

Conferences BNP Paribas

CORPORATE PHILANTHROPY - A SOCIAL RESPONSIBILITY -

Report from the meeting of June 17, 2008

LIST OF SPEAKERS

Lectures:

Mr Jacques RIGAUD
Former Chairman of the Admical
Honorary State Adviser

Mr François DEBIESSE
Chairman of the BNP PARIBAS Foundation

François DEBIESSE had the honour of playing host to Jacques RIGAUD, considered as the father of corporate philanthropy in France. Jacques RIGAUD has always been a *man of action*, and has been heavily involved in a wide variety of areas, ranging from French public life (Ministry of Agriculture, Ministry of Cultural Affairs and UNESCO) to the business world (RTL). He is still involved in numerous cultural institutions, and notably “La Chartreuse” and the Cannes Film Festival. He contributed to the creation of the ADMICAL, which has played such an important role in the development of corporate philanthropy in France. Indeed, he has devoted all his energy throughout his entire career to this type of philanthropy. But Jacques RIGAUD is also a *literary man*, and has been involved in all sorts of intellectual activities, including the publishing of several works. Finally, Jacques RIGAUD is a *thoroughly good man* and a humanist, and continues to express his desire to understand man in all his complexity.

SPEECH BY MR JACQUES RIGAUD

The Figaro recently published an article on the companies most favoured by young graduates seeking employment. This article revealed that one of the selection criteria for young managers was whether the companies were involved in corporate philanthropy and, more generally, social aid activities (inconceivable up until only a few years ago). Jacques RIGAUD sees this as a clear sign of one of the most significant changes in our companies. Considering the fact that it was he, along with a few friends, who came up with the idea of developing corporate philanthropy in France at the end of the Seventies, he is in a good position to assess the state of play.

What’s more, this was at a time when the very concept of corporate philanthropy was simply overlooked (in France anyway) by the Administration, businesses and potential beneficiaries. Anybody taking the liberty of reminding companies of their social duty, albeit in rather a clumsy manner, was met with a total lack of understanding. And as for cultural philanthropy, well it was purely a State affair. The ‘Fondation de France’, created on the initiative of André Malraux, played a fundamental role in acting as recipients for people’s generosity, but, nevertheless, apart from certain isolated initiatives on the part of the SACEM or the Crédit Agricole, corporate philanthropy did not exist in France. One could even go as far as to say that it was regarded as not having a role to play in the French system.

It was amidst this context that Jacques RIGAUD, along with a certain number of partners, decided to create (with what was probably a “completely irresponsible and crazy” act) an association for the development of industrial and commercial philanthropy, in the form of the ADMICAL. The founders swore never to ask for anything from the State. As the legal and fiscal status for this type of philanthropy had never been defined and was complex, somewhat risky and offering little in the way of incentives, it was decided that the initiative be organised on a gradual, step-by-step basis, with the possibility of subsequently turning to the State to request that measures be implemented in phase with the developing trend. After a relatively modest but encouraging start, the corporate philanthropy concept gained momentum and achieved the status of a full-time practice with the law of 2003.

Corporate philanthropy - a definition.

Corporate philanthropy is an act via which a natural person or legal entity freely chooses to allocate a proportion of his/its resources to a cause representing the common good or general interest, in one or more areas of activity and via the means of his/its

choice. Corporate philanthropy is consequently a free act. It is also an act that is completely free of financial or commercial self-interest.

Of course, experience shows that the purest and rarest form of corporate philanthropy is when there is absolutely no self-interest. A thirst for glory, political gain, personal renown, a good conscience or prestige are all factors that can play a part. There is no holy history of corporate philanthropy, but philanthropists from ancient Rome and the Medicis through to 19th century bankers and manufacturers have all contributed to the development of this act of generosity and have supported intellectual works.

