

**In the post-war era**, free trade and the market economy rapidly improved the standard of living in industrialised – mainly western – countries.

This phenomenon is currently undergoing a step-change: whereas industrialisation previously concerned around one billion people, the growing pre-eminence of China and India adds another two billion people to this global transformation. Throughout Asia, the Middle East, the Mediterranean Basin and South America, long-awaited developments have finally taken shape.

These deep-seated changes entrench the need to ensure that growth is sustainable and that it benefits the largest possible population, while respecting the natural environment.

The efforts deployed by governments in this area remain uncoordinated and relatively ineffective, placing the burden of responsibility on corporations to assess – above and beyond the legal imperatives at play – the impact of their activities on the world around them.

BNP Paribas' social and environmental agenda is neither philanthropic nor compliance-driven. It represents a genuine commitment by management to rally the Bank and its employees around a common environmental vision. This broad-shouldered responsibility actively informs our global performance with a view to fostering the loyalty of an ever-growing customer and shareholder base, attracting key talent and strengthening our involvement within the different strands of society.

BNP Paribas seeks to encourage voluntary actions which go further than new regulations in bringing social and environmental issues to the fore and strengthening accountability. In 2005 we rolled out a series of initiatives embedded within the fabric of our everyday operations. I would highlight, in particular, a sharp rise in socially responsible investments, the accelerated pace of micro-lending, the success of renewable energy financing projects, and the launch of *Projet Banlieues*, an outreach programme focusing on France's underprivileged suburbs. And the singular presence of BNP Paribas on all of the major socially responsible investment indexes is broader recognition of a carefully-fashioned strategy that has won widespread support.

T. Felber



## A WORK IN PROGRESS

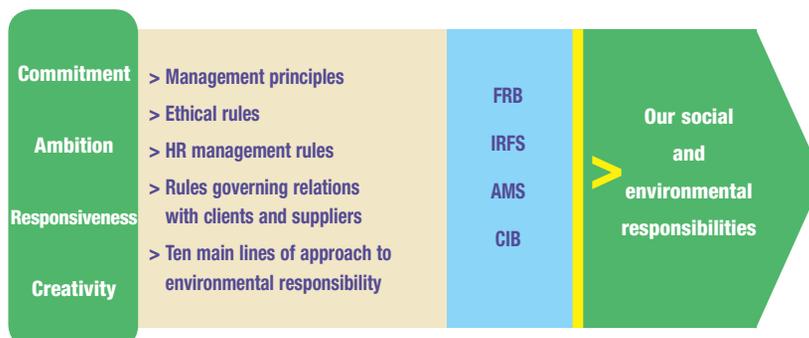
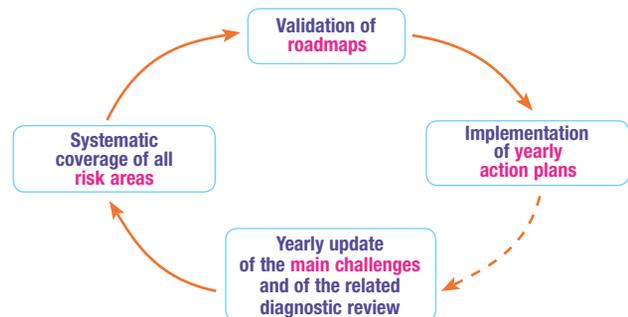
Sustainable development is a constantly evolving concept. Even before it entered the mainstream, BNP Paribas (and BNP and Paribas as separate entities before that) espoused some of the ideas behind it. Sustainable development goes hand-in-hand with our founding values of commitment, ambition, creativity and responsiveness, which have helped to define management approach and behaviour; relations with clients and shareholders; human resources management; the ethical rules underpinning operations and the work of employees across the business spectrum; and compliance with applicable laws and regulations. Over time, and with changing ideas and priorities, the Group has turned its attention to a wider range of ethical concerns such as relations with suppliers, efforts to protect the natural environment, and the quality of relations with the Group's various stakeholders. In 2003, BNP Paribas joined the United Nations' Global Compact and signed the diversity charter by which it commits to fighting against all forms of discrimination. BNP Paribas is also an active member of CIAN, the French council of investors in Africa, and in 2004 adopted CIAN's sustainable development charter. In 2005, the Group signed an apprenticeship charter with a view to expanding its role in youth training.

The Group's values, choices and priorities are reflected in its operating procedures. These are delineated, discussed and explained, and their application is taken into account during employee appraisals.

## Integrating sustainable development within operations

BNP Paribas' approach to sustainable development is implemented by means of operating procedures throughout the Group's divisions, business lines, territories and functions.

The Group comprehensively charts the steps that need to be taken to counter the social and environmental impact of each of its activities. A diagnostic review is carried out that incorporates the results of a self-assessment by the entity concerned, as well as the findings of analyses performed by the principal SRI rating agencies and the Group's other stakeholders. Action plans for each division and function are validated by the Executive Committee.



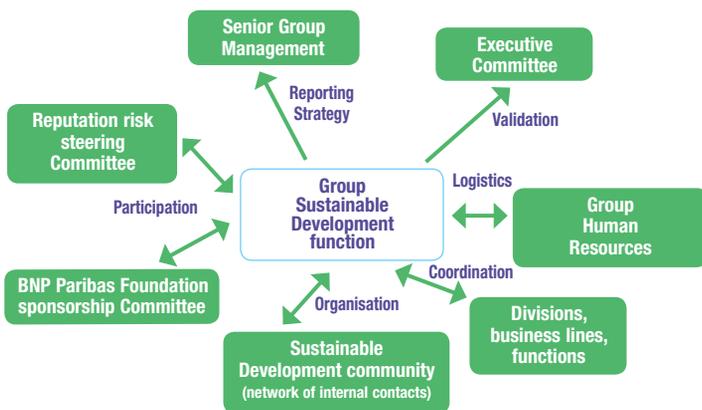
## A cross-disciplinary system for organisation and coordination

Sustainable development has no real meaning if it remains the affair of a handful of experts and specialists. It is up to each employee, irrespective of his or her position or location, to play an active and committed role.

The Group is particularly focused on Corporate Social Responsibility (CSR), by which each activity assumes responsibility for any effects it may be having on its business partners and the environment.

Because of the broad-based nature of CSR, the cross-disciplinary Group Sustainable Development function coordinates the Group's actions in this area. As well as maintaining a direct link with all line managers, the Sustainable Development function comes upstream of a network of over 120 experts from all divisions, business lines, territories and functions. This involves the following main areas:

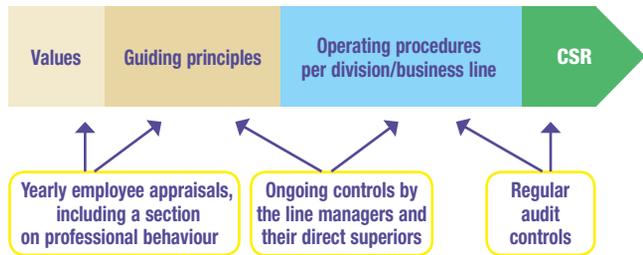
### The Sustainable Development function at work within the Group



## Internal control

An audit methodology regarding the Group's corporate social responsibility was fine-tuned by the General Inspection unit and the Group Sustainable Development function. This methodology has been up and running since 2004 and is designed to assess the extent to which all entities apply internal control guidelines. There are a number of controls that enable the Group to ensure that the various components of its corporate and environmental responsibility procedures are applied across the board.

### Internal control mechanism



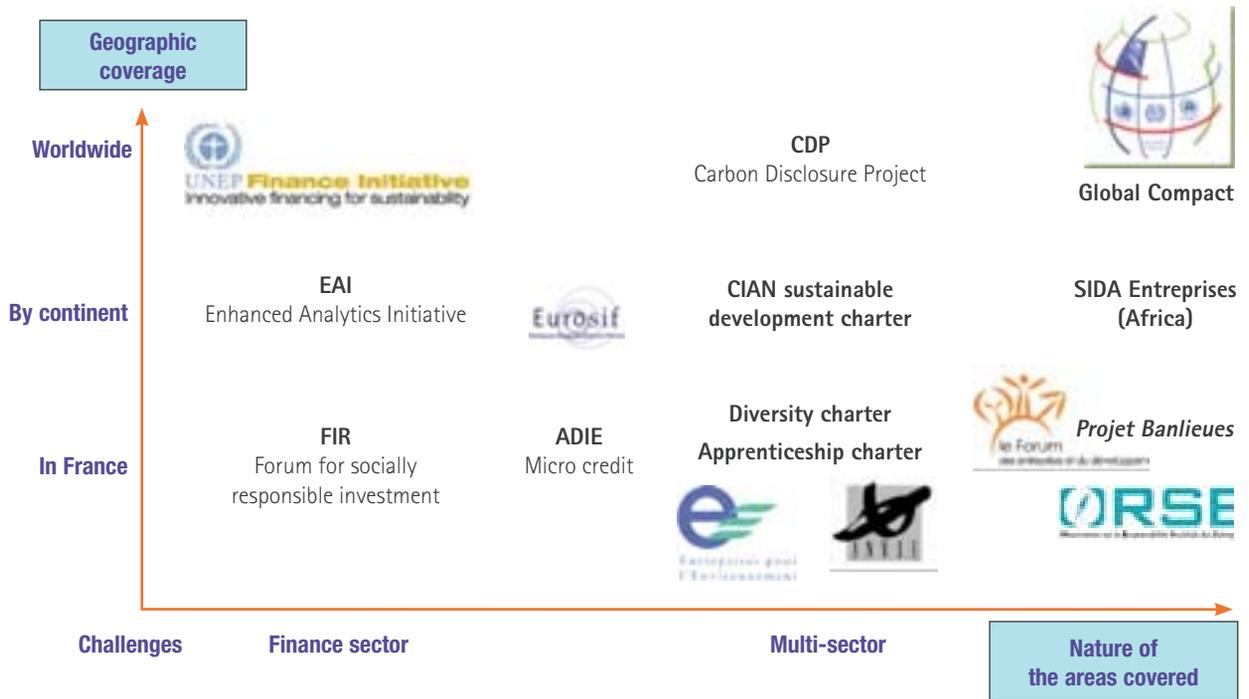
## Actively promoting sustainable development

In 2005, BNP Paribas continued to actively promote sustainable development by assisting the initiatives of leading organisations in the field. These organisations include ORSE, the French study centre for corporate responsibility and EpE (companies for the environment). BNP Paribas was also a member of the jury for the 2005 awards of the Forum for socially responsible investment (FIR) and the European Social Investment Forum (Eurosif) and took part in sessions by the sustainable development club within ANVIE, the French association for the promotion of interdisciplinary research in humanities and social sciences in the business world.

As a member of the Institutional Investors Group on Climate Change (IIGCC) and the Carbon Disclosure Project, BNP Paribas Asset Management (BNP PAM) strives to encourage companies to factor climate change issues into their investment decisions. BNP PAM is also one of the founding members of the Enhanced Analytics Initiative (EAI) through which it took the initiative of allocating 5% of its commission budgets to developing SRI analysis. BNP Paribas is involved in the British-based Business in the Community (BITC) organisation, which brings together more than 700 companies that promote responsible behaviour by companies within the community.

Several Group executives teach and provide input as guest lecturers in leading sustainable development masters programmes created by top-ranking French business and engineering schools, as well as by some universities. For the third year running, BNP PAM contributed to the activities of "Sustainable Development Week" by taking part in a daily radio broadcast on socially responsible investing.

### The public engagements of BNP Paribas



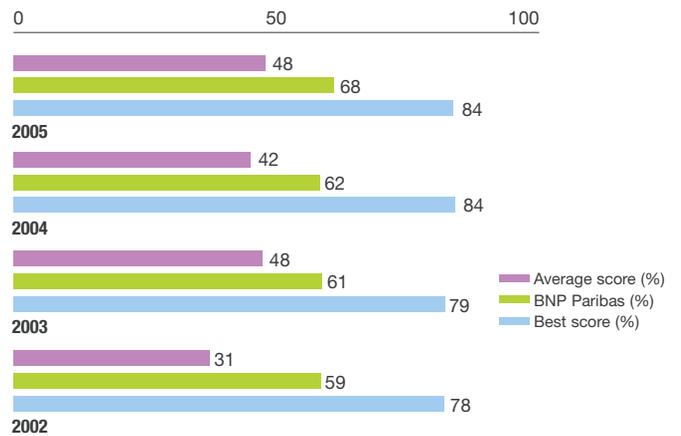
## Recognition from SRI rating agencies

Following its inclusion on the Ethibel Sustainable Index (ESI) in 2005, BNP Paribas is now the only French bank present on all the key benchmark indices for socially responsible investment: DJSI World, DJSI Stoxx, ASPI Eurozone, ESI, FTSE4Good Global and FTSE4Good 50. Worldwide, excluding the ASPI Eurozone index which is exclusive to the Eurozone, only four other banks are present on all indexes.

### • SAM

Sustainable Asset Management Research Inc. (SAM), the firm responsible for the annual evaluations leading to the selection of stocks for inclusion in the Dow Jones sustainability indexes, once again raised its overall corporate sustainability score for BNP Paribas, placing the Bank in a very favourable position compared to the industry average, and endorsing the Group's ongoing efforts to improve its approach to sustainable development.

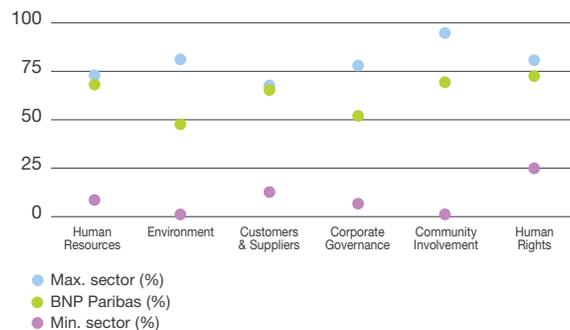
## Changes in overall score



### • Vigeo

Despite changes in the assessment methods used in certain areas such as corporate governance, the arithmetic average of the scores obtained in the six areas analysed was up on the average for 2004.

