

La sélection de l'Opinion

Responsible Investing

SELECTION FROM "L'OPINION" NO. 17 - SUPPLEMENT FROM "L'OPINION" NO. 1105 OF 4 OCTOBER 2017 - MAY NOT BE SOLD SEPARATELY

The 2015 Paris climate agreement has accelerated the development of sustainable finance. Bankers, businesses, fund managers: everyone is involved.

Green finance, the driving force for a new sustainable world



The United Nations' seventeen Sustainable Development Goals aim to eradicate poverty by 2030.

ONU

Environment

How can we build a bridge between asset managers concerned with responsible investments and businesses working to comply with ESG (environmental, social and governance) criteria? Sustainable finance addresses this concern. Sustainable finance is the answer. **It brings together SRI (socially responsible investment), solidarity financing, green finance and, more generally, responsible investing. Trillions of dollars are at stake.**

Muriel Motte

Europe is rallying, that's how important the matter is! This summer, a group of experts from the European Commission in Brussels submitted its first report on sustainable finance. The goal after six months of work: to identify ways to enshrine this concept, which is still somewhat vague, in European law. The commission made about fifteen recommendations, including taking into account considerations related to sustainable development in ratings, the creation of a "sustainability criterion" for EU financial legislation, the establishment of a standard and a European label for green bonds,

and furthermore, greater transparency of financial institutions and businesses on the way they take sustainability into account in their decisions... A huge programme.

With sustainable finance, Brussels clearly wants to move on from the post-subprime crisis years. "The first wave of European Union reforms was based on the stability and resilience of the financial system", comments the European executive. "The Commission now intends to redirect the financial system so that it can support long-term sustainable growth".

The subject has been top of mind since the Paris climate agreement was signed in 2015 and the adoption of the United Nations programme "to

"Doing more and better with less" has become the new mantra of the European Commission, which adopted a package of measures to this effect

transform our world". Between the fight against global warming and the UN's 17 goals to eradicate poverty and combat inequalities, there is no shortage of good causes. Europe itself has set ambitious goals for 2030 in terms of the circular economy. "Doing more and better with less" has become the

new mantra of the Commission, which adopted a package of measures to this effect almost two years ago.

The circular economy means rethinking production and consumption patterns to optimise the use of natural resources and limit the waste

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The BNP Paribas Sustainable Future Forum, a key responsible investment event

The 2017 Week of Responsible Finance (Semaine de la Finance Responsable) ends this Thursday. Since 2010, it has become the main event for promoting initiatives all over France in favour of sustainable development in all its forms - crowdfunding to make a social impact, solidarity financing and socially responsible investment (SRI). The event has been particularly important since the Paris climate agreement was signed in 2015. France wants to be a world leader in this field, and it is also one of the priorities of Emmanuel Macron's five-year term.

This Wednesday BNP Paribas is holding the second BNP Paribas Sustainable Future Forum in Paris. The goal: bring together business customers and institutional investors "to enable them to share and discuss their needs and their goals in terms of sustainable finance", according to Yann Gérardin, Head of Corporate and Institutional Banking at BNP Paribas.

Participants, which will include Bertrand Piccard, the founder of Solar Impulse, Sir David King, former adviser to the UK government and special representative

for climate change, Clara Gaymard, co-founder of the Raise endowment fund, and Bjorn Otto Sverdup, head of corporate sustainability at the oil giant Statoil, will share their vision of the world of tomorrow and draw up a list of the challenges ahead. Some 250 fund managers and businesses are expected to attend.

BNP Paribas inaugurated the concept of its sustainable forum last year in Singapore. The city will again play host to the upcoming sustainable future forum on 26 October.



SIPA PRESS

The Paris climate agreement has played a key role in raising awareness of the ecological emergency.

●●● **Continued from page 1**
generated. Whether it concerns fertilisers manufactured from secondary raw materials, combating food waste, recycling of municipal waste, innovation in the fields of water and energy, or the “repairability” of consumer products, Brussels is in the process of mapping out the route for the next fifteen years. Not forgetting the crux of the matter, money. The European “package” has also provided for the creation of a platform for supporting the financing of the circular economy “which brings together innovators and investors”.

