



Sustainable Development

ALTHOUGH FRANCE HAS ONLY RECENTLY WOKEN UP TO THE IMPORTANCE OF SUSTAINABLE DEVELOPMENT, GOOD CORPORATE CITIZENSHIP HAS LONG BEEN ONE OF THE CORE VALUES UNDERPINNING THE ACTIVITIES OF BNP PARIBAS. OUR GROUP'S EXEMPLARY BEHAVIOUR IN THIS AREA HAS BEEN RECOGNISED ON SEVERAL OCCASIONS SINCE THE MERGER.

ITS SPONSORSHIP ACTIVITIES EARNED THE GROUP THE EUROPEAN CULTURE AWARD. IN THE DEMINOR CORPORATE GOVERNANCE RATINGS, BNP PARIBAS WAS RANKED AMONG THE TOP EUROPEAN GROUPS IN THE "RIGHTS AND DUTIES OF SHAREHOLDERS" CATEGORY. MORE RECENTLY, THE GROUP WAS NAMED "BEST CLIENT RELATIONSHIP MANAGER" BY THE ASSOCIATION DES AGENCES CONSEILS EN COMMUNICATION.

Sustainable Development sums up in two words the core challenge facing businesses – namely promoting and reconciling the sometimes contradictory interests of shareholders, customers and employees, while also being accountable for the impact of their operations on society and the environment.

Sustainable development is possible only in a market economy and depends on increasing and extending international trade. There are a number of ways that it can be achieved. Rather than following the US model, we support the development in Western Europe of a market economy based on the European traditions of respect for the individual and support for the less advantaged members of the community. Our managers and employees have both the skills and the commitment required to ensure that this more caring model does not make our businesses any less competitive than their American counterparts.

BNP Paribas' sustainable development strategy

Our sustainable development strategy is built around a series of commitments that are consistent with the Group's overall business strategy, the nature of its businesses and its corporate culture.

Strategic development

As a listed company, BNP Paribas' first priority is to guarantee the sustainable development of its own businesses in a global market economy. Our strategy focuses on creating value by developing businesses that provide a recurring source of profits. It is in so doing that we can honour our commitment to making a positive contribution to society as a whole and to protecting the environment.

Service businesses

BNP Paribas is predominantly a banking and financial services group. These businesses revolve around human resources and information technologies, with the result that their social impact is considerably greater than their impact on the environment. For this reason, BNP Paribas is more readily viewed as having responsibility towards its employees and local communities, rather than for helping to protect the environment. Nevertheless, we plan to develop and monitor a series of indicators providing a measure of our environmental performance.

Greater accountability matched by an equivalent commitment on the part of all shareholders

Our commitment to promoting sustainable development extends beyond simply complying with the applicable laws and regulations. We fully accept responsibility for the impact of our businesses on society and the environment.

However, it is important that the same yardstick be applied to all stakeholders. While businesses should indisputably be accountable for their own actions, they cannot and should not be held responsible for the failings or irresponsible behaviour of other players, such as their customers and national governments.

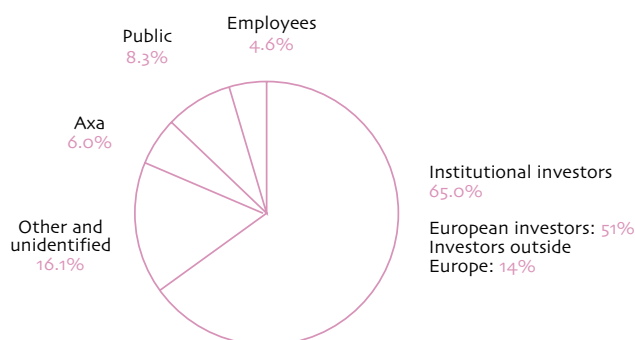
Commitment integrated into the Group's management approach

We do not consider it necessary to draw up a sustainable development charter because our commitments in this area are already fully integrated in our management approach. Our Group's values, management principles and critical success factors have been translated into observable standards of behaviour which are assessed annually according to consistent criteria applied to all employees worldwide.

A Sustainable Development Officer has been appointed to coordinate the Group's activities in this area worldwide, with the aim of raising the visibility of our commitments and achievements. He will work with the teams of ethics and compliance officers to monitor the effective implementation of Group sustainable development policies across all of our divisions and in all the countries where we do business. Rather than waiting for our Sustainable Development reporting system to be fully up and running, we have included in this Annual Report information about the main initiatives taken so far.

Shareholder Information

OWNERSHIP STRUCTURE AT 31 DECEMBER 2001



Share capital

As of 31 December 2000, BNP Paribas SA's share capital amounted to EUR 1,792,258,860, divided into 448,064,715 ordinary shares.

Since then, four series of transactions led to changes in the number of shares outstanding:

- a total of 884,861 new shares were issued upon exercise of stock options,
- 9 million shares acquired by the Bank under its share buyback programmes were cancelled,
- a total of 3,361,921 shares were subscribed in connection with an employee share issue,
- a two-for-one share-split was carried out, reducing the par value of the shares to EUR 2.

As of 20 February 2002, the effective date of the two-for-one share-split, BNP Paribas' share capital stood at EUR 1,773,245,988, divided into 886,622,994 shares. 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 carry double voting rights.