France is nevertheless a specific case. The nation revolves around its State, which has acquired a level of visibility and initiative that is not found on the same scale in other liberal democracies. Consequently, the normal reaction for issues concerning both culture and solidarity is to turn to the State. As a result, the very act of calling for the involvement of natural people or legal entities is perhaps not revolutionary, but definitely very unusual.

Corporate philanthropy - a benefit for companies.

Everyone knows that a company cannot afford to be philanthropic. The very concept of a “Philanthropic Business”, which originated in the United States, seems to be a contradiction in terms. Nevertheless, Mr RIGAUD has never stopped reminding companies that disinterested commitment can be beneficial, providing they expect no direct or measurable financial or commercial gain. Of course, the philanthropic initiatives have to remain marginal in financial terms. Experience has nevertheless proved that **corporate philanthropy offers such advantages for companies that it is quickly transformed into a sustainable commitment and that the decision to continue and develop it quickly becomes strategic.**

Corporate philanthropy in fact represents a unique opportunity for a company to consider its identity, the image that it has of itself and the image it projects to the outside, as well as its economic role and its contribution to society. Philanthropy enriches a company’s communication and offers visibility in unexpected areas. It brings the company into contact with partners in the cultural world, partners involved in solidarity and research, and players that speak a different language and convey different values or methods. The company can offer them a little of its own rationality, over and above its normal service, whilst the partners can offer a little of their own “vision” or utopian ideals. The fact that a company is in direct contact with the distress and violence present within our society can provide an opportunity for coming up with new solutions to meet the needs and expectations of its current and potential markets.

For all these reasons, **corporate philanthropy, whilst remaining marginal in relation to a company’s “core business”, represents a major vector for development.** The emergence of the concept of a company’s social commitments is a fundamental element. A company is no longer just a human community, which provides the market with a certain number of goods and services. A company is now anchored within the very core of society, with general interest and the common good at heart.

Corporate philanthropy has not merely expanded. The example of the BNP-PARIBAS Foundation shows to what extent it has also become professional. It now plays an ever-growing role in innovation and change. A clear illustration of this is the number of new initiatives developed in the areas of the environment, solidarity, culture and research. Since

the law of 2003, corporate philanthropy has doubled in size. It is no longer, as some would have you believe, merely confined to large companies. Small and medium sized companies are also play a significant role today, either on their own or in partnership with other companies. A new form of entrepreneurial philanthropy is also starting to emerge. Certain successful young entrepreneurs, having made their fortune, are turning to philanthropy, not just on behalf of their company but also on a personal level. Whilst a company cannot make an individual philanthropic, there is now nothing to stop company members adopting a philanthropic approach, representing a love for the common good, respect for other people and a desire to offer help.

Corporate philanthropy is a free act. A company's social responsibility is regulated in France by the law of 2001 concerning the New Economic Regulations (referred to as "NRE"), which require companies to integrate the social and environmental impacts of their own economic activities into their policy. **So whilst social responsibility expresses a form of "duty", corporate philanthropy expresses a "desire"**. Corporate philanthropy is primarily a sign of a specific state of mind, of a company being open to its environment and receptive to society's demands. Sustainable Development is a new value that is, and will be, increasingly integrated into companies' operational practices, as they now have to align their strategies with the requirements of civil society. This alignment is expressed in the form of an ongoing dialogue, in which corporate philanthropy is a component.

A few key figures

Corporate philanthropy has enjoyed significant growth over the last few years, notably thanks to the work of the ADMICAL. More than 290 foundations have now been created by companies in France, whereas there were only 120 in 2003 (and 60 in 1998). The annual survey carried out by the ADMICAL in partnership with the CSA reveals that **corporate philanthropy represented approximately 2.5 billion euros in 2007** (survey available on www.admical.org). All the different areas have benefited, with culture and solidarity first and foremost. That said, the broadening and diversifying of the practices implemented is now a confirmed trend. Approximately 23% of companies with 20 or more employees are philanthropic (i.e. 30,000 companies) and, as opposed to what preconceived misconceptions might suggest, 73% of the companies involved are small or medium sized. 47% of the companies involved operate in the solidarity sector, with 32% of the budget, and 36% are involved in culture, with 39% of the budget.

