22** countries
- **1st** provider of long-term leases with related services in France and Italy, and **2nd-largest** in Europe (*sources: SNLVLD for France, ANIASA for Italy, and Arval for Europe*)

### BNP Paribas Lease Group

- **1st** leasing company in Europe (excluding real estate) (*Leaseurope*)
  - **Best** Service from an asset based finance provider in UK (*Business Money Facts Awards 2010*)
-

# CORPORATE & INVESTMENT BANKING

A global leader and major player in Europe / A top bank for derivatives and financing solutions / A trusted partner for clients around the world, with **16,000** employees in **53** countries

---

## Financing Solutions

## Capital Markets and Derivatives

## Advisory

## Leading positions in its businesses:

---

### Financing Solutions

- **1st** global mandated lead arranger for Export Credit Agency (ECA) backed trade finance loans (*Dealogic 2009*)
- **1st** bookrunner and mandated lead arranger of Europe Middle East Africa syndicated loans by volume and number of deals (*Dealogic 2009*)
- **1st** EMEA bookrunner and mandated lead arranger in acquisition/demerger Finance (*Dealogic 2009*)
- **3rd** Global mandated lead arranger in Project Finance (*Project Finance International 2009*)
- **Gold** Award for Excellence in Renewable Energy" (*Energy Business 2009*)

### Capital Markets and Derivatives

- **1st** bookrunner for eurodenominated bond issues and Top 10 bookrunner for global bond issues (*Thomson Reuters 2009*)
- "Euro Bond House and Swiss Franc Bond House of the Year" (*IFR 2009*)
- **2nd-largest** bookrunner for all European "equitylinked" ECM issues, and **No. 9** bookrunner for all European ECM issues (*Dealogic 2009*)
- "Europe Middle East Africa Equity Issue of the Year: 4.43 billion euros HeidelbergCement Equity Offering" (*IFR 2009*)
- "Most Innovative in Risk Management and Most Innovative in Interest Rate Derivatives" (*The Banker 2009*)
- "Derivatives House of the Year and Structured Products House of the Year, Asia" (*The Asset 2009*)

### Advisory

- **1st** bank in France for M&A advisory services (*Acquisitions Monthly 2009*)
  - **No. 10** in Europe for M&A advisory services, closed deals (*Thomson Reuters, Dealogic 2009*)
-

# INVESTMENT SOLUTIONS

A unique range of integrated investment solutions for institutional, corporate, and retail investors / Assets under management: **820 billion** euros / Assets in custody: **4,021 billion** euros / An expansive global reach / **30,000** employees in **61** countries

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BNP Paribas  
Investment Partners

BNP Paribas  
Assurance

BNP Paribas Wealth  
Management

BNP Paribas  
Personal Investors

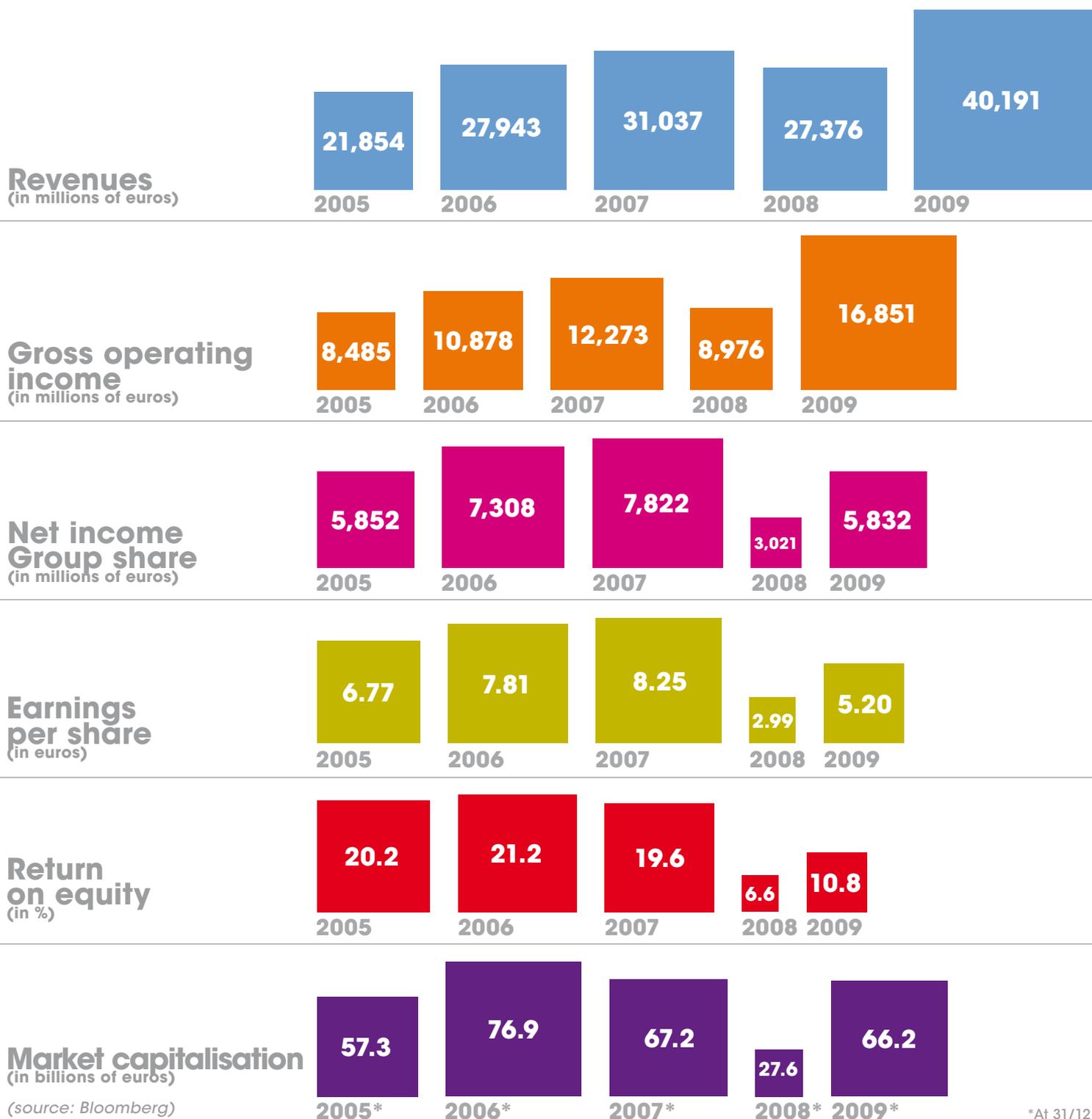
BNP Paribas  
Securities Services

BNP Paribas  
Real Estate

## Leading positions in its six businesses:

- **BNP Paribas Investment Partners** (asset management): Europe's **5th-largest** asset manager (in terms of assets under management)
  - **BNP Paribas Assurance** (insurance): France's **4th-largest** life insurer (*FFSA*) and the global leader in payment protection insurance
  - **BNP Paribas Wealth Management** (private banking): **1st** private bank in the eurozone, **6th**-leading worldwide (*Euromoney 2010*)
  - **BNP Paribas Personal Investors** (online savings and brokerage services): Europe's **leading** online savings and brokerage service for retail investors (*company data*)
  - **BNP Paribas Securities Services:** **1st** securities services provider in Europe, **5th**-leading worldwide (*Global Custodian 2009*)
  - **BNP Paribas Real Estate: Top** provider of commercial real estate services in continental Europe (*Property Week, June 2009*)
-

# Key figures



## LONG TERM CREDIT RATINGS

Standard & Poor's	AA	negative outlook	rating confirmed on <b>9 February 2010</b>
Moody's	Aa2	stable outlook	rating revised on <b>21 January 2010</b>
Fitch	AA	negative outlook	rating confirmed on <b>9 July 2009</b>

# THE GROUP'S APPROACH TO CORPORATE SOCIAL RESPONSIBILITY



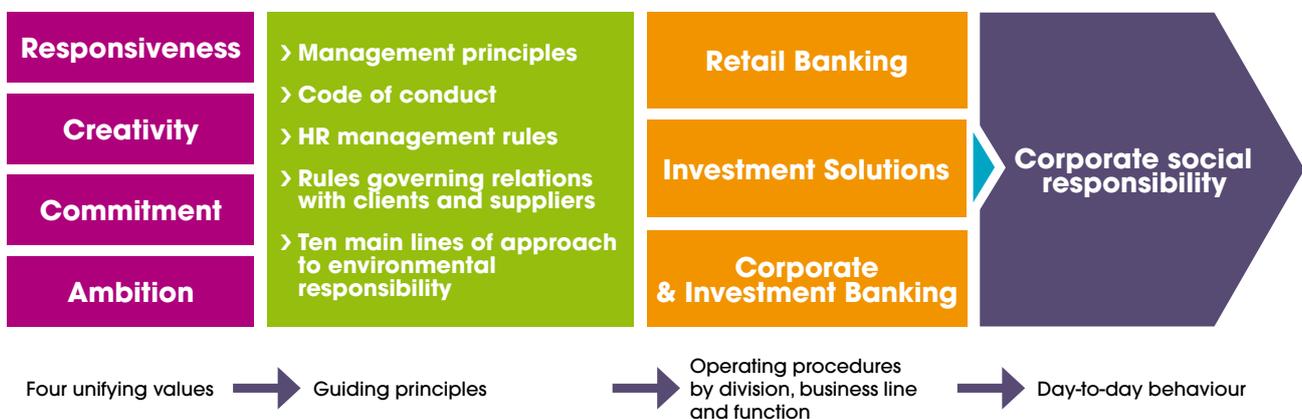
# THE GROUP'S APPROACH



## Responsibility based on core values and guiding principles

BNP Paribas does not take its approach to sustainable development lightly. The Group's economic, social, and environmental responsibilities are an integral part of its business ethic and are rooted in its founding values: **responsiveness**,

**creativity, commitment**, and **ambition**. These values unite individual actions into a cohesive Group-wide approach.



# BNP Paribas, a strong commitment to sustainable development

BNP Paribas bases its sustainable development efforts on targeted, consistent public commitments. In 2009, it actively pursued its participation in numerous initiatives, some of which are specific to the banking sector and others of which are more far-reaching. This allowed the Group to promote sustainable development in a range of areas and at different levels.

## Global initiatives

BNP Paribas has been a member of the United Nations Global Compact since 2003. The Compact's ten principles are embedded in the Group's policies and guide all operating decisions. As in previous years, the Group published a Communication on Progress (COP) report in 2009, presenting its ISO 14001 certification for the new Accueil & Services branch model.

BNP Paribas contributes to the work of ORSE (the French research centre for corporate social responsibility), EDH (a coalition of French companies committed to implementing the Universal Declaration of Human Rights), and EpE (a coalition of forty French companies united by a commitment to the environment and sustainable development).

For several years now, the Group has also chaired meetings of the sustainable development club within ANVIE, the French association for interdisciplinary research in humanities and social sciences in the business sector.

BNP Paribas won the 2009 Alpha award for Best Diversity Report in the gender equality category. The jury of CSR specialists judged that the 2008 Report fully met the criterion of good quality of information provided to stakeholders on managing diversity.

## Finance sector initiatives

In 2008 BNP Paribas formally adopted the Equator Principles for its project financing activities. These Principles constitute a benchmark for the finance sector to identify, assess, and manage the social and environmental risks related to project financing activities. They are based on the social and environmental performance criteria established by the World Bank and the International Finance Corporation. BNP Paribas also became a member of the Equator Principles Steering Committee in 2009. In association with the Institutional Investors Group on Climate Change (IGCC) and the Carbon Disclosure Project,

BNP Paribas Asset Management (BNP PAM) encourages companies to consider climate change issues in their investment decisions. BNP PAM is one of the founding members of the Enhanced Analytics Initiative (EAI) through which it allocates 5% of its brokerage commissions to developing extra-financial research. BNP Paribas is involved in the UK's Business in the Community (BITC) organisation, which brings together more than 700 companies that promote responsible corporate behaviour within society.

The Group's commitment is evident through its involvement in initiatives that expand the reach of its main activities. At an international level, BNP Paribas Investment Partners signed the Principles for Responsible Investment (PRI), launched under the auspices of UNEP Finance. These Principles help companies incorporate environmental, social, and corporate governance issues into their investment decision-making processes.

## BNP PARIBAS' PUBLIC COMMITMENTS



# Combining CSR and economic performance

## An act of management

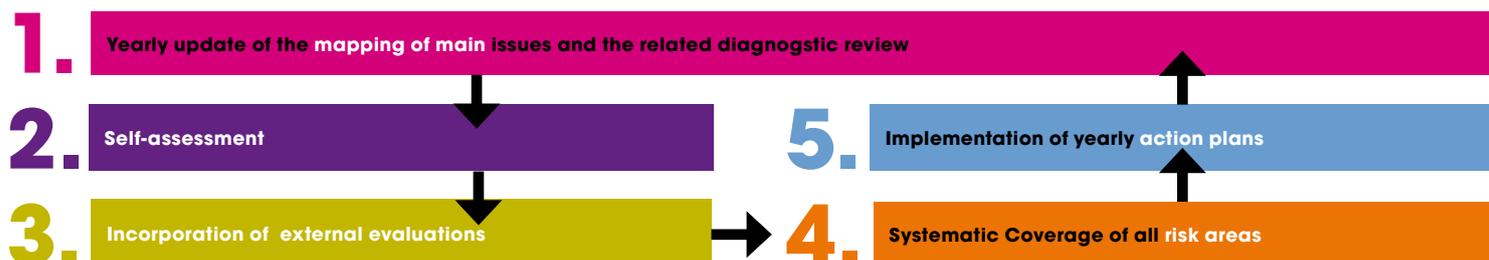
BNP Paribas does not consider corporate social responsibility (CSR) as a simple act of altruism, but rather as an act of management that helps ensure that a company, its employees and its environment are in line with its economic, social and environmen-

tal values. The Group places a great deal of emphasis on CSR, with each business assuming responsibility for any potential impacts its operations may have on its stakeholders or the environment.



BNP Paribas systematically maps all issues involving the social and environmental impacts of the Group's business activities on all its stakeholders. It then carries out a diagnostic review, incorporating the results of self-assessments performed by each entity, ratings from the extra-financial rating agencies,

and input from other stakeholders. The Group's CSR policy is then put into practice through the implementation of action plans at each division, business unit, territory, and function. Any new initiative is approved by the Executive Committee.

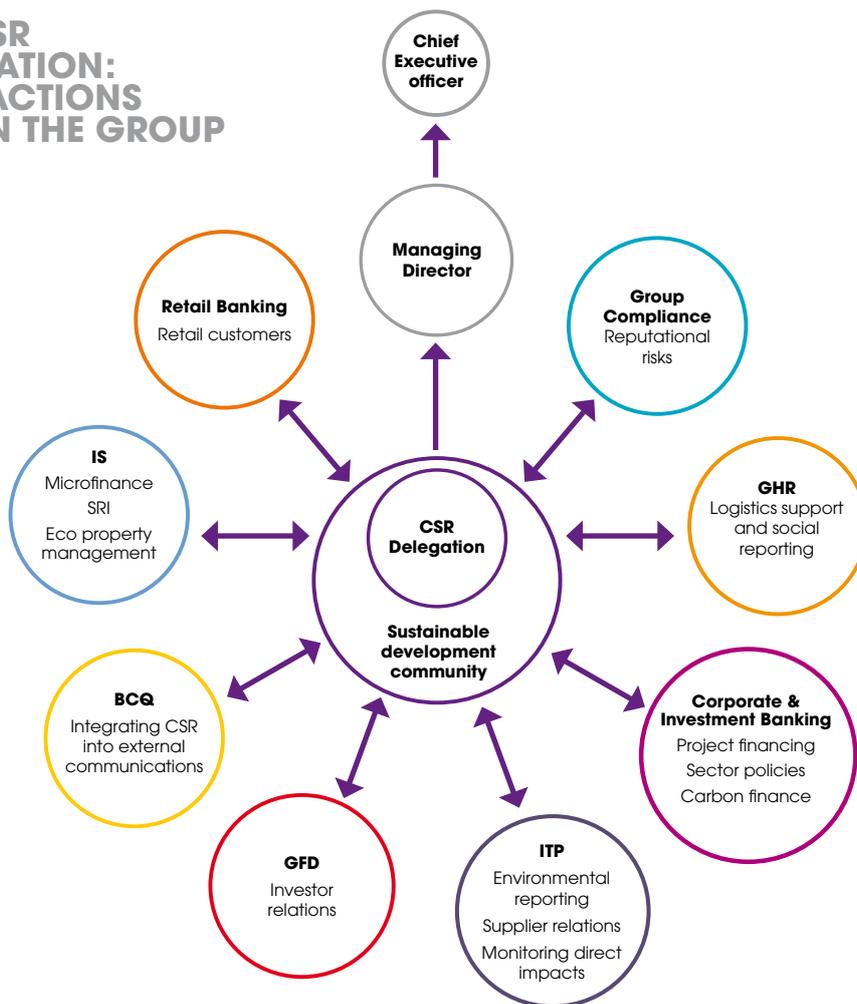


## A Group-wide mission

All of BNP Paribas' business units, which operate in more than 80 countries around the world, play a role in the Group's approach. A Group-wide Corporate Social and Environmental Delegation oversees implementation

of the overall policy. The Delegation maintains a direct link with managers throughout the Group and coordinates a network of over 200 experts from all divisions, business units, territories, and functions.

## THE CSR DELEGATION: INTERACTIONS WITHIN THE GROUP



## The CSR approach at CIB

CIB has its own structure for implementing a wide scale CSR policy. CIB's CSR team is a centre of cross-functional skills in all environmental and social issues and makes its expertise available to clients and employees. It helps ensure that the Equator Principles are applied and develops sector policies for sensi-

tive industries in conjunction with CIB management and the business lines involved.

It also aims to introduce a widespread environmental and social screening process in its methods of assessing transactions and clients.



## Internal controls

The Group has an elaborate internal control system whose various components contribute to the application of its CSR policy. These components include first-level controls by operational staff and their managers, as well as regular audits.

In 2004 the Internal Audit Department and the Corporate Social and Environmental Delegation introduced an audit methodology designed to ensure that all BNP Paribas entities apply directives in accordance with the Group's internal control system. Several

controls were put in place to ensure that all components of the Group's CSR policy are applied.

This methodology was completely revamped in 2008 with updated reference documents and guides, and a more systematic treatment of the issues and challenges facing the Group's entities in France and the territories.

### THE INTERNAL CONTROL MECHANISM



BNP Paribas/Lyon

## Recognition by SRI rating agencies

**BNP Paribas is included in all the main sustainability indices: DJSI World, DJSI Stoxx, ASPI Eurozone, FTSE4Good Global 100, FTSE4Good Europe 50, and Ethibel. It is one of only a handful of banks worldwide to feature in all these indices.**

### **SAM**

2009 marked the eighth year in a row in which BNP Paribas was included in both the Dow Jones sustainability indices: the DJSI World and DJSI Stoxx. In 2009, it was the only French bank to have been included in both these internationally renowned indices without interruption since 2002.

The companies included in the DJSI indices are selected by means of an annual survey. In 2009, the banking sector survey comprised 94 questions on topics of economic, environmental, and social concern. Sustainable Asset Management Inc. (SAM), a ratings agency, identifies the top companies in each sector based on their replies.

Out of 2,500 companies rated, only 250 actually make it into the DJSI World index. In the banking sector, BNP Paribas was one of only 11 European banks included in the DJSI Stoxx index.

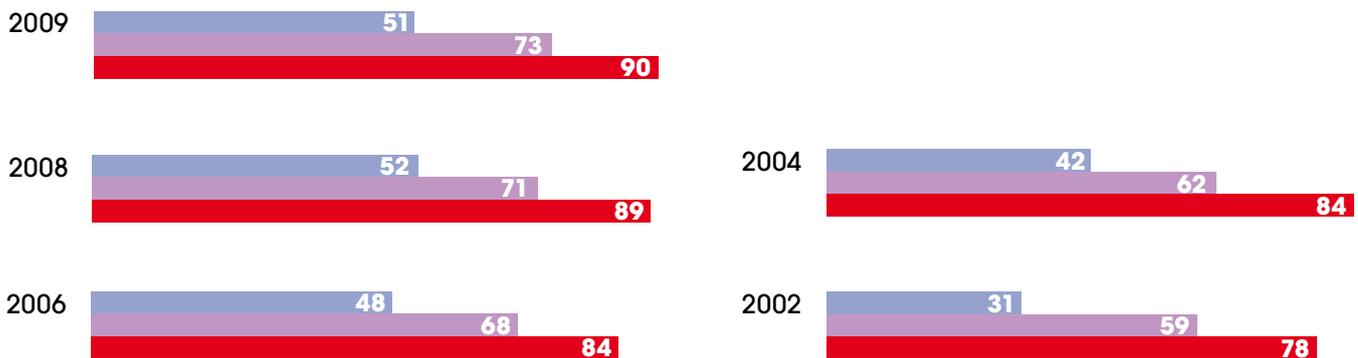
In 2009 BNP Paribas came in significantly higher than the sector average in almost all segments of the survey, with an overall score of 73 out of 100 compared with a sector average of 51. The Group's

score has improved steadily since 2002, especially with respect to economic and environmental concerns.

BNP Paribas' inclusion in these benchmark sustainability indices is an acknowledgement of the effectiveness of its Corporate Social Responsibility policy.



## CHANGES IN OVERALL SCORES



SECTOR AVERAGE SCORE (%)  
BNP PARIBAS SCORE (%)  
BEST SCORE (%)

**sam**  
sustainability investing

**Vigeo**

Vigeo is Europe’s leading social and environmental rating agency. The Group is highly rated, particularly for Human Resources, the Environment,

Human Rights, and Contribution to Society. Relevant comparisons cannot be drawn with its ratings in previous years due to changes in methodology.



BNP Paribas is included in:



**ASPI Eurozone® index, comprising the Top 120 listed companies in the eurozone in terms of social and environmental performance. Index members are selected on the basis of Vigeo ratings.**



**Ethibel Excellence Index® Europe, comprising 200 listed European companies (DJ Stoxx 600 Europe universe) and Ethibel Excellence Index® Global, which comprises listed companies in Europe, North America and Asia-Pacific (DJ Stoxx 1,800 universe). These are companies which have an above-average social and environmental performance based on Vigeo ratings and which apply the ethical criteria set out by the independent Forum Ethibel organisation.**

**Covalence**

Covalence’s EthicalQuote system measures the ethical reputation of multinationals based on how they are perceived by the world’s key media. In 2009, BNP Paribas ranked among the Top 10 world banks, a strong advance in a sector that has suffered a sharp decline in

image since 2007 due to the financial crisis. The Group has therefore not only improved its position within the finance sector but also its overall ranking, moving up to 74th place at end-2009 out of a total of 541 companies.



## Organised dialogue with stakeholders

### Stakeholders

#### Shareholders

- In the last two years, meetings have been arranged with the main SRI investors in Finland, Sweden, the Netherlands, Switzerland, France and the United Kingdom
- Shareholder Liaison Committee: Opinion on the CSR Report
- Dialogue between Investor Relations and fund managers and analysts
- Development of a periodical communication, specifically aimed at Socially Responsible Investors
- A half-yearly financial newsletter
- Annual Shareholder Meeting minutes
- Meetings between shareholders and Executive Management in various French cities
- Attendance at the Actionaria trade show for shareholders of French companies
- *La Vie du Cercle* newsletter issued three times a year to members of Cercle BNP Paribas
- Science and art seminars and visits to manufacturing sites
- A toll-free number in France (**0800 666 777**) and a telephone news service “BNP Paribas en actions”
- BNP Paribas’ corporate website, <http://invest.bnpparibas.com/eng>
- A Minitel service: 3614 BNPPACTION
- Cooperation with the French Federation of Investment Clubs
- Regular earnings releases

#### Employees

- More than 163,000 employees in 75 countries surveyed as part of the Global People Survey on the working environment
- European Works Council
- Group Works Council in France
- Structured dialogue with trade unions
- Local BNP Paribas SA committees in France for making decisions at the appropriate level
- MixCity, an association of female executives
- Echo’Net intranet, which provides daily information on the Group’s strategy and projects to its 200,000 employees
- Flu pandemic campaign

#### Clients and Suppliers

- Regular customer satisfaction surveys
- A Cetelem booklet on responsible lending and a non-merchant site providing practical advice and services: [www.moncreditresponsable.com](http://www.moncreditresponsable.com)
- A guide for the disabled on access to BNP Paribas branches and ATMs
- Relationships with consumer organisations -- dedicated relations with Cetelem and BNP Paribas’ French Retail Banking
- A well-defined procedure for resolving customer complaints in branches through a mediator

#### Community

- Participation in the business forum (Forum des entreprises) with government representatives
- Over 1,300 partnerships formed by the Group’s retail banks in France, most notably with educational establishments
- 124 local partnerships set up, including 41 in 2008, and 207 micro-businesses set up in 2009 through the *Projet Banlieues* social outreach initiative
- Running ANVIE’s Sustainable Development Club
- Member of working groups run by ORSE, EpE, Medef, AFEV, FBF and Europlace (French associations active in environmental and CSR issues)
- A new citizen’s blog, <http://www.forachangingworld.com> and the “En Région” site which describes the Bank’s initiatives to help its customers in France

#### Environment

##### Employee awareness building

- Use of the Group intranet, the in-house newsletter (*Ambition*), and internal agreements
- A guide on how to be environmentally conscious at work (*P’tit Mémo Buro*)
- Promotion of environmentally-friendly publications (Imprim’Vert) and numerous articles on the environment and new automotive trends posted on Arval’s website (<http://www.arval.co.uk/eng>) and on the Corporate Vehicle Observatory website (<http://www.corporate-vehicle-observatory.com/eng>)
- A guide for employees written by Arval on responsible driving practices
- Training on the Equator Principles given to employees in Paris, New York, and Singapore
- A new car sharing site on the Echo’Net intranet for all Group employees.

# BNP PARIBAS AND ITS SHAREHOLDERS



# BNP PARIBAS AND ITS SHAREHOLDERS

## Share capital

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At 31 December 2008, BNP Paribas' share capital stood at EUR 1,823,540,634 divided into 911,770,317 shares. Details of the historical evolution of the capital are provided in the "Changes in share capital" section of the management report. In 2009, six series of transactions led to changes in the number of ordinary shares outstanding:

- 1,098,006 shares were issued through the exercise of stock options;
- 9,000,000 shares were subscribed as part of a capital increase reserved for employees;
- 21,420,254 shares were issued as a result of shareholders opting to receive their 2008 dividends in shares;
- 133,435,603 shares were issued to pay for shares in Fortis Banque SA/NV and BGL;
- 219,294 shares were cancelled;
- 107,650,488 ordinary shares were issued to pay for the repurchase of 187,224,669 preferred shares issued on

31 March 2009 to the French government as part of the second phase of France's growth support plan; the preferred shares were cancelled on 26 November 2009.

At 31 December 2009, BNP Paribas' share capital stood at EUR 2,368,310,748 divided into 1,184,155,374 shares with a par value of EUR 2 each<sup>(1)</sup>.

The shares are all fully paid-up and are held in registered or bearer form at the choice of their holders, subject to compliance with the relevant legal provisions.

**None of the Bank's shares entitle their holders to an increased dividend or double voting rights or limit the exercise of voting rights.**

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(1) Since the end of the financial year, 126,390 shares have been created following the exercise of options. As a result, at 21 January 2010, BNP Paribas' share capital stood at EUR 2,370,563,528 divided into 1,185,281,764 shares with a par value of EUR 2 each.

# Changes in share ownership

Changes in the Bank's ownership structure over the last three years are as follows:

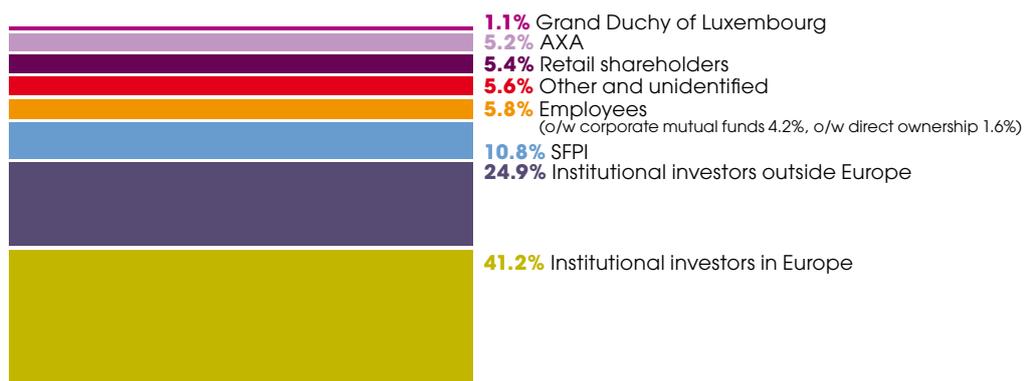
SHAREHOLDERS	31/12/07			31/12/08			31/12/09		
	Number of shares (in millions)	% of capital	% of voting rights	Number of shares (in millions)	% of capital	% of voting rights	Number of shares (in millions)	% of capital	% of voting rights
SFPI (*)	-	-	-	-	-	-	127.75	10.8%	10.8%
AXA	53.56	5.9%	6.0%	53.08	5.8%	5.9%	61.63	5.2%	5.2%
Grand Duchy of Luxembourg	-	-	-	-	-	-	12.87	1.1%	1.1%
Employees	52.64	5.8%	5.9%	57.69	6.3%	6.4%	67.69	5.7%	5.8%
- o/w corporate mutual funds	38.53	4.2%	4.3%	42.75	4.7%	4.7%	49.43	4.2%	4.2%
- o/w direct ownership	14.11	1.6%	1.6%	14.94	1.6%	1.7%	18.26	1.5%	1.6%
Corporate officers	0.36	nm	nm	0.43	nm	nm	0.48	nm	nm
Treasury shares (**)	9.14	1.0%		5.46	0.6%		3.66	0.3%	-
Retail shareholders	57.00	6.3%	6.4%	64.36	7.1%	7.1%	63.63	5.4%	5.4%
Institutional investors	717.40	79.3%	80.0%	717.75	78.8%	79.2%	780.17	65.9%	66.1%
- Europe	516.54	57.1%	57.6%	484.10	53.1%	53.4%	486.61	41.1%	41.2%
- Outside Europe	200.86	22.2%	22.4%	233.65	25.7%	25.8%	293.56	24.8%	24.9%
(o/w Socially Responsible Investors)	(9.52)	(1.1%)	(1.1%)	(3.92)	(0.4%)	(0.4%)	(6.00)	(0.5%)	(0.5%)
Other and unidentified	15.16	1.7%	1.7%	13.00	1.4%	1.4%	66.27	5.6%	5.6%
<b>TOTAL</b>	<b>905.26</b>	<b>100%</b>	<b>100%</b>	<b>911.77</b>	<b>100%</b>	<b>100%</b>	<b>1,184.15</b>	<b>100%</b>	<b>100%</b>

(\*) Société Fédérale de Participations et d'Investissement: public-interest société anonyme (public limited company) acting on behalf of the Belgian government.

(\*\*) Excluding trading desks' working positions.

## BNP PARIBAS OWNERSHIP STRUCTURE AS AT 31 DECEMBER 2009 (VOTING RIGHTS)

To the company's knowledge, no shareholder other than SFPI or AXA owns more than 5% of its capital or voting rights.



Société Fédérale de Participations et d'Investissement (SFPI) became a shareholder in BNP Paribas at the time of the integration of the Fortis group in 2009. During 2009, SFPI made two threshold crossing disclosures to the Autorité des Marchés Financiers (AMF).

— On 19 May 2009 (AMF disclosure no. 209C0702), SFPI disclosed that its

interest in BNP Paribas' capital and voting rights had risen above the 5% and 10% disclosure thresholds following its transfer of a 74.94% stake in Fortis Banque SA/NV in return for 121,218,054 BNP Paribas shares, which at the time represented 9.83% of its share capital and 11.59% of its voting rights. The disclosure stated that

neither the Belgian government nor SFPI were considering taking control of BNP Paribas.

On the same day (19 May 2009), BNP Paribas informed the AMF (AMF disclosure no. 209C0724) that an agreement had been reached between the Belgian government, SFPI and Fortis SA/NV, giving Fortis SA/NV an option to buy the

# Listing information

121,218,054 BNP Paribas shares issued as consideration for SFPI's transfer of its shares in Fortis Banque, with BNP Paribas having a right of subrogation regarding the shares concerned. On 4 December 2009 (AMF disclosure no. 209C1459), SFPI disclosed that it owned 10.8% of BNP Paribas' capital and voting rights. This change mainly resulted from:

- BNP Paribas' issue of ordinary shares between 30 September and 13 October 2009;
- and the reduction in its capital through the cancellation, on 26 November, of preferred shares issued on 31 March 2009 to Société de Prise de Participation de l'État.

On 16 December 2005, the AXA Group and the BNP Paribas Group informed the AMF (AMF disclosure no. 205C2221) about an agreement under which the two groups would maintain stable cross-shareholdings and reciprocal call options exercisable in the event of a change in control affecting either group.

When the shareholders of BNP and Paribas approved the merger between the two banks at the Extraordinary General Meeting of 23 May 2000, BNP shares became BNP Paribas shares. The Euroclear-France code for BNP Paribas is the same as the previous BNP code (13110). Since 30 June 2003, BNP Paribas shares have been registered under ISIN code FR0000131104.

BNP shares were first listed on the Cash Settlement Market of the Paris Stock Exchange on 18 October 1993, following privatisation, before being transferred to the Monthly Settlement Market on 25 October of that year. When the monthly settlement system was discontinued on 25 September 2000, BNP Paribas shares became eligible for Euronext's Deferred Settlement Service (SRD). The shares are also traded on SEAQ International in London and on the Frankfurt Stock Exchange. Since 24 July 2006 they have been traded on the MTA

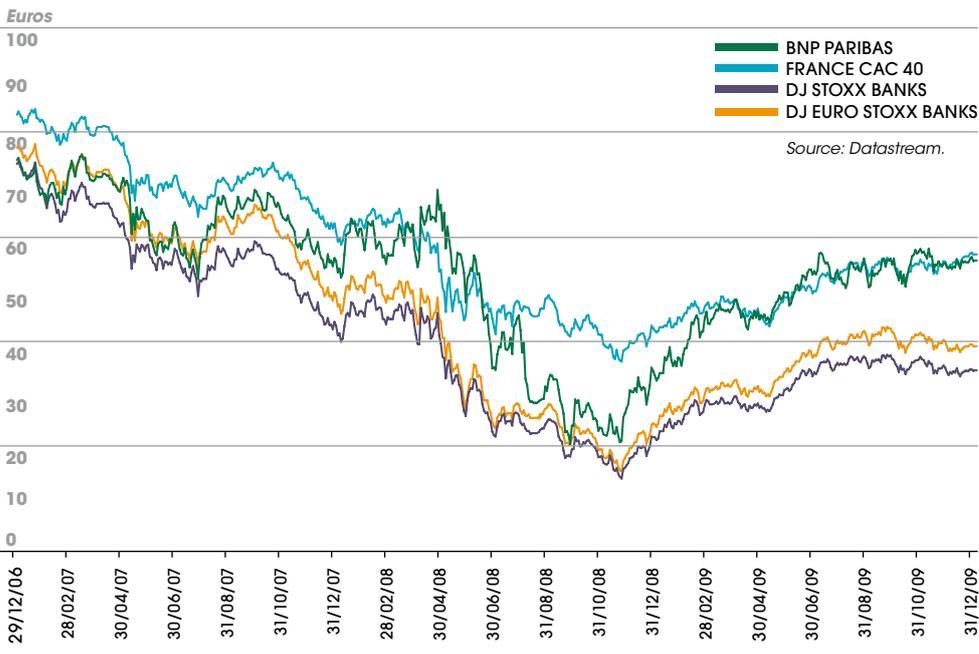
International exchange in Milan. Since privatisation, a Level 1 144A ADR programme has been active in the United States of America, where JP Morgan Chase is the depository bank (2 ADRs correspond to 1 BNP Paribas share).

To help increase the number of shares held by individual investors, BNP Paribas carried out a two-for-one share split on 20 February 2002, reducing the par value of the shares to EUR 2.

BNP became a constituent of the CAC 40 index on 17 November 1993 and of the Euro Stoxx 50 index on 1 November 1999. Since 18 September 2000, it has been a constituent of the Dow Jones Stoxx 50 index. In 2007, BNP Paribas joined the Global Titans 50, an index comprising the 50 largest corporations worldwide. BNP Paribas shares are also included in the main benchmark indexes for sustainable development: ASPI Eurozone, FTSE4Good (Global and Europe 50), DJ SI World and DJ SI Stoxx. All of these listings have fostered liquidity and share price appreciation, as the BNP Paribas share is necessarily a component of every portfolio and fund that tracks the performance of these indexes.

## SHARE PERFORMANCE BETWEEN 29 DECEMBER 2006 AND 31 DECEMBER 2009

Comparison with the DJ EURO STOXX BANKS, DJ STOXX BANKS and CAC 40 indexes (rebased on share price)

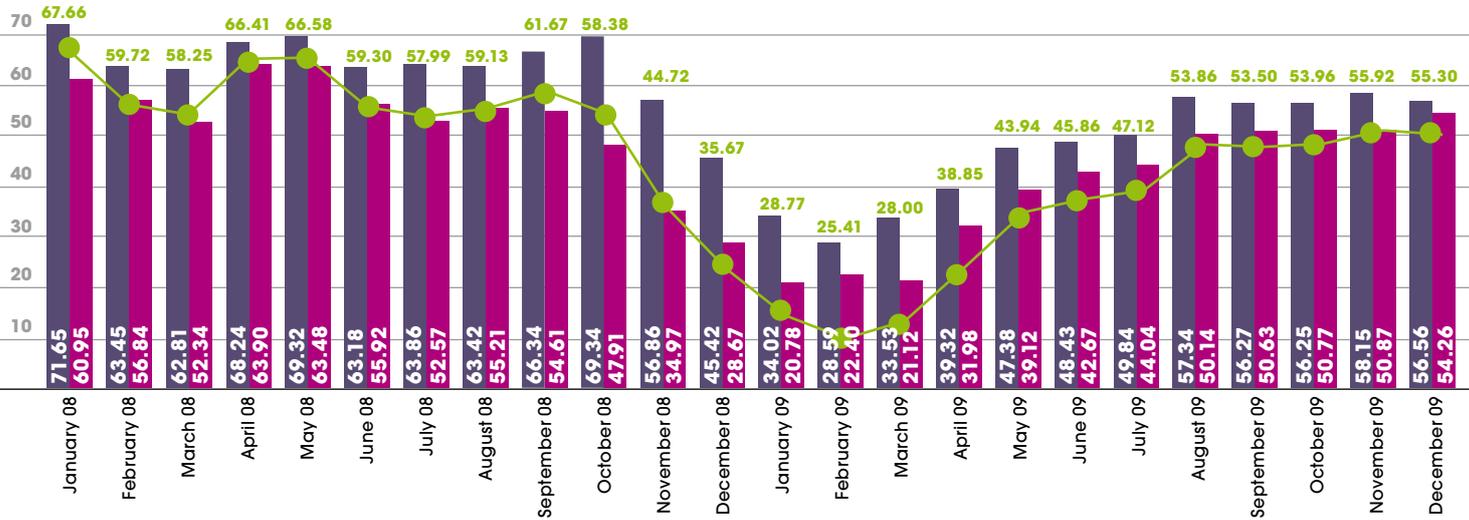


— Between 29 December 2006 and 31 December 2009, **the share price fell by 30.41% against a 28.97% decline for the CAC 40, but a 50.79% fall for the DJ Euro Stoxx Banks index** (index of banking stocks in the eurozone) **and a 56.50% drop for the DJ Stoxx Banks index** (index of banking stocks in Europe). After reaching an all-time high of EUR 91.60 in May 2007, BNP Paribas' share price was dragged down by the widespread loss of confidence in financial institutions, triggered by the subprime mortgage crisis in the United States of America. However, because BNP Paribas had much lower exposure to the crisis than many of its competitors, its share price performance compared very well with banking-sector indexes until October 2008. The market dislocation that followed the Lehman Brothers bankruptcy in mid-September 2008 affected the Group's activities and consequently its share price. As a result, much of its previous outperformance relative to broad bank indexes had disappeared by the end of 2008.

# AVERAGE MONTHLY SHARE PRICES AND MONTHLY HIGHS AND LOWS SINCE JANUARY 2008\*

**HIGH**  
**LOW**  
**AVERAGE**  
Source: Datastream.

80



(\* ) Share prices have been adjusted to account for the capital increase with preferential subscription right issue carried out from 30 September to 13 October 2009.

However, the trend turned in early 2009, and the share price rose from EUR 29.40 at 31 December 2008 to EUR 55.90 at 31 December 2009. This 90.14% increase comfortably beat the 22.32% rise in the CAC 40 index, the 48.92% rise in the DJ Euro Stoxx Banks index and the 46.92% rise in the DJ Stoxx Banks index over the same period.

Overall, since the financial crisis broke in early July 2007, BNP Paribas' share price has fallen by 34.91%, slightly less than the 34.99% decline in the CAC 40 index. Over the same period, the European and eurozone bank indexes are down 56.71% and 52.59% respectively. As a result, BNP Paribas has outperformed the eurozone bank index by 17.68% and the European bank index by 21.8%.

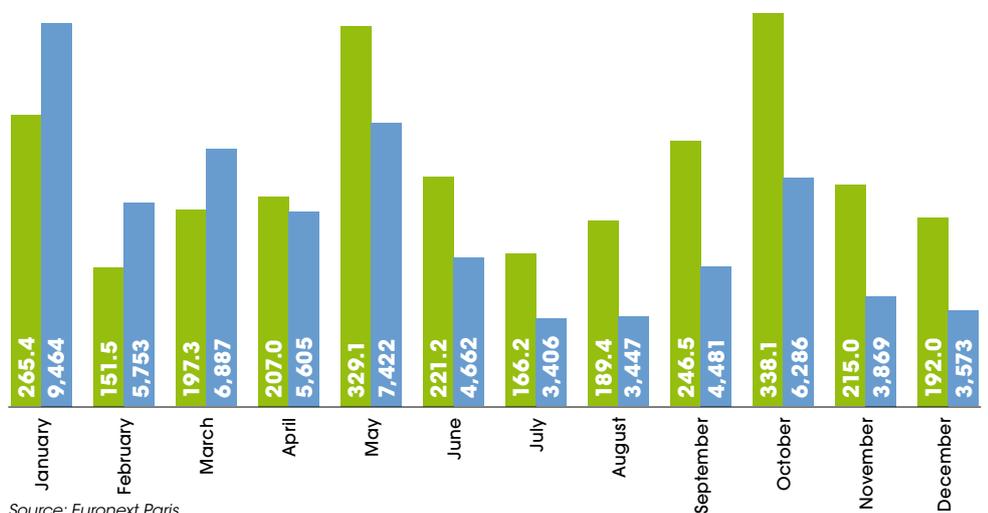
— At 31 December 2009, **BNP Paribas' market capitalisation was EUR 66.2 billion**, making it the 5th-ranked stock in the CAC 40, having been the 8th-ranked stock at end-2008. In terms of free float, BNP Paribas is the 3rd-ranked CAC 40 stock, having been the 7th-ranked stock at end-2008. BNP Paribas had the 6th-largest free float in the DJ Euro Stoxx 50 index at end-2009, up from 19th place a year before.

— Daily **trading volume** on Euronext Paris averaged 5,374,599 shares in 2009, down 22.5% on the 2008 figure of 6,936,205. Rather than a decrease in liquidity, this reflects the implementation of MiFID (Markets in Financial Instruments Directive) which, from 1 November 2007, abolished the concentration rule requiring orders to be routed through regulated markets.

The abolition led to deregulation of trading venues and growth in alternative securities trading methods, such as multilateral trading facilities (MTFs) and systematic internalisers.

## TRADING VOLUME ON EURONEXT PARIS IN 2009 (DAILY AVERAGE)

IN MILLIONS OF EUROS  
IN THOUSANDS OF SHARES



Source: Euronext Paris.

## KEY SHAREHOLDER DATA

In euros	2005	2006	2007	2008	2009
Earnings per share <sup>(1)*</sup>	6.77	7.81	8.25	2.99	5.20
Net assets per share <sup>(2)*</sup>	44.51	48.40	50.93	45.68	51.9
Net dividend per share*	2.53	3.01	3.26	0.97	1.5 <sup>(3)</sup>
Payout rate (%) <sup>(4)</sup>	37.4	40.3	39.8	33.0	32.3 <sup>(3)</sup>
Share price					
High <sup>(5)*</sup>	66.78	86.01	92.40	73.29	58.58
Low <sup>(5)*</sup>	48.89	64.78	65.64	27.70	20.08
Year-end*	65.91	80.33	72.13	29.40	55.90
<b>CAC 40 index on 31 December</b>	<b>4,715.23</b>	<b>5,541.76</b>	<b>5,614.08</b>	<b>3,217.97</b>	<b>3,936.33</b>

(1) Based on the average number of shares outstanding during the year.

(2) Before dividends. Net book value based on the number of shares outstanding at year-end.

(3) Subject to approval at the Annual General Meeting of 12 May 2010.

(4) Dividend recommended at the Annual General Meeting expressed as a percentage of earnings per share.

(5) Registered during trading.

\* Data in the above table have been adjusted to reflect share issues with preferential subscription rights maintained:

— March 2006 (adjustment ratio = 0.992235740050131);

— from 30 September to 13 October 2009 (adjustment ratio = 0.971895).

## Creating value for shareholders

### Total Shareholder Return (TSR):

#### Calculation parameters:

- dividends reinvested in BNP shares, then in BNP Paribas shares; 50% tax credit included until tax credit system abolished in early 2005;
- exercise of pre-emptive rights during the rights issues in March 2006 and October 2009;
- returns stated gross, i.e. before any tax payments or brokerage fees.

#### Calculation results:

The following table indicates, for various periods ending 31 December 2009, the total return on a BNP share, then a BNP Paribas share, as well as the effective annual rate of return.

## RETURNS AND YIELDS

Holding period	Investment date	Share price at the investment date (euros)	Number of shares at end of calculation period (31/12/2009)	Initial investment multiplied by	Effective annual rate of return
Since privatisation	18/10/1993	36.59	3.75	x5.73	+11.37%
16 years	03/01/1994	43.31	3.42	x4.41	+9.72%
15 years	03/01/1995	37.20	3.35	x5.04	+11.38%
14 years	02/01/1996	33.57	3.28	x5.47	+12.90%
13 years	02/01/1997	30.40	3.19	x5.86	+14.57%
12 years	02/01/1998	48.86	3.09	x3.54	+11.09%
11 years	04/01/1999	73.05	3.03	x2.32	+7.93%
Since inception of BNP Paribas	01/09/1999	72.70	2.94	x2.26	+8.22%
10 years	03/01/2000	92.00	2.94	x1.79	+5.99%
9 years	02/01/2001	94.50	2.86	x1.69	+6.03%
8 years	02/01/2002	100.40	2.77	x1.54	+5.57%
7 years	02/01/2003	39.41	1.34	x1.90	+9.62%
6 years	02/01/2004	49.70	1.29	x1.45	+6.39%
5 years	03/01/2005	53.40	1.24	x1.29	+5.30%
4 years	02/01/2006	68.45	1.19	x0.97	-0.66%
3 years	02/01/2007	83.50	1.14	x0.77	-8.55%
2 years	02/01/2008	74.06	1.10	x0.83	-8.71%
1 year	02/01/2009	30.50	1.05	x1.93	+93.27%

BNP Paribas uses two comparative methods to measure the value created for shareholders, based on a medium- to long-term investment period reflecting the length of time during which the majority of individual investors hold their BNP Paribas shares.

## Five-year comparison of an investment in BNP Paribas shares at an opening price of EUR 53.40 at 03/01/2005 with the “Livret A” passbook savings account and medium-term government bonds.

In this calculation, we assess the creation of shareholder value by comparing an investment in BNP Paribas shares with two risk-free investments: the “Livret A” passbook savings account offered by the French savings bank network and medium-term French government notes (OATs).

Total shareholder return on an investment in BNP Paribas shares:

Calculation basis

Initial investment = 1 share at the opening price on 3 January 2005 = EUR 53.40

Dividends reinvested

Preferential subscription rights exercised in the March 2006 and October 2009 capital increases.

Value at 31 December 2009: 1.2363 shares at EUR 55.90, i.e. **EUR 69.11**.

**29.4%** increase in initial investment

Effective rate of return: 5.30% per year

Investment of EUR 53.40 on 1 January 2005 in a Livret A passbook account:

The interest rate on the investment date was 2.25%, reduced to 2% on 1 August 2005. The interest rate was increased twice in 2006, to 2.25% on 1 February and to 2.75% on 1 August, and to 3% on 1 August 2007. The interest rate was increased twice more in 2008, to 3.50% on 1 February and to 4% on 1 August. There were three changes in 2009, with the interest rate being reduced to 2.50% on 1 February, 1.75% on 1 May and 1.25% on 1 August. At 31 December 2009, this investment was worth **EUR 60.73**, an **increase of EUR 7.33 (+13.7%)**, as opposed to an increase of **EUR 15.71 (+29.4%) per BNP Paribas share** over the same period.

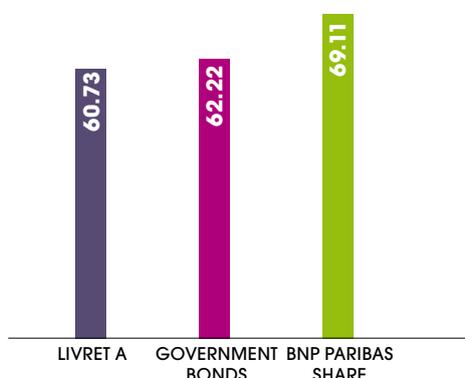
Investment of EUR 53.40 on 1 January 2005 in 5-year French government bonds:

The five-year BTAN interest rate on that date was 3.0825%. At the end of each subsequent year, interest income is reinvested in a similar note on the following terms:

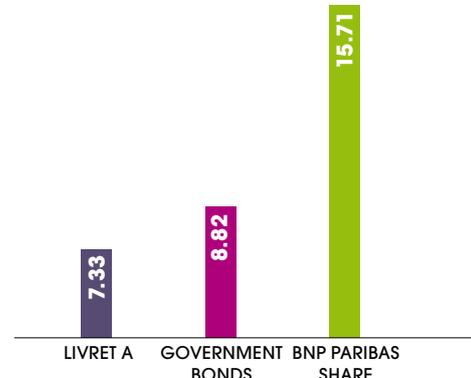
- 2.99393% (BTAN) in January 2006 for 4 years;
- 3.89016% (BTAN) in January 2007 for 3 years;
- 4.07272% (BTAN) in January 2008 for 2 years;
- 3.049% in January 2009 for 1 year (Euribor).

At the end of five years, the accrued value of the investment is **EUR 62.22**, an increase of **EUR 8.82 (+16.5%)**, just over half of the increase of **EUR 15.71 (+29.4%) per BNP Paribas share** over the same period.

### VALUE AT 31/12/2009 OF A EUR 53.40 INVESTMENT MADE ON 01/01/2005



### COMPARATIVE TOTAL 5-YEAR RETURN FOR A EUR 53.40 INVESTMENT ON 01/01/2005



# Communication with shareholders

BNP Paribas endeavours to provide all shareholders with clear, consistent, high-quality information at regular intervals, in accordance with best market practice and the recommendations of stock market authorities.

The **Investor Relations** team informs institutional investors and financial analysts, in France and abroad, of the Group's strategies, major events concerning the Group's business and, of course, the Group's quarterly results. In 2010, for example, the following dates have been set<sup>(1)</sup>:

- 17 February 2010: publication of 2009 results;
- 6 May 2010: results for the first quarter of 2010;
- 2 August 2010: publication of 2010 half-year results;
- 4 November 2010: results for the third quarter and first nine months of 2010.

Informative briefings are organised several times a year, when the annual and half-year results are released, or on specific topics, providing senior management with an opportunity to present the BNP Paribas Group and its strategy. There is also a Relations Officer responsible for liaising with managers of ethical and socially responsible funds.

The **Individual Shareholder Relations Department** provides information and deals with queries from the Group's 590,000 or so individual shareholders (source: 31 December 2009 TPI Survey). A half-yearly financial newsletter informs both members of the **"Cercle BNP Paribas"** and other shareholders of important events concerning the Group, and a summary of the matters discussed during the Annual General Meeting is sent out at the start of July. During the year, senior management presents the Group's policy to individual shareholders at meetings organised in various French cities and towns. For example, in 2009, meetings were held in Nancy

## BNP Paribas Shareholders' Guide

The BNP Paribas Shareholders' Guide was designed to provide individual shareholders with full details on the share's performance and the Bank's achievements. Its purpose is to give these investors a better idea and a deeper understanding of the economic environment and the markets in which BNP Paribas operates. The guide can be obtained on request from the Individual Shareholder Relations Department, and can also be viewed online and downloaded (see below).

## The "Cercle BNP Paribas"

In 1995, the "Cercle BNP Paribas" was set up for individual shareholders holding at least 200 shares. The Cercle currently has 57,200 shareholder members. Every year, alternating with three financial newsletters, three issues of "la Vie du Cercle" are sent to shareholders. This is a publication inviting them to take part in artistic and cultural events with which BNP Paribas is associated, as well as training sessions. These include seminars on trading in equities (including carrying out technical and financial analysis and placing orders), private asset management and warrants, as well as economic-update sessions, organised by BNP Paribas teams specialising in these fields. In addition, the Bank regularly organises scientific conferences and visits to industrial sites. The seminars are held in Paris and the provinces, on weekdays and the weekend, to enable as many people as possible to attend. To illustrate the variety on offer, 370 events were organised for 14,275 participants in 2009. Shareholders can obtain information about these services by dialling a special toll-free number (in France): **0800 666 777**. A telephone news service can also be accessed through the same number, offering a wide range of information to BNP Paribas shareholders, such as the share price, shareholders' events, news and interviews. There is also a Cercle des Actionnaires website ([cercle-actionnaires.bnpparibas.com](http://cercle-actionnaires.bnpparibas.com)), which features all offers and services available to members.

on 16 June, Lyon on 30 June, Bordeaux on 22 September and Marseille on 20 October. BNP Paribas representatives also met and spoke with over 1,000 people at the Actionaria shareholder fair held in Paris on 20 and 21 November 2009.

The BNP Paribas website (<http://invest.bnpparibas.com>) can be consulted in both French and English. Large portions of the website are also available in Italian. It provides information on the Group, including press releases, key figures and details of the main events. All financial documents such as Annual Reports and Registration Documents can also be viewed and downloaded. Publications compiled by the Bank's Economic Research Unit can be viewed on the website as well. The website also naturally features the latest share performance data and comparisons with major indexes. Among the website's features is a returns calculation tool.

The Investors/Shareholders section now includes all reports and presentations concerning the Bank's business and strategy aimed at all audiences (individual shareholders, institutional investors, asset managers and financial analysts). The website also has a section entitled "To be a shareholder", which was specifically designed with individual shareholders in mind, offering information tailored to their needs and details of proposed events. In addition, there is a specific section dedicated to the Annual General Meeting of Shareholders, which includes information regarding the conditions for attending the meeting, ways of voting, practical questions, as well as a presentation of the resolutions and the complete text of all speeches made by corporate officers. A webcast of the AGM can be viewed by going to the section entitled "General shareholders meeting" then by clicking on the relevant meeting in the submenu. In response to the expectations of indi

(1) Subject to alteration.

# Shareholder Liaison Committee

vidual shareholders and investors, and to meet increasingly strict transparency and regulatory disclosure requirements, BNP Paribas regularly adds sections to its website and improves existing sections with enhanced content (particularly as regards the glossary) and new functions. The financial calendar gives the dates of important forthcoming events, such as the AGM, results publications and shareholder seminars.



After its formation in 2000, BNP Paribas decided to create a Shareholder Liaison Committee to help the Group improve communications with its individual shareholders. At the Shareholders' Meeting that approved the BNP Paribas merger, the Chairman of BNP Paribas initiated the process of appointing members to this Committee, which was fully established in late 2000.

Headed by Michel Pébereau, the Committee includes ten shareholders who are both geographically and socio-economically representative of the individual shareholder population, along with two employees or former employees. Each member serves a three-year term. When their terms expire, announcements are published in the press and/or in the

Group's various financial publications, inviting new candidates to come forward. Any shareholder can become a candidate.

In accordance with the Committee's Charter – i.e. the Internal Rules that all Committee members have adopted – the Committee met twice in 2009, on 20 March and 25 September, in addition to taking part in the Annual General Meeting and attending the "Actionaria" shareholder fair. The main topics of discussion included:

- BNP Paribas' ownership structure and changes therein, particularly among individual shareholders;
- the periodical publications which provide information on the Group's achievements and strategy;

## At 1 January 2010, the members of the Liaison Committee were as follows:

**Michel Pébereau,**  
Chairman,

**Franck Deleau,**  
resident of the Lot *département*,

**Nicolas Derely,**  
resident of the Paris area,

**Jean-Louis Dervin,**  
residing in Caen,

**Jacques de Juvigny,**  
resident of the Alsace region,

**André Laplanche,**  
residing in Cavaillon,

**Jean-Marie Laurent,**  
resident of the Oise *département*,

**Dyna Peter-Ott,**  
residing in Strasbourg,

**Jean-Luc Robaux,**  
residing in Nancy,

**Chantal Thiebaut,**  
resident of the Meurthe-et-Moselle *département*,

**Thierry de Vignet,**  
resident of the Dordogne *département*,

**Odile Uzan-Fernandes,**  
BNP Paribas employee,

**Bernard Coupez,**  
Honorary Chairman  
of the Association of active,  
retired and former employee  
shareholders of the  
BNP Paribas Group.

