In September 2015, the United Nations launched its Sustainable Development Goals, which aim to end poverty by 2030 while protecting our planet’s environment. BNP Paribas has a key role to play in this collective effort.

Every year, the teams at BNP Paribas Securities Services, strive to make progress with implementing our CSR policy: financing the economy in an ethical manner, developing and engaging our people responsibly, being a positive agent for change in the communities in which we operate and combating climate change.

As a global custodian, we also have an important role to play in helping our clients adopt and integrate ESG policies and demonstrate the value these can bring to an organisation.

This is why we signed the United Nations-backed Principles for Responsible Investment (PRI) in September 2016, underlining our commitment to providing, developing and promoting services that support clients’ implementation of the PRI’s six Principles.

Our Corporate Social Responsibility approach allows us to take part in building a sustainable future. Our contributions towards this goal are a key measure of our future success.

Patrick Colle
General Manager
BNP Paribas Securities Services aims to be the reference bank for sustainable finance.

**Principles for Responsible Investment (PRI)**

In September 2016, we became the first major custodian to sign the Principles for Responsible Investment (PRI) which is supported by the United Nations. The PRI is a voluntary organisation which has at its heart six principles for companies wishing to incorporate Environmental, Social and Governance (ESG) factors into their investment practice.

By becoming a signatory to the PRI we have committed to provide, develop, and promote services that support the implementation of the PRI’s Six Principles.

To view our PRI 2016 report, please click here.

**Launch of ESG Risk Analytics**

Before becoming a signatory to the PRI, we developed and launched ESG Risk Analytics (ESGRA), an innovative solution which enables clients to integrate Environmental, Social and Corporate Governance factors more easily into their investment decision-making process.

Our solution is based on a multi-phase roadmap that takes into consideration the newly adopted art 173 (French Energy Transition Law), FSB guidelines, IORP II directive and upcoming international regulations.

ESGRA, a first for the custodian industry, offers our institutional clients the ability to measure and monitor the exposures to ESG factors in their portfolios and benchmarks at multiple levels. ESGRA is an interactive solution, which incorporates metrics on key themes within the three pillars:

**Environmental**
- Resource reduction
- Emission reduction
- Product innovation

**Social**
- Employment quality
- Health and safety
- Training and development
- Diversity and opportunity
- Community
- Product responsibility
- Human rights

**Governance**
- Board structure
- Compensation policy
- Board functions
- Shareholder rights
- Vision and strategy

1 www.unpri.org/about/the-six-principles
ESGRA supports clients in their ability to monitor their ESG risks and exposures:

- Multi-level ESG scoring using partnered data providers and two key datasets: 1) investors are able to analyse their ESG exposures and risks at a company level and 2) aggregate from a company level to analyse ESG risks across a portfolio (and benchmarks as appropriate)

- Business Involvement looks at whether a company derives a proportion of its revenues from certain potentially sensitive activities (such as alcohol, tobacco, gaming and so on). Typically two thresholds are studied – absolute (yes or no) or 5% of revenues

- Controversies are flags raised in response to a company’s reputation in the public arena/media, in respect of key ESG issues. Examples include: shareholder rights, community issues, human rights, environmental issues and labour rights. Controversies are a useful level of analysis because they forewarn investors of issues impacting the investee company and that may therefore impact the company’s profit, and ultimately, shareholder value

- Carbon footprint analysis provides an analysis of KPIs such as environmental expenditures, greenhouse gas reduction and VoC emission reduction at the aggregate and at company level

What are the starting points of ESG reporting

1. Multi-level ESG Scoring
   - Multi-level scoring with drill down to the companies
   - Global coverage
   - Transparent & credible analysis at indicator level
   - Best-in-class companies

2. Controversies Exposure
   - Controversy indicators
   - Consistent with norms (UN)
   - Flags system

3. Business Involvement Screening
   - Wide range of screening
   - True/False, % revenues, % ownership

4. Carbon Footprint
   - CO₂ Emissions (Scope 1, 2 & 3)
   - Company level indicators to track carbon footprint

Multi-dimensional risk assessments, measuring ESG exposure of portfolios relative to benchmarks
Next steps for ESGRA

We are continually developing our ESGRA solution in order to meet client needs as well as international rules applied to asset owners and managers.