Thanks to this survey, we can conclude that whilst just 5 years ago corporate communication revolved essentially around the quality of a company's products, it is now increasingly focused around its values. It is also important to note that the citizen consumer is today much more aware of this new form of communication, and the policies are validated by the philanthropic actions implemented. In other words, **corporate philanthropy enables the citizen-consumer to resolve the contradiction between his desire to make a purchase and his expectations in terms of ethics.**

The BNP-PARIBAS Foundation

The creation of the BNP PARIBAS Foundation in 2000 is a perfect example of the developments mentioned above. It is the fruit of joint work carried out by two philanthropists. The Paribas Foundation was created in 1984, with the objective of using the Paribas bank's know-how to aid causes that did not fall within the traditional areas covered by a banking establishment. The choice of allocation for funds at the time may seem surprising, i.e. discovery and aid. The Foundation would involve the Establishment in areas that it was new to (e.g. culture, health and the environment), thereby reflecting its desire to take risks (which may indeed seem strange for a bank). The investment made by the Company would not merely involve a cheque. The Foundation provided both advice and aid, and a philosophy

started to take shape: **“Corporate philosophy initiatives cannot be a part-time event; the company must be present at every stage of its partner’s life”.**

The BNP had opted to develop a direct philanthropic approach, in other words without going via the intermediary of the Foundation. However, as the areas chosen by the two groups were similar, it turned out to be possible to merge the envisaged actions under the umbrella of a single Foundation. François DEBIESSE is extremely grateful to Mr PEBEREAU, the Chairman of BNP PARIBAS, for having understood, from the very outset, that it was necessary to maintain the efficiency of the philanthropic initiatives implemented by the two firms, thereby enabling the brand new Foundation to enjoy a fresh start and become an exemplary page in the history of the new Group.

The favoured areas for corporate philanthropic actions

Culture is traditionally the favoured area for philanthropy, and it is the area that used to be the focus of the largest number of companies, notably during the Eighties. Solidarity, however, was attributed greater importance as of the Nineties, and is an area that involves two different concepts, i.e. “humanitarian” philanthropy and local, social philanthropy. Then, in 1996, with the arrival of philanthropic policies supported by companies such as GDF and Yves Rocher, the environment also became a key area. Nowadays, companies are also involved in the sporting world (e.g. Décathlon, Lacoste etc....), and medical and scientific research.

Companies are currently operating in an increasingly complex world and there are no longer any clear borders between the different areas. **As a result, corporate philanthropy is developing so as to incorporate all the different areas.**

Philanthropic solidarity actions favoured by companies

Corporate philanthropy for solidarity, which had started off rather slowly, has currently moved into a phase of full maturity, bearing in mind that the internal legitimacy with regard to the actions implemented in this area has become much more significant now than it was in the past. On this issue, Mr DEBIESSE drew attention to all the actions implemented in order to aid young people. The values conveyed by corporate philanthropy are perfectly in phase with the role that forward-looking companies are keen to play. A company cannot of course ignore the young generation, and corporate philanthropy offers a means of keeping in permanent contact with the different problems encountered by this segment. The events that occurred in the suburbs in November 2005 had a profound impact on companies. They have understood the requirements of an abandoned youth, and their philanthropic policy has changed on a sustainable basis as a result. Thanks to internal audits, **it has become clear that themes linked to the protection of children’s rights are being increasingly favoured by employees, who are moreover prepared to become involved in this area on a personal basis.**

Aid with finding employment is also one of the priorities of philanthropic companies, and it is an area in which they can of course act entirely legitimately. The actions implemented are extremely diverse. The mastering of languages, for example, is a key factor. The fight against illiteracy, which today involves more than 2.3 million adults in France (INSEE figures) is also an absolute priority. It should also be noted that companies focusing their philanthropic actions on employment often support structures dedicated to egalitarian professional integration.