Share performance

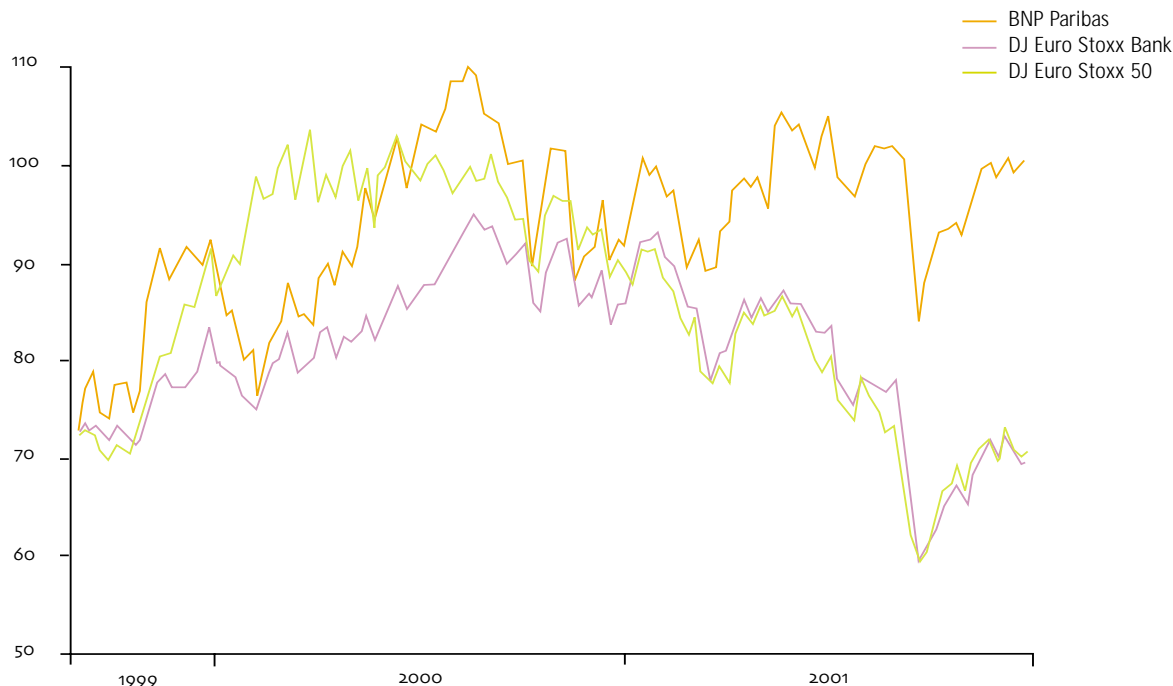
When the shareholders of BNP and Paribas approved the merger between the two banks at the Extraordinary General Meetings of 23 May 2000, BNP shares became BNP Paribas shares. The Euroclear-France (ex-Sicovam) code for BNP Paribas is the same as the previous BNP code (13110).

BNP shares were first listed on the Cash Settlement Market of the Paris Stock Exchange on 18 October 1993, following privatisation, before transferring to the Monthly Settlement Market on 25 October. 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. Since privatisation, a 144A ADR program has been active in the USA, where the Bank of New York is the depository bank. Initially, each ADR corresponded to 1 BNP share. The ADR programme was upgraded to Level 1 on 17 March 2000, providing wider access to US investors. At that time, the parity was reduced so as to boost liquidity, with four ADRs now representing one BNP Paribas share. Finally, BNP Paribas has been listed on the Tokyo Stock Exchange since 13 March 2000. BNP became a component of the CAC 40 index on 17 November 1993 and a component of the Euro Stoxx 50 index on 1 November 1999. Since 18 September 2000, BNP Paribas has been a component of the Dow Jones Stoxx 50. All of these listings have fostered liquidity and share price appreciation, because BNP Paribas shares now figure in every portfolio and fund that tracks the performance of these indexes.

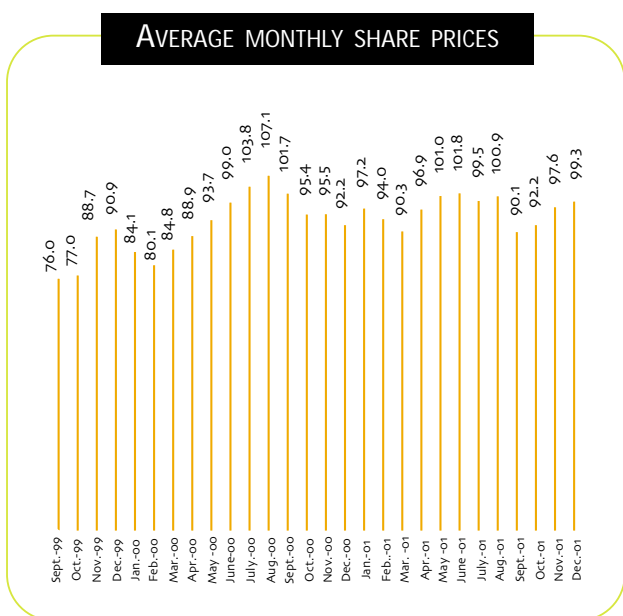
To help increase the number of shares held by individual investors and in line with the practice observed on the world's leading stock markets, the Board of Directors of BNP Paribas decided to use the authorisation given at the General Meeting of 15 May 2001 by carrying out a two-for-one share-split and reducing the par value of the shares to EUR 2. The split shares have been traded on the market since 20 February 2002.