## BNP Paribas benchmark/banking sector (2005)





The Compliance function was established in December 2004, in anticipation of Regulation 97-02 relating to internal controls in the banking industry. 2005 was essentially devoted to organising and structuring the function. The Group's Compliance Charter provides for its:

- organisation: acting under the authority of the new Head of Compliance, the function will be organised around a central structure consisting of a Compliance Committee. It comprises four operational units (Compliance Control and Advisory, Financial Security, Professional Ethics and Tools) and a Regulator Liaison Office, as well as Compliance functions within the various other functions and business lines, working under the delegation of the Head of Compliance, and under the joint responsibility of the function or business line within which it operates;
- remit: the function's central task is to help safeguard the Group from non-compliance risks. Compliance is defined as "adhering to laws and regulations, professional and ethical standards and practices, the guidelines of the Board of Directors and the instructions of Group Executive Management."

The resources of the Compliance function have been boosted in proportion to its remit. With 464 full-time equivalent employees at the end of 2005, it has a budget of EUR 67 million for 2006, along with new control tools, including:

- a Compliance Risk Assessment tool;
- an ethical alert mechanism, operational since early 2006;
- a procedure development project, which has already given rise to an assessment of the tools used within the business lines;
- a Compliance training programme, adding a Group-wide module to the various training programmes running within the business lines; and
- a Regulatory Risk Matrix, which has been used to track the application of core regulations since 2005, in liaison with Group Legal Affairs.

The Financial Security unit has intensified efforts to combat money laundering, particularly as regards reporting suspicions and detection and prevention training (more than 2,000 employees from the various functions have already been trained). Its scope has been broadened to incorporate US embargoes previously managed in New York. As regards financial security, 2005 and 2006 are pivotal years for the Group Information Systems unit (Vigilance, Lynx, Shine, Iris and Syfact), in which EUR 7 million was invested in 2005, and a further EUR 18 million set aside for 2006.

The Professional Ethics unit now has a comprehensive internal control mechanism for employees of Group parent company BNP Paribas SA with access to privileged data. This computer-based tool is now equipped with nearly all the required specifications. Controls carried out in accordance with the action plan have not detected any serious breaches thus far.

The Regulator Liaison Office, operating under the joint authority of the Compliance function and Group Finance and Development, essentially manages relations with the French banking authority (*Commission Bancaire*). In particular, it has contributed to the success of inspections carried out by the *Commission Bancaire*, and has helped follow up on its subsequent reports and correspondence.

2005 was the first full operating year for the Compliance function, and was largely devoted to organisational and structural matters, and to the development of its control tools. The bulk of the function's development work is due to be completed in 2006, and it aims to be fully operational by the year-end. This core target should not however eclipse the Group's everyday compliance-led operations, which notably include bolstering the Financial Security unit's tools and overseeing the application of the latest key regulations and guidelines such as the European Market Abuse Directive.

**Atelier BNP Paribas** is all about the blending of different cultures. The name of this subsidiary reporting to the Group Communications Department means "the BNP Paribas Workshop."

Its brief is to monitor and study new developments in technology, then to "spread the word" and share the benefits of this research with the largest possible number of people. This is done through a variety of media outlets, from its website to radio programs, newsletters or trade shows. Already present in Silicon Valley, Atelier BNP Paribas is looking to further expand in Asia.



[www.atelier.com](http://www.atelier.com)



LOUIS TREUSSARD – CEO of Atelier BNP Paribas, Paris

« L'Atelier is a laboratory for the constant mixing and matching of all manner of influences. Even our origins and corporate culture reflect this blending, as we are a kind of high-tech start-up company, but backed by a large and very strong banking group. It's a definite asset to have those two perspectives. Even our choices of IT platforms are mixed. We have adopted a policy of free choice of software and operating systems, drawing our inspiration from the internet culture. It was important for us to demonstrate that we are not tied to major IT groups" explains Louis Treussard. And Jean de Chambure, Head of media relations, adds that "we also have a foot in two worlds when we pass on our content through various media. We switch between the world of technology, with its specialised – not to say geeky – vocabulary and the world of our audience, who need things spelt out in language they can understand. Our job is practically to be translators. »



## SHARE CAPITAL

As at 31 December 2004, BNP Paribas' share capital stood at EUR 1,769,400,888 divided into 884,700,444 shares (details of the historical share performances are provided in the "Changes in share capital" section of the review of operations).

In 2005, three series of transactions led to changes in the number of shares outstanding:

- a total of 1,916,259 shares were issued upon exercise of stock options;
- 5,000,000 shares were subscribed through a share issue reserved for employees;

- 53,368,831 shares previously acquired by the Bank as part of its share buyback programme were cancelled.

As at 31 December 2005, BNP Paribas' share capital stood at EUR 1,676,495,744 divided into 838,247,872 shares with a par value of EUR 2<sup>(1)</sup>.

The shares are all fully paid-up and are held in registered or bearer form at the choice of their holders, subject to compliance with the relevant legal provisions.

**None of the Bank's shares entitle their holders to an increased dividend or double voting rights.**

(1) At 31 March 2006, BNP Paribas' share capital stood at EUR 1,849,294,770 divided into 924,647,385 shares with a par value of EUR 2.

## Changes in shareholder structure

Over the past three years, the Bank's ownership structure changed as follows:

SHAREHOLDERS	31/12/03			31/12/04			31/12/05		
	Number of shares (in millions)	% interest	% voting rights	Number of shares (in millions)	% interest	% voting rights	Number of shares (in millions)	% interest	% voting rights
AXA	52.07	5.8%	6.1%	50.00	5.7%	6.0%	47.64	5.7%	5.7%
Employees	46.36	5.1%	5.4%	45.38	5.1%	5.4%	47.09	5.6%	5.7%
• o/w corporate mutual funds	34.58	3.8%	4.0%	33.55	3.8%	4.0%	34.46	4.1%	4.2%
• o/w directly owned	11.78	1.3%	1.4%	11.83	1.3%	1.4%	12.63	1.5%	1.5%
Corporate officers	0.27	nm	nm	0.23	nm	nm	0.22	nm	nm
Treasury shares <sup>(2)</sup>	46.43	5.1%		51.81	5.9%		9.06	1.1%	
Public	63.70	7.1%	7.4%	61.00	6.9%	7.3%	57.00	6.8%	6.9%
Institutional investors	606.57	67.2%	70.8%	574.46	64.9%	69.0%	621.11	74.1%	74.9%
(o/w "Socially Responsible Investors")	unknown	unknown	unknown	unknown	unknown	unknown	(6.53)	(0.8%)	(0.8%)
• Europe	499.87	55.3%	58.3%	465.94	52.7%	56.0%	509.64	60.8%	61.5%
• Outside Europe	106.70	11.8%	12.5%	108.52	12.2%	13.0%	111.47	13.3%	13.4%
Other and unidentified	87.77	9.7%	10.2%	101.82	11.5%	12.3%	56.13	6.7%	6.8%
<b>Total</b>	<b>903.17</b>	<b>100.0%</b>	<b>100.0%</b>	<b>884.70</b>	<b>100.0%</b>	<b>100.0%</b>	<b>838.25</b>	<b>100.0%</b>	<b>100.0%</b>

(2) Excluding trading desks' working positions.

**BNP Paribas ownership structure as at 31 December 2005**  
(based on voting rights)



*To the best of BNP Paribas' knowledge, no shareholder other than AXA owns more than 5% of BNP Paribas' capital or voting rights, nor does any agreement exist whose implementation could at a later date result in a change in BNP Paribas' form of control.*

**Share performance**

When the shareholders of BNP and Paribas approved the merger between the two banks at the Extraordinary General Meeting of 23 May 2000, BNP shares became BNP Paribas shares. The Euroclear-France code for BNP Paribas is the same as the previous BNP code (13110). Since 30 June 2003, BNP Paribas shares have been registered under ISIN code FR0000131104. BNP shares were first listed on the Cash Settlement Market of the Paris Stock Exchange on 18 October 1993, following privatisation, before being transferred to the Monthly Settlement Market on 25 October of that year. When the monthly settlement system was eliminated on 25 September 2000, BNP Paribas shares became eligible for Euronext's Deferred Settlement Service (SRD). The shares are also traded on SEAQ International in London and on the Frankfurt Stock Exchange, as well as listed on the Tokyo Stock Exchange since 13 March 2000 (and the First Section since 7 February 2005).

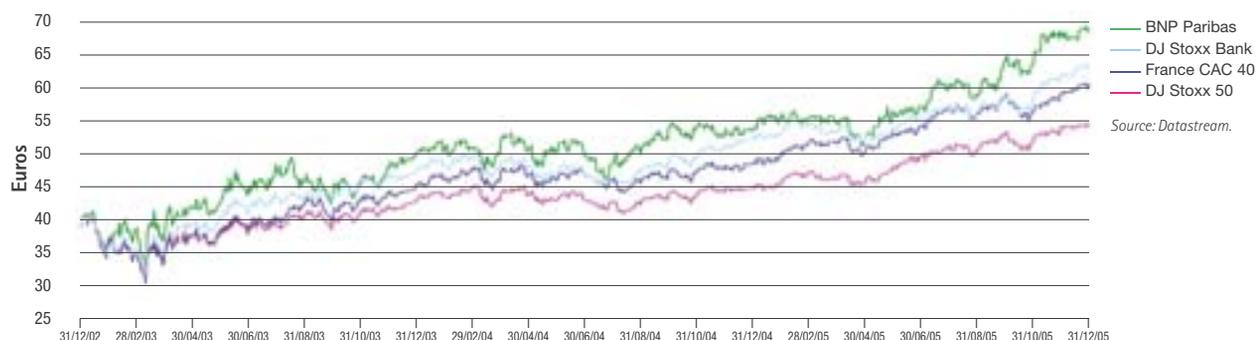
Since privatisation, a Level 1 144A ADR programme has been active in the USA, where JP Morgan Chase is the depositary bank (2 ADRs correspond to 1 BNP Paribas share).

To help increase the number of shares held by individual investors, BNP Paribas carried out a two-for-one share split on 20 February 2002, reducing the par value of the shares to EUR 2.

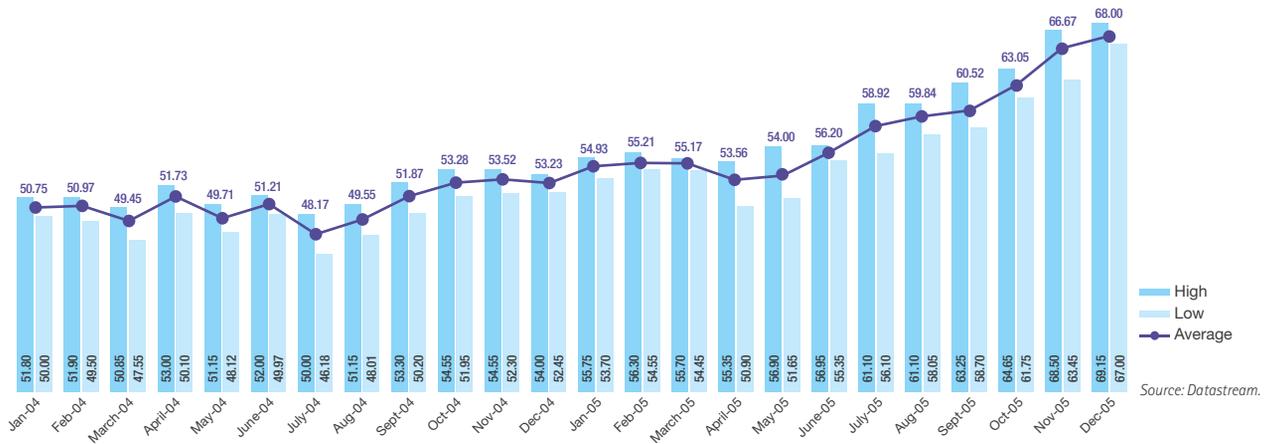
BNP became a component of the CAC 40 index on 17 November 1993 and of the Euro Stoxx 50 index on 1 November 1999. Since 18 September 2000, it has been one of the companies making up the Dow Jones Stoxx 50 index. BNP Paribas shares are also now included in all the benchmark indexes for sustainable development: after having been a component for several years of the ASPI Eurozone, FTSE4Good, DJ SI World and DJ SI Stoxx indexes, BNP Paribas was added to the ESI index in 2005. All of these listings have fostered liquidity and share price appreciation, as BNP Paribas shares necessarily feature in every portfolio and fund that tracks the performance of these indexes.