After the riots of November 2005, the BNP PARIBAS Foundation decided to launch a specific project for the suburbs and to facilitate the integration of underprivileged people. The “Projet Banlieues” (suburbs project) focuses on three different aspects:

- Support for the ADIE (Association for the right to economic initiative in the micro-credit sector);
- Support for the AFEV (Association for the student foundation in town environments), which recruits students to provide personalised school support for young people from underprivileged districts;
- Support with local initiative projects via aid provided for the associations that work in the field on a variety of suburban issues, bearing in mind that only work carried out locally will succeed in moving the project forward.

The emergence of the health sector

Health is a very important area, both in France and abroad, for corporate philanthropic actions. Pharmaceutical groups and laboratories are traditionally (and with good reason) very present in this area. The examples are multiple and very varied. Sanofi Aventis is involved, for example, in the fight against malaria (a parasitic illness that still has no vaccine), by providing derivatives of quinine. The pharmaceutical group has also created a training programme for those involved locally in the health system and in informing the public.

One must also draw attention to the development of joint **culture / solidarity actions**, including initiatives such as the ‘Art à l’hôpital’ (art in hospitals) project for example. The Ministries of Culture and Health have launched the “Culture à l’hôpital” (culture in hospitals) programme, which receives support from numerous philanthropic foundations and companies through a Circle of partners.

Medical research is one of the key areas for the actions implemented by the BNP PARIBAS Foundation. In the same way that the bank has supported the ‘Téléthon’ for numerous years, the Foundation was involved for many years with the Genetics Centre at the Necker Enfants Malades hospital (Necker hospital for ill children). Today, the Foundation supports around ten teams of researchers in partnership with the Curie Institute, the Pasteur Institute and the Fondation pour la Recherche Médicale (foundation for medical research).

Culture - still a favoured area.

Culture has always been the favoured area for major private philanthropists, prior to also becoming a favourite with companies. By aiding cultural initiatives, companies are becoming involved in the very foundations of the society in which they operate. The scope in this area is extremely broad. Companies can either target history and its heritage, or its own era, focusing on contemporary artists and creative individuals.

The BNP PARIBAS Foundation has always been active in this area and its choices clearly illustrate this determination “to take risks” evoked earlier. Indeed, it has always succeeded in targeting areas relatively untouched by other corporate philanthropists, and contemporary dance is a good example of this. For over fifteen years (starting in 1989), the Foundation provided support for Angelin PRELJOCAJ, considered today as one of the most talented choreographers in France. This partnership took various forms, with the PRELJOCAJ troupe proposing different initiatives to boost awareness of dance in underprivileged districts in the south of France. In the world of music, the Foundation focuses on jazz groups and musicians.

That said, the Foundation also supports baroque and classical music; it has provided aid for the “Chemins du Baroque”, which endeavours to promote and bring Latin America’s baroque musical heritage back to life (which was thought to be definitively lost). Finally, the Foundation is also involved in a certain number of initiatives in the totally unexplored world of the circus. The cultural sector provides the BNP PARIBAS Foundation with an opportunity to play a complete philanthropic role, combining financial aid with assistance.

A few management principles.

Corporate philanthropy is no longer an arbitrary governmental act. Everything possible is being done to eliminate this aspect. Corporate philanthropy is now implemented through highly coded operating principles. The ‘Fondation de France’, which plays host to the BNP PARIBAS Foundation, has an executive committee (i.e. a decision-making body made up of both members of the group and outside consultants). The BNP-PARIBAS Foundation is managed on a daily basis by a team of quality individuals, run by Mrs Martine TRIDDE. Mr DEBIESSE paid tribute to her commitment. These individuals have developed their experience and know-how, which contribute to guaranteeing the longevity, stability and even the regular growth of the philanthropic initiatives. **What purpose does corporate philanthropy serve? How does it benefit a company?**