Climate change and the transition to a low carbon economy present both threats and opportunities for investors. Through our ESGRA tool we aim at helping investors to navigate through this changing landscape by providing visibility of the issues through:

- Multi asset-class coverage
- Scenario analysis (i.e. green revenues, alignment with climate-related goals, and exposure to climate-related risks (physical and transition))

We are also looking at new ways to incorporate the UN’s Sustainable Development Goals into our portfolio analysis products, with a particular focus on:

1. How gender equality affects the governance measurement of the ESG score, and how this translates to performance and risk mitigation
2. How affordable and clean energy generation affects the price of energy and how companies in the energy and utilities sectors will need to adapt to stay profitable
3. How companies which subscribe to Sustainable Production goals with sustainable business models can outperform their peers who do not in the long term

Promoting responsible investment

We are active in our promotion and support of dialogue in the industry around sustainability and responsible investment issues.

In this respect, we published a wide-ranging survey of 400 institutional investors to better understand the challenges they face when incorporating ESG factors into their investment decisions. Click here for the report.

Other thought leadership papers and articles include:

- An ‘ESG made simple’ guide for institutional investors, adapted to the specific characteristics of three markets (Dutch pensions, UK pension funds and institutional investors) and translated into six languages. Click here for the guide.

- A research study called ‘Stress-testing equity portfolios for climate change impacts: the carbon factor’, made available in three languages. Click here for the study.
- Special ESG editions of our Quintessence news bulletin
- Various interviews with our specialists in national and international media
- ESG Risk Analytics Case study/video with one of the largest Australian superannuation funds

Throughout the year, we sponsor, organise and participate in sustainable industry events and conferences.

Services that encourage shareholders’ involvement

Our Planetshares solution (including “Votaccess” platform) enable our customers to engage actively in shareholder meetings of the companies they invest in, allowing them to express their views on the incorporation of ESG issues into ownership policies and practices.

Key Partnerships

Transition Pathway Initiative

We support the Transition Pathway Initiative (TPI) which has been launched to better understand how the transition to a low-carbon economy affects asset owners and asset managers’ investments. The TPI assesses how individual companies are preparing for the transition to a low-carbon economy and publishes the results of this analysis through a public, transparent online tool.

Sycomore Asset Management

We partnered with Sycomore Asset Management to develop a new environmental indicator, the Net Environmental Contribution.

The indicator measures the environmental impact of the economic activities of the companies, as well as portfolios and indices, giving them a score ranging from -100% to +100%.

Through the partnership with BNP Paribas Securities Services, Sycomore AM, a specialist in responsible investing, plans to accelerate full-scale testing of the indicator on more than 1,000 companies.
OUR PEOPLE

We focus on three social commitments:

- Promoting diversity and inclusion
- Providing a good place to work and responsible employment management
- Being a learning-focused company, offering dynamic career management

Diversity – six principle workstreams

Encouraging diversity and inclusion in the workplace is central to our value of “openness”, which guides our policies and actions. It is the ambition of the BNP Paribas Group to cultivate open and responsive team environments that encourage collaboration and connection, whilst supporting individual development and respecting differences.

We recognise that dedicated and focused effort is required to continue to build a genuine culture of opportunity and inclusion, to encourage communication and training, and to promote recruitment of a diverse workforce.

We are committed to creating a diverse and inclusive workplace. As part of this commitment we have created six principle workstreams to address our priority areas. Our six principle workstreams include:

- Gender Equality
- Disability
- International
- Professional Experience
- LGBT
- Clients

* Infographic as at 31 December 2016
Gender equality
Supporting gender equality and creating the opportunities and conditions that allow women to aspire to and attain fair representation at all levels of the organisation. This is a priority for the Bank as a whole, and we should play an active role in achieving the Group’s 2020 ambition of 30% representation of women in senior management positions (SMP). Today we have 23% female representation within the SMP population.

Disability
We are committed to raise awareness of disability in the workplace in all its forms (physical and mental health). We are committed to further promoting the rights of colleagues with disabilities across the Securities Services network.

International
We aim to embrace the cultural and international profiles of our employee workforce in order to create diversity of thought and innovation at all levels of the organisation and to be a reflection of the countries in which we operate and the clients we serve. This workstream defines actions and initiatives that promote cross-border collaboration.

Professional experience
In order to achieve our long-term business strategy, we must nurture talent in all its forms. In particular, we are looking more creatively at the new skills and talents needed for 2020 and beyond. This will help us create a diverse and rich workforce to help us reach our ambitions.