Bringing stakeholders together, with equity providers on the one side, businesses on the other, is also the business of banks. BNP Paribas has made it a priority goal across all issues of sustainability. “We are heading towards more disintermediation: the customers that we are financing today with the bank’s balance sheet will be financing themselves tomorrow on the markets, says Yann Gérardin, Head of BNP Paribas’ corporate and institutional banking (CIB) entity. The purpose of CIB is to ensure fluidity. For example, we recommend our institutional customers that they should invest in sustainable products issued by corporates who are looking to finance themselves on the markets and vice versa”.

Around the globe, key managers are increasingly rallying around “green” issues. This summer, GPIF, the colossal Japanese pension fund, with €1.275 billion in assets, introduced three initial ESG indices into the management of a proportion of the total capital. Approximately 3% of its equity portfolio is now linked to these indices. That does not sound like much but it is only the beginning.

Large financial institutions are themselves rated against non-financial criteria by fund managers. One after the other, they are finetuning their “sustainable” strategy

In August, a New Zealand pension fund joined the Divest-Invest network for disinvestment in fossil fuels. Launched two years ago, this initiative now brings together over 700 global institutions, worth over \$5 trillion. They have to invest their capital elsewhere. “Asset managers are counting on us to provide them with investment opportunities that are compatible with their priorities”, comments Amine Bel Hadj Soulam, Head of Research and Sustainable Investments at BNP Paribas CIB. The bridge with the financing needs of businesses makes perfect sense. In addition to the creation of new ESG stock

market indices, and the issuance of green bonds on behalf of industrial groups, the bank is working on an extended offering of green products, especially on the credit market.

Large financial institutions are themselves

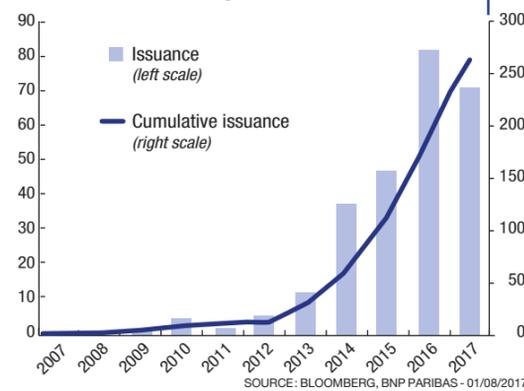
“The projects that currently drive the vision of sustainable finance are laying the foundations to ensure that the financial system also becomes social, promotes solidarity and ethical, meaning viable in the long term”

rated against non-financial criteria by fund managers. One after the other, they are finetuning their “sustainable” strategy. On 1 September, BNP Paribas set up a new corporate engagement division, directly represented on the Executive Committee. Its role: to define and implement the internal policy “on economic development, the environment and energy transition, social inclusion, regional promotion, diversity and promotion of respect for human rights.”

The initiative is far-reaching, and for good reason. “Prudential standards and equity requirements are not the only solutions to ensure finance does not relive the crises of 2007 and 2008”, stated Revue Banque as early as 2011. “The projects that currently drive the vision of sustainable finance are laying the foundations to ensure that the financial system also becomes social, promotes solidarity and ethical, meaning viable in the long term”

@murielmotte

Global Green bonds market
(in billion dollars - 1st august)



“In the US, green finance is now moving into traditional finance”



HERVÉ DUTEIL, Managing Director of BNP Paribas, in charge of Social and Environmental Responsibility & Social Finance for the Americas region

What does the sustainable finance market represent in the US?

The American financial market is the largest in the world, and that of sustainable finance offers considerable potential, even though it is still behind compared with that of Europe, which has been very active for around a decade. In the US, this segment has been dynamic for only three or four years. One of the main obstacles is legal. On the investor side, the concept of fiduciary responsibility is often understood as the search for short-term profitability. In this context, pension funds, for example, have long struggled to take non-financial factors into account in their analyses, yet these criteria are the founding principles of sustainable finance. But things are changing. In the first half of the year, the US was the country issuing the most green bonds with over \$22 billion. Apple has already issued two green bonds assigned to energy efficiency projects. Starbucks has also launched a sustainable bond, in order to finance ethical coffee production. The movement has started.

Has the election of Donald Trump and his decision to withdraw the US from the Paris Agreement changed anything?