# Dividend

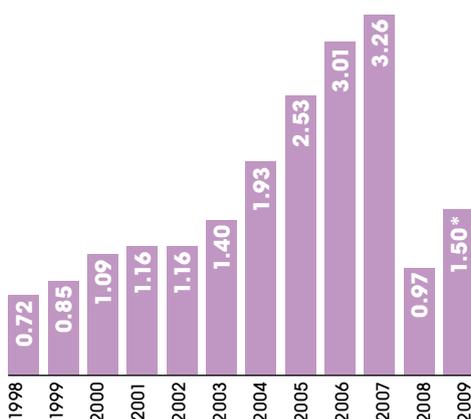
- the integration with the Fortis group;
- the draft 2008 Registration Document and Annual Report;
- quarterly results presentations;
- initiatives taken in preparation for the Annual General Meeting;
- BNP Paribas' participation in the "Actionaria" shareholder fair. At this event, several Liaison Committee members explained the role played by the Committee to people who visited the Bank's stand.

On 1 December 2009, Committee members took part in an "Investor Day" in Brussels, during which BNP Paribas Fortis' business plan was presented to the market.

At the 12 May 2010 Annual General Meeting, the Board of Directors will recommend a dividend of EUR 1.50 per share, an increase of 50% relative to 2009. The shares will go ex-dividend on 19 May and the dividend will be paid on 15 June 2010, subject to approval at the Annual General Meeting.

The total amount of the payout is EUR 1,778 million, compared with EUR 912.1 million in 2009, representing an increase of 94.9%. The proposed payout rate is 32.3%<sup>(1)</sup>.

## DIVIDEND (EUR PER SHARE)



Dividends for 1998-2008 have been adjusted to reflect:

- the two-for-one share split carried out on 20 February 2002;
- capital increases with preferential subscription rights maintained in March 2006 and between 30 September and 13 October 2009.

\* Subject to approval by the 12 May 2010 AGM

**The Group's objective** is to adjust the dividend to reflect variations in income and to optimise management of available capital.

**Timeframe for claiming dividends:** after five years, any unclaimed dividends will be forfeited and paid to the French Treasury, in accordance with applicable legislation.

# BNP Paribas registered shares

At 31 December 2009, 32,495 shareholders held BNP Paribas registered shares.

## Registered shares held directly with BNP Paribas

Shareholders who hold shares in pure registered form:

- automatically receive all documents regarding the Bank which are sent to shareholders,
- can call a French toll-free number (0800 600 700) to place buy and sell orders<sup>(2)</sup> and to obtain any information,
- benefit from special, discounted brokerage fees,
- have access to "GIS Nomi" (<http://gisnomi.bnpparibas.com>), a fully secure dedicated web server, allowing them to view registered share accounts and account movements as well as place and track orders<sup>(2)</sup>,
- pay no custodial fees and are automatically invited to General Meetings.

Holding shares in pure registered form is not compatible with holding them in a PEA tax-efficient share saving plan, due to the specific regulations and procedures applying to those plans.

## Registered shares held in an administered account

BNP Paribas is also extending its administered share account services to institutional shareholders. For institutional shareholders, this type of account combines the main benefits of holding shares in bearer form with those of holding pure registered shares:

- shares can be sold at any time, through the shareholder's usual broker;
- the shareholder can have a single share account, backed by a cash account;
- the shareholder is automatically invited to attend and vote at General Meetings, without the invitation being sent through a third party;
- the shareholder can take part in voting via the internet.

(1) Dividend recommended at the 12 May 2010 Annual General Meeting expressed as a percentage of earnings per share.

(2) Subject to their having previously signed a "brokerage service agreement" (free of charge).

# Annual General Meeting

BNP Paribas held two General Meetings of shareholders in 2009.

— On 27 March, an Extraordinary General Meeting was held, on first call, to approve the creation of preferred shares to be issued to the French government under the second phase of France's growth sup-

port plan. The text of the resolutions and the video of the meeting can be viewed on the BNP Paribas website, which is where the original live webcast took place. The composition of the quorum and the results of the votes cast were posted online the day after the meeting.

The quorum broke down as follows:

## BREAKDOWN OF QUORUM

	Number of shareholders	(%)	Number of shares	(%)
Present	432	8.87%	56,715,703	10.64%
Proxy given to spouse or another shareholder	9	0.18%	6,852	nm
Proxy given to Chairman	1,877	38.55%	6,447,638	1.21%
Postal votes	2,551	52.39%	469,925,853	88.15%
<b>TOTAL</b>	<b>4,869</b>	<b>100%</b>	<b>533,096,046</b>	<b>100%</b>
				<b>Quorum</b>
Total number of shares issued excluding treasury stock			909,963,093	58.58%

All resolutions proposed to the shareholders were approved.

RESULTS	RATE OF APPROVAL (%)
Resolution 1: <i>Creation of a new category of shares, consisting of preferred shares, and according amendment of the articles of association</i>	98.21%
Resolution 2: <i>Issue of preferred shares to Société de Prise de Participation de l'État</i>	97.72%
Resolution 3: <i>Transactions reserved for members of the employee savings plan</i>	97.50%
Resolution 4: <i>Issue of shares to be paid up by capitalising income, retained earnings or additional paid-in capital</i>	98.39%
Resolution 5: <i>Powers to carry out formalities</i>	99.82%

— On 13 May 2009, BNP Paribas held a combined Ordinary and Extraordinary General Meeting on first call. The text of the resolutions and the video of the meeting can be viewed on the BNP Paribas website, which is where the original live webcast took place. The composition

of the quorum and the results of the votes cast were posted online the day after the meeting. Information about the meeting was also published in the specialist press and a specific letter was sent to shareholders summarising the meeting.

The quorum broke down as follows:

#### BREAKDOWN OF QUORUM

	Number of shareholders	(%)	Number of shares	(%)
Present	1,664	15.07%	100,690,994	20.64%
Proxy given to spouse or another shareholder	58	0.53%	71,907	0.01%
Proxy given to Chairman	5,972	54.09%	11,604,373	2.38%
Postal votes	3,347	30.31%	375,556,063	76.97%
<b>TOTAL</b>	<b>11,041</b>	<b>100%</b>	<b>487,923,337</b>	<b>100%</b>

#### Quorum

Number of ordinary shares (excluding treasury stock)	910,022,144	53.62 %
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All resolutions proposed to the shareholders were approved.

#### RESULTS RATE OF APPROVAL (%)

##### ORDINARY MEETING

Resolution 1: Approval of the consolidated balance sheet at 31 December 2008 and the consolidated profit and loss account for the year then ended	95.94%
Resolution 2: Approval of the parent-company balance sheet at 31 December 2008 and the parent-company profit and loss account for the year then ended	96.01%
Resolution 3: Appropriation of profit and distribution of dividends	97.62%
Resolution 4: Agreements and commitments governed by Article L. 225-38 of the Code de Commerce	92.75%
Resolution 5: Share buybacks	97.90%
Resolution 6: Renewal of the term of office of Claude Bébéar as a director	97.02%
Resolution 7: Renewal of the term of office of Jean-Louis Beffa as a director	77.25%
Resolution 8: Renewal of the term of office of Denis Kessler as a director	75.19%
Resolution 9: Renewal of the term of office of Laurence Parisot as a director	92.24%
Resolution 10: Renewal of the term of office of Michel Pébereau as a director	94.09%

##### EXTRAORDINARY MEETING

Resolution 11: Approval of the transfer of Fortis Banque SA shares	99.55%
Resolution 12: Approval of the transfer of BGL SA shares	99.54%
Resolution 13: Issue of ordinary shares to be given in exchange for unlisted securities tendered, up to a maximum of 10% of the capital	95.91%
Resolution 14: Amendment of terms of B shares	99.62%
Resolution 15: Reduction in the Bank's capital by cancelling shares	98.89%
Resolution 16: Powers to carry out formalities	99.74%

The 2009 Annual General Meeting was an additional opportunity for BNP Paribas to demonstrate its commitment to sustainable development, and to social and environmental responsibility. BNP Paribas seeks to create value consistently, to show its quality and its respect not only for "traditional" partners comprising shareholders, clients and employees, but also for the community at large. The Group considered it appropriate that these principles be reflected in its General Meetings. As a result, a deci-

sion was taken, in conjunction with the Shareholder Liaison Committee, to donate EUR 10 for every investor attending the meeting or voting online, to the "Coup de pouce" aux projets du personnel (a helping hand for employee projects) programme. The programme was specifically developed by the BNP Paribas Foundation to encourage public-interest initiatives for which Bank staff personally volunteer their time and efforts. The sums collected (EUR 18,030 in 2009, including EUR 1,390 through

internet voting) are donated in addition to the funds that the Bank already grants to this programme via the BNP Paribas Foundation, which operates under the aegis of the Fondation de France. Total 2009 contributions were divided between 62 projects (34 in 2008), all of which were initiated by BNP Paribas staff. The sums awarded vary according to the scale of the project, its nature and the commitment of employees. The projects relate mainly to education, international co-operation, healthcare, disabilities, and help for disadvantaged and socially excluded people.

The allocation of funds is contained in the notice convening the next General Meeting.

The procedures for BNP Paribas' General Meetings are defined in Article 20 of the Bank's Articles of Association.

The Board of Directors calls an Ordinary General Meeting at least once a year to vote on the agenda set by the Board.

The Board may call Extraordinary General Meeting for the purpose of amending the Articles of Association, and especially to increase the Bank's share capital. Resolutions are adopted by a two-thirds majority of shareholders present or represented.

The Ordinary and Extraordinary General Meeting may be called in a single notice of meeting and held on the same date. BNP Paribas will hold its next Ordinary and Extraordinary General Meeting on 12 May 2010<sup>(1)</sup>.

## Notice of meetings

**For combined Ordinary and Extraordinary General Meetings:**

- holders of registered shares are notified by post; the notice of meeting contains the agenda, the draft resolutions and a postal voting form;
- holders of bearer shares are notified via announcements in the press, particularly investor and financial journals; in addition to legal requirements, BNP Paribas sends the following documents aimed at boosting attendance:
  - notices of meetings and a postal voting form for shareholders who own over a certain number of shares (set at 250 shares in 2009); these same documents may be accessed freely on the website;
  - letters informing shareholders about the General Meeting and arrangements for taking part.

In total, nearly 64,000 of the Bank's shareholders personally received the information needed to participate in 2009. In addition, staff at all BNP Paribas retail outlets is specifically trained to provide the necessary assistance and carry out the required formalities.

## Attendance at meetings

Any holder of shares may gain admittance to a General Meeting, provided that shares have been recorded in their accounts for at least three days. Holders of bearer shares must in addition present an entry card or certificate stating the ownership of the shares.

## Voting

Shareholders who are unable to attend a General Meeting may complete and return to BNP Paribas the postal voting form/proxy enclosed with the notice of meeting.

This document enables them to either:

- vote by post;
- give their proxy to their spouse or another shareholder (individual or legal entity);
- give their proxy to the Chairman of the Meeting or indicate no proxy.

Shareholders or their proxies present at the Meeting are given the necessary equipment to cast their votes. Since the General Meeting of 13 May 1998, BNP Paribas has used an electronic voting system.

Since the Meeting of 28 May 2004, shareholders can use a dedicated, secure internet server to send all the requisite attendance documents prior to Annual General Meeting (<http://gisproxy.bnpparibas.com>).

# Disclosure thresholds

In addition to the legal thresholds, and in accordance with Article 7 of the Articles of Association, any shareholder, whether acting alone or in concert, who comes to hold directly or indirectly at least 0.5% of the capital or voting rights of BNP Paribas, or any multiple of that percentage up to 5%, is required to notify BNP Paribas by registered letter with return receipt.

Once the 5% threshold is reached, shareholders are required to disclose any increase in their interest representing a multiple of 1% of the capital or voting rights of BNP Paribas.

The disclosures described in the previous two paragraphs shall also apply when the shareholding falls below the above-mentioned thresholds.

In the case of failure to comply with these disclosure requirements, the undisclosed shares will be stripped of voting rights at the request of one or more shareholders who hold a combined interest of at least 2% of the capital or voting rights of BNP Paribas.

(1) Subject to alteration.

# HUMAN RESOURCES



# HUMAN RESOURCES DEVELOPMENT

## Group values underpinning HR management

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For BNP Paribas, the goal of being “the bank for a changing world” stems from the core values chosen by the new Group’s top management at the time of the merger between BNP and Paribas in 2000. These values were reasserted in 2006 as follows:

- bringing together a global, multicultural Group;
- forging a strong, unique identity; and
- enlisting employee support for the corporate mission by giving that mission lasting sense.

### **A unifying approach**

BNP Paribas is a global group on the move. As such, it takes great care to respect the cultural and personal backgrounds of all its employees in the conduct of its business and its human resources management processes. The Group’s core values bind the diverse group of men and women that make up the BNP Paribas community, giving them a strong sense of shared identity.

### **A distinctive corporate identity**

BNP Paribas expresses its distinctive identity in all its businesses and territories throughout the world. It has chosen to focus on distinctive values, at both an individual and collective level: only three other global groups have included Commitment and Ambition among their core values, and BNP Paribas is unique in choosing Creativity and Responsiveness.

### **Action-centred values**

To serve as a common rallying point, corporate values must be universally accepted and exemplified on a daily basis. Accordingly, the Group’s top managers have spelt out the meaning and direction of the individual and collective behaviour that these values call for:

Responsiveness means rapidly appraising situations, identifying opportunities and risks, making decisions and taking effective action.

Creativity means promoting new initiatives and ideas and rewarding their originators.

Commitment involves devoting best efforts to customer service and team success, while meeting the highest standards of behaviour.

Ambition reflects an appetite for challenge and leadership, with the goal of winning, as a team, a series of contests in which the client is judge.

The same spirit presided over the work of defining the management principles and attitudes that are expected to govern the behaviour of all team leaders. These principles have been translated into the new format for annual performance evaluations. A uniform evaluation process is now used throughout the Group, across all business lines, territories and levels of responsibility.

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# Human Resources policy framework

## An integrated system

The Human Resources (HR) responsibilities Charter was updated in 2009 as part of an overall review of the work and organisation of the Group's Human Resources Function.

This policy framework provides a structure for the ongoing Human Resources controls: risk mapping, procedures, key controls and reporting.

In parallel, the list of procedures is updated and extended on a regular basis to include new organisations and changes in processing procedures and applicable regulations.

A scorecard of thirty major operational risks has been compiled for the Group. Among these operational risks, combating Human Resources discrimination has been deemed a critical risk factor by BNP Paribas.

The merger with Fortis Bank has provided an opportunity to redefine the principles of the Human Resources policy framework. This initiative is being pursued through a collaborative approach involving Human Resources teams and the executive management teams of each business line.

## The delegations

Recognising the diverse businesses and cultures brought under one roof when BNP Paribas was formed, the Group elected to adopt an integrated Human Resources organisation. Developing cohesive career management and compensation practices have been a critical factor contributing to the success of the Group's internal and external growth efforts.

Subsequently, the Group Human Resources organisation simplified decision-making processes and empowered local management by extending the responsibilities of the various core businesses, subsidiaries and countries, as well as reinforcing the role and purview of Group-level operational leadership in the management of key positions.

Group Human Resources is responsible for supervising career management for executives and upper-level managers in key posts under its oversight, and it takes the lead in managing career paths for high-potential employees.

## Observance of the United Nations Global Compact

With a presence spanning more than 80 countries, BNP Paribas operates in a variety of political and regulatory environments. This means that the Group must take particular care to ensure compliance with the principles of the United Nations Global Compact, to which it is a signatory.

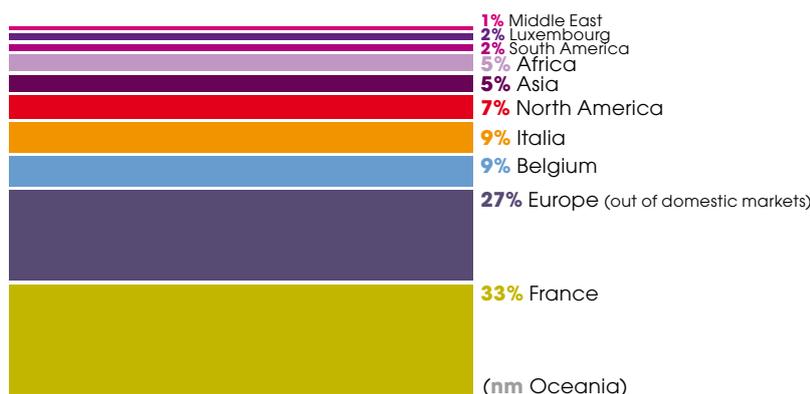
In 2009, 45 countries were identified as representing the greatest risk in terms of human rights by authoritative organisations<sup>(1)</sup> in this field. BNP Paribas is present in nine of these countries, employing staff accounting for 3.3% of its total global headcount. In the most risk-exposed countries, where regulations tend to be less stringent, local human resources departments apply Group rules to all employee management procedures.

BNP Paribas and seven other major French groups have helped to found Entreprises pour les Droits de l'Homme (EDH -- companies for human rights). EDH seeks to identify practical ways in which companies can ensure observance of fundamental human rights. It brings together experts in human rights, global NGOs and academics, and it undertakes to promote its approach to companies. A training module was devised in 2009 and is destined for use by HR managers and heads of Human Resources working in at-risk countries.

## Change in workforce<sup>(2)</sup>

At end-December 2009, the Group had 201,740 net permanent paid (NPP) employees, representing an increase of 28,552 NPP employees compared with 2008. This increase was primarily attributable to the acquisition of Fortis Banque and BGL which consolidated the Group's presence in Europe. The Group's worldwide workforce breaks down as follows:

## BREAKDOWN BY GEOGRAPHIC AREA



(1) Amnesty International, Freedom House and Eiris.

(2) For human resources development data, the scope of this analysis is the total NPP workforce managed by BNP Paribas as opposed to the consolidated workforce, which is limited to staff working for fully or proportionately consolidated entities calculated pro rata to the consolidation percentage of each subsidiary:

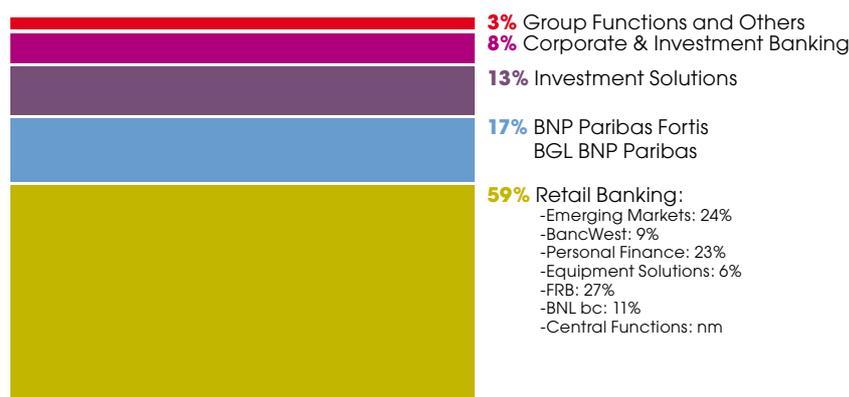
	2002	2003	2004	2005	2006	2007	2008	2009
Consolidated workforce	87,685	89,071	94,892	101,917	132,507	145,477	154,069	182,459
Total workforce	92,488	93,508	99,433	109,780	141,911	162,687	173,188	201,740

## BREAKDOWN BY GEOGRAPHIC AREA

	2006	2007	2008	2009
France	57,123	64,080	64,217	64,635
Europe (excl. France)	53,461	62,473	68,542	95,201
North America	14,810	15,046	15,222	14,984
Asia	5,571	8,833	9,494	10,143
Africa	6,201	6,692	8,883	9,205
Latin America	2,924	3,287	3,957	4,801
Middle East	1,308	1,700	2,194	2,096
Oceania	513	576	679	675
<b>TOTAL</b>	<b>141,911</b>	<b>162,687</b>	<b>173,188</b>	<b>201,740</b>

The Group's workforce in France remained stable in 2009 and now represents less than one-third of the global workforce. The integration of Fortis Banque and BGL was chiefly attributable for the increase in the Group's headcount in Europe. In Eastern Europe, the Group's workforce was reduced significantly due to the extent of the economic crisis affecting the region's local markets.

## TOTAL WORKFORCE BY BUSINESS LINE



## Age pyramid

The Group's age pyramid remains balanced overall. The lower age groups are predominant in most of the Group's divisions, while the opposite is true of retail banking in France and Italy, while the age pyramid of the Group's retail banking operations in Western Europe is predominantly comprised of older employees. <sup>(1)</sup>

## GROUP AGE PYRAMID - PHYSICAL HEADCOUNT - DECEMBER 2009

**FEMALE: 105,718 - 53.13%**  
**MALE: 93,244 - 46.87%**

Age Group	Female	Male
more 60	1,500	1,975
55 to 59	7,932	9,875
50 to 54	10,206	11,344
45 to 49	11,104	10,700
40 to 44	11,077	10,690
35 to 39	14,635	13,601
30 to 34	19,086	15,631
25 to 29	20,987	14,732
under 25	9,191	4,696

(1) Statistical data at December 2009 (excl. TEB, Fundquest and Sahara Bank JSC).

# Key challenges of Human Resources management

Amid the crisis that has struck the financial services industry, BNP Paribas stands out as one of the most robust and profitable banking groups. This is in no small part a result of the personal commitment of each employee, day after day, in the service of the Group's goals. The diversity of BNP Paribas — in its business lines with their particular histories, in its languages, cultures, etc. — represents an ongoing challenge, as does employees' adherence to Group values and strategy: as an enterprise, the Group must be attentive to each person's expectations and must know how to be responsive to them by adapting its human resources policies and managerial practices.

In an extremely turbulent operating environment, the key HR management challenges for the Group revolve around keeping pace with development and change, valuing and motivating staff and retaining their loyalty, promoting diversity, and listening to employees' concerns.

## Keeping pace with development and change

As a direct consequence of the major external growth initiatives, the Group's total workforce (NPP) has risen from 99,433 to 201,740 in the last five years. Staff numbers outside France have increased from 45,070 to 137,105 over the same period.

These developments pose two key challenges for HR management:

- anticipate employment trends by forecasting the cumulative effects of organic growth, productivity gains and the Group's age pyramid, which will bring about an average of 1,100 retirements per year by 2020 at BNP Paribas SA in France alone;
- develop the managerial resources needed not only to take the helm as key positions become available through natural attrition, but also to steer the Group's development and external growth plans.

The increasingly high levels of expertise required in the business lines and the Group's changing demographics make identifying and retaining talent a critical component of human resources management. This element presupposes a committed policy of adapting the job to the resource, taking into account the entire population of the Group without discrimination on the basis of age, sex or nationality.

Completing the integration of Fortis will remain a key challenge for coming years. Thanks to the unstinting efforts of more than 4,000 employees, an Industrial Master Plan was developed in less than 150 days. In its four domestic markets (France, Italy, Belgium and Luxembourg), BNP Paribas is uniquely positioned to offer carefully tailored solutions for customers in Europe. The industrial master plan was presented to investors and is being rolled out progressively over the 2009-2011 period.

## Adapting quantitatively and qualitatively the workforce

Two specific measures have been adopted to support the Group's external growth initiatives: cross-divisional job mobility and tighter coordination of external recruitment. For this purpose, a dedicated staff unit coordinates workforce planning policy across divisions, business lines and support functions.

The workforce adaptation plan developed for the CIB business lines that were the worst affected by the economic crisis in France was initiated and completed in 2009. It concerned 200 people.

In managing the integration of Fortis' operations within BNP Paribas, the Group is committed to respecting the cultural backgrounds and individual capabilities of staff members in accordance with its corporate values and practices. The priority areas of focus for the Group are to: promote the internal redeployment of employees where positions are eliminated; comply with individual and collective employee benefit obligations; ensure that appointment procedures are fair and based on professional criteria.

To this end, all of the means available to implement restructuring measures in compliance with the terms of the Group's social agreement will be used. Thus, in Belgium, 1,250 jobs will be created through the consolidation of the Group's commercial position and the establishment of several international competency centres in the country.

## Speed recruiting events

In France, the Group introduced a novel hiring initiative in October 2009 which focuses on recruitment for the Retail Banking network.

The speed recruiting format was introduced in 2009 and was tested at five job fairs in France. As another aspect of this original approach, Recruitment managers joined forces with the representatives from the Mozaik HR association to coach candidates from disadvantaged neighbourhoods prior to the interview sessions.

## Ace Manager: Successful inaugural edition and launch of "the second set"

The inaugural version of this online banking adventure contest attracted a total of 4,364 students, from 106 countries on all 5 continents who competed in 1,091 four-person teams. The operation showcased the BNP Paribas employer brand to over 700,000 students worldwide as part of the campus tours and promotional events organised to highlight the contest. During the operation, the Ace Manager website received more than 200,000 visitors.

Round two of the operation "Ace Manager - The Second Set" was organised for business school and university students in 26 countries. Ace Manager has been devised in collaboration with BNP Paribas bankers to give students an understanding of the Group's three core businesses: Retail Banking, Corporate and Investment Banking and Investment Solutions. Ace Manager is part of the Group's strategy for boosting its brand awareness as one of the leading employers of graduates worldwide.

Furthermore, natural employee attribution in Belgium and the other countries concerned by the merger (e.g. the other domestic markets of the Group, namely, France, Italy and Luxembourg) will provide possibilities for the redeployment of staff members whose positions are affected by the reorganisations planned in Belgium. To this end, the Group has developed specific resources to promote internal mobility (e.g. mobility centres, dedicated training budgets, support services for redeployed employees, etc.) and is committed to prioritising internal mobility ahead of external recruitment wherever possible.

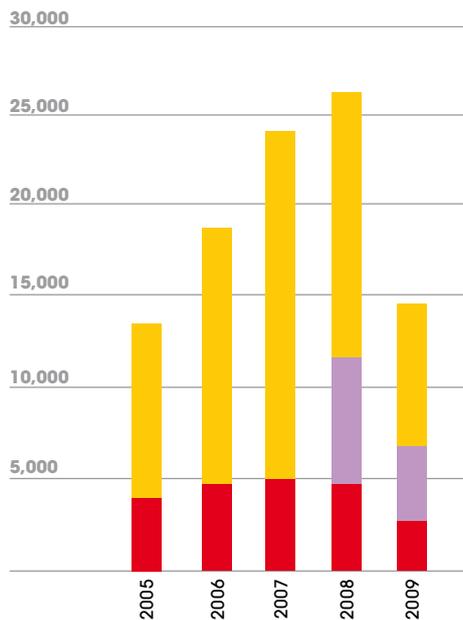
At BNL, the implementation of the workforce reduction plan progressed in consultation with local labour representatives. In view of the demonstrated effectiveness of the workforce planning tools used in France over the past two decades, the Group intends to extend these tools to Italy and Belgium where they will be used on a Europe-wide scale.

**Ensuring recruitment that meets the specific needs of each business**

In a turbulent economic and financial environment, recruitment remained at a high level in 2009. During the year, a total of 14,549 permanent hires were made by the Group while 2,691 permanent hires were made in France.



**FRANCE**  
MAIN EUROPEAN TERRITORIES  
EXCLUDING FRANCE\*  
REST OF THE WORLD



(\* ) United Kingdom, Italy, Russia, Turkey, Ukraine.

The distribution of hires in France by age profile was stable in terms of relative shares, with recent graduates accounting for 50%. There were 1,234 hires on work-study contracts, including 764 in professional internships and 470 in apprenticeships, comparable to the levels in 2008. At 31 December 2009, 1,539 young people were employed under work-study contracts in France. The number of trainees taken on under the VIE (Volontariat International en Entreprise) programme was stable, with 190 volunteers sent on missions in 2009, compared with 205 in 2008. The number of work placements for master's students amounted to approximately 1,200.

**Close links with schools and universities**

The Group maintained and reinforced its policy of developing close ties with third-level institutions in France and Belgium and implemented a wide range of innovative approaches aimed at young people.

These initiatives helped to maintain or raise the Group's attractiveness score among strategic target populations.

**BNP Paribas – an attractive employer brand**

For the fourth consecutive year, BNP Paribas received a top ranking from final-year business school students in the 2009 edition of the TNS Sofres survey on the best places to work. The Bank was rated in 7th place by engineering students. TNS Sofres polled 269 students from 21 business schools in France. Polls were conducted in the form of one-on-one interviews. Results demonstrate that despite the economic crisis and the recent damage to the reputation of the banking sector, BNP Paribas remains the most attractive employer for university students. The Group was the top company spontaneously named by respondents when asked about the company in which they would most like to work. This preference is attributable to the Group's global presence and the opportunities offered for international careers as well as by the superior working conditions, attractive compensation and extensive training offered by BNP Paribas.

**Work-study training for students: a priority**

In 2009, BNP Paribas's work-study programme was extended to a further 1,000 students, bringing the total number of work-study positions in the organisation to 1,539. Students following diploma and masters' courses receive work-study training in a specific business line and obtain the necessary experience to ensure that they are fully prepared for the world of work when they graduate. Students following diploma and masters' courses receive work-study training in a specific business line and obtain the necessary experience to ensure that they are fully prepared for the world of work when they graduate. Work-study training not only helps to promote social mobility and professional insertion for participants but also enables them to receive a salary during their studies and, in some cases, to obtain grant assistance from companies for their university fees. The scheme enables young people from all social backgrounds to obtain higher-level training and to enter the workforce.

## **Combating discrimination**

In 2008, three policy documents were developed and circulated within the Group: a Code of Ethics for all Group employees with a role in the recruitment process, together with a methodology for individual hiring interviews and a scorecard to formulate and document decisions taken after interviews with candidates. During the year under review, a handbook on the employee recruitment procedure and ethics code was developed in English for circulation throughout the Group.

In 2009, guidelines on non-discrimination were issued to managers responsible for hiring decisions within Group entities. These guidelines aim to ensure that the recruitment process is managed in an objective, transparent and respectful manner. A series of awareness raising events were organised for managers in each business line and a "recruitment" portal was developed online for employees.

In France, the Group decided to participate in the French government's testing of recruitment via anonymous CVs and carried out studies to examine how to incorporate the approach into their recruitment process.

An ongoing control framework has been developed to verify that hiring decisions are based on skills assessments that are characterised as objective, factual and professional. This framework is designed to ensure the traceability, quality and compliance of the hiring process.

## **Developing skills of employees and teams**

### **Training, a tool for business effectiveness**

Given the rapid pace of transformation in businesses, work organisation and the labour market, training and skills development plays a critical role in:

- enhancing employees' performance levels;
- increasing their employability within the organisation;
- recognising employees and developing loyalty;
- transmitting the corporate culture and strategic vision of the Group.

Training is designed to provide employees with opportunities for learning so that they can achieve their career goals and prepare for future changes. Training also provides a means to become better acquainted with the Group and its corporate culture, its environment, and regulations governing banking activities. Lastly, training initiatives foster knowledge transfer between employees as a means of sharing skills.

To be effective, training initiatives must be closely coordinated and structured as a long-term training programme.

The Group's training catalogue is designed to meet these objectives by combining professional training for the business lines with cross-functional Group training which fosters a shared corporate culture and management principles.

In support of this training policy, BNP Paribas's training centre provides a venue for bringing together employees from across Group.

### **Enhancing employees' performance levels**

Training provided by the business lines is intended primarily to raise the level of employees' professionalism and expertise in their field. For this reason, business lines establish training plans that seek to maintain competencies at the requisite level for employees to exercise their responsibilities. Training programmes are then developed with input from training specialists in order to make optimal use



BNL/Rome



BNP Paribas Fortis/Brussels

of new learning technologies. Training initiatives combine classroom training with e-learning, and the training approach is supplemented by testing to ensure that knowledge is transferred.

Effective performance also requires acquisition of more cross-cutting skills. In France, the key thrusts for training initiatives include:

- Proficiency in English — existing initiatives were overhauled in 2009 to ensure a closer linkage between requirements identified during testing and training content.
- Professional development — training courses in project commissioning, project management, personal effectiveness and operational management are provided by the Group training centre in Louveciennes. Training also focuses on bringing together employees from a variety of horizons. In 2009, more than 1,800 employees attended a training course at the Louveciennes centre. To facilitate access to training, a dedicated training catalogue, *Formad'hoc*, has been developed to assist staff in finding the training offering that best meets their needs.

### **Enhancing employees' employability with the Group**

To confront the massive changes for banking sector business functions, the Group has focused on enhancing employees' cross-business mobility.

To this end, the support framework for employee mobility devised in 2008 was rolled out at Group level with the following objectives:

- realising the value for the Group to be gained from mobility in a context of ongoing and substantial changes within BNP Paribas;
- preparing employees for future mobility;
- supporting business reorganisations that involve employee mobility;
- fostering sharing and knowledge of the Group.

In 2009 a total of 14 sessions were organised for 145 people in order to support employees through major organisational changes.

BNP Paribas further facilitated access to training in 2009 by providing upskilling courses for eligible employees in France. A total of 2,500 training sessions were organised during the year, resulting in the provision of 57,500 training hours.

### **Induction and orientation for employees**

Induction training enables new employees to learn about BNP Paribas and understand the role of their business units within the wider organisation. These programmes provide an occasion for new hires to develop a professional network. They help to create a sense of community by offering shared terms of reference as regards values, business principles and methodologies. Integration training also involves various other components for employees such as initial meetings with managers and fellow team members, discovering their workstations, and learning about the environment in which they will operate.

In 2009, the induction programme for new hires was structured into three key elements:

- first steps: new hires are received by their managers and by HR representatives. A specific training tool has been developed which couples new technologies and knowledge of the Group in a "serious game". The so-called "Starbank" game teaches about banking activities as it is being played and can be used by BNP Paribas entities throughout the world.
- professionalism: this involves preparing staff to take up their functions and familiarising them with the Group's management principles.
- perspectives: introducing employees to the wider Group and to their peers within the organisation. This final phase generally includes an induction seminar which provides participants with a strategic overview of the Group.

The induction programme also ensures that new hires are introduced to the organisation in a manner that is consistent with their level of seniority and business function while ensuring compliance with the Group's principles. It is particularly suitable for graduate recruits as it marks the transition from university into employment.

### **Transmitting the corporate culture and strategic vision of the Group**

The Group's cohesive risk management culture is a key advantage and competitive strength. The rapid growth experienced by the Group in the last five years and the ongoing economic crisis have highlighted the need to reinforce, promote and proliferate BNP Paribas' risk management culture throughout the Group while tailoring this approach to suit the specific environment of each business line.

## **Louveciennes Training Centre**

The Group Training Centre, in the magnificent setting of Louveciennes near Paris, is a fully-fledged corporate campus. It not only focuses on building competencies but also on providing a forum for sharing ideas and nurturing the corporate culture. The Centre caters to employees from all businesses, countries and backgrounds. In 2009 close to 22,000 employees attended the Centre to participate in integration seminars, business-specific courses, cross-functional training programmes and major Group events. The Centre's facilities have been upgraded to ensure that they are environmentally friendly and that they comply with sustainable development objectives.

## **Risk Academy**

To provide a pragmatic and flexible response to this need, the Group's Risk Management and Human Resources Departments launched a joint project, known as "Risk Academy", which is supported by the Group Executive Committee. The project has three goals:

- consolidating and disseminating the Group's risk management approach and capabilities;
- providing a coherent view of the Group's training offering in the area of risk management to all employees;
- developing a community of practitioners.



## Employee savings plans

BNP Paribas organises employee savings schemes, which are eligible for top-up payments by the company and which provide a tax-efficient savings vehicle for staff. Employees can choose the investment vehicles that suit their objectives: funds invested in BNP Paribas shares, in diversified equities, in bonds, or simply a blocked cash account. In 2009, the range of investment vehicles proposed under the Group's employee savings scheme was extended to include solidarity and socially responsible savings plans.

## Valuing, motivating and inspiring loyalty

### Inspiring loyalty through competitive remuneration

#### ■ Remuneration

Work performed, skills and level of responsibility are remunerated by base pay which is commensurate with employees' experience and the market norm for each business. Levels of variable pay are determined by individual and collective performance over the year. Variable remuneration takes different forms in the various business lines.

Variable pay for investment banking staff conforms to the criteria of the G20 agreement as promulgated by the order issued by the French economy and finance ministry on 3 November 2009 and the professional standards of the French Banking Federation of 5 November 2009. These principles are as follows:

- deferring payment of at least one-half of annual variable pay over a three-year period;
- implementing claw back arrangements with performance conditions for deferred payments;

- indexing the total amount of deferred payments to the performance of the BNP Paribas share, in order to align the interests of beneficiaries and shareholders.

### **New practices with respect to the variable compensation of market professionals**

The financial crisis highlighted the need for wide-reaching change to how bonuses are paid to traders. Although it is one of the banks to best withstand the crisis, BNP Paribas decided to be a driving force behind this change. The bonus payment policy and rules introduced fully comply with the G20's new international standards and reflects the willingness to exercise restraint. In this new environment, the Group intends to promote the need for consistency between the actions of the employees in question and the company's long-term objectives, in particular with regard to risks.

The bonus pool is determined after taking into account all the charges affecting CIB's market businesses, notably liquidity costs, cost of risk, allocated equity remuneration.

neration, exceptional taxes.

The method used to determine individual bonuses includes a quantitative and qualitative performance review of each employee. The evaluation of personal conduct, especially team spirit, and the observance of rules of ethics and compliance are explicitly a part of this process.

Deferred bonuses will be subject to performance requirements over a number of years and pegged to BNP Paribas's share price, in keeping with the Group's determination to promote sustainable practices.

More generally, the Group's remuneration policy is founded upon principles of fairness and transparency which are supported by:

- a uniform process for annual variable pay applying to worldwide operations;
- a strict delegation system which operates in accordance with directives set at Group level;
- reinforced oversight performed by Remuneration Committees and, in the investment banking function, by Compliance, Risk and Finance Committees.

### **An extensive range of benefits**

#### **■ Employee share ownership**

The Group has always encouraged employee share ownership through an annual share issue reserved for employees. Since the formation of the BNP Paribas Group in 2000, the worldwide employee share ownership plan has offered employees the opportunity to become shareholders of their company for a minimum period of five years. They are entitled to a discount on the shares they purchase and to top-up payments from the company. To date, nine share issues have been offered to

Group employees.

#### **■ Employee savings and pension plans**

Employee savings plans enable employees to build up their savings, in particular with a view to retirement, while at the same time ensuring optimal local tax treatment and social security benefits. In recognition of the demographic trends prevailing in a wide variety of nations, the Group has prioritised the issue of provision for retirement. In France, several thousand employees subscribe to the Group retirement savings plan (PERCO). Their savings become available on retirement, in the form of an annuity or a lump-sum payment. Top-up payments into PERCO amounted to EUR 3 million in 2009.

#### **■ Other company benefits**

The Group has a longstanding benefits policy which provides a high level of protection for employees. These mechanisms have been harmonised, particularly outside France, with the aim of ensuring greater consistency between local systems that are sometimes quite disparate. Outside France, the Group seeks to provide company benefits that cover medical consultations and hospital stays to its local employees and their families.



## **PROFIT-SHARING AND INCENTIVE PLANS – BNP PARIBAS SA (AMOUNTS IN EUROS)**

<b>Amount payable in respect of the year listed</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Total gross amount	148,701,874	186,076,788	227,719,000	232,530,560	84,879,969	181,349,984
Minimum amount per employee	2,945	3,772	4,696	4,728	1,738	3,782
Maximum amount per employee	10,020	10,689	12,732	12,800	4,641	10,128

## **A flexible, customised contingency plan in France**

BNP Paribas' personal contingency insurance plan was set up under a company-wide agreement and has few equivalents in French companies. This flexible plan offers staff a high level of cover for absences from work due to illness, disability or death. Starting from a basic plan that applies automatically, employees can adjust the protection to their personal or family situation by choosing benefit amounts and supplementary cover as needed: higher benefit for accidental death, education annuity, temporary income for the spouse and a lump sum payment in the event of the death of a spouse. Plan options can be modified regularly.

## **Incentive and mandatory profit-sharing plans in France**

The Group seeks to optimise collective profit-based incentive schemes according to the legal, social and tax context of each entity: profit-sharing (mandatory) and incentive (voluntary) plans in France, similar profit-sharing plans in many other territories.

## **Information on the total compensation package**

In 2009, more than 47,500 employees in France received a new document for the first time. This document provides a detailed breakdown of the monetary and non-monetary components of the employee's compensation package in 2008. It provides an easy-to-grasp summary of the employee's personal situation, combining data which had previously only been available from a variety of sources. It will continue to be distributed to employees over coming years and the number of staff members concerned by the initiative will be increased.

### **Dynamic career and mobility management**

Career development efforts in 2009 focused on improving career management processes in several areas such as expanding the scope for identifying high-potential executives, incorporating evaluations of managerial performance into the identification process, and ensuring effective succession planning.

### **Career management to prepare and support employee advancement**

BNP Paribas' career management policy is designed to enable employees to progress continuously within a coherent and structured framework. The Group invests in various continuous training programmes which are tailored to individual profiles and aspirations.

Career management is based first and foremost on the relationship between the employee and his or her manager. Human resources managers' role is to monitor this relationship and to follow up on each individual's career advancement.

### **A robust succession planning process**

One of the Group's most important tasks in terms of career management consists of preparing for the future by ensuring long-term succession for executive management positions. Succession planning committees which bring together managers from the various divisions and functions and human resources managers meet once a year to identify promising executives who show the potential to take up key posts within the organisation. Executive roles within the Group provide a springboard

for talented individuals while promoting their integration within the Group and providing opportunities to develop leadership skills.

Specific training programmes (PRISM and NEXTEP) have been developed for high-potential executives within the Group and are provided by the Louveciennes training centre.

### **Transmitting the culture and strategic vision of the Group: Talent Development Program**

BNP Paribas has developed a Talent Development Program which is designed to provide high-potential employees with international experience. The programme is devised in a collaborative way, created with the help of HR and managers from the various divisions and territories. Its purpose is to ensure effective executive succession planning and to keep pace with the Group's growth.

The Talent Development Program comprises three training cycles: "Leadership for Development", established in 2005 in partnership with Collège de l'École polytechnique, is intended for experienced high-potential managers and designed to enhance leadership abilities. Training is provided in two sessions and was extended to 105 participants in 2009. In addition, the two training programmes developed for high-potential junior managers and first deployed in 2008 were repeated in 2009: The "Go to Lead" module was provided to 117 employees and is designed to strengthen their ability to collaborate in multi-disciplinary and multi-cultural environments. The "Share to Lead" module for high-potential junior managers was completed by 113 participants and provides them with

## **Executive development seminars**

The objectives for the PRISM and NEXTEP programmes are closely aligned with those of the Group's career management process. They focus on creating and nurturing a community of senior executives in key positions (PRISM) and ensuring success in high-profile career promotions (NEXTEP). The aim is to ensure a linkage between training and career management policies and that conditions are in place to provide senior executives with the skills they need to drive the Group's expansion. In 2009, 127 people took part in four PRISM sessions which were focused on individuals taking up "manager of managers" positions within the organisation. In addition, NEXTEP seminars were organised for executives taking up positions of increased responsibility within the Group.

## **Anta Diagne Diack, named "Best Female Manager" in Senegal**

Ms. Anta Diagne Diack, Deputy CEO of BICIS, BNP Paribas's subsidiary in Senegal, was voted the "Best Female Manager 2008" by the jury of the 5th Cauris d'Or, an annual business awards ceremony organised by the Senegalese employers' federation, MEDS. A gala award ceremony was held to present the prize on 9 May 2009. Ms. Diack expressed her gratitude on receiving this honour: "This award is symbolic. Through its decision, the panel has chosen to reward a female manager and to encourage her to pursue her efforts in her professional and personal life. Above and beyond the personal recognition, I am especially delighted about the positive impact that this may have on BICIS and BNP Paribas who gave me the opportunity to succeed in such a challenge."

## **CAREER MANAGEMENT**





BNP Paribas/London

insights on team leadership while helping them to identify their potential for improvement.

#### **A dynamic mobility policy**

Career mobility is not only a source of competitive advantage for BNP Paribas. It is also the preferred means of adapting human resources to organisational change. Mobility enables employees to enrich their professional experience and move ahead in their careers. Various forms of career mobility are used to develop employees' potential in new business lines and enable them to develop new capabilities:

- *functional mobility*. Mobility does not automatically involve a change of position; it may also encompass professional development through the enrichment of skills, abilities and knowledge;
- *geographical mobility*. This involves moving employees to new cities or, in the case of international mobility, to another country;
- *inter-company mobility*. Employees move from one Group entity to another.

Although the diversity of the Group's businesses provides enormous scope for career mobility, mobility decisions must take account of employees' individual

aspirations while ensuring that optimal use is made of their existing skills. Thus, the Group's performance evaluation framework encourages dialogue between employees and managers as a key prerequisite for career management. More generally, the size, scale and breadth of the Group's worldwide operations provide ample opportunities for career mobility. Despite the impact of the economic crisis, mobility opportunities were provided for several thousand employees in 2009.

A support framework has been developed for expatriate managers in order to facilitate cross-border mobility. This comprises intercultural awareness training, support for spouses seeking employment, administrative assistance, etc. In addition, an internal job vacancy postings service ("E-jobs") is also being deployed at Group level. The number of job openings posted on E-jobs currently stands at around one thousand across France, Italy and Spain.

In other countries, particularly in Belgium, France and Italy, the Group has put in place dedicated structures (staff, training, information, etc.) to promote career mobility.

## **Promoting diversity in all its forms**

The Group has expanded rapidly into new business lines and operating territories in recent years. The Group's operating structure reflects this evolution and shows a balance across business lines and geographic areas.

### **BNP Paribas and its commitment to diversity: "The Spirit of Diversity"**

With over 200,000 employees of more than 160 nationalities across 80-plus countries, BNP Paribas views employee diversity both as a major strength for "the bank for a changing world" and a source of performance enhancement. The Group has a duty to be a standard setter for corporate social responsibility. BNP Paribas also believes that mixing people from different backgrounds not only helps to spur creativity and efficiency, but also ensures that its organisation mirrors the societies in which it operates. To fulfil its corporate mission statement as "the bank for a changing world", BNP Paribas has made a key investment in promoting diversity. The Group's Diversity policy is coordinated by the Group's executive management and the Executive Committee. Its overarching purpose is to ensure non-discrimination. The Diversity policy provides a common framework for the Group. Each country has developed an individual diversity policy which is designed to cater to its specific legal, cultural and social context. BNP Paribas published its first

#### **Diversity: a patchwork of local initiatives throughout the world**

Diversity initiatives are being pursued by Group entities in a variety of countries. In the United States, BNP Paribas's subsidiaries in New York have established a Diversity Council which organises high-profile initiatives such as Diversity Day (scheduled for 28 October 2009). In Bahrain, gender equality is a key element in diversity initiatives and training efforts. In the United Kingdom, a Women's Internal Network has been established in London and mirrors a similar Group initiative in France. In Belgium, Fortis took steps to develop a diversity policy as part of its integration into the BNP Paribas Group. A series of audits have been performed and working groups established.

Diversity Report in November 2009. The report is designed to measure the results of initiatives underway within the Group since 2004. Specific indicators have been developed for each cross-cutting component of the Group's Diversity policy. These include: diversity of backgrounds, gender equality, employment opportunities and integration of disabled persons and age diversity. Group initiatives in the area of diversity are publicised on the corporate website: [www.bnpparibas.com/diversity](http://www.bnpparibas.com/diversity); as well as through BNP Paribas's corporate blog: [www.forachangingworld.com](http://www.forachangingworld.com).

## Diversity of backgrounds

### International teams

As BNP Paribas has grown and expanded internationally, the Group's worldwide workforce has increased over successive years since 2000, exceeding 200,000 employees at end-2009. In the last nine years, the percentage of employees outside France has risen from 40.8% to 67%. To accompany its rapid international expansion, BNP Paribas strives to include more international managers in its executive teams, as demonstrated by its appointment of a non-French national to the Executive Committee. The proportion of non-French nationals in the management cadre has increased significantly thus creating ever more international management teams.

The Group's expatriation policy has been devised to foster an international corporate culture and to facilitate the formation of international teams: expatriation kit, support programme for spouses of expatriates, intercultural awareness training. In the United States, a new training programme has been designed for employees transferred from other countries. The programme helps employees to understand cultural differences that can impact on their working methods, management styles and teamwork approaches.

By employing local people, BNP Paribas directly contributes to the development of the countries in which it operates. This not only ensures that the Group becomes closely embedded within each culture and community, but also provides local employees<sup>(1)</sup> with access to positions of higher responsibility within the subsidiaries and branches while enabling them to pursue careers within the Group.

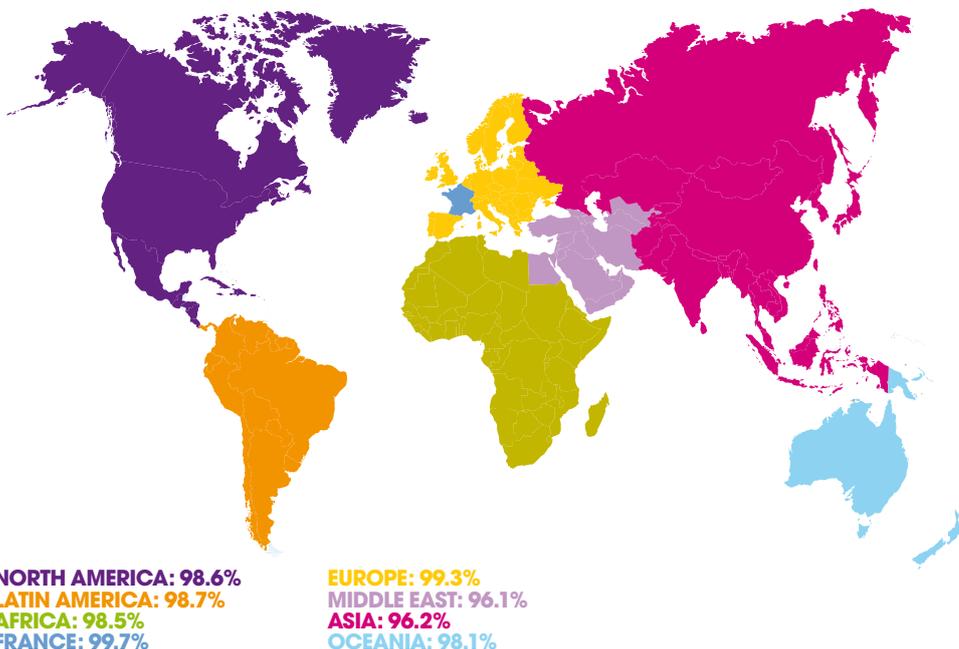
In 2008, the Group pilot tested a new training course for HR managers entitled "Managing diversity as a component of performance". The training course was trialled across a variety of business lines and functions. In 2009, this training course was extended to managers outside the HR Function. In France, a total of 1,200 managers had undergone the course by end-2009.



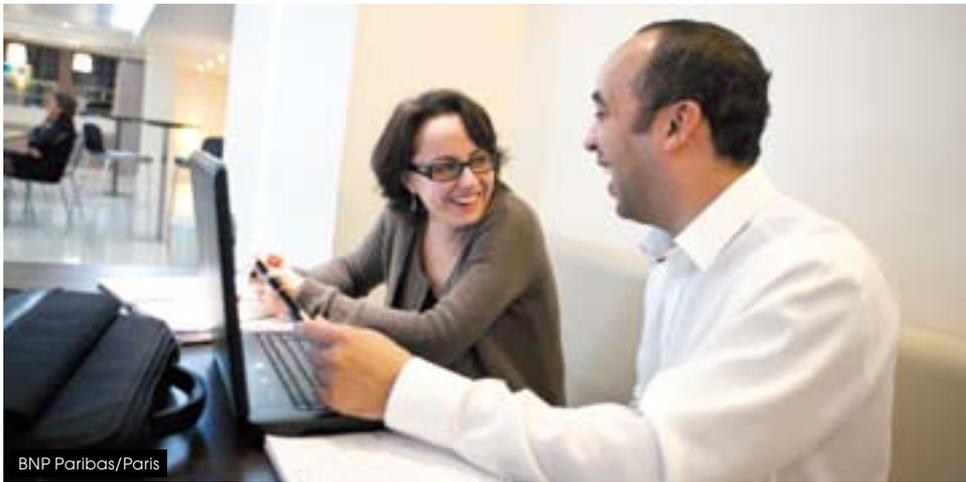
## A Diversity award in France

In 2009, BNP Paribas became the first and only French bank to be awarded the French government's "Label Diversité". This certificate recognises the initiatives pursued by the Bank since the signature of its Diversity Charter in 2004 and rewards BNP Paribas for its exemplary practices in terms of diversity in France. The "Spirit of Diversity" policy covers 18 forms of discrimination which are prohibited by law: origin, gender, age, marital status, pregnancy, physical appearance, surname, health status, disability, genetic characteristics, lifestyle, sexual orientation, political beliefs, membership of a trade union and belonging or non-belonging, whether actual or assumed, to an ethnic group, nation, race or religion. The award was conferred on the recommendation of a committee of representatives from government, trade unions, employer representative bodies and France's national association of human resources directors (ANDRH). It recompenses the Group's determination to play a key role in fostering social insertion, equal opportunity, social bonds and non-discrimination.

## PERCENTAGE OF LOCAL STAFF EMPLOYED BY GEOGRAPHIC AREA



(1) Staff members who are not employed under expatriate agreements.



### **Outreach to visible minorities in France**

BNP Paribas organises a range of outreach events for visible minorities in France. These actions are designed to enable the Group to diversify its candidate pool and to ensure that minority candidates are not dissuaded from applying to join the organisation. To promote equal opportunity, the Group participates in job fairs organised for visible minorities and in employment diversity forums in underprivileged areas. These include IMS, Africagora, AFIJ, the “Zéro Discrimination” initiative in Lyon, and the “Nos quartiers ont du talent” project with the French employers’ federation (MEDEF), etc. As in 2008, the Group participated in the equal opportunity employment roadshow “Train pour l’emploi” organised in March 2009. This event enabled the ten companies taking part to meet job seekers who were pre-screened by public sector employment services, youth employment services and associations involved in promoting equal opportunities.

Please refer to section “Ensuring recruitment that meets the specific needs of each business” for more information on initiatives to promote non-discrimination and professional insertion.

BNP Paribas stepped up its actions to promote diversity in the workforce in 2009. During the year, the Group marked the tenth anniversary of its presence in the Seine-Saint-Denis department with an inauguration ceremony for the Grands Moulins de Pantin office complex.

Initiatives in favour of visible minorities are coordinated in partnership with non-profit associations working in the area of professional insertion. Please refer to the CSR Report under “A partner in society” for more information on these partnerships.

### **Gender equality in the workplace**

In 2004, as required by the law, BNP Paribas chose to examine the conditions under which gender equality was being upheld within the Bank’s operations. Although well represented in the workforce, in some cases women face a “glass ceiling” which keeps them from rising above a certain level. In recognition of this issue, the Group has committed itself to foster equality of opportunity and treatment between men and women at all stages of professional life and to do more to promote women into managerial and supervisory positions.

### **Objective 2012: 20% of women in senior management positions within the Group**

Diversity management is a key component of organisational efficiency. In this area, the Group CEO has set an ambitious goal. By 2012, women will occupy 20% of the key management positions within the Group. This will entail a concerted effort to promote at least 100 additional women to senior management positions.



## **2009 Prize for “Best Diversity Report”**

Each year, France’s “International Conference on Diversity” awards a prize for the CAC 40 listed company with the most comprehensive section on diversity in their corporate social responsibility report. In 2009, the French association “Défis de la Diversité” worked alongside the prospective research centre of Groupe Alpha to analyse corporate social and environmental responsibility reports using 33 different indicators. BNP Paribas’s 2008 annual report fully satisfied the award jury’s selection criterion of “high quality of information provided to stakeholders on diversity management”. The jury, which comprised practitioners and academics specialised in the field of CSR and diversity management, awarded its first prize to BNP Paribas for the “Best Diversity Report” under the “Gender Equality” category.

## **Company agreements in France**

BNP Paribas SA signed a long-term agreement on gender equality in the workplace in July 2007. The agreement replaced the previous three-year agreement, signed in April 2004. The agreement defines the principles to be observed to promote equal opportunity and gender equality at work. It provides for means of fostering work-life balance and for bridging, over a period of three years, pay differences between men and women working at the same grades and with comparable levels of qualifications, responsibility and professional effectiveness as determined by performance evaluations. A budget of EUR 3 million was set aside to reduce salary differentials in 2008 and 2009. The initiative will be repeated in 2010.



BNP Paribas/Bahrain

## BNP Paribas, the leading CAC 40 listed company for its level of representation of women on its Board of Directors

A survey conducted by ORSE, the French observatory on corporate social responsibility, the French Institute of Company Directors, and the European Professional Women's Network - Paris, found that women accounted for 28.5% of the members of the Board of Directors of BNP Paribas, making it a leader among its peers. Only four CAC 40 companies had boards with more than 20% women directors.

In France, the percentage of women promoted into management positions (as defined in the banking industry collective agreement) or executive management positions (for subsidiaries not governed by that agreement) stood at 38% in 2009, versus 32% a year earlier, and 28.5% in 2007. At BNP Paribas SA, the proportion of women executives has been rising steadily in recent years; it was 38.8% in 2005, 40.3% in 2006, 41.4% in 2007, 43.1% in 2008 and 44% in 2009. See NRE appendix - Social chapter for more information. By 2007, BNP Paribas had already exceeded the 2010 target set within the banking industry for the feminisation of managerial employment. As of end-2009, BNP Paribas had achieved its 44% goal, one year ahead of schedule.