LGBT
We are committed to creating an inclusive environment for our staff, regardless of their sexual orientation or their gender identity, and to provide support to staff who are victims of discrimination.

Clients
In addition to the five diversity and inclusion workstreams, and to complement our client development priorities, we have created a Client workstream. This workstream aims to create inclusion and collaboration with our clients as a means of broadening and deepening the client relationship and to respect and mirror the diversity within their own organisations.
A good place to work and responsible employment management

have adopted specific policies and/or procedures to promote diversity according to the three axis determined by BNP Paribas Diversity Governance (Disability, Gender Equality, Internationalism/Multiculturalism).

have local actions/training and awareness programmes to fight and prevent discrimination, stereotypes/unconscious biases.

have implemented initiatives that improve work/life balance.

A learning company supporting dynamic career management

We continue to offer the highest quality of training for all of our employees throughout our global network. Through our training the following milestones in 2016 were achieved:

18,295 PARTICIPANTS

29,000+ DAYS OF TRAINING

2 TRAINING DAYS PER EMPLOYEE

1 TRAINING PER EMPLOYEE

Mobility is central to BNP Paribas Securities Services

In 2016 BNP Paribas Securities Services continued to periodically organise mobility committees with managers and career managers in order to promote internal mobility and to smooth career paths within Securities Services.

A new initiative was launched in several countries, which participated in Job Shadowing to promote professional diversity with positive feedback from both participating managers and employees.
THE COMMUNITY

Fighting against social exclusion and promoting education and culture

We have initiated and are participating in a number of schemes to prevent exclusion and promote education and culture. Our aim is to combat social exclusion and human rights violations, and sponsor efforts in the fields of culture, social justice and the environment.

For this reason, we have chosen to run a number of corporate social and philanthropic programmes throughout our network by partnering with local NGOs and associations with a core focus on educational projects. In 2013, we launched the “Securities Services for Education” programme, which aims to fight against discrimination and exclusion, promote education, include individuals socially and engage employees through volunteering.

Our commitment to education in the community continued in 2016 with the launch of another two-year programme with existing and new partners. In total, 12 projects, involving many employees, were selected. Several thousand people are expected to receive direct or indirect aid thanks to these educational projects.

BNP Paribas Securities Services for Education programme

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>EDUCATION</th>
<th>PROJECTS’ RATIONALE</th>
</tr>
</thead>
<tbody>
<tr>
<td>BRAZIL</td>
<td>Vocational training and education to young people</td>
<td>Positive impact on children living in favelas with strong volunteering involvement from staff</td>
</tr>
<tr>
<td>COLOMBIA</td>
<td>Financial education for blind people</td>
<td>Reach a large number of blind people and generate employment opportunities</td>
</tr>
<tr>
<td>FRANCE</td>
<td>Education for autistic children</td>
<td>Reduce disability’s impact/break barriers between disability and society with management support</td>
</tr>
<tr>
<td>GERMANY</td>
<td>Reading, homework and German for school age children</td>
<td>Continuation from 2013 with management and staff support and involvement</td>
</tr>
<tr>
<td>INDIA</td>
<td>Training to create micro-companies for rural women entrepreneurs</td>
<td>Continuation from 2013 – specific project for BNP Paribas Securities Services – to empower women through financial literacy</td>
</tr>
<tr>
<td>IRELAND</td>
<td>Numeracy training for struggling learners</td>
<td>Build children’s confidence by using a mentoring approach with good monitoring to measure results</td>
</tr>
<tr>
<td>LUXEMBOURG</td>
<td>Innovative tool to reinforce oral and written skills for autistic children</td>
<td>Reinforce education and improve facilities for autistic children with staff support and involvement</td>
</tr>
<tr>
<td>POLAND</td>
<td>Educational training to fight social exclusion for school age children</td>
<td>Previous actions with NGO with staff volunteers</td>
</tr>
<tr>
<td>PORTUGAL</td>
<td>Working training within BNP Paribas Securities Services for people with reduced mobility</td>
<td>Project submitted through “Education knows no differences” with staff volunteers</td>
</tr>
<tr>
<td>SINGAPORE</td>
<td>Education campaign for children with disabilities</td>
<td>Reach the largest number of disabled people and their families with staff involvement for event</td>
</tr>
<tr>
<td>SPAIN</td>
<td>Cultural education for elderly people</td>
<td>Promoting culture to elderly people and society as a whole from volunteers</td>
</tr>
<tr>
<td>UNITED KINGDOM</td>
<td>Motivational coaching and career advice for disadvantaged children</td>
<td>Raise aspirations of young people with commitment from management and staff involvement</td>
</tr>
</tbody>
</table>
The Environment

We seek to limit the potential environmental impact of our activities and operations.