**Share performance between 2 January 2003 and 30 December 2005**

Comparison with the DJ Stoxx 50, DJ Stoxx Bank and CAC 40 (indexes rebased on share price)



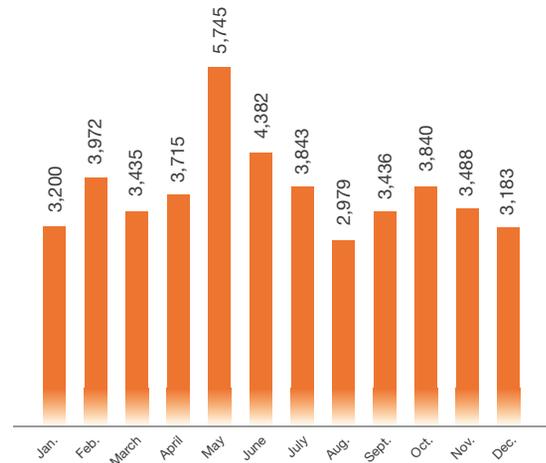
### Average monthly share prices and monthly highs and lows since January 2004



### 2005 trading volume

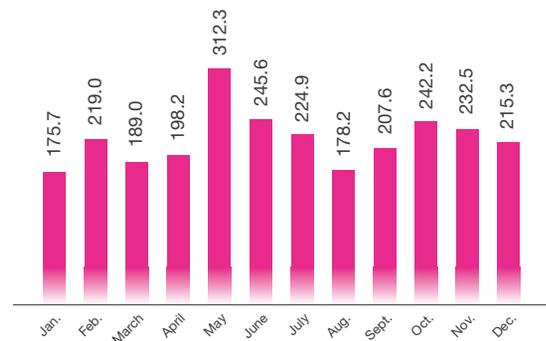
- As at 30 December 2005, the BNP Paribas share was listed at EUR 68.35, up 28.24% compared with 31 December 2004, when it was listed at EUR 53.30. By way of comparison, during 2005 the CAC 40 index increased by 23.4%, the Stoxx 50 by 20.70% and the DJ Stoxx Bank index by 21.17%.
- From 2 January 2003 to 30 December 2005, the BNP Paribas share price gained 68.27%, compared with rises of 47.58% and 33.84% for the CAC 40 and DJ Stoxx 50 indexes respectively.
- BNP Paribas' market capitalisation totalled EUR 57.29 billion at 30 December 2005, representing the 5th-largest capitalisation in the CAC 40 index, as opposed to the 4th-largest at the end of 2004, a result of the inclusion of EDF in the index on 19 December 2005. In terms of free float, BNP Paribas is still the 3rd-largest in the Paris index. During the same period, BNP Paribas was the 11th-largest in the DJ Euro Stoxx 50 in terms of free float.
- Transaction volumes remained nearly stable, down 1.52%, with an average of 3,768,874 shares traded daily during the year, compared to 3,827,106 shares per session in 2004.

Daily average in thousands of shares



Source: Euronext Paris.

Daily average in millions of euros



Source: Euronext Paris.

## Yield and performance data

In euros	French GAAP				IFRS	
	2001	2002	2003	2004	2004	2005
Earnings per share <sup>(1)</sup>	4.64	3.78	4.31	5.55	5.87	7.02
Net assets per share <sup>(2)</sup>	28.3	30.5	33.0	36.2	39.0	46.2
Net dividend per share	1.20	1.20	1.45	2.00	2.00	2.60 <sup>(3)</sup>
Payout rate (in %) <sup>(4)</sup>	26.5	32.6	34.8	37.9	35.7	37.4 <sup>(3)</sup>
Share price						
High <sup>(5)</sup>	52.55	61.25	49.92	55.00	55.00	69.25
Low <sup>(5)</sup>	37.95	29.00	32.65	46.07	46.07	50.70
Year-end	50.25	38.83	49.92	53.30	53.30	68.35
CAC 40 index on 31 December	4,625.58	3,063.91	3,557.90	3,821.16	3,821.16	4,715.23

Data in the above table have been adjusted to take into account the two-for-one share split carried out on 20 February 2002.

(1) Based on the average number of shares outstanding during the year.

(2) Before dividends. Net book value based on the number of shares outstanding at the year-end.

(3) Subject to approval at the Annual General Meeting of 23 May 2006.

(4) Net dividend per share expressed as a percentage of earnings per share at the end of the period, excluding the impact of undated floating-rate deeply subordinated notes.

(5) Registered during trading.

## Creating value for shareholders

BNP Paribas uses two methods to measure the value created for shareholders, based on a long- to medium-term investment period reflecting the length of time that the majority of individual investors hold their BNP Paribas shares.

### A) Total shareholder return - TSR

**Calculation parameters:** the dividend is assumed to have been reinvested in BNP shares then BNP Paribas shares and it includes the "avoir fiscal" tax credit at a rate of 50% (until it was abolished at the beginning of 2005).

Returns are gross returns, i.e. before any tax payments or brokerage fees.

#### • Since privatisation in October 1993

Initial investment = 1 share at the IPO price (FRF 240 or EUR 36.59) on 18 October 1993.

### Investment growth

Year	Gross dividend received per share (in euros)	Gross dividend received by shareholder (in euros)	Price of share acquired by reinvesting dividend <sup>(2)</sup> (in euros)	Fractional share acquired by reinvesting gross dividend	Total shares after gross dividend reinvestment
1994	0.69 <sup>(1)</sup>	0.69	37.17	0.0186	1.0186
1995	0.73 <sup>(1)</sup>	0.82 <sup>(3)</sup>	34.30	0.0239	1.1425 <sup>(3)</sup>
1996	0.82 <sup>(1)</sup>	0.94	27.36	0.0344	1.1769
1997	1.23 <sup>(1)</sup>	1.45	38.28	0.0379	1.2148
1998	1.60 <sup>(1)</sup>	1.94	75.92	0.0256	1.2404
1999	2.25	2.79	80.85	0.0345	1.2749
2000	2.625	3.35	93.95	0.0357	1.3106
2001	3.375	4.42	100.50	0.0440	1.3546
2002	1.80	4.88	54.10	0.0902	2.7994
2003	1.80	5.04	45.32	0.1112	2.9106
2004	2.175	6.33	50.50	0.1253	3.0359
<b>2005</b>	<b>2.00<sup>(5)</sup></b>	<b>6.07</b>	<b>54.45</b>	<b>0.1115</b>	<b>3.1474</b>

(1) To be consistent with subsequent years, it has been assumed that the dividend was paid in cash and not in shares, although the Board of Directors approved the payment of scrip dividends for the year in question.

(2) Based on the assumption that the dividend was reinvested in shares at the opening price on the first trading day after the ex-dividend date.

(3) Taking into account the March 1995 allocation of one share for every 10 shares acquired at the time of the IPO and held for 18 months.

(4) After the two-for-one share split on 20 February 2002.

(5) "Avoir fiscal" tax credit abolished for dividends distributed as from 1 January 2005.

Closing price on 30 December 2005 = EUR 68.35, valuing the initial investment at  $68.35 \times 3.1474 = \text{EUR } 215.12$ . This represents an average annual increase (average annual TSR for the period) of 15.62% and an amount 5.88 times higher than the original investment made in 1993.

- Over five years

Initial investment = 1 share at the opening price on 2 January 2001 = EUR 94.50.

### Investment growth

Year	Gross dividend received per share (in euros)	Gross dividend received by shareholder (in euros)	Price of share acquired by reinvesting dividend <sup>(1)</sup> (in euros)	Fractional share acquired by reinvesting gross dividend	Total shares after gross dividend reinvestment
2001	3.375	3.375	100.50	0.0336	2.0672 <sup>(2)</sup>
2002	1.80	3.72	54.10	0.0688	2.1360
2003	1.80	3.84	45.32	0.0847	2.2207
2004	2.175	4.83	50.50	0.0956	2.3163
<b>2005</b>	<b>2.00<sup>(3)</sup></b>	<b>4.63</b>	<b>54.45</b>	<b>0.0850</b>	<b>2.4013</b>

(1) Based on the assumption that the dividend was reinvested in shares at the opening price on the first trading day after the ex-dividend date.

(2) After the two-for-one share split on 20 February 2002.

(3) "Avoir fiscal" tax credit abolished for dividends distributed as from 1 January 2005.

Closing price on 30 December 2005 = EUR 68.35, valuing the initial investment at  $68.35 \times 2.4013 = \text{EUR } 164.13$ . This represents an average annual increase (average annual TSR for the period) of 11.69% and an increase of close to 74% over five years (by comparison, the CAC 40 shed more than 18% over the same period).

### B) Five-year comparison of an investment in BNP Paribas shares with the "Livret A" passbook savings account and medium-term government notes

In this calculation, we compare the creation of shareholder value over the same period through investment in BNP then BNP Paribas shares, with two risk-free investments: the "Livret A" passbook savings account offered by the French savings bank network and medium-term French government notes (OAT).

#### • Investment of EUR 94.50 on 1 January 2001 in a "Livret A" passbook account

At the investment date, the official interest rate on Livret A accounts was 3%. This rate was decreased to 2.25% on 1 August 2003 and then to 2% on 1 August 2005. As at 31 December 2005, the account balance was EUR 107.52 representing growth of EUR 13.02, i.e. less than 20% of the growth achieved by the BNP Paribas share.

The value created through an investment in BNP Paribas shares, reflecting the additional risk, amounts to  $164.13 - 107.52 = \text{EUR } 56.61$  per share over five years.

#### • Investment of EUR 94.50 on 1 January 2001 in five-year French government notes

The five-year interest rate (BTAN) on that date was 4.6029%; at the end of each subsequent year, interest income is reinvested in a similar note under the following terms:

- 4.3035% (BTAN) in January 2002 for four years;
- 3.0117% (BTAN) in January 2003 for three years;
- 2.6235% (BTAN) in January 2004 for two years;
- 2.356% in January 2005 for one year (Euribor).

At the end of five years, the accrued value of the investment is EUR 117.77, representing growth of EUR 23.27, around one-third of the increase achieved by the BNP Paribas share.

The additional value created by choosing BNP Paribas shares as the investment vehicle is therefore  $164.13 - 117.77 = \text{EUR } 46.36$  per share over five years.

#### Comparison of growth in investment of EUR 94.50 over 5 years



#### Comparative total yields over 5 years for an investment of EUR 94.50



## Communication with shareholders

BNP Paribas endeavours to provide all shareholders with clear, consistent, high-quality information at regular intervals, in accordance with best market practice and the recommendations of the stock market authorities.

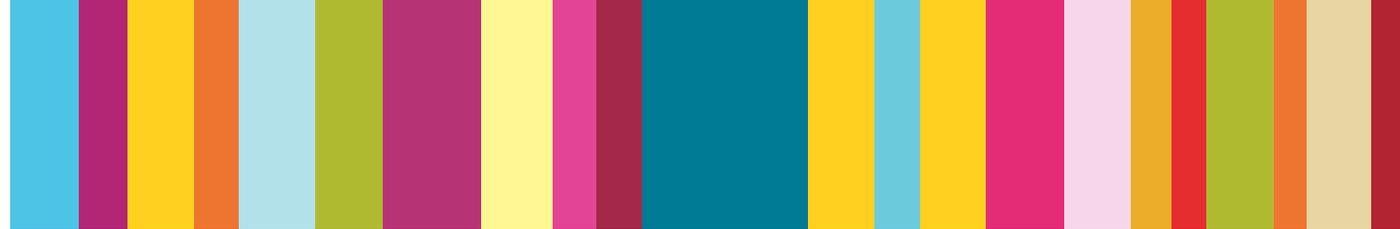


The **Investor Relations Department** informs institutional investors and financial analysts, in France and abroad, of the Group's strategies, major events concerning the Group's business and, of course, the Group's results which are published quarterly. The 2005 annual results will be published on 15 February 2006, and the results for the first quarter of 2006 on 19 May 2006<sup>(1)</sup>.

Informative briefings are organised several times a year, when the annual and half-year results are released, or on specific topics, providing senior management with an opportunity to present the BNP Paribas Group and its strategy. There is also a Relations Officer responsible for liaising with managers of ethical and socially responsible funds.

The **Individual Shareholder Relations Department** informs and listens to the Group's 605,000 or so individual shareholders (*source: 30 December 2005 TPI survey*). A half-yearly financial newsletter informs both members of the **Cercle BNP Paribas** and other shareholders of important events concerning the Group, and a summary of the matters discussed during the Annual General Meeting is sent out in July. During the year, senior management presents the Group's policy to individual shareholders at meetings organised in various French cities and towns (for example, in 2005, meetings were held in Cannes on 28 June, in Strasbourg on 8 November and in Lyons on 16 November). Also, BNP Paribas representatives met and spoke with over 1,000 people at the "Actionaria" trade show held in Paris on 18 and 19 November 2005.

(1) Subject to alteration at a later date.



In 1995, the *Cercle BNP Paribas* was set up for individual shareholders holding at least 200 shares. The *Cercle* currently counts 47,500 shareholder members. Three times a year, in alternation with financial newsletters, they receive *La Vie du Cercle*, a publication inviting them to take part in artistic and cultural events with which BNP Paribas is associated, as well as training sessions. These include stock market seminars on warrants, financial research, etc., as well as "Managing your finances on the internet" seminars, "Private asset management" courses and "Economic update" sessions organised by BNP Paribas teams specialised in the respective fields. In addition, the Bank regularly organises scientific conferences and visits to industrial sites. The seminars are held in Paris and the provinces, on weekdays and the weekend, to enable as many people as possible to attend. Illustrating the growing variety of the offering, in 2005, 252 events were organised for 14,614 participants, respectively 24% and 6% more than in 2004. One-third of the events were held in the provinces and two-thirds in Paris and the Paris region. Shareholders can obtain information about these services by dialling a **special toll-free number (in France): 0800 666 777**. A telephone news service can also be accessed through the same number, offering a wide range of information to BNP Paribas shareholders, such as the share price, shareholders' events, news and interviews, etc.

The **BNP Paribas website (<http://invest.bnpparibas.com>)** can be consulted in both French and English. It provides information on the Group, including press releases, key figures and details of significant developments and presentations. All financial documents such as annual reports and reference documents can also be viewed and downloaded. All publications compiled by the Bank's Economic Research unit can be viewed on the website as well. The latest share performance data and comparisons with major indexes are also obviously available on this website, as are webcasts of the Annual General Meeting. The Investors/Shareholders corner now includes all reports and presentations concerning the Bank's business and strategy, irrespective of the original target audience (individual shareholders, institutional investors, asset managers or financial analysts). The website also has a section entitled "To be a shareholder" which was specifically designed with individual shareholders in mind, offering information tailored to their needs and details of proposed events.