The share-split will further increase the stock's liquidity and is in line with the trend of steady growth in the Bank's profitability. The price of BNP shares and then BNP Paribas shares climbed from around EUR 36 at the time of BNP's privatisation in October 1993 to over EUR 100 in early 2002. As a result of the share-split, the parity of BNP Paribas ADRs has also been adjusted, with each BNP Paribas share now being represented by 2 ADRs.

SHARE PERFORMANCE SINCE 1 SEPTEMBER 1999
 COMPARISON WITH THE DJ EURO STOXX 50 AND DJ EURO STOXX BANK INDEXES
 (INDEXES REBASED ON SHARE PRICE)



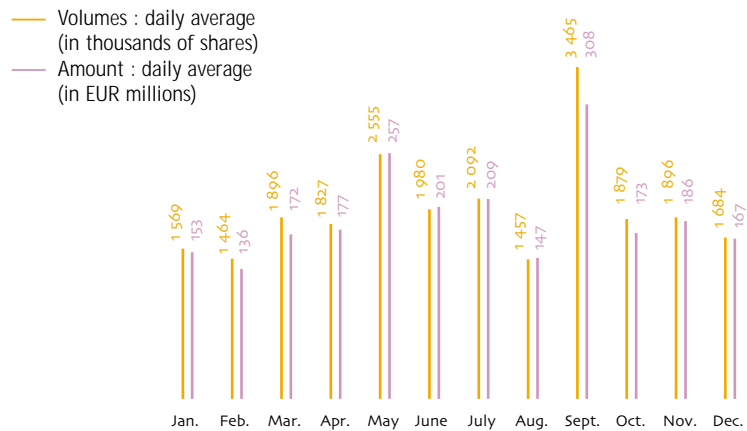
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Source : Datastream

- On 28 December 2001, the share price was EUR 100.5 compared with EUR 93.5 on 29 December 2000. The gain in price over the year was 7.49%. During the same period, the CAC 40 lost 21.97% and the DJ EuroStoxxBank lost 18.51%.
- The market capitalisation of BNP Paribas totalled EUR 44.52 billion on 28 December 2001, making it the 8th-largest CAC 40 company and the 21st-largest Euro Stoxx 50 company. At the time of the annual results announcement, on 1 March 2002, BNP Paribas' market capitalisation of EUR 48.9 billion was the highest among all the banks in the euro zone. In the period from 1 September 1999, immediately after the close of BNP's first stock-for-stock tender offer for Paribas, to 28 December 2001, the share price gained 39%, whereas the CAC 40 and DJ Euro Stoxx 50 indexes returned to where they started, having respectively lost 0.19% and gained 0.28% over the period.

TRADING VOLUME IN 2001



- Trading volume rose significantly during 2001, with the daily average amounting to 1,976,594 shares, 23.9% above the 2000 average of 1,595,101 shares.

YIELD AND PERFORMANCE DATA

In euros	2001	2000	1999	1998	1997
Earnings per shares ⁽¹⁾	4.64	4.70	3.90 ⁽³⁾	2.79 ⁽³⁾	2.16
Net assets per share ⁽⁶⁾	27.1 ⁽⁴⁾	24.0	21.5	22.7	21.1
Total dividend per share ⁽²⁾	1.80 ⁽⁴⁾	1.69	1.32	1.13	0.80
Payout rate (in %)	26.5 ⁽⁴⁾	24.5	30.1 ⁽⁵⁾	29.4	25.0
Share price					
- high	52.55	54.75	46.73	43.68	26.68
- low	37.95	37.78	33.13	20.06	14.93
- year-end	50.25	46.75	45.80	35.08	24.39
CAC 40 index on 31 December	4,625.58	5,926.42	5,958.32	3,942.66	2,998.91

Date in the above table have been adjusted to take account of the two-for-one split carried out on February 2002.

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

(2) Including the avoird fiscal tax credit at the rate of 50%.

(3) EUR 3.90 based on net income before restructuring costs (EUR 2,079 million) and EUR 2.79 based on net income after restructuring costs (EUR 1,484 million).

(4) Subject to approval at the Annual General Meeting of 31 May 2002.

(5) Based on pro forma net income after restructuring costs (EUR 2,615 million)

(6) After distribution.

Creating value for shareholders

BNP Paribas presents below two measures of the value created for shareholders, using a medium-term investment horizon similar to that used by the majority of individual investors.

→ A – Total Shareholder Return - TSR:

Calculation parameters:

- dividend includes the avoird fiscal tax credit at a rate of 50% and is assumed to have been reinvested in BNP shares then BNP Paribas shares;
- return are gross returns, i.e. before any tax payments.

- Since privatisation in October 1993

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

GROWTH IN THE INVESTMENT

	Gross dividend per share (in euros)	Gross dividend received by shareholder (in euros)	Price of shares acquired by reinvesting dividends ⁽²⁾ (in euros)	Fractional share acquired by reinvesting gross dividend	Total number of shares after gross dividend reinvestment
1994	0.69 ⁽¹⁾	0.69	37.17	0.0186	1.0186
1995	0.73 ⁽¹⁾	0.82 ⁽³⁾	34.30	0.0239	1.1425 ⁽³⁾
1996	0.82 ⁽¹⁾	0.94	27.36	0.0344	1.1769
1997	1.23 ⁽¹⁾	1.45	38.28	0.0379	1.2148
1998	1.60 ⁽¹⁾	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	0.044	1.3546

(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.