The Group's operations in Italy have also taken steps in this area. Thus, women accounted for 37.9% of the workforce in 2009, versus 31.3% a year earlier. Women accounted for 26.6% of managerial positions and 10.7% of executive management teams.

### Gender Equality networks

In France, the MixCity network was formally incorporated as a non-profit association — BNP Paribas MixCity. The objective is to create an active, value-added social network within the company and to serve as an advocate for diversity both within the organisation and within society.

Membership is open to all female executives with an employment status equivalent to that of the French "cadre". The association's purpose is to provide a forum for exchange between members and the Group's executive management bodies as well as with other women's groups in France and internationally. Its objective is to propose new "rules of the game" and to develop new possibilities for the advancement of women and to assist women in their day-to-day management roles by promoting measures which facilitate work-life balance. A wide range of activities are proposed: breakfast and lunch meetings, awareness-raising workshops, training sessions and meetings with motivational speakers who have specific experience to share ([www.association-bnpparibas-mixcity.com](http://www.association-bnpparibas-mixcity.com)).

As from 2008, the MixCity initiative was spread to other countries, starting in Luxembourg. In 2009, in the United Kingdom, a Women's Internal Network was established in London while in the Gulf Region, a similar initiative was organised in Bahrain. Other networks are in the process of being formed, for instance a project is underway in Belgium.

In London, the women's networking group is coordinated by a Steering Committee of 25 women executives. The group has initially concentrated on mentoring efforts and on actions to increase the number of women applying for positions in investment banking.



## Employment and integration of persons with disabilities in France

Integration of persons with disabilities is a key aspect of the Group's commitment to social responsibility. To this end, the Group strives to retain disabled employees and to be more effective in hiring disabled professionals.

### Implementation of the 2008 agreement on employment of persons with disabilities

Year two of the implementation of the agreement on the employment of persons with disabilities for the 2008-2012 period saw the approval of an action plan for the recruitment of disabled employees and a target of hiring at least 170 disabled employees by the end of 2011. The plan is being implemented in partnership with Agefiph, the French agency responsible for collecting employer social security contributions. It will focus initially on disabled persons who have had uncommon career paths and varied professional experience outside the banking industry. The plan includes measures to facilitate the integration of disabled employees and provide training which is appropriate to their careers. As from 1 July 2009, the Group's Human Resources Department has borne the cost of payroll expenses for disabled employees who are newly hired under permanent and fixed-term contracts for the first twelve months of their employment. This initiative is designed to encourage operational entities to take part in the scheme.

In Italy, BNL has introduced measures to provide increased support for employees with disabilities, particularly in the areas of career planning, workplace ergonomics and information. In 2009, 52 persons with disabilities were hired by BNL, bringing the total number of disabled professionals employed by the Italian subsidiary to 509.

### Parenthood: pilot initiatives in France

The Group has adopted a range of family-friendly initiatives and developed partnerships aimed at assisting employees who are or about to become parents:

- the eleven-day paternity leave available to employees of BNP Paribas SA comes with full pay in order to encourage fathers to fulfil their parenting role;
- crèches and concierge services are provided at BNP Paribas Securities Services and BNP Paribas Assurance. BNP Paribas Assurance provides around 30 places in its crèches. Both subsidiaries have established partnerships in France to provide children's leisure activities on Wednesdays and during the school holidays;
- the MixCity women's network produced two brochures for employees: "Group agreement on gender equality in the workplace" and "Maternity or adoption";

- the Group has formed a partnership with FEPEM, an association of in-home employers in the Paris region, to advise Group employees in France on the formalities of day-care: filing requirements for the hiring of care providers, collective agreements covering in-home workers, family allowance benefits, entitlements to reduced rates of social security contributions and income tax, etc;
- the Group contributed to the publication of a guide on promoting parental responsibility among male employees by ORSE (observatory on corporate social responsibility) issued in November 2008. The guide was distributed to employees in France.

These initiatives were favourably received both by male and female employees.

In 2009, the Group became a corporate member of the French "Parenthood Observatory", an organisation which seeks to promote work-life balance for parents.

## Equality for employees in married and civil partnership couples

Since 1 January 2009, as part of BNP Paribas SA's commitments to promoting diversity and parenthood, the Bank has extended the same parental leave rights to employees in civil partnership couples as those in marriages. This non-discrimination measure follows on from the signature by BNP Paribas of a "Parenthood Charter" in 2008.

## France's High Council for the Family

The High Council for the Family, in France, is chaired by the Prime Minister. Its purpose is to coordinate family-friendly policies and to monitor changes in social, economic and demographic patterns.

The 52 Council members are drawn from family organisations, employee representative bodies, regional authorities, social security funds and national government. Seven expert members are

appointed up a recommendation by the French Minister with responsibility for family affairs. On 30 July 2009, the Director of Human Resources of BNP Paribas Personal

Finance was appointed as an expert member by the Minister with responsibility for family affairs and will participate in the deliberations of the Council.

Under the aegis of “Projet Handicap”, ongoing efforts are being pursued to raise the awareness of non-disabled employees, to improve conditions for the inclusion and retention of disabled employees in the workforce. The project team coordinates the work of a variety of participants and seeks to develop new partnerships. The retention of disabled employees is optimised through physical and organisational accommodations and by providing secure transitions between jobs. Procurement of services from the sheltered employment sector will be increased. A commission meeting to monitor implementation of the agreement will be held each year in spring.

For more than twenty years, BNP Paribas has been working on behalf of persons with disabilities by supporting an employment rehabilitation centre (ESAT) that it formed, “Institut des Cent-Arpents”.

### **Outreach efforts for people with disabilities**

**Awareness-raising workshops:** “Projet Handicap” organised a series of roving workshops to raise awareness about the capabilities of staff with visual and hearing disabilities as well as disability-friendly technologies. These workshops were organised over several months at a variety of office locations and gave participants an opportunity to meet with employees in their workplaces.

**Promoting the recruitment of disabled persons:** In spring 2009 BNP Paribas launched a communications initiative targeting disabled persons. The campaign used print media and online advertising to highlight the Group’s commitment to providing disabled professionals with positions that match their skills. The Group is committed to promoting the recruitment of disabled persons on permanent contracts and work-study contracts as well as improving workplace ergonomics to permit the retention of existing employees.

**Open day for disabled persons:** In November 2009, BNP Paribas held an “open house” at its marché Saint-Honoré office building in central Paris for the third consecutive year. The event was held to coincide with France’s thirteenth annual “National week for the employment of disabled persons”. It provided participants with an introduction to the Group’s business lines and enabled them to submit their CVs. The event was attended by employees representing each of BNP Paribas’s divisions — Retail Banking, Investment Solutions, Corporate and Investment Banking, core functions and subsidiaries.

## **Age diversity**

As part of its diversity and gender equality drive, BNP Paribas follows an employment policy designed to help extend employees’ working lives. At BNP Paribas SA, measures that allowed employees to leave on early retirement were restricted in 2004 and eliminated altogether in 2006. The proportion of employees aged 55 and over stood at 20.5% of the workforce at end-2009 versus 10% at end-2003.

With the lengthening of working lives, BNP Paribas seeks to provide career prospects for employees aged 45 and over by facilitating further development of their skills and responsibilities. Under the sectoral agreement of 9 July 2008 on age discrimination and the employment of seniors, the enterprise is committed to a gradually increasing average age of retirement, rising from 55 years to a target of 60 years by 31 December 2012. The enterprise is also committed to doing more to manage the latter part of employees’ careers and to producing an annual report on the employment of seniors.

The enterprise commits to the principles of equal access to professional training and individual right to training regardless of age.

The “Managing Diversity as a Performance Lever” seminar launched in 2008 is designed to draw managers’ attention to the issue of age diversity and remind them that all forms of age discrimination are prohibited.

By the end of 2009, all Group entities in France had defined their employment policies for seniors. These will be implemented as from 2010 over a three-year period. Policies set overall objectives for the proportion of senior employees within the workforce while identifying measures to promote the employment of seniors. The employment policy for seniors is a key component of the Group’s overall efforts in the areas of non-discrimination and equality of opportunity.



# Listening to employees

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“By asking us to participate in this survey, BNP Paribas has demonstrated that it is committed to achieving improvements. It gives me the feeling of working for a company that is attentive to its employees.”

(Quote taken from the questionnaire)

## Global People Survey

### **Global People Survey:** **tracing the road ahead**

In 2008 the BNP Paribas launched an annual “Global People Survey” in 10 languages for a population of 25,000 employees around the world.

In 2009, the survey process was greatly expanded and was conducted online for the first time. The questionnaire was developed in 17 languages and included 80 questions in 15 different themes. It also included an open-ended question asking employees to comment on the direction for change within the organisation. The new edition of the survey provided an opportunity to gauge the level of commitment of the Group’s worldwide employees along with their opinions about their day-to-day work, their image of the Bank and of its management teams and BNP Paribas’s corporate social and environmental responsibility (CSR) efforts. The second edition of the Global People

Survey was conducted with the assistance of Towers Watson which analysed and processed the survey results in a manner which ensured strict anonymity and confidentiality. The June 2009 edition of the survey was extended to a sample base of 163,000 employees in 75 countries and included employees from BNP Paribas Fortis. This larger sample base provided more representative survey results. The survey was one of the first corporate projects organised in collaboration with Fortis. The overall survey response rate for 2009 was 51%, giving 83,000 completed questionnaires. The results provided data for each business area, division, function and country. Survey results were further broken down by age, seniority, etc. to provide an invaluable information source which enables comparisons between Group entities and facilitates sharing of good practices. The changes in survey responses from year to year helped to highlight areas of action for Group entities.



BNP Paribas/London

The open-ended question concerning the direction for change within the organisation elicited 32,152 responses (52% of respondents). In addition to expressing satisfaction at being able to participate in a worldwide survey, employees also expressed a wide range of expectations which were carefully analysed in order to plan the direction for future initiatives. The numerous suggestions helped to enrich the content of action plans for Group entities.

Despite the turbulent economic climate, the survey results demonstrated the extent of employees' commitment to the organisation and their confidence in the strategic choices of its executive management. Employees consider that the Group is well positioned to meet future challenges.

In relation to BNP Paribas's commitment to corporate social and environmental responsibility, employee perceptions were even more favourable in relation to 2008 and their comments provided a

variety of suggestions for locally-based initiatives.

The Group's CSR policy was cited as the second-most motivating factor for employees, next to leadership. The emphasis placed on the Group's commitment to CSR was consistent across the entire Group irrespective of the business line or function in which employees operate, age, hierarchical level, employment status (managerial or line positions) and regardless of whether staff belong to special population groups.

In the current economic crisis, the survey results underline the contrast between employees' perceptions of the Group's responsibility and the negative treatment of the banking industry in the French media.

## **European Committee**

The Group has had a European Committee since 1996, before having such a committee became a legal requirement. The committee monitors the Group's development in Europe. Its composition was adjusted after the integration of Italian bank BNL in 2006, and it now consists of 25 members from 16 countries. It is chaired by the Chief Executive Officer of BNP Paribas. In 2009, the integration of BNP Paribas Fortis' banking units in Belgium and Luxembourg sharply increased the Group's scale.

Following this substantial change, talks about the Committee's composition and operating methods started in late 2009 and continued in early 2010. The Group's new scale prompted an extraordinary meeting of the European Committee in December 2009 in Brussels.

## **The spirit of innovation**

### **A major issue**

Banking is a highly innovative sector. Information technology is having an increasing impact, accounting for 15-20% of banks' operating expenses, while financial services involve a large amount of IT expertise and customers are very interested in innovation.

In the absence of patent protection, intense competition in the banking sector means that innovative services quickly become standardised. As a result, permanent innovation is needed to create value-added products (product innovation) and to offer mainstream products efficiently and on an industrial scale (process innovation).

Financial innovation is therefore encouraged, and made available to customers. Innovation can improve risk coverage, investment returns, access to transactions and unit costs.

### **Innovation Awards**

Every year, our Innovation Awards reward innovation in all its forms. There are nine categories of awards, including sustainable development. Two prizes are awarded in each category. The business innovation prize acknowledges initiatives taken by staff or teams tasked with innovating in their areas of activity. The Innov@ction prize rewards individual initiatives taken by one or more employees to improve products, services or processes and to increase customer satisfaction.

These awards were created to share the initiatives and success of the winning teams across the Group. They raise staff awareness about the winning innovations through articles published on the Group intranet.

### **Internal communications: contributing to social responsibility**

Internal communications efforts had to respond to an unprecedented range of challenges in 2009, including a systematically negative treatment of the banking industry in the French media. Throughout the turmoil of the financial crisis, BNP Paribas took all available opportunities to keep its staff informed by circulating memos and informative brochures outlining the Group's strategy. In 2009 a series of communication activities were targeted at employees using a variety of media: "*Ambition*", the Group's in-house magazine is published in English, French, Italian, Dutch and Russian and serves as a source of news about BNP Paribas as well as insights into its strategy. "*Starlight*", the in-house video channel, is devoted to BNP Paribas innovations. Programming is presented in a six-minute newsflash format. Clips can be viewed each month on the Group's intranet sites in French, English and Italian. Since 2009 a newsflash in Dutch has also been introduced. A weekly newsletter, "*Flash Groupe*" is circulated to staff in 15 territories and provides a round-up of key news issues each week. Similarly, an annual review is also published while the Group's business-to-employee intranet was overhauled in 2008. The intranet website recorded 104 million page views in 2009. Finally, a dedicated electronic newsletter covering CSR issues is published on the Group's intranet each month.

### **Protecting employee health**

The Group's occupational health policy goes beyond simply complying with changing legislative requirements. The major components of the policy are risk mitigation and support for employees who are at-risk or who have become unfit for work.

### **Preventing occupational hazards**

Prevention begins with an assessment of occupational hazards: violence in bank branches, musculoskeletal disorders, air conditioning and ventilation malfunctions. A multidisciplinary team set up in 2006 pools the skills and knowledge of its members to prevent these risks and deal with pathologies stemming from multiple factors. This approach to working conditions offers greater opportunity for prevention and fosters concerted action.

In 2009, particular emphasis was placed on the following areas:

- the approach to hazard evaluation and prevention (mandatory document required by the French ministerial order of 5 November 2001);
- the quality of ventilation and air conditioning;
- lighting, office floor plate ergonomics and new technologies (e.g. WiFi);
- ergonomics of staff workstations for employees working in Accueil & Services retail banking branches;
- ergonomic enhancements for call centres in Lille and Paris.

Medical assistance to employees that have been victims of attacks, in particular in the Paris region, is provided in conjunction with the city's emergency medical services. This initiative has been progressively reinforced in recent years, and its effects can be seen in the reductions in both the number and length of leaves of absence in the wake of attacks and in requests for transfer to another position subsequent to an attack. In 2009, 46 employees received medical assistance after an attack. Five of them were referred to specialists for psychological help.

## **Supporting staff initiatives**

In February 2009, BNP Paribas launched [forchangingworld.com](http://forchangingworld.com), a website focused on public-interest initiatives undertaken or supported by BNP Paribas worldwide.

The website and related blog were designed as an interactive space for the general public, available in French and English. They show the importance that BNP Paribas places on its commitments and staff initiatives in all areas relating to corporate philanthropy, including microcredit, support for schools, medical research, culture and urban regeneration. The [forchangingworld.com](http://forchangingworld.com) blog encourages ideas, reactions and contacts, with the aim of providing constant guidance regarding the initiatives taken by the Group and its staff.

## **A reference guide on best practice in CSR**

BNP Paribas Wealth Management has developed a best practice guide for employees to showcase its initiatives in the field of corporate social and environmental responsibility (CSR). This informative guide educates staff about ways in which they can contribute to the company's sustainability drive. The guide is designed to be both practical and fun. It is presented in a quiz format which gives staff all of the relevant information they need to understand BNP Paribas Wealth Management's sustainability initiatives.

## **A formal psychological support programme**

This dedicated assistance unit was created in France in 2008 as part of BNP Paribas's effort to provide support for victims, and members of the public suffering from trauma as well as staff members, service providers and clients in the wake of hold-ups, violence, hostage-taking, workplace suicides, attacks, terrorism, landslides, fires, explosions and other natural disasters. A 24-hour hotline is available seven days a week and provides psychological assistance to individuals throughout France and French overseas territories on behalf of BNP Paribas and its subsidiaries. The service is available for all employees and service providers working in the Group's premises in France.

On behalf of the French Retail Banking Division, BNP Paribas SA's occupational health department participated in a working group set up to help to prevent and manage customer incivility and to assist and support customer-facing staff. In the area of prevention, for example, behaviour training is provided which combines role-playing games and experiencing sharing exercises. Staff learns how to identify factors that lead to aggressiveness, apply techniques for handling confrontational situations and cope with feelings of anger and humiliation. In 2009 close to 2,300 persons participated in incivility awareness training. Assistance and support for employees are provided by management. Psychological and medical assistance is provided by the Occupational Health Department. In cases where death threats are made, an emergency psychological support team is mobilised. Similarly, administrative and legal assistance is provided for employees having to notify social security or policy authorities of workplace accidents or civil and criminal complaints. Specific initiatives are pursued to mitigate other occupational hazards: information campaigns, training, design ergonomics, remedial ergonomics and alert procedures. In 2009, the Group stepped up its efforts in the area of workplace ergonomics: 13 plan studies, 122 premises inspections and 8 studies were conducted. The high degree of vigilance exercised jointly by the occupational health department, management teams, facilities management functions, the work of the ergonomics unit and works committees has contributed to the very low rate of musculoskeletal problems reported in BNP Paribas SA.

### **Public health issues**

BNP Paribas SA's occupational health department has been working for many years to promote employee health. In the course of annual medical check-ups, occupational physicians provide personalised care in all areas of public health. Awareness campaigns, brochures and specific programmes are designed to address key health risks, including cardiovascular disease, cancer, obesity and smoking.

A variety of additional public health initiatives were pursued in 2009.

A working group comprised by operational HR managers from all Group divisions and functions was set up to engage in contingency planning for pandemic preparation and to define appropriate

sanitary and organisational responses. The plan developed covers purchasing of hygienic masks, compiling a database of hygiene products, measures to raise awareness about personal hygiene (hand washing) and the display of posters in washrooms. More than 3,960 influenza vaccinations were administered in 2009. In addition, a business continuity plan was developed to deal with an outbreak of the A H1N1 virus.

The cardiovascular disease prevention programme, "PCV Métra", continues to screen for risk factors such as high cholesterol, hypertension, smoking and stress. Medical evaluations at Broussais Hospital of employees found to be at risk and screening for coronary impairments with a view to early treatment have resulted in 226 blood tests and 5 one-day hospital admissions.

635 people took part in a programme to help employees and their family members in the Paris region stop smoking through the Allen Carr method; 47% of those who responded to the satisfaction survey stopped smoking in 2008. In other parts of France, 73 people participated in sessions held in Arras, Dijon, Orleans, Chartres and Marseille. A free-of-charge follow-up session was organised by the Allen Carr Foundation on 6 November 2009. This session was organised for staff who had resumed smoking after having been cigarette free.

Each occupational health office is now equipped with a tonometer to screen for glaucoma. Screening tests for diabetes are also offered.

### **Support for employees with long-term illnesses or incapacity for work**

As in the area of prevention of occupational hazards, the occupational health department, HR managers and line managers work closely together to redeploy employees returning to work after several months' absence due to illness. Given the rapid pace of change within the Group, the reintegration process must factor in an adjustment to the new circumstances, so as to dispel employees' worries and allow them the time to get back on their feet.

In some cases, employees can meet with the occupational physician before resuming work, either because they request it or because their general practitioner or the reviewing physician recommends it. In such instances the occupational physician helps the employee to prepare for a return to work, taking into consideration any

## **A medical Observatory to monitor stress and mental health issues**

Stress is the second most prevalent occupational pathology after musculoskeletal disorders. An observatory to monitor stress and mental health issues set up in collaboration with IFAS, the French institute for action on stress, in Paris and Lyon. At the beginning of each periodic medical visit, employees fill out a confidential, anonymous questionnaire that is immediately assessed by an occupational physician for purposes of a personal diagnosis. The data is then compiled and processed by IFAS, an independent body, which returns the results to BNP Paribas. Results are used to measure stress levels, pinpoint populations at risk and take appropriate preventive measures. In 2009 close to 7,000 persons completed this questionnaire. The medical observatory of stress and mental health issues was extended to BNP Paribas Personal Finances and BNPP Assurance in 2009.

## **Training employees in life-saving techniques**

In 2009, the Group overhauled its crisis communications programme for workplace emergencies. Each employee of BNP Paribas SA received a guide outlining the life-saving techniques to be applied in crisis situations. A dedicated "emergencies" section of the Group's intranet was also created. The section includes an interactive graphical sequence which educates staff about their role and responsibilities.



BNP Paribas/New York



BNP Paribas/Lyon

after-effects or residual handicap the employee may be suffering.

The Group's entities outside France focus efforts on the mitigation of occupational hazards and improving access to care for employees through partnerships with local health authorities. In Ukraine, employees of UkrSibbank who were exposed to radiation following the Chernobyl disaster qualify for benefit payments and additional leave, and their health is closely monitored as part of an initiative run by the Ukrainian authorities.

BNP Paribas is an active member of Sida Entreprises, an association bringing together leading French investors in Africa to help resolve ongoing problems in the areas of AIDS prevention and access to treatments. These difficulties persist despite the financial aid provided to affected countries. BNP Paribas helps to set up inter-company groups in the West African countries where it is present, through its network of associated banks (BICI).

**Developing harmonious labour relations across the countries in which the Group operates that are consistent with the Group's values**

■ **France**

In 2009, the Labour Rights Commission, BNP Paribas SA's labour information and negotiation body, met on 37 occasions and negotiated the signature of 14 company-wide agreements. Some of these agreements were designed to improve or continue employee benefit plans and management-employee dialogue, while others strengthen employee representation on various bodies. The ongoing financial crisis had a major impact on labour relations in France. Trade unions stepped up their campaigns on the themes of preserving jobs and purchasing power, reducing salary differentials and combating social inequality.

Despite the deteriorating economic climate, BNP Paribas succeeded in maintaining positive labour relations. Labour protests organised at national level had no impact on the continuity of operations. Mandatory negotiations in connection with the annual wage bargaining round led to an agreement signed with three labour unions. For more information, please refer to the NRE appendix – Social chapter – item 16: Changes in remuneration.

The other major development of the year was the ongoing reforms to employee representative bodies. In the wake of the negotiations concluded in 2008, 100 works councils at national and local level were combined into 10 regional works councils. In addition, a significant number of meetings were held with social partners to discuss the integration of Fortis.

Finally, several meetings of the Labour Rights Commission were convened to discuss employer subsidies for commuting in accordance with the terms of the French law on social security financing for 2009 as well as employee savings, the presentation of the total compensation report, the results of the agreement on the employment of persons with disabilities.

■ **Italy**

In 2009, wide-ranging negotiations and consultative meetings were engaged with labour representative bodies to examine restructuring proposals for a number of BNP Paribas entities in Italy. Thanks to the synergies achieved with BNL, these negotiations enabled the planned reorganisations to be implemented without need for workforce reductions.

The negotiations also gave rise to the signature of a framework agreement on security measures for bank branches and on classifications, staffing, company benefits and training.

■ **Belgium**

In recognition of their shared concerns for enterprise growth and in a spirit of mutual respect, management and staff representatives pursued an ongoing dialogue on labour relations issues in order to prepare formal meetings of representative bodies.

This transparent approach helped to lead to the decision taken by Fortis's employee representative bodies in the second half of 2009 to support BNP Paribas's acquisition of Fortis Bank and, in the second half, to back the ratification of the Group's industrial plan by the works council of Fortis.

Thanks to the trust established, a dozen collective bargaining agreements were concluded within BNP Paribas Fortis. A number of these agreements were made necessary by the industrial plan. Agreements covered areas such as working time reduction, job security and functional mobility as well as the financial status of employees of BNP Paribas's Belgian branch following the transfer of its operations to BNP Paribas Fortis.

■ **Luxembourg**

In Luxembourg, the key area of focus for dialogue with employee representatives during 2009 was the industrial plan for the integration of BGL within BNP Paribas. This plan was presented to employee representatives and approved on 25 November 2009.

In addition, agreements were also signed with the Luxembourg Ministry of Labour covering the secondment of BGL employees to BNP Paribas Luxembourg as well as agreements with the four largest trade union bodies in the financial services sector covering the extension of the provisions of the 2009 collective bargaining agreement for bank employees for the 2010 financial year.

# RELATIONS WITH CLIENTS AND SUPPLIERS



# RELATIONS WITH CLIENTS AND SUPPLIERS

## Closely-attuned relationships

### Listening to clients and meeting their needs

#### Anticipating client expectations

A personalised approach, using diagnostic tools to make products better suited to the needs of each client: preparing investment plans, protecting assets and appraising pension provision, to meet the requirements of 6.5 million personal and private-banking customers in France. We also offer a range of services, from start-up financing to loans and investment solutions, for 565,000 small businesses, entrepreneurs and non-profit organisations. We support our 22,000 corporate and institutional customers with key account managers based in 27 Business Centres. We offer customised solutions by cross-selling services from other Group businesses, particularly Corporate and Investment Banking and Cash Management.

BNP Paribas' consumer surveys unit brings together a network of Group entities specialised in market surveys, some of them authorities in their fields. These include the Cetelem Observatory for consumer spending and the Corporate Vehicle Observatory set up by Arval Service Lease. The synergies offered by this network lead to a better understanding of different consumer profiles and retail channels, as well as customer satisfaction. This research helps us to calculate leading indicators of likely developments in consumer behaviour and lifestyles. The resulting indicators make us more able to innovate in our range of products and services and in our distribution methods. Demographic and social changes, new information technologies and an increasingly nomadic lifestyle have given rise to increasingly diverse demand in various customer segments. BNP Paribas is ex-

pected to provide greater convenience and responsiveness, and to offer a wide range of choice based on each client's particular circumstances.

#### Cetelem Observatory

In 2009, like every year for the last twenty-five years, the Cetelem Observatory published the results of various surveys of the property market, the European auto market and consumer spending in 12 European countries.

##### ■ Cetelem Observatory: property market

Owning a home is a priority for 34% of those surveyed, a dream for 25% and a natural event for 20%. Compared with the 53% of French people who already own their home, these figures show that the property market has significant room for growth. 79% of people would like to own their home, but only 53% actually do, a gap of 26 points.

##### ■ Cetelem Observatory: auto market. The focus is on low-cost vehicles

29% of Europeans surveyed are considering buying a low-cost car. However, beneath this large figure lie wide variations between countries. The Portugal, the UK and Spain have the largest proportions of those intending to buy a low-cost car, i.e. over a third.

In France, in 2006, the Cetelem Observatory revealed that 5% of French consumers were ready to buy a low-cost vehicle as their main car. Since then, low-cost vehicles have become much more popular, and the figure has risen to 18%.

##### ■ Cetelem Observatory: consumer spending. Spending smarter, not less

The global recession has prompted people to improve their consumption habits, for themselves, others and the planet.

They are not seeking to cut consumption, but they want to consume in a more responsible way. Three underlying trends are emerging: organic, fair-trade and second-hand. 38% of Europeans say that they regularly buy organic products. 10% claim to buy fair-trade products on a regular basis, and 60% have bought second-hand books, CDs or video games.

### Arval and carbon offsetting

Carbon offsetting has been developed by Arval as an extension of its Measure & Management offering. As it does for itself, Arval enables fleet managers to set multi-year emissions reduction targets, and to offset any overshoot in a given year. The same offsetting mechanism can be offered to companies and organisations wanting a "zero emissions" position, in which case all CO<sub>2</sub> emissions are offset. Arval selected this option in 2009, offsetting all emissions from its own vehicles in all countries. It did so using a diverse range of methods depending on the country, working with various specialists and certified NGOs, or through the certificates market with the support of BNP Paribas Carbon Finance.

### **Measuring customer satisfaction**

Since 2002, French Retail Banking has introduced and developed several ways of measuring the satisfaction of its 6 million customers in all categories, i.e. personal customers, small businesses and entrepreneurs, corporate and non-profit customers, private banking customers

and staff. Barometers were developed to measure satisfaction with specific services such as the Customer Call Centre, the Online Customer Support Centre, and account statements. Satisfaction was also measured at a key point in the bank/client relationship.

## **TOOLS USED BY BNP PARIBAS IN 2009 - MAIN CUSTOMER SATISFACTION MEASURES**

<b>2009 tools</b>	<b>Comments</b>
BNP Paribas Private Banking	2,200 interviews were carried out with a representative sample of Private Banking clients. For the second consecutive year, the results showed the effect of the recession, which has hurt wealthy savers and damaged the image of banks. Wealthy customers are attracted to BNP Paribas' status as a top-ranking bank.
Customer Relations Centre	150 interviews were carried out every month with a representative sample of call centre users. Performance indicators were issued monthly and a summary report was issued every six months.
Calls made by the Customer Relations Centre	To calculate this new indicator, which was launched in 2009, a representative sample of 100 customers contacted by the call centre is surveyed every month. Performance indicators were issued monthly and a summary report was issued every six months.
Small businesses and entrepreneurs	2,400 interviews were carried out with a representative sample of entrepreneur and small business clients. After a sharp improvement in the satisfaction of small-business and entrepreneur customers between 2005 and 2008, there was a decline in 2009 as a result of the recession. However, as in the personal customer segment, BNP Paribas remains attractive to these customers.
Corporate and non-profit customers	In early 2009, 2,760 interviews were carried out with a representative sample of corporate and non-profit clients using Business Centres. Satisfaction among these clients increased for the fourth year in a row. Despite the recession, satisfaction rates among corporate and non-profit customers rose further, in line with commercial results. The main factor remains the mix between "relationship quality and competitiveness". A high level of satisfaction was achieved, and the increase was seen across all customer segments.
Employees	1,500 employee-clients, including 700 Paris Lafitte customers and 800 customers at other branches, were surveyed, taking a representative sample of all employee-clients. Results have been improving steadily over the past five years.
Clients who have filed complaints	120 interviews were carried out with a representative sample of clients whose complaint was handled in the previous month. Performance indicators were communicated monthly at national level and quarterly at regional level.
<a href="http://bnpparibas.net">bnpparibas.net</a> users	To calculate this new indicator, introduced in 2009, 200 customers using the online banking service are surveyed. Performance indicators are issued quarterly and a summary report is issued every year.

In addition to these indicators, BNP Paribas has for several years used a **Branch Relationship Quality indicator**. Each operating entity tracks service quality indicators, which serve as tools for improvement at a local level. For instance, local managers can use the indicators to adjust how they coach their sales force and develop targeted action plans. 67,300 individual and small business clients were surveyed for this barometer in 2009. They were asked about their satisfaction and the quality of branches' client relations. 507 reports were published on the intranet, covering 411 entity managers, 88 group managers and 8 regions. Since 2009, each of the 88 groups has prepared a Customer Satisfaction Action Plan based on the QRA indicator results.

The 2009 results reflect the recession, which made customers more demanding, and satisfaction fell across the customer base as a whole. Despite this situation, which affected all banks, the customer loyalty rate remained steady.

The Group also uses a Mystery Visit indicator to measure branch service quality. 3,330 Mystery Visits were carried out in 2009; each branch was visited between one and three times during the year.

Satisfaction with in-branch service and ATMs has been improving steadily due to the roll-out of the *Accueil & Services* concept across all branches.

For **BNP Paribas CIB**, relationships with its 16,000 customers are central to its strategy. The business works with customers, aiming to meet all their needs, as part of long-term relationships of trust. This approach is the main ingredient of CIB's recipe for success. Since the start of the recession, customers have wanted simpler, more secure products. Certain businesses have therefore been reorganised, particularly those in charge of structured loans. A regional structure has been put in place to help businesses understand their customers better and serve them more effectively through appropriate products.

Employees responsible for maintaining client relationships are now equipped with shared software, including Client Relationship Management (CRM) applications. This software gives them a comprehensive, real-time overview of the commercial relationship between BNP Paribas and a client group (parent company and subsidiaries). The Group's platform for recording client contacts, visits and ongoing transactions makes it

## Financial education: helping customers through training initiatives

Outside France, BNP Paribas also supports customers by providing financial advice and education. In 2009, UBCI in Tunisia invited executives from a client microfinance institution to its Skills Development Centre. An initial seminar took place in November, and was followed by a further two sessions in December. UBCI is also planning to make its 2010 training catalogue available to the institution. In Turkey, TEB is continuing to help SME customers through a team of advisers working in branches, under the banner TEB SME Consultants. These consultants provide advice in areas such as foreign trade, marketing, sales, production and financing. 184 consultants are already offering this service, and 44 more are undergoing training.

## French Retail Banking introduces NET Agence

BNP Paribas has set up a remote bank branch called NET Agence that is accessible online. Individual customers can use the service to access all BNP Paribas' products and services, and can contact dedicated advisers by telephone and e-mail. Customers can access BNP Paribas' 2,200 branches to carry out their day-to-day banking, and can meet with an adviser to discuss issues such as wealth management and mortgages. The aim of NET Agence is to win new customers, particularly those aged 18-35 who live in France and are active internet users. The branch is located in France and has around 10 advisers.

easier for CRM managers to share information and anticipate and meet client needs.

## Tailor-made services

Multi-channel banking meets customer needs by allowing real-time integration of the various distribution channels, i.e. branch appointments, contact through the call centre and online through the [bnpparibas.net](http://bnpparibas.net) inbox. There is a single customer database that centralises information from various sources and provides the same up-to-date information to all channels. This supports the multi-channel approach, resulting in major improvements in commercial activity.

At end-2009, the number of customers using [bnpparibas.net](http://bnpparibas.net) per month was 1,939,000, 20% more than in 2008. In French Retail Banking, branch staff is making major efforts to show customers how to use [www.bnpparibas.net](http://www.bnpparibas.net). Along with the system of contact centres, various promotional campaigns and BNP Paribas' presence on mass-audience websites like Facebook and Pages Jaunes, this has led to a further increase in [bnpparibas.net](http://bnpparibas.net) user numbers in 2010.

Every month, 314,000 new users manage their accounts, consult statements, order products and access information about BNP Paribas products and services online. With its programme to boost internet banking, French Retail Banking is maintaining its ambition of being France's leading online bank in 2012, with the aim of achieving 2.5 million users in 2010.

## Services for migrant clients

BNP Paribas has developed specific migrant banking services. In Marseille, BNP Paribas makes special efforts to serve clients from North Africa and its branches have Arabic-speaking advisers. In California, following the highly successful Pacific Rim service for Asian clients, Bank of the West has introduced products designed specifically for Hispanic clients, which is a high-potential market. Migrant banking services are also being introduced in Turkey, Morocco and Tunisia.

### ■ Services for retired customers

BNP Paribas has designed a practical guide to help customers taking retirement. The guide, which is available in branches, gives useful information about retirement and what steps to take, and advice about organising finances and budgeting in order to ensure the best quality of life.

During retirement, BNP Paribas offers financing solutions to help retired people fulfil their plans as regards housing and vehicles. It offers savings solutions to supplement their income, along with advice on how to maximise and pass on their assets. BNP Paribas also publishes a practical guide to estate planning. Products and services focusing on protecting customers, their loved ones and property are available.

BNP Paribas also offers complementary health insurance, with coverage tailored to retired people. The Aveilla remote assistance service helps elderly, isolated and vulnerable people to continue to live at home, and the Protection Habitat alarm and remote surveillance service protects their homes.

BNP Paribas Obsèques is an insurance policy that pays out a lump sum to cover the policyholder's funeral expenses.

BNP Paribas offers other services to simplify day-to-day life. The Servissimes personal service offering enables customers to call upon professionals to do certain occasional tasks or provide regular assistance, for example with housework, gardening, cooking, travelling and shopping.

This range of products and services means that BNP Paribas is a major player in the market for retired people.

### Mirò and EduCare projects

In 2009, BNL developed a new, simplified, advice process called Mirò, along with EduCare, which develops useful dialogue between customers and banking staff through individual meetings in branches. The range of ethical products has been expanded. Retail banking has also seen the development of more advanced ATMs, more welcoming and more environmentally friendly branches, and a huge staff training effort, involving 2,000 days of training.

## The quality approach

### Building client loyalty

Numerous studies have revealed a strong correlation between clients' perception of service quality and their loyalty, which is a major component of profitability in Retail Banking. Enhancing the quality of client relationships is therefore part of the Group's strategy and provides a framework for its sales initiatives.

### ■ BNP Paribas: the bank with the most loyal customers

A survey about how satisfied French people are with their banks was published in late 2009 by the *Le Parisien* and *Aujourd'hui en France* newspapers. Research company Cegma Topo asked customers who had received their annual summary of bank charges if they were considering changing banks as a result. More than half of those surveyed were considering changing banks, but BNP Paribas clearly stood out as the bank with the most loyal customers. Less than a third (30%) of BNP Paribas' customers were considering changing banks, as opposed to 47% at other banks.

### Increased certification efforts

BNP Paribas leads the banking and insurance sector in terms of ISO certification, with more than 70 certifications <sup>(1)</sup>:

- World leader in ISO 9001 certification within the banking and insurance sector.
- First bank with dual ISO 9001 and ISO 20000 for the provision of IT services.
- First French bank with ISO 14001 certification for its Accueil & Services branch model.

The list of all of the Group's ISO 9001 certifications can be seen at [www.quality.bnpparibas.com](http://www.quality.bnpparibas.com).

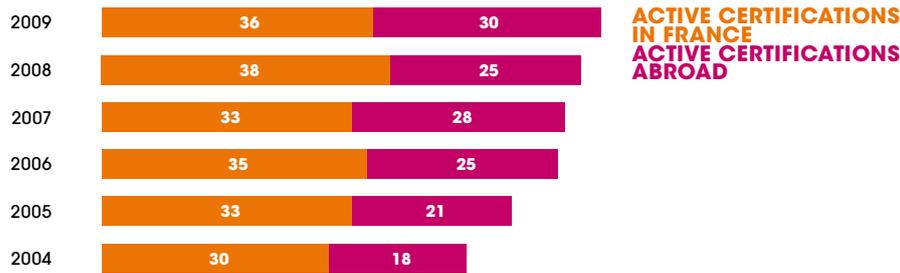
ISO 14001 certification for the Accueil & Services concept, adopted by 1,325 branches in France (see the "impact on the natural environment" section), gives the Group a large lead in terms of environmental management.

## BNP Paribas Securities Services: innovation through electronic notices of meeting

BNP Paribas Securities Services is providing a new service for issuer customers, by sending out electronic notices of meeting, i.e. e-mail invitations to attend their AGMs. This is the first system of its kind in France. It enables shareholders to vote online via a special website. The new system saves time, as well as paper and energy, and enhances the dialogue between shareholders and their companies.

(1) This leading position is based on global ISO Survey data, and on data from Afnor Certification and Bureau Veritas, which operate globally and currently account for 75% of the French certification market.

## NUMBER OF ACTIVE CERTIFICATIONS



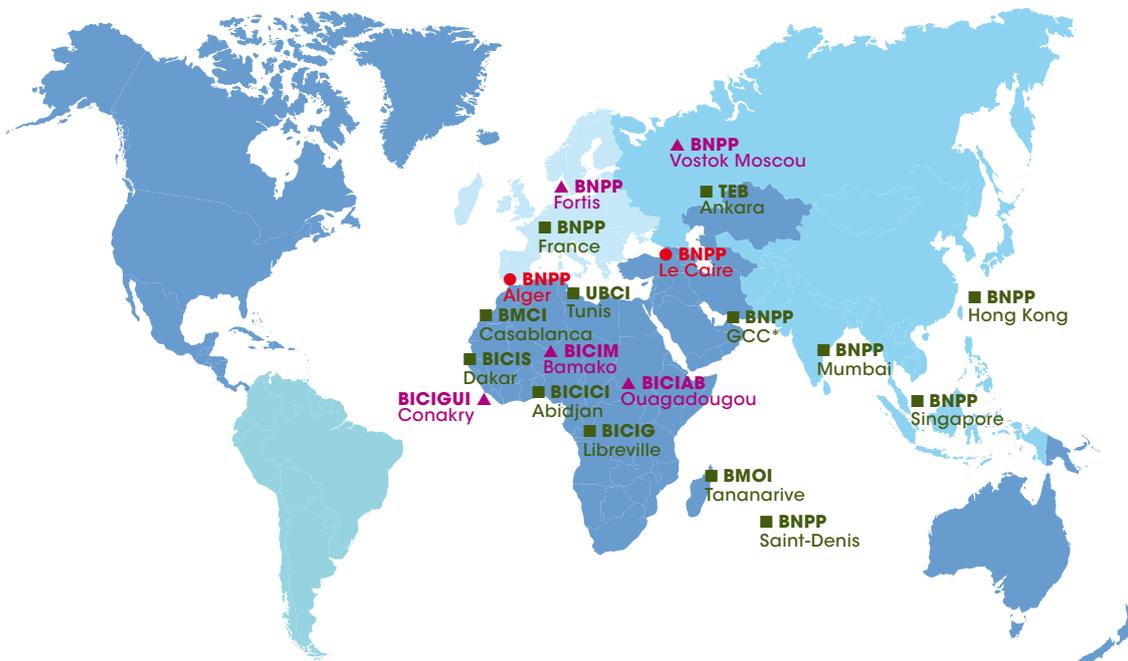
**ACTIVE CERTIFICATIONS  
IN FRANCE**  
**ACTIVE CERTIFICATIONS  
ABROAD**

BNP Paribas received 6 new certifications and 11 certification renewals in 2009. In France, the activities receiving ISO 9001 certification for the first time were the remote surveillance department at IMEX, and BDDF's LACM customer support department. Outside France, Cardif's claims department in Italy, BICI's

lending and collection departments in Côte d'Ivoire and Gabon, and Banco Cetelem's consumer relations department in Portugal all received ISO 9001 certification.

In 2009, 7.9% of Group staff worked in an ISO 9001-certified environment.

## ROLLING OUT ISO CERTIFICATION AMONG TRADE CENTRES



**ISO 9001-CERTIFIED SITES**  
**APPLICATION UNDERWAY**  
**SCHEDULED FOR THE SECOND HALF OF 2010**

\* GCC: United Arab Emirates, Dubai, Abu Dhabi, Kuwait, Qatar, Cyprus, Bahrain, Saudi Arabia.

## Certification at BNP Paribas Factor

In April 2009, BNP Paribas Factor, a subsidiary specialising in accounts receivable management, obtained ISO 14001 environmental certification as well as the renewal of its ISO 9001 certification. This covers all BNP Paribas Factor's factoring activities in France, along with its export and multi-domestic services. These include the financing of accounts receivable and payable, invoice management, securitisation services, guarantees against client insolvency, invoice chasing and recovery.

## Dialogue with consumers

The system for responding to customer complaints has four stages:

### Stage 1

Client complaints represent a major commercial risk, and proper handling can contribute to overall client satisfaction. BNP Paribas' process, introduced in 2003, aims to resolve complaints as quickly as possible.

### Volet 2

Complaints are handled by **Consumer Relationship Managers** from within a group of around 100 branches. The Group uses complaint management software to register complaints directly in client files, process complaints efficiently, generate replies to clients, track the status of complaints, and calculate and analyse complaint statistics.

### Stage 3

**Consumer Relationship Experts** work with Consumer Relationship Managers, providing their expertise to ensure the best response to complex complaints. The department investigates certain sensitive complaints. It can also negotiate with customers in order to avoid mediation. The Consumer Relationship Experts Department received ISO 9001 certification in 2007.

### Stage 4

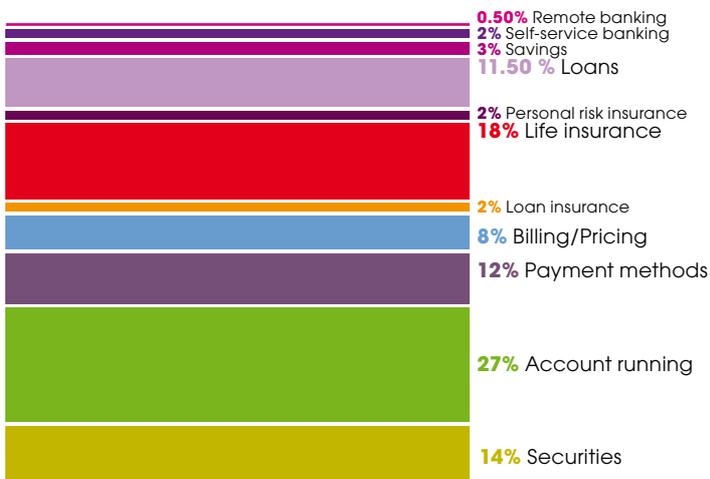
Customers can refer matters to an **external mediator**, independent of BNP Paribas, at any time. The mediator's contact details appear on the customer's account statement. The mediator handles complaints made against the bank by individuals in their non-professional capacity. It provides an opinion within two months. In 2009, the mediator received 3,306 letters. Of these, 2,595 were forwarded to the correct contact person, and opinions were issued on 711 matters.

BNP Paribas is the only bank to implement such a comprehensive, transparent, and easy-to-use system. This system has reduced the number of complaints sent directly to the Executive Management and allows the Group to implement targeted remedial and preventative actions.

Performance criteria are used to measure the quality with which client complaints are addressed, including response time, clarity, empathy and information provided.

BNP Paribas' Quality and Customer Relationship Management function implements the Group's customer satisfaction policy. This policy is further facilitated by software to handle client suggestions and queries related to complaints.

## REASONS FOR MEDIATOR REFERRALS IN 2009



When introducing Mediation in 2002, BNP Paribas focused on the legal application of the mediator's jurisdiction. Disputes relating to deposit account agreements, sales with premiums and bundled sales could be referred to the mediator. However, BNP Paribas has gradually extended the mediator's scope so that it now includes all products and services sold to retail clients.

The mediation service was affected by severe turbulence arising from the recession in 2009. However, the 27% increase in mediator opinions issued is modest given the impact that the recession has had on those with low incomes and the impact of falling markets on financial assets.

The average time taken to deal with complaints fell from 49 to 39 days.

## Protecting the most vulnerable clients

### Engagements campaign: financing the real economy in response to the recession

This campaign launched by French Retail Banking has two main objectives. It aims to highlight the day-to-day activities and commitments made by French Retail Banking staff with respect to existing and prospective customers, and to promote BNP Paribas' position during the recession. The commitments made by BNP Paribas cover a wide area, including housing, savings, microcredit and recruitment. The initiative enables the branch network to show customers the tangible effects of its day-to-day efforts.

### Mortgages

Housing and mortgages are a priority for BNP Paribas. We have introduced measures to make life easier for first-time buyers. In 2009, the total amount of mortgages outstanding at BNP Paribas increased by 5% to EUR 56.7 billion. To achieve that growth, BNP Paribas made regular, large-scale cuts to its interest rates starting in October 2008. The average interest rate on a 15-year mortgage fell from 5.20% to 3.70% in February 2010.

In May and June, BNP Paribas launched a comprehensive mortgage offering through its French branch network. This consists of solutions suited to all customers regarding home insurance and protection, renovation work, moving house and settling in. New mortgage production rose by 85% in the fourth quarter of 2009 in the branch network, and this resulted in a 4% increase in 2009 as a whole.

### Young customers

For many years, BNP Paribas has increased its commitment to young people, helping apprentices, students and other active young people to fulfil their plans. Study finance increased by 9% in 2009 and more than 1,000 apprentices signed up for dedicated services. BNP Paribas can also provide guarantees enabling young tenants to rent a home.

### Small businesses and corporates

In 2009, 96,000 new small businesses and entrepreneurs came to BNP Paribas, and 3,200 sole traders opened a business current account. Contrary to widely expressed concerns, credit was not restricted for SMEs, since loans outstanding to these businesses increased by 2.5%. In August, BNP Paribas tripled its budget for strengthening the equity and quasi-equity of SMEs from EUR 50 million to EUR 150 million over twelve months. BNP Paribas also plays an active role in the mediation system.

### Helping people who are struggling because of the recession

BNP Paribas takes into account its customers' situation in light of tough economic conditions. We offer solutions such as restructuring loans, by reducing monthly mortgage payments or extending bridging loans. BNP Paribas offers a new insurance product that covers all loan repayments if the policyholder loses his/her job. We also pay a EUR 200 bonus to all borrowers who have received compensation under their redundancy insurance policy.

## Solidarity with storm victims

To show its solidarity with the victims of windstorm Klaus, French Retail Banking set up a special offer entitled "Faire face aux premiers besoins" (dealing with initial needs). This gave storm victims preferential terms on loans and mortgages. BNP Paribas offered a loan of up to EUR 5,000 at a fixed rate of 2.30% excluding insurance, for a term of between four and thirty-six months. There were no arrangement fees, and one loan could be taken out per family. The only documentation needed to access these preferential terms was a loss statement from an insurance company. BNP Paribas also enabled families that had taken out a mortgage since 1996 to defer between three and twelve monthly payments. Deferral could only take place after twenty-four months of repayments, and had to last for at least three months.

**Cetelem: promoting responsible borrowing**

Cetelem, which is the main brand under which the Personal Finance business lends to individuals, has been committed to responsible borrowing for a number of years and in 2009 embarked on a campaign to publicise its approach. In the third quarter of 2009, Cetelem launched a new advertising campaign across several media to raise awareness of its *responsible lending products*. The campaign involved a fictitious organisation, "Bingo Crédit", and was accompanied by the launch of a new tag line in France, i.e. *Cetelem, le crédit responsable*<sup>®</sup>. Both the campaign and the new tag line form part of Cetelem's strategy of affirming its position as a responsible lender.

In June 2009, Cetelem launched the first entirely non-commercial credit information service, [www.moncreditresponsable.com](http://www.moncreditresponsable.com). This is the first non-commercial website dedicated fully to providing information on consumer finance and mortgages. Through the website, French people, whether they are customers of Cetelem or not, can receive a personal response to their credit-related questions. The topics covered by Cetelem specialists include excessive debt, lending conditions and the cost of borrowing. The site also sets out Cetelem's commitments in terms of responsible lending, combating exces-

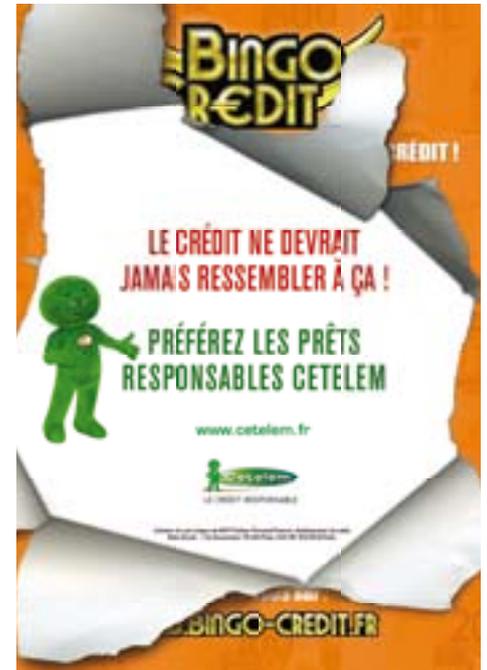
sive debt, extending credit to the largest number of people and helping customers in difficulty.

To show the results of its commitment, Cetelem has reported responsible lending indicators every year since 2006. These include the proportion of applications refused, the percentage of loans with no payment incidents, the percentage of loans paid off in full and risk-related costs. Risk-related costs are measured by dividing allowances relating to delinquent loans by total loans outstanding. Risk-related costs fell substantially between 2003 and 2008, when the figure was less than 2%. In 2009, as a result of the recession, the figure rose back to the 2003 level, but remained low relative to levels seen in other large countries, particularly the UK and the USA.

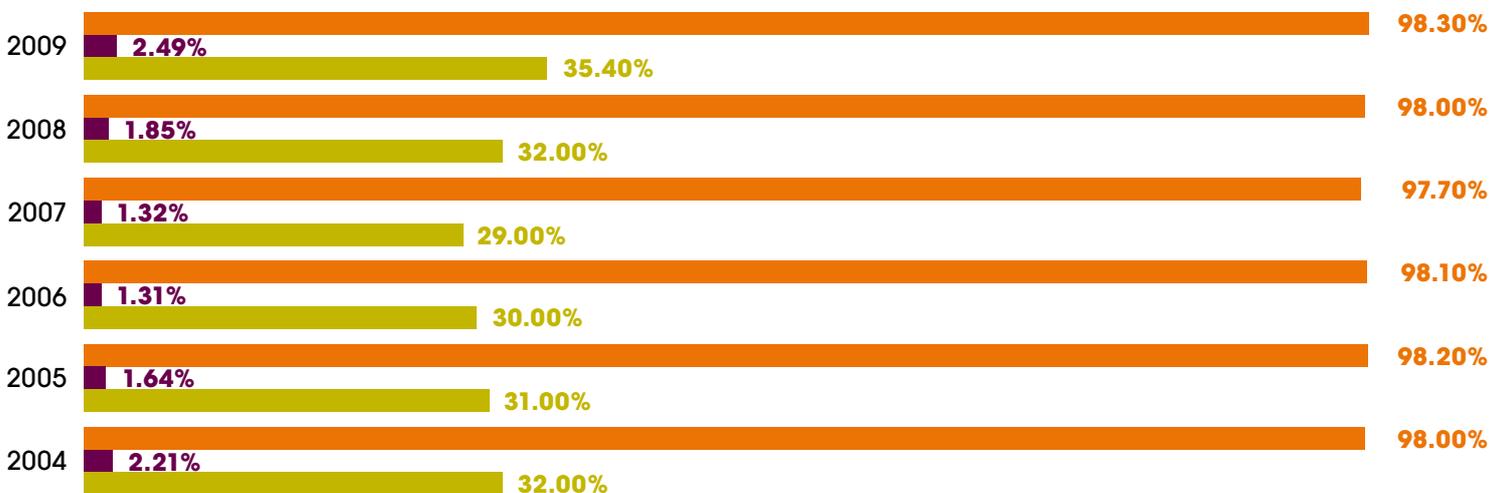
Les Indicateurs de crédit responsable<sup>®</sup> Cetelem's responsible lending indicators for 2009, covering the French consumer finance market, are as follows:

- Refusal rate: 35.4%;
- Loans with no payment incidents: 95.6%\*;
- Loans repaid in full: 98.9%\*;
- Risk-related costs: 2.49%

\* Four years after the loans were granted.



**CETELEM'S THREE INDICATORS**



**LOANS PAID OFF IN FULL**  
**RISK-RELATED COSTS**  
**REFUSAL RATE**

Cetelem's responsible lending approach "complies with four commitments that are fundamental to each phase of the customer relationship, i.e. the loan application, the arrangement of the loan, the life of the loan and the final repayment". These commitments are: combating excessive debt; seeking to extend credit to the largest number of people; helping each customer in a flexible manner and assisting every customer in difficulty.

More generally, the responsible lending policy initiated in France from 2004 onward has now been adjusted and implemented in other countries like Portugal, Brazil, Italy, Hungary and Slovakia. These efforts include:

- launching websites like [www.moncreditresponsable.com](http://www.moncreditresponsable.com) to inform the general public;
- monitoring indicators like the refusal rate and the proportion of loans repaid in full;
- participating in conferences to explain the social and economic role of consumer credit;
- and marketing products and services like Cetelem's "responsible loans", which have been available in France since the third quarter of 2009.

### **BNP Paribas Assurance: fairer and broader access to insurance**

BNP Paribas Assurance makes it easier for disabled people to access borrower insurance, particularly people suffering from paraplegia<sup>(1)</sup>. In France, 30,000 people suffer from paraplegia, and around 2,000 new cases are diagnosed each year. There has been a great deal of research into paraplegia in the last few years, resulting in better understanding and improved support for those affected. Those suffering from paraplegia, and from all disabilities, play an increasingly integral role in society and the world of work. The number of disabled people in work has risen by a factor of 16 in the last twenty years, from 7,000 in 1987 to 111,000 in 2006.

To support the social integration of those suffering from paraplegia and to help them adjust, BNP Paribas Assurance has taken these figures into account and changed its conditions for granting borrower insurance as well as its pricing structure. The company can now offer better insurance terms to people suffering from paraplegia.

As part of its efforts to improve access to insurance for vulnerable people, and in line with the spirit of the AERAS convention, BNP Paribas Assurance is:

- continuing its in-depth studies into the risks of paraplegia-related illnesses,
- planning to apply this approach to other conditions like tetraplegia and Parkinson's disease in 2010,
- strengthening its position as a specialist in elevated risks.

### **Banking facilities and services accessible to all**

In addition to its regulatory obligations, BNP Paribas is taking steps to help people with reduced mobility access its branches and ATMs. In France, 95% of ATMs can be accessed by people with reduced mobility, whereas the sector average is 80%. The Group has developed a methodological guide in association with a specialised consulting firm, and gives the guide to all people involved in building banking facilities and installing ATMs. BNP Paribas' new Accueil & Services branch concept includes features facilitating disabled access. 850 BNP Paribas branches have voice-controlled ATMs. This makes us the first French bank to offer such services to the visually impaired, enabling them to withdraw money without assistance. Multi-channel banking provides all clients with access to information and banking services. Clients always have at least one remote channel – phone or internet – available for day-to-day transactions.

# Socially Responsible Investment (SRI)

Socially responsible investment was for a long time practised only by specialist ethical investors. In the last few years, however, sustainable development has become a political and financial reality. The recession has strengthened the focus on sustainable development. An increasing number of investors are now looking for investments that meet sustainable development objectives. BNP Paribas Investment Partners is supporting this trend, and has developed a broad range of products that meet environmental, social and governance (ESG) criteria. They are managed by various partners, i.e. BNP Paribas Asset Management, Impax Asset Management, FundQuest and EasyETF. While each entity has its own research and investment procedures, they share a common understanding of customers' needs and expectations.