That was a catalyst. Just after the presidential election, Bill Gates launched a fund dedicated to financing technological innovation which contributes to the low-carbon economy. He was joined by Jeff Bezos, the CEO of Amazon. The former mayor of New York, Michael Bloomberg, also took a stand against Donald Trump’s decision. Lastly, the “We are still in” movement has sprung up, bringing together hundreds of businesses, universities and lo-

calities in favour of maintaining the commitments of COP21. The issuance of a green bond by Mid American Energy, subsidiary of Warren Buffet’s group, the benchmark of American capitalism, is highly symbolic. This bond is a signal that green finance is moving into traditional finance.

Does the engagement of public figures influence behaviour?

Recently, the shareholder pension funds of Exxon Mobil and Occidental Petroleum pushed through a resolution at the general meeting, against the will of the board of directors, obliging them to discuss the impact of a +2° scenario on their business model. These shareholders were supported in their approach by leading fund managers such as BlackRock and Vanguard. This is a totally new event, which echoes a certain number of recent statements by public figures. Thus, Philippe Hilderbrand, Vice-Chairman of BlackRock, has stated that investors now have a strong card to play against global warming. Mark Carney, Governor of the Bank of England, has warned against the financial risks related to climate change. These voices are beginning to be heard.

What is BNP Paribas’ position on the American market?

We support large businesses in their energy transition projects, via bank financing or in the structuring of green bond issues for example. This is the traditional activity of the investment bank. We are also innovating: BNP Paribas completed its first green securitisation transaction at the start of the year. In the US, establishments such as Solar Mosaic help individuals finance the installation of solar panels on their homes. We have bought their debts and securitised them. This helps to broaden the range of “green” financial products that can be offered to investors. We are also in the process of exploring the “social impact bonds” market, these loans of which the repayment is linked to the social performance of the project being financed. In particular, we completed our first issuance last year on behalf of the State of Connecticut.

What about the private banking and wealth management market?

The potential of this market is huge. Over the next 30 years, \$41,000 billion in capital will be transferred from the baby boomers generation and generation X to that of the “millennials”, born between 1980 and 1999. These investors demonstrate a clear intention to have a positive societal impact through their investments. Hence why the demand for green products can therefore only increase.

Interview Muriel Motte

Xi Jinping’s China bets heavily on renewables

It was the key announcement of the beginning of the year. On 5 January, China unveiled a highly ambitious energy transition plan: \$361 billion in investments in renewable energies by 2020, resulting in the creation of 13 million jobs. Under the leadership of Xi Jinping, this country which alone represents one third of all CO₂ emissions, confirmed its intention to play a leading role in the preservation of the planet.

The commitment of the world’s second-largest economic power has indeed intensified since the COP21 was signed in 2015. In a forum for L’Opinion last month, Yao Wang, Director-General of the International Institute of Green Finance in Beijing, and Director of the Research Centre for Climate and Energy, highlighted the efforts already undertaken by her country in this area. “The authorities are providing political support for the development of green bonds. The financing of environmental projects will stimulate growth during the XIIIth five-year plan (2016-2020)”, she said.

Non-existent in 2015, the green bonds market hit \$36 billion the very next year. Ma Jun, Chief Economist at the People’s Bank of China, which, unlike the central banks

of developed countries, is expressing its views on environmental issues -, believes that investor demand could be twenty times higher than the current supply. A new series of regulatory concessions should boost the green bonds market, which is in full swing. The Bank of China is also working with the

“The relaxation of regulation enables a larger number of businesses to access the Chinese green bonds market”

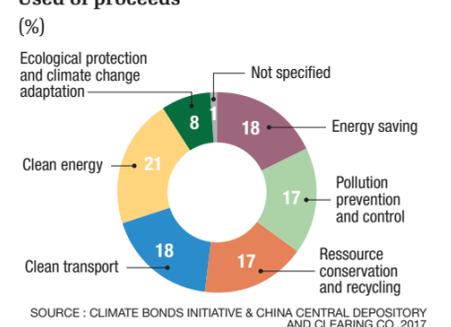
European Investment Bank (EIB) on the internationalisation of the green loans market. A white paper aimed at strengthening the investment framework in China should be published by the end of the year. The timing is perfect as there is no shortage of projects in a

country threatened by suffocation, at least in its large cities.

