

# MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT

## **2020 BNP PARIBAS STATEMENT**

The Modern Slavery Act ('MSA') came into force in the United Kingdom in 2015. It requires large organisations doing business in the UK to produce a 'Slavery and Human Trafficking' statement. The Act applies to both organisation subsidiaries and the parent organisation if they carry on a business or part of a business in the UK.

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

- BNP Paribas SA
- BNP Paribas Securities Services
- BNP Paribas Personal Finance
- BNP Paribas Leasing Solutions
- BNP PARIBAS ASSET MANAGEMENT UK Limited

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

## INTRODUCTION

This Statement relates the steps that BNP Paribas and its Subsidiaries have taken to ensure that human trafficking<sup>2</sup> and slavery<sup>3</sup> are not taking place in its direct operations or supply chains. It also refers to the risk management 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 2019. The Board of directors and Chief Executive Officer attest annually that the Group complies with this Statement through the information provided by the corporate social responsibility (CSR), Group Strategic Sourcing and Human Resources Departments respectively.

## THE BNP PARIBAS GROUP

BNP Paribas is a leading European provider of banking and financial services. It operates in 71 countries and has 198,816 employees. It holds key positions in its two main businesses: Retail Banking and Services (Domestic Markets and International Financial Services divisions, including areas such as Personal Finance, insurance and Wealth & Asset Management) and Corporate and Institutional Banking (Corporate Banking, Global Markets and Securities Services). Further information is available on BNP Paribas' business activities and locations in Chapter 1.4 Presentation of operating divisions and business lines. Group purchases amount to around EUR 10.6 billion worldwide, spread over nine procurement categories: Banking Services, General Resources, Market Data, Marketing & Communication, Professional Services, Real Estate, Technology, Transaction Fees and Travel.

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

<sup>2</sup> "Trafficking in persons" is defined as "the recruitment, transportation, transfer, harbouring or receipt of persons, by means of a 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 and the Protocols Thereto.

<sup>3</sup> "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 Slavery Convention.

## MODERN SLAVERY AND HUMAN TRAFFICKING RISKS

It has been clearly proven by multiple sources (including academic studies, field research and media coverage) that all sectors, industries and regions may be affected to differing degrees by this type of serious breach of human rights. Therefore, modern slavery risk assessment policies must be regularly updated and must consider a range of factors (including the sector, industry and geographical location of the businesses, products and/or services being analysed), in order to address this complex issue as fully and effectively as possible. Therefore, the risk assessment policy which BNP Paribas uses to address the issues of modern slavery and human trafficking also takes into account the very diverse circumstances of its stakeholders.

### **RISKS LINKED TO BNP PARIBAS EMPLOYEES**

The risks of modern slavery and human trafficking in the Group's operations are deemed to be low. There are no published studies on this topic deeming, a priori, the banking sector and its employees to be particularly exposed to this type of risk, most being highly qualified professionals.

### **RISKS LINKED TO BNP PARIBAS SUPPLIERS**

As a banking Group, BNP Paribas manages a supplier portfolio primarily for operational procurement costs, including advice, IT services, safety, IT equipment, furniture and office supplies, promotional items, IT services, consultancy, cleaning, catering and security. The supply chain can be straightforward or extremely complex, based on the expense category. The more complex they are, the greater the human rights-related risks and the difficulties in managing them. According to the procurement risk map which BNP Paribas has introduced, less than a quarter of the Group's procurement categories are high-risk under modern slavery and child labour criteria.

### **RISKS LINKED TO BNP PARIBAS' FINANCING AND INVESTMENT ACTIVITIES**

BNP Paribas 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 diverse backdrop requires highly structured and comprehensive scrutiny and assessment processes which use the expert knowledge of the Group's teams, in order to identify potential modern slavery and human trafficking risks in BNP Paribas' customer activities.

# BNP PARIBAS' POLICY ON MODERN SLAVERY AND HUMAN TRAFFICKING

Human rights are one of the pillars on which BNP Paribas' CSR strategy is based. The Group is committed to promoting respect for a number of principles and norms which underpin the way it does business:

- the United Nations Sustainable Development Goals;
- the 10 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 labour standards set out by the International Labour Organisation.

These public commitments are supported by internal Group Policies, which contribute to tackling numerous subjects on social, environmental and governance issues, including human rights violations. These 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 effective identification of modern slavery practices through specific policies and processes is the first step towards preventing, mitigating and redressing these practices. BNP Paribas has therefore taken the following measures in order to exercise its duty of care in this area with the required degree of seriousness.

## BNP PARIBAS EMPLOYEES

BNP Paribas commits to offer a working environment in which all employees are treated fairly. In particular, the Group focuses on respect, the need to apply the most stringent norms of professional behaviour and rejects all forms of discrimination. BNP Paribas implements a number of policies in this area, including an annual review of high-risk countries in terms of human rights, and monitoring of employees aged between 16 and 18 (in 2019 there were three: one in Brazil, one in the United States and one in the United Kingdom). The existing Group's permanent policies and procedures notably include the Diversity and Inclusion policy, and the remuneration principles which reaffirm the non-discrimination principle in the recruitment process and professional development of employees. The BNP Paribas' Code of conduct, whose rules must be understood and followed by all employees, confirms the Group's commitment against harassment, including sexual harassment.