Closing price on 28 December 2001 = EUR 100.5, valuing the initial investment at $100.5 \times 1.3546 = \text{EUR } 136.14$. This represents an average annual increase (average annual TSR for the period) of 17.36% and an amount 3.7 times higher than the original investment made in 1993.

- Over 5 years

Initial investment = 1 share at the opening price on 2 January 1997 = EUR 30.40.

GROWTH IN THE INVESTMENT

	Gross dividend per share (in euros)	Gross dividend received by shareholder (in euros)	Price of shares acquired by reinvesting dividends ⁽²⁾ (in euros)	Fractional share acquired by reinvesting gross dividends (in euros)	Total number of shares after gross dividend reinvestment
1997	1.23 ⁽¹⁾	1.23	38.28	0.032	1.032
1998	1.60 ⁽¹⁾	1.65	75.92	0.0217	1.0537
1999	2.25	2.37	80.85	0.0293	1.083
2000	2.625	2.84	93.95	0.03	1.113
2001	3.375	3.76	100.50	0.0374	1.1504

(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.

Closing price on 28 December 2001 = EUR 100.5, valuing the initial investment at $100.5 \times 1.1504 = \text{EUR } 115.62$. This represents an average annual increase (average annual TSR for the period) of 30.63%.

→ B – Five-year comparison of an investment in BNP Paribas shares with the "Livret A" passbook savings account and medium-term Treasury 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 Treasury notes (OAT).

- Investment of EUR 30.40 on 1 January 1997 in a "Livret A" passbook account:
At the investment date, the official interest rate on Livret A accounts was 3.5%. The rate was reduced to 3% on 16 June 1998, then to 2.25% on 1 August 1999, and returned to 3% on 1 July 2000. As of 31 December 2001, the account balance is EUR 35.26.

The value created through an investment in BNP Paribas shares, reflecting the additional risk, totalled $115.62 - 35.26 = \text{EUR } 80.36$ per share over five years.

- Investment of EUR 30.40 on 1 January 1997 in five-year French government notes:
The five-year interest rate (BTAN) on that date was 4.5656%; at the end of each subsequent year, interest income is re-invested in a similar note on the following terms:
 - 4.4843% (BTAN) in January 1998 for 4 years;
 - 3.08136% (BTAN) in January 1999 for 3 years;
 - 4.37316% (BTAN) in January 2000 for 2 years;
 - 4.57% in January 2001 for 1 year (Euribor).
 At the end of five years, the accrued value of the investment is EUR 37.93.

The additional value created by choosing BNP Paribas shares as the investment vehicle is therefore $115.62 - 37.93 = \text{EUR } 77.69$ per share over five years.

COMPARATIVE TOTAL YIELDS OVER 5 YEARS FOR AN INVESTMENT OF EUR 30.40



Communicating 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 strategy, major events concerning the Group's business and, of course, the Group's results which are published quarterly. 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.

The Individual Shareholder Relations department informs and listens to the Group's 800,000 individual shareholders. A semi-annual 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. The layout of these publications is being revamped at the beginning of 2002, to make them easier to read and also to enhance the content. During the year, members of senior management present the Group's policy to individual shareholders at meetings organised in the main French cities and towns (for example in 2001, meetings were held in Strasbourg, on 13 September, and in Bordeaux, on 16 October). Finally, representatives of BNP Paribas met and spoke with over 1,000 people at the "Actionaria" trade show held in Paris on 16 and 17 November 2001.

Individual shareholders who hold at least 150 shares each are members of the "Cercle BNP Paribas" set up in 1995. Three times a year, in alternation with the financial newsletter, they receive "La Vie du Cercle", a publication inviting them to take part in artistic and cultural events with which BNP Paribas is associated. In 2001, "Cercle BNP Paribas" members were also invited to attend the four "Stockmarket initiation" seminars and the six "Managing your finances on the Internet" seminars held in Paris and the provinces. The seminars were held both on weekdays and during the weekend, to allow as many people as possible to attend. In total, 182 events were organized for 7,012 participants. Shareholders can access these services by

dialling a special toll-free telephone number:

0800 666 777 (calls originating in France only).

At the beginning of 2002, BNP Paribas decided to extend the opportunities for shareholders to benefit from the services offered by the "Cercle". The minimum shareholding to be eligible to join the Cercle has been reduced from 150 to 100 shares⁽¹⁾, with the result that the number of members has risen from 39,000 in 2001 to just under 60,000 in 2002.

In the first half of 2000, the Shareholder Relations team sent all identifiable former Paribas shareholders a simplified investment income form for tax purposes (no. 2074), including the supplementary schedules and instructions. This document was prepared in cooperation with the French tax authorities so as to facilitate requests for rollover relief on the gains realised at the time of the 1999 BNP stock-for-stock offer for Paribas. It was modified in early 2001, to take



account of new legislation that suspended tax liability as of 1 January 2000.

