



SUSTAINABLE FINANCE & INVESTMENT

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2018



BNP PARIBAS

The bank for a changing world

A BANK COMMITTED TO A BETTER FUTURE

4 PILLARS, 12 COMMITMENTS

THE ECONOMY

Financing the economy in an ethical manner

Investments and financing with positive impact

Ethics of the highest standard

Integration of Environmental, Social and Governance Risks



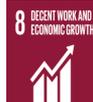
OUR PEOPLE

Developing and engaging our people responsibility

Promotion of Diversity and inclusion in the workplace

A good place to work and responsible employment management

A learning Company supporting dynamic career management



THE COMMUNITY

Being a positive agent for change

Products and services that are widely accessible

Combat social exclusion and support human rights

Corporate philanthropy policy focused on the arts, solidarity and the environment



THE ENVIRONMENT

Combating climate change

Partnering with our clients in the transition to a low-carbon economy

Reduce the environmental impact of our operations

Advance awareness and sharing of best environmental practices



CSR Key indicators for BNP Paribas

	Indicator	2015	2016	2017	2018 Objective
Economic Responsibility	Share of loans to companies contributing strictly to the achievement of UN Sustainable Development Goals	15%	16,6%	16,5%	Maintain at least 15%
Social Responsibility	Percentage of women among the members of cross-functional Executive Committees across business lines and/or countries (Out of approximately 500 Top executives)	21%	24%	25%	23% (25% in 2020)
Civic Responsibility	Annual number of beneficiaries of microloans distributed by microfinance institutions financed by BNP Paribas (on a pro rata basis of the financing issued by BNP Paribas)	250 000	309 000	289 000	350 000
Civic Responsibility	Financing for renewable energies	€7.2 billion	€9.3 billion	€12. 3 billion	EUR 15 billion in 2020

How do we obtain this KPI ?

- **Objective :** A KPI measuring the share of the credits to the companies contributing the most directly has been defined
- **Perimeter:** Group level
- **Data Origin:** Extraction of the customer database at the end of Q4 of year N
- **Method of calculation:** The methodology was validated by **Vigéo** in 2016 and 2017.
- **Audit:** Audited by **PWC**.

Annual peak of people made aware in 2016 was due to the organisation of an expedition in the Southern Ocean onboard the Marion Dufrenoy, showcasing the Soclim programme supported through the Climate Initiative programme.



BNP Paribas' support to Microfinance

A growing commitment

As of December 2017, the support of BNP Paribas to Microfinance sums up to 277 M€, of which **203 M€ as credit authorizations to approximately 30 MFIs.**

“Beneficiaries impacted” are beneficiaries of microcredits allocated by MFIs financed by BNPP, calculated pro rata relative to the financing from BNP Paribas

Approximately **300 000 beneficiaries** have indirectly access to microcredit through BNPP’s MFI funding as of end 2017.

BNP Paribas aims at (indirectly) impacting **350,000 beneficiaries by 2018** (CSR Dashboard 2016-2018).

End poverty in all its forms everywhere



767 million people still live in extreme poverty on less than \$1.90 a day

A worldwide presence (2017)

- **High income OECD countries** : France, Belgium, Luxembourg, Italy, UK, USA , Poland
- **Africa**: Côte d’Ivoire, Morocco, Tunisia, Senegal, South Africa (BF to come)
- **APAC**: India, Vietnam, China, Indonesia
- **Latam**: Brazil, Colombia, Mexico* & Argentina*



Key Principles

Only active in countries where BNPP has local presence

- ⇒ Important leverage from local team (Relationship managers from financial institutions and Coverage) and positioning as **local bank**
- ⇒ Provision of funding in local currency and local technical assistance when possible

Microfinance activity is considered as a **banking activity**:

- ⇒ Specific credit policy, Credit committee, transactions booked in local subsidiary, financial and social reporting

Main challenge:

- ⇒ To strike the right balance between economically viable institutions and pro-poor mission



End hunger and promote sustainable agriculture



World food production must increase by 70 % to feed 2.3 billion more people by 2050.

The United Nations Environment Programme (UN Environment), the World Agroforestry Center (ICRAF) and BNP Paribas are partnering to establish the Sustainable India Finance Facility (SIFF). **SIFF partners are working with the Government of Andhra Pradesh to support the scaling up of Zero Budget Natural Farming (ZBNF).**

The benefits of ZBNF include:

- provision of cost-effective natural fertilizers
- consistent yields,
- restoration of ecosystem services
- conservation of biodiversity
- use of local seeds
- multi-cropping with tree cover
- ability of farms to withstand extreme climatic events,
- safe and nutritious food
- improvements in health
- empowerment of women farmers.

The role of BNP Paribas:

- To provide **financial advisory services** relating to commercial funding structures of development projects and schemes proposed through the SIFF.
- To **secure long term commercial investment funding** from the domestic and international capital markets to draw in institutional investment at scale to support sustainable economic development.
- To **connect farmers with Multinational Companies** to avoid waste food and sell food surplus.



Impact on Bio Diversity



Funding needs:

it is anticipated that the ZBNF programme will require a total investment of up to **USD 2.5 billion** over the next 7 years – funding in INR.