In mid-September, Beijing surprised the world again by announcing its intention to ban thermal engines, yet failed to mention the timetable. The challenge is enormous. 28 million cars are sold every year in China compared with 16 million throughout Europe. “Due to the size of its market and the subsidies granted, the country thinks that its manufacturers can establish themselves as the world leaders in electric cars and batteries”, commented Dominik Declercq, Beijing representative of the European Automobile Manufacturers Association.

“The relaxation of regulation enables a larger number of businesses to access the Chinese green bonds market”, says Frank Kwong, head of primary markets at BNP Paribas Asia-Pacific. “Several financial institutions are looking into the possibility of issuing such loans on the international markets. BNP Paribas recently participated in a transaction of this kind alongside the People’s Bank of China. The bank issued a green loan in several currencies, aimed at international investors. The opening up of markets will help to harmonise standards, which will speed up

Chinese green bonds



the growth of the entire green segment”. Among the local projects, coal is on the radar of green bonds. According to the XIIIth five-year plan, 85% of energy will still be fossil-fuel based in 2020. “Making coal cleaner and more efficient is therefore essential”, believes Yao Wang. In Shanxi province, it is also green bonds that will finance the upcoming redevelopment of a mining site.

M.M.

Linking loan interest rates to CSR performance can be done

What are sustainable businesses? “They are resilient businesses that create economic value, healthy ecosystems and strong communities”, explains Dr Tima Bansal, Professor of Strategic Management at Western University (Ontario). “These businesses survive external crises because they are closely with sound economic, social and environmental systems”.

Whether out of conviction or under pressure from their environment, all business owners are looking to produce in a greener, more socially responsible way. Many of them are recruiting a “CSR manager”, and surrounding themselves with experts in order to achieve this goal. Innovative start-ups, specialist consultants, rating agencies... there is no shortage of “tutors”.

The banks, themselves committed to financing sustainable development, are also developing tailor-made solutions for their corporate customers. “A year ago we launched, with Puma, the sporting goods manufacturer, an original financing programme that aims to reward its suppliers’ compliance with social and environmental standards”, says Caroline Pez-Lefevre, joint head of corporate monitoring for the Europe, Middle east and Africa zone BNP Paribas CIB. “This programme offers financial incentives for Puma’s supply chain businesses to improve their standards in all areas of CSR. In concrete terms, the International Finance Corporation (IFC), an independent entity, has established a rating scale. Puma rates its suppliers according to this model and the bank applies differential tariffs according to the score achieved by



STEVENS FRÉMONT

Puma’s suppliers”, she explains. With a global presence, the bank is helping Kering, a subsidiary of the group, to move its approximately 300 external manufacturers and suppliers towards a production that is more respectful of all stakeholders.

Another innovation: linking a bank loan’s interest rate to a borrower’s “CSR” performance. In April, the Dutch group Philips launched what may become a new trend. Under the leadership of ING, the banking pool including ABN Amro, Bank of America Merrill Lynch, BNP Paribas and Citi, agreed that the interest rate applied to a €1 billion loan granted to Philips would depend on the annual improvement in the group’s “sustainable” goals, measured by an external agency.

“We can also provide “green” investments for corporate cash flows. We can offer solutions to optimise the management of fleets of company vehicles or support to a group in the search for good suppliers to build its new low-carbon registered office”, Caroline Pez-Lefevre continues. “It is by innovating with our clients that we make a difference”.

In terms of financing sustainable development, the world knows no borders. BNP Paribas was recently joint bookrunner for the issuance in London of a green bond by the Indian Rural Electrification Corporation (REC). With the \$450 million raised, the public operator is going to finance projects in solar, wind, biomass, water and waste management. Investors kept coming back for more: the transaction was nearly 4 times oversubscribed.

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Caroline Pez-Lefevre,
joint head of corporate monitoring
for the Europe, Middle east and
Africa zone BNP Paribas CIB.

Asset managers are going green

Their substantial financial leverage makes them key to the success of the “transformation of the world” the UN wants. Asset managers have their ambassador, Philippe Hilderbrand, Vice Chairman of BlackRock. Responsible for \$5,7 trillion under management, his commitment is clear. “There is every reason to believe that investors can no longer act without taking into account the issues of climate change”, he stated quite clearly last year.