Recent information about the BNP Paribas Group is also available on the French **Minitel service 3614 BNPPACTION**, at a cost of EUR 0.057 per minute. Through this service, shareholders can ask questions, leave messages or order documents.



## Shareholder Liaison Committee

After its formation on 23 May 2000, the new BNP Paribas Group decided to create a Shareholder Liaison Committee to help the Group communicate better with its individual shareholders. At the Shareholders' Meeting which approved the BNP Paribas merger, the Chairman of BNP Paribas kicked off the nomination process, which culminated in the naming of the committee members at the end of 2000.

Headed by Michel Pébereau, the committee includes ten shareholders, who are both geographically and socio-economically representative of the individual shareholder population, and two employees or former employees. Each member serves a three-year term. When their terms expire, announcements are published in the press and in the Group's various financial publications, inviting new candidates to come forward. Any shareholder can become a candidate.

The members of the Liaison Committee are as follows:

- Michel Pébereau, Chairman;
- Marie-Nathalie Rodrigues, resident of the Allier *département*;
- Patrick Ballu, resident of Reims;
- Jacques Begon, resident of the Haute-Loire *département*;
- André Brouhard, resident of Nice;
- Nicolas Derely, resident of the Paris area;
- Joseph Fauconnier, resident of Amboise;
- Jean-Baptiste Fernandez, resident of the Bouches-du-Rhône *département*;

- Marcel Grégoire, resident of the Jura *département*;
- Rémy Lauprêtre, resident of Le Havre;
- Michel Rolland, resident of the Haute-Garonne *département*;
- Roseline Labat, BNP Paribas employee;
- Bernard Coupez, President of ASRAS BNP Paribas (the Association of Employee, Retiree and Former Employee Shareholders of the BNP Paribas Group).

In accordance with the committee's Charter – the internal rules that all members have subscribed to – the committee met twice in 2005, on 8 March and 20 September. Reports on these meetings were included in the shareholder newsletters.

The main topics broached included:

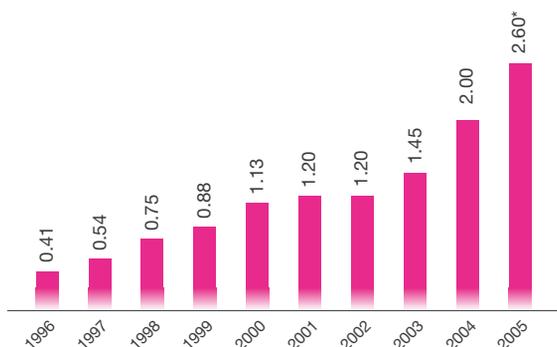
- the periodical publications which provide information on the Group's achievements and strategy;
- the 2004 Annual Report and separate section dedicated to sustainable development;
- initiatives concerning preparations for the Annual General Meeting;
- BNP Paribas' participation in the "Actionaria" trade show. At this event, several Liaison Committee members explained the role played by the committee to people who visited the Bank's stand;
- the drafting of a specific inset on the impact of the new international IAS/IFRS accounting standards on shareholders.

## Dividend

At the 23 May 2006 Annual General Meeting, the Board of Directors will recommend a dividend of EUR 2.60 per share, an increase of 30% compared with the 2005 dividend. The dividend will be payable as from 31 May 2006, if approved at the Annual General Meeting.

The proposed payout rate is 37.4%<sup>(1)</sup>.

### Dividend growth (in euros per share)



The dividends for the years 1996 to 2000 have been adjusted for the two-for-one share split carried out on 20 February 2002.  
\* subject to approval at the 23 May 2006 Annual General Meeting.

The **Group's objective** is to increase the dividend to reflect growth in income and the optimised management of available capital.

**Timeframe for claiming dividends:** after five years, any unclaimed dividends will be forfeited and paid to the French Treasury, in accordance with applicable legislation.

(1) Net dividend per share expressed as a percentage of earnings per share at the end of the period, excluding the impact of undated floating-rate deeply subordinated notes.

## BNP Paribas registered shares

As at 31 December 2005, 22,455 shareholders had shares registered with BNP Paribas.

### Shares registered directly with BNP Paribas

Shareholders whose shares were registered directly with BNP Paribas:

- automatically receive all documents regarding the Bank which are sent to shareholders;
- are automatically entitled to use a **toll-free telephone number (0800 600 700)** to place buy and sell orders;
- benefit from special, discounted brokerage fees;
- have access to "GIS Nomi" (<http://gisnomi.bnpparibas.com>), a fully secure dedicated web server in order to view their registered share accounts and account movements as well as place and track their trading orders;
- and as always, pay no custodial fees and are systematically invited to the General Meetings.

### Registered shares held in an administered account

BNP Paribas is also extending its administered share account services to institutional shareholders. For institutional shareholders, this type of account combines the main benefits of holding shares in bearer form with those of holding registered shares:

- the shares can be sold at any time, through the shareholder's usual broker;
- the shareholder can have a single share account, backed by a cash account;
- the shareholder is systematically invited to attend and vote at General Meetings, without the invitation being sent through a third party;
- the block on the sale of the shares in the days leading up to the meeting does not apply and the shareholder can take part in the vote via the internet.

## Annual General Meeting

The last Annual General Meeting was held on 18 May 2005 on second call. The text of the resolutions and the video of the meeting can be viewed on the BNP Paribas website where the original live webcast took place.

The composition of the quorum and the results of the votes cast were posted online the day after the meeting.

The quorum attained represented 35.90% of the 827,462,966 voting shares, broken down as follows:

	SHAREHOLDERS		SHARES	
	Number	(%)	Number	(%)
<b>Present</b>	1,501	14.60%	108,137,320	36.40%
<b>Proxy given to spouse or another shareholder</b>	28	0.27%	152,334	0.05%
<b>Proxy given to Chairman</b>	6,178	60.10%	16,873,288	5.68%
<b>Postal votes</b>	2,573	25.03%	171,915,262	57.87%
<b>Total</b>	<b>10,280</b>	<b>100.00%</b>	<b>297,078,204</b>	<b>100.00%</b>

All resolutions proposed to the shareholders were approved.

RESULTS	RATE OF APPROVAL (%)
<b>ORDINARY MEETING</b>	
<b>Resolution 1:</b> Approval of the consolidated balance sheet of the Group as at 31 December 2004 and the consolidated profit and loss account for the year then ended	99.38%
<b>Resolution 2:</b> Approval of the balance sheet of the Bank as at 31 December 2004 and the profit and loss account for the year then ended	99.38%
<b>Resolution 3:</b> Appropriation of net income and dividend distribution	99.67%
<b>Resolution 4:</b> Transactions and agreements governed by Article L.225-38 of the French Commercial Code	85.26%
<b>Resolution 5:</b> Share buybacks	99.08%
<b>Resolution 6:</b> Ratification of the appointment and renewal of the term of office of Jean-François Lepetit as a director	91.28%
<b>Resolution 7:</b> Renewal of the term of office of Gerhard Cromme as a director	78.56%
<b>Resolution 8:</b> Renewal of the term of office of François Grappotte as a director	99.26%
<b>Resolution 9:</b> Renewal of the term of office of Hélène Ploix as a director	99.37%
<b>Resolution 10:</b> Renewal of the term of office of Baudouin Prot as a director	91.11%
<b>Resolution 11:</b> Non-renewal of the term of office of Jacques Friedmann and appointment of Loyola de Palacio as a director	99.41%
<b>Resolution 12:</b> Determination of directors' fees	99.57%
<b>Resolution 13:</b> Powers to carry out formalities relating to the Annual Meeting	99.81%
<b>EXTRAORDINARY MEETING</b>	
<b>Resolution 14:</b> Stock options	97.86%
<b>Resolution 15:</b> Granting of bonus shares	80.73%
<b>Resolution 16:</b> Authorisation to reduce the Bank's capital by cancelling shares	99.44%
<b>Resolution 17:</b> Amendments to the Articles of Association relating to the number of employee-elected directors	91.30%
<b>Resolution 18:</b> Powers to carry out formalities relating to the Extraordinary Meeting	99.66%

The procedures for BNP Paribas' General Meetings are defined in Article 18 of the Bank's Articles of Association.

The Board of Directors calls an Ordinary General Meeting at least once a year to vote on the agenda set by the Board.

The Board may call Extraordinary General Meeting for the purpose of amending the Articles of Association, and especially to increase the Bank's share capital. Resolutions are adopted by a two-thirds majority of shareholders present or represented.

Ordinary and Extraordinary General Meeting may be called in a single notice of Meetings and held on the same date. BNP Paribas will hold its next Ordinary and Extraordinary General Meeting on 23 May 2006.

## THE 2005 ANNUAL GENERAL MEETING

was an additional opportunity for BNP Paribas to demonstrate its commitment to sustainable development. BNP Paribas seeks to create solid, recurring value, acting as a mark of quality and testifying to its respect not only for "traditional" partners comprising shareholders, clients and employees, but also for the community at large. It seemed appropriate that these principles be reflected in the Group's General Meetings. That is why it was decided, in conjunction with the Shareholder Liaison Committee, to donate EUR 10 for every attending investor to the "Coups de pouce aux projets du personnel" programme (A helping hand for employee projects). The programme has been specifically developed by the BNP Paribas Foundation to encourage public interest initiatives for which Bank staff personally volunteer their time and efforts; the amount collected will be donated in addition to the funds that the Bank already grants to this programme via the BNP Paribas Foundation, which operates under the aegis of the Fondation de France. A report on how the EUR 15,010 collected were used will be given at the Annual General Meeting on 23 May 2006.

## Notice of Meetings

- Holders of registered shares are notified by post. The notice of meeting contains the agenda, the draft resolutions and a postal voting form;
- Holders of bearer shares are notified via announcements in the press, particularly investor and financial journals. In addition to legal requirements, BNP Paribas sends the following documents aimed at boosting attendance:
  - notices of Meetings and a postal voting form for shareholders who own over a certain number of shares (set at 300 shares in 2005); these same documents may also be consulted by all on the website;
  - information letters concerning the Annual General Meeting and the attendance procedures. In 2005, these were sent to all holders of at least 180 bearer shares.

In total, nearly 55,000 of the Bank's shareholders personally received this year the information needed to participate.

In addition, staff at all sales facilities of the BNP Paribas network are specifically trained to provide the necessary assistance and carry out the required formalities.

## Attendance at Meetings

Any holder of shares may gain admittance to Annual and Extraordinary General Meeting, provided that the shares have been recorded in their accounts for at least one day. Holders of bearer shares must in addition present an entry card or certificate indicating that ownership of their shares has been temporarily frozen.

## Voting

Shareholders who are unable to attend a General Meeting may complete and return to BNP Paribas the postal voting form/proxy enclosed with the notice of meeting. This document enables them to either:

- vote by post;
- give proxy to their spouse or another shareholder;
- give proxy to the Chairman of the meeting or indicate no proxy.

Shareholders or their proxies present at the Meeting are given the necessary equipment to cast their votes. Since the General Meeting of 13 May 1998, BNP Paribas has used an electronic voting system.

## SINCE THE MEETING OF 28 MAY 2004

shareholders can use a specific internet server to transmit the documents required prior to Annual General Meeting <http://gisprox.y.bnpparibas.com>.

## Disclosure thresholds

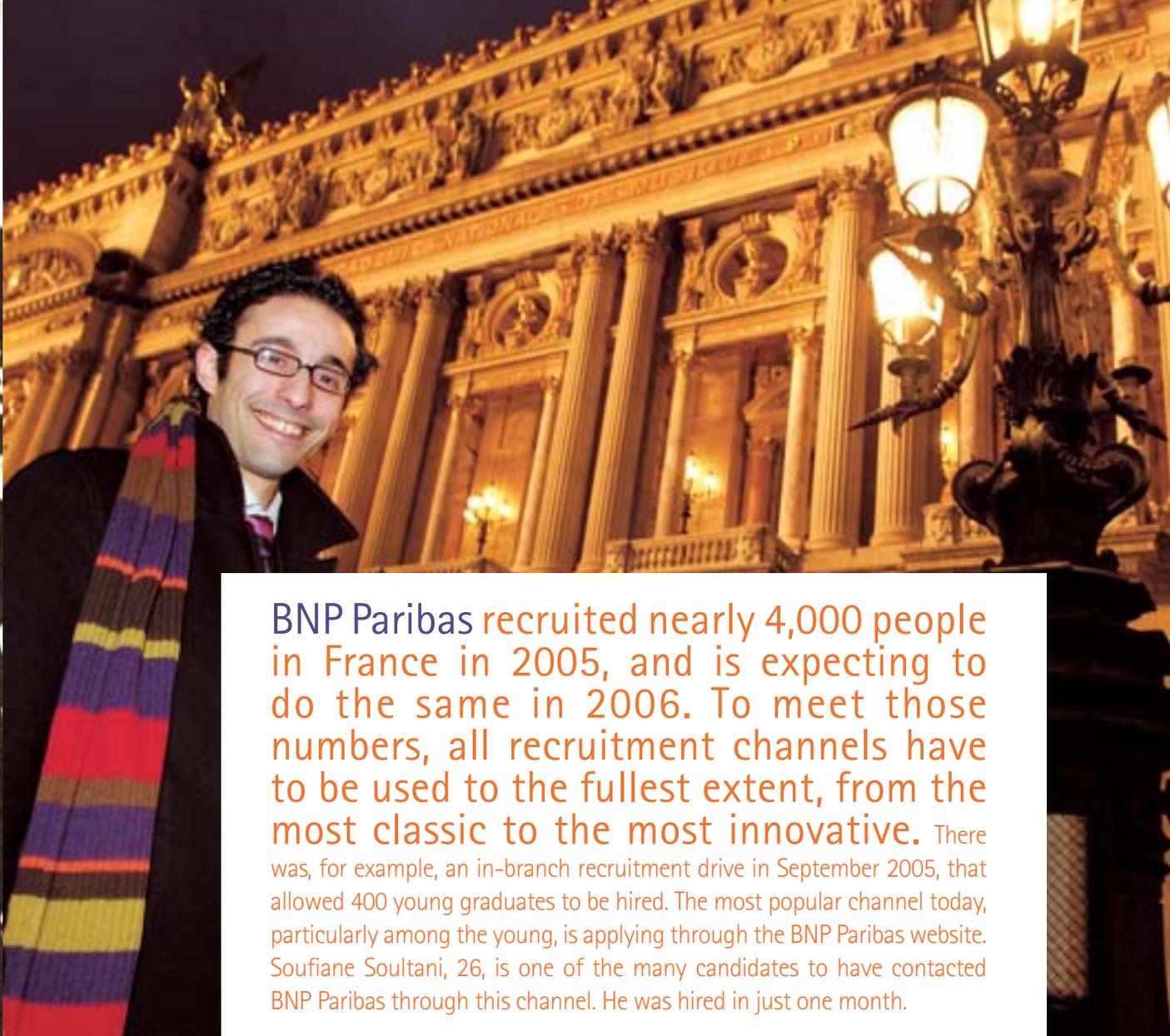
In addition to the legal thresholds, and in accordance with Article 5 of the Bank's Articles of Association, any shareholder, whether acting alone or in concert, who comes to hold directly or indirectly at least 0.5% of the capital or voting rights of BNP Paribas, or any multiple of that percentage up to 5%, is required to notify BNP Paribas by registered letter with return receipt.