The BNP Paribas web site (<http://invest.bnpparibas.com>) provides information on the Group, including press releases, key figures and details of key developments. Annual and interim reports can be viewed and downloaded, as can presentations to financial analysts. Webcasts of the Annual General Meeting can also be viewed through the site. In addition, an "Individual Shareholder" area (in French and English) has been created to address the specific needs of individual investors in terms of information and proposed events. Recent information about the BNP Paribas group is also available on the French Minitel service 3614 BNPACTION, which also allows shareholders to ask questions, leave messages or order documents (communications cost EUR 0.057 per minute).

(1) This number has since been adjusted to 200 to take account of the two-for-one share split.

Shareholder liaison committee

From the outset, the new BNP Paribas Group decided to create a Shareholder Liaison Committee to help the Group communicate better with its individual shareholders. At the 23 May 2000 Shareholders' Meeting which approved the BNP Paribas merger, Michel Pébereau, CEO 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 a member of the Board, 10 representative shareholders, both geographically and socio-economically, and 2 employees or former employees. Each member serves a 3 year term. When their terms expire, announcements will be 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 initial members of the Liaison Committee are as follows:

- Mr Michel Pébereau, Chairman;
- Mr René Thomas, Board member;
- Mrs Dominique Vigneron, 48, resident of the Seine-Maritime département;
- Mr Patrick Ballu, 58, resident of Reims;
- Mr Jacques Begon, 58, resident of the Loire département;
- Mr André Brouhard, 70, resident of Nice;
- Mr Jean-Pierre Edrei, 57, Paris region resident;
- Mr Joseph Fauconnier, 77, resident of Amboise;
- Mr Jean-Baptiste Fernandez, 48, Paris region resident;
- Mr Marcel Grégoire, 64, resident of the Jura département;
- Mr Rémy Lauprêtre, 53, resident of Le Havre;
- Mr Michel Rolland, 69, resident of the Haute-Garonne département;
- Mrs Frédérique Dambrine, BNP Paribas employee;
- Mr Jean-Marie Gabas, former BNP employee now retired;

In accordance with the Committee's Charter – the internal rules that all members have signed up to – the Committee met twice in 2001, on 26 March and 21 September. Reports on these meetings were included in the shareholder newsletters.



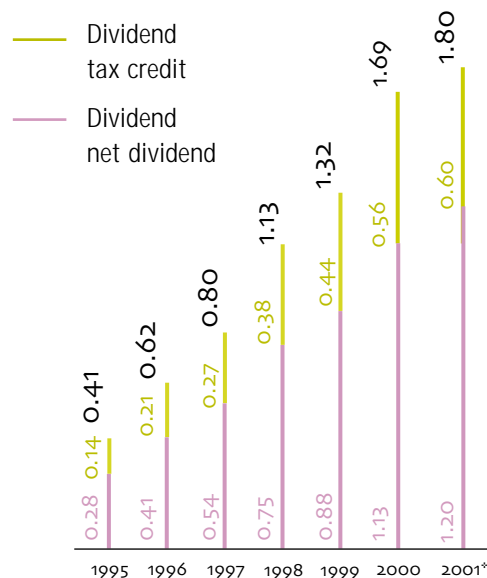
Dividend

At the 31 May 2002 Annual General Meeting, the Board of Directors will recommend a 6.7% increase in the dividend to EUR 1.20 per new share created through the two-for-one share split (a rise of 6.7% on 2001). Including the dividend tax credit of 50% received by individual shareholders resident in France, the gross dividend will be EUR 1.80. The dividend will be payable as from 1 July 2002.

The proposed distribution amounts to EUR 1,063.9 million, as opposed as EUR 1,008.5 million in 2001. The proposed pay-out rate is 26.5%.

DIVIDEND GROWTH ⁽¹⁾

(in euros per share)



⁽¹⁾ The dividends for the years 1995 to 2000 have been adjusted for the two-for-one share-split.
* Subject to approval at the 31 May 2002 Annual General Meeting.

In connection with the share buyback programme approved by the Annual General Meeting of 15 May 2001, during the year BNP Paribas purchased 648,699 of its own shares on the open market. A total of 4,105,442 shares were issued during the year, upon exercise of stock options and in connection with the Employee Savings Plan, and 9 million shares were cancelled.

Registered shares

Shares registered directly with BNP Paribas

The 4,000 shareholders whose shares are registered directly with BNP Paribas:

- automatically receive all documents regarding the company which are sent to shareholders;
 - automatically receive toll free telephone number to place buy and sell orders: 0 800 600 700 (call originating in France only);
 - benefit from special, reduced brokerage fees,
 - and as always, pay no custodial fees and are systematically invited to the General Meetings.
- Further services will be added in 2002, including a dedicated Internet server "GIS Nomi".

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 as well as 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 15 May 2001 on second call. All resolutions were approved by a comfortable majority. 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.

At that meeting, new measures were adopted to make it even easier for shareholders to exercise their voting rights:

- the period during which shares were required to be held in a blocked account prior to the Meeting was shortened;
- the period for receipt of postal votes was extended.

Ordinary Meetings may be attended by all shareholders that hold ten or more shares in the case of BNP Paribas (threshold applicable in 2001). The Board of Directors calls an Ordinary General Meeting at least once a year to vote on the agenda set by the Board.