On this basis, everyone within the Group has the responsibility to treat all colleagues with respect, ensure that interactions with colleagues are professional and effective at all times, and listen to and value input from colleagues, even if they express different views.

The agreement on fundamental rights and the implementation of a global social framework, signed on 18 September 2018, has implemented an ambitious system which contributes to improving quality of life and working conditions for employees, thereby helping to promote a more equal society and inclusive growth.

## Awareness and training

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

## Raising concerns

The purpose of the Group’s ethics warning system is to enable any BNP Paribas employee to report a proven breach – or a suspicion of such a breach – of the Code of conduct, of a policy or of a Group procedure or regulation, not only to their organisational superior, but also, alternatively, to the compliance team of the entity to which they belong, or of a higher level. Every employee has the right to report ethics violations without fear of punishment, dismissal or discrimination for the simple fact of having made use, in good faith, of this system.

Consequently, any suspicion by a BNP Paribas employee of serious or potentially serious violations of human rights and fundamental freedoms, and of harm to human health and safety and to the environment, may be reported under this ethical alert system.

## **BNP PARIBAS SUPPLIERS**

Dedicated teams in Group Strategic Sourcing deal with supplier-related ESG risks.

BNP Paribas bases its ESG risk management system for its suppliers and subcontractors on the following elements:

- an ESG risk map covering 13 issues, including modern slavery and child labour, and identifying purchasing categories that carry a significant amount of environmental and social risk;
- a Sustainable Sourcing Charter which sets out the reciprocal commitments of the Group and its suppliers and subcontractors from an environmental and social standpoint;
- contractual clauses incorporating compliance with the conventions of the International Labour Organization were introduced in all countries in which suppliers operate, including the option of ending contracts if suppliers do not comply with the Group’s ESG requirements;
- ESG questionnaire templates used for calls for tenders, which include specific questions on the environment, ethics and human rights.
- supplier risk monitoring rules which target certain ESG criteria used during selection, supplemented by monitoring and intelligence in different areas;
- training for the Sourcing business.

## **FOR BNP PARIBAS CLIENTS (FINANCING AND INVESTMENT ACTIVITIES)**

BNP Paribas has set up ESG risk management systems for its financing and investment activities (see also Rigorous management of Environmental, Social and Governance (ESG) risks, Commitment 3). These systems are based on:

- the development of financing and investment policies to regulate sectors with high ESG risks;
- respect for the Equator Principles for major industrial and infrastructure projects;
- the integration of ESG criteria into the “Know Your Customer” process (KYC);
- a progressive integration of ESG criteria into lending and rating policies;
- the development and use of tools to manage and monitor such risks, such as specific questionnaires for activities that have salient environmental and social risks;
- training on ESG risk management systems for Financing business lines and Control functions;
- an operational control plan.

## **MEASURING EFFECTIVENESS**

BNP Paribas is aware of the challenges of measuring and managing modern slavery and human trafficking issues. It regularly reviews and makes improvements to its processes and policies in this area in order to continually improve their scope and effectiveness.

### **POLICIES IMPLEMENTED FOR BNP PARIBAS EMPLOYEES**

One of the indicators which BNP Paribas records for this category of stakeholders is the proportion of Group employees directly involved in promoting human rights who have received specific human rights training. At the end of 2019, 88% of the employees assigned the training had completed the online awareness module about taking human rights into account in financing decisions, compared with 85% in 2018 and against an objective of 80%. Since 2016, more than 7,000 Group employees have completed this training, which is still being rolled out.

### **POLICIES IMPLEMENTED FOR BNP PARIBAS SUPPLIERS**

One of the indicators which BNP Paribas records for this category of stakeholders is the number of ESG assessments of suppliers and subcontractors, in particular those relating to risky procurement categories. 2,500 ESG assessments were completed in 2019 (compared with 2,300 in 2018) and nearly 1,200 Responsible Purchasing charters were signed by Group suppliers.

## **POLICIES IMPLEMENTED FOR BNP PARIBAS FINANCING AND INVESTMENT ACTIVITIES**

Creating and maintaining a high-quality of dialogue between the Group and the entities that it finances or in which it invests is crucial in monitoring and remedying certain issues, including human rights related issues. Another indicator which BNP Paribas records is changes to exclusion and monitoring lists (consisting of companies with which the Group does not wish to do business, or companies subject to additional monitoring, potentially as a result of serious human rights breaches). At the end of 2019, these lists included 1,087 legal entities (943 excluded and 144 under monitoring), compared to 992 legal entities at the end of 2018.

## **CONCLUSION**

BNP used this statement in order to prepare the annual statement required by the Modern Slavery Act 2015 (United Kingdom). The statement may be consulted on the “Publications” page of the Group’s website (<https://group.bnpparibas/en/publications>) and on the “Legal and other information” page of the BNP PARIBAS ASSET MANAGEMENT UK Ltd’s website (<https://www.bnpparibas.co.uk/en/legal-privacy/msa-statement/>).



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