Once the 5% threshold is reached, shareholders are required to disclose any increase in their interest representing a multiple of 1% of the capital or voting rights of BNP Paribas.

The disclosures provided for in the above two paragraphs are also required in cases where a shareholder's interest falls below any of the above thresholds.

In the case of failure to comply with these disclosure requirements, the undisclosed shares will be stripped of voting rights at the request of one or more shareholders who hold a combined interest of at least 2% of the capital or voting rights of BNP Paribas.

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BNP Paribas recruited nearly 4,000 people in France in 2005, and is expecting to do the same in 2006. To meet those numbers, all recruitment channels have to be used to the fullest extent, from the most classic to the most innovative. There was, for example, an in-branch recruitment drive in September 2005, that allowed 400 young graduates to be hired. The most popular channel today, particularly among the young, is applying through the BNP Paribas website. Soufiane Soultani, 26, is one of the many candidates to have contacted BNP Paribas through this channel. He was hired in just one month.



SOUFIANE SOULTANI – In charge of the youth market at the Opéra group, Paris

« After attending business school in Morocco and France, with a major in Finance, I tried my hand at sales for a while. But I soon found myself wishing to work in banking – like sales, a sector I had always been attracted to. I therefore applied to BNP Paribas, and to do so through their website seemed the most natural thing. And incidentally, I had planned to apply to two banks, but the BNP Paribas site was the only one working that day – it must have been a sign. I applied on 25 May and received a first e-mail response on 27 May, before being called, on 1 June, for an interview on 14 June. Two weeks later I was offered a position, and on 25 July I started my new job. I liked the speed of response that BNP Paribas demonstrated. It confirmed to me that I had made the right choice. »

CANDIDATURE SPONTANÉE  
Des candidatures via Internet, c'est économique, rapide et efficace. À condition, toutefois, que la candidature soit envoyée par voie postale et que la candidature soit reçue par le service de réception.  
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# HUMAN RESOURCES DEVELOPMENT

## WORKFORCE EXPANSION IN LINE WITH THE GROUP'S DEVELOPMENT <sup>(1)</sup>

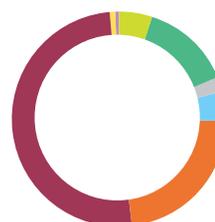
In line with growth across all business lines, Group staff expanded to include 109,780 full-time equivalent employees (FTEs) as of 31 December 2005, up 10,346 on 2004.

This increase was primarily due to external growth, particularly in the Retail Banking business outside France. The purchase of Commercial Federal Corporation in the US accounted for an extra 2,535 employees, and the addition of Türk Ekonomi Bankasi AS to the Group's scope of consolidation increased headcount by another 2,333. At constant scope, organic growth gave rise to 4,336 FTEs, primarily in International Retail Banking and Financial Services, Asset Management and Services, and Corporate and Investment Banking.

The Group's workforce breaks down as follows:

### • by geographical area

- Africa 5.2%
- North America 13.6%
- South America 2.2%
- Asia 4.4%
- Europe 23.0%
- France 50.6%
- Middle East 0.8%
- Oceania 0.4%



	2003	2004	2005
France	53,111	54,363	55,498
Europe	18,148	20,083	25,205
North America	9,713	11,874	14,979
Africa	5,418	5,526	5,661
Asia	4,403	4,534	4,785
South America	1,715	1,923	2,362
Middle East	665	742	868
Oceania	335	388	420

The overall increase in the portion of the workforce managed outside France picked up pace in 2005, especially in Europe and North America.

### • by business

- IRFS 39%
- FRB 28%
- AMS 15%
- CIB 12%
- Functions and other activities 6%



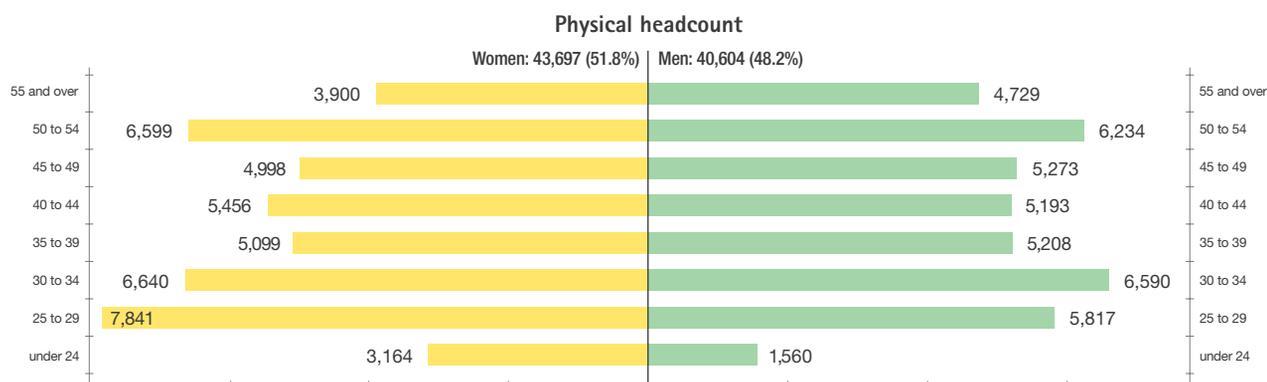
(1) For human resources growth data, this analysis takes into account all FTE staff managed by BNP Paribas as opposed to the consolidated workforce, which is limited to staff working for fully or proportionally consolidated entities calculated pro rata to the percentage consolidation of the subsidiaries concerned:

Full-time equivalents (FTE)	2002	2003	2004	2005
Consolidated workforce	87,685	89,071	94,892	101,917
Staff managed	92,488	93,508	99,433	109,780

## Age pyramid (December 2005)

The data on which the age pyramid is based do not include the most recent acquisitions, which is why the pyramid remains balanced overall. Lower age groups predominate

in the IRFS, AMS and CIB divisions, while the opposite is true of French Retail Banking, which is closer to standard employment demographics in France.



## Staff turnover

Although staff turnover figures increased slightly in 2005, the picture was significantly different from region to region. As in previous years, turnover was higher in North America and Asia, the regions with the strongest growth rates and the fastest moving employment markets.

	Americas	Asia	Europe	France
<b>2003</b>	25.8%	21.2%	12.4%	7.3%
<b>2004</b>	22.3%	21.8%	15.9%	6.6%
<b>2005</b>	<b>26.2%</b>	<b>21.3%</b>	<b>20.0%</b>	<b>7.3%</b>

The effects of staff turnover combined with external growth engender regular renewal of the Group's teams: 38% of the workforce has been with BNP Paribas for less than five years. These developments have helped stabilise the average age of the Group's employees.

Expressed in years	2002	2003	2004	2005
Average age	39.6	40.5	40.5	<b>40.5</b>

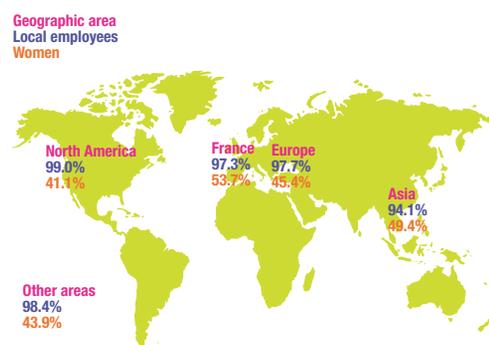
## Employee diversity

Respect for people and cultural sensitivity represent two founding principles of BNP Paribas. The Group has continued to take steps aimed at creating international teams, promoting employee diversity and preventing all forms of discrimination. A Head of Diversity was appointed in 2005 to coordinate efforts in this area.

## An international workforce

By employing local people, BNP Paribas directly contributes to the development of the countries in which it operates and therefore is naturally integrated into the different cultures and communities concerned. The Group also takes steps to ensure that local employees gain access to senior positions within its subsidiaries and branches. The number of expatriate posts is intentionally restricted. They primarily concern the global business lines of the Corporate and Investment Banking Division, and are predominantly located in major international financial centres such as New York, London, Tokyo, Hong Kong and Singapore.

### Percentage of staff employed locally and proportion of female employees<sup>(1)</sup> by geographic area



- Over four years the percentage of employees outside France increased from 40.8% to 49.4%.
- 51.8%<sup>(2)</sup> of BNP Paribas employees worldwide are female.

(1) Based on the net number of permanent employees on the payroll - managed by human resources as of 31 December 2005.

(2) Based on physical headcount.

## Professional equality

Female employees now represent the majority of the Group's workforce, their numbers having increased steadily in recent years. Younger age groups have a higher proportion of women, while men predominate in the older age groups.

### Female employees as a percentage of total workforce

In %	2002	2003	2004	2005
	48.4	50.7	51.5	<b>51.8</b>

In addition to the unprompted rise in the proportion of female employees, the Bank has actively taken measures to ensure that a greater portion of women has access to executive positions. As a result, the number of executive posts currently occupied by women is 38.7%. This rate has increased on a regular basis over recent years.

### Female employees as a percentage of executive staff – BNP Paribas SA mainland France

In %	2002	2003	2004	2005
	35.7	36.9	37.7	<b>38.7</b>

The Group's professional equality policy was taken one step further in 2004 when BNP Paribas SA France signed a unanimous company-level agreement with all trade unions. The agreement was subsequently endorsed by the ORSE (France's corporate social responsibility watchdog), which placed it in the register of innovative practices in the field of professional equality compiled at the request of the French governmental department for professional equality.

In March 2005, Cetelem also signed a unanimous agreement on professional equality. This commitment earned it the honour of being the first company in the finance sector to receive the "Equality label" from the French minister for social integration and equal opportunity.

## Combating discrimination

BNP Paribas' human resources management rules, which are applicable to all Group entities, prohibit discrimination of any kind and focus on the assessment of individual performances, skills, behaviour and potential. In countries where legislation allows for positive discrimination (affirmative action), local branches and subsidiaries scrupulously adhere to the applicable law and regulations. In all other countries, Group rules apply.

Awareness-raising drives have been conducted among the recruitment teams in France to combat discrimination during the recruitment process. Specific "diversity" training sessions were attended by over 200 managers in New York and London.

In France, BNP Paribas is involved in a programme adopted by some companies in partnership with organisations that aim to promote the employment of graduates from visible minorities and combat discrimination during the recruitment process. In connection with this initiative, the Group regularly posts job vacancies on the website of these organisations (see indicator 25 in the Appendix entitled NRE Act – Social Chapter).

BNP Paribas is also a member of *Promotion de talents*, an association that provides study grants to deserving students in underprivileged areas.

## ZERO DISCRIMINATION

BNP Paribas was one of approximately 20 French companies that took part in the *Zéro discrimination pour l'emploi* initiative in Lyons in 2005. Taking its inspiration from the "speed dating" phenomenon, the initiative gave 250 job seekers the chance to meet these companies in 10 to 15 minute time slots, with a view to being hired on a permanent contract. Candidates had often experienced discrimination on the basis of their name, skin colour or address in an underprivileged neighbourhood of Lyons, frequently finding that their application letters did not lead to interviews. BNP Paribas called 23 of the candidates back for more in-depth interviews and eventually hired five of them.

### **Employment and integration of handicapped employees**

The Group has put in place a range of endeavours to help disabled persons remain employed. These endeavours vary in accordance with specific situations and include providing special transport facilities or specially-designed equipment, or adapting workstations. A general survey of visually impaired employees was carried out and led to the installation of computer accessibility software. When new software is being designed, special consideration is given to making it as ergonomic and accessible as possible for handicapped employees. The Group's B2E intranet portal allows users to change the font size, ensuring that all members of staff without exception have equal unrestricted access to the information available in any form whatsoever.