To meet the specific expectations of customers as regards responsible investing, BNP Paribas Asset Management implements investment strategies suited to investors' risk profiles, investment timeframes and desired returns. Socially responsible investment is based on two complementary strategies, which are designed to meet customers' specific requirements, i.e. best-in-class strategies and theme-based strategies.

### **Best-in-class strategies**

These strategies involve investing in companies, organisations and countries that display best practice as regards environmental, social and governance (ESG) issues in all areas of the economy. The ESG analysis is designed to identify sustainable development-related issues that represent major risks and opportunities. For example, the analysis identifies companies with a proactive Human Resources Department or an ambitious CO<sub>2</sub> emissions-reduction plan. Companies, organisations or countries that do not comply with the principles set out in the United Nations Global

(1) An impairment in motor or sensory function of the lower extremities.

Compact with respect to human rights, labour laws or the environment, along with producers of controversial products like arms, alcohol and tobacco, are excluded from the investment universe.

Corporate social responsibility (CSR) analysis is carried out by a team of six analysts with broad ESG expertise. The analysis process is based around close co-operation between financial analysts and CSR analysts to ensure that the portfolio management process incorporates sustainable development issues before decisions are made. One of the main benefits of this method is the prevention of reputational risks resulting from holding controversial investments.

### Theme-based strategies

Theme-based strategies focus mainly on products and services that offer solutions to environmental problems and that encourage the efficient use of natural resources. To be eligible for selection, a company must carry out at least 20% of its investment in key sustainable development areas such as renewable energy, water processing, waste processing and compliance with environmental regulations. This policy applies to all investments globally, and excludes companies that do not comply with international standards such as the Global Compact.

## Increasingly aware investors

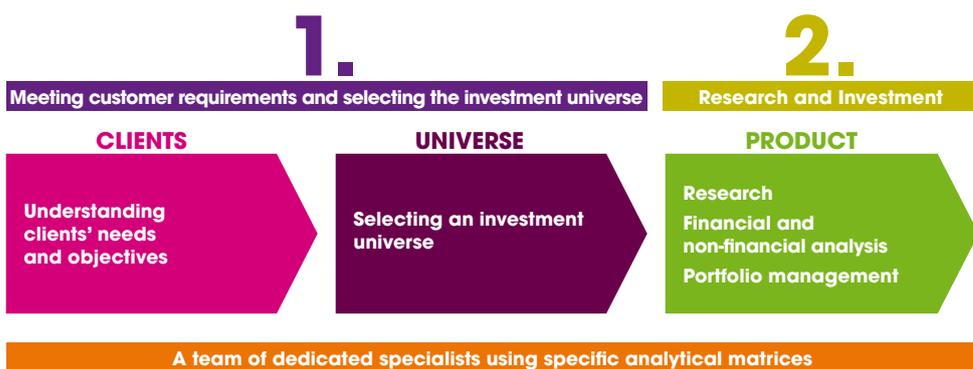
Investors are more and more concerned about the social and environmental responsibility of companies, and want to be able to assess the potential impact of such issues on the performance of their investments. BNP Paribas Asset Management seeks to promote the long-term value of its investments, and has therefore developed recognised expertise in this area. It offers a complete range of products that systematically take into account sustainable development and corporate governance. The encouraging results prove that SRI is not only ethical, but also creates value for investors.

## The SRI process

The SRI process is the same as that for regular investments, and consists of the following two steps:

## BNP Paribas Fortis' successful sustainable investment campaign

In October 2009, Belsif, a Belgian socially responsible investing (SRI) organisation, organised a "sustainable investment week". BNP Paribas Fortis participated by launching a campaign to promote SRI investments. For every sustainable investment of more than EUR 1,000, BNP Paribas Fortis committed to invest EUR 10 in sustainable projects. A survey of Group customers identified four priority areas of action and four NGOs to be supported: the Red Cross for voluntary work, Max Havelaar for fair trade, Natagora-Natuurpunt for environmental protection, and Plan Belgique for development. The campaign was a success, and as a result, BNP Paribas Fortis donated EUR 120,000 to these four NGOs. During the campaign, more than 10,000 BNP Paribas Fortis customers invested in a wide range of SRI products.



### **Identifying clients' needs and selecting the investment universe**

To meet clients' specific SRI needs, BNP Paribas Asset Management defines a risk profile and an approach based on specific sectors and expected returns. It also takes into account ethical criteria and companies' social commitment levels. It then selects an investment universe according to clients' needs and market opportunities, based on factors such as regions and available securities.

### **Specific features of the SRI research process: non-financial analysis.**

Portfolio management is based on fundamental analysis that factors in quantitative and qualitative aspects of financial and non-financial issues for SRI investments, BNP Paribas Asset Management carries out in-depth research to identify potential sources of value creation or destruction by considering corporate governance and Non-financial issues.

This non-financial analysis supplements standard financial analysis by highlighting companies' sustainable development approach in terms of the commitments they make, the resources they allocate, and the results they obtain. Like the research done by financial analysts, non-financial research is conducted by a team of specialists. Non-financial research is designed with a view to value creation, and relies on assessment criteria selected according to the specific challenges of each industry.

Particular attention is paid to compliance with fundamental labour rights by a company and its subcontractors in the textiles and electronics sectors. Similarly, greenhouse gas emissions and climate-change risks are priority areas of analysis in the energy, power generation, transport, insurance and building materials sectors. A portfolio is then assembled using risk modelling and rankings by sector.

These analyses are regularly reviewed and systematically integrated into portfolio management processes. This non-financial analysis is supplemented by direct contact with companies, ratings from ratings agencies, and brokers' reports. In addition to this system, a monitoring process is used to detect any possible critical situations that could lead to valuations being revised.

### **Exercising voting rights**

At BNP Paribas Asset Management, the exercise of voting rights is an integral part of the investment management process and a component of the ongoing dialogue with companies in which investments are made on clients' behalf. The voting policy incorporates the governance principles set out in key international codes and standards. All mutual funds in France and elsewhere exercise their voting rights at AGMs held by more than 300 companies invested in by around 200 mutual funds. The voting process is based on a review of draft resolutions and votes are cast through electronic voting platforms that allow secure processing. Documents concerning the exercise of voting rights at AGMs are available on BNP Paribas Asset Management's website: [www.am.bnpparibas.com](http://www.am.bnpparibas.com).

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### **Research and asset management teams**

Overall, there are around 35 analysts and asset managers providing their socially responsible investment expertise across all BNP Paribas Investment Partners entities.

Best-in-class strategies are applied by teams of analysts and traditional asset managers. This staff is experts in specific product areas, and they offer non-financial analysis focusing on environmental, social and governance (ESG) criteria. These teams cover European equities and bonds as well as the money market.

Environmental strategies are managed by Impax Asset Management, BNP Paribas' partner specialising in the environmental sector. Over the years, Impax has developed a broad array of equity investment portfolios. The asset allocation team implements balanced solutions for equity and fixed-income investments.

The team in charge of structured products develops funds based on SRI performance indexes and equity portfolios based on ESG criteria.

The EasyETF team has developed a comprehensive range of trackers, which seek to reproduce the performance of SRI indexes based on best-in-class and environmental strategies.

FundQuest has built a set of asset investment solutions based on environmental and best-in-class funds.

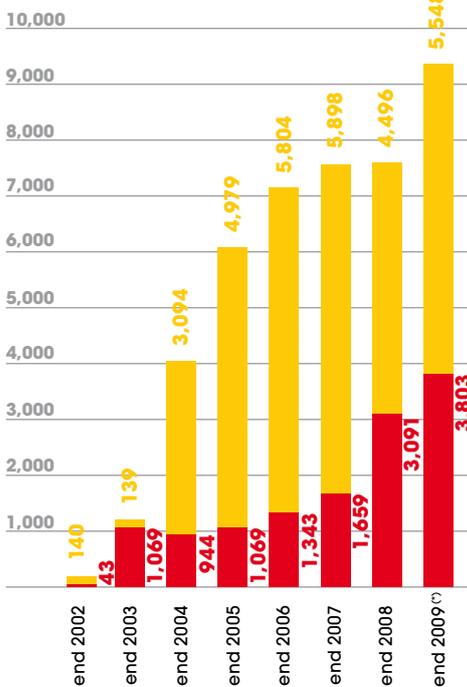
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## A leading position in the French market

Recent studies place BNP Paribas Investment Partners among the industry leaders in France and in Europe in terms of assets under management, and one of the market leaders as regards quality. It had over EUR 9.3 billion of assets under management in SRI mutual funds and investment mandates at 31 December 2009. These funds are geared towards institutional and retail clients.

## BNP PARIBAS SRI ASSETS UNDER MANAGEMENT (in millions of euros)

OPEN FUNDS  
MANDATES/DEDICATED FUNDS



(\*) BNP Paribas assets under management at 31 December excluding Fortis, which had AuM of around EUR 3 billion.

## A wider range of SRI products

In 2009, BNP Paribas Investment Partners broadened its range of products for institutional investors, focusing on specific areas:

- the BNP Paribas Aqua fund, created for BNP Paribas Assurance, enabling individuals to invest in water-related companies;
- an environmental fund aimed at individuals and institutional investors in Australia;
- two European equity-focused institutional asset management mandates. One of these portfolios is intended to be marketed to the general public in France;
- the BNP Paribas Sélection IRD Garantie 2015 structured fund, where returns are linked to a basket of 20 European stocks that have positive CSR ratings, aimed at our private banking clients in France;
- two bond asset management mandates obtained from major institutional clients;
- an environmental asset management mandate from a European financial institution.

## A continuing commitment to SRI

### Principles for Responsible Investment

As an asset management company that has been a signatory to the Principles for Responsible Investment since 2006, BNP Paribas Asset Management offers institutional and individual customers a comprehensive and innovative range of investment solutions that meet two complementary objectives, i.e. compliance with fundamental values and long-term value creation.

BNP Paribas Investment Partners follows the Principles for Responsible Investment (PRI) adopted by the United Nations Environment Programme Finance Initiative (UNEP FI) and the Global Compact. The PRIs create a framework for incorporating environmental, social and governance (ESG) issues into asset management. PRIs encompass six principles in addition to around thirty possible actions:

- Incorporating ESG issues into investment analysis and decision-making processes.

## BNP Paribas launches a green fund in Australia

The environmental investment approach focuses on the environmental commitments made by large companies. BNP Paribas Investment Partners in Australia and Impax Asset Management have announced plans to launch a local fund in which investments will focus on the environment and sustainable development. Impax Environmental Markets Trust will invest in companies where at least half of profits, revenue or capital employed related to environmental activities. This is Australia's first and only fund dedicated to areas like renewable energy, water management and waste management.

## BNP Paribas Investment Partners has developed an index for companies with small carbon footprints.

In late 2008, NYSE Euronext launched the Low Carbon 100 Europe® index, which identifies European companies with small carbon footprints. Subsequently, EasyETF developed the first Exchange-Traded Fund based on this index and listed on Euronext Paris, called EasyETF Low Carbon 100. The Low Carbon 100 Europe® index measures the performance of the 100 largest European companies with the lowest level of CO<sub>2</sub> emissions in their industry. These companies' CO<sub>2</sub> emissions are on average around 20% lower than those of the 300 largest-cap companies in Europe. The EasyETF fund developed by BNP Paribas Asset Management enables investors to gain exposure to the equity market while focusing on companies with small carbon footprints.

- Incorporating ESG issues into ownership policies and practices.
- Seeking appropriate disclosure on ESG issues by the entities in which investments are made.
- Promoting acceptance and implementation of the Principles within the investment industry.
- Working together to enhance our effectiveness in implementing the Principles.
- Reporting on activities and progress towards implementing the Principles.

### **Driving SRI initiatives**

In 2009, BNP Paribas Investment Partners confirmed its role as a main driver of SRI through its participation in several sector initiatives.

BNP Paribas Investment Partners is vice-president of the Institutional Investor Group on Climate Change (IIGCC). The IIGCC comprises 50 European institutional investors managing over EUR 4,000 billion.

In November 2009, BNP Paribas Investment Partners organised a climate change conference in Copenhagen ahead of the international summit. More than 170 institutional clients, journalists and participants from 15 European countries attended the conference, which gave them greater insight into climate issues. Talks and round-table discussions led by expert portfolio and pension-fund managers enabled those present to gain a greater understanding the potential impact of these changing investment methods. This event, the first one of its kind, was organised jointly by BNPP IP, Alfred Berg and Fortis Investments. It bodes well in terms of skills synergies between these entities and their ability to work together.

BNP Paribas Investment Partners also sponsors the sustainable finance and responsible investment chair in co-operation with France's École Polytechnique and the Toulouse Institute of Industrial Economics.

### **Recognised commitments**

In response to the growing range of products available, Novethic has developed a mass-market accreditation label for SRI funds distributed in the French market. The aim of the label is to encourage transparency about the management process and composition of SRI funds, and to provide a simple reference point for individual investors. It is given only to funds that perform systematic analysis of environmental, social and governance criteria and that report on the CSR aspects of their portfolios.

In September 2009, three BNP Paribas Investment Partners funds were awarded the Novethic label: BNP Paribas Etheis, BNP Paribas Obli Etheis and Parvest Europe Sustainable Development.

In addition, two of these funds have ESG ratings reserved for funds that communicate about CSR indicators in an innovative way. This rating has only been awarded to 4 out of 92 funds, including BNP Paribas Etheis and Parvest Europe Sustainable Development.

The indicators developed by BNP Paribas allow investors to compare portfolios with benchmark indexes based on CO<sub>2</sub> emissions, changes in the workforce and independence of the board of directors.

The CSR reporting of the accredited funds can be viewed at the BNP Paribas Asset Management website: [www.am.bnpparibas.com](http://www.am.bnpparibas.com). The reporting is updated quarterly.

Impax Asset Management has received various awards for the quality of its environmental investment management. It was named SRI/Sustainable Investment Manager of the Year in the Awards for Excellence in Institutional Asset Management, presented by *Financial News* in London in October 2009.

### **BNP Paribas Assurance, a comprehensive SRI policy**

BNP Paribas Assurance, as part of its CSR policy, promotes socially responsible investing among individuals. After making environmental, social and governance criteria an integral part of its non-unit-linked funds (more than EUR 60 billion), BNP Paribas Assurance is responding to client demand expressed in a 2008 survey, which showed that more than half of all clients were prepared to invest part of their policies in SRI-themed funds.

According to the survey, 94% of clients wanting to invest in SRI funds would select the social theme and 93% the environmental theme. As a result, BNP Paribas Assurance is offering three new policy units to clients wanting to take a more pro-active approach to SRI: BNP Paribas Aqua, SAM Smart Energy and BNP Paribas Insertion Salariés. All three are equity-focused funds and managed using an SRI approach. The environmentally themed funds (BNP Paribas Aqua and SAM Smart Energy) invest in companies that carry out a significant proportion of their activity in the sector concerned, i.e. water and renewable energies.

BNP Paribas Insertion Salariés invests up to 10% in unlisted companies and solidarity-based entities with a social purpose.

In addition, these three funds are managed using an SRI process that systematically takes into account environmental, social and governance criteria when selecting assets.

## **BNP Paribas Investment Partners has Finansol accreditation for three investment products**

Finansol is France's only socially responsible savings accreditation label, and the label has been awarded to three BNP Paribas Investment Partners products: BNP Paribas Obli Etheis, a BNP Paribas Asset Management socially responsible fund; Multipar Solidaire Prudent and Multipar Solidaire Dynamique, two employee savings plans distributed by BNP Paribas Épargne & Retraite Entreprises.

This accreditation means that BNP Paribas IP is one of France's most dynamic players in socially responsible savings, and acknowledges its long-standing commitment to socially responsible investment.

# Relationships with suppliers

## Maintaining core competencies

Although the Group relies on outside suppliers for products and services that are not central to its businesses, it has chosen to retain control over its core competencies. Production processes remain highly integrated, thus limiting the use of outsourcing.

In the IT field, where outsourcing is common among financial institutions, BNP Paribas has adopted a unique approach by creating a joint venture with IBM France to meet its IT processing requirements. This strategic alliance allows the Group to retain control over technology while reducing its IT costs, and to maintain a leading-edge centre of excellence.

## Worldwide management of the Purchasing Function

In line with the Group's general approach, BNP Paribas has always placed major importance on the social and environmental responsibility of its suppliers.

Since 2001, the Group has applied conduct and professional ethics rules to its relationships with suppliers. These rules create strict obligations of confidentiality, transparency and fairness on all staff involved in selecting suppliers.

Since 2002, all contracts negotiated and signed by the Group have contained clauses relating to social and environmental matters. As regards social aspects, these clauses require compliance with International Labour Organisation (ILO) standards and with national employment legislation if this legislation is stricter than the ILO standards.

Since 2006, the Group has performed periodic risk monitoring on listed suppliers. This includes analysing indicators relating to ethics and environmental protection. CSR criteria have also been gradually integrated into the supplier selection process in certain product categories:

- Hardware: Invitation to tender for the supply of PCs, including sustainable development requirements;
- Printers: pre-qualification of suppliers based on environmental management, manufacturing processes and eco-certification;
- Office supplies and paper: PEFC-certified paper<sup>(1)</sup> for printing and copying and for electronic publishing centres in France;
- Vehicle leasing: inclusion of low-CO<sub>2</sub>-emission cars in the vehicle catalogue with the addition of the Toyota Prius in 2009.

Finally, the Group's purchasing teams have launched various initiatives in this area in the last few years:

- Arval has introduced a sustainable development charter for its suppliers.
- In Italy, BNL has carried out an awareness-raising campaign to reduce paper consumption. In addition, a catalogue of green office supplies has been compiled, and multifunction printers that save energy and lead to lower CO<sub>2</sub> emissions have been selected. "Green certificates" have been bought from Enel Energia, guaranteeing that a defined proportion of energy consumed comes from renewable sources. One of BNP Paribas Milan's buildings is equipped with sensors that improve electricity management. The Group also uses a company that employs people in a sheltered workshop to process waste, and reports annually to BNP Paribas staff about reductions in paper, water and energy consumption.

- ITP ARF supports projects led by business lines and the IT Department. These projects include digitising documents, reducing energy consumption and using video conferencing in order to reduce business travel.
- In all entities, processes for the recycling of toners and ink cartridges have been introduced, in accordance with local legislation.

In 2009, the Purchasing Department strengthened and increased the scope of its governance system, and placed greater importance on sustainable development in the purchasing process. A guide to purchasing standards was distributed to all Group purchasing teams in 2009. The guide includes compulsory rules and CSR standards.

A sustainable development team has been set up within the Purchasing Department in order to extend the sustainable development approach and make it more systematic, and to coordinate actions taken by the various teams in this area. A sustainable development charter covering all Group purchasing teams will be distributed. CSR criteria will be integrated into the various phases of the purchasing process, from the definition of the purchasing strategy (defining ways of reducing expenditure) to the selection of suppliers (systematically including CSR criteria in invitations to tender, with minimum weightings). Supplier CSR ratings will be expanded, CSR performance indicators will be defined and CSR issues will be included in the training of all purchasing staff from 2010 onwards.

(1) PEFC: a label guaranteeing that the paper comes from forests whose owners are committed to complying with sustainable forest management rules. The label also guarantees that processing companies meet the requirements of the PEFC control chain.

This system is based on the shared conviction by all Group purchasing teams that, far from being an obstacle to cost reduction, CSR can often boost savings, since it results in a greater focus on limiting consumption and making efficient use of resources.

### **Arval**

Arval's suppliers, stakeholders in its sustainable development approach, have been assessed on the basis of environmental and social criteria. Since this assessment, a Sustainable Development Engagement Charter has been included in all suppliers' contracts. This Charter requires suppliers to implement sustainable development initiatives, adopt transparent environmental and social behaviours, and adhere to the ten principles of the United Nations Global Compact which Arval signed up to in 2004. The Charter was introduced in France in 2007 and extended to most other countries in 2008. In 2008, Arval defined minimum standards to ensure that suppliers are indeed able to follow the Global Compact principles.

### **BNP Paribas Real Estate**

BNP Paribas works hard to comply with all environmental regulations in its property construction and acquisitions operations. A real estate guide sums up the strictest regulations in each country where BNP Paribas operates so that these regulations can be applied at all sites worldwide. All of a company's central buildings are audited before the company is acquired. The Group permanently monitors developments in environmental legislation and regulations. Clauses covering the corporate and environmental responsibility of suppliers are included in all contracts, particularly in property-related contracts.

### **BNP Paribas Fortis**

In 2009, new guidelines were introduced in Belgium to encourage sustainable purchasing. These guidelines apply to all new contracts and contract renewals. Existing contracts will be amended at the earliest legal opportunity. Sustainability issues are included at each stage, and account for 10-30% of the total weighting in the selection process.

### **BNL**

BNL has stepped up its efforts to raise awareness of social responsibility and quality issues among suppliers. More generally, BNL has renewed its commitment to the Global Compact via the Italian network, and is maintaining its approach through its commitment to sustainable development principles.

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# IMPACT ON THE NATURAL ENVIRONMENT



# IMPACT ON THE NATURAL ENVIRONMENT

BNP Paribas implements a set of guidelines on environmental responsibility, in accordance with the United Nations Global Compact. It has done so since January 2004, and it has reaffirmed its

commitment every year since. These guidelines contain ten focus points and form part of the general business principles followed by Group employees.



## Areas for action

### Initiatives to save energy and monitor greenhouse gas emissions - CO<sub>2</sub> footprint

Group companies are combating climate change by limiting their greenhouse gas emissions. In 2004, BNP Paribas, helped by a team of consultants, devised a method for estimating the carbon dioxide emissions from its operations. The calculations cover emissions generated by the production, transportation, and consumption of energy sources. For liquid fossil fuels, the methodology calculates emissions related not only to combustion but also to the extraction, shipping, and refinement of fuels from conventional crude

oil. The initial energy used by electricity producers is also taken into account. Further information on measurement methods and the related margins of error are provided under item 7 of the NRE Act-compliant environmental chapter. BNP Paribas has steadily expanded the scope of its data collection, which has revealed that emissions vary significantly between countries. An analysis of the data shows that these differences are mainly due to the following structural factors:

- the presence within the country of management from an international business line, which accounts for regular air travel by managers (for example the Fixed-Income business line in London);
- the presence of a data processing unit that consolidates data processing for entities within one territory or for neighbouring countries;

- the conversion ratio for kWh consumed, which depends on the combination of energy sources used within a given country. For example, the conversion ratio used for the emissions rate in France is favourable because a significant proportion of the energy used comes from nuclear sources.

A country's energy infrastructure also has a significant effect on emissions estimates; for instance, the weighting factor used to calculate CO<sub>2</sub> emissions from electricity use is about six times higher for the UK and the US than for France. Since the types of businesses conducted also vary widely by country, it seems more relevant to monitor emissions on a country-by-country basis. After the Fortis integration, the Group's worldwide CO<sub>2</sub> footprint (covering 64% of global net permanent paid staff) shows average emissions of 2.34 tonnes of CO<sub>2</sub> equivalent per employee.

Details about the methods used to calculate the CO<sub>2</sub> footprint are set out in item 7 of the NRE Act-compliant environmental chapter. In France, including employee journeys between home and work, the CO<sub>2</sub> footprint was 2.39 tonnes of CO<sub>2</sub> equivalent per net permanent paid employee in 2009, down from 2.59 in 2008. This reduction was partly the result of updating the transformation coefficient regarding air travel in version 6 of the Bilan Carbone® (carbon audit) method used in France.

**Daily commutes to and from work** account for 38% of emissions in France. In provincial towns, BNP Paribas covers a part of the costs incurred by employees using public transport to get to work, going beyond its legal obligations in this respect. The contribution is higher for employees living in towns with more than 100,000 residents. Cortal Consors employees in France and Germany also receive a discount on their public transport tickets.

In January 2009, BNP Paribas set up a car-sharing website for its French employees, which number more than 60,000. The site was visited 10,000 times in 2009. Car-sharing reduces fuel consumption by a factor of two or three and also reduces vehicle maintenance costs. For example, for BNP Paribas staff travelling in Rueil-Malmaison and on the basis of three people sharing an average journey of 18 km, the potential cost saving is EUR 1,000 per year and the reduction in CO<sub>2</sub> emissions can be as much as 1 tonne per person per year.

**Business travel is the 2nd-largest source of the Group's carbon emissions** and is undertaken for the purposes of client contact, business negotiations and project studies. Business travel has been the focus of a stringent cost control policy. Phone calls and video conferencing were used as much as possible in 2009 as an alternative to travel.

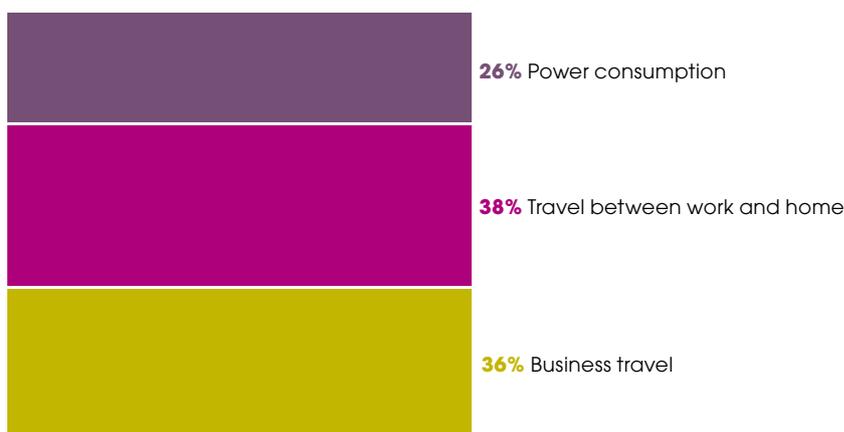
BNP Paribas has a business travel policy in France. Under this policy, air travel is subject to approval procedures and train travel is strongly encouraged for journeys within France. Train travel is mandatory for cities served by Eurostar and Thalys. At 30 June 2009, SNCF calculated that Eurostar journeys saved almost 500 tonnes of CO<sub>2</sub> compared with the same journeys by plane. BNP Paribas Assurance also took steps to reduce greenhouse gas emissions from air travel by 10%. Awareness among managers was raised through an air travel carbon scorecard, which was developed in 2009 so that each manager can see the carbon impact of air travel by his/her team every quarter, by destination country. This tool leads to a reduction in travel where videoconferencing is a possible alternative.

**The energy consumption of buildings** is also controlled. The Technology & Process Function oversees facilities management, purchasing and IT systems, and develops and implements a co-ordinated general environmental policy for the Group.

## Youbike in Taiwan

BNP Paribas subsidiary Cardif has agreed to partner the YouBike project in Taipei, Taiwan for two years. Five self-service bicycle stations were set up in March 2009 in Xin-Yi, the central business district. Youbike is an environmentally friendly service that is accessible to all. It forms part of Taipei's "building a green city" project. The project is inspired by the Vélib® scheme in Paris. It reduces CO<sub>2</sub> emissions by providing a simple way of travelling short distances. Users can access the bikes with their city public transport cards (EasyCard).

## BREAKDOWN OF CO<sub>2</sub> EMISSIONS IN FRANCE IN 2009



Internationally, the system for collecting electricity consumption data has been expanded and now covers 70% of the Group's workforce worldwide. Across the Group, consumption is 189 kWh per sq.m.

The main improvements carried out by the Group in 2009 were related to the addition of energy-efficient technologies during building renovation and construction, and the replacement of equipment. In 2008, the Group introduced a centralised facilities management system for its buildings. In the building at 37, place du Marché-Saint-Honoré in Paris, lighting in offices and hallways is programmed to be on for sixteen hours every weekday. Similarly, the lighting in BNP Paribas Personal Investors' French and German offices is programmed to turn off automatically at 9 pm every night.

In obtaining ISO 14001 certification for its Accueil & Services programme, covering 1,325 of its Retail Banking branches in France, BNP Paribas set a goal of reducing these branches' energy use by 15% by 2011. This will involve two steps:

- Upgrading equipment and controls to meet the technical recommendations for building work. This includes upgrading lighting, replacing electric air curtains with ones fuelled by heat pumps, installing standardised air conditioning systems with a wattage based on geographical location, reviewing the life cycle of outdoor signage, and programming façade lighting to turn off at night.
- Improving branches' energy efficiency by using automated lighting, heating, and air conditioning systems that adjust to ambient and outdoor temperatures.

BNP Paribas maps the energy use of its office buildings in France (current condition, past energy use, building history, etc.) in order to prioritise its energy-saving efforts. An energy audit and an assessment of the buildings' energy performance are then carried out before implementing the recommended steps.

Personal Finance's "Programme Oxygène" measures CO<sub>2</sub> emissions at French sites. After calculating its greenhouse gas emissions, Personal Finance adopted a plan of action. The plan's aims are to reduce the impact of the vehicle fleet, reduce air travel by making greater use of videoconferencing,

prepare a corporate travel plan, draw up an energy map of Personal Finance sites, and write an environmental charter for all Personal Finance staff in France.

In 2009, BNP Paribas Assurance arranged for a full carbon audit (Bilan Carbone®) covering all of its activities. The main sources of emissions are energy, business travel, travel between home and work and depreciation.

After the carbon audit (Bilan Carbone®) carried out by the head office of BNP Paribas Wealth Management, a donation was made to the SKG Sanga non-profit organisation, whose main activity is to set up energy infrastructure products using biomass as an energy source around the world. This donation enabled the subsidiary to offset the negative environmental impact of its carbon emissions. SKG Sanga's proposed project involves the construction of biogas storage facilities in India. The facilities will be provided to local populations and will help protect the environment.

The Greening IT programme implemented by the Technology and Processes Department has three goals: saving energy, reducing the amount of toxic compounds in computers, and recycling old equipment.

The NightWatchMan Programme, introduced three years ago in London, enables an IT Department to power up and power down work stations at a remote site at chosen times. Work stations are shut down in the evening after daily updates and turned back on in the morning before employees arrive. The initiative has three objectives, i.e. to save energy, to protect the environment and to reduce costs in an unobtrusive manner. NightWatchMan not only reduces electricity consumption by around 50%, it also cuts CO<sub>2</sub> emissions. The programme is invisible to employees and does not alter their working methods in any way.

It is currently being implemented at other sites.

## Supplier selection

Since 2002, all contracts negotiated and signed by the Group's Purchasing Department have contained clauses relating to social and environmental matters. In 2009, the Purchasing Department strengthened its governance and expanded its scope of operation. It decided to focus more on sustainable development in its purchasing efforts. As a result, a Sustainable Development team was set up. The team aims to extend the sustainable development approach, ensuring that it is used systematically within the department, and to co-ordinate initiatives led by the various teams. CSR criteria are included in the process, which covers all aspects from defining the purchasing strategy to selecting suppliers. From 2010, a CSR module will be included in the training provided to all Group purchasing teams.

### Paper suppliers

BNP Paribas has outlined a process for selecting paper and printer suppliers based on sustainable development criteria. These criteria apply to the paper used by Group employees as well as outside companies that print publications for the Group. Paper used in printing, copying and electronic publishing in France must be PEFC-certified. All paper used internally features the Imprim'Vert logo.

The Group has signed agreements with paper producers that guarantee a responsible approach to forest management and compliance with sustainable forest management rules, including full replanting after harvesting. Internally, paper publications are limited as far as possible through the use of Echo'Net.

### Imprim'Vert accreditation for BNP Paribas' Reprographics Department

In December 2009, the Group's Reprographics Department, which prints more than 30 million documents per year, obtained Imprim'Vert accreditation. All printing machines are covered by a recovery and recycling programme, in which even electronic components are recovered. Waste paper and ink cartridges are sorted and recycled. Spent aerosols and neon lighting are treated separately. Since the start of 2009, the Reprographics Department has used paper featuring the PEFC (Programme for the Endorsement of Forest Certification) label for all printing, in order to ensure the sustainable management of consumables.

BGL BNP Paribas and BNP Paribas Fortis in Belgium only use 100% recycled envelopes and paper when sending account statements, internal mail and direct marketing.

### **Renewable energy suppliers**

Reducing electricity consumption is a priority, since it has an immediate impact on the environment. Certain subsidiaries buy green electricity at the local level. BNP Paribas Assurance also has a green electricity contract with EDF, i.e. a contract for the supply of electricity from renewable sources. The contract covers all of BNP Paribas Assurance's power consumption, and part of the price goes towards developing solar energy in France.

## **Waste management**

BNP Paribas is continuing to roll out a waste management policy based on recycling paper, cardboard, and toner and ink cartridges. This waste management policy applies to the Group's operations in France and abroad. For instance, all of the paper and cardboard collected at the Group's Paris region offices in 2009 was recycled. A company is used to collect and sort waste from office waste-paper baskets. The paper recovered is used to produce urban heating, packaging cardboard and paper pulp. In 2009, BGL BNP Paribas' *SuperDreckKëscht fir Betriber* environmental accreditation, awarded by a Luxembourg organisation, was renewed for its central buildings and branches. This accreditation recognises the subsidiary's efforts to raise awareness about preventing and managing waste.

All office buildings in the Paris region are now equipped with waste-paper bins that allow selective sorting. Secure sorting, covering confidential documents, was in place at 70% of French Retail Banking branches in December 2009. The coverage rate is likely to rise much further in 2010.

# Drivers

## **Prevention**

### **Reducing the impact of real estate operations**

#### **■ BNP Paribas Real Estate: strong environmental commitment**

BNP Paribas Real Estate, the Group's property subsidiary, is committed to sustainable development through an approach that involves customers, suppliers and staff. BNP Paribas Real Estate is a founding member of the International Sustainability Association (ISA), an international network that works to promote progress in the construction sector by comparing different certification systems between countries and seeking convergence between them.

#### **■ HQE accreditation**

In order to mitigate the environmental impact of its operations, BNP Paribas Real Estate implements the French HQE (high environmental quality) standard in association with the French Scientific and Technical Advisory Centre for the Building Industry (CSTB). In 2007 BNP Paribas Real Estate signed a partnership agreement with CSTB and Certivea, a certification body for the building industry.

BNP Paribas Real Estate makes sure that the buildings it constructs use energy-efficient technology, environmentally-friendly materials and acoustic and thermal insulation, and it monitors the cleanliness of its worksites. The primary goal is to minimise the buildings' impact on the natural environment and on their tenants' environment.

In 2009, several construction projects involving THPE (Very High Energy Performance) and BBC (Low-Consumption Building) accreditation got underway. Also in 2009, Cœur Défense, Europe's largest managed office building in the La Défense business district, was one of the first to obtain "HQE Exploitation" (operational high environmental quality) accreditation, with "high-performance" ratings on 9 out of 14 criteria.

## **Sorting waste paper**

In 2009, for the first time in fifteen years, a campaign to encourage the sorting of waste paper was launched in France by EcoFolio, supported by the secretary of state with responsibility for the environment. BNP Paribas is a founder and director of EcoFolio, which was set up in 2006 with the government-approved mission of organising the paper recycling system. The economic and environmental harmonisation of paper sorting-related directives was a key objective of France's Grenelle Environnement think-tank.

In the commercial real estate business, the Transaction and Advisory teams launched Next Office, a think-tank comprising researchers, materials producers, sociologists, end-users and investors, to come up with ideas about the offices of tomorrow. The aim is to build links between these people, working together to find the best way of protecting the environment.

BNP Paribas Real Estate won a bid to build homes, businesses and a nursery in the mixed development zone along the Seine River in Issy-les-Moulineaux, where it is currently building its new headquarters. The mixed development zone is intended to revitalise the banks of the Seine, which had been used exclusively for manufacturing sites and have been lying fallow for the past several years.

In France, five projects in the programme phase and four projects in the design phase have received the High Environmental Quality Label (HQE) issued by Certivea and certified by Afnor. During France's first high-performance building trade show (Salon du Bâtiment Performant) in 2008, BNP Paribas Real Estate received the Constructeo Award for best performance in the Renovation category.

BNP Paribas Real Estate is committed to carrying out renovation and building work to HQE (High Environmental Quality) standards. The quality approach is intended to make environmental protection an integral part of the various phases of a building's life, i.e. design, construction, operation and demolition. The Bergère building in Paris, which in the 19th century housed Comptoir National d'Escompte de Paris, one of BNP Paribas' predecessors, was restored in 2009 in accordance with HQE standards. Similarly, after three years of work, the Grands Moulins de Pantin, which have been an industrial monument in North-Eastern Paris for more than a century, have been restored and are now occupied by BNP Paribas Securities Services. The work complied with HQE standards, and made the most of the buildings' main features. BNP Paribas Real Estate also has a 200-hectare construction project in the 19th arrondissement of Paris, in the Claude-Bernard mixed development zone. This new district, which featured contemporary architecture and

very high environmental standards, demonstrates the diversity that is typical of Paris, incorporating offices, homes, amenities, shops and other activities. Completion is scheduled for late 2011. In Nanterre, to the west of Paris, HQE-compliant building work on BNP Paribas Assurance's head office began in June 2009. Innovative techniques used on this site will enable BNP Paribas Assurance to beat regulatory energy performance requirements by 35%.

#### ■ ISO 14001 certification

The Beaulieu-Île de Nantes shopping centre, renovated by Klépierre, is a model refurbishment project, particularly as regards environmental and social issues. It won the ICSC Award in 2009 in the Refurbishment/Extension category. The Group also regards environmental accreditation as crucial outside France. In Brussels,

BNP Paribas Fortis has received Entreprise Éco-dynamique accreditation. This gives official recognition of the Group's environmentally responsible approach in Belgium, particularly as regards waste management, energy consumption and travel.

ISO 14001 is an environmental management standard that is applicable to any activity. The aim is to reduce the environmental footprint of a company's activity. BNP Paribas has six ISO 14001 certificates. Two have been obtained in France, the first in 2008 by the BNP Paribas branch network for its Accueil & Services branch model, and the second by BNP Paribas Factor. Two have been obtained in the UK by BNP Paribas Real Estate and Arval, one in Italy, also by Arval, and one in Turkey by TEB.

BNP Paribas' environmental policy and its ISO 14001-certified Accueil & Services programme, which was rolled out across 1,325 branches in France in late 2009, not only reduce the direct environmental impact of the bank's activities through management of paper consumption and waste, they also encourage energy-saving and raise awareness of environmental issues among customers and staff. BNP Paribas is the first French retail bank network to have received this acknowledgement of environmental excellence.

#### **Cleaner cars**

After safety, the environment is the fastest-growing concern of vehicle fleet managers. Since 2007, Arval has developed a broad environmental strategy, including a major initiative to reduce CO<sub>2</sub> emissions. The project covers CO<sub>2</sub> emissions by vehicles owned by Arval companies, as well as solutions for managing customers' CO<sub>2</sub> emissions. Through its Mesure & Management® programme, Arval measures the direct impact of a change in driving style on fuel consumption and CO<sub>2</sub> emissions. The programme has two complementary strands: teaching drivers how to drive in an environmentally responsible manner, and monitoring vehicle use through remote data transmission (on board machine-to-machine communication). The first phase of the Mesure & Management® pilot was launched in late 2008 within Arval and some of its customers. The programme is now capable of managing emissions other than CO<sub>2</sub>. A pilot is being set up in early 2010 across a fleet of around 200 vehicles.

Arval aims to reduce the emissions of vehicles used by its companies:

- Since 2008, all Arval companies have measured their fleets' CO<sub>2</sub> emissions on an individual basis, and they use special tools for client fleets.
- Arval has a car purchasing policy that specifies CO<sub>2</sub> emissions in grams per kilometre.
- All Arval entities train staff in environmentally responsible and safe driving via the Observatoire du Véhicule d'Entreprise.

## **Saving paper**

For a financial services group, paper is the main raw material consumed. 16,280 tonnes of paper were used by the Group in France in 2009. All BNP Paribas entities are implementing paper-saving initiatives based on their business operations. Paper-saving measures are a top priority in the French Retail Banking Division and the IT Function. Measures include centralised electronic publishing, double-sided bank account statements, reduction of mailings for some bank account statements and listings, electronic accounting statements within the Group, the elimination of needless printouts, printing optimisation efforts, direct marketing activities carried out online and by telephone (as opposed to mailed brochures), and monitoring of branch usage of paper that has been purchased from printers. Data provided by printers allows the Group to choose printing jobs that waste less paper. Such paper-saving measures are being introduced at other BNP Paribas operations across the Group in France.

In 2009, BNP Paribas Wealth Management set up the Green IT project, the aim of which is to reduce pollution resulting from its activities and to favour green technologies. One of the project's main aspects is reducing paper consumption by installing printers capable of printing on both sides of a sheet of paper, and by reducing the number of individual printers. These measures are expected to save 3.5 tonnes of paper per year.

## **Raising staff awareness**

BNP Paribas uses internal communication channels such as a Group intranet, the Group newsletter ("Ambition"), and internal conferences to raise employee awareness about environmental issues.

A staff booklet, called the *P'tit mémo buro*, contains advice about environmentally friendly behaviour, and encourages environmentally responsible behaviour in the office. It can be downloaded by BNP Paribas staff from the intranet. It is available in French, English and Italian.

The sustainable development section of the BNP Paribas intranet is regularly updated with the latest sustainable development news, and contains a monthly sustainable development newsletter.

BNP Paribas launched its first citizenship blog, [forachangingworld.com](http://forachangingworld.com), in 2008 to encourage all responsible initiatives, in accordance with its ethical undertakings and values. The blog was created as a space for communication, discussion and interaction between employees and internet users interested in subjects such as ecology, employment, sustainable development and sponsorship. Its aim is to demonstrate the diversity of the Group's commitments, as well as those of its employees and their projects.

In 2009, Arval's guide to *Environmentally responsible practices* was updated. The guide, printed on recycled paper, was first published in 2005, and aims to present the main sustainable development and environmental themes in a humorous way. Themes include water, electricity, paper, consumables, travel, consumption and environmentally responsible behaviour. The guide explains how staff can protect the environment through their day-to-day activities.

To support the Group's CSR initiatives, BNP Paribas Wealth Management prepared a guide to best practice for its staff in October 2009. The guide takes the form of a quiz, and is a fun and practical way of encouraging all staff to make a more active contribution to environmentally responsible practices in the workplace.

## **Klépierre's sustainable development e-learning module**

In order to get these messages across to staff more effectively, Klépierre introduced an e-learning module to coincide with "Sustainable Development Week". The module is available in 8 languages. It gives staff a better understanding of the issues, and helps them gauge the matters for which they are personally responsible. In the space of a few weeks, more than half of Klépierre's staff in Europe had taken the module. Klépierre is now planning to launch a new module explaining the environmental and social issues that particularly affect the Group, and to present its CSR plan of action.

## **The Million Trees NYC initiative**

BNP Paribas sponsored the Million Trees NYC initiative for the second successive year. The aim of this combined public/private initiative is to plant and care for a million trees in the city's five boroughs over the next nine years. The project will increase the number of trees in the city by 20%, enhancing the quality of life. In 2009, BNP Paribas employees worked with 300 New York high-school students and the inhabitants of Brooklyn to plant trees in housing estates, schoolyards and parks.

## Compliance

In the environmental field as in other areas, the Group requires compliance with the most demanding standards, be they legal, regulatory, or internal.

Guidelines on the technical regulations applicable to managing buildings in France are issued to facilities managers. For international operations, these guidelines are drafted on the basis of the most stringent regulations in all countries where BNP Paribas operates. Construction and renovation projects are approved using these guidelines, and the buildings of newly acquired companies are audited.

Currently, all Group entities in France collect and recycle electronic equipment through producers, distributors, brokers and recycling companies. The process relies on a system that measures this equipment.

## Effective internal control

BNP Paribas continuously strives to meet the highest standards of ethical behaviour, compliance, risk management and internal controls. Within a changing banking environment characterised by increasing regulatory requirements, the global Group Compliance (CG) Function, whose director reports directly to the Chief Executive Officer, has broad powers throughout the Group.

The General Inspection Unit's social and environmental methodology, which was updated and reinforced in 2008, allows it to assess the extent to which audited entities apply Group environmental standards and procedures. Reporting directly to the Chief Executive Officer, the General Inspection Unit is completely independent in applying this methodology across the entire Group without limitation. Its audits supplement the checks already performed by entity managers.

# Key success factors

## Cost containment

Efforts to limit consumption are crucial to successful sustainable development policies. Cost containment makes it possible to offer clients the best services at the best price.

Environmental indicators and the monitoring of materials flows supplement the management criteria used by the Group's procurement function. The measurement and analysis of energy consumption helps identify the principal discrepancies among entities and enables consumption to be streamlined.

## Environmental risk management

Environmental risks are included in the analysis of credit and operational risks. The Group's general lending policy states that identifying environmental risks is part of the risk management process. For certain business lines, specific adjustments are defined. The ratings policy for corporate financing specifies arrangements for integrating environmental risk data into ratings models.

Diversification of commitments by industry remained at a healthy level in 2009, with no further concentrations of risk arising during the year (see the Registration Document, note 4d to the financial statements). Operations in the Energy & Commodities sector mainly consist of financing commodities trading, which is usually highly structured and secured by collateral. The commodity financing portfolio — as regards both production and international trade — is reviewed on a regular basis. The Utilities portfolio, which mainly includes electricity production and distribution, is reviewed every six months.

## Project finance

### A business requiring specific expertise

When considering financing for large-scale environmentally-sensitive projects, the due diligence stage includes an audit of the social and environmental consequences of the project, performed by a recognised expert in the field. This audit identifies the environmental impacts and how they may affect a project's viability.

The audit is performed by independent consultants prior to any financing arrangements, so that the Bank, if needed, can reject a project that does not offer satisfactory performance with regard to local standards and international guidelines such as those set forth by the OECD. If financing is granted, the consultant's recommendations are included in the project's financial documents, and the developer must implement and maintain an environmental management plan that guarantees the project's compliance with applicable laws and guidelines.

Corporate and Investment Banking takes special care to ensure that corporate clients comply with environmental regulations when operating in non-EEC countries within Europe.

### Compliance with and promotion of the Equator Principles

The Equator Principles set a benchmark in the financial sector for identifying and managing the social and environmental risks of project financing activities. They are based on general sector-specific criteria and are developed by the International Finance Corporation (IFC), the private-sector arm of the World Bank. BNP Paribas officially signed up to the Equator Principles in 2008, and plays an active role in several related working parties alongside other financial institutions. These working parties deal with climate change, the scope of intervention, relationships with NGOs and governments and future issues for the Equator Principles. In October 2009, BNP Paribas was elected by member institutions to the steering committee.

BNP Paribas has implemented the Equator Principles in its project financing activities. Staff is directly responsible for complying with the Principles,

since it has the most knowledge about transactions and clients. The procedure classifies projects according to their importance, ensuring the most sensitive ones are brought to the attention of CIB's management before a decision is taken. These projects are systematically managed by a specific transactions approval committee. This committee existed before the Equator Principles were formally adopted, and deals with exceptional transactions. It analyses aspects of the transaction other than its financial viability, focusing on exceptional risks that need to be validated by senior management.

To help project financing staff with categorising the Equator Principles, a sustainable finance tool is used. This tool is also used by other signatory banks, and has been tailored to BNP Paribas. It identifies environmental and social issues in specific sectors, and provides a guide for categorising them. It offers possible solutions to mitigate identified environmental and social risks, as well as recommendations to be passed on to the client.

All key participants in project financing have received specific training. Sessions have taken place in Paris, New York and Singapore. In all, 163 staff have taken part in training, including around 90% of project finance staff, along with others involved in the transaction approval process. Additional sessions will be organised as required.

In addition, an intranet tool has been developed to disseminate knowledge of the Equator Principles, including information for resolving complex problems and a legal glossary to be used to draft loan documentation, particularly the environmental and social sections.

In 2009, 58 transactions were examined. 88% were rated in categories B or C (with limited or insignificant environmental and social impact). 12% were rated in category A, showing a potentially material negative impact, but also adequate mitigation prospects according to the Equator Principles categorisation.

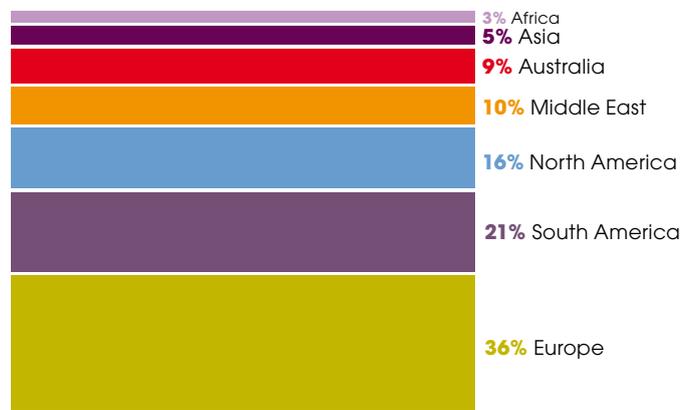
A detailed review covering the implementation of the Equator Principles and annual reporting documents relating to transactions can be accessed at the following web address:

<http://www.bnpparibas.com/en/sustainable-development/equator-principles.asp>

The acquisition of a 75% stake in Fortis Banque became effective on 12 May 2009. BNP Paribas Fortis' acceptance of the Equator Principles was confirmed after the acquisition. A separate reporting document is included in the CSR report and can be accessed at the BNP Paribas Fortis website:

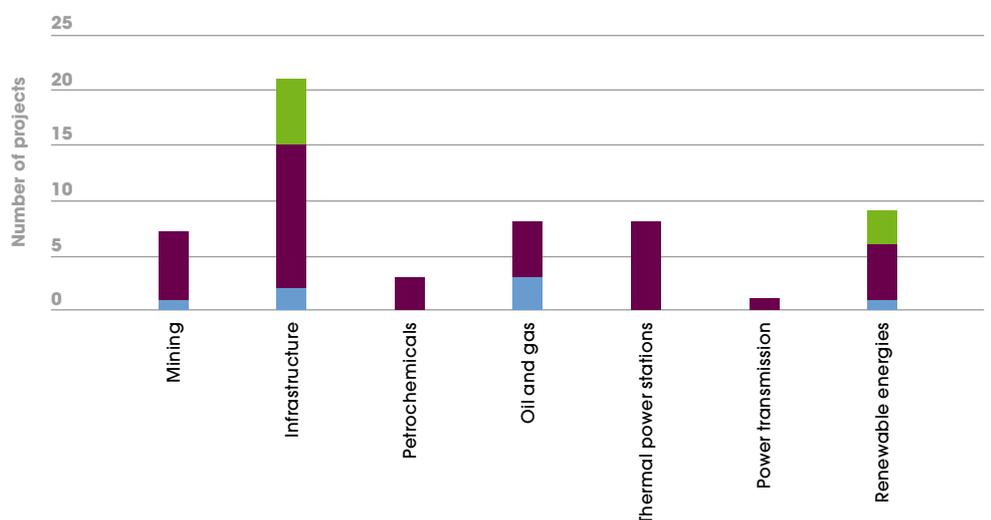
[http://www.fortisbank.com/en/CorporateResponsibility/CSR\\_reports.asp](http://www.fortisbank.com/en/CorporateResponsibility/CSR_reports.asp)

## PROJECTS BY GEOGRAPHICAL REGION



## BREAKDOWN OF PROJECTS BY CATEGORY AND SECTOR

CATEGORY A  
CATEGORY B  
CATEGORY C



### **Financing renewable energy projects**

BNP Paribas is a major player in the field of renewable energy, especially in Europe, and financed numerous projects in 2009. It has a team of 120 employees working across the main countries, who are qualified to make investment decisions for renewable energy projects.

In May 2009, BNP Paribas granted a 11.5-year, EUR 130 million loan guaranteed by Coface, and a related 5-year commercial credit facility, to finance a wind farm in Ashegegoda, Ethiopia, for Ethiopian Electric Power Corporation. BNP Paribas worked with the Vergnet group on its offer to supply and install wind turbines. The deal will create the largest wind farm in sub-Saharan Africa.

In the UK, the European Investment Bank (EIB) asked the Department of Energy and Climate Change (DECC) to select three banks to arrange a loan of up to GBP 1 billion to finance wind farms in the next three years. BNP Paribas Fortis was the only non-UK bank selected, showing the Group's strong position as a lender in the international renewable energies market.

### **2009 Gold Award for Excellence in Renewable Energy: Financing the energy of the future**

In 2009, BNP Paribas won the Gold Award in the Energy Business Awards, which reward companies that make a positive impact on the way energy business is conducted. The award recognises BNP Paribas' commitment to green energy.

### **Environment-focused services**

BNP Paribas offers a wide range of loans to promote the use of energy-efficient equipment and materials in the construction sector, a key issue identified by France's Grenelle Environnement think-tank.

French Retail Banking offers a low-interest personal loan, Energibio, to help clients finance home improvements that focus on energy savings and sustainable development.

BNP Paribas Personal Finance offers the Bons Plans Écologie loan for clients planning to buy a new home and install energy-efficient equipment and materials. This green loan offers a 1% interest rate and is available for any amount up to EUR 6,000.

BNP Paribas Personal Finance and EDF have joined forces to offer a novel type of loan, the Prêt photovoltaïque. This loan can be used to pay for the installation of solar panels on homes without having to use up cash. The loan covers installation by EDF and getting the system up and running. Customers receive government subsidies and a VAT rebate, which they use to repay part of their loan. The rest of the loan can be paid-off annually with the help of income received by selling back to EDF any unused power generated by the solar panels. This loan enables borrowers to enjoy a free, green source of energy, and an additional revenue stream once the loan is paid off.

### **BNP Paribas and emissions trading markets**

#### **BNP Paribas's role in the market**

The Kyoto Protocol and the EU Emissions Trading Directive have placed a monetary value on an environmental factor, namely, CO<sub>2</sub> emissions. A quota mechanism was set up by the European Union in 2005, called the European Union Emissions Trading Scheme (EU-ETS). The system gives emissions targets to 12,000 European CO<sub>2</sub>-emitting industrial sites, and enables them to attain those targets more cheaply by trading quotas on a market.

Within this context, the goal of BNP Paribas' Carbon team is to incorporate considerations related to greenhouse gas emissions into all business lines. The carbon emission restrictions set out in international agreements will have a long-term influence on the structure of assets financed, and need to be taken into account in financing decisions. In addition to developing new products, companies will have to consider the financial aspects of schemes to reduce greenhouse gas emissions in the services they offer. BNP Paribas draws from its solid skills in asset financing and asset management to help companies meet their emissions targets as cost-effectively as possible.

A full range of CO<sub>2</sub> risk management solutions at every project stage:

- EUA (European Union Emission Allowance): a greenhouse gas emissions allowance granted to entities participating in the European system for trading emissions rights.
- CER (Certified Emission Reduction): a credit equivalent to one tonne of CO<sub>2</sub> reduction achieved through the Clean Development Mechanism.
- ERU (Emission Reduction Unit): a credit equivalent to one tonne of CO<sub>2</sub> reduction achieved through the Joint Implementation (JI) mechanism.

BNP Paribas is actively involved in the EU-ETS for both proprietary and client trading, and is a major participant in carbon emissions markets. BNP Paribas Commodity Futures is one of the largest members of the London Clearing House by volume of EUA futures cleared and executed: Commodity Futures clears around 20% of orders on the European Climate Exchange (ECX), which is the largest platform for trading carbon emissions rights in Europe. Commodity Derivatives is one of the main participants in the EU-ETS. BNP Paribas Commodity Futures is a key player in the carbon credit derivatives market, especially the carbon credit options market.

BNP Paribas is highly active in emissions trading markets and has a substantial portfolio of carbon credits from Clean Development Mechanism projects with high environmental value, making the Group well-positioned to offer intermediation services to clients subject to CO<sub>2</sub> emission limits. These services include placing buy and sell orders for carbon credits, guaranteeing delivery of carbon credits, and developing derivatives-based hedging solutions.

### **Main projects financed in 2009**

In 2009, BNP Paribas' Carbon Finance team again stood out in the market as an arranger of finance for projects that reduce CO<sub>2</sub> emissions. In the province of Heilongjiang, in northeast China, BNP Paribas worked alongside Jixi Coal Mine Methane to finance a project to build 13 power plants with total capacity of 78 MW, which burn methane from the Jixi coal mine. BNP Paribas is managing the sale of carbon credits from the project.

In Russia, BNP Paribas and Russian oil company TNK-BP have entered into two agreements. The first consists of collecting flare gas at the Samotlor gasfield in Siberia, generating almost a million carbon credits. These carbon credits made it possible to finance the transaction, illustrating the new investment opportunities arising from these mechanisms introduced following the Kyoto Protocol. The second agreement between TNK-BP and BNP Paribas consisted of two energy production projects that reduce related CO<sub>2</sub> emissions. These projects are being implemented in 2010, and will substantially reduce emissions volumes.

These projects show BNP Paribas' expertise in transactions based on Kyoto Protocol mechanisms. In 2009, for the second consecutive year, the Group was named as the Best Trading Company for CDM Projects by *Environmental Finance* magazine.

As regards carbon credit transactions, BNP Paribas continued to provide its services to European industrial clients in 2009. These services enabled clients to hedge market price risk when implementing emissions reduction strategies.

BNP Paribas also extended its operations in the USA, where the market is in its infancy but where transactions may be carried out from 2012 onwards. There is major demand among US industrial companies for hedging future risks resulting from exposure to a national quota system.

## **BNP Paribas: one of the world's top 100 companies based on environmental criteria according to FTSE4Good**

In 2009, BNP Paribas remained a constituent of the FTSE4Good Global 100 index. This index is comprised of the world's leading companies in terms of environmental management, based on a rating of their environmental commitments. The European Investment Bank (EIB) and the international banking community have adopted this index, which provides investors with information on the environmental responsibility of the main European issuers.

# A PARTNER IN SOCIETY



# A PARTNER IN SOCIETY

## **BNP Paribas: commitment to developing the communities in which it operates.**

BNP Paribas places great importance on cultural diversity and has taken various initiatives to become more integrated into the social fabric, which is inseparable from its Retail Banking business. These initiatives focus mainly on microfinance and social inclusion through education, entrepreneurship and cultural activities. The BNP Paribas Foundation, which discreetly accompanies the Group's business activities, also offers many valuable opportunities for discovery and dialogue. Although not a core part of its civic commitment, corporate philanthropy nonetheless enables the Group to fulfil more broadly its commitment to social responsibility.