Taking into account ESG (environment, social, governance) criteria is now a major concern for fund managers. “The UN’s 17 goals have become the universal language with regard to protection of the planet”, declares Amine Bel Hadj Soulam, Head of ESG Research and Investment at BNP Paribas CIB. The approach of investors remains diverse. Some exclude whole sectors (arms, tobacco, alcohol, etc.) from their portfolios; others believe that they can change things from the inside by being shareholders of these companies. Non-financial rating is emerging. Awareness-raising is widespread.”

A global survey conducted in the spring by BNP Paribas of 461 managers reveals that 80% of them already take ESG factors into account in the products they market or in their investment techniques. “The reinsurer, Swiss Ré, has just announced that the benchmark indices for its management will now include ESG criteria”, highlights Neven Graillat, responsible for SRI investment solutions at BNP Paribas. “This concerns almost \$130 billion in assets, which is a very strong signal”.

ESG indices are precisely BNP Paribas’ speciality. The bank has already created well over ten of them, notably the Tera Neva range to support energy transition. “They have helped raise more than €4 billion in four years”, states Neven Graillat. Last year his team obtained the exclusive licence of

the Solactive Sustainable Developments Goal World index, which enables managers to be exposed to those fifty companies contributing the most to the United Nations’ 17 sustainable development goals.

“The indices are one way to meet the expectations of our customers”, comments



Amine Bel Hadj Soulam,
Head of Research and
Sustainables
Investments at
BNP Paribas CIB.

Amine Bel Hadj Soulam. “We are also the world’s second most active bank in terms of issuing green bonds. Our goal is to extend this offer to all classes of assets, such as credit for example.” Not forgetting the specific offer of BNP Paribas Securities Services, which ensures the safekeeping of managers’ assets. “Thanks to this service, our customers have a better understanding of the ESG ratings of the securities they have in their portfolio. We can then help them redirect their investments to one or other of their priorities”, he continues. “Our pivotal position between institutional investors and our

corporate clients gives us a unique and clear insight into what they are both looking for in the context of their challenges in terms of sustainable finance.”

M.M.

BNP Paribas : #2 Global green bonds Bookrunner 2017 YTD

	# of deals	Volume (USD eqv mn)
1 - CACIB	21	4,221
2 - BNP Paribas	16	3,492
3 - Citi	16	3,415
4 - JP Morgan	19	3,187
5 - Societe generale	10	3,135
6 - BALM	14	2,926
7 - HSBC	20	2,796
8 - BARC	9	2,601
9 - Natixis	8	2,332
10 - SEB	13	2,179

SOURCE: ENVIRONMENTAL FINANCE - 30/08/2017

“Sustainable finance is an existential question for banks”

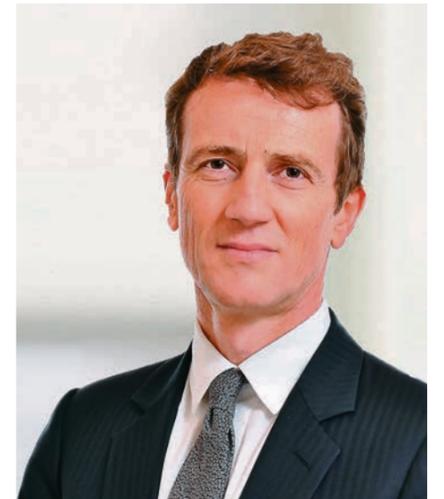
YANN GÉRARDIN, is BNP Paribas Head of Corporate and Institutional Banking

How do we define sustainable finance simply?

It is to see finance as one of the levers for transforming our societies and our economies into a “carbon-free” world. It is to play our part in fulfilling the UN’s 17 goals to transform our world. And it is to incorporate in our decisions and in our advice to our customers all the major societal issues, from human rights to the protection of the environment, via diversity and the reduction of inequalities.

What has become essential for banks?

Sustainable finance should be seen in the global context of the transformation of the banking industry. I was nominated in 2014, a few years after the crisis, when the difficulties in the CIB [editor’s note: corporate and institutional banking] industry were crystallising. On the one hand, these activities were highly destructive of value for the shareholder. On the other hand, numerous scandals on various markets (the Libor, the foreign exchange market etc.) had come to the fore in the years 2011-2013. It was necessary to reconstruct a dual model: the financial model by recreating value for shareholders, and the ethical model by improving banking behaviour vis-à-vis customers, markets and society. At the same time, it was also necessary to give new meaning, internally, to our profession. Employees were shaken by the loss of financial bench-



DOMINIQUE RAULT

In concrete terms, does sustainable finance transform the banking business model?