As of May 2018, **163,000 farmers** in 972 villages across all 13 districts of Andhra Pradesh are practicing ZBNF. Objective is to reach **500,000** by 31st March 2019 and then progressively scale-up to **6 Million**.



The project focuses on all the SDGs

TLFF in a nut shell

- UNEP, with strong support from the Indonesian government, has launched the TLFF, together with numerous private sector partners, including BNP Paribas and ADM Capital.
- TLFF, a private sector financing facility, will consist of a lending facility (TLLF) of USD 1 billion and a grant facility (TLGF) of USD 100 million.
- TLLF is designed to provide long-term capital funding, at scale, primarily for rural smallholders and renewable energy projects in rural communities
- Aims to enable innovative financing mechanisms for the country to meet its sustainable economic development, by bringing private sector finance to solutions orientated project and corporate development

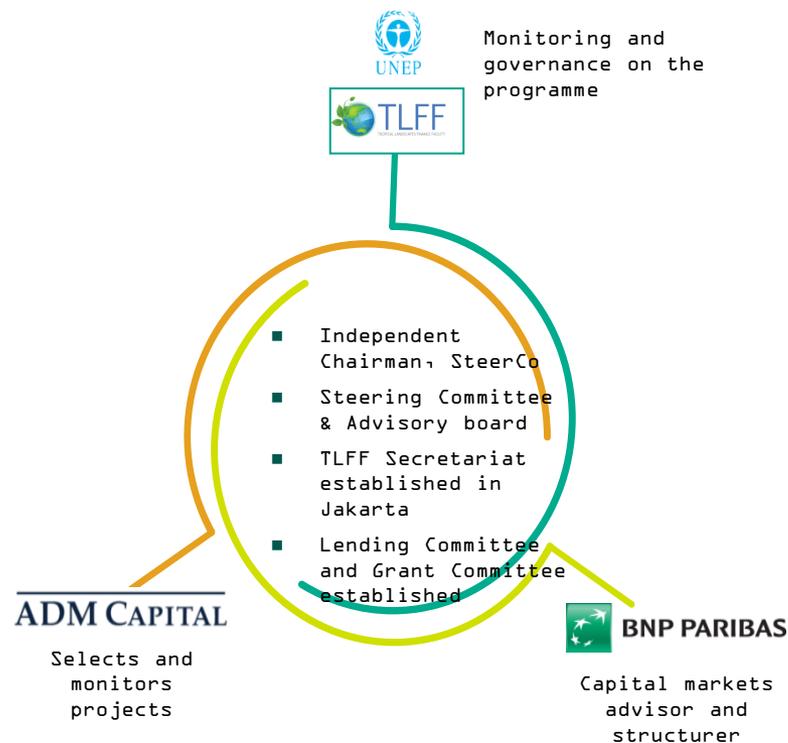
Social Impact

- This financing mechanism will help bring private capital into projects/corporates, that will assist in:
 - **poverty alleviation**
 - **clean and renewable energy for the country's energy transition**
 - **United Nations Sustainable Development Goals and 2030 Agenda for Sustainable Development**

Other Key Partners

- Indonesian Government supports the programme
- E&Y : ESG compliance audit partner
- NGOs (e.g. TNC) to provide guidance and on the ground monitoring on local projects and small holders through the Grant Facility, providing E & S monitoring and impact evaluation best practice
- PT **Royal Lestari Utama (RLU)**, an **Indonesian joint venture** between France's **Michelin** and Indonesia's **Barito Pacific Group**, for climate smart, wildlife friendly, socially inclusive production of natural **rubber** in Jambi, Sumatra and East Kalimantan provinces. (Royal Lestari Utama will be funded by a **multi-tranche Sustainability Bond** arranged by BNP Paribas (BNPP) and issued by TLFF).

Roles and key drivers





Take urgent action to combat climate change and its impact

The IPCC estimates we have to limit the increase of the global average temperature up to 2°C by 2100

BNPParibas became Carbon Neutral

For that, 3 complementary actions are being undertaken:

- Reducing CO2 emissions related to its functioning;
- Increasing the share of low carbon electricity;
- Offsetting CO2 emissions that cannot be avoided.

In 2017, all of its 2016 emissions were offset as part of the Wild Life Works' Kasigau project. A long-term partnership with the GoodPlanet Foundation was also signed in 2017 to set up 13,000 bio-digesters in India:

- CO2 emissions avoided as the pressure is reduced on surrounding forests (accountability validated by a UNFCCC methodology)
- Others benefits: soil fertility (compost), suppression of wood collection for women and children, increase of air quality, and additional revenues for individuals

BNP Paribas launches **ClimateSeed**: a **Social Business** following Peace Nobel Prize Prof. Yunus' principles)

Investors and project developers struggle to match their needs, **50% OF CARBON OFFSET PROJECTS REMAIN UNFUNDED.**

Built as a marketplace, ClimateSeed **connects businesses** looking to offset their carbon emissions **with project developers** offering voluntary carbon credits and looking for funding.



ClimateSeed aims to increase the **transparency, security** and **efficiency** of the voluntary carbon market. There is a three-level verification process on each project promoted on its platform:

- Certification checks by a renowned international Standard
- Due diligence on the project developer
- Project analysis from a sustainability committee.

Moreover, **transparent fair prices** are directly set by **project developers**.

It will reinvest 100% of its profits to enhance environmental and social positive impact. 7