## **BNP Paribas and its involvement in microfinance**

Three years after the launch of its international microfinance business, BNP Paribas continues its commitment based on three complementary lines of action in France and the emerging countries:

- Financing international microfinance institutions (MFIs);
- Microfinance funds;
- Skills-based volunteer work.

## **Financing international microfinance institutions**

BNP Paribas believes that one of the crucial success factors in the microfinance business is the close support given by Microfinance Institutions (MFIs). For this reason, BNP Paribas does not intend to develop a direct microfinance activity itself, but seeks to identify the most professional MFIs and finance their development, especially in the countries where the Bank operates.

Since 1993, the Group has partnered the ADIE (*Association pour le Droit à l'Initiative Économique*), an association that provides microfinance to unemployed people wishing to set up their own business. Under the partnership, the Bank provides the ADIE with an EUR 8 million credit line and helps to finance its operating costs with a subsidy of about EUR 380,000 a year. In 2009, the partnership supported 2,298 new business ventures with an average loan of EUR 3,056 over eighteen months.

In addition, since December 2007, BNP Paribas has supported FinanCités, a solidarity venture capital fund that finances micro-businesses in underprivileged neighbourhoods. BNP Paribas committed to providing FinanCités, a subsidiary of the PlaNet Finance Group, with EUR 1 million of share capital. Since then, FinanCités has equity financed 13 small business ventures for a total of EUR 800,000 with an average amount of EUR 60,000 per project. All in all, since its creation in 2007, FinanCités has supported 34 small business ventures for a total of EUR 1.8 million. These investments enable young businesses in a broad variety of sectors, such as ethical clothing, online invitation printing and wedding organisation, to expand and contribute to revitalising the local economy and creating local jobs.

## **BNP Paribas launches a corporate social responsibility blog**

Conscient de ses devoirs à l'écoute BNP Paribas is acutely aware of its duty towards society, and created its own corporate social responsibility blog in 2009: [www.forachangingworld.com](http://www.forachangingworld.com). This first interactive blog, open to everyone, aims to build links between people from different backgrounds, invite discussion and encourage dialogue. The blog, in French and English, talks about the BNP Paribas Group's commitments and the initiatives of its staff in all areas relating to social responsibility. Areas covered include microcredit, educational support, medical research, culture, the environment, diversity and suburban regeneration.



Despite the crisis, BNP Paribas has not revised its initial target and at the end of 2009 financed 17 partners in 8 countries (Mexico, Morocco, Mali, Tunisia, Egypt, Guinea, India and Indonesia). Authorised microfinance outstandings amount to almost EUR 50 million, split 51% in Africa, 40% in Asia and 9% in Latin America. Micro-loans have been granted to 300,000 borrowers, 86% of whom are women, and have an impact on more than 1.5 million people counting their families.

With its MFI partners, the Group endorses the six guiding principles set out by the Consultative Group to Assist the Poor (CGAP), an association of development agencies, as regards consumer protection and transparency: protection against excessive debts, pricing transparency, appropriate collection practices, compliance of MFI staff with a code of conduct, a mechanism for handling complaints and disputes and customer data protection.

BNP Paribas has forged partnerships with several international microfinance networks such as *Solidarité Internationale pour le Développement et l'Investissement* (SIDI), Horus, Grameen Foundation in the United States and PlaNet Finance. The aim is to develop relationships with networks which share the same risk management and social impact methodologies with their affiliates.

### Micro-insurance

As an adjunct to its microfinance activities, BNP Paribas Assurance has become a shareholder of PlaNet Guarantee, a subsidiary of PlaNet Finance, set up in 2007 to develop micro-insurance for MFIs. From January to October 2009, PlaNet Guarantee worked with 8 partner MFIs in 7 countries, providing insurance for 125,000 micro-entrepreneurs. It also initiated 10 research and development projects in 12 countries.

### Microfinance funds

The market for microfinance investment vehicles is growing rapidly. There are currently 103 investment vehicles with USD 6.6 billion of assets under management. Of these, 25 are commercial in nature. As part of its responsible investment offering, BNP Paribas Wealth Management has since 2005 marketed a microfinance fund to its international clients. The fund helps support around 320,000 entrepreneurs in more than 40 developing countries.

#### **Obli Etheis**

This mutual fund won two major accreditations in 2009. It gained Novethic accreditation for its incorporation of environmental, social and governance criteria into its investment process and for the quality of its CSR reporting, as well as Finansol accreditation for its microfinance investments.

At end-2009, around EUR 16.4 million was invested with financing institutions (Agence Française de Développement, European Bank for Reconstruction and Development), helping to finance numerous sustainable development projects in Europe and worldwide. EUR 3.7 million was also allocated to microfinance institutions, giving around 3,500 micro-entrepreneurs in Africa, Asia and South America access to small loans to enable them to develop their businesses.

### Microfinance in Tunisia

BNP Paribas has supported microfinance in Tunisia since 2008 through financing provided by its UBCI subsidiary to the Enda Inter Arabe NGO. Enda Inter Arabe has operated in Tunisia for 20 years, and has been involved in microcredit for 15 years. It is a member of Senegal-based Enda Tiers Monde, and has focused on individual entrepreneurs and very small companies since 2000. Enda's 57 branches serve 134,000 customers in deprived areas. They have granted 564,000 loans totalling 310 million Tunisian dinars (EUR 160 million) to 200,000 people. In 2008, Enda was ranked the 18th most effective microfinance institution in the world, out of 1,300 surveyed by the World Bank, in terms of profitability, transparency and governance. This success arises from its close community ties and its efforts to understand and educate its customers. Enda is a founder member of Sanabel, a microfinance network in Arab countries, and of Women's World Banking in New York. Nafissa Chebbi, an Enda customer from southern Tunisia, left school at 13 and is a weaver. She currently specialises in all kinds of traditional weaving. Her skills enable her to provide for her family. In the last two years, Nafissa, a customer of Enda Inter Arabe, has taken out 4 loans totalling 2,000 Tunisian dinars (EUR 1,000). She runs a small company that employs 8 young women, whom she has trained. The links between UBCI and Enda were strengthened in 2009 when UBCI helped Enda to train its executives about risk management, the regulation of foreign exchange operations and commercial techniques. This reflects the desire of UBCI and BNP Paribas to work with microfinance organisations that have a major social impact on communities.

## Skills-based volunteer work

*MicroFinance Sans Frontières* and *Bénévolat de compétences et solidarité* (BCS), BNP Paribas' two skills-based volunteer schemes launched in 2007, began to produce results as early as 2008. BCS is an association that supports micro-entrepreneurs financed by the ADIE. The scheme is partnered by the BNP Paribas Association of Retirees (ADR), which has 21,000 members. In two years, it has provided the ADIE with skills support from some one hundred volunteers throughout France. Over a period of eighteen months, 2,000 people have received information about the scheme, 500 have expressed an interest, 200 have been interviewed and one hundred have been accepted as new volunteers for the ADIE. With encouragement from BNP Paribas and the ADR, the experiment has been further developed by creating a new "Skills-based Volunteer and Outreach" association in November 2009. The new association recruits volunteers from among active employees as well as retirees and has extended its voluntary support to other organisations beyond microfinance, such help for children and the disabled.

*MicroFinance Sans Frontières* (MFSF) provides MFIs in emerging countries with technical support. It has organised more than 20 missions since its creation in 2007 in partnership with organisations and networks such as SIDI, Horus, Pamiga, Agroinvest and the Aga Khan Foundation. To date, more than one hundred volunteers have expressed an interest in making their skills available to MFSF. In 2009, BNP Paribas Fortis established contact with MFSF, which resulted in the recruitment of some fifty new potential volunteers.

As a result of its growing success, MFSF has restructured its organisation. Since December 2009, it has become an official association with an employee provided by the Bank, which will enable it to develop its activity and missions abroad.



## BNP Paribas' suburbs project: commitment to suburban renewal

In December 2005, just after the urban rioting that spread across France, BNP Paribas decided to set up a new scheme called *Projet Banlieues* in addition to the initiatives the Group was already taking to promote employment and social inclusion.

Co-ordinated by the BNP Paribas Foundation and supported by the Retail Banking network, *Projet Banlieues* relied on the Foundation's ten years of experience in outreach work, especially through its partnerships with the leading national outreach associations. Its two main partners in this field are ADIE, which provides microloans to the unemployed and people on income support to help them set up their own business ventures, and the Association de la Fondation Étudiante pour la Ville (AFEV), which recruits volunteer students to help youngsters from difficult neighbourhoods with their school work.

*Projet Banlieues* has three focuses: creating jobs through microloans in partnership

with ADIE, educational support for struggling youngsters in partnership with AFEV, and support for community projects undertaken by local associations in difficult neighbourhoods. Because of its excellent results, *Projet Banlieues*, which was originally due to expire in 2008, was renewed on the same basis for a further three years from 2009 to 2011.

In 2009, support from BNP Paribas led to:

- increased action by AFEV in sensitive urban areas, with the involvement of more than 1,000 extra students, resulting in help for around 1,400 more young people;
- support for 104 community initiatives, including renewals, focusing on education, integration into the world of work, integration through sport and culture and training;
- contributions totalling around EUR 950,000 to schools in sensitive urban areas through the apprenticeship tax.

## MFSF's mission in Burkina Faso

Florence, a young branch manager in the south of France, decided to help *MicroFinance Sans Frontières* (MFSF). With the professional skills she had developed through her day-to-day work, her interest in microfinance and her ability to adapt, she became a MFSF volunteer in 2009. In November 2009, she took travelled to Burkina Faso to take part in a project run by a microfinance institution. She was put in touch with the institution by an NGO called Pamiga (Participatory Microfinance Group for Africa). Pamiga's mission is fully in line with the spirit of *Microfinance Sans Frontières*:

to provide skills on a volunteer basis where technical assistance is required. Florence analysed the lending procedures of an association of village institutions (Caisses Villageoises de Crédit et d'Épargne Autogérée or CVECAs) and made recommendations to improve them. CVECA Boucle du Mouhoun has operated in Burkina Faso since 2002. It has 59 operational units and almost 30,000 members, and it finances agricultural activities. Florence spent eight days with the institution, which benefited from her expertise and her perspective as an outsider.

Having seen how the process worked at the grass-roots level, Florence developed control solutions and improved procedures in line with her original assignment. As she says, "you have to adapt and be pro-active." This first assignment enabled Florence to increase her understanding of microfinance and the specific features of Burkina Faso. It helped her to gain a fresh perspective on her work in France and to hone her technical skills.

## Micro-financed business start-ups in partnership with ADIE

With the support of BNP Paribas, ADIE has been able to open nine branches in sensitive districts of Marseille, Toulouse, Lyon, Evry, Aulnay-sous-Bois, Asnières(2), Clichy and Montpellier. In four years, 1,868 microloans have been granted by these branches, financing more than 1,387 business start-ups. 65% of people receiving loans through the projects are on basic benefits. 16% are self-employed people who set up their business before finding out about ADIE's services, and who required financing.

French Retail Banking's partnership with ADIE has several aspects. French Retail Banking provides a credit facility, increased to EUR 8 million in 2009, to cover part of the risk of non-collection, and contributes EUR 380,000 to ADIE's operating expenses. In addition, BNP Paribas has a special offer for entrepreneurs supported by ADIE: Esprit Libre Pro, which includes basic business banking services, is provided free of charge for one year, and then half-price until the expiry of the ADIE microloan.

## Educational programmes in partnership with AFEV

In 2009, as part of the *Projet Banlieues* programme, AFEV opened five new branches in Lille, Montpellier, Bordeaux, Nantes and Marseille, bolstered its Lyon, Toulouse and Saint-Denis branches, and recruited six permanent staff. As a result, it was able to support almost 1,400 more children, which was better than initially expected. AFEV also recruited 1,000 more volunteer students as a result of its involvement in these new vulnerable neighbourhoods.

## MICRO-FINANCED BUSINESS START-UPS IN PARTNERSHIP WITH ADIE

	Total	2006 6 Branches	2007 6 Branches	2008 7 Branches	2009 9 Branches
Microloans granted (= number of people receiving financing)	1,868	100	348	660	754
Business start-ups	1,387	100	295	472	520

## PROJET BANLIEUES - AFEV 2009

	Additional students helping with Projet Banlieues	Additional children supported by Projet Banlieues
Évry	45	55
Lyon	200	250
Nice	130	145
Rouen	70	85
Toulouse	200	300
Saint-Denis	60	180
Lille	30	50
Monpellier	30	50
Bordeaux	40	40
Nantes	100	120
Marseille	100	110
<b>TOTAL</b>	<b>1,005</b>	<b>1,385</b>

## Support for initiatives undertaken by neighbourhood associations

We know that local associations working in difficult neighbourhoods very often play an important role through their community projects. We therefore decided to reach out to them and provide financial support for their initiatives. The priority regions are Alpes-Maritimes, Eure, Haute-Garonne, Rhône, Seine-Maritime, Essonne, Seine-Saint-Denis, Bas-Rhin, Bouches-du-Rhône and Loire-Atlantique. In 2009, the BNP Foundation supported 104 community initiatives. They focus mainly on culture and sport, education, training, professional and social inclusion, leisure and disabilities.



# BNP Paribas Foundation: imaginative and active support

Since the merger that led to its creation in 2000, BNP Paribas has always striven to combine performance with responsibility, both in its day-to-day business activities and in its corporate philanthropy and partnership policy.

It has long-standing partnerships with microfinance organisations, Telethon fund-raising organisations in Italy and France, as well as many other associations. BNP Paribas is also known internationally for its patronage of the creative arts, for promoting and preserving cultural heritage and for its commitment to researchers and associations involved in social integration, education and development. Over the years, BNP Paribas has become a real powerhouse for local and global initiatives and a true innovator in corporate social responsibility.

Against this background, the BNP Paribas Foundation, which operates under the auspices of the Fondation de France, has developed substantial expertise and knowledge of the countries and cultures where the bank operates. The Foundation has taken on a leading role in the Bank's corporate philanthropy policy as a result of its experience, the advice it provides to business units and territories in setting up their initiatives, as well as the projects it has gradually developed internationally in line with the values that underpin the Group's social commitment.

## Improved governance

The BNP Paribas Foundation has strengthened its activities substantially in the last few years. The scope of its efforts has widened to cover new programmes, and extends far beyond France. The Foundation has also introduced a new governance structure suited to its work.

These changes also provided an opportunity to set out guiding principles for identifying and supporting partners:

— Identifying partners means being able to pick out projects that fit with the Foundation's guiding spirit and its areas of involvement. It also means looking beyond those projects that come to it directly. It requires a good knowledge of corporate philanthropy

areas, a sense of curiosity and the ability to assess a project's impact and reach.

— Supporting projects is a core part of the Foundation's approach. Supporting a project does not simply mean providing funds for a few years. Just as importantly, it means listening to the people running the project, providing input, advising them and introducing them to useful contacts, particularly in institutional networks and the bank's own networks.

In 2009, the BNP Paribas Foundation had a budget of EUR 3.5 million for supporting its various programmes. Half of the budget was allocated to cultural, outreach and health-related projects.

## Increased network effects

Within BNP Paribas, new foundations have been created, to which the BNP Paribas Foundation provides its expertise. The Fortis foundations have also been integrated. This shows the Group's desire to develop its support for civil society in France and far beyond. Nine foundations have been set up alongside the BNP Paribas Foundation: the BNL Foundation, the BNP Paribas Suisse Foundation, the BNP Paribas Brazil Foundation, the BMCI Foundation, the Cetelem Foundation and the Fortis Foundations in Belgium, France, Luxembourg and Poland.

The BNP Paribas Foundation has increased its efforts to co-ordinate this network, in order to ensure a shared vision of corporate philanthropy as well as consistency between each foundation's commitments. Three main themes have been identified, around which each business line and country can develop corporate philanthropy programmes depending on their community's needs.

In the social field, projects supporting education, social integration and people with disabilities will be particularly encouraged. Staff will be encouraged to take part in solidarity-based projects, and medical and scientific research programmes will be financed. Cultural projects will focus on preserving and promoting cultural heritage, and on

supporting creativity in the performing arts. Thirdly, in the environmental field, active support will be provided to scientific initiatives.

## Scientific research

In the field of healthcare, the BNP Paribas Foundation has for twenty-five years assisted researchers and physicians working in both medical research and applied clinical research. Drawing on the expertise of organisations recognised by the scientific community, its actions most often take the form of funding for newly established teams over a period of several years. Since the programme was implemented, 19 research teams have been supported and almost 200 researchers have received grants.

## National Cancer Center Singapore

In 2008, the BNP Paribas Foundation, in association with BNP Paribas Singapore, decided to support the Regional Fellowship Program, a new research and co-operation programme set up by National Cancer Center Singapore (NCCS). The centre has several missions: treating patients, research, educating the public and training.

The NCCS Regional Fellowship Program, which is an internationally renowned programme for cancer research, treatment and training, wanted to interact more with hospitals in the region's emerging countries.

In 2009, in order to increase interaction with these hospitals, the NCCS welcomed three cancer specialists into its teams with the support of BNP Paribas. These three young Vietnamese specialists work in hospitals in Ho Chi Minh City, and were selected following an invitation for applications from NCCS. With a budget of EUR 90,000 over three years, this programme, the first of its kind, aims to develop a network of cancer expertise, to encourage the sharing of knowledge and to facilitate the flow of information about cancer developments within the region.

## **BNP Paribas Corporate & Investment Banking and the Institut Pasteur**

In 2009, for the second consecutive year, BNP Paribas Corporate & Investment Banking (CIB) decided to involve its customers in its charitable donations, by allocating its end-of-year gift budget to a global cause, i.e. the fight against infectious diseases. Working with the BNP Paribas Foundation, CIB continued the partnership set up in 2008 with the Institut Pasteur, a non-profit private foundation which works to prevent and treat infectious diseases through research, teaching and public health initiatives. BNP Paribas CIB has provided funding in 29 countries to medical research teams from Institut Pasteur's international network, as well as laboratories working in association with the Institut Pasteur in Paris. The research programmes relate to issues like dengue fever (Mexico), hepatitis C (Spain), vaccines against measles and HIV (UK), diagnosing amoebiasis (India), malaria (Brazil and Colombia), West Nile virus (Czech Republic), tuberculosis (Belgium), bird flu (France) and typhoid (Ireland).

In 2009, BNP Paribas again supported Pasteurdon, the Institut Pasteur's campaign to raise awareness and money. In Paris, Bordeaux, Rouen and Besançon, a "Pasteurdon village" was set up, including an exhibition about diseases, scientific workshops for young people and information areas.



### **BNP Paribas and Telethon: a long-standing partnership**

BNP Paribas has supported France's Telethon fund-raising organisation since it began in 1987, by printing tax receipts and taking part in various initiatives for Association française contre les myopathies (AFM) (French myopathy association). The Group is a major supporter of Telethon organisations in France, with 2,400 branches on the French mainland and in overseas territories involved in solidarity initiatives, and in Italy, through its presence on the internet and on the high street. Funds raised by Telethon organisations have been spent on tools, laboratories and networks.

In 2009, staff working at six BNP Paribas offices in Paris collected more than EUR 17,000 for Telethon. In Italy, BNL organises around 1,000 events every year. In 2009, BNL raised money in new ways, such as encouraging people to donate 0.5% of their monthly income to Telethon or to pay for their monthly expenditure by credit card.

### **Support for *la Boudeuse's* "Terre Océan" mission**

The BNP Paribas Foundation is a partner of the new "land and sea" scientific project being undertaken by *la Boudeuse*, a three-masted schooner, which began in October 2009. The aim of the project is to study the main aspects of sustainable development on the seas and rivers of South America and the Pacific Ocean. In this new mission, around 15 experts will be sailing on *la Boudeuse*, led by Patrice Franceschi. In South America, scientists will focus on assessing the environmental impact of rubber production, the consequences of the growth in organised tourism in India, problems related to mercury pollution in rivers caused by gold explorers, the development of unregulated urban development and the study of biodiversity. In the Pacific Ocean, the aim will be to study and propose solutions to preserve "disappearing islands" in view of climate change and the likely increase in sea levels.



## UK: support for schools through the Community & Charity programme

Since 2001, BNP Paribas UK has had volunteer programmes aimed at encouraging disadvantaged children in local primary and secondary schools to fulfil their potential. The programme is part of the "UK Community and Charity Programme". For the staff of CIB UK (BNP Paribas' UK corporate and investment banking unit), this is an excellent opportunity to provide direct and ongoing support to children living in the Church Street community. This community lies close to the bank's UK head office on Harewood Avenue, and is one of the 10% most deprived districts in the UK. 52 BNP Paribas UK volunteers visit three local primary schools for an hour and a half per week, helping children with reading and maths.

## Outreach

In outreach, the BNP Paribas Foundation has chosen to become involved in innovative pilot projects aiming to promote social integration and combat various forms of exclusion.

### Employee initiatives

#### **"Coup de Pouce" programme: supporting staff projects in France and abroad**

Since 2003, the "Coup de Pouce" programme has supported general-interest projects devised by BNP Paribas staff. The programme provides funding and support for associations in which employees are involved on a volunteer basis. The diversity of issues addressed, such as outreach, healthcare, disability and helping the disadvantaged, reflects the personal commitment of the Bank's people as well as the human dimension of these initiatives.

Since the programme was launched in 2003, EUR 450,000 has been spent on supporting more than 200 projects per year, with grants ranging from EUR 400 to EUR 4,000.

In 2009, the three rounds of applications were highly successful, with staff putting forward 86 proposals. In all, 62 outreach projects were awarded a total of EUR 162,000, covering areas such as organising sporting holidays for young people from deprived areas, buying equipment for a school in Mali, support for medical research projects and the renovation of a specialist education centre for disabled children in Tunisia.

#### **The "Coup de Pouce" programme worldwide**

Similar initiatives have been introduced in other countries, with the same values of commitment, solidarity and respect for human rights. They include *Apoyamos tus ideas* in Spain and the *Mano Amica* programme devised by the BNL Foundation in Italy. Similar programmes have also been set up in Belgium, Luxembourg and Switzerland, where each year the BNP Paribas Switzerland Foundation supports more than ten associations in which employees are involved. Programmes are also being developed in Greece, Senegal, Morocco, Portugal and certain Eastern European countries.



"Proximité" association in Saint-Denis (France)

## Supporting social integration through education

### Support for schools

Since 2007, BNP Paribas has strengthened its support for difficult urban areas by allocating a large part of its apprenticeship tax to schools in vulnerable neighbourhoods. In 2009, the Foundation contributed EUR 950,000 to some one hundred schools in these areas to finance the purchase, rental and maintenance of educational and professional equipment. Over the years, BNP Paribas SA's local banking network in France has been involved in more than 1,400 formal or informal voluntary partnerships with various organisations. The Group's relationships with more than 1,000 training organisations often result in internships, apprenticeships and work experience. More than 400 of these partnerships also serve to promote the sporting, cultural and artistic initiatives of young people, as well as local projects to help integrate them into the labour force, fight social exclusion and protect the environment.

### BNP Paribas and IEP in Lille: integrated study programme

In 2006, BNP Paribas signed La Charte de l'égalité des chances dans le monde de l'éducation, (charter of equal opportunities in education). It is also working with the Institut d'Études Politiques in Lille to set up a programme d'études intégrées (PEI - integrated study programme). Since 2007, when the programme began, 300 students in their penultimate and final year of senior school have ben-

efited from the programme, with support from more than 150 teachers from schools and the Sciences Po Lille university and 60 IEP student teachers. The project has been a great success. 20% of students gained a place at IEP last year, whereas the average success rate is 8%. 50% of students went into "classes préparatoires", which prepare students for entry into France's elite universities, and 30% went to study law. This initiative to broaden access to higher education in the Nord-Pas-de-Calais region shows the Group's desire to promote equal opportunities and to combat all forms of discrimination. For qualifying students, BNP Paribas has provided support including paid work experience, tutors, help from its HR staff with writing CVs, practice interviews and personalised advice.

### Odyssee Jeunes: partnership between the Seine-Saint-Denis regional council and the BNP Paribas Foundation

In December 2009, the BNP Paribas Foundation and the Seine-Saint-Denis regional council signed a partnership agreement regarding the financing of school trips. EUR 3 million will be spent on school trips in 2010, with the focus on trips outside France. The destination and content of trips will be decided by teachers, then validated by the Foundation. The second aspect of BNP Paribas' efforts in the region relates to youth employment, through the Charte BNP Paribas in Seine-Saint-Denis, a charter to be introduced in February 2010.

## BNP Paribas: the no.1 private-sector employer in Seine-Saint-Denis

With the arrival of 6,000 BNP Paribas Securities Services employees at the Grands Moulins de Pantin complex, which has renovated and adapted to meet HQE environmental standards, BNP Paribas has become the largest private employer in Seine-Saint-Denis. In addition, as part of its Banlieues project, BNP Paribas in 2008 enabled its partners ADIE and AFEV to open a new centre at Aulnay-sous-Bois in Saint-Denis, thereby strengthening its community roots.

## BNP Paribas Personal Finance and "Nos quartiers ont du talent"

In 2008, BNP Paribas Personal Finance formed a partnership with "Nos quartiers ont du talent", an association created in 2008 to build bridges between companies and young graduates from disadvantaged neighbourhoods. The project brings employers face to face with young graduates (four or more years post-baccalaureate) from the Seine-Saint-Denis department. The project involved 84 young people, who were mentored by 29 Personal Finance staff. In November 2009, the BNP Paribas parent company also started working with the association, and an additional 34 mentors from the Group's various entities signed up.



Panel restored by Jurriaan Andriessen



Boyakodah

## Culture

In its cultural support efforts, the BNP Paribas Foundation focuses on contemporary artistic expression by providing ongoing support to creative artists in disciplines often neglected by corporate benefactors. At the same time, it helps to discover rare or unheard musical works and to promote cultural co-operation programmes.

### Preserving and promoting cultural heritage

Outside France, the BNP Paribas Foundation is providing increasing support for the restoration of museum collections through joint financing with the countries in which the Group operates.

#### Amsterdam: joint financing for the restoration of major works of art

In Amsterdam, the restoration of six panels by Jurriaan Andriessen (1742-1819) in the Van Loon museum was jointly financed by BNP Paribas Netherlands. Following a meticulous restoration project overseen by the scientific specialists at the Rijksmuseum in Amsterdam, the unique series is once again on public display as part of the first ever solo exhibition of Jurriaan Andriessen's work. Panel paintings were a popular element of interior design in affluent Dutch homes in the 18th century. The works done by Jurriaan Andriessen depict landscapes inspired by Arcadia and Holland, creating the rich illusion of perspective for visitors.

#### "Wild thing" exhibition at the Royal Academy of Arts in London

With the support of BNP Paribas, the Royal Academy of Arts in London held an exhibition celebrating the development of British sculpture since the start of the 20th century. Jacob Epstein, Henri Gaudier-Brzeska and Eric Gill, three exceptional sculptors brought together by the Royal Academy, represented the period from 1905 to 1915. The "Wild Thing" exhibition includes more than 90 of their sculptures, drawings and pastels. The show brings together spectacular works including Epstein's Rock Drill, Gaudier-Brzeska's Birds Erect, and Gill's controversial sculpture Ecstasy.



Elizabeth Kontomanou, the 17th Saint-Louis Jazz festival in Senegal

## Supporting creativity

### **BNP Paribas Foundation: supporting jazz, a musical style that knows no borders**

BNP Paribas is one of the few corporate sponsors to support jazz, both in France and increasingly in other countries. In 2009, BNP Paribas Foundation again joined forces with the Saint-Germain-des-Prés jazz festival. The festival showcases young artists, and stages exclusive shows by established artists as well as concerts in unusual locations. It is open to the widest possible audience, who share in the festival's community spirit. BNP Paribas subsidiary Banque Internationale pour le Commerce et l'Industrie du Sénégal (BICIS) has partnered the Saint-Louis jazz festival in Senegal for nearly ten years, and has recently increased its support. Through its collaboration with the BNP Paribas Foundation since 2008, BICIS has been able to attract leading artists sponsored by the Foundation. The BNP Paribas Foundation's efforts to support jazz artists over the last ten years have been extended by the BMCI Foundation which, for the second consecutive year, sponsored the Tanjazz festival in Tangiers, Morocco in June 2009.

### **Dance and contemporary circus**

In the area of modern circus and dance, BNP Paribas has for many years followed an audacious policy of helping troupes to be creative, raise their profile and co-operate.

French choreographer Abou Lagraa, artistic director of the *La Baraka* troupe, has been supported by the BNP Paribas Foundation since 2006. Algeria's ministry of culture has appointed Mr Lagraa to develop cultural links between France and Algeria. Throughout 2009, events were held in Algeria in the run-up to this project, supported jointly by BNP Paribas El Djazaïr and the BNP Paribas Foundation. From 2010, this three-year co-operation between the two countries will involve the creation of a 20-member contemporary dance troupe within Algeria's national ballet company, and the creation of a piece entitled *Nya*, the European premiere of which will take place in the "Biennale internationale de la danse" festival in Lyon.

Aurélien Bory is the artistic director of Compagnie 111 and has worked with the BNP Paribas Foundation for 7 years. For Mr Bory, 2009 was a breakthrough year, due to the success of his *Les sept planches de la ruse* show. The show was created in December in Dalian, China, and is the result of co-operation between the French director and 15 Chinese dancers and acrobats from the Dalian Opera. Its title *Les sept planches de la ruse* is a literal translation of the Chinese name (Qi Qiao Ban) for the popular game known as Tangram. After an international tour, the show triumphed in the summer of 2009 when it visited Asia, including Hong Kong and Singapore.

The BNP Paribas Foundation supports the contemporary work done by choreographer Georges Momboye. As part of Brazil's "French season", Mr Momboye presented his *Boyakodah* show in a number of Brazilian cities including Rio de Janeiro, São Paulo, Porto Alegre, Curitiba and Recife. This tour was made possible by the combined efforts of the BNP Paribas Foundations in France and Brazil.

## 25th annual "Prix du Jeune Écrivain" (young writers' award)

The "Prix du Jeune Écrivain", an award for young French-language authors aged between 15 and 27 and judged by a panel of writers, has been supported by the BNP Paribas Foundation since its inception. Guy Chevalley, a 24-year-old from Switzerland, won first prize for *l'Enfant sur la falaise*. Winning entries were published in a collection in March 2010, and the winners were invited to the 2010 Paris book fair (Salon du Livre).

## BNP Paribas supports the "Saison de la Turquie" in Paris

BNP Paribas sponsored the season of Turkish culture in France and thereby paid homage to Turkey's vast expertise and know-how in cultural, scientific, industrial and economic areas. The Season of Turkish culture in France, which ran from July 2009 to March 2010, seeks to make Turkish culture better known in France and encourages co-operative programmes between the two countries. This major cultural event is another of the activities and partnerships in which BNP Paribas has been involved for many years through the BNP Paribas Foundation. It strengthens the group's commitment to the cultural and social life of the countries in which it operates.



# Community initiatives to promote social integration and solidarity

BNP Paribas contributes to the economic and social development of countries in which it operates, not only by focusing on local recruitment (see chart showing percentage of local employees in the Human Resources chapter), but also by supporting local initiatives in partnership with associations and civil society organisations.

## Bank of the West and financial education

In 2000, the Group's US subsidiary became a partner of Operation Hope Inc. (OHI). Operation Hope provides underserved inner-city communities with mainstream financial services and financial literacy programmes. The partnership has sponsored several financial literacy programmes including Banking On Our Future (BOOF), aimed at school children between 9 to 18 years of age in Oakland, Los Angeles, Portland and Denver. More than 190 Bank of the West employees have already taken part in the programme as volunteers, providing approximately 900 hours of training to some 5,600 pupils. Operation Hope Centers provide free adult financial literacy and economic empowerment

workshops as well as financial support to help people become home owners or set up their own business. The Operation Hope initiative also provides financial counselling and aid to help natural disaster victims rebuild their lives.

## BMCI Foundation

Banque Marocaine pour le Commerce et l'Industrie (BMCI), the Group's Moroccan subsidiary, has pursued a policy of cultural and social philanthropy since the late nineteen nineties with the aim of contributing to Morocco's social and cultural development. It has deepened this commitment by setting up its own foundation which works alongside the BNP Paribas Foundation.

In culture, the BMCI Foundation supports young musical talent and events covering classical, jazz and contemporary music. It is the official partner to the Morocco Philharmonic Orchestra and sponsors the International Music and Dance School in Casablanca, international and national music competitions in Morocco and Tanjazz, the Tangiers jazz festival. It supports the country's literary heritage and encour-

ages young people to read and learn by financing the publication of children's books and the reprinting of old books. It also sponsors the Casablanca *Grand Prix des Jeunes Lecteurs* award for young readers and the *Grand Prix de la Nouvelle* award for short stories. It supports troupes of artistes and promotes contemporary artistic expression, dance and new circus arts. The BMCI Foundation is a member of the Mohammed-V Solidarity Foundation's Permanent Support Committee and the Mohammed-VI Environmental Protection Foundation, and is a founding member of the Initiatives Association. The Foundation's social commitment is expressed through four actions. The first involves the inclusion of people in difficulties through training and artistic activities. The second aims to help disabled people in their daily lives by providing support from specialised associations. The third focuses on medical research and help for the impoverished sick through support for Moroccan research scientists. The fourth is developing BNP Paribas Employee Helping Hand projects within the subsidiary.

## Arval's international network

Arval's social responsibility policy focuses on the combat against social exclusion and helping integrate the disabled into social and professional life. Arval's local offices support a variety of organisations, such as the ELEPAP association for disabled children in Greece, the Jasnenka foundation in the Czech Republic, SOS Children's Villages in Germany, UNICEF in Poland and the Mohammed-V Foundation in Morocco.

## BNP Paribas Egypt and Egyptian Food Bank

In 2009, BNP Paribas Egypt joined forces with the Egyptian Food Bank (EFB) in its mission to overcome hunger. The EFB won recognition from the United Nations in 2008. Throughout the year, the Bank helped provide food to two villages in Upper Egypt, and sponsored the EFB's educational and promotional campaign on TV and in other media to combat food wastage and encourage donations. During Ramadan, employees were granted a day's leave to work voluntarily for the EFB in putting together food parcels for the poor.

## UBCI and SOS Children's Villages

For the second year running in 2009, UBCI, the Bank's Tunisian subsidiary, supported the SOS Children's Villages association by organising a drawing competition in three SOS Villages in Gamarth, Siliana and Mahrès. The theme this year was the Environment. SOS Children's Villages, an association that helps vulnerable children with no parental care, brought together a jury of artists, volunteers and employees of the bank. Prizes were awarded to the three best drawings in each village. SOS Children's Villages is also supported in Algeria by BNP Paribas El Djazair and in Morocco by the BMCI Foundation.

## BNP Paribas Wealth Management and Ateliers sans frontières

In 2009, as part of its recycling initiatives, BNP Paribas Wealth Management continued its partnership with the association *Ateliers Sans Frontières*, whose mission is to help bring stability to the personal and professional lives of the most excluded. BNP Paribas Wealth Management donates its used computer equipment to the association to help it create jobs and equip educational associations in Northern Africa and Eastern Europe.

## BNL and support for L'Aquila earthquake victims

On 9 July 2009 in the town of L'Aquila in Italy, BNP Paribas and BNL took part in the inauguration of the *Arti e Spettacolo* association's *Sale per lo Spettacolo*, in the presence of a number of celebrities. *Sale per lo Spettacolo*, which is financed by the banks, was created after the earthquake that ravaged the Italian region of Abruzzo on 6 April 2009. L'Aquila was particularly badly hit with the loss of 299 lives, thousands of people injured and 18,000 people left homeless.

The BNP Paribas Foundation provided financial support to organise and present a variety of events and workshops, to meet families in their makeshift homes and also to pay the artistes a modest sum for their contribution. This initiative not only provides support for the victims but also encourages artists to stay in the region.



SOS Children's Villages



The Egyptian Food Bank

# CORPORATE GOVERNANCE



# THE BOARD OF DIRECTORS



## MICHEL PÉBEREAU

**Principal function<sup>(1)</sup> :**  
Chairman of the Board of Directors of BNP Paribas

- Born on 23 January 1942
- Appointed on 13 May 2009
- Term expires at the 2012 AGM
- First appointed to the Board on 14 May 1993
- Number of BNP Paribas shares held<sup>(2)</sup>: 214,260
- Office address:  
3, rue d'Antin  
75002 Paris, France

**Functions at 31 December 2009<sup>(1)</sup>**

**Director of:**  
Lafarge, Compagnie de Saint-Gobain, Total, BNP Paribas SA (Switzerland), EADS NV (Netherlands), Pargesa Holding SA (Switzerland)

**Member of the Supervisory Board of:**  
AXA, Banque Marocaine pour le Commerce et l'Industrie (Morocco)

**Non-Voting Director of:**  
Société Anonyme des Galeries Lafayette

**Chairman of:**  
Investment Banking and Financial Markets Committee of Fédération Bancaire Française, Management Board of Institut d'Études Politiques de Paris, Supervisory Board of Institut Aspen France, Institut de l'Entreprise, European Financial Round Table

**Member of:**  
Académie des sciences morales et politiques, Executive Committee of Mouvement des Entreprises de France, Haut Conseil de l'Éducation, Institut International d'Études Bancaires, International Advisory Panel of the Monetary Authority of Singapore, International Capital Markets Advisory Committee of the Federal Reserve Bank of New York, International Business Leaders' Advisory Council for the Mayor of Shanghai (IBLAC)



## PATRICK AUGUSTE

**Principal function<sup>(1)</sup> :**  
Chief Technical Officer

- Born on 18 June 1951
- Elected to a three-year term by BNP Paribas executives on 22 January 2009
- First appointed to the Board on 14 December 1993
- Number of BNP Paribas shares held<sup>(2)</sup>: 36
- Office address:  
20, avenue Georges-Pompidou  
92300 Levallois-Perret, France



## CLAUDE BÉBEAR

**Principal function<sup>(1)</sup> :**  
Honorary Chairman of AXA

- Born on 29 July 1935
- Appointed on 13 May 2009
- Term expires at the 2012 AGM
- First appointed to the Board on 23 May 2000
- Number of BNP Paribas shares held<sup>(2)</sup>: 3,074
- Office address:  
25, avenue Matignon  
75008 Paris, France

**Functions at 31 December 2009<sup>(1)</sup>**

**Director of:**  
AXA Assurances Iard Mutuelle, AXA Assurances Vie Mutuelle

**Member of the Supervisory Board of:**  
Vivendi

**Non-Voting Director of:**  
Schneider Electric

**Chairman of:**  
IMS-Entreprendre pour la Cité, Institut Montaigne

**Member of:**  
International Advisory Panel of the Monetary Authority of Singapore



## JEAN-LOUIS BEFFA

**Principal function<sup>(1)</sup> :**  
Chairman of the Board of Directors of Compagnie de Saint-Gobain

- Born on 11 August 1941
- Appointed on 13 May 2009
- Term expires at the 2012 AGM
- First appointed to the Board on 22 October 1986
- Number of BNP Paribas shares held<sup>(2)</sup>: 15,757
- Office address:  
"Les Miroirs"  
18, avenue d'Alsace  
92096 La Défense Cedex, France

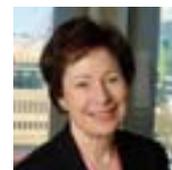
**Functions at 31 December 2009<sup>(1)</sup>**

**Vice-Chairman of the Board of Directors of:**  
BNP Paribas

**Chairman of:**  
Claude Bernard Participations

**Director of:**  
GDF SUEZ, Groupe Bruxelles Lambert (Belgium), Saint-Gobain Corporation (United States)

**Member of the Supervisory Board of:**  
Siemens AG (Germany), Le Monde SA, Le Monde & Partenaires Associés (SAS), Société Éditrice du Monde



## SUZANNE BERGER

**Principal function<sup>(1)</sup> :**  
Professor of Political Science at Massachusetts Institute of Technology, Cambridge, Massachusetts (United States), Director of the MIT International Science and Technology Initiative (MISTI)

- Born on 11 March 1939
- Appointed on 21 May 2008
- Term expires at the 2011 AGM
- First appointed to the Board on 8 March 2007
- Number of BNP Paribas shares held<sup>(2)</sup>: 850
- Office address:  
30, Wadsworth Street,  
E53-451, Cambridge,  
MA 02139-4307, USA

**Functions at 31 December 2009<sup>(1)</sup>**

**Member of:**  
American Academy of Arts and Sciences

**Research Associate and Member of the Executive Committee of:**  
Center for European Studies at Harvard University

(1) Functions shown in italics are not governed by French Act no. 2001-401 of 15 May 2001 concerning multiple directorships.

(2) At 31 December 2009.



## JEAN-MARIE GIANNO

**Principal function<sup>(1)</sup> :**  
*Sales Associate*

- Born on 7 September 1952
- Elected to a three-year term by BNP Paribas employees on 5 February 2009
- First appointed to the Board on 15 March 2004 (Jean-Marie Gianno was an employee representative on the Board of Banque Nationale de Paris from 1993 to 1999)
- Number of BNP Paribas shares held<sup>(2)</sup>: 10
- Office address:  
21, avenue Jean-Médecin  
06000 Nice, France

**Functions  
at 31 December 2009<sup>(1)</sup>**

**Member of:**  
*Comité des établissements de crédit et des entreprises d'investissement (CECEI), Confrontation (a European think-tank)*



## FRANÇOIS GRAPPOTTE

**Principal function<sup>(1)</sup> :**  
*Honorary Chairman of Legrand, Company Director*

- Born on 21 April 1936
- Appointed on 21 May 2008
- Term expires at the 2011 AGM
- First appointed to the Board on 4 May 1999
- Number of BNP Paribas shares held<sup>(2)</sup>: 2,869
- Office address:  
128, avenue de Lattre-de-Tassigny 87045 Limoges, France

**Functions  
at 31 December 2009<sup>(1)</sup>**

**Director of:**  
*Legrand, Legrand France*

**Member of the Supervisory Board of:**  
*Michelin*



## ALAIN JOLY

**Principal function<sup>(1)</sup> :**  
*Director of Air Liquide*

- Born on 18 April 1938
- Appointed on 23 May 2006
- Term expires at the 2009 AGM
- First appointed to the Board on 28 June 1995
- Number of BNP Paribas shares held<sup>(2)</sup>: 3,143
- Office address:  
75, quai d'Orsay  
75007 Paris, France

*Alain Joly's term of office expired at the AGM on 13 May 2009*



## DENIS KESSLER

**Principal function<sup>(1)</sup> :**  
*Chairman and Chief Executive Officer of Scor SE*

- Born on 25 March 1952
- Appointed on 13 May 2009
- Term expires at the 2012 AGM
- First appointed to the Board on 23 May 2000
- Number of BNP Paribas shares held<sup>(2)</sup>: 2,269
- Office address:  
1, avenue du Général-de-Gaulle  
92074 Paris-La Défense Cedex, France

**Functions  
at 31 December 2009<sup>(1)</sup>**

**Director of:**  
*Bolloré, Dassault Aviation, Fonds Stratégique d'Investissement, Invesco Ltd (United States)*

**Member of the Supervisory Board of:**  
*Yam Invest NV (Netherlands)*

**Non-Voting Director of:**  
*Financière Acofi SA, Gimar Finance & Cie SCA*

**Member of:**  
*Commission Économique de la Nation, Conseil Économique et Social, Board of Directors of Association de Genève, Board of the French Foundation for Medical Research, Comité des Entreprises d'Assurance, Strategy Board of Comité Européen des Assurances*

**Chairman of:**  
*Reinsurance Advisory Board, Global Reinsurance Forum, Board of Directors of Siècle*



## JEAN-FRANÇOIS LEPETIT

**Principal function<sup>(1)</sup> :**  
*Chairman of Conseil national de la comptabilité*

- Born on 21 June 1942
- Appointed on 21 May 2008
- Term expires at the 2011 AGM
- First appointed to the Board on 5 May 2004
- Number of BNP Paribas shares held<sup>(2)</sup>: 8,461
- Office address:  
30, boulevard Diderot  
75572 Paris Cedex 12, France

**Functions  
at 31 December 2009<sup>(1)</sup>**

**Director of:**  
*Smart Trade Technologies SA, Shan SA*

**Member of:**  
*Board of the Qatar Financial Center Regulatory Authority (Doha), Collège de l'Autorité des Marchés Financiers, Conseil de normalisation des comptes publics*

(1) Functions shown in italics are not governed by French Act no. 2001-401 of 15 May 2001 concerning multiple directorships.

(2) At 31 December 2009.



## LAURENCE PARISOT

**Principal function** <sup>(1)</sup> :  
Vice-Chairman of the Board of Directors of IFOP SA

- Born on 31 August 1959
- Appointed on 13 May 2009
- Term expires at the 2012 AGM
- First appointed to the Board on 23 May 2006
- Number of BNP Paribas shares held <sup>(2)</sup>: 360
- Office address:  
6-8, rue Eugène-Oudiné  
75013 Paris, France

### Functions at 31 December 2009 <sup>(1)</sup>

**Chairman of:**  
*Mouvement des Entreprises de France (MEDEF)*

**Director of:**  
Coface SA

**Member of the Supervisory Board of:**  
Michelin



## HÉLÈNE PLOIX

**Principal function** <sup>(1)</sup> :  
*Chairman of Pechel Industries SAS and Pechel Industries Partenaires SAS*

- Born on 25 September 1944
- Appointed on 21 May 2008
- Term expires at the 2011 AGM
- First appointed to the Board on 21 March 2003
- Number of BNP Paribas shares held <sup>(2)</sup>: 1,557
- Office address:  
162, rue du Faubourg-Saint-Honoré 75008 Paris, France

### Functions at 31 December 2009 <sup>(1)</sup>

**Director of:**  
*Lafarge, Ferring SA (Switzerland), Completel NV (Netherlands), Institut Français des Administrateurs*

**Permanent representative of:**  
*Pechel Industries Partenaires (part of Ypsos Holding, Luxembourg)*

**Member of the Supervisory Board of:**  
Publicis Groupe

**Manager of:**  
*Hélène Ploix SARL, Hélène Marie Joseph SARL, Sorepe Société Civile*

**Member of:**  
*Investment Committee of the United Nations Staff Pension Fund*



## BAUDOÏN PROT

**Principal function** <sup>(1)</sup> :  
Director and Chief Executive Officer of BNP Paribas

- Born on 24 May 1951
- Appointed on 21 May 2008
- Term expires at the 2011 AGM
- First appointed to the Board on 7 March 2000
- Number of BNP Paribas shares held <sup>(2)</sup>: 137,211
- Office address:  
3, rue d'Antin 75002 Paris, France

### Functions at 31 December 2009 <sup>(1)</sup>

**Director of:**  
*Accor, Pinault-Printemps-Redoute, Veolia Environnement, Erbé SA (Belgium), Pargesa Holding SA (Switzerland)*

**Chairman of:**  
*Fédération Bancaire Française (from September 2009 to August 2010)*

**Member of:**  
*Executive Board of Fédération Bancaire Française*



## LOUIS SCHWEITZER

**Principal function** <sup>(1)</sup> :  
Chairman of the Board of Directors of Renault

- Born on 8 July 1942
- Appointed on 15 May 2007
- Term expires at the 2010 AGM
- First appointed to the Board on 14 December 1993
- Number of BNP Paribas shares held <sup>(2)</sup>: 6,825
- Office address:  
8-10, avenue Émile-Zola  
92109 Boulogne-Billancourt Cedex, France

### Functions at 31 December 2009 <sup>(1)</sup>

**Chairman of the Board of Directors of:**  
*AstraZeneca Plc (United Kingdom)*

**Chairman of the Supervisory Board of:**  
*Le Monde & Partenaires Associés (SAS), Le Monde SA, Société Editrice du Monde*

**Director of:**  
*L'Oréal, Veolia Environnement, AB Volvo (Sweden)*

**Chairman of:**  
*HALDE (Haute Autorité de lutte contre les discriminations et pour l'égalité)*

**Member of the Advisory Board of:**  
*Banque de France, Allianz (Germany)*

**Member of the Board of:**  
*Fondation Nationale des Sciences Politiques, Institut Français des Relations Internationales, Musée du Quai Branly*



## DANIELA WEBER-REY

**Principal function** <sup>(1)</sup> :  
*Partner at Clifford Chance, Frankfurt*

- Born on 18 November 1957
- Appointed on 21 May 2008
- Term expires at the 2011 AGM
- First appointed to the Board on 21 May 2008
- Number of BNP Paribas shares held <sup>(2)</sup>: 1,100
- Office address:  
Mainzer Landstrasse 46  
D 60325, Frankfurt-am Main, Germany

### Functions at 31 December 2009 <sup>(1)</sup>

**Member of:**  
*Advisory Group on Corporate Governance and Company Law of the European Commission, Expert Group on "Removing obstacles to cross-border investments" of the European Commission, "Ad Hoc Group of Corporate Governance Experts for the Financial Services Area" of the European Commission, German Government Commission on the German Corporate Governance Code*

## Non-Voting directors

### MICHEL TILMANT

**Principal function** <sup>(1)</sup> :  
Managing Director of Strafin SPRL

- Born on 21 July 1952
- Appointed on 4 November 2009

### EMIEL VAN BROEKHOVEN

**Principal function** <sup>(1)</sup> :  
*Economist, Honorary Professor at the University of Antwerp*

- Born on 30 April 1941
- Appointed on 4 November 2009

## Other corporate officers

### JEAN-LAURENT BONNAFÉ

**Principal function** <sup>(1)</sup> :  
*Chief Operating Officer of BNP Paribas*

- Born on 14 July 1961
- Number of BNP Paribas shares held <sup>(2)</sup>: 14,495
- Office address:  
3, rue d'Antin  
75002 Paris, France

### Functions at 31 December 2009 <sup>(1)</sup>

**Chairman of:**  
*Steering Committee and Executive Committee of BNP Paribas Fortis*

**Chief Executive Officer of:**  
*BNP Paribas Fortis*

**Director of:**  
*Carrefour, BNP Paribas Personal Finance, Banca Nazionale del Lavoro (Italy), BancWest Corporation, Bank of the West*

### GEORGES CHODRON DE COURCEL

**Principal function** <sup>(1)</sup> :  
*Chief Operating Officer of BNP Paribas*

- Born on 20 May 1950
- Number of BNP Paribas shares held <sup>(2)</sup>: 69,384
- Office address:  
3, rue d'Antin  
75002 Paris, France

### Functions at 31 December 2009 <sup>(1)</sup>

**Chairman of:**  
*Compagnie d'Investissement de Paris SAS, Financière BNP Paribas SAS, BNP Paribas (Switzerland) SA*

**Vice-Chairman of:**  
*Fortis Bank SA/NV (Belgium)*

**Director of:**  
*Alstom, Bouygues, Société Foncière, Financière et de Participations SA, Nexans, Erbé SA (Belgium), Groupe Bruxelles Lambert (Belgium), Scor Holding (Switzerland) AG (Switzerland), Scor Global Life Rückversicherung Schweiz AG (Switzerland), Scor Switzerland AG (Switzerland), Verner Investissements SAS*

**Member of the Supervisory Board of:**  
*Lagardère SCA*

**Non-Voting Director of:**  
*Exane, Safran, Scor SE*

(1) Functions shown in italics are not governed by French Act no. 2001-401 of 15 May 2001 concerning multiple directorships.

(2) At 31 December 2009.

# REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON THE CONDITIONS FOR THE PREPARATION AND ORGANISATION OF THE WORK OF THE BOARD AND ON INTERNAL CONTROL PROCEDURES IMPLEMENTED BY BNP PARIBAS

## Corporate Governance at BNP Paribas

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The following information has been prepared in accordance with Article L. 225-37 of the French Commercial Code. It makes reference to Appendix 1 of European Regulation (EC) no. 809/2004 of 29 April 2004 as well as to the 2009 report by the AMF (the French Financial Markets Authority) on corporate governance and internal control published on 8 December 2009 and to the “Guide to preparing Registration Documents”, also published by the AMF, on 10 December 2009.

In accordance with the provisions of Article 26 of Act no. 2008-649 of 3 July 2008 containing various provisions adapting company law to Community law, the Corporate Governance Code referred to on a voluntary basis in preparing this report is the Corporate Governance Code for listed companies published in December 2008 by the French employers’ organisations AFEP (Association Française des Entreprises Privées) and MEDEF (Mouvement des Entreprises de France).

# Conditions for the preparation and organisation of the work of the Board

## Terms of reference of the Board of Directors

— The Internal Rules adopted in 1997 by the Board define the duties of the Board and of its specialised Committees; they are regularly updated to comply with the legal requirements, regulations and French Corporate Governance guidelines and to keep pace with corporate governance best practices. They also contain a code of ethics applicable to Directors.

— The Chairman's report reproduces, in the form of citations or excerpts, all of the provisions of the Internal Rules dealing with the composition and operation of the Board, the allocation of work between Executive Management and the decision-making body, the composition, operation and terms of reference of specialised Committees, as well as the course of conduct of Directors and non-voting Directors<sup>(1)</sup>.

(1) Upon the proposal of the Chairman, the Board may appoint one or two non-voting directors. Notices of meetings shall be served to non-voting directors, who shall attend Board meetings in an advisory capacity.

## Extracts from the Board of Directors' Internal Rules: terms of reference of the Board of Directors

*"The Board of Directors is a collegial body that collectively represents all shareholders and acts at all times in the corporate interests of the Bank.*

*It is tasked with monitoring its own composition and effectiveness in advancing the Bank's interests and carrying out its duties.*

*Towards these ends:*

*Based on proposals submitted by the Chief Executive Officer, it draws up the BNP Paribas business strategy and monitors its implementation.*

*It examines any and all issues related to the efficient running of the business, and makes any and all business decisions within its remit.*

*It may decide to either combine or separate the functions of Chairman and Chief Executive Officer.*

*It appoints corporate officers for three-year terms.*

*It may decide to limit the powers of the Chief Executive Officer.*

*It approves the draft of the Chairman's report presented along with the management report.*

*The Board or one or more of its Directors or Committees, or a specific Committee authorised by the Board, may:*

*- perform any or all verifications and controls that it considers necessary pursuant to the applicable legislation;*

*- supervise the management of the business and the fairness of its accounts;*

*- review and approve the financial statements; and*

*- ensure that the financial information disclosed to the shareholders and the markets is of high quality.*

*The Chairman – or the Chief Executive Officer if the functions have been separated – submits for review by the Board,*

*at least once a year, drafts of the budget, of the management report and of the various reports required under applicable laws and regulations.*

*The Chief Executive Officer is required to submit to the Board for prior approval any investment or divestment decision (excluding portfolio transactions) of more than EUR 250 million, and any proposed acquisition or divestment of equity interests of more than EUR 250 million. The Chief Executive Officer also regularly informs the Board of material transactions which fall below the EUR 250 million threshold.*

*Any material strategic operation which lies outside the approved business strategy must be submitted to the Board for prior approval."*

## Separation of the functions of Chairman and Chief Executive Officer <sup>(1)</sup>

- At the Annual General Meeting held on 14 May 2003, the Chairman announced the Board's intention to separate the functions of Chairman and Chief Executive Officer within BNP Paribas. This decision brought the Group into line with corporate governance best practice, while at the same time ensuring a smooth and transparent handover of the Chief Executive role.
- The Chairman organises and directs the work of the Board, and ensures that the corporate decision-making bodies of BNP Paribas operate effectively. Working closely with Executive Management, he contributes to developing the Group's relationships with its major clients and with the national and international financial and monetary authorities. He has no executive responsibilities.
- The Chief Executive Officer has the broadest powers to act in the Bank's name in all circumstances (cf. below "Limitation of the powers of the Chief Executive Officer"). He has authority over the entire Group. He is also responsible for internal control systems and procedures, and for all the statutory information in the report on internal control.

## The Board of Directors and Annual General Meeting <sup>(2)</sup>

- The Articles of Association define the participation by shareholders at Annual General Meeting. A summary of these rules, as well as the report on the organisation and holding of the Annual General Meeting on 13 May 2009 are provided in the "BNP Paribas and its shareholders" section of the Registration Document and annual financial report.
- Based on proposals submitted by the Board of Directors, the Annual General Meeting of 13 May 2009 re-elected Claude Bébéar, Jean-Louis Beffa, Denis Kessler, Laurence Parisot and Michel Pébereau as Directors. Fourteen Directors attended this meeting.

