

STATEMENT ON MODERN SLAVERY AND HUMAN TRAFFICKING

2021 BNP PARIBAS STATEMENT



BNP PARIBAS

The bank
for a changing
world

This Statement applies to BNP Paribas (the **Parent Company**) and its subsidiaries listed below (the **Subsidiaries**)¹:

In the United Kingdom:

- BNP Paribas SA (UK)
- BNP Paribas Securities Services (UK)
- BNP Paribas Personal Finance
- BNP Paribas Leasing Solutions
- BNP Paribas Asset Management UK Limited
- BNP Paribas Cardiff Pinacle

In Australia:

- BNP Paribas (Australia)
- BNP Paribas Securities Services (Australia)

The Parent Company and the Subsidiaries are together described as the **Group** in this Statement.

INTRODUCTION

This Statement outlines the steps that BNP Paribas has taken to ensure that modern slavery² and human trafficking³, are not taking place in its direct or suppliers' operations. It also refers to the risk management processes that the Group has put in place in the context of its financing and investment activities, which govern the potential cases of human rights violations that may affect the activities of its clients. This Statement is for the financial year ended 31 December 2020. The Board and CEO attest annually that the Group complies with this Statement through the information provided by the respective departments of Corporate Social Responsibility (CSR), Group Strategic Sourcing and Human Resources.

THE BNP PARIBAS GROUP

BNP Paribas is Europe's leading provider of banking and financial services. It operates in sixty-eight countries, and employs 193,319 FTE workers.

BNP Paribas holds key positions in its two main businesses: **Retail Banking and Services** (Domestic Markets and International Financial Services, such as personal finance, insurance and wealth & asset management) and **Corporate and Institutional Banking** (corporate banking, global markets and

¹ Other BNP Paribas subsidiaries that are required to have a slavery and modern trafficking statement have chosen to produce their own statement.

² "Slavery is the status or condition of a person over whom any or all of the powers attaching to the right of ownership are exercised." United Nations Convention on Slavery.

³ "Recruitment, transportation, transfer, harbouring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation", United Nations Convention against Transnational Organized Crime.

securities services). More information on BNP Paribas operations can be found in [Presentation of operating divisions and business lines](#).

BNP Paribas purchases around EUR 9 billion of expenditures on a yearly basis to support its activities. Its suppliers belong to the nine following categories: Real Estate, Market & Data Information, Marketing & Communication, Consumables & General Services, Banking Services, Professional Services, Technology, Transaction Fees and Travel.

RISKS OF MODERN SLAVERY & HUMAN TRAFFICKING

Academic studies, field investigations and recent news coverage have all clearly demonstrated that all sectors, industries and areas may be affected, to varying degrees, by these types of serious infringements to human rights.

In this regard, risk assessment policies devoted to the matter of modern slavery practices need to be multi-factorial (with complementary thematic screenings performed, on sector & industry, products & services, geographical and entity level) and regularly updated, in order to tackle this complex issue as fully and efficiently as possible. The risk-assessment process BNP Paribas implements to address the risks of modern slavery and human trafficking takes into account the vastly different situations of its stakeholders, without in any way ignoring, underplaying or diminishing the principles at stake. This process is complemented by the thematic watch performed by several teams of the Group on this subject.

Workforce's inherent risks

Risks of modern slavery and human trafficking have been deemed low in business operations as, to the best of our knowledge, no publicly available study has categorized the banking sector and its employees, most of them being highly skilled professionals, as particularly exposed to these practices.

Suppliers' inherent risks

As a bank, BNP Paribas' supply chains are mainly focused on indirect procurements and expenditure (consulting services, IT services, security, IT equipment, office furniture, promotional items, cleaning and catering services). Depending on the procurement categories, supply chains may be simple or very complex, with human rights related risks being higher, and more difficult to monitor, where supply chain arrangements are complex. Based on the risk mapping tool developed by BNP Paribas, less than 25% of the Group procurement categories are at high risk of modern slavery or child labour.

Banking and Financial activities' inherent risks

BNP Paribas, as a leading global bank, serves millions of individual customers and professionals, entrepreneurs, small and medium-sized enterprises and large corporate clients in industries with multiple environmental, social and governance (ESG) issues, and operates in countries where legal and governance systems are at diverse levels of development. This diversity of context calls for structured, comprehensive and expert-driven review and analysis processes, in order to identify potential risks of modern slavery and human trafficking in BNP Paribas clients' activities.