It contributes to the transformation. Once again, the “post-crisis” central theme is how to reconstruct a bank that inspires confidence without destroying value for the shareholder. We rely on three levers of cultural transformation: the first is more ethical behaviour towards all our stakeholders. The second is digital transformation. This is essential if we want to support our customers on the long term. At the start of the year, we reinforced our ambition in this area as part of our 2020 development plan. And the third lever is sustainable finance. This lever goes well beyond the issuance of green bonds or the transformation of energy groups alone. All our customers, whether businesses or institutions, are concerned about sustainable development, for instance Coca-Cola and Pepsi, on the origin of the water they consume, Starbucks on the conditions of production of its coffee... Fund managers themselves are concerned, as they are increasingly being asked to report on the “sustainable development” of the capital they manage. In this context, it was necessary to help our employees, who are on the front line with business and institutional customers, understand these issues very quickly. Every month, we provide an update on the initiatives in all our business lines and in our three regions (Americas, Asia, Europe - Middle-East - Africa). As bankers, we often have two points of contact these days: the chief financial officer and the head of sustainable development, generating new forms of working relationship in order to better include this issue. The banking relationship is changing, and we are only at the beginning of the adventure.

What role do you intend to play on this market?

After the crisis, a number of European competitors drastically reduced their financing and investment banking activities. In 2014, the pressure was extremely high in this regard. It was necessary to focus on the businesses or on the large institutional investors that manage European savings. Doing both at the same time no longer seemed possible. My vision was rather to develop a socially responsible and fully integrated CIB within BNP Paribas by building a bridge between these two types of customers. Why? Because we are heading towards more disintermediation: the customers that we are financing today with the bank’s balance sheet will be financing themselves tomorrow on the markets. CIB’s aim is to ensure fluidity between the expectations of both these segments of customers. For example, we suggest to our institutional customers that they invest in sustainable products issued by those businesses that are looking to finance themselves on the markets. And vice versa! And it is because we are one of the few European banks to have retained an overall framework that we are able to provide this link. Finally, we are proud to have organised last year in Singapore the first conference on the theme of sustainable development. The second conference is currently taking place in Paris. The Sustainable Future Forum brings together business customers and institutional investors and enables them to share and discuss their needs and their goals in terms of sustainable finance.

Interview Muriel Motte

“In a few years, behaviour has changed within the business. Everything is more collaborative, and more respectful of others”

marks, and by the bad reputation suffered by the whole industry. All heads of corporate and institutional banks worldwide were looking to reconstruct this dual model.

At what stage is BNP Paribas CIB’s transformation?

The financial plan has been painful to implement. The world has changed, and financial resources have become scarce. It was necessary to optimise them and schedule a one billion euro reduction in costs. Today, we are gaining market share from competitors, but we have to work very hard to be profitable. However, it is becoming increasingly complex to get teams on board on a strictly financial project. This is also why sustainable finance

Dedicated to BNP Paribas

Having joined BNP in 1987, Yann Gérardin has spent his whole career with the bank.

Having created the bank’s equity derivatives business, this HEC and Sciences Po Paris graduate rose through the ranks before joining BNP Paribas’ executive committee in 2011. In 2014, he was appointed Head of CIB which he is committed to restructuring. This division, which consists of corporate and institutional banking activities, covers 30,000 people on three continents.

impeccable conduct vis-à-vis customers and markets. This also includes sustainable development to which younger employees are particularly sensitive. In a few years, behaviour has changed within the business. Everything is more collaborative, and more respectful of others. We are light years away from the stereotypes depicted in films on “pre-crisis” finance.