## Pursuant to the Internal Rules, the Chairman

*"monitors relations with shareholders, in close cooperation with the work of Executive Management in this area, to guarantee that these relations remain of a high quality.*

*He ensures that principles of Corporate Governance are defined and implemented at the highest levels.*

*He oversees the smooth running of BNP Paribas' management bodies.*

*With the help of the Corporate Governance and Nominations Committee, and subject to approval by the Board and by the Annual General Meeting, he endeavours to build an effective and balanced Board, and to manage replacement and succession processes that concern the Board and the nominations within its remit.*

*He organises the work of the Board of Directors. He sets the timetable and agenda of Board meetings and calls them.*

*He ensures that the work of the Board is well organised, in a manner conducive to constructive discussion and decision-making. He facilitates the work of the Board and coordinates its activities with those of the specialised Committees.*

*He sees to it that the Board devotes an appropriate amount of time to issues relating to the future of the Bank, particularly its strategy.*

*He ensures that Directors from outside the Bank get to know the Management team thoroughly.*

*He ensures that he maintains a close relationship based on trust with the Chief Executive Officer, to whom he provides help and advice while respecting his executive responsibilities.*

*The Chairman directs the work of the Board, to give it the means of exercising all the responsibilities which fall within its remit.*

*He ensures that the Board is provided in a timely fashion with the information it needs to carry out its duties and that this information is clearly and appropriately presented.*

*The Chairman is regularly informed by the Chief Executive Officer and other members of the Executive Management team of significant events and situations in the life of the Group, particularly those relating to strategy, organisation, investment or disinvestment projects, financial transactions, risks or the financial statements.*

*The Chief Executive Officer provides the Chairman with all information required under French law regarding the internal control report.*

*The Chairman may ask the Chief Executive Officer for any information that may help the Board and its Committees fulfil their duties.*

*He may interview the Statutory Auditors in order to prepare the work of the Board and the Financial Statements Committee.*

*He ensures that the Directors are in a position to fulfil their duties, and in particular that they have the information they need to take part in the work of the Board, and that they can count on appropriate cooperation from the Bank's management in conducting the activities of the specialised Committees. He also ensures that directors participate effectively in the work of the Board, with satisfactory attendance, competence and loyalty.*

*He reports, in a document submitted alongside the management report, on the preparation and organisation of the work of the Board, as well as on the Bank's internal control procedures and any limits the Board may have decided to place on the Chief Executive Officer's authority."*

(1) AFEP-MEDEF Corporate Governance Code (point 3).

(2) AFEP-MEDEF Corporate Governance Code (point 5).

## Membership of the BNP Paribas Board of Directors <sup>(1)</sup>

- Following the Annual General Meeting on 13 May 2009, the Board of Directors had fourteen Directors, of which twelve were elected by shareholders (eight men and four women) and two by employees.
- Upon the proposal of the Corporate Governance and Nominations Committee, the Board of Directors appointed two non-voting Directors on 4 November 2009. Board membership details are provided in Section 2.1. of the Registration Document.

## Independence of Directors <sup>(2)</sup>

- Following a review of the Directors' personal circumstances carried out by the Corporate Governance and Nominations Committee, the Board considered that the following eight Directors qualify as independent Directors pursuant to the AFEP-MEDEF Corporate Governance Code: Claude Bébéar, Suzanne Berger, François Grappotte, Denis Kessler,

Jean-François Lepetit, Laurence Parisot, Hélène Ploix and Daniela Weber-Rey. Based on its assessment of Louis Schweitzer before proposing his re-election to the Annual General Meeting of 15 May 2007, the Board did not consider that the criterion concerning the loss of independence of a Director who has served for more than twelve years to be relevant to the person of Louis Schweitzer. This assessment, made in accordance with the provisions of the AFEP-MEDEF Corporate Governance Code (point 8.3), remains unchanged.

- More than one half of the Directors qualify as independent under the AFEP-MEDEF Corporate Governance Code (point 8.2).
- Three of the Directors elected by the shareholders, Michel Pébereau, Chairman of the Board, Baudouin Prot, Chief Executive Officer, and Jean-Louis Beffa, were considered not to meet the AFEP-MEDEF Corporate Governance Code's criterion defining an independent Director.
- The two employee representatives on the Board, Patrick Auguste and Jean-Marie Gianni, do not

qualify as independent Directors under the AFEP-MEDEF Corporate Governance Code despite their status and the method by which they were elected, which safeguards their independence.

- The BNP Paribas Directors declared - as part of the implementation of International Accounting Standards IAS 24 — that they do not benefit from any financial arrangement with BNP Paribas SA or any Group company other than at arm's length conditions.
- The "Code of Ethics Applicable to Directors" section of the Board of Directors' Internal Rules sets out the rules of conduct applicable to Directors, and is intended to promote the independence and responsibility of Directors and non-voting Directors in discharging their duties (cf. "Corporate Governance" below).

The following table presents the situation of each Director with regard to the independence criteria set forth in the AFEP-MEDEF Corporate Governance Code:

	1st criterion	2nd criterion	3rd criterion	4th criterion	5th criterion	6th criterion	7th criterion
M. Pébereau	X	o	o	o	o	X	o
P. Auguste	X	o	o	o	o	X	o
C. Bébéar	o	o	o	o	o	o	o
J.L. Beffa	o	X	o	o	o	X	o
S. Berger	o	o	o	o	o	o	o
J.M. Gianni	X	o	o	o	o	o	o
F. Grappotte	o	o	o	o	o	o	o
D. Kessler	o	o	o	o	o	o	o
J.F. Lepetit	o	o	o	o	o	o	o
L. Parisot	o	o	o	o	o	o	o
H. Ploix	o	o	o	o	o	o	o
B. Prot	X	o	o	o	o	o	o
L. Schweitzer	o	o	o	o	o	X <sup>(*)</sup>	o
D. Weber-Rey	o	o	o	o	o	o	o

Key:

"o": compliance with independence criterion defined in the AFEP-MEDEF Code.

"x": non-compliance with an independence criterion defined in the AFEP-MEDEF Code.

1st criterion: Not an employee or corporate officer of the corporation within the previous five years.

2nd criterion: No issue of corporate offices held in another corporation.

3rd criterion: No material business relationships.

4th criterion: No family ties to a corporate officer.

5th criterion: Not an auditor of the corporation within the previous five years.

6th criterion: Not a Director of the corporation for more than twelve years.

7th criterion: No issue related to control by a major shareholder (10% of capital or voting rights).

(\*) Refer to previous comment in Section 1 - "Membership of the BNP Paribas Board of Directors".

(1) AFEP-MEDEF Corporate Governance Code (points 6 and 7).

(2) AFEP-MEDEF Corporate Governance Code (point 8).

## Work of the Board and its Committees in 2009

— In 2009, the Board held thirteen meetings, including 6 specially convened meetings (estimated results at 31 December 2008, structuring and completion of the acquisition of the activities of Fortis, issue of non-voting shares subscribed by Société de Prise de Participation de l'État, capital increase and redemption of non-voting shares). The average attendance rate of Directors at Board meetings was 89%.

- The Financial Statements Committee met six times with an average attendance rate of 87%.
- The Internal Control, Risk Management and Compliance Committee met four times with an attendance rate of 100%.
- The Financial Statements Committee and the Internal Control, Risk Management and Compliance Committee held a joint meeting at which all of the respective committee members were present.
- The Corporate Governance and

Nominations Committee met three times with an average attendance rate of 89%.

- The Compensation Committee met six times with an average attendance rate of 94%.

### ATTENDANCE AT MEETINGS OF THE BOARD AND ITS COMMITTEES IN 2009

	Board meetings		Committee meetings		All meetings		
	1	2	1	2	1	2	3
<b>Directors</b>							
M. Pébereau	13	13			13	13	100%
P. Auguste	12	13	5	6	17	19	89%
C. Bébéar	10	13	3	3	13	16	81%
J.L. Beffa	11	13	6	6	17	19	89%
S. Berger	10	13			10	13	77%
J.M. Gianno	13	13	4	4	17	17	100%
F. Grappotte	12	13	10	10	22	23	96%
A. Joly	8	8	4	4	12	12	100%
D. Kessler	12	13	7	8	19	21	90%
J.F. Lepetit	12	13	4	4	16	17	94%
L. Parisot	9	13	2	3	11	16	69%
H. Ploix	13	13	5	6	18	19	95%
B. Prot	13	13			13	13	100%
L. Schweitzer	9	13	6	6	15	19	79%
D. Weber-Rey	12	13	1	1	13	14	93%
<b>Non-voting directors</b>							
E. Van Broekhoven	1	1			1	1	100%
M. Tilmant	1	1			1	1	100%
<b>Average</b>		<b>89%</b>		<b>93%</b>			

The first column shows the number of meetings attended.  
The second column shows the total number of meetings held during the year.  
The third column shows the individual attendance rates.

# Strategy

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The Board of Directors formulates BNP Paribas' strategy and overall business objectives based on proposals submitted by Executive Management, the key elements of which are presented following a documented in-house process.

It examines and decides on strategic operations in accordance with its Internal Rules<sup>(1)</sup>.

It oversees the implementation of the objectives it has approved, particularly in the course of discussions on the financial statements and on the budget.

The Board is also kept regularly informed of the Group's cash position and ongoing commitments<sup>(1)</sup>.

In 2009, as in 2008, the Board spent considerable time analysing the effects of the financial crisis.

The Board reviewed the implementation of the steps and adaptations presented to it by Executive Management, in particular in the field of capital management, liquidity and of risk control. It reviewed measures implemented in the Corporate and Investment Banking business it had approved at the end of 2008 due to the very unfavourable market conditions.

— On 25 January 2009, the Board approved of the plan to have BNP Paribas participate in the second tier of the French plan to support the economy. On 25 September 2009, it approved of a capital increase in view of the redemption of the non-voting shares subscribed on 31 March 2009 by Société de Prise de Participation de l'État.

— The Board was briefed several times and approved the project to acquire control of Fortis Bank and well as the strategic partnership with Fortis Assurance Belgique. It examined and approved the industrial and integration plan prepared following the merger between BNP Paribas, Fortis Bank and BGL as well as the adjustments to the scope of consolidation aimed at improving risk control, optimising liquidity management and pursuing integration synergies.

- The Board was not called upon to deliberate on any strategic operation that was not in line with approved strategic objectives and would as such have required its prior approval in accordance with the Internal Rules. It regularly reviewed the negotiations of investment projects that it had previously discussed; in particular it approved of the project by BNP Paribas Personal Finance to acquire control over Findomestic.
  - As in previous years, the Board met in a strategy seminar dedicated to the Group's development model and to the proposed priorities for each of its business lines. In particular, it examined the performance and prospects of the operational entities in the Retail Banking business.
  - The Board was briefed several times on the findings of comparative studies on the performance of its business lines with those of its main competitors.
  - It deliberated concerning ethical guidelines as well as on the security and competitive stakes of the Group's Human Resources policy.
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# Internal Control, Risk Management and Compliance

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As early as 1994, the Board of Directors decided to set up an Internal Control and Risk Management Committee separate from the Financial Statements Committee, thus splitting the work normally carried out by the Audit Committee. In 2007, the Board extended the remit of the Internal Control and Risk Management Committee to include all matters relating to compliance policy that may impact on reputation risk and professional ethics. The Internal Control, Risk Management and Compliance Committee acts independently and on a complementary basis to the Financial Statements Committee which oversees matters in connection with the preparation and control accounting and financial information. In 2009, the Board decided that these two Committees should henceforth hold a joint meeting twice a year in order to discuss common matters affecting both risk management policy and the provisions to be set aside in the books of BNP Paribas, review the General Inspection unit's terms of reference and the audit plan of the Statutory Auditors, and prepare the work of the Board in assessing risk management policies and management tools.

In 2009, the Financial Statements Committee and the Internal Control, Risk Management and Compliance Committee met together or separately eleven times. The membership of these two Committees and the work that they carry out in their respective fields are designed to meet the regulatory requirements in the banking and prudential fields. These include both the measures imposed by external regulators and BNP Paribas' own requirements regarding the quality of its internal control processes and risk management policy<sup>(2)</sup>.

(1) AFEP-MEDEF Corporate Governance Code (point 4).  
(2) AFEP-MEDEF Corporate Governance Code (point 2).

- it discussed the main stakes identified for the different categories of risk;
- it was regularly updated on Value-at-Risk (VaR) trends as well as on the results of the risk measurements and crisis situation simulation methods;
- it was informed of the breakdown of the Bank's commitments by industry, line of business and geographic area, as well as of the concentration of individual major risks. It was regularly briefed on the Bank's sensitive exposure as per the presentation recommendations of the Financial Stability Board (FSB). It discussed the Group's risk in the businesses, subsidiaries and countries most affected by the crisis. It carried out the first reviews of the investment portfolio and market and credit operations of BNP Paribas Fortis;
- throughout the course of the year, the Board was regularly informed of the situation on liquidity markets and kept abreast of the measures taken by BNP Paribas to bolster its financing security. It was briefed on the conditions under which medium — and long-term financing programs were carried out;
- the Board adapted the organisation of its work to the new measures on the assessment and control of policies, measures and procedures introduced by the Bank to comply with CRBF Regulation no. 97-02 relating to internal control in banks and investment firms. It set the identification criteria and threshold for the reporting of significant incidents revealed by internal control procedures. It was informed of the measures taken by Executive Management to verify that risk policies are being properly applied and appropriate measures taken to remedy any possible shortcomings;
- the Board was briefed on the Internal Control Function activity as well as the resources placed at its disposal. It was provided with draft reports for the year ended 31 December 2008 on measuring and monitoring of risks, compliance, permanent controls and periodic controls. It was informed of the progress made on measures taken by Executive Management designed to ensure the control and security of market transactions;
- the Board heard the Chairman of the Internal Control, Risk Management and Compliance Committee on the deliverables of the Periodic Control Function reported by the General Inspection Unit and on the follow-up to recommendations previously issued as well as on the Permanent Control reporting;
- the Board was informed of the joint work of the Financial Statements Committee and of the Internal Control, Risk Management and Compliance Committee on the process for the valuation of financial products and control system;
- the Board heard the report, presented by the Chairman of the Internal Control, Risk Management and Compliance Committee, of the interviews conducted by it without the Chairman or the Chief Executive Officer being present, of the Head of the General Inspection Unit, who is in charge of Periodic Control, of the Head of Permanent Control of Compliance, of Asset and Liabilities Management and the Head of Group Risk Management, whose remit covers the Group's global risk policy;
- the Board was periodically informed of the exchange of correspondence with the Commission Bancaire and of observations made by the Internal Control, Risk Management and Compliance Committee with respect to each such exchange. It heard briefings on the relations with regulators abroad, as reported by Executive Management.

# Budget, financial statements and results, financial management and communications

## Budget

As is customary, at its last meeting of the year, the Board reviewed and approved the draft budget for 2010 presented by Executive Management for the Group as a whole as well as its core businesses and major business lines.

## Financial statements and results

- The results and financial statements of the Group and of BNP Paribas SA for the fourth quarter of 2008, the first three quarters of 2009, for the first half and first nine months of 2009, presented by Executive Management, were reviewed and approved as required by the Board. Its work covered the entire consolidated Group as well as each of its fields of activity and core businesses. In view of the climate of great uncertainty prevailing on the stock exchange market in early 2009, the Board decided to publish, in January 2009, the Group's forecasted results at 31 December 2008. The Board was informed of the findings of the Financial Statements Committee and the Group's three Statutory Auditors<sup>(1)</sup> — who are entitled to attend Board meetings held to review the results and financial statements — concerning the results for the period.
- Based on the report submitted jointly by the Statutory Auditors and Executive Management, it reviewed the key choices made concerning the application of accounting standards. The Board was informed of the findings of the work of the Financial Statements Committee at a meeting specifically dedicated to the measurement of financial instruments.

(1) The firms of Deloitte et Associés, Mazars and PricewaterhouseCoopers Audit were appointed by the Annual General Meeting for the period 2006-2011, based on a proposal by the Board of Directors.

- The Board was regularly informed of the effects of the crisis on the revenues and cost of risk of BNP Paribas. It was also provided with the results of a comparative analysis of the balance sheets of the leading European banks at 31 December 2008.
- It was informed of the adjustments made following the assessment of the first consolidation of BNP Paribas Fortis; it approved, acting upon the proposal of the Financial Statements Committee, of the allocation of the audit assignments of the Statutory Auditors of the Fortis Group entities between the members of the team of auditors of BNP Paribas and recommended the adoption thereof by the competent decision-making bodies of Fortis in Belgium and of BGL in Luxembourg.
- The Board was also briefed by the Financial Statements Committee — which examined the information presented to it by Executive Management — on the internal control audit operations and results and on the key audit points raised by Group entities as part of the certification process aimed at ensuring the reliability of the consolidation reporting package.
- The Board heard the report, presented by the Financial Statements Committee, of the interviews conducted without the Chairman, the Chief Executive Officer, the Statutory Auditors and the Head of Group Finance-Development Department being present.

## Financial management

- The Board was regularly briefed on issues of debt instruments and profitability trends in new lending. It reviewed and approved the financial statements and results for the year ended 31 December 2008 and approved the profit distribution policy; it approved the draft resolution concerning the dividend and ascertained the issue price of new ordinary shares delivered in payment of the dividend.
- The Board approved the draft resolutions, which were adopted by the Extraordinary Shareholders' Meeting on 27 March 2009, authorising BNP Paribas to participate in the French plan to support the economy. It subsequently made use of the delegation of authority given to it by the Annual General Meeting of 21 May 2008 in order for

BNP Paribas to carry out a capital increase and redeem the non-voting shares subscribed by Société de Prise de Participation de l'État. Following that transaction, it reduced the share capital by cancelling the non-voting shares in accordance with Article 6 of the Articles of Association.

- To enable BNP Paribas to acquire control over Fortis Bank, it used the delegation of authority given to it by the Annual General Meeting of 21 May 2008 to approve the transfer of the shares of Fortis Bank and ascertain completion of the correlative increase in the share capital of BNP Paribas. It also approved of the draft resolutions adopted by the Annual General Meeting of 13 May 2009.
- The Board was briefed throughout the course of the year on trends in average risk-weighted assets and of the solvency ratio. It was provided with elements for the comparison of the results and returns on capital of major international banks for the first nine months of 2009.

## Financial communication <sup>(1)</sup>

The Board examined and approved, at each meeting devoted to results, draft press releases. It approved of the draft report of the Board of Directors for 2008 as well as the Chairman's draft report on internal control procedures on the preparation and processing of accounting and financial information. The Bank's long-term ratings from financial rating firms are provided at the beginning of the Registration Document.

## Follow-up on the 2008 assessment of the performance of the Board of Directors

Suggestions for improvements made by Directors, in particular concerning the deepening of the analyses carried out by the Board on market risks and the integration in the strategic thought process of the lessons to be learned from the crisis in terms of stakes and opportunities for the Group, were followed through.

- The Board devoted part of a meeting to an in-depth examination of risk governance principles. It was informed of the changes made to the manner in which general purpose, segment and special purpose Committees function, designed to secure the foresight and decision-making process. It was informed of the tools, models and indicators developed in that aim by the teams dedicated to risk analysis and internal control. The Internal Control, Risk Management and Compliance Committee provided it with a detailed report on its work on market risk. Written reports on Board meetings were systematically provided to the Directors before the first Board meeting following their approval by the Committee.
- In the area of strategic, the Board of Directors devoted most of its work to the structuring arrangements for the acquisition of Fortis Bank. This subject was addressed at eight Board meetings, including three specially convened meetings. The Board also discussed the changes made in investment banking operations. It acknowledged the managerial decisions taken by the Chief Executive Officer, in agreement with the Chairman, designed to permit Corporate and Investment Banking and Investment Solutions to take an innovating approach to a period of adaptation in their development.

(1) AFEP-MEDEF Corporate Governance Code (point 2).

## Assessment of the performance of the Board of Directors in 2009

- For the eighth consecutive year an assessment of the organisation and performance of the BNP Paribas Board of Directors and of its specialised Committees was carried out<sup>(1)</sup>.
- The Board of Directors considered that the self-evaluation methodology used in previous years was adequate. The assessment of the performance of the Board was therefore carried out on the basis of an anonymous survey dealing with the organisation of the Board, its conditions of operation and the main aspects of the Board's work (strategy, internal control and risk management, financial management, compensation) and with the competence of the members of the Board's Committees, the relevance of the topics discussed and the quality of the reports submitted on their work. The survey contained thirty-four questions grouped into ten topics. The Directors were invited to make proposals for improvements on each of these topics.

The Directors expressed a favourable view of the Board's work. They expressed particular satisfaction with the clarity of strategic presentations, the relevance of the topics discussed and the quality of the information presented. They stressed the preciseness of the information on results as well as the relevance of the work carried out by the specialised Committees and the quality of their reports to the Board. The Directors also expressed satisfaction with the information received on risk, in particular liquidity risk.

The main suggestion for improvement concerned deepening the analyses carried out by the Board on the Group's strategy in its new dimension. The Board also suggested that the strategic thought process on risk should be more systematically broadened to include risk to reputation.

## Evaluation of Directors' performance - Changes in membership of the Board and of specialised Committees

- Based on the report made to the Board by the Corporate Governance and Nominations Committee, on its review of the situation of each Director in terms of their competencies, discernment and freedom of thought and of expression, it considered that the Board's membership assured it of the independence and ability to perform its duties in a satisfactory manner<sup>(2)</sup>.
- Alain Joly's term having expired at the end of the Annual General Meeting of 13 May 2009, the Board of Directors decided not to fill his seat on the Board immediately. After having discussed the competencies and contribution to the work of the Board and to its discussions made by Claude Bébéar, Jean-Louis Beffa, Denis Kessler, Laurence Parisot and Michel Pébereau, the Board proposed that the Annual General Meeting adopt the resolutions concerning the renewal of their term of office for a period of three years, as part of the policy implemented to organise the smooth renewal of Directors<sup>(3)</sup>.

Acting on the proposal of the Corporate Governance and Nominations Committee, the Board renewed Michel Pébereau in his duties and functions as Chairman of the Board of Directors. In replacement of Alain Joly, the Board appointed Claude Bébéar as Chairman of the Corporate Governance and Nominations Committee and Denis Kessler as member and Chairman of the Compensation Committee. It also appointed Daniela Weber-Rey as a member of the Corporate Governance and Nominations Committee.

The Board appointed Emiel Van Broekhoven and Michel Tilmant as non-voting Directors.

## Procedure for selecting members of the Board of Directors<sup>(4)</sup>.

The selection procedure is based on information and assessments provided by the members of the Corporate Governance and Nominations Committee and the Chairman of the Board, in accordance with the criteria defined by the Committee. This ensures that successful candidates have the requisite personal and professional qualities.

This procedure is also followed by the Board in appointing the two non-voting Directors proposed by the Belgian government following the acquisition of Fortis Bank.

## Assessment of BNP Paribas management<sup>(5)</sup>

The Board devoted a part of one of its meetings to assessing the Bank's management. Without Baudouin Prot being present, it heard the Chairman's observations concerning leadership by the Executive Management and the managerial performance of the Chief Executive Officer during the course of a year marked by the continuing crisis and by a major acquisition. In the absence of Michel Pébereau, the Board of Directors also carried out a performance review of the Chairman of the Board of Directors.

(1) AFEP-MEDEF Corporate Governance Code (point 9).

(2) AFEP-MEDEF Corporate Governance Code (points 6 and 8).

(3) AFEP-MEDEF Corporate Governance Code (point 12).

(4) AFEP-MEDEF Corporate Governance Code (points 6 and 15).

(5) AFEP-MEDEF Corporate Governance Code (point 9).

## **Compliance with European Commission Regulation (EC) no. 809/2004 of 29 April 2004**

- To the best of the Board's knowledge, no Directors are faced with conflicts of interest; in any event, the Board of Directors' Internal Rules, which include the code of ethics applicable to Directors, require that they "inform the Board of any situation involving even a potential conflict of interest" and "abstain from taking part in the vote on the matter concerned". To the best of the Board's knowledge, there are no family ties between Board members.
- To the best of the Board's knowledge, none of its members has been convicted of fraudulent offences "for at least the previous five years", nor was involved in any bankruptcies, receiverships or liquidations while acting as a member of administrative, management or supervisory bodies, or as Chief Executive Officer, "for at least the previous five years".
- To the best of the Board's knowledge, there have been no "official public incrimination and/or sanctions" of members of the Board of Directors or of the Chief Executive Officer, none of whom have been disqualified by a court from acting in their current capacity, "for at least the previous five years".
- Apart from regulated agreements and commitments, there are no arrangements or agreements with key shareholders, clients, suppliers or any other parties which involve the appointment of a member of the Board of Directors.

## **Implementation of AFEP-MEDEF Corporate Governance Code for Listed Companies**

On 6 November 2008, the Board of Directors confirmed that the recommendations made by AFEP and MEDEF comprise the Corporate Governance Code referred to by BNP Paribas on a voluntary basis. It ensured that the practices of BNP Paribas complied in all points with the provisions of that Code, most recently published in December 2008. It carried out a new review of the provisions concerning termination of the employment contract of the Chief Executive Officer and decided to terminate Baudouin Prot's employment contract before the expiry of his term of office, the latter appointment having been made prior to 6 October 2008<sup>(1)</sup>.

Reports ascertaining the application of the provisions of the AFEP-MEDEF Corporate Governance Code as regards the compensation of corporate officers are featured in a note to the Consolidated Financial Statements included in this Registration Document.

## **Changes to Internal Rules - Report by the Chairman**

Acting upon the proposal of the Corporate Governance and Nominations Committee, the Board of Directors approved of several changes to the Internal Rules, as consistent with the provisions of CRBF Regulation 97-02 and dealing, for the most part, with the duties and functions of the Financial Statements Committee, the Compensation Committee and of the Internal Control, Risk Management and Compliance Committee.

The Board approved of this report by the Chairman on the conditions for the preparation and organisation of the Board's work and the internal control procedures implemented by the Bank.

## **Directors' access to information and training<sup>(2)</sup>**

- In accordance with the Board's Internal Rules, Directors may request that the Chairman of the Board or the Chief Executive Officer provide them with all documents and information required to enable them to carry out their functions, participate effectively in Board meetings and make informed decisions, provided that such documents are useful for decision-making purposes and related to the Board's authority.
- Directors have free access to the reports of all meetings of the Board's Committees.
- Committee meetings also provide opportunities to update the information available to Directors on specific issues related to the items on the agenda. The Board is also kept informed of developments in regulatory guidelines on Corporate Governance, in particular in the banking field. At the last Board meeting in 2009, the members of the Board were briefed on the periods in 2010 during which they are authorised to trade in BNP Paribas shares, barring exceptional circumstances.
- When Directors take up their appointment, they are provided with written documentation describing the Group, its profile and organisation, its most recent financial statements and a series of pointers on the information available from the Group's websites. The Board's support staff provides the new Director with a copy of the Internal Rules and organises a number of working meetings between the new Directors and managers of Group functional and operating units that are of interest to the new Directors in light of their functions and personal priorities. The foregoing also applies when non-voting Directors take up their appointment.

(1) AFEP-MEDEF Corporate Governance Code (point 19).

(2) AFEP-MEDEF Corporate Governance Code (point 11).

## Excerpt from Internal Rules: Code of ethics applicable to Directors <sup>(1)</sup>

*“Directors shall interact effectively with others in the workplace and respect their opinions, and shall express themselves freely on subjects debated in Board meetings, even in the face of opposition.*

*They shall have a strong sense of responsibility towards shareholders and other stakeholders.*

*They shall show a high level of personal integrity during the term of their office, and respect the rules related to their responsibilities.*

*In the event of a significant change in the functions or positions held, Directors agree to allow the Board to decide whether or not it is appropriate for them to continue to serve as Directors of BNP Paribas.*

*All Directors are required to comply with legal obligations and the stock market recommendations and regulations related to information that concerns Directors personally.*

*The Director of American nationality must choose not to participate in certain Board discussions in view of the regulatory obligations pertaining to his or her nationality.*

*The legislation banning insider trading applies to Directors both in a personal capacity and when exercising responsibilities within companies that hold shares in BNP Paribas.*

*Directors are also advised to purchase or sell BNP Paribas shares only within the six-week period following the publication of the quarterly and annual accounts, or of any press release concerning business performance. However, if they have access to privileged information that would make them insiders under stock exchange rules, no BNP Paribas shares may be purchased or sold during this six-week period.*

*Directors must not disclose any information that is not publicly available to any third party, including the managers of BNP Paribas shares.*

*If a Director has any questions related to ethics and compliance, he or she can consult the Head of the Group Compliance and Permanent Control Function.*

*Directors shall inform the Board of any situation involving even a potential conflict of interest and abstain from taking part in the vote on the matter concerned.*

*Directors who deem that they are no longer able to effectively carry out their responsibilities on the Board or Committees of which they are a member should step down.*

*Any Director or any other person who is called upon to attend meetings of the Board and the Committees of the Board is required to treat all matters*

*discussed during the meeting as strictly confidential.*

*In particular, Directors or other persons shall treat as strictly confidential all insider information as well as information that may interest competitors or external parties in connection with “economic intelligence” and confidential information described as such by the Chairman.*

*In case of failure to comply with this obligation, the Director or other person may be exposed to a claim for damages.*

*Directors shall endeavour to participate regularly and actively in the meetings of the Board and the Committees of the Board and to be present at the Annual General Meeting of shareholders.”*

*“In addition to the number of shares that Directors are required to hold under the Articles of Association, Directors elected at the Annual General Meeting should personally hold BNP Paribas shares equivalent to at least one year of Directors’ fees.”*

## Remuneration of Directors <sup>(2)</sup>

Directors who are not Group employees receive no form of compensation other than Directors’ fees <sup>(3)</sup>.

— The amount of fees payable to each Director individually has remained unchanged since 2005, at EUR 29,728, including EUR 14,864 — 50% of the total — as the fixed portion and EUR 1,061.71 per meeting. The Chairman of the Board of Directors does not, however, receive any additional fees under this rule. To take into account the additional constraints they face, Board members who live outside

France are paid 1.5 times the fixed portion of Directors’ fees.

— The amount of fees payable to the members of the Board’s Committees has also remained unchanged since 2005, at EUR 5,946, including EUR 2,973 as the fixed portion and EUR 495.50 per meeting. The Chairmen of the Financial Statements Committee and of the Internal Control, Risk Management and Compliance Committee are paid a fixed portion of EUR 15,000 and a variable portion of EUR 1,239 per meeting. The Chairmen of the Corporate Governance and Nominations Committee and of the

Compensation Committee respectively received a fixed portion of EUR 2,973 and a variable portion of EUR 1,239 per meeting.

— Based on the foregoing, the Board decided to grant the members of the Board a total appropriation of EUR 532,509 in 2009, down from EUR 523,724 in 2008. The overall amount of Directors’ fees was set at EUR 780,000 by the Annual General Meeting on 18 May 2005.

(1) AFEP-MEDEF Corporate Governance Code (point 17).

(2) AFEP-MEDEF Corporate Governance Code (point 18).

(3) Directors members of the Group: Patrick Auguste, Jean-Marie Gianni, Michel Pébereau, Baudouin Prot.

# Compensation

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- The Board of Directors duly noted, on 25 January 2009 and on 27 March 2009 respectively, the decision by the corporate officers to waive their entitlement to any variable remuneration for 2008 and to any grant of stock options in 2009. It approved of their decision, taken upon the redemption of the non-voting shares subscribed by Société de Prise de Participation de l'État, to maintain the commitments made to the French authorities in the scope of the French plan to support the economy, as regards the compensation and grant of stock options to corporate officers.
- Upon the proposal of the Compensation Committee and following discussion by the Board, the Board defined the methods of determination of the variable component of compensation of corporate officers for 2009<sup>(1)</sup>. The Board's decision was made public after having been presented to the Annual General Meeting of shareholders. Neither the Chairman, nor the Chief Executive Officer was involved in the preparation of the decisions concerning their compensation, nor did they take part in the Board's vote on decisions setting their compensation. The Board also increased the fixed salary of Jean-Laurent Bonnafé, Chief Operating Officer, to reflect the operational nature and scope of his responsibilities following the acquisition of Fortis Bank. This decision was also made public.
- Based on a report from the Compensation Committee, the Board noted the compensation determined by the Chief Executive Officer for members of the Executive Committee other than corporate officers determined for 2008.
- The Board of Directors approved of the principles of the compensation policy of BNP Paribas, as well as the main methods of application for market professionals.
- The Board determined the compensation of non-voting Directors in accordance with Article 19 of the Articles of Association.

## Global Share-Based Incentive Plan

- Acting on a recommendation from the Compensation Committee, the Board adopted the Group's Global Share-Based Incentive Plan for 2009. This plan involves 2,376,600 stock subscription options (representing 0.26% of the share capital) and 638,255 bonus shares (representing 0.07% of the share capital) subject to performance conditions. It concerns 4,022 beneficiaries whose level of responsibility, contribution to results or professional potential make them key players in Group strategy as well as in the Group's development and profitability. The Board approved of the rules and the terms and conditions of this plan.

## Share issue reserved for employees

The Board approved the terms and conditions of a new share issue reserved for employees.

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## Corporate officers

**A note to the Financial Statements included in the Registration Document deals specifically with the compensation and benefits of corporate officers. This note also contains information on the pension plans applicable to corporate officers as well as the corresponding provisions for pension obligations. It features a standardised presentation of all information in connection with compensation and benefits granted to corporate officers. This note has been prepared in accordance with AFEP-MEDEF's Corporate Governance Code and with the AMF's recommendations.**

(1) AFEP-MEDEF Corporate Governance Code (point 20).

# Financial Statements Committee

In 2009, the membership of the Financial Statements Committee was unchanged from the previous year and included Louis Schweitzer (Chairman), Patrick Auguste, Denis Kessler and H el ene Ploix. Most of its members have extensive experience and expertise in the areas of corporate financial management, accounting and financial information.

The Committee's membership complies with AFEP-MEDEF's Corporate Governance Code. No members of the Bank's Executive Management sit on the Committee. Its duties and *modus operandi* are set out in the Board's Internal Rules. As is the case for all of the Board's Committees, it can rely on external experts if necessary.

To ensure that the Committees' information and knowledge remains fully up to date, its meetings include briefings on key issues, which are then examined and discussed in the presence of the Statutory Auditors. The information presented can be rounded out, as the case may be, by meetings with managers of Group functional and operating units, organised by the Board's support staff for any Committee members who express a need for further clarification.

The Financial Statements Committee met six times, including two times in a specially convened meeting, and the rate of attendance was 87%. It also met with the Internal Control, Risk Management and Compliance Committee. Documentation on agenda items, specifically the quarterly, half-yearly and annual results and financial statements — presented in standardised form — was previously addressed to the Committee members.

## Review of the financial statements and financial information <sup>(1)</sup>

- The Committee reviewed the financial statements based on the documents and information provided by Executive Management and the verification procedures carried out by the Statutory Auditors. In doing so, it verified the relevance and consistency of accounting methods used in drawing up the Bank's consolidated and corporate accounts. It analysed the results and returns on capital by field of operation. It examined the draft press releases on the results before their presentation to the Board.
- It was briefed on trends in the consolidated balance sheet between 31 December 2007 and 31 December 2008 and on a comparative analysis of the balance sheets of European banks on that last date.
- It examined the effects of the crisis on the Group's revenues and cost of risk. It reviewed sensitive exposures by reference to the recommendations of the Financial Stability Board. It devoted a specially convened meeting with the Statutory Auditors, without the Chairman or the Chief Executive Officer being present, to matters in connection with the valuation of financial instruments and the financing of fund derivatives as well as with the accounting standards applicable to provisions for impairment of equity interests.
- The Committee periodically discussed trends in the Group's solvency ratios.
- The Committee was presented the joint report by the Group-Finance Development Department and the Statutory Auditors on the key choices made concerning the application of accounting standards and on the reclassifications of financial assets, in accordance with the amendments to IAS 39 and to IFRS 7, in the portfolio of loans and receivables.
- Based on a document prepared by the Global Finance-Development Department, it discussed the composition of the Basel II risk-weighted assets and risks of the consolidated balance sheet.
- During their joint meeting, the members of the Financial Statements Committee and of the Internal Control, Risk Management and Compliance Committee discussed the process for the valuation of financial instruments based on a document prepared by the Head of Compliance. The Heads of Global Finance-Development and of Group Risk Management as well as the Head of Periodic Control also took part in that meeting.
- When reviewing the financial results for each quarter and in the course of its discussions of specific issues, the Committee interviewed the Head of Group Finance-Development. During its review of the 2008 financial statements, it interviewed the Head of Group Finance-Development, without the Chairman or the Chief Executive Officer being present. The Committee listened to the comments and findings of the Statutory Auditors concerning the financial results for each quarter, without the Chairman, the Chief Executive Officer or Head of Group-Finance Development being present, and asked them any questions it deemed relevant.
- The Financial Statements Committee was informed of the work carried out in the scope of the first consolidation of BNP Paribas Fortis. During a specially convened meeting, it reviewed the adjustments made to the net equity of the group acquired. It monitored the findings of the evaluations subsequently carried out on the opening balance sheet.
- The Financial Statements Committee reported its findings to the Board of Directors at the end of each meeting.

(1) AFEP-MEDEF Corporate Governance Code (point 14.2).

## Accounting internal control

- Every quarter, the Financial Statements Committee examined the summary of the control audit points reported by the Group entities in the context of the certification of their financial statements.
- It was informed of the integration in the internal control system of allocation indicators of accounting risk levels and of the introduction of accounting control plan and of the main disputes, cases of fraud or attempted fraud.
- In accordance with the requirements under CRFB Regulation 97-02, the Financial Statements Committee examined the system for the monitoring of accounting risk and for the assessment of the accounting internal control environment.
- It examined the section of the Chairman's draft report concerning internal control procedures in connection with the preparation and processing of accounting and financial information and recommended its approval by the Board of Directors.

## Relations with the Group's Statutory Auditors <sup>(1)</sup>

- The Financial Statements Committee received from each of the Statutory Auditors a written statement of their independence vis-à-vis the conduct of the engagement.
  - It was informed by the Statutory Auditors of the Group's audit plan. During its joint meeting with the Internal Control, Risk Management and Compliance Committee, it was provided with an update to this plan including Fortis Bank and its main topics for thought for 2010.
  - In the absence of the Statutory Auditors, it received notification of the amount of fees paid to them in 2008. It examined engagements not directly related to auditing and decided on the engagements of this type submitted to it for approval, in accordance with the Group's internal procedure. It ensured that the amount of the fees received by the Statutory Auditors was not likely to compromise their independence.
  - It examined the results of the call for tenders, launched pursuant to the methodology previously approved by it, so as to share the audit engagement assignments of the Statutory Auditors of BNP Paribas Fortis, BGL BNP Paribas and of their subsidiaries between the members of the team of BNP Paribas Statutory Auditors and proposed that this be approved by the Board of Directors.
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(1) AFEP-MEDEF Corporate Governance Code (point 14.2.2).

## Extracts from the Board of Directors' Internal Rules: the Financial Statements Committee

"The Committee shall hold at least four meetings per year.

### Membership

At least two-thirds of the members of the Financial Statements Committee shall qualify as independent Directors based on the definition used by the Board in accordance with French Corporate Governance guidelines.

No members of the Bank's Executive Management shall sit on the Committee.

### Terms of Reference

The Committee is tasked with analysing the quarterly, half-yearly and annual financial statements issued by the Bank and obtaining further explanations of certain items prior to presentation of the financial statements to the Board of Directors.

The Committee shall examine all matters related to the financial statements, including the choices of accounting principles and policies, provisions, management accounting data, capital adequacy requirements, profitability indicators, and all other accounting matters that raise methodological issues or give rise to potential risks.

The Committee shall analyse at least two times a year the summary of the operations and the results of the accounting and financial internal control based on the information communicated to it by Executive Management. It shall be informed of incidents revealed by the accounting and financial internal control, reported on the basis of the thresholds and criteria defined by the Board of Directors and report its findings to the Board of Directors.

It is informed by the Chairman of the Board of Directors of any possible failure to implement corrective measures decided in the scope of the accounting and financial internal control, that is brought to his direct knowledge by the Head of Periodic Control and reports on its findings to the Board of Directors.

### Relations with the Group's Statutory Auditors

The Committee shall steer the procedure for selection of the Statutory Auditors,

express an opinion on the amount of fees charged for conducting the statutory auditing engagements and report to the Board on the outcome of this selection process.

It shall review the Statutory Auditors' audit plan, together with the Auditors' recommendations and the implementation of these recommendations.

It shall be notified on a yearly basis of the amount and breakdown of the fees paid by the BNP Paribas Group to the Statutory Auditors and the networks to which they belong, calculated using a model approved by the Committee. It shall ensure that the portion of the audit firms' revenues that BNP Paribas represents is not likely to compromise the Statutory Auditors' independence.

Its prior approval shall be required for any engagement entailing total fees of over EUR 1 million (before tax). The Committee shall approve on an ex post basis all other engagements, based on submissions from the Group Finance-Development Department. The Committee shall validate the Group Finance-Development Department's fast-track approval and control procedure for all "non-audit" engagements entailing fees of over EUR 50,000. The Committee shall receive on a yearly basis from the Group Finance-Development Department a report on all "non-audit" engagements carried out by the networks to which the Group's Statutory Auditors belong.

Each Statutory Auditor shall report on a yearly basis to the Committee on its internal control mechanism for guaranteeing its independence, and shall provide a written statement of its independence in auditing the Group.

At least twice a year, the Committee shall devote part of a meeting to a discussion with the team of Statutory Auditors, without any member of Executive Management being present.

The Statutory Auditors shall attend the Committee meetings devoted to the review of quarterly, half-yearly and annual financial statements.

However, the Statutory Auditors shall not attend all or part of Committee meetings dealing with their fees or their re-appointment.

The Statutory Auditors shall not attend all or part of Committee meetings dealing with specific issues that concern a member of their staff.

Barring exceptional circumstances, the files containing the quarterly, half-yearly and annual results and financial statements shall be sent to Committee members at the latest on the Friday or Saturday morning preceding Committee meetings scheduled for the following Monday or Tuesday.

Where questions of interpretation of accounting principles arise in connection with the publication of quarterly, half-yearly and annual results, and involve choices with a material impact, the Statutory Auditors and the Group Finance-Development Department shall submit, on a quarterly basis, a memorandum to the Committee analysing the nature and significance of the issues at play, presenting the pros and cons of the various possible solutions and explaining the rationale for the choices ultimately made.

### Report of the Chairman

The Committee shall review the draft report of the Chairman of the Board on internal control procedures relating to the preparation and processing of accounting and financial information.

### Interviews

With regard to all issues within its purview, the Committee may, as it sees fit, and without any other member of Executive Management being present if it deems this appropriate, interview the Heads of Group Finance and Accounting, as well as the Head of Asset/Liability Management.

The Committee may request an interview with the Head of Group Finance-Development with regard to any issue within its purview for which it may be liable, or the Bank's management may be liable, or that could compromise the quality of financial and accounting information disclosed by the Bank."

# Internal Control, Risk Management and Compliance Committee

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In 2009, the membership of the Internal Control, Risk Management and Compliance Committee remained unchanged from the previous year and included François Grappotte (Chairman), Jean-Marie Gianno and Jean-François Lepetit, i.e., two-thirds of its members were independent Directors in accordance with the criteria of the AFEP-MEDEF Corporate Governance Code. Most of its members have, based on their training or experience, extensive expertise in the field of finance or accountancy. No members of the Bank's Executive Management sit on the Committee. In 2009, the Committee met four times and the rate of attendance was 100%. It also met once with the Financial Statements Committee. Documentation on agenda items — presented in standardised form — was previously addressed to the Committee members.

## Market risk, credit risk and liquidity risk

— The Committee duly reviewed, based on the information presented by Group Risk Management, all of the market, credit and counterparty risks. In particular, it analysed the Group's exposure in the sectors, business lines and geographic areas most affected by the crisis. It was informed, as was the Financial Statements Committee, of the Group's sensitive exposures as per the recommendations of the Financial Stability Board. The Committee was informed of the conclusions of the Risk Policy Committees held by Executive Management. It examined the exposure of BNP Paribas Fortis, in particular as concerns structured credit portfolios. The Head of Group Risk Management and his deputies specialised in different risk categories were interviewed at a Committee meeting and answered its questions in their respective areas of responsibility.

- The Committee was regularly informed of Value-at-Risk (VaR) trends as well as of the results of back testing. It was briefed on the changes made to secure the stress testing methodology, specifically by applying strong shocks to the positions.
- It was updated on and discussed, at each of its meetings, trends in liquidity markets and on the situation of BNP Paribas. It was briefed on the policy guidelines adopted by Executive Management to adapt the organisation, risk tolerance and internal management model of liquidity to the new environment. The Committee was informed of the outcome of the stress testing carried out at the request of the Commission Bancaire.
- The Committee interviewed, without the Chairman or the Chief Executive Officer being present, the Head of Group Risk Management and the Head of Assets and Liabilities Management.

## Internal Control, Compliance, relations with regulatory authorities

— The Committee was provided with the draft annual reports on Compliance and permanent operational control for 2008 as well as the draft periodic control report prepared by the General Inspection Unit for 2008. It discussed the measures taken by Executive Management to prevent fraud and bolster the Group's compliance system. It was briefed on the main risk areas identified and on the measures decided to monitor the implementation of the recommendations of the General Inspection Unit. It reviewed the permanent operational control system introduced in the fields of operation and functions of the Group and the progress made on their control plans. It also reviewed

a summary of salient events in 2008 and the action plan for 2009 of the business continuity plan.

- The Committee received several briefings on the progress made on projects launched at the start of 2008 by Executive Management to ensure the control and security of transactions and of information systems in market transactions. It was informed of the findings of the audit assignments of the General Inspection Unit at 30 June 2009 and analysed the main observations made by it during its assignments in the Group's fields of operation or during its special-topic assignments. It was informed of the terms of references for 2010.
- It was updated on and discussed the Group's presence in the countries featured on the OECD list of 2 April 2009.
- The Committee examined the risk control and monitoring systems and procedures. It examined the new provisions of CRBF Regulation 97-02 and submitted changes to the organisation of its work it considered to be necessary for approval by the Board.
- It examined the correspondence exchanged between Executive Management and the Commission Bancaire and reported on this to the Board.
- Without the Chairman or the Chief Executive Officer being present, the Committee interviewed the Head of Permanent Control and Compliance, and the Head of the General Inspection Unit, who is in charge of periodic controls.
- It reviewed the section of the Chairman's draft report on internal control and recommended its approval by the Board of Directors.

## **Extracts from the Board of Directors' Internal Rules: The Internal Control, Risk Management and Compliance Committee**

*"It shall hold at least four meetings per year.*

### **Membership**

*A majority of the members of the Internal Control, Risk Management and Compliance Committee shall qualify as independent Directors based on the definition used by the Board in accordance with French Corporate Governance guidelines.*

*No members of the Bank's Executive Management shall sit on the Committee.*

### **Terms of reference**

*The Committee examines the key focuses of the Group's risk management policy, based on measurements of risks and profitability provided to it in accordance with applicable regulations, as well as on its analyses of specific issues related to these matters and methodologies.*

*The Committee also tackles all compliance-related issues, particularly those in the areas of reputation risk or professional ethics.*

*The Committee analyses the risk measurement and monitoring report. Twice a year it examines the internal control operations and findings (excluding accounting and financial internal control, which is of the responsibility of the Financial Statements Committee) based on the information provided to it by Executive Management and the reports presented to it by the Heads of Permanent Control, Compliance and Periodic Controls. It reviews the Bank's exchanges of correspondence with the General Secretariat of the Commission Bancaire.*

*The Committee is briefed on incidents revealed by internal control that are reported on the basis of the thresholds and criteria defined by the Board of Directors and reports on its findings to the Board of Directors.*

*It analyses the status of recommendations made by the General Inspection Unit that were not implemented. It is informed by the Chairman of the Board of Directors of any possible failure to implement corrective measures decided in the scope of the accounting and financial internal control, that is brought to his direct knowledge by the Head of Periodic Control and reports on its findings to the Board of Directors.*

### **Interviews**

*It may interview, without any other member of Executive Management being present if it deems this appropriate, the Head of the General Inspection Unit and of Periodic Controls, the Head of the Group Compliance and Permanent Control Function and the Head of Group Risk Management.*

*It presents the Board of Directors with its assessment concerning the methodologies and procedures employed.*

*It expresses its opinion concerning the way these functions are organised within the Group and is kept informed of their programmes of work.*

### **Common provisions**

*The Financial Statements Committee and the Internal Control, Risk Management and Compliance Committee shall meet twice a year.*

*They shall be briefed in that context of the terms of reference of the General Inspection Unit and of the audit plan of the Statutory Auditors and shall prepare the work of the Board in assessing the risk policies and management systems.*

*They shall deal with common subjects relating to the risk and provisioning policy of BNP Paribas. This meeting shall be chaired by the Chairman of the Financial Statements Committee."*

# Corporate Governance and Nominations Committee <sup>(1)</sup>

The members of the Corporate Governance and Nominations Committee are Claude Bébéar (Chairman), Laurence Parisot and Daniela Weber-Rey. All of its members qualify as independent Directors, and each member is versed in Corporate Governance issues and has a proven track record in the management of major international corporations.

No members of the Bank's Executive Management sit on the Committee. The Committee shall include the Chairman of the Board of Directors in its work on seeking out and selecting new Directors or non-voting Directors and on the replacement of corporate officers <sup>(2)</sup> <sup>(3)</sup>.

Its terms of reference are defined by the Internal Rules (see inset below).

In 2009, the Committee met three times with an attendance rate of 89%.

## Organisation and performance of the Board and of the specialised Committees - Assessing the performance of the Directors

- The Committee prepared the assessment by the Board of Directors of the performance of the Board and of its specialised Committees. It ensured that a summary of the assessments made by Directors was submitted to them for review before being presented the report by the Committee's Chairman.
- It took due note of the implementation, in 2009, of improvements recommended by the Board in its assessment for 2008.
- The Committee assessed the contribution of each of the Directors based on the diversity of their experience and personality. It discussed the respective contribution made by them to the work of the Board and to its discussions.

## Excerpt from the Internal Rules of the Board of Directors: The Corporate Governance and Nominations Committee

*"The Committee is tasked with monitoring Corporate Governance issues. Its role is to help the Board of Directors to adapt corporate governance practices within BNP Paribas and to assess the performance of Board members."*

*"It tracks developments in Corporate Governance at both global and domestic levels."*

*"It regularly assesses the performance of the Board using either its own resources or any other internal or external procedure that it deems appropriate."*

*It examines the draft report of the Chairman of the Board on Corporate Governance and all other documents required by applicable laws and regulations."*

*"The Committee puts forward recommendations for the post of Chairman of the Board for consideration by the Board of Directors. Acting jointly with the Chairman of the Board, the Committee puts forward recommendations for the post of Chief Executive Officer for consideration by the Board, and acting on the recommendation of the Chief Executive Officer, it puts forward candidates for the posts of Chief Operating Officers."*

*The Committee assesses the performance of the Chairman, in his absence. It also assesses the performances of the Chief Executive Officer and Chief Operating Officers, in the absence of the parties in question."*

*It is also responsible for developing plans for the succession of corporate officers."*

*It makes recommendations to the Board of Directors on the appointment of Committee Chairmen and Committee members."*

*It is also tasked with assessing the independence of the Directors and reporting its findings to the Board of Directors. The Committee shall examine, if need be, situations arising should a Director be repeatedly absent from meetings."*

- To replace Alain Joly, it proposed to the Board of Directors to appoint Claude Bébéar as Chairman and Daniela Weber-Rey as member of the Corporate Governance and Nominations Committee. It also proposed appointing Denis Kessler as Chairman and member of the Compensation Committee.
- Acting upon the proposal of the Chairman of the Board of Directors, it examined the candidatures presented by the Belgian government to the posts of non-voting Directors and recommended that the Board appoint Emiel van Broekhoven and Michel Tilmant.
- The Committee approved of the changes made to the Internal Rules following the detailed analyses carried out by the three other Committees on possible changes to be made to the organisation of the work of the Board in the wake of the new provisions of the CRBF Regulation 97-02 on internal control.

## Evaluation of corporate officers

- The Board carried out a performance review, outside his presence, of the Chairman of the Board of Directors.
- It also assessed the performances of the Chief Executive Officer and Chief Operating Officers, without them being present.
- The performance reviews of corporate officers are made in view of the foresight, decision-making and leadership skills shown by the officer in implementing the Group's strategy and preparing its future.

## Report by the Chairman

The Committee reviewed the section of the Chairman's draft report on Corporate Governance and recommended its approval by the Board of Directors.

(1) AFEP-MEDEF Corporate Governance Code (point 15).  
(2) AFEP-MEDEF Corporate Governance Code (point 15.1).  
(3) AFEP-MEDEF Corporate Governance Code (point 15.2).

# Compensation Committee <sup>(1)</sup>

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The members of the Compensation Committee are Denis Kessler (Chairman), Jean-Louis Beffa and François Grappotte. In line with the recommendations made by the AFEP-MEDEF Corporate Governance Code (point 16), two-thirds of its members are independent Directors. All of its members have experience in the field of compensation systems and market practices in this field.

No members of the Bank's Executive Management sit on the Committee. The Chairman of the Board of Directors is not a member of the Committee, but is invited to take part in its deliberations, except those which concern him personally <sup>(2)</sup>.

The Committee interviews the Head of Group Human Resources.

According to the internal rules, the Compensation Committee *"is tasked with addressing all issues related to the personal status of corporate officers, including compensation, pension benefits, and provisions governing the departure of members of the Bank's corporate decision-making or representative bodies. It examines the conditions, amount and allocation of stock subscription or purchase option plans. Similarly, it examines the conditions of bonus share grants. It prepares the work of the Board based on the principles of the Group's compensation policy, in particular as regards market professionals, in accordance with the applicable laws and regulations."*

The Committee proposes the basis of calculation of Directors' fees to the Board and submits the amounts thus granted to each Director for approval by the Board, within the overall limits set by the Annual General Meeting of shareholders.

In 2009, the Board met six times with an attendance rate of 94%.

— The Committee reviewed all measures taken in terms of the compensation of corporate officers and ensured their compliance with the AFEP-MEDEF Corporate Governance Code.

- It determined, on an indicative basis, the amounts of the variable compensation that were not paid to corporate officers for 2008. It proposed that the Board of Directors approve an increase in the fixed salary of Jean-Laurent Bonnafé in view of his extended responsibilities following the merger with Fortis Bank.
- It submitted its recommendations to the Board of Directors concerning the basis for determining variable compensation for corporate officers for 2009.
- The Committee reviewed and proposed that the Board of Directors approve the features and payments made under the 2009 Global Share-Based Incentive Plan. It was informed of the decision by corporate officers not to receive stock options under that plan. It approved of the introduction of a performance condition in the provisions relating to bonus share grants. It carried out a preliminary review of the features of the 2010 Global Share-Based Incentive Plan.
- The Committee proposed that the Board of Directors approve the table of allocation of Directors' fees for 2009 as well as the compensation of the two non-voting Directors <sup>(3)</sup>.
- The Committee was informed of the compensation determined by the Chief Executive Officer for 2008 for the members of the Executive Committee (excluding corporate officers).

## Compensation guidelines

- The Committee was informed, at its first meeting of the year, of the guidelines adopted by BNP Paribas for its compensation policy in market operations.
- It was briefed on international, European and French documents in connection with governance and variable compensation of capital market professionals. On that basis, it proposed that the Board of Directors set the compensation guidelines of BNP Paribas. It ascertained that the presence within the Board of François Grappotte and Denis Kessler, respectively Chairman of the Internal Control, Risk Management and Compliance Committee and member of the Financial Statements Committee facilitated the work of the Board as regards the match between the BNP Paribas compensation policy and its risk policy.

(1) AFEP-MEDEF Corporate Governance Code (point 16).

(2) AFEP-MEDEF Corporate Governance Code (point 16-2).

(3) In accordance with the AFEP-MEDEF Corporate Governance Code, the table of Directors' fees paid to Directors is featured in the note to the financial statements referred to above.

The information below concerning the Group's internal control system has been provided by Executive Management. The Chief Executive Officer is responsible for internal control systems and procedures, and for all the statutory information in the report on internal control. This document was prepared using information provided by the following Group functions: Compliance, Risk Management, Finance-Development, Legal Affairs and the General Inspection Unit. It was validated by the decision-making body.

## **BNP Paribas Internal Control references**

Internal controls in the banking sector in France and internationally are at the centre of banking and financial regulations and are governed by a wide range of laws and regulations.

In this sector, the main regulation applicable to BNP Paribas is CCLRF Regulation no. 97-02<sup>(1)</sup> as amended, which defines the conditions for implementing and monitoring internal control systems in banks and investment firms. These rules lay down the principles relating to control systems for transactions and internal procedures, accounting systems and information processing, risk and performance measurement systems, risk supervision and control systems, and internal control documentation and reporting systems. Under Article 42 of this Regulation, banks are required to prepare an annual statutory report on internal control for the attention of the Board of Directors.

As required by Regulation no. 97-02, BNP Paribas has set up an internal control system (referred to herein as internal control) in which distinct organisations and managers are in charge of permanent controls and periodic controls. The internal control system must also take into account, as appropriate, the General Regulations of AMF (French Financial Markets Authority), regulations applicable to branches and subsidiaries outside France and to specialised operations such as portfolio management and insurance, the most widely accepted industry practices in this area and the recommendations of international bodies dealing with the capital adequacy framework issues, foremost among which are the "Basel Committee" and the "Senior Supervisory Group."

## **Internal control, definition, objectives and standards**

The Executive Management of the BNP Paribas Group has set up an internal control system whose main aim is to ensure overall control of risks and provide reasonable assurance that the Bank's goals in this area are being met.

This system is defined in the Group's Internal Control Charter, which serves as its basic internal reference document. Widely distributed within the Group and freely available to all Group employees, this Charter defines Internal Control as a mechanism for ensuring:

- the development of a strong risk control culture among employees;
- the effectiveness and quality of the Group's internal operations;

- the reliability of internal and external information (particularly accounting and financial information);
- the security of transactions;
- compliance with applicable laws, regulations and internal policies.

The Charter lays down rules relating to the organisation, lines of responsibility and remit of the various players involved in Internal Control, and establishes the principle that the different control functions (Compliance, General Inspection Unit and Risk Management) must be exercised independently.

## **Scope of Internal Control**

One of the fundamental principles of internal control is that it must be exhaustive in scope: it applies in the same degree to all types of risk and to all entities in the BNP Paribas Group, whether operational (core businesses, business lines, functions and territories) or legal (branches and consolidated subsidiaries), without exception. It also extends to core services or operational activities that have been outsourced, in accordance with regulatory requirements, as well as to companies for which the Group ensures operational management, even if not integrated in the scope of consolidation.

Implementing this principle requires a precise overview of the allocations of responsibilities and must factor in the ongoing growth in the Group's businesses.