BNP PARIBAS POLICY ON MODERN SLAVERY AND HUMAN TRAFFICKING

Respecting and upholding of human rights is paramount to BNP Paribas, and the Group has committed itself to the promotion of the following principles, texts and declarations, which are the base on which its CSR strategy is built:

- The United Nations Sustainable Development Goals;
- The Ten Principles of the United Nations Global Compact;
- The United Nations Guiding Principles on Business and Human Rights;
- The internationally-accepted OECD Guidelines for multinational enterprises;
- The internationally-accepted standards of human rights, as defined in the International Bill of Human Rights;
- The core labor standards set out by the International Labor Organization.

These public commitments are backed by internal policies implemented at Group level, with the goal of handling the many subjects revolving around social, environmental and governance matters, including human rights. These policies include:

- BNP Paribas Group [*Code of Conduct*](#);
- The BNP Paribas [*Statement on Human Rights*](#);
- The BNP Paribas [*Suppliers CSR Charter*](#);
- The BNP Paribas [*Responsible Business Principles*](#).

Early and efficient identification of modern slavery risks is the first step towards its prevention, alleviation and remediation, and calls for specific policies and practices. In this regard, BNP Paribas has taken the following steps and actions in order to exert its duty of care with all due seriousness.

Towards its employees

BNP Paribas is committed to providing a working environment in which all employees are treated fairly. In particular, the Group focuses on respect and the need to apply the most stringent norms of professional behavior, and rejects all forms of discrimination. The Group's existing policies and procedures notably include an annual review of high-risk countries in terms of human rights, as well as a monitoring of employees aged between sixteen and eighteen (one employee in 2020, in Brazil). Further, the Group's Diversity policy and remuneration principles reaffirm the application of non-discrimination principles in the recruitment and career management of its employees. The BNP Paribas Code of Conduct, which sets out rules, which must be understood and followed by all employees, confirms the Group's commitment against harassment, including sexual harassment.

In line with these policies and principles, all employees of the Group are required to treat their colleagues with respect, make sure their interactions are professional and efficient, and be receptive of their contributions, even if they express different views from their own.

The BNP Paribas agreement on fundamental rights and the establishment of global minimum social standards, signed with the UNI Global Union on 18 September 2018, sets up an ambitious plan to fight against inequalities and improve the working conditions of the Group's employees.

Awareness and Training

BNP Paribas took part in the development of an awareness-raising e-learning module called “Business and Human Rights”, co-created with the other members of the French association Entreprises pour les Droits de l’Homme (Enterprises for Human Rights – EDH). This e-learning module is mandatory for all employees who directly contribute to the promotion of human rights including Risk teams, Procurement business areas, business relations officers in Corporate and Institutional Banking (CIB) and the CSR network, and is accessible to all Group employees.

Raising concerns

BNP Paribas employees are required to report any effective or suspected breach of the Code of Conduct, Group policies and procedures, or regulations.

If they cannot send their report to their manager or through another usual channel, they have the option of raising an ethics alert, in accordance with the whistleblowing procedure in force within the Group.

Any problem concerning a violation or a suspected violation of human rights within the framework of the activities of the Group or of its supply chain can be reported by an ethics alert, except when specified otherwise by local regulations or procedures.

Our ethics alert policy guarantees employees exercising their right to ethics alert protection against the risk of reprisals for having launched an internal alert in good faith

Towards its suppliers

Within Group Strategic Sourcing Function, dedicated teams address CSR risks linked to suppliers and subcontractors.

BNP Paribas ESG risk management related to its suppliers and subcontractors hinges around the following elements:

- a responsible purchasing policy that aligns the Function's objectives with the Group's CSR objectives, as expressed in the [Group purpose](#) (*raison d'être*);
- the definition by the Function of a normative reference framework, which includes:
 - an ESG risk mapping tool encompassing thirteen themes, including modern slavery and child labour, allowing the identification of procurement categories at high environmental or social risk;
 - a '[Sustainable Sourcing Charter](#)', setting out the reciprocal commitments of the Group and its suppliers and subcontractors from an environmental and social standpoint;
 - contractual clauses requiring compliance with the ILO conventions in supplier contract standard templates in all countries where suppliers are located, allowing contract termination in case of non-compliance by the suppliers of the Group ESG requirements;
 - ESG questionnaire models, used during calls for tenders and including environment, ethics and human rights targeted questions;
 - supplier monitoring rules, targeting ESG criteria used during the selection process and completed by the thematic regulatory watches;

- training of Procurement function employees.