The Group outsources printing, packaging and mail sorting work to the *Institut des Cent Arpents*, a sheltered workshop set up in 1981 and managed by Mutuelle BNP Paribas. It is also currently in the process of contracting out work to various other such centres. *Institut des Cent Arpents* employs 97 mentally disabled people in its various workshops and houses, and 11 people with serious mental handicaps in its sheltered accommodation. Through its social services and the Group health insurance scheme, BNP Paribas grants specific financial assistance to handicapped employees or those with disabled children, in particular to help with the high cost of prostheses or home conversions.

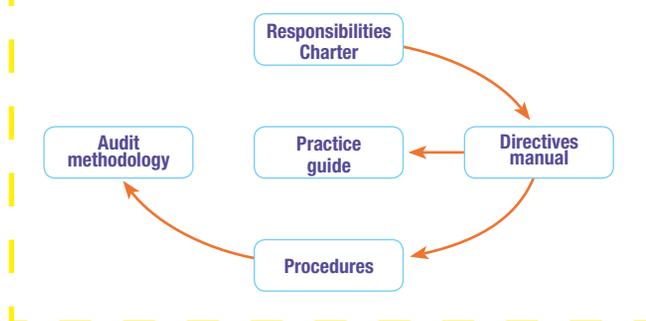
A special unit has been set up in the HR Department to identify and coordinate ideas to enhance the recruitment of handicapped employees.

### **Management rules that reflect the Group's commitment**

By effectively transposing into performance assessment criteria the core values and management principles defined by senior management shortly after the Group's formation, BNP Paribas has been able to provide a consistent basis for appraising employee performance and attitudes around the world. The initiatives undertaken in the area of strategic human resources management are knit together by an integrated policy framework based on the Human Resources Department's Responsibilities Charter. By firmly putting the Group's commitment into words, these guidelines provide a framework for the socially responsible management of its employees.

The Group Human Resources directives manual describes the main roles and responsibilities of the Group's HR managers. These initiatives are set out in detail in practical guides to subjects such as expatriation or career mobility. The Group's procedures require formal documentation for certain HR-related actions. Lastly, the General Inspection unit has drawn up a HR audit methodology, relayed to the Group's audit managers, which is consistent with the reference documents mentioned above. All employees have intranet access to the Group's Human Resources Responsibilities Charter and directives. The across-the-board application of these Group guidelines simplifies decision-making processes and empowers local management by broadening the responsibilities of the various divisions, subsidiaries and countries.

## The basis of management rules



### Compliance with the principles of the Global Compact

With a presence in 88 countries, BNP Paribas operates in a variety of political and regulatory environments. This means that the Group must take particular care to ensure compliance with the principles of the Global Compact, of which BNP Paribas is a member. BNP Paribas has minimal exposure to the 25 countries deemed as high-risk in recent publications compiled by the relevant authorities: the Group is present in only nine of these countries and staff there represent less than 1% of total global headcount. In the most risk-exposed countries, where human rights regulations are often very lax, local human resources departments apply Group rules to all employee management procedures.

### Quantitative and qualitative workforce adaptation

The businesses operated outside France by Asset Management and Services, International Retail Banking and Financial Services, and Corporate and Investment Banking typically bring together a younger workforce. The French Retail Banking business, however, is faced with the sizeable challenge of the predicted demographic changes to come. This issue has been factored into the Group's employment policy for a number of years.

This policy endeavours to:

- regularly and proactively manage the decline in the number of posts due to IT developments and organisational changes;
- offer opportunities and retraining to employees whose positions are eliminated;
- provide the flexibility required to maintain high recruiting momentum and ensure effective succession management.

Succession management needs are assessed on the basis of forward-looking studies of future employee requirements, which have been conducted since the mid-1990s. With these needs in mind, the Group has implemented a series of Employment Adaptation Plans aimed at accelerating natural attrition and leaving scope for the recruitment of a sufficient number of staff to efficiently refresh the age pyramid within the Group.

The 2004-2005 Employment Adaptation Plan included several types of measures:

- **Internal redeployment:** the Bank systematically favours the internal redeployment of employees whose positions have been eliminated. Employees involved in redeployment programmes are provided with specific assistance in terms of mobility and retraining. The Group offers help in drawing up a personal development profile, provides information on available posts, and gives financial assistance in the case of relocations.
- **Support for voluntary departures:** measures aimed at encouraging voluntary departures may be applied to eligible employees, subject to approval by the relevant Human Resources managers. Voluntary departures can be authorised for professional projects, business creation schemes or early retirement, subject to certain restrictions, including age thresholds and length of service. There were 652 voluntary departures in this context in 2005.

Over the last few years, changes in the breakdown of posts within BNP Paribas SA in France have gone hand-in-hand with the demographic changes described above. The proportion of employees working in business development was 55% in 2005, up from 43% ten years earlier. Transaction processing and supervision and management accounted for 24% and 21% of employees respectively, as against 40% and 17%, respectively, a decade earlier.

The appropriateness of the Group's employment strategy has been borne out by simulations based on future numbers of retirees. By keeping recruitment at a high level and ensuring efficient long-term succession management, BNP Paribas should be able to forestall the effects of the demographic changes expected in the future.

### Recruitment

Worldwide, the Group took on 9,226 new permanent employees in 2005. In France, BNP Paribas recruited almost 4,000 employees, over a quarter of whom were hired to fill new positions. BNP Paribas has therefore created over 2,000 new positions in France over the last two years, partly on the back of the continued expansion of the branch network in France. Fifty new sales facilities were opened in 2005 and 130,000 new clients were added over the first nine months of the year. The growth in new positions is also the result of BNP Paribas' considerable international expansion. The Group was once again one of France's largest recruiters in 2005.

### Recruitment of permanent employees



In order to maintain high levels of quality in recruitment and meet the specific needs of the Group's businesses, hiring in France has remained predominantly centralised. This organisation allows the Group to maintain professional standards within its teams, guarantee employee independence and ensure that staff members comply with the codes of conduct required in each of the businesses.

To ensure that the needs of the various business lines are met, BNP Paribas' new recruits range from undergraduate and postgraduate students to those with several years' experience in the workplace.

### New hires by profile



In a recent survey, final-year students in leading French business schools rated BNP Paribas as the most attractive employer in France based on their pre-existing knowledge, a fact that bears out the Group's positive image among young people. The recruitment division targets students with the relevant profiles at over 40 specialised recruitment forums, and continues to develop its partnerships with the major schools and universities where it finds new talent.

### IN-BRANCH RECRUITMENT CAMPAIGN

During the week of 19 to 24 September 2005, the Group carried out a successful in-branch recruitment campaign, during which it offered job seekers with undergraduate and graduate degrees the opportunity to apply for a job in person at 17 agencies in Paris and the Paris region. 5,000 on-the-spot applications were received during this campaign, which aimed to fill 400 permanent sales positions.

BNP Paribas also bolstered its long-term commitment to work/study programmes, and in 2005 signed on more than 600 young employees in vocational training programmes and provided 178 apprenticeships. At 31 December 2005, a total of 1,150 young people were involved in work/study programmes in the company, up 27% on 2004 levels.

In France the VIE (*Volontariat International en Entreprise*) programme allows young people to spend a period of time working in companies abroad before starting their professional career. BNP Paribas took on 217 trainees as part of this programme in 2005, up significantly on the 2004 figure of 127.

## Ongoing skills development

### Skills building for employees of all ages

Training programmes are reviewed annually based on the needs of the Bank's operating units. This enables managers to select training modules adapted to the skills development requirements of their teams.

The development of e-learning techniques is among the key changes in the training offering, which now relies on a varied range of teaching methods.

A customised e-learning programme in French and English on how to conduct annual evaluation interviews was provided to managers in France, Canada, Luxembourg, Switzerland, Singapore, Hong Kong and New York.

The training procurement policy is increasingly taking account of similar requests from the various Group entities in France in the areas of office management software, financial accounting, management accounting, capital markets or marketing. This allows costs to be streamlined and resources to be freed up for more specialised and Group-specific training.

### Promoting a dynamic corporate culture and change acceptance

Corporate training aims to foster team spirit and a sense of identity among participants and focuses mainly on induction, cross-functional and managerial training.

### Introduction to the Group and integration

Integration sessions give new employees the opportunity to find out about BNP Paribas and see their role within the context of the Group's many businesses, as well as to start making contacts within the company. These sessions help create a sense of group identity, offering shared terms of reference as regards values, business principles and working methods.

The integration training occurs in tandem with other introductory procedures such as the employee's first contact with his or her manager and familiarisation with the workstation and working environment.

The International Integration Forum brings together senior management for a series of seminars on the Group's structure and business lines. In 2005, this forum was attended by over 300 young university graduates recruited in France and almost 120 experienced executives from 32 countries.

More than 100 young international managers took part in the training sessions offered by the Worldwide Integration Network (WIN).

This programme focuses on communication, teamwork and project management and helps strengthen the skill-sets required to build a successful international career. It offers an original opportunity to work on the implementation of real projects in multi-cultural teams. Thirteen projects were carried out under this programme in 2005.

### Cross-functional training

While the various business lines define their own specific training needs, cross-functional training on project ownership and management, personal effectiveness and operations management are provided by the Group training centre.

In 2005, more than 3,500 Group employees attended these training sessions, up 12% on 2004.

### Training for senior executives

The Leadership for Development programme was set up in 2005 in conjunction with France's prestigious *Ecole Polytechnique*. It provides senior executives with the support necessary to enhance their personal abilities and develop their careers through optimisation of their leadership skills. At the end of each training session the participants draw up an individual career development plan with their HR manager and direct line manager. A total of 113 participants attended five sessions in 2005, and the programme is set to continue apace in 2006.

Two new programmes have been set up to assist managers taking on new responsibilities and senior executives in key positions.

### The Louveciennes training centre

More than 20,400 employees have attended training sessions at the Group training centre in Louveciennes. Set in a 62-acre (25-hectare) park alongside the *château de Voisin* and the *château de Bellevue*, the centre's historic and natural surroundings add to the sense of company and team spirit experienced by participants in the centre.

In June 2005, about 100 training managers from around the world attended Louveciennes for an international training seminar on executive training methodologies.

### Lifelong professional training

Since 2003, BNP Paribas has been preparing for the entry into force of new legislation concerning lifelong professional training. In 2005, a company-level agreement was signed on the implementation of the Right to Individual Training (*Droit Individuel à la Formation - DIF*).

This agreement provides that the training on offer must be of use to both the employees and the company and that it should enhance the individual's career path. Employees are encouraged to play a proactive role in their training and make requests, while managers set priorities in accordance with specific requirements. Training managers are responsible for advising employees and confirming choices with managers.

## Implementation of the "Right to Individual Training" in France

Training that is useful to both the employee and the company, carried out during working hours, barring specific circumstances.

Training that boosts, whenever possible, the employee's career prospects.

Employees are encouraged to be proactive and make requests.

Managers play a key role – setting priorities and confirming requirements.

The training policy is enforced by training managers, who advise employees and approve initiatives with managers.

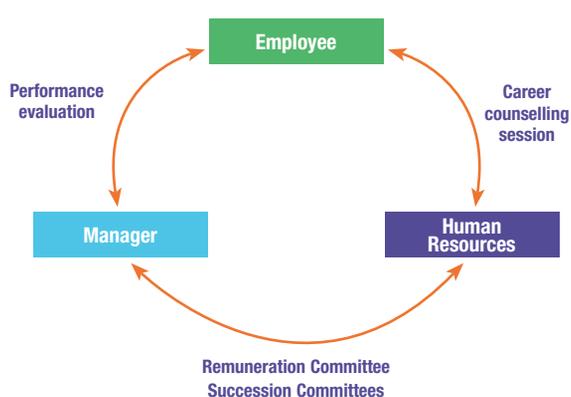
## A Group-wide approach to career management

### Career management

Career management within the Group is based first and foremost on the relationship between the employee and his or her manager. The HR managers are tasked with monitoring this relationship and following up on each individual's progression. Human resources management is decentralised yet based on shared values and principles that facilitate working relations between employees, managers and HR managers.

Within the various divisions, business lines and functions, the HR managers serve as key contact persons for career-related issues faced by employees, such as professional development, career mobility or remuneration. They implement the Group Human Resources policy at the local level and are familiar with individual employees through their performance evaluations, the contact they have with their direct line manager, or career counselling sessions.

### Career management



Performance evaluations provide an opportunity to assess each employee's skills and professional conduct, and to review objectives for the past year against the results obtained. Then new objectives are set for the following year and career development opportunities can be discussed.

The performance evaluations are the same for all BNP Paribas employees irrespective of their level or location. The subsidiaries have adopted a similar appraisal based on Group values but tailored to their particular business and location. These appraisals, which are transmitted to the HR manager, are a major factor in salary reviews and are used as a basis for career counselling and planning the employee's progression within the Group.

Career counselling sessions give employees the possibility of discussing their experience, their strong points and their wishes, as well as examining opportunities for advancement in line with Group needs. The frequency of the sessions depends on the employee's profile.

These sessions provide a basis for the succession plans drawn up by business and HR managers for their entities.

## Career mobility

Career mobility is not only an attractiveness driver, but also a preferred means for the Group to adapt its human resources to the development of its business operations. It also allows employees to enhance their professional experience and move ahead in their careers.

Career mobility takes three forms:

- **Functional mobility**

Not necessarily a change to another position, but professional development, or the enhancement of the employee's skills, abilities and knowledge;

- **Geographic mobility**

The employee moves to another town, or, in the case of international mobility, another country;

- **Intercompany mobility**

The employee changes from one Group entity to another.

Performance evaluations and career counselling sessions provide the basis for deciding on career mobility options, in a common decision-making process involving the employee, the line manager he or she reports to, and the HR managers.