This primarily involves reducing greenhouse gas (GHG) emissions caused by the energy consumed by buildings and employee business trips, promoting responsible paper consumption and managing waste responsibly.

Our environmental performance 2016

**Water**

We consumed 8.95 m$^3$ per full-time equivalent (FTE) employee in 2016, versus 11.06 m$^3$ per FTE employee in 2015 – a 19% decrease.

**Paper**

In 2016, paper consumption at BNP Paribas Securities Services reached 600 tonnes, or 58 kg per FTE employee, versus 55 kg per FTE employee in 2015. Thus, there was a 6% increase compared to 2015 (but an 18% decrease compared to 2012).

**Waste**

1,802 tonnes of waste generated by BNP Paribas Securities Services was collected. This comes to 175 kg per FTE employee (which represents an improvement/decrease of 15% compared to 2012). Out of the weight of waste, 56.4% was recycled.

**Greenhouse gas (GHG) emissions**

We emitted 16,960 T of CO$_2$ eq in 2016 (a 7% reduction compared to 2015), which comes to 1.65 T of CO$_2$ eq per FTE employee (which represents a 12% reduction compared to 2015). Of these emissions, 63.8% came from energy consumed by buildings and 36.2% came from work-related transport.

**Smart office**

BNP Paribas Securities Services is in the process if implementing flex office projects in several locations included our headquarters in Pantin.

These projects are designed to improve well being at work. It will boost efficiency and productivity thanks to the use of digital and collaborative working tools and will help us reduce paper consumption. We have made progress with implementing wifi throughout our offices, developing the use of smartphones and intracompany chats. We have also enhanced our teleworking capabilities to enable colleagues to work remotely from home for example.

**Biodiversity**

A vegetable growing area has been set-up by employees on our headquarters’ campus in Pantin to raise awareness of urban agriculture and recycling. This ecological park encourages biodiversity and raises awareness about recycling, essential aspects for understanding the role of humans and nature in the garden. In 2016, additional initiatives were implemented and many companies came to visit the garden so that they can implement one on their own premises.

We continue to maintain five beehives with more than 200,000 bees on the green roof of our offices in Pantin.
BNP Paribas goes carbon neutral

Carbon-neutral

As part of its long-standing commitment to help combat climate change, BNP Paribas commits to becoming carbon neutral by the end of 2017 in terms of the CO₂ emissions arising from its own operations.

In line with BNP Paribas group policy, BNP Paribas Securities Services will continue setting-up the following initiatives to reach the objective:

- Recurrent environmental campaign mainly based on strong communication to encourage eco-behaviours in order to reduce our own emissions as much as possible
- Reinforced travel policy recommendations to optimise travel behaviours (alternatives such as video conferences)
- Increase of the share of decarbonised electricity

The BNP Paribas Group will work to offset CO₂ emissions that cannot be directly avoided or easily reduced, such as those arising from staff travel and natural gas consumption, through partnerships with benchmark organisations, in accordance with our Corporate Social Responsibility policies.

Social mobility

Sustainable mobility is an important matter for BNP Paribas Securities Services. That is why we have partnered with WayzUp.

WayzUp is pleased to assist BNP Paribas Securities Services in promoting its corporate social responsibility policy, especially in sustainable mobility to their employees. Since May 2017, already 150 employees in France have offered to share their daily commute with others! WayzUp is looking forward to pursue this dynamic start.”

Julien Honnart, CEO, WayzUp
Our responsibility

Our CSR policy has been structured around four pillars and 12 commitments. We implement our policies while taking our specific operational, social, and geographic considerations into account.