In 2020, BNP Paribas also completed its system by launching, with three other banks and a third party assessor, an on-site audit of two categories of purchases.

Towards its clients (banking and financial activities)

BNP Paribas strives to reduce potential violation of social and environmental rights, including human rights, from its financing and investment activities (please refer to [Systematic integration and management of Environmental, Social and Governance risks \(ESG\)](#), Commitment 3). Its ESG risk management system is based on:

- the development of financing and investment policies managing the Group's activities in sectors with significant ESG issues;
- the respect of the Equator Principles for major industrial and infrastructure projects;
- the integration of ESG criteria in the Know Your Customer ("KYC") process;
- the progressive integration of ESG criteria in lending and rating policies;
- the use of management and monitoring tools for these risks, including specific questionnaires for activities with significant ESG issues;
- the training of financing business lines and control functions on the ESG risk framework;
- an operational control plan.

ASSESSING EFFECTIVENESS

Acknowledging the challenges of assessing and addressing modern slavery and human trafficking issues, BNP Paribas remains committed to the review and enhancement of its own processes and policies, in order to continually improve their range and effectiveness.

For employee-targeted policies

BNP Paribas takes stock of the effectiveness of its actions in this field through the percentage of employees contributing directly to the promotion of human rights who have received specific training. At the end of November 2020⁴, 89% of the target population had received this specific training on how to address human rights in financing decisions. Since 2016, more than 12 000 employees of the Group have undertaken this training.

For supplier-targeted policies

The number of CSR assessments of suppliers and sub-contractors that are conducted as part of requests for proposal, in particular those relating to categories of at-risk purchases, is a metric of BNP Paribas monitoring actions towards this type of stakeholder. In 2020, 2,301 CSR assessments were performed, and 900 Sustainable Sourcing Charters were signed by Group suppliers.

⁴ A large-scale awareness campaign on human rights was launched at the end of 2020 among BNL staff. Therefore, the training rate was only calculated from January 1st to November 22nd 2020, in order to reflect the Group's performance over the long term, and assist with proforma reporting.

For client-targeted policies

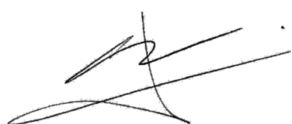
Opening and maintaining dialogue with clients is key to an effective monitoring of a number of issues, including Human Rights, and can be an important drive towards positive change. The evolution of the Group's exclusion and monitoring lists (i.e. the companies BNP Paribas decided not to work with, or that are closely monitored for progress on ESG criteria), is another indicator of the effectiveness of BNP Paribas policies. At the end of 2020, the exclusion list numbered 1,271 companies, and the monitoring list 175, for a total of 1,446 listed entities (against 1,087 in 2019).

PROCESS OF CONSULTATION

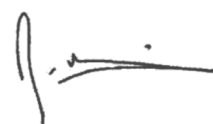
This statement has been prepared with the collaboration of relevant subject matter specialists, as well as appropriate members of the BNP Paribas CSR network, reaching through all functions, business lines and countries of the Group (see [CSR taken to the highest level in the organisation](#)). The Group CSR and Group LEGAL functions have coordinated this collaborative process over the past year, and in particular have consulted the designated contacts and experts for the United Kingdom and Australia.

CONCLUSION

This statement has been used by BNP Paribas to establish the annual statements required by the Modern Slavery Act 2015 of the United Kingdom and Modern Slavery Act 2018 (Cth) of Australia. The annual statement can be found on the "Publications" page of the Group website (<https://group.bnpparibas/en/publications>) and the Modern Slavery Statement page of the BNP Paribas Asset Management UK's website (<https://www.bnpparibas-am.co.uk/professional-investors/footer/modern-slavery-statement/>).



Name: Frédéric Janbon
Title: Chair



Name: Roger Miners
Title: Director and CEO

10 May 2021