All shareholders may attend Extraordinary Meetings regardless of the number of shares held. The Board may call Extraordinary General Meetings 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 Meetings may be called in a single notice of meeting and held on the same date. BNP Paribas will hold its Annual and Extraordinary General Meetings on 31 May 2002, on second call.

Notice of Meetings

- Holders of registered shares who have owned their shares for at least one month prior to the meeting date 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 notices of meetings or announcements published in the financial press.

Attendance at Meetings

Holders of ten or more shares in the case of an Annual General Meeting or one or more shares in the case of an Extraordinary General Meeting or combined Annual and Extraordinary General Meetings may gain admittance to the meeting provided 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 mail;
- 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.

Disclosure thresholds

In addition to the legal thresholds, 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 fall 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.

Human resources development

The four core values defined when the BNP Paribas Group was formed – commitment, ambition, creativity and responsiveness – serve as a backdrop to the Group's activities and those of its employees. They have given structure to all human resources programmes at BNP Paribas, from individual career development initiatives to programmes targeting all employees.

BNP Paribas' managerial initiative

BNP Paribas' choice of values reflects its desire to promote individual initiative and tap all of the professional skills and personal talents of its employees.

Based on mutual respect, these values have been transposed into management principles to be followed by all team leaders, both in France and worldwide. Critical success factors have also been defined to focus senior managers' energy on achieving the Group's development goals.

After being fleshed out by the heads of each business unit and function within the Group, these values and factors were turned into performance assessment criteria, applicable as from 2001. The new system provides a consistent basis for assessing performance throughout the Group, whatever the employee's skills, their level of responsibility or the country in which they are located.

This managerial initiative, conducted on a coordinated basis since the merger, has been a powerful unifying force and has helped the Group to forge its new identity. "Ambition for Corporate Excellence", an extensive programme of management seminars, was launched in September 2001. Intended for all senior executives in the Group, the programme is designed to foster the sharing of best management practices and to help senior executives work together more effectively.

The new performance assessment system

- an assessment system applied throughout the organisation
- assessment criteria reflecting BNP Paribas' management values and principles
- continuity in the assessment of skills and performance
- a federating force ensuring coherence and fairness in human resources management

Etincelle, BNP Paribas' groupwide suggestion box, is an illustration of the Group's determination to foster creativity among its staff.

"Spark" in English, Etincelle is open to all BNP Paribas Group employees and is part of a wide-ranging quality initiative. Submission procedures and channels have been simplified to attract input from the greatest possible number of people. The individuals or teams whose suggestions are implemented are rewarded for their ideas.

Regularly enhanced, Etincelle helps to drive the process of improvement throughout the Group

Etincelle at a glance

Since Etincelle was launched, an average of more than **3,000** suggestions have been submitted every year.

In 2001, **10%** were judged to be prize-winning suggestions and of these, **8%** have been implemented on a nationwide basis.

The human resources contract

The fundamental responsibilities of Human Resources professionals at BNP Paribas have been codified under the following three principles:

- **Delegation:** the human resources management responsibilities of operating units are formally defined and are tailored to the particular circumstance of each entity;
- **Decentralisation:** each BNP Paribas division manages its own Human Resources on a worldwide scale, in order to streamline the decision-making process as much as possible;
- **Dialogue:** Human Resources teams in the various entities maintain an unbroken dialogue with Group Human Resources.

Human Resources managers at the Group level have the following five ongoing objectives:

- Match Human Resources and the related cost to the need of the business;
- Define and implement motivating compensation, training and career development policies;
- Promote management buy-in to Group strategy and help develop management methods that reflect legislation;
- Foster constructive employee-management dialogue and monitor compliance with labour legislation;
- Optimise Human Resources management, in particular through the sharing of resources.



Skills development

Developing employee skills is high on the list of priorities in the area of Human Resources management. In 2001, 25,000 employees attended courses at the Group's Louveciennes training centre on the outskirts of Paris. Training initiatives focused on preparing for the euro and developing e-learning.

Preparing for the euro

60,000 copies of a guide to the euro as a book money and euro bank notes and coins were distributed to Group employees, and a guide to euro conversions was prepared for the team of 5,000 "euro angels" – mostly students – deployed in the branches to help customers during the changeover to the euro.

The introduction of euro bank notes and coins was also an opportunity to heighten staff awareness of the precautions to be taken to protect individuals and property, as well as to combat money laundering. Training sessions on these subjects were held on a large scale throughout the branch network in France.

Developing e-learning

Several interactive modules were put on-line for use by employees on their workstations. The course topics range from selling insurance to English lessons to desktop software training.

The Group stepped up the development of this new training medium in 2001 as a complement to local, regional, national and international seminars on subjects requiring a higher level of expertise.

A dedicated intranet has been set up, allowing employees to consult the catalogue of training courses, sign up for a specific programme or log onto an e-learning module. The intranet logged around 3,000 employee visits per week on average in 2001.

At the same time, the Group continued to encourage outside professional training, with 1,100 employees taking up a two-year, university-level bank training programme and 160 others enrolling at the *Institut Technique de Banque*.

Career management and mobility

A structured, group-wide approach

A common set of tools and methods is used to manage careers throughout the Group, covering performance assessments, career counselling, promotion decisions and succession planning.