“We have attracted more foreign investors thanks to green bonds”

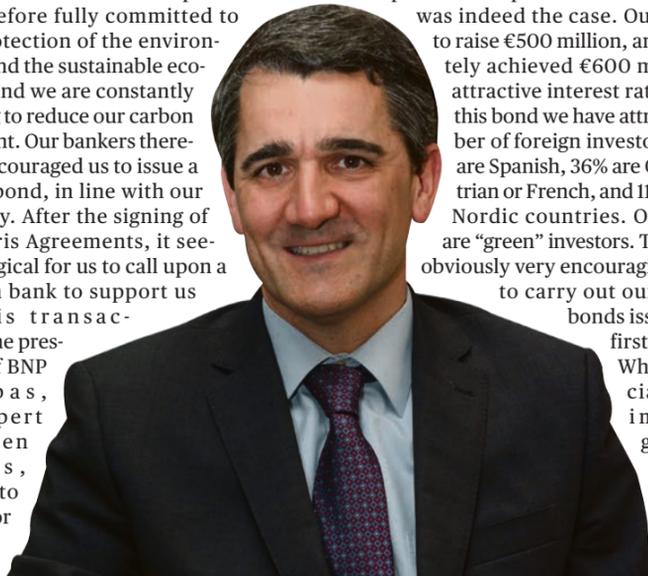
MANUEL FRESNO CASTRO,
Managing Director of Administrador de infraestructuras ferroviarias (Adif)

“Adif is the operator in charge of managing the Spanish rail network. The green bonds issue that we carried out last July is the first of its kind by a public company in Spain. The €600 million raised will contribute to our programme of investments, which includes both the construction of new high-speed lines and the maintenance of the existing network. Spain has the second largest high-speed rail network in the world and we plan to invest €5 billion over the next five years. The green bonds should be able to provide half of our financing needs.

Rail transport is by far the least polluting of all forms of transport. Per passenger per kilometre, it generates 13 times fewer CO₂ emissions than road transport, and 16

times fewer than air transport. Adif is therefore fully committed to the protection of the environment and the sustainable economy and we are constantly looking to reduce our carbon footprint. Our bankers therefore encouraged us to issue a green bond, in line with our strategy. After the signing of the Paris Agreements, it seemed logical for us to call upon a French bank to support us in this transaction. The presence of BNP Paribas, an expert in green bonds, led us to hope for

a positive reception on the market, which was indeed the case. Our aim was to raise €500 million, and we ultimately achieved €600 million, at an attractive interest rate. Thanks to this bond we have attracted a number of foreign investors: Only 21% are Spanish, 36% are German, Austrian or French, and 11% come from Nordic countries. Of them, 45% are “green” investors. This success is obviously very encouraging. We hope to carry out our next green bonds issuance in the first half of 2018. While the financial aspect is important, green bonds are part of a global strategy.”



DR

“Green bonds issuances aren’t whimsical”

VINCENT CHAPEL,
CEO of Helvetia Environnement

“We are the market leader in waste management in Switzerland and currently have a turnover of 140 million Swiss francs. Having acquired the former assets of Veolia in our country at the start of the year, our group has practically doubled in size. BNP Paribas and Credit Suisse helped us perform this external growth transaction. Various refinancing solutions were presented to us, from which we decided to issue a green bond. Firstly, because we had reached sufficient size to carry out a bond issuance (in Switzerland, the minimum amount is 50 million francs). Also, the low interest rates were a real incentive for the issuers. Finally, our shareholders wanted Helvetia Environnement to call on capital that is in line with the “green” corporate project we are developing.

The team at BNP Paribas really encouraged us to issue a green bond. It was the first transaction of its kind conducted by a private company in Switzerland! Our bankers have been a positive link between our aspirations of being a stakeholder in the new green economy, and those of investors.

We were also very surprised by the very positive reception of investors to the topics of sustainable investment. It was our first market transaction and we have discovered a world of finance that is really attentive to these issues. The investment was completed in less than an hour last June, and the transaction was oversubscribed 1.6 times. We raised 75 million francs which will also be used to finance future development projects. In the future, if we turn to the bond market again, it will definitely be via a green bond. I think that in this area, it is good to stay on course. You do not issue a green bond on a whim.

This corresponds to a voluntary approach in favour of a more sustainable world”.



DR

“Commit to projects which lead to a more sustainable environment”

LUC MINGUET, Purchasing Director of the Michelin group

“Sustainable development issues have been an integral part of Michelin’s growth strategy for many years.

