



PRESS RELEASE

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BNP Paribas and the European Investment Fund launch a €10 million fund to co-invest in Social Impact Bonds (“SIB”) in the European Union

- **This co-investment agreement is meant for BNP Paribas and the European Investment Fund to invest together in SIBs structured by BNP Paribas within the European Union**
- **This fund is launched as part of the ‘Juncker Plan’, and provides a new tool for the European Union to improve access to financing for various social organizations and companies**
- **3 SIBs already funded by this new vehicle will enable more than 1,000 students to benefit from dedicated support and will avoid foster care for more than 130 children in France**

In order to develop Social Impact Bonds (SIB) within the European Union, and France in particular, BNP Paribas and the European Investment Fund (EIF) launched the BNP Paribas European Social Impact Bond Fund, a co-investment fund.

To create and manage this innovative and unique mechanism, BNP Paribas has relied on its subsidiary BNP Paribas Asset Management, which has a long term expertise in impact measurement and solidarity funds, with more than 2.3 billion euros assets under management at the end of 2019.

A SIB is an original and multi stakeholder financing tool, which promotes experimentation and prevention in social action and public policies, and also generates savings for public authorities. Investors pre-finance social innovation projects through a contract that sets ambitious social impact targets, previously negotiated with the public authorities and a social operator which can be a social enterprise, a NGO, a charity, etc -. If these targets are met, the public authorities will pay back investors proportionally to the social impact generated (including a success fee). If the social objectives are not achieved, investors may not be reimbursed.

Wishing to build upon BNP Paribas' expertise in structuring SIBs, EIF has approached the Bank to set up this co-investment agreement. It allows both organizations to invest, together and for equal commitments, in SIBs structured by BNP Paribas within the European Union.

Since 2016, 9 SIBs structured or co-structured by BNP Paribas in France and in the United States have been signed, for a total amount of 28 million euros, in which BNP Paribas has invested approximately 8 million euros. EIF has participated in the development of SIBs since 2015, first in the United Kingdom, the most mature market, and then contributing to the structuring and investment of the two largest SIBs in the European Union: the Koto SIB in Finland and the SIB Joining Forces in the Netherlands. In total, EIF has invested more than 26 million euros in SIBs.

This co-investment agreement, deployed within the ‘Juncker Plan,’ or EFSI (European Fund for Strategic Investment), is an opportunity for the European Union to fulfill its social mission of improving access to funding for various social organizations and companies, with the aim of supporting the social sector development and, ultimately, mobilizing financing through private capital catalyzing.

"The Social Impact Bond concept under the Investment Plan for Europe brings tangible benefits to some of the most vulnerable groups in our society. Already we have witnessed refugees in Finland being re-skilled and matched

into jobs; and former military personnel being reintegrated into the workforce in the Netherlands. With this new SIB fund set up by BNP Paribas and the European Investment Fund, children and young people are already being protected, nurtured and encouraged to strive for more," said Paolo Gentiloni, European Commissioner for the Economy.

"With this collaboration, EIF and BNP Paribas contribute to promoting the innovative mechanism of Social Impact Bonds. This investment will test innovative social interventions, for the benefit of the most vulnerable, and of public policies, but also attract a greater number of institutional investors to participate in the development of the social economy sector within the European Union, particularly in France," said Alain Godard, CEO of EIF.

"The Social Impact Bond is a financial innovation that sets common good goals at the heart of the economy. We contribute to its development, through our technical expertise in structuring and investing in those projects. As a funder of all types of economic actors, we naturally are at the crossroad of SIB stakeholders: Investors, public authorities, social operators, philanthropists... We have been able to honor EIF's request and are enthusiastic to participate in this new coalition. Along with EIF, we share the belief that SIBs will continue growing, as it gathers willpower around projects with tangible and measurable impacts, to build an inclusive and sustainable society," commented Antoine Sire, Head of Corporate Engagement at BNP Paribas.

Three SIBs are already funded by the BNP Paribas European Social Impact Bonds Fund: one in favor of Article 1, to improve perseverance and ambition of students in agricultural education in Hauts de France and Occitanie regions; and 2 SIBs in favor of Fondation Apprentis d'Auteuil in Loire Atlantique and Gironde, aiming at preventing the placement of children in foster care.

Several others are under study or structuring in France, Belgium and Italy.

If these first 3 SIBs meet their social impact objectives, then:

- More than 1,000 students will have received specific support with the aim of preventing drop-out in schools and universities.
- More than 130 children will not be placed into foster care.

This dedicated fund, which is unique in its kind, aims to promote social innovation through financial innovation and thereby bridge a financing gap.

About BNP Paribas

BNP Paribas is a leading bank in Europe with an international reach. It has a presence in 72 countries, with more than 202,000 employees, of which more than 154,000 in Europe. The Group has key positions in its three main activities: Domestic Markets and International Financial Services (whose retail-banking networks and financial services are covered by Retail Banking & Services) and Corporate & Institutional Banking, which serves two client franchises: corporate clients and institutional investors. The Group helps all its clients (individuals, community associations, entrepreneurs, SMEs, corporates and institutional clients) to realise their projects through solutions spanning financing, investment, savings and protection insurance. In Europe, the Group has four domestic markets (Belgium, France, Italy and Luxembourg) and BNP Paribas Personal Finance is the European leader in consumer lending. BNP Paribas is rolling out its integrated retail-banking model in Mediterranean countries, in Turkey, in Eastern Europe and a large network in the western part of the United States. In its Corporate & Institutional Banking and International Financial Services activities, BNP Paribas also enjoys top positions in Europe, a strong presence in the Americas as well as a solid and fast-growing business in Asia-Pacific.

About BNP Paribas Asset Management

BNP Paribas Asset Management is the asset management arm of BNP Paribas, one of the world's foremost financial institutions, and offers high value-added solutions to individual savers, companies, and institutional investors. It has a broad range of skills in four investment divisions: Equities, Fixed Income, Private Debt & Real Assets, and Multi-Asset, Quantitative and Solutions (MAQS). Sustainability is at the heart of BNP Paribas Asset Management's strategy and investment decision-making process, making an active contribution to energy transition, environmental protection and the promotion of equality and inclusive growth. Its aim is to achieve long-term sustainable investment returns for its clients. BNP Paribas Asset Management has assets under management of EUR 436 billion* (as at 30 September 2019), with more than 520 investment professionals and almost 500 client servicing specialists, serving individual, corporate and institutional clients in 71 countries. * EUR 589 billion of assets under management and advisory as at 30 September 2019.

Contacts presse

FEI

Cyrille Lachèvre, c.lachevre@ext.eib.org, +352 4379 73984 / Gsm : +33 6 20 42 12 08
Site internet : www.bei.org/press - Service de presse : +352 4379 21000 – presse@bei.org



BNP Paribas

Arnaud Fraboul – +33 7 85 16 09 20 - arnaud.fraboul@bnpparibas.com

BNP Paribas Asset Management

Sarah Worsley – +33 1 58 97 28 81 – sarah.worsley@bnpparibas.com