To boost internal mobility and create an actual in-house recruitment market, an intranet page entitled *Career Opportunities* is available to employees worldwide. In France, BNP Paribas also offers a "mobility kit", which incorporates a whole range of additional resources, including specific training courses, a guide to intercompany mobility in France and, where applicable, individual assistance by a specialist team.

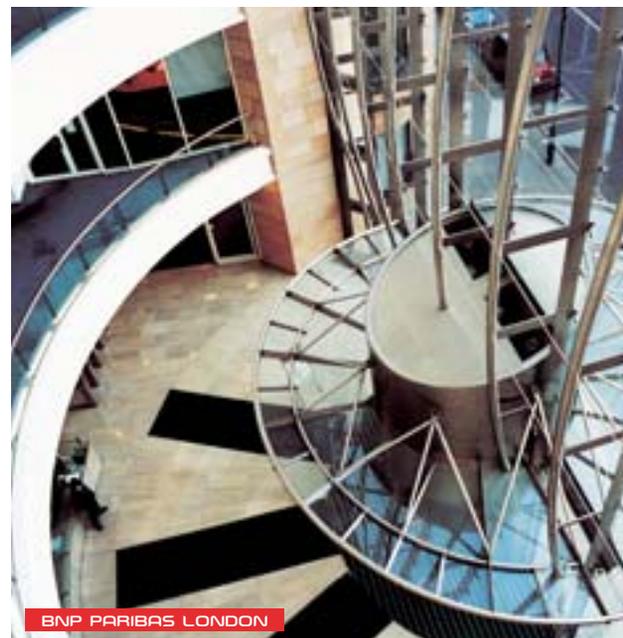
## Succession management

Committees made up of managers from the various divisions and functions, as well as HR managers, meet once a year to identify high-potential executives that could in future take over key posts within the company. The Leadership for Development programme was set up in 2005 to help these executives draw up individual career development plans in conjunction with their managers.

The career-tracking mechanism for junior executives is specially tailored to their needs and includes frequent career counselling sessions, customised seminars and meetings with Group leaders. Several mechanisms have been put in place by the Group to coach these employees in the early stages of their career. These include:

- WIN, an integration, training and career-tracking programme aimed at young graduates preparing for an international career in all of the countries in which the Group is located;
- a special six-year career-monitoring process for young graduates hired in France who have a Master's degree and less than two years' professional experience. They are coached through various stages of their professional life (change of function, remuneration, promotion), which involves integration seminars, on-the-job training or training leading to a professional qualification that benefits their career development. These mechanisms are only available in France due to the considerable number of new hires there.

Group training sessions and specific career assistance are also available within the various divisions, business lines, corporate units or countries for junior or experienced employees joining the Group.



## A broad and competitive remuneration package

### Remuneration

The Group endeavours to apply a comprehensive, fair and competitive remuneration policy, which comes into play during the annual performance evaluations. In each business line and function, remuneration is awarded on the basis of employee performance and in line with market levels. Each entity has access to an expert study on individual remuneration, provided by the Group Human Resources Department. More than a third of positions were analysed and compared against external benchmarks in 2005.

BNP Paribas SA entered into two wage agreements in 2005 – one in February in respect of 2005 and one in December in respect of 2006 in line with an accelerated schedule for wage negotiations.

### Other remuneration elements

The Group offers its employees a range of competitive benefits in accordance with local tax and labour regulations. These benefits mainly involve setting up long-term savings accounts for employees, in particular with respect to retirement planning. There is also a healthcare savings account to help employees with any unforeseen medical expenses, as well as a death and disability insurance.

The Group's policy is to offer, in each country and entity, a range of benefits that compares favourably with what its best competitors offer.

### Employee benefits and welfare

The Group has a long-standing benefits policy aimed at providing a high level of protection to its employees. In 2005, BNP Paribas worked on harmonising its overall employee benefit procedures, particularly outside France, with the aim of ensuring greater consistency between the sometimes very disparate local systems.

Following this review, several countries' defined-benefit plans still in force were converted into defined-contribution plans.

In France, in line with new accounting standards, BNP Paribas implemented a number of specific measures in relation to the Group health insurance plan and to pension plans which had already been closed.

Outside France, the Group endeavours, to the best of its ability, to help improve benefits for local staff and their families, with health insurance plans covering the cost of medical consultations and hospital stays for both themselves and their families.

### A flexible personal risk plan enables employees in France to customise their level of protection

BNP Paribas' post-employment benefit scheme, which was set up under a company-wide agreement and draws upon best market practices, has few equivalents in France. The flexible personal risk plan offers staff a high level of cover for stoppages due to illness, disability or death. Each employee has a basic plan, which can be customised in accordance with his or her personal or family situation. This is done by choosing the level of additional cover, for example a once-off payment in the event of accidental death or the death of a spouse, an education annuity, or a spouse's annuity. As of December 2005, 54,000 employees in 39 French entities were covered by such a personal risk plan.

### THE LIVE WELL PROGRAMME IN THE UNITED STATES

Helping employees cope with day-to-day difficulties. Any employee can, if they so wish, have access to external, confidential assistance with medical problems that can have an impact on their day-to-day working lives, such as nicotine addiction, diabetes, stress or high blood pressure.

### Employee share ownership

Since the creation of the BNP Paribas Group in 2000, the worldwide employee share ownership plan has been offering employees the opportunity to become shareholders within their own company. They are entitled to a discount on the shares they purchase and top-up payments from the company. Six share issues have been offered in this context. An amount in excess of EUR 200 million is subscribed to each year.

These operations were successful, despite the obligatory medium-term holding period involved, thanks to the discount provided for by French law and the company's contribution in the form of top-up payments. It is also a sign of the employees' confidence in their company's growth strategy.

### Employee rights issue

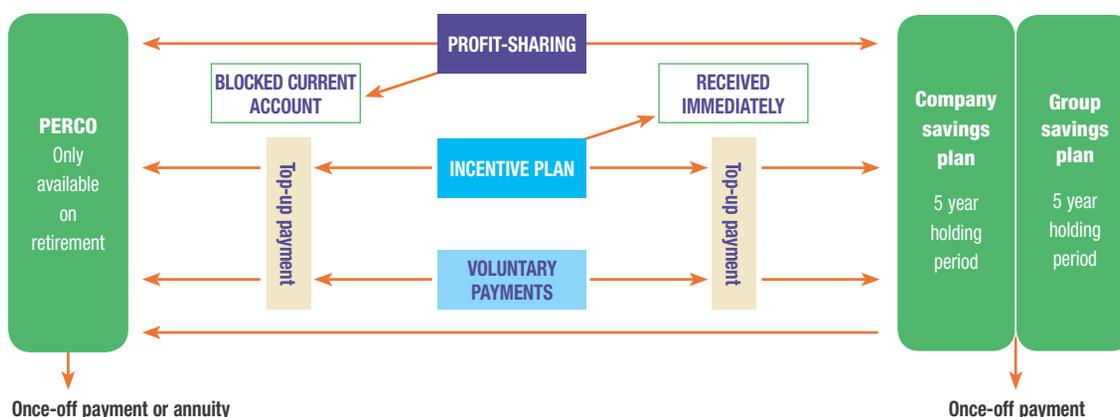
	2003			2004			2005			Average
	France	International	Total	France	International	Total	France	International	Total	over 3 years
Number of eligible employees	65,538	31,727	97,265	65,692	31,117	96,709	67,465	33,918	101,383	98,452
Number of employees subscribing	36,115	8,634	44,749	41,319	8,599	49,918	43,177	10,575	53,752	49,473
Subscription rate	55%	27%	46%	63%	28%	52%	64%	31%	53%	50,3%
Amount (EUR million)			206			223			221,5	214

### Employee savings plans in France

The aim of employee savings plans is to encourage staff to take an interest in their company's results and performances and allow them to set up a savings account with preferential tax and benefits treatment, in return for an obligatory medium-term holding period. These plans enable employees to set up a collective portfolio

of securities, and can be topped up by payments from incentive and profit-sharing plans, or possible top-up payments by the company. A highlight of 2005 in France was the launch of the Group retirement savings plan, PERCO. This plan is managed throughout the employee's professional life and becomes available on retirement, in the form of either an annuity or a once-off payment.

### PERCO – a new type of BNP Paribas savings plan since 2005



## Constructive employer-employee relations

The Commission on Employment Law – BNP Paribas SA's labour information and negotiation body – met on 35 occasions in 2005 and negotiated the signature of 17 company-level agreements on a variety of subjects. Several of these agreements led to the improvement or expansion of employee savings plans within the company.

An agreement regarding the possibility to access the share of 2004 profits distributed in 2005 was signed on 27 October 2005 within the framework of the French law for the strengthening and modernisation of the economy (*Loi pour la Confiance et la Modernisation de l'Economie*). On 29 September 2005, another agreement provided for a once-off incentive payment and the principle of a related top-up payment by the company.

Following on from the provisions on professional training introduced in 2004, and a branch agreement signed on 8 July 2005, BNP Paribas entered into an agreement on 27 July 2005, which set out the terms and conditions for implementing the Right to Individual Training. This agreement specified that the Right to Individual Training constitutes a new means for the employee to steer his or her own professional development while also providing the company with a new tool for building the skill-sets it needs.

There were extensive discussions within the European Works Council in 2005. The Group Works Council also had a full agenda, focusing on the consistency of contract conditions within the Group in France, in areas such as hiring, career development, professional training, social protection, employee savings plans and profit-sharing.

## Optimal and safe working conditions

Promoting occupational health and work safety is a key concern for the Group. Any employee can call on an employee support representative for advice and guidance, or to talk about any problems they may have.

These representatives are professionally bound to keep any information discussed in meetings with employees strictly confidential.

BNP Paribas has also set up a number of its own initiatives which go beyond the statutory requirements. The Group offers cardiovascular risk screening, monitoring of vaccinations, help with giving up smoking, training in first aid and, in partnership with the Paris accident and emergency services, prevention and monitoring of post-traumatic stress for staff who have suffered or witnessed an attack.

With a view to preventing risks through the improvement of working conditions, the Group also pays attention to areas such as ergonomics, lighting and office sanitation. The advice of the medical department is systematically taken on board before equipment is brought into the workplace and the specifications accompanying invitations for tender for IT equipment always take into account medical recommendations.

At the same time, steps have been taken to promote health and safety at work for expatriate workers. These initiatives include the establishment of health reviews adapted according to age group and to the specific health risks of the countries concerned.

The Group has put in place a system for monitoring the health risk attached to the bird flu pandemic. All employees have received an information memorandum instructing them on measures to take in the event of an outbreak.

Large-scale vaccination campaigns continued, with 52% more employees availing of the anti-flu vaccination than in 2004.

BNP Paribas is a member of Sida Entreprises, a business-funded association focused on AIDS. The aim of this association is for French investors in Africa to help resolve ongoing issues of prevention and lack of access to treatments, problems that remain prevalent despite the financial aid that has been injected into the countries suffering from the AIDS pandemic. BNP Paribas help to set up inter-company platforms in most of the countries in West Africa where it is present, through its network of associated banks (BICI).

## Encouraging communication and feedback

### The role of the intranet in internal communications

The Group's internal communications publications – the quarterly magazine *Ambitions*, of which 100,000 copies are published, and the weekly electronic newsletter *Flash Groupe* – are sent to more than 90% of the Group's employees in both English and French. These two publications are rounded out by specific internal communication tools adapted to each business or corporate unit, which allow for a more targeted message.

These include the distribution of a range of leaflets to employees outlining responsible conduct in the use of e-mail, telephones and computers.

The B2E – Business to Employee – intranet portal is rapidly emerging as the medium of choice for internal communication. The portal was rolled out at a sustained pace in 2005. Nine new local sites went on line, in Southeast Asia, Australia, New Zealand, Belgium, at BNP Paribas Assurance and Cardif, in Spain, Luxembourg, Scandinavia and Switzerland.

The information is organised at three levels: cross-business for the Group, personalised for the business lines, entities, activities and functional line activities, and local for territories and subsidiaries. It offers employees a customised working environment based on a single point of access.

These functions are currently being installed in all of the Group's entities, and will allow employees access to relevant and structured information. The intranet portal is now accessed by 40,000 users per day.

### Regular employee surveys

As part of an overarching management monitoring plan, BNP Paribas SA has conducted employee surveys on a regular basis since the 1990s. These surveys enable the Group to gauge general morale within its main entities and the information is passed on to unit heads to help them steer their management strategies.

In 2005, the surveys were extended to the main territories outside France, as were indicators allowing the entities to measure the degree of commitment of employees.

### Encouraging employee suggestions

The structure used to integrate the suggestions of staff working for BNP Paribas SA is called *Étincelle*. Under this organisation, local committees approve proposals which are applicable at the local level, and a national team reviews and validates proposals that have a possible bearing on the organisation or IT applications of the Group as a whole.

The success of this system in the Retail Banking business in France has led the Group to consider implementing an extended system that would allow the coordination of various initiatives taken by the subsidiaries, and go even further towards encouraging employee initiative.

### Partnering employees involved in charitable work

The BNP Paribas Foundation, the Group's vehicle for corporate patronage, develops partnerships in cultural, medical and humanitarian areas.

While the Group does not seek to steer the commitments of its employees, it is eager to offer support to those involved in charitable projects through a grants programme run by the Foundation, *Coup de Pouce au Personnel*.

This operation was once again carried out in 2005, with a considerable increase in budget. The exceptional contribution by the Shareholders' Meeting was allocated to projects that received assistance in 2003 and 2004 and that the Corporate Sponsorship Committee felt were deserving of new support

## CORTAL CONSORS SELECT RECOGNISED AS ONE OF THE BEST EMPLOYERS IN GERMANY

Wolfgang Clement, the former German Minister of the Economy, awarded Cortal Consors the Top Job award in acknowledgement of its excellence in the field of human resources. The award came about after a review of the main areas of human resources management: vision and leadership, personal development and remuneration, culture and communication, and social initiatives.