(1) This document is frequently amended so as to improve the efficiency of internal control mechanisms.

## Fundamental principles of Internal Control

Internal Control in BNP Paribas is based on the following key principles:

- **responsibility of operational staff:** the permanent control mechanism must be incorporated within the operational organisation of the entities. Operational managers must ensure effective control over the activities for which they are responsible, and all employees are under the duty to blow the whistle on any problems or failings of which they are aware;
- **exhaustiveness** of internal control (see above, under “Scope of Internal Control”);
- **separation of tasks:** this applies to the various phases of a transaction, from initiation and execution, to recording, settlement and control. The separation of tasks also exists between independent functions carrying out independent controls and between Permanent Control and Periodic Control;

- **proportionality of risks:** the scope and number of controls must be proportional to the risk level covered. These controls may consist of one or more controls carried out by operational managers and, if necessary, one or more Permanent Control managers;

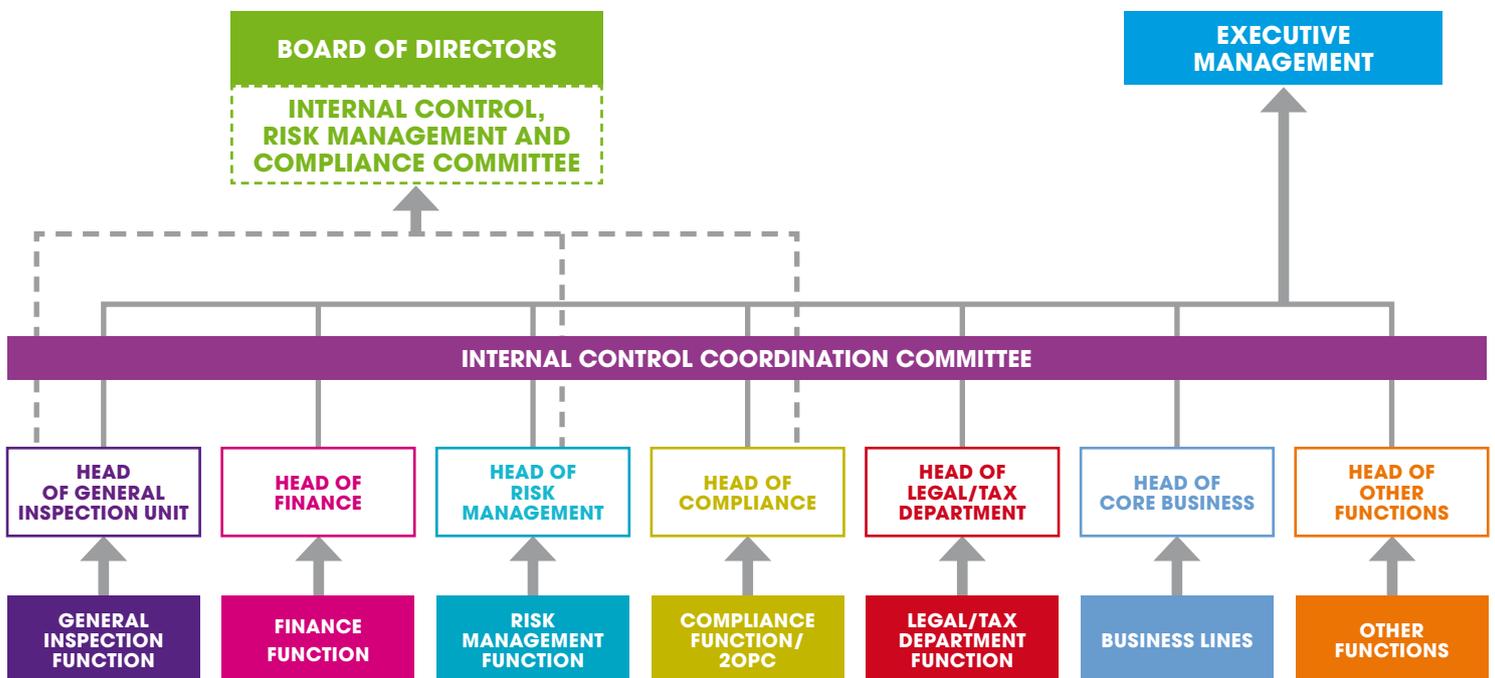
- **internal control traceability:** this relies on written procedures and audit trails. Controls, results, exploitation and information reported by entities to higher Group Corporate Governance levels must be traceable.

Periodic Control teams (General Inspection Unit) verify that these principles are complied with by carrying out regular inspections.

## Organisation of Internal Control

Internal Control at BNP Paribas consists of Permanent and Periodic Control. While they are complementary, they are distinct and independent of one another:

- Permanent Control is an overall process for the ongoing implementation of risk management and monitoring of strategic actions. It is carried out by operational staff, and their line managers, and by Permanent Control Functions either within or independent of these operational entities;
- Periodic Control is an overall process for “ex post” verification of the operation of the Bank, based on surveys that are conducted by the General Inspection Unit, which performs these functions on an independent basis.



## Players involved in internal control

- **Executive Management**, reporting to the Board of Directors, is responsible for the Group's overall internal control system;
- **Operational staff**, at all levels (front/middle/back office, support function etc.), and in particular those in the reporting line of command have first-level responsibility for risk management and leading permanent control players. They carry out first-level controls: controls of the transactions handled by them and for which they are responsible, controls on the operations or transactions handled by other operational staff or management controls;
- **Permanent Control Functions**. These Functions carry out second-level controls:
  - the **Compliance Function** contributes to permanent control of the risk of non-compliance, so as to ensure that the Group conforms to legal and regulatory provisions, professional and ethical standards, as well as the overall strategy of the Board of Directors and Executive Management guidelines. It has considerable independence, notably ensured by its joint exercise with the Heads of operating units over the managers of teams in charge of compliance in the core businesses and support functions via a joint oversight arrangement. The Head of Compliance reports to the Chief Executive Officer and represents the Bank before the Commission Bancaire with regard to all matters concerning permanent controls.  
It also ensures, through dedicated teams, the supervision of the Permanent Operational Control system of business lines (Core Businesses and Business Lines) and of support and control functions. Lastly, it ensures a coordination role for the Group's overall internal control system, by coordinating the Internal Coordination Control Committee and major cross-functional projects, in particular those geared at bolstering the Internal Control system;
  - the **Risk Management Function** contributes, notably by its "second-tier" controls of transactions and new activities, to ensuring that the credit and market risks taken by

BNP Paribas comply and are compatible with its policy, the rating level it seeks to have and its profitability objectives. The duties associated to this function at the Group Risk Management level are exercised independently of the core businesses and support functions, contributing to the objectiveness of its permanent control. Its Head, who is a member of the Executive Committee, reports directly to the Chief Executive Officer;

- the **Finance-Development Function** is responsible for the preparation of financial statements and management control reporting of quality, overseeing project management for the Group's financial information systems and ensuring the compliance of the Group's financial structure. Its Head, who is a member of the Executive Committee, reports directly to the Chief Executive Officer;
- **other Functions**, which are key players involved in Permanent Control in their respective areas of responsibility: **Legal Department, Tax Department, Information Technology & Processes Department, Human Resources Department**.
- **Periodic Control**: periodic control (called "third-level" control) is independently exercised by the General Inspection Unit for all Group entities. It includes:
  - inspectors based at headquarters, who are authorised to carry out controls throughout the Group,
  - auditors deployed in geographic or line of business hubs.Periodic Controls are the responsibility of the Head of the General Inspection Unit who reports operationally to the Chief Executive Officer. The Head also reports to the Board of Directors directly, or through the Internal Control, Risk Management and Compliance Committee.
- The **Board of Directors** exercises internal control duties. In particular, it set up an Internal Control, Risk Management and Compliance Committee, which:
  - analyses reports on internal control and on measuring and monitoring risks, as well as the General Inspection Unit's reports on its operations, and exchanges of correspondence with main regulators;
  - examines the key focuses of the Group's risk management policy.

The Heads of the Compliance, Risk Management and of the General Inspection functions report on the performance of their duties to the Chief Executive Officer. Whenever the latter or the Board of Directors deem necessary, they also periodically report to the competent Board Committee (as a general rule, the Internal Control, Risk Management and Compliance Committee) and, as the case may be, directly to the Board of Directors. At their request, they may be interviewed by the Board.

## Coordination of Internal Control

An Internal Control Coordination Committee (ICCC) meeting is held periodically with the main players involved in Permanent Control (see above), the Heads of the Core Businesses or their representatives, and the Head of Periodic Control. This Committee:

- is chaired by the Head of Compliance, who sits on the Executive Committee, and steers the coordination of the Group's Internal Control;
  - is not intended to replace the different Group Risk Management Committees but to enhance their effectiveness within the overall system;
  - guarantees the consistency of the internal control system and its compliance with regulations;
  - seeks to promote the use of shared internal control tools;
  - enhances the overall consistency of the annual reports on internal control and control of investor services prepared by the Permanent Control and Periodic Control functions as required under their "Charter of responsibilities", and of the report of the Chairman of the Board of Directors on Internal Control procedures.
- In 2009, the ICCC's work covered the following main topics:
- review of the Group's fraud prevention and detection policy;
  - representative offices;
  - "Closer to Emerging Standards" project, aimed at aligning the Bank on best international practices in the field of risk management;
  - archival & records storage policy;
  - monitoring of corrective measures, in particular those recommended by the General Inspection Unit.

## Procedures

Checking procedures is one of the key tasks of the permanent control system, alongside identifying and assessing risks, running controls, verifying reporting processes and overseeing the monitoring system.

Written guidelines are distributed throughout the Group and provide the basic framework for the Group's Internal Control, setting out the organisational structures, procedures and controls to be applied. The Compliance Function, at the headquarters level, and in the context of the supervision of permanent operational control, checks that procedural guidelines are regularly monitored for completeness via a network of correspondents. Efforts are ongoing to streamline the set of procedures and the applicable standards, improve their distribution and planning, make them more accessible and design better tools for storing them, both at the level of cross-function procedures and procedures for operational entities (level-3 procedures).

The Group's cross-functional guidelines (levels 1 and 2) are updated as part of an ongoing process in which all the core businesses and functions actively participate. As regards the organisation of controls, the surveys on the effectiveness of processes have been integrated into the twice-yearly reporting of the Permanent Control Function.

Among the Group's cross-functional procedures, applicable in all entities, the following are especially important in terms of controlling risk:

- procedures dealing with the validation of exceptional transactions, new products and new activities;
- the procedure for the approval of day-to-day credit and market transactions.

These processes rely essentially on committees (exceptional transactions and new activities committees, credit committees, etc.) primarily composed of operating staff and Permanent Control Functions (Risk and Compliance, as well as Finance Department, Legal Department and other concerned functions) who carry out a "second tier" control on transactions. In case of dispute, it is escalated to a higher level in the organisation. At the summit of the process are the Committees (Credit Committee,

Capital Market Risk Committee, Risk Policy Committee) on which members of Executive Management sit. Since the end of 2008, a monthly Risk Committee has been held on which all Executive Management members sit, as well as, in particular, the Heads of the Risk Function (GRM) and Finance Function so as to ensure more frequent monitoring of Group risk trends.

## Highlights of 2009

### Group Compliance

In 2009, the Group's internal control system was strongly marked by the increase in Compliance issues and by the integration of Fortis.

The Compliance Function faced a strong increase in issues concerning:

- new regulations, in particular the transposition into French law of the 3rd European Money Laundering Directive and new requirements in the field of professional certification;
- stricter requirements in the field of internal control, with 3 amendments to CRBF Regulation 97-02 during the course of 2009:
  - Decree of 14 January 2009, specifically requiring that the Board of Directors define the criteria and thresholds of materiality of incidents revealed by internal control procedures;
  - Decree of 29 October 2009 creating a new chapter on the fight against money laundering and the financing of terrorism (transposition of the 3rd European Money Laundering Directive);
  - Decree of 3 November 2009 on the compensation of employees whose activities are likely to have an impact on the risk exposure of financial institutions, requiring that risk be taken into consideration in the compensation policy (capital adequacy) and the preparation of an annual report submitted to the Commission bancaire;
- Decree of 5 May 2009 creating new obligations relating to the measurement and monitoring of liquidity risk;
- reorganisation and enlargement of the Group with the creation of the Retail Banking Division and the acquisition of Fortis Bank.

The integration of Fortis was a major topic for Compliance in 2009 and will continue to be in 2010 and has resulted in the general mobilisation of the function, at headquarters and operational level.

Since the end of 2008, close contacts have been created between the Heads of Compliance of BNP Paribas and their counterparts at Fortis Group, so as to determine the measures to be introduced without delay as of the date of the "closing" (which took place on 12 May 2009), in the field of compliance, in particular so as to protect the reputation of the enlarged BNP Paribas Group. In particular, the following measures were introduced:

- measures to better manage conflict of interest situations related to the presence of minority shareholders in BNP Paribas Fortis;
- rules in the field of information exchanges;
- measures geared at coordinating action in sensitive areas such as politically exposed persons or transactions involving "sensitive" employees;
- a consolidation of the Group's "equity" positions in view of application of the rules on information to be reported to markets.

In addition, Compliance was involved in steering the overall merger so as to contribute to its integrity.

The inclusion of BNP Paribas Fortis, the implementation of numerous new rules, in particular prudential and the improvement of the operational compliance system, are among the Group's priority objectives for 2010.

### **Permanent Operational Control**

The efforts that began a few years ago in the field of permanent operational control, focusing on the involvement of operational staff in risk management and systematisation of this approach, continued and are progressively bearing fruit. In 2009, several salient measures should be noted:

- the consolidation of the structure of the permanent operational control system. Following the decision taken in 2008 to have the permanent operational control structure go beyond a coordination role so as to play a supervision and early warning role, 2009 was marked by the formalisation of the general framework in which the permanent operational control system applies at the Group level, and by the determination of the scope in which the supervision and whistle blowing role is exercised. This formalisation work also permitted integrating the significant changes introduced by Regulation 97-02 in the internal control system of financial institutions;
- the adaptations made or prepared in 2009 in the context of the Basel II framework approved by the Commission Bancaire:
  - updating of the data feeding the model by the entities, with a special focus on the most significant incidents;
  - definition of a capital allocation that is more sensitive to the risk profiles for implementation as of 2010;
- extension of the scope of the business continuity scenarios. In 2009, the efforts of the teams tasked with business continuity largely focused on the scenario of the unavailability of human resources and more specifically on preparing for a large scale epidemic;
- the merger with Fortis. Management of the integration of Fortis was one of the key projects in 2009. A target system was defined, and the main measures implemented were to align BNP Paribas Fortis along the practices of BNP Paribas, with a review of such practices so as to reflect the strong points of Fortis. The main projects for 2010 are management of the transition towards the BNP Paribas system in calculating capital requirements and of the migration of the Fortis tools to those of BNP Paribas.

Besides aspects in connection with the merger with Fortis, 2010 will be marked by the consolidation of the supervision and whistle blowing function on the deployment and operation of the permanent operational control system in all of the Group entities.

### **Periodic Control**

In the context of the “Knowledge” program launched in 2008, designed to harmonise and enrich the knowledge base associated to the audit process, the General Inspection Unit made considerable progress on several points in 2009.

The function acquired four new guidelines on:

- conduct of audit process;
- supervision of audit process;
- constitution, archival and access to the audit file;
- use and access to internal audit tools.

These guidelines provide precise instructions, in accordance with the professional standards, that enable improving the audit trail and improve the homogeneity of working methods and audit deliverables in all of the “hubs” of the General Inspection Unit.

Training was organised in all “hubs” to present these operational procedures which entered into force on 1 November 2009.

The “How-To” program ultimately contemplates (end of 2010) the delivery of 9 guidelines, covering the main internal audit processes.

The integration of Fortis within the scope of consolidation of BNP Paribas has led to the setting up of many working groups having for their duties to organise the Function and converge the tools, methods and guidelines (the “How-To” has applied since 1 January 2010 within this scope).

Training on the BNP Paribas tools and guidelines has also been provided to all employees.

Within the BNP Paribas scope, the professionalisation effort has continued: training actions in 2009 increased by 8% compared to 2008, as did professional certifications (+22%).

In the area of “Risk Assessment”, the Function upgraded its tools in 2009: the MyRiskAssessment tool was improved so as to better formalise the audit trail between the different “Risk Assessment” factors and the listing of auditable macro domains.

## Internal Control Human Resources

At the end of 2009, the number of full-time equivalent employees (FTE) in the various Internal Control Function components was as follows:

	2006	2007	2008	2009 (excl. Fortis)	Variation 2008/2009	2009 (incl. Fortis)
Compliance (excluding Permanent Operational Control - POC)	614	740	864	904	+4.5%	1,120
Permanent Operational Control <sup>(1)</sup>	70	439	562	637	+13%	760
Group Risk Management	869	881	954	950	-0.5%	2,940 <sup>(2)</sup>
Periodic Control	902	854	829	822	-0.8%	1,023
<b>TOTAL</b>	<b>2,455</b>	<b>2,839</b>	<b>3,209</b>	<b>3,313</b>	<b>+3%</b>	<b>5,143</b>

(1) The Permanent Control / Operational Risk merger having become effective in 2008, the new scope of the "Permanent Operational Control" entity was reconstituted for 2007 for the sake of comparison. It includes the Permanent Control, Operational Risk and Business Continuity Planning coordination teams.

(2) Before the restatements referred to below.

### Second-level Permanent Controls

— The number of FTEs working in the Compliance Function (excluding POC) jumped 4.5% to stand at 904 (excluding Fortis), at end-December 2009. This slower increase compared to previous years is explained by degree of maturity achieved by the Compliance system. However, in view of the new Compliance issues, this number should stand, on a like-for-like basis, at 950 FTE at 2010 year-end.

With the enlarged scope of the new Group, Compliance counted 1,120 FTE (excluding POC) at 2009 year-end.

— The "Permanent Operational Control" entity (also called "Oversight of Permanent Operational Control -" 2OPC) created following the merger in 2007 of the Permanent Control and Operational Risk teams, coordinates the implementation of the approach in the different Group entities and counted 637 FTE at 2009 year-end. This figure includes the head teams in the core businesses, business lines and functions but excludes the resources dedicated to accounting internal control and the numerous teams of specialised controllers throughout the Group. With the teams of BNP Paribas Fortis, Permanent Operational Control counted 760 FTE at 2009 year-end.

— At the end of 2009, GRM totalled 950 FTE. The year was marked by the transfer to the Group Finance-Development Function of the consolidated periodic Reporting process for credit risk. In addition, GRM continued to bolster its resources with an additional thirty persons, essentially in the scope of the RCM (Risk Capital Market) and RIS (operational risk of the "Investment Solutions" Core Business) Departments.

The teams of the "Risk" Function at BNP Paribas Fortis represent approximately 2,000 FTE of which 924 FTE for Belgium (budgetary estimate at 31 December 2009) and 1,066 FTE worldwide (current budget estimate). Following the integration, a substantial portion of this headcount should be classified outside the Risk Function.

### Periodic Controls

— BNP Paribas (excluding Fortis) scope: the average headcount in the Bank's General Inspection Unit in 2009 was 822 FTE (829 in 2008), equivalent to 783 FTE in terms of the sole audit coverage of the core businesses, business lines and functions.

— Fortis scope: the average audit headcount in 2009 was 201 FTE, equivalent to 188 FTE dedicated exclusively to audit coverage.

The ratio of auditors to auditees within the global scope of consolidation (BNP Paribas + Fortis) was 0.5%.

# Limitation of the powers of the Chief Executive Officer

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The Chief Executive Officer has the broadest powers to act in all circumstances in the name of BNP Paribas and to represent the Bank in its dealings with third parties.

He shall exercise these powers within the limits of the corporate purpose and subject to those powers expressly granted by French law to Shareholders' Meetings and the Board of Directors.

Within the Group, the Internal Rules of the Board of Directors require the Chief Executive Officer to submit to the Board for prior approval any investment or dis-

investment decision (excluding portfolio transactions) of more than EUR 250 million, and any proposed acquisition or divestment of equity interests (excluding portfolio transactions) of more than EUR 250 million. The Chief Executive Officer must seek preliminary approval from the Financial Statements Committee of the Board for audit engagements entailing total fees of over EUR 1 million (before tax).

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# Internal control procedures relating to the preparation and processing of accounting and financial information

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## Roles and responsibilities regarding the preparation and processing of accounting and financial information

Acting under the authority of the Chief Executive Officer, the Group Finance-Development Function is responsible for the preparation and processing of accounting and financial information. Its duties and responsibilities are defined in a specific charter and include:

- producing and distributing high quality financial statements;
- producing quality management accounts, and providing all forecast quantitative data needed for steering Group policy;
- overseeing project management for the Group's financial information systems;
- optimising the Group's financial position;

- ensuring that the Group's financial position is well presented to the financial markets;
- coordinating the Group's development strategy and managing its external growth;
- providing Executive Management with early warnings.

The responsibilities of the Finance Function are exercised at different levels of the Group: within each accounting entity<sup>(1)</sup> by the local Finance Department Function, at the level of each core business/business line by the Finance Department Function and by the Group Finance-Development Function.

The production of accounting and financial data, and controls designed to ensure their reliability, are first handled by the Finance Department of the accounting entity which reports this information to the core business, then on to the Group, and attests that it is reliable, based on the internal certification procedure described below.

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The core businesses/business lines/territories then perform further controls at their level on the financial statements prepared by the accounting entities. They enhance the quality of the reporting by carrying out appropriate reconciliations of accounting and management data.

The Group Finance-Development Function gathers all the accounting and management information produced by the accounting entities in line with formalised reporting procedures validated by the core businesses/business lines. It then consolidates these data for use by Executive Management or for external reporting to third parties.

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(1) "Accounting entity" refers to the parent company, BNP Paribas, as well as each of the consolidated subsidiaries and branches.

## Production of accounting and financial information

### Accounting policies and rules

The local financial statements for each entity are prepared under local GAAP while the Group consolidated financial statements have been prepared under IFRS (International Financial Reporting Standards) as adopted for use by the European Union.

The Accounting Policies Department of the central Group General Accounting Department defines, based on IFRS, the accounting policies to be applied on a Group-wide basis. It monitors regulatory changes and prepares new internal accounting policies with the level of interpretation necessary to adapt them to the operations carried out by the Group. An IFRS accounting manual has been produced and distributed to accounting teams within core businesses, business lines and entities on the internal network communication tools (intranet) at BNP Paribas. It is regularly updated to reflect regulatory changes. This central department handles requests for specific accounting studies made by the accounting entities or business lines outside the design or recording of a financial product. The central Budget and Strategic Management Control Department draws up management control rules that apply to all the Group's business lines. The Group's accounting and management control policies can be accessed in real time using the internal network tools (intranet).

### Systems used

The role of dedicated teams within Group Finance-Development includes defining the target architecture of the information systems of the Finance Department Function (accounting systems, cost-accounting systems, accounting and regulatory consolidated reporting systems and consolidated management reporting systems). They facilitate the sharing of information and the implementation of cross-functional projects in a context of increasing convergence of the different existing accounting platforms, both at the Group and business line level.

The information used to prepare the BNP Paribas Group Consolidated Financial Statements is derived from the Bank's various transaction processing systems, from origination by the Front Office through to their accounting entry. Routing controls are ensured at each level of the data transmission chain to ensure these systems are adequately fed. The Group also regularly carries out upgrade maintenance on these systems to adapt them to the growth and increasing complexity of its business. Lastly, dedicated teams are responsible for defining the accounting procedures in the back office and accounting systems for application at the operational level of the accounting principles established by the Accounting Policies.

### Process for collecting and preparing consolidated accounting and financial information

The process for collecting accounting and financial information is organised around two separate reporting channels, one dedicated to accounting data and the other to management data, using the same integrated collection and consolidation software package known as MATISSE ("Management & Accounting Information System"); at local level, the Finance teams enter validated financial and accounting data into the system in accordance with Group principles.

This reporting process applies to the channels dedicated to both financial and management accounting data:

— **accounting data:** the procedures for preparing the Group's Financial Statements are set out in the guidelines distributed to all core businesses/business lines and consolidated entities. This facilitates the standardisation of accounting and financial data and compliance with Group accounting standards. Each Group entity closes its accounts on a monthly or quarterly basis and prepares a consolidation reporting package and management accounts in accordance with Group reporting deadlines. The validation procedures which accompany each phase in the reporting process seek to verify that:

- Group accounting standards have been correctly applied
- inter-company transactions have been correctly adjusted and eliminated for consolidation purposes
- pre-consolidation entries have been correctly recorded.

The Finance Function of the relevant core business controls the consolidation packages from the accounting entities within its scope before reporting them to the department within Group Finance-Development in charge of preparing the Consolidated Financial Statements;

— **management data:** management information is reported on a monthly basis by each entity and business line to the Finance Function of the relevant core business and business line, which then reports management data consolidated at its level to the Budget and Strategic Management Control Unit at Group Finance-Development.

For each entity and core business/business line a reconciliation is performed between the main income and expense items based on management data and the profit and loss account intermediate balances, prior to submitting the package to the Group reporting system. This is supplemented by an overall reconciliation performed by the Group Finance-Development Function to ensure consistency between consolidated accounting profits and management reporting profits. These two reconciliations form part of the procedure for ensuring reliable accounting and management data.

## Procedure for control of accounting and financial information

### Accounting internal control within the Group Finance-Development Function

To enable it to ensure the monitoring of accounting risks centrally, the Group Finance-Development Function has combined the teams from “Group Control & Certification” and “BNP Paribas SA (France) Control & Certification” in a “Control & Certification” Department. “Group Control & Certification” has the following key responsibilities:

- defining the Group’s policy as regards the accounting internal control system. This system provides for the implementation by the accounting entities of a certain number of principles organising the accounting internal control environment and key controls geared at ensuring the reliability of the information featured in their consolidation reporting package. The Group has issued accounting internal control guidelines for use by the consolidated entities and distributed a standard plan of accounting controls listing the mandatory major controls aimed at covering the accounting risk;
- ensuring the correct functioning of the accounting internal control environment within the Group, in particular through the internal certification procedure described below;
- quarterly reporting to Executive Management and the Financial Statements Committee of the Board of Directors on the quality of the financial statements being produced within the Group;
- monitoring implementation by the entities of the Statutory Auditors’ recommendations in conjunction with the core businesses/business lines. This monitoring is facilitated by use of a dedicated tool FACT (Finance Accounting Control Tool) allowing each accounting entity to monitor the recommendations made to it and to regularly report on the progress made on different action plans. Group Finance-Development can identify improvements to the accounting internal control system made within the consolidated enti-

ties and provide, as applicable, solutions to any cross-functional problems that may have been identified thanks to the centralised monitoring of such recommendations.

The “BNP Paribas SA (France) Control & Certification” team is in charge of providing quality control on accounting information provided by the French Retail Banking network, and by Corporate and Investment Banking businesses that report to BNP Paribas SA (France) and some French entities for which Group Finance-Development is in charge of their accounting. The team has the following key responsibilities:

- liaising between the back offices feeding the accounting system and the Group Accounting Department;
  - training back office teams in accounting controls and tools made available to them;
  - coordinating the “elementary certification process” (described below) whereby back offices report on the controls conducted by them;
  - implementing second-level accounting controls within all entities within its scope. These controls are in addition to the first-level controls carried out by back offices.
- The accounting control of the French accounting hub relies in particular on accounting control tools that permit:
- identifying for each account, the sector responsible for its justification and control;
  - running reconciliations of the balances recorded in the accounting system with the balances in the operational systems for each business;
  - identifying suspense accounts so as to monitor their discharge.

### Internal Certification Process

#### • At Group level

The Group Finance-Development Function has introduced a process of internal certification of quarterly data produced by the different accounting entities, as well as of the controls performed within Finance Departments of the core businesses/business lines and by the Consolidation Department within the Group Finance-Development Function. The process uses the FACT (Finance Accounting Control Tool) internet/intranet-based application.

The Heads of Finance of the entities concerned certify to Group Finance-Development that:

- the accounting data reported to the Group Finance-Development Function are reliable and comply with Group accounting policies;
- the accounting internal control system designed to ensure the quality of accounting data is operating effectively.

Since the first quarter of 2009, the main certificate completed by all entities consolidated by global or proportional integration reproduces all of the major controls defined in the standard accounting control plan published by Group Finance-Development and not only a selection of such controls.

This internal certification process forms part of the overall Group accounting internal control monitoring system and enables the Group Finance-Development Function, which has overall responsibility for the preparation and quality of the Group’s Consolidated Financial Statements, to be informed of any problems in the financial statements and to monitor the implementation by the accounting entities of appropriate corrective measures and, if necessary, to set aside appropriate provisions. A report on this procedure is presented to Executive Management and to the Financial Statements Committee of the Board of Directors at the close of the Group’s quarterly consolidated accounts.

#### • At entity level

The certification procedure vis-à-vis the Group requires a suitably adapted accounting internal control system for each accounting entity that gives the local Finance Function an overview of the entire accounting process. Towards this end, “Group Control & Certification” recommends implementing an “elementary certification” (or “sub-certification”) process for accounting data whenever the processing of transactions and the preparation of accounting and financial data are organised in such a way that such process is necessary.

This process requires that those involved in preparing accounting data and in performing accounting controls (e.g., Middle Office, Back Office, Human Resources, Risk Management, Tax Department, Management Control/Planning, Accounts Payable, Treasury,

IT Department, Overheads, etc.) formally certify that the information provided is accurate and that the basic controls designed to ensure the reliability of the accounting and financial data for which they are responsible are working effectively. The elementary certificates are sent to the local Finance Department, which analyses them, prepares a summary report and liaises with the other players in order to monitor the effectiveness of the system.

The FACT (Finance Accounting Control Tool) application also makes it possible to automate the elementary certification process by providing entities with a dedicated environment in which they can directly manage the processes set up at their level.

**Oversight arrangements for measuring financial instruments and determining the results of market transactions**

The Group Finance-Development Function, which is responsible for the production and quality of the Group's financial statements and management accounting data, delegates the production and control of market values or models of financial instruments to the different players involved in measuring financial instruments within the overall process of monitoring market risk and management data.

Controlling these operations, which concerns all players, is the responsibility of the Finance Function.

The purpose of these control procedures is as follows:

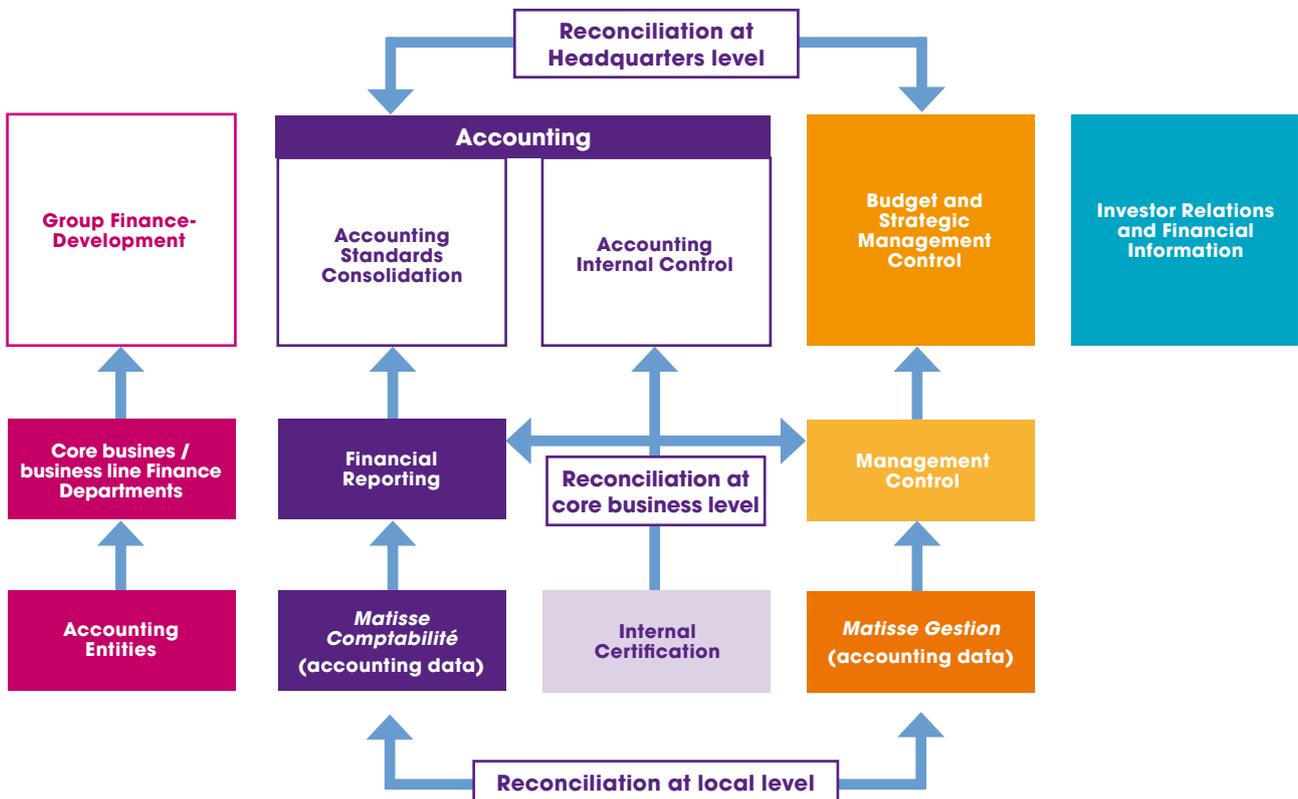
- to ensure that transactions involving financial instruments are properly recorded in the Group's books in accordance with Group policies for producing financial and management data;
- to guarantee the quality of financial instrument measurement and reporting used both in preparing the financial and management accounts and in managing and monitoring market and liquidity risk;

— to ensure that the results of market transactions are determined, understood and analysed correctly;

— to control the related operational risks. This permanent control process uses first- and second-level controls in accordance with Group Internal Control Charter guidelines and exists at each level in the organisation, i.e., Group, Corporate and Investment Banking and in the main territories recording market transactions in their accounts.

Finance departments perform second-level controls and have visibility over the entire process via dedicated corporate investment banking teams ("CIB Financial Control"). They decide on the information that must be reported by the various players: this comprises both quantitative and qualitative data indicating trends in different businesses as well as the results and quality of upstream controls carried out.

Committees that meet on a monthly basis are being set up to bring all of the players together to discuss the entire range of issues concerning the measurement and recognition of market transactions. As part of the quarterly accounts closing process, the Corporate Investment Banking Finance Department reports back to an arbitration and decision-



making Committee (“PFC” – Product Financial Control Committee) chaired by the Group Chief Financial Officer on the actions of the CIB Financial Control teams and their work to enhance control effectiveness and the reliability of the measurement and recognition of the results of market transactions. This Committee meets every quarter and brings together the Directors of Group Finance-Development-Accounting, Corporate Investment Banking and Group Risk Management.

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### **Periodic Control - Central Accounting Inspection Team**

The General Inspection Unit includes a team of inspectors (the Central Accounting Inspection Team) specialised in financial audits. This reflects the strategy of strengthening the Group’s internal audit capability both in terms of technical scope and the areas of accounting risk tackled in the audit engagements undertaken.

Its action plan is based on the remote accounting internal control tools available to the Group-Finance Development Function and the risk evaluation chart set up by the General Inspection Unit.

The core aims of the team are as follows:

- to constitute a hub of accounting and financial expertise in order to reinforce the capability of the General Inspection Unit when carrying out inspections in such areas;
  - to disseminate internal audit best practices and standardise the quality of audit work throughout the BNP Paribas Group;
  - to identify and inspect areas of accounting risk at Group level.
- 

### **Development of the accounting internal control system**

The accounting internal control system is constantly being adapted to the Group’s requirements. The aforementioned procedures form part of an evolving system that aims to guarantee an adequate level of control throughout the Group. Accordingly, the entities of Fortis subgroup BNP Paribas acquired in May 2009 progressively deploy at their level the accounting internal control organisational principles defined by Group Finance-Development. In that context, BNP Paribas Fortis prepared a certificate on the consolidation package of the subgroup that relies on a sub-certification system to which the most significant entities in its scope contribute.

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### **Relations with the Group’s Statutory Auditors**

The Statutory Auditors are required to issue a report every financial year in which they give their opinion concerning the fairness of the Consolidated Financial Statements of the BNP Paribas Group and of the annual financial statements of the Group’s companies.

The Statutory Auditors also carry out limited reviews of the quarterly accounts for the first and third quarters of the financial year. As part of their statutory audit assignment:

- they examine any significant changes in accounting standards and present their recommendations concerning choices with a material impact to the Financial Statements Committee;
- they present the entity/business line/core business Finance functions with their findings, observations and recommendations for the purpose of improving certain aspects of the internal control system for the preparation of accounting and financial information, reviewed in the course of their audit.

The Financial Statements Committee of the Board of Directors is briefed concerning accounting choices that have material impact, as discussed above.

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### **Corporate communications (press releases, special presentations, etc.)**

Financial reports are prepared for external publication by the Investor Relations and Financial Information Team, within the Group Finance-Development Function, for the purpose of presenting the Group’s different activities, explaining its financial results and providing details of its development strategy to individual shareholders, institutional investors, financial analysts and rating agencies.

The team, which reports to Executive Management and the Chief Financial Officer, devises the format in which financial information is published by the Group. It liaises with the core businesses and functions when designing the presentation of the Group’s results, strategic projects and special presentations for external publication.

Due to the growing demands of investors and the Group’s determination to be at the leading edge of European corporate communications, BNP Paribas has adopted a detailed communications format designed to present its results to the financial markets on a quarterly basis. The Statutory Auditors are associated to the validation phase of press releases in connection with the close of quarterly, half-yearly or annual financial statements, before their presentation to the Financial Statements Committee and to the Board of Directors.

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# EXECUTIVE COMMITTEE

**BAUDOIN PROT**  
CHIEF EXECUTIVE OFFICER



**MICHEL KONCZATY**  
CHIEF RISK OFFICER



**JEAN-LAURENT BONNAFE**  
CHIEF OPERATING OFFICER



**GEORGES CHODRON DE COURCEL**  
CHIEF OPERATING OFFICER

**JACQUES D'ESTAIS**  
HEAD OF INVESTMENT SOLUTIONS



**JEAN CLAMON**  
MANAGING DIRECTOR, HEAD OF COMPLIANCE AND INTERNAL CONTROL COORDINATOR



**FRÉDÉRIC LAVENIR**  
HEAD OF GROUP HUMAN RESOURCES



**PHILIPPE BORDENAVE**  
SENIOR EXECUTIVE VICE-PRESIDENT, CHIEF FINANCIAL OFFICER

**FRANÇOIS VILLEROY DE GALHAU**  
HEAD OF FRENCH RETAIL BANKING



**ALAIN PAPIASSE**  
HEAD OF CORPORATE & INVESTMENT BANKING



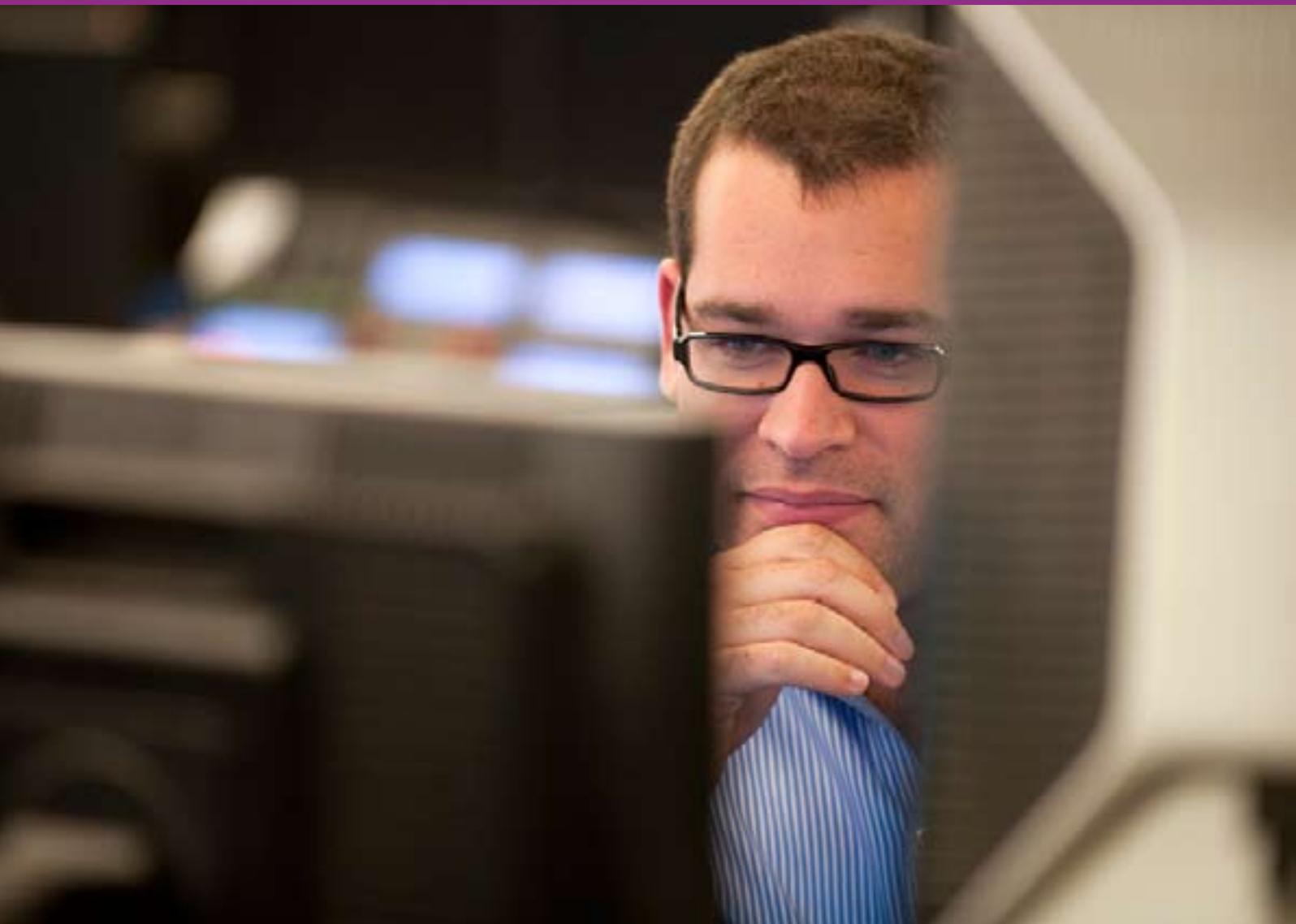
**ALAIN MARBACH**  
GLOBAL HEAD OF INFORMATION, TECHNOLOGY AND PROCESSES

**FABIO GALLIA**  
HEAD OF BNL BC



Since November 2007, the Executive Committee of BNP Paribas has been assisted by a permanent secretariat.

# COMPLIANCE



# THE COMPLIANCE FUNCTION WITHIN BNP PARIBAS

BNP Paribas's Compliance Function (Group Compliance) is a key element of the Group's internal control system. It was created in 2006 to deal with issues that very quickly became regulatory requirements. The relevant provisions are CRBF regulation 97-02 regarding the internal control of credit institutions, and the general regulations of the *Autorité des Marchés Financiers*, amended following the transposition into French law of the European directive regulating markets for financial instruments.

Managing risks of all kinds is a vital part of BNP Paribas' organisation, management and strategy. Particular attention is paid to compliance risks. According to the Group's definition, compliance is "respect for legislative and regulatory provisions, professional and ethical standards, guidelines given by the Board of Directors and instructions given by head management." It involves protecting the Group's reputation and implementing conduct rules, including respecting market integrity and the primacy of client interests, helping to combat money laundering, terrorist financing and corruption, and complying with financial embargos and professional ethics.

Compliance applies exhaustively and universally, i.e. to the same degree regardless of the activity or entity, in France or abroad, through the application of the "ethical highest bidder" principle. This principle requires that, of the rules set out by legislation and regulations in various territories and those arising from the Group's directives and procedures, the most demanding ones should be followed.

## Dedicated teams

Group Compliance is under the CEO's direct authority and is led by a member of the Executive Committee, who is also responsible for co-ordinating the internal control system.

Group Compliance has a central team as well as decentralised teams. The central team supervises and co-ordinates the Compliance Function within the Group, and establishes the applicable standards. Decentralised teams within business segments, business lines, functions, subsidiaries and branches are in direct contact with operations. Their headcount was stable relative to 2008, with around 900 FTE staff, equal to almost 95% of all compliance staff. Decentralised teams are supervised in two ways. They are supervised in functional terms by Group Compliance, and in hierarchical terms by those responsible for entities' operations, in line with the principle that operational staff have primary responsibility for risk.

In 2009, the central team continued its work to provide the Group with a high-level, up-to-date body of standards. This work included:

- tasks relating to the Fortis integration: procedure for managing conflicts of interest involving the Group's minority shareholders and critical compliance requirements arising from the BNP Paribas - Fortis / BGL integration;



**Baudouin Prot, CEO of BNP Paribas, reiterated the Code of Conduct's importance in a letter sent to all staff:**  
*"At BNP Paribas, we pride ourselves on the reputation for excellence which we have established with our clients, counterparties and authorities in all the countries in which we operate. This reputation is key to the success and stability of BNP Paribas. Our reputation rests primarily on the quality and integrity of our employees. Our corporate values (responsiveness, creativity, commitment and ambition) are reflected in our work and we must behave in an exemplary manner. The BNP Paribas Code of Conduct sets out the fundamental rules of conduct in force within our firm. I expect each and every one of you to strictly comply with this Code of Conduct, regardless of your position or the services you provide, in order to guarantee the success and stability of our Group."*

- Procedures relating to the accessibility, integrity and retention of information;
- Procedures relating to the flu pandemic business continuity plan;
- Numerous compliance policies and procedures (relations with regulators, outsourcing, controls over personal transactions etc.).

## Professional Ethics Department

This department draws up an annual control plan, through which it ensures compliance with the Group's Code of Conduct and the proper application by BNP Paribas SA staff of obligations arising from the *Autorité des Marchés Financiers'* general regulations relating to personal transactions. This includes the prevention of insider dealing and market abuse. No material violations were reported in 2009.

More generally, the process of harmonising practices with the parent company's high standards, and the integration of professional ethics procedures (relating to personal transactions, gifts and whistleblowing) is progressing well.

In accordance with BNP Paribas' values, the Group Code of Conduct sets out fundamental principles governing the conduct of all staff.

Application procedures are used in defining basic behavioural rules. The Code of Conduct comprises ten principles. Failure to comply with them may lead to disciplinary proceedings.

The Group is constantly building and adjusting its professional ethics systems, in order to protect the reputation of the bank and of its staff.

While doing this work, the Group seeks to maintain the sometimes difficult balance between ever-tougher regulations, respect for privacy (including application of CNIL rules), strict compliance with the French Labour Code and the desire for BNP Paribas to set the highest standards in terms of ethics.

Compliance training, which covers protecting client interests, maintaining market integrity and combating money laundering, is a key responsibility of the compliance function.

Almost 60,000 training sessions<sup>(1)</sup> relating to financial security were taken by Group staff in 2009. Almost 40,000 staff received training on other compliance themes in 2009, including client interests, conflicts of interest, gifts and whistleblowing.

A new module to raise awareness of compliance issues has been developed to combat fraud, and the compliance awareness-raising module initially introduced in 2006 has been updated to reflect changes in compliance.

## Financial Security

The mission of the BNP Paribas Group's Financial Security Unit is to co-ordinate efforts to combat money laundering, corruption and terrorist financing. It also applies financial sanctions such as embargos.

It sets standards for the whole Group and oversees various IT projects, including those related to filtering money flows and monitoring transactions.

In 2009, the system was adjusted to meet new requirements arising from the third European money laundering directive, which was transposed into French law by the order of 30/01/2009. This included the introduction of a tool to assess customers' sensitivity to risk.

In its operational role, Financial Security handles suspected money laundering cases in France, as well as alerts arising from the filtering of international money flows.

Financial Security also works with business segments to provide training in its area of expertise, both in France and in the international network.

In 2005, the Group set up a system for monitoring entities in tax havens. After the most recent G20 meetings, BNP Paribas has increased its monitoring activities and undertaken to withdraw from certain countries that fail to co-operate in terms of tax evasion.

Following the transposition of the third European money laundering directive, the Group will step up its efforts to monitor business relationships with low-tax countries.

Despite the lack of any major changes regarding financial sanctions in 2009, the international situation gave rise to an increase in new regulations increasing existing restrictions. As a result of these regulatory developments — relating to embargos, new designations for individuals and entities subject to financial sanctions — instructions and systems used within the Group were updated.

The system set up by Financial Security was enhanced. This included efforts to improve sanction lists, which are used in various Group monitoring systems, and increased use within entities of tools for transaction filtering, client profiling and management of suspect transactions. Financial Security also co-ordinates procedures used to process cross-border fund transfers, which are subject to specific regulations.

(1) Each training module taken by a member of staff counts as 1 session. An employee taking two financial security modules in the last 12 months will be counted as 2 sessions.

# Business continuity

To deal with the consequences of an A/H1N1 flu pandemic, BNP Paribas stepped up its preparations in 2009, working closely with the authorities. The aim is to meet its responsibilities as a socially responsible employer and a financial institution, in order to help ensure the smooth running of the real economy.

## Preparing for a pandemic: a priority

### **1. Objectives: The BNP Paribas Group's preparations have three major objectives:**

- protecting staff through comprehensive health arrangements covering all aspects of the pandemic: recommendations for personal hygiene in the workplace, provision of masks, dealing with infected people;
- helping maintain the essential activities specified by the authorities for large banks and financial institutions: supplying ATMs with banknotes, maintaining interbank payments, continuing activities in financial markets and the insurance sector;
- maintaining each institution's specific activities, i.e. continuing services to customers and counterparty activities, in the event that the pandemic causes a high level of staff absences.

### **2. Strategy: a central scenario, general Group guidelines and centralised decision-making.**

To implement this strategy, the Group intends to have consistent arrangements across the Group, without any differences in treatment between businesses or geographic areas. The BNP Paribas Group has appointed a global co-ordinator to organise its pandemic programme. The co-ordinator is a member of the Group Executive Committee, and his task is to ensure that all participants concerned are fully mobilised. This means ensuring that central, business line and country participants fulfil their roles in terms of HR, business continuity, security, real estate and IT infrastructure, communication and liaison with the financial authorities.

### **3. Resources: resources allocated in 2005 were increased substantially in 2009, in order to:**

- ensure that all staff have access to protection equipment (masks, disinfectant fluids, cloths);
- enable staff to work from home, limiting the risk of contamination;
- deploy a business continuity plan for each business, based on the methodology developed by the Group's business continuity co-ordination team.

Areas of improvement have been clearly identified, and those responsible have a plan of action. The plan includes:

- ensuring that systems are operational through more precise definition of their control arrangements, including via a comprehensive independent review;
- updating methodological tools, including reconciliation with those used by Fortis, in order to adopt best practice across the whole Group;
- continuing to scale up processes, in order to reallocate resources to the operational implementation of business continuity plans.

## Ongoing objective: ensuring the BNP Paribas Group's resilience

In 2009, further improvements were made to the business continuity system to ensure that it is fully operational.

The scope covered by the system is increasing every year. Almost all of the Group is now covered, including Fortis entities, which form part of periodic reporting.

Business continuity efforts are also becoming more business-like, due to the increasing involvement of management and more efficient tools.

# NRE APPENDICES

## NRE Appendices – Social

NRE indicator – 2009 year	Scope for 2009
1. Remuneration and benefits paid to each corporate officer during the financial year	
See the section of the Registration Document and CSR Report under <i>Corporate Governance – Remuneration</i> .	Group
2. Remuneration and benefits received from controlled companies during the financial year by each corporate officer within the meaning of Article L.233-13 of the French Commercial Code	
See the section of the Registration Document and CSR Report under <i>Corporate Governance – Remuneration</i> .	Group
3. List of all directorships and positions held during the financial year in any company by each of the corporate officers	
See the section of the Registration Document and CSR Report under <i>Corporate officers, module 1</i> .	Group
4. Total number of employees including employees on fixed-term contracts	
See the section of the Registration Document and CSR Report under <i>Human resource development – Workforce evolution</i> .	
The number of Net Permanent Paid (NPP) employees managed by the Group at 31 December 2009 was 201,740, up 28,552 NPP from the prior year. NPP figures are measured pro rata to working hours. The NPP workforce measures count active employees and employees on paid absences who are on contracts (permanent or fixed-term) of six months or longer. Interns, apprentices, VIE volunteers, subcontractors and temporary staff are not counted.	Group
In France, the workforce managed by the Group was 64,635 NPP. For BNP Paribas SA, the figure stands at 37,833 NPP, including 172 employees hired under fixed-term contracts with a duration of more than six months.	France
The concept of cadre as used in a French work environment, loosely translated as “executive” or “manager”, cannot be transposed as such to worldwide operations.	
For information purposes only, the ratio of “cadres” (executive or managerial employees) to all employees of BNP Paribas SA has varied as follows since 2002:	
35.7% in 2002;	
37.7% in 2003;	
39.7% in 2004;	
42.4% in 2005;	
44.6% in 2006;	
47.4% in 2007;	
47.3% in 2008;	
49.0% in 2009;	
As from 2008, this indicator was based on the total workforce (including employees on unpaid absences and young people employed under work-study contracts)	SA Mainland
5. Number of new permanent and fixed-term contract employees	
In the year to 31 December 2009, the total number of persons hired under permanent contracts worldwide was 14,549, of which 55% were women.	Group
The Group hired 2,691 employees on permanent contracts in France in 2009.	France
See the Registration Document and CSR Report under <i>Recruitment processes that meet the specific needs of each business line</i> .	France
6. Recruitment difficulties, if any	
The attractiveness of the BNP Paribas Group as an employer remains very high, with 170,000 unsolicited job applications received in 2009.	Group
In 2009 new hires continued to be evenly split between young graduates (50%) and employees with previous work experience (50%).	
See the Registration Document and CSR Report under <i>Recruitment processes that meet the specific needs of each business line</i> .	Group

## NRE indicator – 2009 year

Scope for 2009

### 7. Number of and reasons for dismissals

In 2009 the total number of employees dismissed by BNP Paribas SA in mainland France amounted to 278 FTE.

The main reasons for dismissals remain professional incompetence and misdeeds.

SA Mainland

### 8. Overtime hours

In 2009 BNP Paribas SA in mainland France paid 82,704 hours of overtime.

SA Mainland

### 9. Temporary staff

External workforce: The monthly average number of temporary staff in France was 701 NPP.

France

For BNP Paribas SA in mainland France, this number was 272 NPP. The average contract length was 21 days. The agreements between BNP Paribas and temporary staffing agencies and service providers include very strict clauses on compliance with labour laws and prevention of selling at a loss, which is prohibited under French law.

SA Mainland

### 10. If applicable, information relating to headcount adjustments, redeployment and career support advice

See the section of the Registration Document and CSR Report under *Adapting quantitatively and qualitatively the workforce*.

SA Mainland

### 11. Working hours

Extensive possibilities for requesting part-time work arrangements are available to employees. A total of 10.8% of employees at BNP Paribas SA in mainland France have opted for part-time work arrangements.

After one year of service, employees are eligible for a working time savings account in which leave days can be accumulated. Leave days saved in this account can be taken in various forms (personal convenience leaves, co-investment in training, financing a shift to part-time). In 2009, 16,418 employees were using a working time savings account.

With the agreement of their manager, employees can also take 5 to 20 days of unpaid leave. See the *Social Audit*.

SA Mainland

### 12. Working hours and days for full-time employees

In France, the average working week for a full-time employee is generally 35 hours. At BNP Paribas SA, the theoretical number of days worked per employee per year (on a fixed working hours basis) was 205 in 2009.

SA Mainland

### 13. Working week for part-time employees

Of the employees who have chosen to work part time, 93.6% are women. The most common arrangements are to work at 50%, 60%, or 80% of full time. 70% of part-time employees have opted to work at 80% of full time.

SA Mainland

### 14. Absenteeism and reasons for absenteeism

As from 2009, absenteeism rates are calculated using a base headcount of over 60,000 NPP employees in France.

Prior to 2009, the absenteeism rate was calculated exclusively for BNP Paribas SA in mainland France. In 2009 the absenteeism rate for the Group in France was 9.2%. Maternity leave accounted for 2.1 percentage points of this rate.

France

In 2008 the absenteeism rate at BNP Paribas SA in mainland France was 9%.

Maternity leave accounted for 1.7 percentage points of this rate.

Since 2008, absenteeism rates have included unpaid absences, such as long-term leave without pay and leave to start a business. Unpaid absences accounted for 4% of total absences within BNP Paribas SA.

After maternity leave and leave to start a business, the main cause of absenteeism continues to be illnesses that result in long-term absences.

See the *Social Audit*.

France

### 15. Remuneration

The average monthly remuneration of BNP Paribas SA employees in mainland France was EUR 3,255 in 2009.

- 91.1% of employees received variable pay in the form of a bonus (90.7% of women and 91.7% of men).
- 40.9% were awarded an increase in base pay.
- 12.7% received promotion.

See the Registration Document and CSR Report under *Creating loyalty through competitive remuneration*.

SA Mainland

## 16. Changes in remuneration

The annual wage bargaining round in 2009 for pay in 2010 led to an agreement signed by three of the five labour unions. These three bodies represented 70% of the votes cast at the last election for employee representatives.

The agreement has several components:

- a long-term measure: an across-the-board 1% wage increase, but with a floor provision of EUR 320 as from 1 January 2010;
- an exceptional bonus of EUR 1,200 pro-rated according to working hours.
- In addition, as in previous years, the agreement earmarks EUR 1 million to closing wage discrepancies between men and women. This is the third consecutive year that this measure has been enforced.