Line managers play an important role in helping their staff move up the career ladder, while Human Resources managers act as watchdogs to ensure that career management principles and compensation policies are applied consistently throughout the Group. The Group Human Resources department is responsible for career management and succession planning for senior executives worldwide, with input from the heads of the divisions, business lines and functions concerned.

All 1,000 key management positions in the Group were reviewed in 2001, in consultation with the executives concerned.

Managing the careers of university graduates

In France and worldwide, particular attention is paid to successfully integrating young graduates. A special head-office team reporting to Group Human Resources has been set up to manage the careers of university graduates. In 2001, this team carried out 1,100 individual career counselling interviews.

Manager training goes international

2001 saw the launch of the Worldwide Integration Network, a global recruitment, integration, training and career management programme aimed at young graduates from the world's top schools and universities. Successful candidates participate in a ten-day, multicultural seminar focused on honing fundamental skills such as project management, communication and team leadership.

Mobility

Career management's mission is to offer employees the widest possible range of opportunities for professional advancement, by leveraging the diversity of the Group's activities as well as its worldwide dimension.

Job vacancies in France are posted on an intranet site, which is regularly updated. In 2001, 639 positions were advertised and 1,130 CVs were submitted via this channel.

At the international level, expatriation procedures have been defined for all divisions, territories and subsidiaries. A guidebook has been made available to expatriates via an intranet, giving them complete information on expatriate compensation packages, the support available to expatriates and their families, and social welfare benefits (medical plan, insurance, emergency procedures).

Competitive salaries

A dedicated Human Resources team has been set up to ensure that the Group offers competitive salaries comparable to market rates in the business and the country concerned.

Of the 214 senior executives who changed jobs within the Group in 2001:

- 50% moved between divisions, business units or functions
- 25% moved between France and another country

Managing employment levels

Looking ahead while managing change

BNP Paribas actively manages its employment levels, with three goals in mind: meeting staffing needs for business expansion, pursuing productivity gains and ensuring that the skill-base is renewed.

Using proven Human Resources planning tools, the Group has smoothly carried out the necessary adjustments to employment levels in France.

At the same time, the necessary staff have been recruited to beef up resources and renew the skill-base. In 2001, the Group undertook an unprecedented recruitment programme, covering all of its businesses, but especially focused on Retail Banking in France, Securities Services and Retail Financial Services.

BNP Paribas, an employer of choice (France)

- CVs received from 104,000 candidates, 30% via Internet
- 16,000 candidates interviewed
- 4,462 hired to work in the Group in France
- 2,388 hired by BNP Paribas SA

Employee savings

High worldwide take-up of employee share issues

At the time of the BNP Paribas merger, a worldwide employee share issue was launched to involve employees more closely with the Group and its share performance.

70% of eligible employees and pensioners worldwide took part in the issue, representing 56,794 persons. In France, the take-up rate was even higher at 80%.

A second worldwide issue was carried out between 21 May and 7 June 2001. Conditions on the stock markets were less favourable at the time, but the response was just as good, with 52,428 employees investing a total of EUR 266 million. To simplify the process in France, subscribers were for the first time given the option of paying for their shares over the Internet, and 83% of active employees took advantage of this opportunity.

An innovative match-funding plan

BNP Paribas continued its innovative match-funding policy, which optimises the advantages for employees subscribing to the employee share ownership plan and promotes a high take-up rate among lower paid employees.

In total, 41,000 employees had EUR 1.8 billion invested in the Group's employee share ownership plans as of 31 December 2001, of which EUR 1.5 billion was invested in BNP Paribas shares.

Employment-management communication

Continuous dialogue

BNP Paribas communicates regularly with employees in an organised framework. The Group seeks, whenever possible, to establish formal agreements.

To achieve maximum effectiveness, discussions take place at the national level, as well as in decentralised environments that are closer to operational realities.

Numerous agreements signed

This spirit of dialogue and cooperation led to the signing of 30 company agreements over the 2000-2001 period, covering all aspects of employee-employer relations.

During 2001, the existing benefit programmes and conditions of employment prior to the merger were harmonised, and the 35-hour week agreement signed in 2000 was implemented. This master agreement was tailored to local situations, especially in the branch network, by introducing various formulas to reduce working hours.

During preparation for the introduction of euro notes and coins, an industry-wide agreement was signed concerning safety. Negotiations were immediately opened at the Group level and led to a unanimous agreement on safety measures, including greatly increased security in the BNP Paribas branch network.

The "euro-angels"

- Some 5,000 students were recruited throughout France to work as "euro ambassadors".
- The "euro ambassadors" were deployed throughout the branch network to inform customers and help them to execute basic transactions.
- Staff working in the branch network pulled out all the stops to guarantee a smooth transition to the euro.

Ethics-Compliance

The Group's ethics and compliance activities have been profoundly influenced by the exceptional events of 11 September 2001 and by the steady stream of laws, regulations and industry recommendations issued throughout last year. In France, examples include the "NRE" law of 15 May 2001, the 15 November 2001 law on routine security measures and the 28 November 2001 law authorising ratification of the International Convention for the Suppression of Terrorist Financing. 2001 also saw the publication of the draft European directive on insider trading and market manipulation, the Basel Committee's recommendations on "customer due diligence for banks", the *Conseil des Marchés Financiers* draft regulations dealing with financial analysis in France, and working papers drawn up by the Committee of European Regulators as well as by stock market regulators in many countries.