## Listening to our clients

### Anticipating client expectations

The BNP Paribas consumer surveys unit brings together a network of Group entities specialised in market studies, some of which are authoritative reference points. These include the Cetelem Observer for consumer spending and the corporate fleet market observer set up by Arval Service Lease for the car industry. These structures offer synergies leading to a better understanding of the different consumer profiles and retail channels, and to more accurate measurement of levels of satisfaction. They also make it possible to design advanced indicators on changes in consumer behaviour and purchasing cycles, boosting the Group's ability to update its products and services offerings and distribution methods with targeted innovations.

Demographic and sociological change, the use of new technology and an increasingly nomadic lifestyle have given rise to ever more diverse requests from the various categories of clients. The Bank is also expected to provide greater convenience and availability, and to personalise its product offers based on an understanding of each client's situation, allowing enhanced choice.

### Tailor-made services

The Multi-channel Bank responds to these requirements through a real-time integration of the various channels of the distribution network: internet, client relations centres and branches. A single client database that centralises all the information from the various sources and updates it accordingly allowed 300 million contacts to be managed in 2005.

This system has significantly changed the approach to sales by optimising contact opportunities. "Intelligence marketing" software adapts sales offers to individual client needs, thus making the business relationship much more intense.

### Measuring client satisfaction

French Retail Banking recently implemented a new system that measures, on a yearly basis, the satisfaction of almost 60,000 individual clients. This barometer of service quality is applied by each operating entity and thus serves as a tool for local-level improvement. Local managers can adjust their coaching of sales teams and develop local action plans based on the new indicators.

Other systems are in place to monitor, through regular surveys, the satisfaction of clients in the professional, corporate, and association categories and of Private Banking customers. A satisfaction index for corporate clients, measured in each Business Centre, takes into account the characteristics of local markets.

## Quality assurance

### A loyalty-building lever

Studies show that there is a strong correlation between clients' perception of service quality and their loyalty, which is a major component of profitability in Retail Banking. Enhancing the quality of relations with clients therefore fits into the Group's strategy and provides a framework for its sales initiatives.

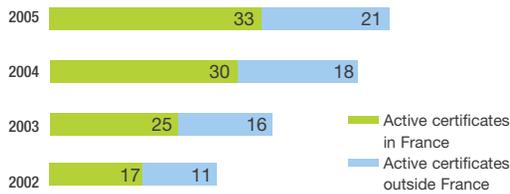
### Integration with management

Since 2004, employees' annual appraisals have included two new criteria measuring each person's contribution to this satisfaction-raising process: individual client satisfaction, measured at local level, and client loyalty. Quality assurance is an integral part of the management of sales performance. The indicators show that French Retail Banking clients are particularly satisfied with their client advisors and the service they receive.

In order to improve quality, some processes have been reorganised with a view to streamlining processing and improving reliability and treatment time. This overhaul relies on workflow software that coordinates the work of multiple players, and it involves centralising capabilities into centres of expertise that can handle client requests.

### An extensive search for certification

This constantly renewed search for client satisfaction has brought about upgrades in sales and process management and has led to the acquisition of the most relevant external certification. With 54 active certificates at the end of 2005, BNP Paribas remains one of the banks that has taken the ISO 9001 process the furthest.



One year after obtaining ISO 9001 certification, BNP Paribas Factor, the Group's factoring subsidiary, had its certificate confirmed following an audit by AFAQ, a certification agency. This quality mark was achieved thanks to a team effort by the staff of BNP Paribas Factor, driven by the subsidiary's determination to meet clients' needs.

BNP Paribas Securities Services received ISO 9001 certification for its fund administration and legal reporting activities. This certification is a confirmation of the progress this subsidiary is making in rolling out the most exacting quality standards across all its operating units worldwide.

### Dialogue with consumers

The higher professional standards that have been brought about by this system have answered the need of dissatisfied clients to be heard and to receive a knowledgeable reply. Procedures for handling complaints aim to seize these opportunities to make direct contact, in order to redefine and strengthen the relationship with dissatisfied clients.

### Looking after the specific needs of more vulnerable clients

#### Cetelem says "Yes to developing healthy loans, no to overindebtedness"

Using advanced client rating techniques, Cetelem has continued to advertise its growth objectives and its ability to say "no". By rejecting 30% of the applications it receives, Cetelem protects those who would clearly not be able to pay back their loan. This selectiveness maintains the quality of the company's risks, reflected in the fact that 98% of its loans are repaid in full. In 2005, Cetelem set up a special centre to help indebted individuals in precarious situations.

### The system for responding to customer complaints is broken down into four stages



### **Making sales facilities and services accessible to all**

Going beyond applicable regulatory requirements, BNP Paribas takes measures to facilitate access to its branches and ATMs by disabled persons. Accessibility is at the heart of the Bank's branch refurbishment programme launched in 2004. By the end of 2005, more than 400 branches had been refurbished and 3,600 ATMs, representing 95% of the total number, meet criteria for accessibility by disabled persons. The upgraded branches include a reception area manned by a customer service representative, who can inform, serve and assist disabled clients, as well as a self-service area with fully accessible ATMs.

The Multi-channel Bank offers all clients the possibility to access information and banking services. At least one remote channel - phone or internet - is always available for day-to-day transactions.

### **VOICE-GUIDED ATMS FOR THE VISUALLY IMPAIRED**

Through its partnership with Diebold, a global leader in the ATM industry, BNP Paribas is the first bank in France to provide visually impaired clients with the possibility to withdraw money independently. These new machines offer audio assistance that is activated by inserting a standard headphone jack. To facilitate withdrawal, the ATMs are equipped with standard embossed features on the headphone jacks, keyboards and function keys, as well as multi-coloured light signals to identify each stage of the transaction. Since 1 December 2005, BNP Paribas has rolled out twenty such ATMs throughout its branch network. At the end of first quarter 2006, almost 250 such ATMs will be operational in France. BNP Paribas also offers visually impaired clients bank statements in Braille.

### **Promoting socially responsible investment**

#### **Increasingly aware investors**

Investors are more and more concerned about the social and environmental responsibility of companies and want to be able to assess the potential impact of such issues on the performance of their investments. Because BNP Paribas Asset Management seeks to promote the long-term value of its investments, it has developed recognised expertise in this area and offers a complete range of products that systematically take into account considerations related to sustainable development and corporate governance.

#### **The socially responsible investment process**

The process for investing in a socially responsible manner is the same as for normal investments, with two stages:

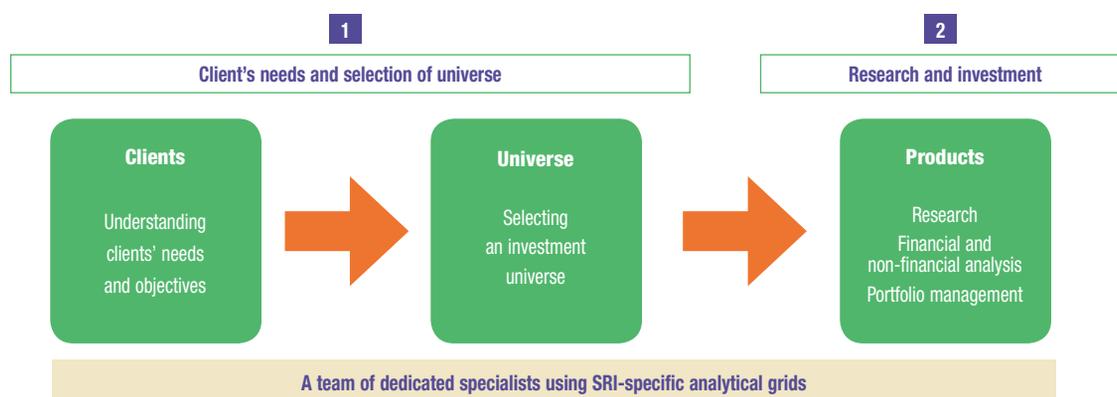
##### **1. Identification of clients' needs and selection of universe**

To respond to clients' specific needs as regards socially responsible investment, a risk profile and strategy are defined based on the sector and the expected return. Ethical criteria and the company's level of social commitment are taken into account in the choice of securities. The investment universe is chosen on the basis of clients' needs and the possibilities offered by the market, such as the regions and securities available.

##### **2. The characteristics of SRI research and investment: analysis based on non-financial criteria**

Portfolio management is based on comprehensive financial and non-financial analysis, from a quantitative and qualitative perspective. For socially responsible investments, BNP Paribas Asset Management carries out in-depth research to identify potential sources of value creation or destruction by encompassing issues of corporate governance and corporate social and environmental responsibility.

The process for investing in a socially responsible manner is the same as for normal investments, with two stages



This non-financial analysis rounds out standard financial analysis by shining a light on how companies handle issues related to sustainable development, in terms of the commitments they undertake, the resources they deploy in the field and the results they obtain. Like financial analysis, research on non-financial aspects is conducted by a team of specialists. This research is designed with a view to value creation and relies on the use by analysts of appropriate analytical grids, which include assessment criteria based on the specific challenges of different industries.

As an example, compliance with fundamental labour rights by the company and its suppliers is a major issue in the textile and electronics sectors, while emissions of greenhouse gases and risks related to climate change receive priority treatment in assessing the energy, electricity production, transport, insurance and building materials industries. The portfolio is assembled using risk modelling and rankings by sector.

These analyses are regularly reviewed and systematically integrated into management processes. Such extra-financial analysis, supported by direct contact with companies, is rounded out by the work of ratings agencies and by brokers' reports. In addition to this system, a monitoring process seeks to detect the possible emergence of critical situations that could lead to valuations being revised.

### Exercising voting rights

For BNP Paribas Asset Management, the exercise of voting rights is an integral part of the management process, as a component of the ongoing dialogue with companies in which investments are made on behalf of clients. The company's voting policy reflects the principles of governance set out in the key international codes and standards. All mutual funds in both France and other countries exercise their voting rights at AGMs. This includes a scope of approximately 300 companies owned by 200 mutual funds. The voting process is based on an analysis of draft resolutions and decisions are applied through electronic voting platforms that allow secure processing. The documents concerning the exercise of voting rights at Shareholders' Meetings are available at BNP Paribas Asset Management's website, ([www.am.bnpparibas.com](http://www.am.bnpparibas.com)).

### Research and management teams

BNP Paribas Asset Management employs a team of six non-financial analysts who work closely with financial analysts, regularly exchanging points of view on the companies and industries they study. The results of financial and non-financial analyses are systematically taken into account by the asset managers in building portfolios focusing on sustainable development and corporate social responsibility.

### A leading position on the French market

In recent years BNP Asset Management has been developing its expertise in non-financial analysis via a range of SRI products. The latest studies by Novethic and Amadéis place BNP Paribas Asset Management among the top players in the sector in France in terms of assets under management, and as the market leader with regard to quality. Total mutual funds and SRI mandates under management as of 31 December 2005 amounted to EUR 6 billion. These funds are geared towards institutional investors and individual clients.

### SOCIALLY RESPONSIBLE FUNDS: 10%

For the first time in 2005, more than 10% of net asset inflows from mutual funds in the French Retail Banking network was generated by two socially responsible funds.

#### SRI asset inflows (in millions of euros)



### Relations with suppliers

#### Limited use of outsourcing

As regards its production processes, the Group has chosen to retain control over the core competencies in each of its businesses. Its operations are therefore very integrated, making limited use of outsourcing but relying on outside vendors for services that are not central to the business. These outside vendors mainly include postal services and IT equipment manufacturers. BNP Paribas created a joint venture with IBM France to meet the Group's IT processing needs. This strategic alliance answers the need to retain control over technology while reducing IT costs, and it preserves a leading-edge centre of excellence.

### ACCORDING TO NOVETHIC/ AMADEIS (AAA RATING), FOUR OF THE FIVE BEST SRI FUNDS ARE MANAGED BY BNP PARIBAS

#### A responsible purchasing strategy

In 2005, BNP Paribas set up a dedicated suppliers' portal on its internet site, which serves as a platform for purchasing managers and suppliers to exchange information, leading to improved communication at each stage of the purchasing process, as the suppliers become part of the Bank's extended network.

The Group places considerable importance on its suppliers' approach to corporate social and environmental responsibility. BNP Paribas Asset Management assesses the merits of the various suppliers under review before any definitive choice is made, and the procurement function looks closely at whether social and environmental criteria are taken into account. Since 2002, all contracts negotiated and signed by the Global Procurement Group (GPG) include clauses providing for compliance with International Labour Organisation (ILO) standards or with local employment law principles in the event that these are stricter than the ILO standards. GPG carried out a systematic audit of all the major outsourcing agreements entered into by Group entities in locations worldwide. Where clauses relating to corporate responsibility were missing or inaccurate, the entity was asked to renegotiate the contract.

#### Overseeing worldwide supplier relations

BNP Paribas has continued with its system of approved vendor lists for temporary work agencies and service providers in France, the United Kingdom and the United States. This system has been rolled out throughout Europe. Agreements signed with these companies include very strict clauses on compliance with employment legislation and preventing loss-making sales, which are prohibited under French law. The General Inspection unit reviewed the use of outside assistance and reminded employees incurring expenses of their duty to only use companies from the vendor lists that guarantee compliance with employment law. GPG is responsible for 90% of supplier invoices worldwide. Over 55% of the contracts signed match the terms and conditions recommended by the Group. This figure takes into account the permanent consolidation of new entities resulting from acquisitions, as the considerable expansion of the scope of consolidation in 2005 reduced the effect of the increased coverage rate based on a constant Group structure.