The Group officialised its social and environmental principles in an “MPR” (Michelin Performance and Responsibility) charter, published in 2002 and updated in 2012. Our approach in this

regard is controlled at the highest level of the company; an MPR committee meets every quarter under the chairmanship of our CEO, Jean-Dominique Senard.

Michelin is very active across its entire supply chain in promoting a sustainable supply chain. An important area is our commitment to the production of sustainable natural rubber in collaboration with several NGOs. Indeed, the rubber tree is an ideal “organic” product. Cultivated properly, it offers high yields and provides local employment as it has to be tapped every day. Rubber production uses virtually no fertilisers or insecticides. It does not impoverish the soil, but instead protects it from erosion. In addition, it is a carbon sink. A plantation of one hectare of mature rubber trees captures more than 200 tons of carbon over the entire lifetime of the tree, which is comparable to primary forest. Finally, trees at the end of their life can be used both to create furni-

ture and to produce energy. As the primary customer of the natural rubber industry, we are particularly committed to its sustainable management.

Beyond this example, Michelin’s approach aims to be global, which means that we want to work with committed partners who adhere to our values. For the purchasing department, these values must therefore be shared by all of our suppliers. BNP Paribas is a longstanding financial partner of the Michelin Group. It is a very active bank on sustainability issues. With its global presence, BNP Paribas does not hesitate to commit itself to the financing of sometimes complex projects, which present significant social and environmental challenges, a commitment which corresponds exactly to the expectations of our Group.”



DR

Open forum

Laurence Pessez, CSR Director of the BNP Paribas group

Contributing to the construction of a sustainable future

THE UNITED NATIONS’ 17 sustainable development goals aim to end poverty by 2030 at the same time as protecting the planet. Owing to its global reach and as a bank, BNP Paribas has a decisive role to play in contributing to this collective effort. Our social and environmental responsibility approach enables us to participate in the construction of a sustainable future.

This approach is founded on four pillars: financing the economy in an ethical manner, promoting the development and commitment of our employees, being an active player in society, and finally combating climate change.

For example, in order to combat poverty, microfinance is a powerful lever for inclusion of people usually excluded from the traditional banking system: it enables them to undertake entrepreneurial microprojects that improve their standard of living. In 2016, BNP Paribas financed around thirty institutions for a credit amount of €250 million, indirectly benefiting over 300,000 people. Also last year,

we identified which sectors we were financing and which ones were contributing the most to the 17 sustainable development goals. The non-financial

“In 2016 and 2017, BNP Paribas was named by The Banker magazine as the most innovative bank in the world in terms of climate and sustainable development action”

rating agency Vigeo-Eiris supported us in this endeavour: in total, 16.6% of our loans contributed purely to the achievement of the sustainable development goals in 2016. BNP Paribas is the only bank to have a quantified target for contributing to these goals, a practice recognised as exemplary by the UN. Another lever for action,

BNP Paribas is striving to be the bank for energy transition. This is reflected in a strong commitment to supporting businesses that make changes in terms of energy. With €9.3 billion of outstanding credit to renewable energies at the end of 2016 worldwide, and a goal of €15 billion by 2020, BNP Paribas has financed or advised on projects totalling over 7.6 GW of installed capacity. The Group also confirmed its position as leading bank for the financing of offshore wind power in Europe, and is one of the world’s three leading players in the “green bonds” field. Also, by 2020, €100 million will be dedicated to innovative start-ups that contribute to accelerating

the transition. At the start of 2016, BNP Paribas took the landmark step of reducing its support for fossil fuels, starting with coal, an energy source that is the largest emitter of CO₂. At the same time, the Group is taking action on its own emissions and has committed to neutralising its CO₂ emissions associated with its operations by the end of 2017 via an ambitious reduction programme.

Recognised by the non-financial rating agencies - Carbon Disclosure Project, Robecco SAM, Sustainability, FTSE - BNP Paribas appears in several major sustainable development rankings such as the Global 100 Most Sustainable Corporations in the World by Corporate Knights. In 2016 and 2017, BNP Paribas was named by the *The Banker magazine* as the most innovative bank in the world in terms of climate and sustainable development action.

These recognitions encourage us to go further every day in the construction of a more sustainable society. We want more than ever to have a positive impact on our stakeholders through the commitment of our 190,000 employees.



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