<table>
<thead>
<tr>
<th>THE ECONOMY</th>
<th>OUR PEOPLE</th>
<th>THE COMMUNITY</th>
<th>THE ENVIRONMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FINANCING THE ECONOMY IN AN ETHICAL MANNER</strong></td>
<td><strong>DEVELOPING AND ENGAGING OUR PEOPLE RESPONSIBLY</strong></td>
<td><strong>BEING A POSITIVE AGENT FOR CHANGE</strong></td>
<td><strong>COMBATING CLIMATE CHANGE</strong></td>
</tr>
<tr>
<td>1. Investments and financing with a positive impact</td>
<td>4. Promotion of diversity and inclusion in the workplace</td>
<td>7. Products and services that are widely accessible</td>
<td>10. Partnering with our clients in the transition to a low-carbon economy</td>
</tr>
<tr>
<td>2. Ethics of the highest standard</td>
<td>5. A good place to work and responsible employment management</td>
<td>8. Combat social exclusion and support human rights</td>
<td>11. Reduce the environmental impact of our operations</td>
</tr>
</tbody>
</table>

**GOVERNANCE**

Driven by a culture of responsibility and integrity • Based on best practices and • involving the Board, the shareholders, the management and the whole Group • to ensure a sustainable future for our business and deliver a positive impact on society
Our governance

We have implemented a three-tier CSR governance system which consists of:

- A CSR committee
- A central CSR team
- A network of CSR representatives

A CSR committee

The CSR committee is appointed at the executive level and its primary mission is to implement a sustainable CSR strategy that reflects BP2S business values. The committee has ultimate responsibility for the Bank’s progress and success in CSR.

A central CSR team

The central CSR team leads the development and implementation of our strategy, ensuring follow-up at local level and applying new global initiatives.

A network of CSR representatives

The CSR network is embedded through the entire Bank and is composed of correspondents present in each function, business line, segment, location (when and where possible) and client development.

BP2S local correspondents’ mission is to manage the day-to-day execution of CSR policies, practices and programmes across the company. Business Lines (BL), Client Development and Segment correspondents’ mission is to participate to the development of CSR services that benefit the BL and segment’s community, with a particular focus on clients. They also contribute to the integration of our CSR culture and strategy into their respective departments.

Highest ethical standards

Mindful of our economic responsibility in the countries in which we operate, we adhere to the strictest business ethics. All Group employees are expected to meticulously adhere to applicable laws, rules, and regulations in all areas, as well as adhere to professional standards that apply to their activities. In cases where there is a contradiction between the laws of a country and the ethics rules of BNP Paribas Group, employees of the Group must comply with local laws, while seeking ways to apply and uphold Group ethics rules.

A Code of Conduct completely rewritten in 2016

In May 2016, BNP Paribas Group published its new Code of Conduct and distributed it to all Group employees. The Code guides the actions of all individuals. It provides guidelines for decisions at all levels of the organisation. As such, all Group internal policies and procedures must comply with the Code of Conduct. The Code of Conduct consists of three parts:

- Part 1 – dedicated to the Mission and Values, and provides direction and inspiration for actions
- Part 2 – deals with the Rules of Conduct that should be shared and applied
- Part 3 – refers to the practice of the Code of Conduct, provides useful guidelines for how to apply the Rules of Conduct
A SUMMARY OF OUR KEY ACHIEVEMENTS

Key achievements

• We became the first major custodian to sign the United Nations-backed Principles for Responsible Investment (PRI)
• We announced the launch of an ESG reporting solution that allows funds and investors to incorporate environmental, social and governance indicators into their investment decisions
• Our Securities Services for Education programme benefits several thousand people across 12 locations

OUR RECOGNITION

BNP Paribas Securities Services

European Pensions Awards 2017
• Highly commended ESG provider of the year

Chief Investment Officer Innovation Awards 2016
• Asset servicing provider of the year

Global Custodian Industry Leaders Awards 2016
• Editor’s choice for helping promote ESG investing

The Asset, Awards 2017
• Best Sub-custodian – Broker Dealer

The Asset, Awards 2016
• Best in Asset Servicing – Highly Recommended in Asia
• Best Collateral Management Mandate for AIA Insurance
• Best Global Custody Mandate for Unisuper

BNP Paribas

Dow Jones Sustainability Indices 2017
• BNP Paribas listed again in the Dow Jones Sustainability Indexes World & Europe

BNP Paribas Corporate and Institutional Banking

The Banker Awards 2017
• Most innovative investment bank for climate change and sustainability
FOR FURTHER INFORMATION ON CORPORATE SOCIAL RESPONSIBILITY WITHIN BNP PARIBAS SECURITIES SERVICES PLEASE CONTACT

Laura Vitagliano
+33 1 57 43 97 08 (39708)
laura.vitagliano@bnpparibas.com

Alexandre Razzi
+33 1 57 43 08 09 (30809)
alexandre.razzi@bnpparibas.com

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Designed by the graphics department, corporate communications, BNP Paribas Securities Services.

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