SA Mainland

## 17. Payroll expenses

The Group's social security charges for 2009 totalled EUR 3,529 million, up from last year due primarily to the integration of BNP Paribas Fortis.

Group

## 18. Application of the provisions of Title IV, Book IV of the French Labour Code (incentive and profit-sharing plans, employee savings plans)

See the Registration Document and CSR Report under *Creating loyalty through competitive remuneration*.

In 2009, profit-sharing and incentive amounts accruing to employees of BNP Paribas SA in respect of 2008 earnings amounted to EUR 84.9 million, or a minimum of EUR 1,738 and a maximum of EUR 4,641 per employee (on a full-time employee basis).

SA Mainland

The geographic breakdown of staff outside France that took up the 2009 employee share issue was as follows:

- Europe: 58.7%
- Asia: 24.6%
- North America: 7.0%
- Latin America: 4.2%
- Africa: 3.9%
- Middle East: 1.6%

Group

## 19. Gender equality in the workplace

See the Registration Document and CSR Report under *Promoting diversity in all its forms*.

53.1% of BNP Paribas employees worldwide are women (based on physical headcount).

Group

The physical headcount of the Group in France comprises 43% of men and 57% of women.

Group in France

BNP Paribas SA's physical staff in mainland France is composed of 16,916 men and 21,975 women. The enterprise agreement of 9 April 2004 was amended in 2005 and 2006 and then replaced by the agreement of 30 July 2007. This agreement sets down the principles that should be followed in observing and developing equality of opportunity and treatment between men and women at all stages of professional life.

The proportion of female executives has continued to rise:

- 34.2% in 2001;
- 35.7% in 2002;
- 36.9% in 2003;
- 37.7% in 2004;
- 38.8% in 2005;
- 40.3% in 2006;
- 41.4% in 2007;
- 43.1% in 2008;
- 44.0% in 2009

The proportion of female executives receiving promotion has varied as follows:

- 54.7% in 2002;
- 55.6% in 2003;
- 55.8% in 2004;
- 57.1% in 2005;
- 58.1% in 2006;
- 58% in 2007;
- 59% in 2008;
- 59.6% in 2009.

SA Mainland

In 2009, at BNP Paribas in France, 38% of appointments to management positions (as defined in the banking industry collective agreement) and executive management positions (for subsidiaries not governed by that agreement) were women, compared with 32% in 2008 and 28.5% in 2007.

Group in France

**20. Employee relations and collective bargaining**

See the Registration Document and CSR Report under *Developing harmonious labour relations*.

As in previous years, there was constructive dialogue with employee representatives within BNP Paribas SA in 2009. The Commission on Employment Law, BNP Paribas SA's labour negotiation body, met on 37 occasions, and 14 new agreements were signed with trade unions.

SA Mainland

**21. Health and safety**

See the Registration Document and CSR Report under *Protecting employee health*.

- Medical assistance to employees who were victims of attacks  
In 2009, 46 employees received medical assistance after an attack. Five of them were referred to specialists for psychological help.
- Training for medical staff and refresher courses for first-aid workers  
Initiatives aimed at providing refresher courses for first-aid workers were maintained: 144 employees were trained and 276 went through courses to refresh their skills.
- Vaccinations  
Continued large-scale vaccination campaign with 3,960 flu shots administered.
  - Preventive clinical activities
  - Cardiovascular: 226 evaluations of cardiovascular health, five of which required a day in hospital,
  - Screening for glaucoma and diabetes,
- Ergonomics of workstations: 13 plan studies, 122 premises inspections and 8 studies were conducted in 2009.
- 739 people participated in the blood donation drive.

SA Mainland

**22. Training**

See the Registration Document and CSR Report under *Developing skills of employees and teams*.

For BNP Paribas SA in mainland France, the number of employees enrolled in courses of study leading to a diploma were 268 for the Brevet Professionnel diploma in banking, 478 for the BTS diploma in banking and 226 for the Institut Technique de Banque diploma.

In 2009, 10,642 employees of BNP Paris SA in mainland France applied for training under the DIF (Individual right to training) scheme.

SA Mainland

**23. Employment and integration of persons with disabilities**

See the Registration Document and CSR Report under *Promoting diversity in all its forms*.

In 2009, the number of employees with disabilities at BNP Paribas SA was 850 versus 754 in 2008 and 730 in 2007. The number of beneficiary (handicap-equivalent) units (BU) was 1,006 versus 986 in 2008.

SA Mainland

An agreement on employment and inclusion of persons with disabilities was signed in 2008. This agreement is part of BNP Paribas' overall non-discrimination and diversity initiative, and it follows up on commitments made by the Group when the Diversity Charter was signed in 2004. This agreement expresses all parties' desire to see BNP Paribas implement a proactive long-term policy in favour of the employment and inclusion of persons with disabilities. It calls for actions in four areas:

- develop a recruitment plan for persons with disabilities in the ordinary work environment;
- improve conditions for bringing persons with disabilities into jobs by offering appropriate working conditions, access to professional training and technological accommodations;
- seek out stronger partnerships with the sheltered work sector;
- an ongoing focus on key considerations for maintaining persons with disabilities in employment.

The Group keeps an active list of organisations in the sheltered work sector so that subcontractors of Group entities can be referred to and encouraged to call on such organisations.

France

**24. Social and cultural activities**

Social and cultural activities that are national in scope are managed by the Central Works Council. Local service activities are managed by local works councils. Services include children's summer camps and organised holidays for staff, contributions to meal expenses, family welfare, lending libraries for books, records, videos and other media, and discounts for theatres and cinemas.

A sports and cultural association gives employees the opportunity to take part in a variety of team sports and cultural activities.

A breakdown of BNP Paribas SA's contributions to cultural and social activities is provided in the Company's Social Audit.

The budget for such activities in 2009 amounted to EUR 94.6 million.

SA Mainland

25. Relations with the community, including associations to combat social exclusion, educational institutions, environmental and consumer associations, and local residents

See the CSR Report under *A partner in society*.

Over the years, BNP Paribas SA's local banking network in France has been involved in more than 1,400 formal or informal voluntary partnerships with various organisations. Through, relationships with more than 1,000 further education institutes, the Group offers internships, apprenticeships and work experience for young people. It has developed around 400 partnerships which are designed to promote the sporting, cultural and artistic initiatives of young people, as well as local projects to help integrate them into the labour force, combat social exclusion and preserve the environment.

**Projet Banlieues:** Through *Projet Banlieues*, launched in December 2005 and reconducted in 2008 for three more years, the BNP Paribas Foundation offers its support to ADIE (a non-profit association providing microcredit to the unemployed) to foster business development in disadvantaged neighbourhoods through several initiatives:

- job creation and business formation: in four years, the project has financed the opening of eight lending centres throughout France. In 2009, 754 micro-loans were granted by these branches, financing almost 520 business start-ups;
- tutoring and coaching: In partnership with AFEV, close to 1,400 school children living in disadvantaged neighbourhoods received educational assistance thanks to the efforts of 1,000 additional student volunteers;
- support for community projects: The Foundation provided help to 104 ongoing and new community projects. Projects focus mainly on education, professional inclusion, social inclusion through culture and sport, and training initiatives.

**Consumer associations:** The Quality & Consumer Relations Department of the French Retail Banking Division has forged partnerships with around ten consumer advocacy groups.

**Mediation of banking disputes:** BNP Paribas is one of the few financial institutions to have committed since 2003 to follow the recommendations and opinions of the Mediator in any and all cases. As from March 2009, in response to the needs of its small business customers, BNP Paribas decided to introduce a specific mediation procedure for small business owners and appointed a Mediator for Entrepreneurs.

**Links with educational institutions:**

- The Group's very active 'campus management' policy, with over fifty events organised at educational institutions in 2009, maintained a substantial flow of applicants for pre-recruitment (internships, VIE, work-study) from nearly 63,000 candidates;
- Under partnership agreements or as part of specific projects, groups of BNP Paribas branch offices maintain very close relationships with the associations and educational institutions in their catchment areas. These partnerships generally extend beyond purely commercial relationships, offering financial, technical or even organisational support for projects undertaken by partners;
- BNP Paribas awarded EUR 950,000 in grants to schools located in underprivileged urban areas as payment of the apprenticeship tax in France. These funds were used for the purchase, hire and upkeep of teaching and professional equipments and facilities.

France

## 26. Contribution to regional development and employment

In response to the economic and financial crisis, the Group launched a large-scale project in September 2009 which is designed to increase lending for investment purposes. The project will run for fifteen months. Its objective is to increase financing for investment by SMEs, tradespeople and shop owners. The Bank is committed to distributing at least EUR 1 billion in new investment loans each quarter until the end of 2010.

A total of EUR 5 billion will be made available over the 15-month period. Through the timeframe of the project, BNP Paribas will provide support for around 40,000 investment projects.

In France, the Group seeks to promote economic development in the areas where it operates by providing business customers with financing to drive the growth of their businesses. BNP Paribas plays a major role in financing entrepreneurs and start-ups, which are the mainstay of the French economy. The latest barometer of corporate customer satisfaction measures perceived progress in the quality of follow-up and assistance provided by the business centres. Regional access to centres of expertise (Trade Centres; Dealing Rooms) is also very well received.

France

Outside France, BNP Paribas also contributes to the financing and development of communities through its local banking network. In Belgium, BNP Paribas launched a project to provide EUR 1 billion in investment loans to Belgian business owners in 2009.

The Group takes steps to ensure that local employees are promoted to positions of responsibility. The number of expatriate positions is intentionally restricted.

Group

### 27. Outsourcing and the Bank's policy with subcontractors: steps to ensure that subcontractors comply with International Labour Organization (ILO) standards (OIT)

Since 2002, all contracts negotiated and signed by the Group's purchasing department contain contractual provisions relating to corporate and social responsibility. In terms of corporate responsibility, clauses require compliance with fundamental International Labour Organization (ILO) standards or with principles of labour law in the country where the agreement is signed, where those principles are stricter than ILO standards.

To promote transparency, the purchasing department has set up a dedicated suppliers' portal on the Group's website, which makes specific reference to sustainable development and compliance with ILO standard. For more information, go to: <http://fournisseur.bnpparibas.com/dev/en.htm>  
CRBF Regulation 97-02 clauses are systematically included in subcontracting agreements signed by ITP's purchasing department.

Going against the grain of the widespread trend toward outsourcing of information technology functions, BNP Paribas has opted for a novel solution by forming a joint venture with IBM France to administrate the Group's IT systems. This strategic alliance enables the Group to control and contain IT costs while preserving a centre of excellence with leading-edge technology in France. Through this unique partnership, BNP Paribas has retained control of its technological capabilities while ensuring a seamless transition for IT systems administration employees, since all were able to retain the individual and collective benefits associated with their positions.

Group

### 28. Steps taken by the Bank to ensure that subsidiaries comply with ILO standards

The Purchasing Department performs, gathers and audits all the major outsourcing agreements entered into locally by Group entities worldwide. The findings of these audits are used to formulate recommendations for entities regarding necessary updates.

In 2009, the Purchasing Department launched a Purchasing Standards Guide which was distributed to all of the Group's purchasing staff. The guide summarises the rules and mandatory standards to be adhered to by the Purchasing Function in order to ensure compliance with CSR objectives. Subsidiaries and entities are responsible for ensuring that these directives are properly followed.

In addition to the management controls required by the Group's internal control system, internal audit and inspection teams are responsible for verifying compliance with directives. In 2008 the Group's CSR audit methodology was overhauled: the reference documents and methodology guides were updated to take more systematic account of the problems and issues that Group entities encounter in France and other territories.

A whistleblower hotline enables employees to report any compliance risks they may encounter.

Group

### 29. Steps taken by foreign subsidiaries to address the impact of their business on regional development and local communities

All Group subsidiaries are part of a business line and must contribute to fulfilling its strategy, implementing its policies and exercising its social responsibility.

The levels of remuneration provided by BNP Paribas to employees, particularly in emerging nations, and benefits such as health insurance and death/disability coverage, help raise standards of living for employees' families and communities.

The Group makes limited use of expatriate staff, giving local staff the opportunity to take up managerial functions and other positions of responsibility.

Group

# NRE Appendices – Environmental chapter

NRE indicator - 2009 year	Scope for 2009
1. Water consumption	
<p>Water consumption statistics are now compiled for 63% of the worldwide NPP employee headcount (see the definition of NPP in section 4 of the NRE Social appendix). For this scope, water consumption per NPP employee was 15 cu.m.</p> <p>Actual water consumption levels vary substantially from country to country, reflecting conditions in each geographical area and variations in water systems.</p>	Group - 63% of worldwide NPP headcount
2. Raw material consumption	
<p>For a financial services group, paper is the main raw material consumed.</p> <p>Overall paper use for a scope equivalent to 65% of Group worldwide employee headcount, including paper rolls used at printing centres, envelopes and paper purchased by printers for BNP Paribas print jobs, amounts to 197 kg per NPP.</p>	Group - 65% of worldwide NPP headcount
<p>In France, across the entire branch network, the measures taken to reduce paper consumption include:</p> <ul style="list-style-type: none"> <li>• optimising printing: reduced pagination, eliminating printing of multiple standard copies, printing on both sides of the page;</li> <li>• increased use of telemarketing and use of the Internet in place of hardcopy mailings;</li> <li>• lengthening statement periods for certain printed statements;</li> <li>• offering customers the possibility to receive notices and statements in electronic form;</li> <li>• eliminating unnecessary paper documents.</li> </ul>	France Retail Banking network
<p>Efforts to optimise and pool printing activities were initiated in 2008 and continued in 2009.</p> <p>For a scope equivalent to 55% of the Group's total NPP headcount, consumption of products labelled as environmentally friendly in the catalogue of listed suppliers accounts for about 13% of the Group's purchases of office supplies.</p>	Group - 55% of worldwide NPP headcount
3. Energy consumption	
<p>Electricity usage statistics are now compiled for a scope representing 70% of the Group's worldwide NPP headcount. Average electricity consumption for this scope is 189 kWh per sq.m.</p>	Group - 70% of worldwide NPP headcount
4. Measures taken to improve energy efficiency	
<p>See the Registration Document and CSR Report under <i>Impact on the natural environment</i></p>	
<p>The Information, Technology and Processes (ITP) organisation, which coordinates facilities management, purchasing and information systems, is responsible for defining and implementing a cohesive environmental management policy throughout the Group and monitoring its deployment in the field.</p>	France
<p>As part of the ISO 14001 certification programme for the 1,295 branches in France operating under the "Accueil &amp; Services" concept, an environmental assessment identified energy consumption as a significant environmental impact. A target of a 15% reduction in the branches' energy consumption was set for 2011. Two approaches have been defined to meet this objective. The first consists of upgrading installed facilities and enhancing their control settings by analysing applicable technical specifications prior to performing refurbishment work: optimising lighting; replacing electrically heated air curtains with curtains of warm air supplied by the heat pump; standardising the power ratings of air conditioning installations based on geographic location; analysing the lifecycles of building façade signage; adjusting exterior illumination of branch façades by time of day and switching off lighting at night. The second approach focuses on improving the energy efficiency of the branches through automated lighting controls, heating and air conditioning systems in line with ambient temperatures inside and out.</p>	Retail Banking
<p>At office locations in France, energy management systems have been implemented across the entire real estate portfolio in a two-phase process. Phase one involves the mapping of energy use at sites : property surveys, gathering historical consumption data and real estate statistical data. Phase two consists of performing an energy-efficiency assessment which is followed by an energy use audit to monitor the results of recommended actions.</p>	Office locations in the Paris region
<p>A software-based solution, NightWatchMan, enables IT administrators to switch on and off computer workstations at remote sites at designated times of the day. Workstations are shut down in the evening after daily updates and turned back on in the morning before employees arrive for work. The objective is threefold: to achieve energy savings, reduce the environmental footprint, and cut costs in a manner which is invisible for employees. This international initiative is being rolled out to all of the Group's financial centres.</p>	Group

## 5. Use of renewable energy sources

Outside France, subsidiaries have pioneered local initiatives to purchase green electricity. This is the case of Bank of the West in the United States, BNP Paribas Fortis in Belgium and BGL BNP Paribas in Luxembourg.

In Italy, BNL opened a new bank branch which is energy self-sufficient using solar power.

The branch, which is located in the city of Alessandria, is fitted with photovoltaic panels that generate clean energy. This ensures that the branch generates sufficient energy to cover its entire energy consumption. The first energy self-sufficient bank branch using photovoltaic solar power was inaugurated in Rome in 2008.

Data gathered on electricity purchasing in Europe is used to analyse energy purchasing strategies and evaluate opportunities for greater use of renewable energies. Owing to the wide variation in power sources marketed as "green energy" as well as the price premium associated with such sources, the Group has not set a global target for green power consumption at this time. For the moment, the key priority is to reduce consumption of electricity which has an immediate impact on the environment.

Group

## 6. Land use

For real estate development projects, BNP Paribas Real Estate hires a specialised consulting firm to conduct a diagnostic review of the extent of soil contamination. A soil identification programme is developed, contamination studies are performed using tests and analyses, and a soil report is drawn up. BNP Paribas Real Estate uses the findings of the contamination evaluation to perform any remediation work necessary to ensure that soil meets applicable regulatory requirements. In addition to these initiatives, the Group applies environmental housing certification provisions to a large number of BNP Paribas Real Estate's development projects. These entail containing pollution nuisances with a view to meeting the objectives required in terms of health, ecological balance and comfort of use.

France

## 7. Emissions into air, water and soil

Discharges into water and soil are not taken into account as they are non-material.

Robust indicators are used within the Group to calculate CO<sub>2</sub> emissions.

Data is collected for a scope equivalent to 64% of the Group's worldwide NPP headcount and relates to electricity consumption and work-related travel by car, train and air. Based on this data, emissions of CO<sub>2</sub> equivalent are estimated at 2.34 tonnes per NPP employee.

Actual consumption levels vary substantially from country to country, reflecting conditions in each geographical area as well as variations in the energy use mix and in the nature of the Group's operations. As an example, the Group estimates emissions of CO<sub>2</sub> equivalent per NPP employee as follows:

- United States: 5.40 tonnes of CO<sub>2</sub> equiv. per NPP;
- France: 1.47 tonnes of CO<sub>2</sub> equiv. per NPP;
- Italy: 4.16 tonnes of CO<sub>2</sub> equiv. per NPP;
- Luxembourg: 2.22 tonnes of CO<sub>2</sub> equiv. per NPP;
- United Kingdom: 7.02 tonnes of CO<sub>2</sub> equiv. per NPP;
- Switzerland: 1.47 tonnes of CO<sub>2</sub> equiv. per NPP.

Calculation methods take into account emissions generated by the production, transmission and consumption of energy. For electricity, the primary energy source used by the producer is taken into consideration. For air travel, criteria used include fuel consumption, average load factors, the distinction between short and long-haul flights, and the class in the passenger cabin occupied by travellers. For car travel, the methodology assesses emissions based on kilometres travelled, rated horsepower of the vehicle and type of fuel.

Exceptionally, the 2009 assessment of CO<sub>2</sub> emissions worldwide was performed using the Bilan Carbone™ (V6.0) method in collaboration with a consultancy licensed by the French Environment and Energy Management Agency (ADEME) for the scope prior to the Fortis merger, and using the Greenhouse Gas Protocol method for the scope of the former Fortis Bank.

Group - 64%  
of worldwide NPP  
headcount

In France, emissions from commuting are estimated using three concentric circles, one for employees living in the city, a second for those living in the inner suburbs or just outside a regional city, and a third for those living in the outer suburbs or a rural area. Emissions generated by these trips are then estimated based on the form of transport used. The detailed study carried out in 2009 in the Paris region in conjunction with the enterprise transport plan provided an opportunity to refine and improve the estimate by examining the commuting patterns of a sample population of 22,000 people.

The estimate of CO<sub>2</sub> equivalent emissions generated in France including emissions from commuting is estimated at 2.39 tonnes of CO<sub>2</sub> equivalent per NPP versus 2.59 tonnes of CO<sub>2</sub> equivalent in 2008.

France

The statistical margin of error of these estimates which reflects the uncertainties linked to data conversion and the reliability of data gathering in each country is 20%.

## 8. Noise and odour pollution

No complaints relating to noise or odour issues were filed against the Group in 2009. BNP Paribas Real Estate consistently seeks to limit the environmental impact of its property development schemes in terms of noise and odour pollution and engages in dialogue with community residents. Insofar as building infrastructures can be a source of noise pollution, the company selects machines offering the best available acoustic performance. Specific tests are performed upon completion of construction and, if required, additional measures are taken to comply with applicable noise regulations. Locations of air intake and discharge vents are chosen with regard to neighbouring buildings and dominant wind patterns. Choices concerning building methods, construction machinery and the manner in which construction waste is managed are made with the objective of minimising the impact of building work on the immediate environment.

Group

## 9. Waste processing

For the process of collecting toners and ink cartridges, data collection has increased in scope and been made more reliable. Statistics are now compiled for a scope representing 68% of the Group's worldwide NPP headcount. Within this scope, 64% of toner and ink cartridges were collected for elimination, representing a total of 154,159 units.

Group - 68%  
of worldwide NPP  
headcount

In France, used toner and ink cartridges continue to be collected by Conibi, the industrial association of toner cartridge producers. The quantity of cartridges collected amounted to 93,665, representing 64% of the purchased total.

In France, programmes for the collection of paper and paperboard for recycling are also being expanded. In 2009, all of the wastepaper and paperboard waste collected in head office buildings was sent for recycling.

France

At offices in the Paris region, the Corbeille Bleue company collects and sorts office waste bins. Paper waste is used for district heating or recycled to make packaging cartons and paper pulp. The Group's Paris office buildings are now equipped with dual bins, for paper and all other waste, and a clause requiring separate collection has been included in cleaning company contracts.

France Paris  
region head office  
buildings

Outside France, waste paper collection is not being measured for a significant scope.

Regarding the recycling of lighting fixtures, aluminium sockets and the glass from fluorescent light bulbs used in most offices are recycled and the gas is reprocessed.

Group

In France, collection procedures for Waste Electrical and Electronic Equipment (WEEE) at BNP Paribas SA are specifically designed to facilitate the measurement of waste flows.

France

## 10. Measures taken to avoid disruption to the biological balance

As a financial institution, the Group's direct impact on biodiversity is very limited. The key thrusts of the Group's efforts to avoid disruption to the biological balance focus on reducing emissions of greenhouse gases.

As part of its CO<sub>2</sub> survey, the Group identifies processes that could harm the environment — e.g. the use of refrigerants at its Paris head office buildings — in order to reduce their use.

Test materials for detecting the presence of asbestos in buildings are used in connection with the asbestos abatement plan. Surveys of materials are carried out before launching any renovation work in France. Surveys complement the preliminary technical recommendations defined for BNP Paribas sites and are disseminated to engineers. Air quality and water quality are measured on a regular basis.

The Group's project finance business has adopted the Equator Principles, which also help ensure that these projects are respectful of the environment.

Group

State-of-the-art air conditioning systems have been installed: an adiabatic air-cooled chiller, which combines the closed-tower technique down to 27 °C with misting in humidification spaces thereafter, has been installed at the Group's site in Levallois-Perret, and a magnetic-lift centrifugal chiller has been installed in the rue Bergère building in Paris which was inaugurated in 2009.

France

### 11. Measures taken to ensure compliance with legal requirements

BNP Paribas continuously strives to meet the highest standards of ethical behaviour, compliance, risk management and internal control. Within a changing banking environment characterised by increasing regulatory requirements, the global Group Compliance (CG) Function, whose director is a member of the Executive Committee, has a broad remit to coordinate internal control systems across the Group. Group Compliance circulates Group-level directives regarding continuous internal control and monitors the functioning of the internal control framework in the Group's entities. Guidelines have been drawn up to ensure that buildings are managed in accordance with technical regulations applicable in France.

Outside France, property management guidelines are drafted based on the most stringent regulations of countries in which BNP Paribas operates. These guidelines apply at all overseas sites. Before a company acquisition is made, a property audit of all new head office buildings is conducted. Group Legal Affairs monitors changes in environmental laws and regulations. Clauses covering the corporate and environmental responsibility of suppliers are systematically included in service agreements.

In 2008 the Group's CSR audit methodology was overhauled: the reference documents and methodology guides were updated to take more systematic account of the problems and issues that Group entities encounter in France and other operating territories. All new inspectors receive training in this new methodology.

In 2009, a redeployment plan was implemented for the Group's CSR organisation, which reports to the Managing Director. The plan was approved by the Executive Committee.

Group

### 12. Steps taken towards environmental evaluation and certification

By the end of 2009, BNP Paribas had obtained six ISO 14001 certifications. Three new certifications were obtained during the year and a fourth was renewed. Two certifications were achieved in France: the first by the BNP Paribas retail banking network for the Welcome&Services programme and the second by BNP Paribas Factor. Two certifications were obtained in the United Kingdom by BNP Paribas Real Estate and Arval. One certification was obtained in Italy by Arval and a fourth in Turkey by TEB. With a large number of certification projects underway, ISO 14001 is now a key element in the Group's environmental policy. This environmental policy and ISO 14001 certification of the Accueil & Services programme applies to 1,325 branches in France by end-2009.

This policy reduces the environmental footprint of the Bank's operations by reducing paper consumption, promoting waste management and energy efficiency, and raising customer and staff awareness about environmental issues. BNP Paribas is the first retail banking network in France to receive certification for a very substantial number of its operating locations.

BNP Paribas is included as a component in leading SRI benchmark indices: DJSI WORLD, DJSI STOXX, Aspi Eurozone, Ethibel, FTSE4Good Global 100 Index and FTSE4Good Europe 50 Index.

Although the Group's inclusion in these indices represents neither an evaluation nor a certification, it nevertheless provides a positive indication of BNP Paribas' compliance with the requirements for corporate social and environmental responsibility.

Group

BNP Paribas Real Estate Property Management, a subsidiary of BNP Paribas Real Estate, has devised an international code of practice, Ecoproperty Management®, with the objective of helping to combat global warming by reducing CO<sub>2</sub> emissions from buildings over the course of their service lives. Solutions are offered for existing buildings where there may be difficulties in reducing consumption due to design constraints. The Grands Moulins de Pantin renovation project has obtained HQE certification for the planning phase: it is one of the very first renovations to be so certified. The renovation of the 30,000 sq.m. Haussmann-style building on rue Bergère in Paris has also been awarded certification for its planning and design phases. Work on both buildings was completed in 2009 and staff teams have taken occupancy of the properties.

France

## 13. Expenditures incurred to prevent environmental consequences of business activity

The Group's operations, which involve banking and financial services, have limited direct consequences on the environment.

Since 2004, the Group has focused on ten principles for fulfilling its environmental responsibilities and taking preventive action. The cost of these cross-cutting measures has not yet been specifically calculated.

Group

In the area of real estate, the criteria applied to guide decisions to acquire or let property include proximity to existing sites and to public transport. To cut costs and improve efficiency, BNP Paribas is expanding its use of videoconferencing systems. Staff are required to consider the option of videoconferencing rather than travel when scheduling meetings. Efforts to deploy videoconferencing equipment at the Group's main sites were continued in 2009. The Group's travel policy encourages employees to use public transport to commute to work and favours rail over air travel. Furthermore, some Group entities provide top-up subsidies for employees who use public transport.

France

Employees have responded favourably to incentives provided to encourage use of public transport for commuting purposes. In the Paris region, 80% of employees use public transport, a level well above the average, notably insofar as managers account for 67% of the total employee population in the Paris region.

Paris region

For the replacement of the fleet of 2,600 company cars used by the retail banking network in France, the Group selected vehicles offering the best ratings in terms of CO<sub>2</sub> emissions while 99% of the new vehicles purchased were equipped with diesel engines. Vehicles with CO<sub>2</sub> emissions of between 100 and 120 g/km are given precedence in purchasing decisions while an "eco" segment has also been created for vehicles with CO<sub>2</sub> emissions of less than 100 g/km. Onboard GPS units, which reduce energy consumption, and diesel particulate filters are widely used. The first wave of training in energy-efficient driving techniques was launched in 2009 with the objective of achieving a 10%-15% reduction in fuel consumption in year one and 5%-8% in subsequent years.

France

## 14. Internal department for environmental management

The Information, Technology and Processes (ITP) organisation, formed in 2007, is in charge of assessing the Group's environmental impacts and taking steps to reduce them. This function is responsible for providing BNP Paribas entities with support services in the areas of processes, IT, real estate, purchasing, occupational safety and individual support services, to help improve the Group's operational efficiency.

Following adoption of the Equator Principles in 2008, a dedicated team has been formed within CIB to draft and disseminate specific procedures for all transactions concerned by the Equator Principles and to provide training for project finance teams.

At Group level, the Corporate Social and Environmental Responsibility delegation, which reports to the Group's Managing Director in charge of compliance, ensures that the appropriate measures are implemented consistently and effectively.

See the CSR Report under *Impact on the natural environment*

Group

## 15. Training and inform employees

All of the Group's internal communications channels — its website, the *Ambition* in-house newsletter, the monthly Sustainable Development newsletter, as well as conventions and other company events — are used to promote social and environmental responsibility.

The Group has developed a corporate blog [www.forachangingworld.com](http://www.forachangingworld.com) to communicate with its stakeholders, including employees, about the Group's commitments to public interest causes.

In 2009, a series of communication activities were conducted with the objective of informing, raising awareness and training employees. Examples include:

- Arval provides energy-efficient driving training to employees in France and abroad who so request. To mark "Sustainable Development Week" in France, Arval employees pilot tested the energy-efficient driving training e-module developed for customers. The objectives for this training course are to educate customers about safe and environmentally friendly driving techniques. The approach pioneered by Arval also assists companies in reducing the environmental footprint and cost of their vehicle fleets while ensuring the safety of motorists through regular vehicle maintenance and optimal driving techniques.
- Klépierre informs employees in Europe about its sustainable development policy and has developed an e-learning module on the subject. It organised its first sustainable development training session in early April 2009 to coincide with "Sustainable Development Week" in France. The aim for this initiative is to raise employee awareness about sustainability issues and to empower employees to become champions for sustainability in their day-to-day roles. The e-learning modules provide employees with an overview of corporate sustainability issues and educate staff about ways in which they can incorporate sustainable behaviours into their personal and professional life. Modules include a quiz, lively graphic presentations and expert analyses. This pioneering training initiative was developed in eight languages and has been extended to more than 1,000 Klépierre employees. By adopting an e-learning format, training can be extended to the widest possible range of employees while enabling staff to access training from their computer.

Group

## 16. Resources dedicated to mitigation of environmental risks

BNP Paribas has a Carbon Finance team dedicated to researching and promoting market solutions for corporate clients seeking to fulfil their obligations to reduce greenhouse gas emissions in accordance with the Kyoto protocol and European Directives on CO<sub>2</sub> emission quotas. As a financial institution, BNP Paribas plays a role in facilitating the operation of carbon trading markets and fostering their development.

In November 2009, BNP Paribas and the Russian oil company TNK-BP signed two milestone agreements on climate change. The first agreement is for the purchase of carbon credits generated by the Samotlorneftegas project. The second agreement is for the development of two new CO<sub>2</sub> emission reduction projects.

BNP Paribas is a member of the French association *Entreprises pour l'Environnement* (EpE - companies for the environment) and participates in its working groups.

BNP Paribas' Innovation and Technology Centre (CIT) within ITP has launched the "Greening IT" programme to reduce the carbon footprint of its IT facilities. CIT designs and carries out assessments for projects that leverage technological advances in the field of renewable energies and other areas.

Group

## 17. Structure to deal with pollution incidents extending beyond the Company

Any crisis situation is managed by an ad hoc committee composed of the Group's top executives. This committee is responsible for ensuring appropriate measures are taken and informing the concerned operating entities. As required by the scale of the incident, information may be passed on to the entire Group, and there may be a call for mutual assistance. As part of the process of validating the operational risk framework, detailed studies were performed to define and reinforce the Business Continuity Plan, in particular in the event of pollution discharges or accidents.

Group

## 18. Amount of provisions and guarantees covering environmental risks

USD 3.4 million. The provision is for private litigation and is not intended to cover penalties for non-compliance with regulations.

Group

## 19. Amount of compensation paid following legal decisions relating to the environment

The Group has not been the subject of any adverse court rulings on environmental matters.

Group

## 20. Environmental objectives set for foreign subsidiaries

BNP Paribas' guiding principles, notably the Global Compact and the ten principles in the Group's environmental responsibility charter, apply to all employees regardless of the business entity or country in which they are employed. The businesses are responsible for implementing the Group's guiding principles throughout their reporting organisations, including subsidiaries, in all territories. The General Inspection and Sustainable Development units have designed an audit methodology for corporate social and environmental responsibility to measure the Group's compliance with its environmental guidelines.

General Inspection auditors have full access to information and can perform any type of audit with complete independence in any of the consolidated subsidiaries. Audit findings and results of inspection missions are presented in an annual report which is sent to the Commission Bancaire in accordance with its requirements.

Group

# REVIEW REPORT FROM ONE OF THE STATUTORY AUDITORS ON A SELECTION OF SUSTAINABLE DEVELOPMENT INDICATORS AND ISSUES PUBLISHED IN THE BNP PARIBAS GROUP'S 2009 CORPORATE SOCIAL RESPONSIBILITY REPORT

*This is a free translation into English of the Statutory Auditor's review report issued in French and is provided solely for the convenience of English speaking readers. The review report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

Further to your request and in our capacity as the Statutory Auditors of BNP Paribas, we have carried out work for the purpose of enabling us to express moderate assurance on a selection of sustainable development indicators and issues published in the BNP Paribas 2009 Corporate Social Responsibility Report.

The sustainable development indicators and issues are the following:

— Social section:

- Indicator "FTE Staff" (worldwide),
- Indicator "Age Pyramid" (worldwide),
- Issue "Gender equality in the workplace" (France),
- Issue "Microfinance" (worldwide),

— Environmental section:

- Indicator "Electricity consumption" (worldwide) as used in calculating the electricity consumption per square meter ratio;
- Indicator "Water consumption" (worldwide) as used in calculating the water consumption per NPP (Net Permanent Staff Paid) ratio;
- Indicator "Percentage of printer cartridges and toners recycled" (worldwide);
- Indicator "Travel by plane and by train" (France) as used in calculating CO<sub>2</sub> emissions data;
- Issue "Implementation of the Equator Principles" (worldwide);
- Issue "ISO 14001 certification of Accueil & Services branches" (France);
- Issue "Business travel" (worldwide).

These sustainable development indicators and issues are prepared under the responsibility of the Corporate Social Responsibility Department of the BNP Paribas Group in accordance with the Group's "2009 social reporting protocol" and "2009 environmental reporting protocol" as used by BNP Paribas, available from the BNP Paribas Group Corporate Social Responsibility Department.

Our responsibility is to express our conclusion on these indicators and issues based on our work.

## Nature and scope of our work

We performed our work in accordance with the professional standards applicable in France. We carried out the procedures described below to obtain moderate assurance that no irregularities exist with regard to the selected sustainable development indicators and issues. A higher level of assurance would have required us to carry out more extensive work.

- We reviewed the reporting procedures used by the Group in the light of their relevance, reliability, objectivity and understandability.
- At the Group level:
  - We performed analytical procedures and verified, on a test basis, that the data used to produce the indicators had been correctly calculated and consolidated. This work involved, in particular, interviews with the persons from the BNP Paribas group Corporate Social Responsibility Department responsible for compiling and applying the procedures and consolidating the data.
  - We held interviews with the people in charge of editing the selected issues and received qualitative and quantitative data used while editing these issues. We interviewed, more specifically:
    - the Head of Diversity at Group Human Resources for the issue “Gender equality in the workplace”;

- the Head of Group Microfinance for the issue “Microfinance”;
- the Head of CSR at Corporate & Investment Banking for the issue “Implementation of the Equator Principles”;
- the responsible officer for ISO 14001 certification at the Accueil & Services Program for the issue “ISO 14001 certification of Accueil & Services branches”;
- two corporate officers of the Sustainable Purchasing Function for the issue “Employee business travel”.

— We selected a sample of entities, as follows:

- BNP Paribas SA in Paris (France);
- BNP Paribas Fortis in Brussels (Belgium);
- BNP Paribas in Frankfurt (Germany);
- BNL in Rome (Italy);
- BMCI in Casablanca (Morocco);
- BNP Paribas London (UK).

This selection was made on the basis of quantitative and qualitative criteria applied to the indicators.

— With regard to the selected entities:

- We checked that the procedures had been properly understood and correctly implemented on the basis of interviews with the persons responsible for preparing the data;
- We performed in-depth checks on a test basis to verify the calculations and reconcile the data with the supporting documents.

The contribution of these entities to the Group’s consolidated indicators represents between 29% and 89% of each indicator.

We were assisted in our work by our teams specializing in sustainable development.

## Conclusion

Based on our work, no material irregularities came to light causing us to believe that the sustainability indicators and issues reviewed do not comply, in all material respects, with the Group’s “2009 social reporting protocol” and “2009 environmental reporting protocol” as used by BNP Paribas and applicable for the year 2009.

Neuilly-sur-Seine, 30 April 2010

Statutory Auditor  
PricewaterhouseCoopers Audit

Partner in charge of the Sustainable Development  
Department of PricewaterhouseCoopers Advisory

Gérard Hautefeuille

Sylvain Lambert

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\* The NRE appendices, pages 134 to 145, mention elements of reporting under the french NRE Act.

\*\* MA: Management approach defined in the guiding lines GRI G3; EC: Economy; EN: Environment; IP: Responsibility regarding products; LA: Employment, social relations and work; HR: Human Rights. SO: Company.

\*\*\* UNEP Statement by Financial Institutions on the Environment and Sustainable Development.

# GLOSSARY

<b>Accretion</b>	Reverse of dilution. Accretion is where a corporate action (share buyback or issue of shares in a smaller proportion than the increase in income following a merger or public tender offer, for example) leads to an increase in earnings per share.
<b>ADR (American Depositary Receipt)</b>	Negotiable certificates representing one or several shares. Their face value is stated in dollars and interest is also payable in dollars. ADRs allow American investors to buy shares in foreign-based companies that are not quoted on an American Stock Exchange.
<b>Arbitrage</b>	Activity that consists of attempting to profit by price differences on the same or similar financial assets. For example, in the case of a takeover bid, where the predator offers a price that exceeds the price at which the target's shares are trading.
<b>Attribution right</b>	The right to receive bonus shares issued in connection with a capital increase paid up by capitalising retained earnings. Attribution rights are quoted.
<b>B2B or BtoB</b>	Business to Business: sales of products or services by one company to another.
<b>B2C or BtoC</b>	Business to Consumer: sales of products or services by a company to a consumer.
<b>B2E portal</b>	Intranet site for Group employees. The home page includes a browser, links to services and a wealth of information concerning the various functions within the Group, practical information for employees and career information.
<b>Back office</b>	Department responsible for all administrative processing.
<b>BNL bc</b>	BNL banca commerciale (formerly Banca Nazionale del Lavoro).
<b>Bond/Debenture</b>	Debt security whereby the issuer undertakes to pay the lender a fixed capital sum at a specific future date, plus twice-yearly or annual interest payments. Interest payments — generally at fixed rates — may vary over the life of the bond. Debentures are unsecured bonds.
<b>Capital</b>	Amount of cash or assets contributed by shareholders, plus any profits, retained earnings or premiums transferred to the capital account. The capital may be increased or reduced during the life of the company.
<b>Capital increase</b>	A method of increasing a company's shareholders' equity. The capital may be increased by issuing new shares for cash or in exchange for assets, such as shares in another company. Alternatively, it may be increased by capitalising additional paid-in capital, retained earnings or profits and either raising the par value of existing shares or issuing new shares without consideration. Existing shareholders may have a pre-emptive right to subscribe for the new shares or this right may be cancelled. A capital increase may be carried out to give new investors an opportunity to become shareholders. All capital increases must be authorised in advance by the shareholders, in Extraordinary General Meeting.
<b>Cash flow</b>	Cash generated by operations that can be used to finance investment without raising equity or debt capital.
<b>CECEI</b>	<i>Comité des Établissements de Crédit et des Entreprises d'Investissement</i> : Committee headed by the Governor of the Banque de France responsible for monitoring the proper operation of the French financial and banking system.
<b>CER</b>	Certified Emission Reductions are carbon credits, equivalent to one tonne of CO <sub>2</sub> equivalent of emission reductions under the Clean Development Mechanism (CDM) of the Kyoto Protocol.
<b>CIB</b>	Corporate and Investment Banking, one of the BNP Paribas Group's core businesses.
<b>Clean Development Mechanism (CDM)</b>	Mechanism defined in the Kyoto Protocol, allows states to realise projects abroad that aim to reduce emissions and then to deduct this reduction from their own national reduction objectives under the Kyoto Protocol.
<b>Consolidated net income</b>	Net income of the Group after deducting the portion of the profits of subsidiaries attributable to minority shareholders.
<b>Convertible bond</b>	Bond convertible into the issuer's shares on terms set at the time of issue.

<b>Corporate governance</b>	Series of principles and recommendations to be followed by the management of listed companies.
<b>Coupon</b>	The coupon represents the right of the security for a given year.
<b>Custody fee</b>	Fee received by a bank or broker to hold and service securities recorded in a securities account. Custody fees are payable annually in advance. They are not refunded if the securities are sold during the year, but no fees are payable on securities deposited during the year until the beginning of the next year.
<b>CVR (Contingent Value Rights Certificate)</b>	CVR (Contingent Value Rights Certificate) Financial instrument generally issued in connection with the acquisition of a listed company, guaranteeing the value of the underlying security at a pre-determined date. The CVR entitles the shareholder of the target to receive an amount equal to the positive difference between the offer price and a «reference» price.
<b>Derivatives</b>	Contracts whose value is based on the performance of an underlying financial asset, index or other investment, used to hedge or profit from future changes in the value of the underlying.
<b>Dilution</b>	Impact on the rights attached to a share of the issue of securities (in connection with a capital increase, a merger, a stock-for-stock tender offer or the exercise of rights), assuming that there is no change in the total income of the issuer.
<b>Dividend</b>	Portion of net profit that the Annual General Meeting decides to distribute to shareholders. The amount of the dividend is recommended by the Board of Directors. It represents the revenue on the share and the amount can vary from one year to the next depending on the company's results and policy.
<b>EAI (Enhanced Analytics Initiative)</b>	An international group of financial institutions, who cooperate on taking into account non-financial or non-accounting analysis in classical financial analysis.
<b>EONIA</b>	Euro Overnight Index Average.
<b>EpE</b>	Created in 1992, EpE (Businesses for the Environment) is an association regrouping 40 big businesses in France, who are looking to better take the environment into account in their strategic decisions and their day to day management.
<b>Equator Principles</b>	a voluntary set of guidelines established in 2003, that help financial institutions to better evaluate, reduce, document and monitor potential social and environmental issues arising from project finance activities.
<b>EUA (European Union Emission Allowance)</b>	Allowance to emit Greenhouse Gases accorded to participants in the European Union Emission Trading System.
<b>EUREX</b>	A derivatives market.
<b>EURIBOR (European InterBank Offered Rate)</b>	The most commonly used money-market rate in the eurozone.
<b>Euroclear</b>	Formerly Sicovam. Clearing house for securities transactions.
<b>Euronext SA</b>	Company that operates the Paris, Brussels and Amsterdam Stock Exchanges. Euronext SA establishes market rules, decides to accept or reject listing applications and manages all trading technologies.
<b>FCP (Fonds Commun de Placement)</b>	Fund invested in stocks, bonds and/or money-market securities. A FCP is similar to a SICAV, but is not a separate legal entity. FCPs are generally smaller than SICAVs and are easier to manage. They are subject to less restrictive regulations and can be more specialised.
<b>FRB</b>	French Retail Banking.
<b>Free cash flow</b>	Cash available after financing operations and investments, available to pay down debt.
<b>Free float</b>	The amount of capital which is not under the control of stable shareholders. In other words, capital that can be freely bought and sold and is therefore available to investors, excluding for example shares held by the State, or shares that are subject to shareholders' pacts and so on. On 1 December 2003, the stocks that make up the CAC 40 index became weighted according to their free floats, as opposed to their market capitalisations. This change was born out of a desire to be consistent with the major world market indexes which already function in this manner, and to ensure greater comparability between industries and shares.
<b>Gain/loss on securities</b>	Positive/negative difference between the sale price of a security and the purchase price.
<b>Goodwill</b>	Difference between the cost of shares and the Group's equity in the fair value of the underlying net assets.
<b>Hedge funds</b>	Funds that take both long and short positions, use leverage and derivatives and invest in many markets.

<b>HQE - High Environmental Quality Norm</b>	The objective of the High Environmental Quality norm is to better control a buildings' life-cycle, by taking into account, from the design phase on, all impacts from raw material consumption to energy management, comfort, location and maintenance.
<b>IAS</b>	International Accounting Standards.
<b>IFRS</b>	International Financial Reporting Standards.
<b>IFU (<i>Imprimé Fiscal Unique</i>)</b>	French tax return issued by a bank or broker, listing all the securities transactions carried out on behalf of the taxpayer and all the coupon payments made to the tax payer.
<b>Institutional investor</b>	Financial institution which, by definition or by virtue of its articles of association, is required to hold a certain proportion of its assets in stocks and shares. Examples include insurance companies and pension funds.
<b>Investment club</b>	A variable- or split-capital company, which enables its members to jointly manage a portfolio of marketable securities formed from an initial investment and/or regular capital contributions. Clubs benefit from a favourable regime in respect of capital gains tax. The FNACI (National Federation of Investment Clubs), which is located at 39, rue Cambon, 75001 Paris, provides on request all the information required for the launching and smooth running of these clubs.
<b>Investment Solutions</b>	Within BNP Paribas, Investment Solutions regroups the 6 business lines: asset management, insurance, wealth management, online savings & trading, securities services and real estate.
<b>ISIN code</b>	The new identification number for securities listed on the stock market. The ISIN code replaces the well-known Sicovam code which had since become the Euroclear code. On 30 June 2004, Euronext Paris put an end to its existing system for identifying securities and replaced it with a system that uses ISIN codes. Having already been adopted by a number of European stock markets including Amsterdam, Brussels, Lisbon and Frankfurt, the new system gives a unique identity to each share and therefore facilitates cross-border transactions between investors, primarily by improving harmonisation within Euronext. The ISIN code comprises 12 characters: 2 letters to indicate the issuing country (e.g., FR for France and US for the United States) and 10 figures. BNP Paribas's ISIN code is FR0000131104.
<b>LBO</b>	Leveraged Buy Out. Company acquisition financed primarily by debt. In practice, a holding company is set up to take on the debt used to finance the acquisition of the target. The interest payments due by the holding company are covered by ordinary or exceptional dividends received from the acquired target.
<b>LIFFE</b>	London International Financial Futures and Options Exchange.
<b>Liquidity</b>	Liquidity Ratio between the volume of shares traded and the total number of shares in issue.
<b>LME</b>	London Metal Exchange.
<b>M &amp; A</b>	Mergers & Acquisitions.
<b>Market capitalisation</b>	Value attributed to a company by the stock market. Market capitalisation corresponds to the share price multiplied by the number of shares outstanding.
<b>Market-maker/ Market-making contracts</b>	Market-makers commit to maintaining firm bid and offer prices in a given security by standing ready to buy round lots at publicly-quoted prices. Market-making contracts generally concern mid-cap stocks and are intended to enhance the stocks' liquidity. In France, market-making contracts ( <i>contrats d'animation</i> ) are entered into between Euronext, the issuer and a securities dealer.
<b>Microfinance Institution (MFI)</b>	A Microfinance Institution is an entity that proposes financial services (savings, microcredit, micro insurance, fund transfers) to people without or with limited access to the formal financial sector.
<b>Microfinance Investment Vehicle (MIV)</b>	Microfinance Investment Vehicles are private investment funds that invest primarily in microfinance. MIVs provide capital to Microfinance Institutions (MFIs) as well as to non-specialised financial intermediaries for investment in microfinance projects. MIVs play an increasingly important financial intermediation role between foreign investors and microfinance institutions.
<b>MONEP (<i>Marché d'Options Négociables de Paris</i>)</b>	Paris traded options market, including CAC 40 index options and equity options.
<b>OAT (<i>Obligation Assimilable du Trésor</i>)</b>	French government bonds.
<b>OCEANE (<i>Obligation Convertible en Actions Nouvelles ou Existantes</i>)</b>	Bond convertible for new shares or exchangeable for existing shares of the issuer.

<b>OPA (Offre Publique d'Achat)</b>	French acronym for a public tender offer for cash.
<b>OPE (Offre Publique d'Échange)</b>	French acronym for a public stock-for-stock tender offer.
<b>OPF (Offre à Prix Fixe)</b>	French acronym for a public offering of securities at a set price.
<b>OPR (Offre Publique de Retrait)</b>	French acronym for a compulsory buyout offer (final stage in a squeeze-out).
<b>OPRA (Offre Publique de Rachat d'Actions)</b>	French acronym for an offer to buy out the minority shareholders of a company that is already largely controlled (first stage in a squeeze-out).
<b>Option</b>	Contract giving the buyer the right (but not the obligation), to purchase or sell a security at a future date, at a price fixed when the option is written (exercise price), in exchange for a premium paid when the option is purchased. Options to purchase a security are known as calls and options to sell a security are known as puts.
<b>OPV (Offre Publique de Vente)</b>	French acronym for a public offering of securities at a set price.
<b>ORA (Obligation Remboursable en Actions)</b>	French acronym for equity notes, representing bonds redeemable for shares.
<b>ORSE</b>	The French corporate social responsibility observatory.
<b>P/E</b>	Price/Earnings ratio. Ratio between the share price and earnings per share. The P/E serves to determine the multiple of earnings per share represented by the share price.
<b>Par value</b>	The par value of a share is the portion of capital represented by the share.
<b>PEA (Plan d'Épargne en Actions)</b>	French name for personal equity plans. Savings products designed to promote private share ownership, invested in shares of companies that have their headquarters in a European Union country or in units in qualifying unit trusts. Revenues and capital gains are exempt from personal income tax and capital gains tax provided that the savings are left in the plan for at least five years. Investments in PEAs are capped at EUR 120,000 per individual.
<b>PEE (Plan d'Épargne Entreprise)</b>	French name for employee share ownership plans. Payments into the plan and reinvested interest are exempt from personal income tax provided that they are left in the plan for at least five years (with early withdrawal allowed in certain specific cases). Surrender gains are also exempt from personal income tax.
<b>Pre-emptive subscription rights</b>	When a company issues shares for cash, each shareholder has a pre-emptive right to subscribe for a number of new shares pro rata to the number of shares already held. The right can be traded on the stock market. Companies can ask the General Meeting to cancel shareholders' pre-emptive subscription rights to facilitate certain operations or allow the company to open up its capital to new investors.
<b>Preference shares</b>	Preference shares are shares that pay dividends at a specified rate and have a preference over ordinary shares in the payment of dividends and the liquidation of assets. They do not carry voting rights.
<b>Price guarantee</b>	When a company acquires control of a listed target, it is required to offer the target's minority shareholders the opportunity to sell their shares at the same price as that received by the sellers of the controlling interest. The offer must remain open for at least fifteen trading days.
<b>Primary market</b>	Market where newly-issued securities are bought and sold.
<b>Prime brokerage</b>	Activity consisting of providing a wide range of services to hedge funds, including financing, securities settlement/delivery, custody, securities lending/borrowing, etc.
<b>Public tender offer</b>	An offer to buy shares of a company, usually at a premium above the shares' market price, for cash or securities or a combination of both. Where only a small proportion of the company's shares are traded on the market and the offer is followed by a compulsory buyout, the process is known as a "squeeze-out".
<b>Quorum</b>	General Meetings can take place only if there is a quorum. For Ordinary General Meetings, on first call there is a quorum if the shareholders present and represented hold at least 1/4 of the voting rights. There is no quorum requirement on second call. For Extraordinary General Meetings, the quorum corresponds to 1/3 of the voting rights on first call and 1/4 on second call. For Combined Meetings, the quorum requirements depend on whether the resolutions are "ordinary" or "extraordinary".

<b>Quotation</b>	The quotation determines the price of a security on the market at a given point in time. Prices are generally quoted on a continuous basis throughout the day (from 9:00 a.m. to 5:30 p.m.), providing a real-time indication of the prices at which the security concerned is changing hands. Continuous quotation allows market players to closely track market trends. Quotations for securities with a low trading volume are made once a day.
<b>Rating/rating agencies</b>	A rating represents an assessment of the default risk on debt securities. The rating awarded to an issuer has a direct impact on the issuer's borrowing costs. Changes in ratings also have a significant impact on the issuer's share price. The main rating agencies are Standard & Poor's, Moody's and Fitch.
<b>Report</b>	On the Euronext Paris market, transaction allowing an investor to carry forward a buy or sell position from one deferred settlement date to the next.
<b>Retail Banking</b>	Regroups all BNP Paribas group retail banking activities: FRB, BNL bc., Europe-Mediterranean, Bancwest, Personal Finance, Equipment Solutions.
<b>ROE</b>	Return on Equity. Ratio between consolidated net income and consolidated shareholders' equity.
<b>Secondary market</b>	Market where securities are bought and sold subsequent to their issue.
<b>Settlement</b>	Monthly date when transactions with deferred settlement ( <i>Service de Règlement Différé</i> ) are unwound (or extended). This date corresponds to the fifth trading day before the last trading day in the month.
<b>Share</b>	A share is a transferable security representing a portion of the capital of a limited company or a partnership limited by shares. Ownership of shares is evidenced by an entry in the issuer's share register (registered shares) or in a securities account kept in the holder's name by a bank, stockbroker or other accredited intermediary (bearer shares). Shares quoted on the stock exchange are also referred to as "equities".
<b>Shareholder's Consultative Committee</b>	Body of individual shareholders chosen by some share issuing companies to advise them on communicating to individual shareholders. After its formation in 2000, BNP Paribas decided to create a Shareholder Liaison Committee to help the Group improve communications with its individual shareholders.
<b>SICAV (Société d'Investissement à Capital Variable)</b>	Variable capital investment company that manages a portfolio of securities on behalf of its shareholders. Shares may be purchased or redeemed at any time. The shares are not listed but their value (corresponding to the company's net asset value per share) varies each day based on changes in the value of the securities held in the portfolio.
<b>SICOVAM (Société Interprofessionnelle pour la Compensation des Valeurs Mobilières)</b>	Now renamed Euroclear France. Organisation responsible for clearing securities trades, centralising all stock market transactions and facilitating the transfer of securities between member institutions.
<b>SPVT (Spécialiste en Pension des Valeurs du Trésor)</b>	Primary dealer in French government bond repos.
<b>Split</b>	Decision by a company to increase the number of its shares that are outstanding while dividing the nominal value of the share. The objective is essentially to increase the liquidity of the stock and to make it more accessible to individual shareholders.
<b>SRD (Service de Règlement Différé)</b>	French market where the main French and foreign equities are traded. Equities or bonds purchased with deferred settlement are purchased on credit. The buyer is required to settle the purchase price and the seller is required to deliver the securities on the next settlement date, unless one or other of the parties asks for the transaction to be carried over to the next settlement date (report).
<b>Subscription right</b>	Right to participate in a share issue for cash.
<b>Swaps</b>	A swap is a financial derivative in which counterparties exchange certain benefits of one party's financial instrument against those of the other's financial instrument. The counterparties are generally banks or financial institutions.
<b>TBB (Taux de Base Bancaire)</b>	Interest base rate.
<b>TMO (Taux Mensuel de Rendement des Emprunts; Obligataires)</b>	Interest rate corresponding to the monthly bond yield.

<b>TPI (Titre au Porteur Identifiable)</b>	Procedure allowing issuers to obtain information about the identity of holders of bearer shares from Euroclear.
<b>Trade Centre</b>	Specialised sales force set up by BNP Paribas to partner its corporate customers' international development. The Trade Centres offer importers and exporters a wide range of customised services based on the "one-stop-shopping" principle.
<b>Treasury shares</b>	Shares held by the issuer. Treasury shares are stripped of voting and dividend rights and are not taken into account in the calculation of earnings per share.
<b>TSDI (Titre Subordonné à Durée Indéterminée)</b>	French acronym for perpetual subordinated notes.
<b>TSR</b>	Total Shareholder Return: corresponding to return on the capital invested by shareholders, including dividends and unrealised gains on the shares.
<b>UCITS</b>	Undertaking for Collective Investment in Transferable Securities. Term covering unit trusts and variable capital investment companies.
<b>UNEP - FI</b>	The United Nations Environment Programme Finance Initiative is a worldwide partnership between the UNEP and private sector financial institutions.
<b>Voting right</b>	Right of a shareholder to vote in person or by proxy at General Meetings.
<b>Volatility</b>	The tendency of a financial market or a certain financial security to register big and abrupt fluctuations in price levels.
<b>Warrant</b>	Certificate issued on a stand-alone basis or strippable from another security (share, bond) giving the holder the right to acquire securities (share, bond). Warrants issued by financial institutions acting as market-maker give the holder the right to purchase (call warrant) or sell (put warrant) various underlying (interest rate, index, currency, equities) at a fixed exercise price during a fixed exercise period. Although these warrants constitute options, they cannot be sold short.
<b>Waste Electrical and Electronic Equipment Directive (WEEE Directive)</b>	The European WEEE Directive imposes the obligation to recycle Waste from Electrical and Electronic Equipment in all EU member states. The directive imposes the responsibility for the disposal and treatment of waste from electrical and electronic equipment as well as its associated costs, on the manufacturers and importers of such equipment.
<b>Work flow</b>	Process automation technology allowing the sequential transmission of digital documents and files to the various people responsible for processing the data.
<b>Yield</b>	Indicator of the return on an investment, expressed in percent. For shares, the yield corresponds to the ratio between the last dividend paid and the last share price.