Corporate philanthropy is a win-win exchange between a company and civil society. Furthermore, it provides a means of uniting the staff of a company and consequently represents a social bonding factor. At a time when mergers and redundancy schemes are rife, corporate philanthropy is increasingly being used as an internal communication tool, and even for the management of human resources. Companies today are keen for employees to actively participate in their philanthropic policies. For this to be possible, they are developing different modes of involvement, i.e. employee dialogue initiatives; proposals; sponsoring of projects; creation of volunteer clubs etc. Nowadays, companies particularly appreciate two methods for involving staff, i.e. associated philanthropy, which consists of a financial involvement on the part of staff in the projects implemented by their company; and skills philanthropy, which involves making available the staff’s skills and know-how to a given organisation.

The BNP PARIBAS Foundation allocates a proportion of its total budget to projects concerning associations in which some of the group’s employees are involved, via the “Coup de pouce aux projet du personnel” (Staff project aid) programme.

By way of a conclusion, François DEBIESSE stressed that the issues at stake with corporate philanthropy are, and will remain, very important. At a time when states have no more money and general interest causes are permanently looking for additional funds, corporate philanthropy has proved its worth through the efficiency of the initiatives it supports. Nobody believes anymore in major revolutions or the “Grand Soir”. The actions that will count are those that enable society to advance in small steps.

The success of a corporate philanthropy policy revolves around three components: the commitment made by the company, the contact with its partners and the support provided on a long-term basis. Corporate philanthropy provides a group such as BNP PARIBAS with a “little extra soul”. Since, as François DEBIESSE stressed, quoting the baseline of the BNP PARIBAS Foundation :

“One can sometimes lose when lending, but never when giving”

How is the supply and demand for corporate philanthropy organised?

Jacques RIGAUD highlighted the fact that corporate philanthropy actions are often the fruit of meetings. The role of the ADMICAL is not to interpose itself between the supply and the demand for corporate philanthropy, but to facilitate awareness of it. As a result, the 'Répertoire du Mécénat d'entreprise' (a corporate philanthropy directory published every two years), which has become almost like a telephone directory over the years, is available to all companies and project managers. Moreover, the Ministry of Culture has created a Corporate Philanthropy section and organises numerous meetings. The 'Fondation de France' is also an excellent source of resources and data for corporate philanthropy. Whatever the circumstances, nothing is better than direct contact. In view of this, Jacques RIGAUD has no hesitation in helping small and medium sized companies find new projects. These companies also come to him for advice on how to go about assessing their immediate environment for causes worthy of interest. Furthermore, a form of mimicry exists today, and exemplary corporate philanthropic initiatives seem to spread of their accord.

François DEBIESSE firmly believes in this concept of exemplarity. The areas needing aid are huge and the BNP PARIBAS Foundation is caving in under the weight of the demand. The stakes are such that companies will be unable to fully cover them. That said, these discussions have been entirely based around the subject of corporate philanthropy. He stressed that other private financing players also exist. In 2006, the philanthropic initiatives of the world's one hundred richest individuals represented more than 250 billion dollars. This is why he has initiated, acting in his capacity as the group's Director of Private Banking, a philanthropic proposal to meet the philanthropic needs of wealthy clients.

What role does corporate philanthropy play in the emerging economies?

Jacques RIGAUD was unable to answer this question. That said, he is convinced that corporate philanthropy exists in China, India and other emerging countries. He is not aware, however, of its status or level of development. Whatever the situation, the idea of a free commitment to aiding the common good in chosen areas will certainly spread, if it has not already done so.

How are the resources of the BNP PARIBAS Foundation organised?

François DEBIESSE stressed that the BNP PARIBAS Foundation operates under the aegis of the 'Fondation de France', which handles the financial logistics in return for an annual fee. The Foundation receives financing from the group, whose annual budget amounts to 2.5 million Euros (1 million of which are allocated exclusively to the Suburbs Project). In the near future, employees of the Group will also have the opportunity to participate in this budget.