The organisation and resources of the Group's Ethics and Compliance function were strengthened during 2001. In July, the department was made responsible for the prevention of money laundering and corrupt practices, and in September, it took on responsibility for preventing the financing of terrorist activities. Ethics Correspondents have been named in all of the Group functions and Ethics Officers have been appointed in all core businesses, business lines, territories and subsidiaries.

Procedures have been updated and strengthened, to fulfil the Group's internal requirements and also to comply with the new legal and regulatory provisions. BNP Paribas SA has added a section on Ethics to its internal rules, dealing with employees' obligations. These include non-disclosure of privileged information, protecting confidential data, preserving the integrity of the markets, systematically putting the interests of customers before those of the Bank, refraining from using privileged information for personal gain and contributing to the prevention of money laundering and corrupt practices. In addition, specific rules have been drawn up for staff engaged in sensitive activities, including personal asset managers, financial analysts, fund managers and traders. Rules of conduct to prevent money laundering, corrupt

practices and the financing of terrorist activities have been updated and sent out to all employees with guidelines for their application. Many other procedures have been updated, dealing with disclosure thresholds, lists of supervised accounts and suspensions of banking privileges, as well as procedures tailored to the specific activities of certain business lines. The introduction of the new procedures and more stringent ethical requirements was backed up by training and awareness programmes.

Fight against terrorism

The events of 11 September 2001 triggered an unprecedented drive against terrorism by the banking industry in France, the European Union and many other countries. The Group responded promptly to calls by the authorities for Ethics teams to remain constantly on their guard and put all entities worldwide on permanent alert.

BNP Paribas immediately implemented the instructions issued by the French authorities, calling on banks to "exercise extreme vigilance" and to be "extremely diligent" in reviewing their customer lists and scrupulously complying with all of the laws and regulations dealing with terrorism (letters from the Governor of the Bank of France and the Chairman of the Commission Bancaire dated 26 September, 15 October and 12 November 2001). The Group also took immediate action to ensure that it complied with the requirement to "monitor proper application of rules governing the freezing of customer assets" established in European regulations that are directly applicable under French law, as well as the French decrees on this subject (letter from the Directeur du Trésor dated 14 November 2001). On 27 December 2001, the European Council decided to implement specific restrictions to help in the fight against terrorism. Similar measures have been taken in the various countries where the Group conducts its business.

As of 28 September, in application of a decision by the Chairman and Chief Executive Officer giving the Ethics – Money Laundering Prevention unit responsibility for the fight against terrorism, instructions were issued to mobilise all employees. Emergency measures were taken and a procedure was set up to distribute requests for information and action received from the authorities concerning companies and individuals suspected of having links to terrorist organisations, and to report the results of the searches carried out in response to these requests.

All of the core businesses, business lines, territories and subsidiaries took action to increase employee awareness of the vital need to obtain adequate information about customers and to monitor their transactions, by issuing reminders of the rules to be followed in this regard.

Extracts from the texts in force within the Group dealing with ethical issues

Individual responsibility

"All BNP Paribas employees throughout the world have an absolute obligation to exercise diligence and to contribute to the development of the Group on a loyal and fair basis, giving precedence to the interests of customers and without affecting in any way the integrity of the markets. All employees are required to unreservedly implement the measures decided by the Group to prevent the laundering of the proceeds of crime, corrupt practices and the use of the banking and financial system in connection with terrorist activities." (Memorandum issued by the Ethics department)

Fight against money laundering and corrupt practices

"If any member of staff has suspicions about any customer or transaction, he or she must notify his or her superior immediately

... Each Group employee has a duty to notify his or her superior and a member of the Ethics-Compliance department.

And managers and the Ethics-Compliance department have a duty to act in compliance with local laws and the BNP Paribas code of ethics, which should underpin the conduct of staff throughout the world" (Letter dated 14 December from Michel Pébereau

to all Group employees on the prevention of money laundering and corrupt practices)

Fight against terrorism

Following the events of 11 September 2001, Michel Pébereau issued the following instructions to all Group employees:

"In the current circumstances, as in more normal circumstances in our business, our management principles, values and code of ethics allow us to determine the appropriate attitude and course of action...

.... It is up to each Group entity to respond immediately and diligently to all requests for information received from the relevant authorities, to strictly implement their instructions based on the specific legal and regulatory context in their country and to take all necessary initiatives ..."

Prevention of the laundering of the proceeds of crime

"Money laundering activities are not restricted to the laundering of "drug money". Other criminal organisations also seek to launder the proceeds of their activities.

These proceeds can come from:

- *Serious attacks on human life or human dignity:*
 - *racketeering;*
 - *prostitution;*
 - *traffic in human organs;*
 - *kidnapping;*
 - *sequestration;*
 - *armed robbery;*
 - *clandestine work;*
 - *arms trafficking.*
- *Illegal financing of political activities*
- *Corruption of foreign government employees, to secure commercial contracts."*

(Instructor's Manual/Group Human Resources)

Respecting the integrity of the markets

"Respecting the integrity of the markets means refraining from any action that would be likely to disrupt the normal operation of the market or to secure an unjustified advantage for the Bank or the individual, to the detriment of one or several other operators ... To this effect, all employees are banned from using privileged information for their personal benefit." "Employees, like all persons who have access to privileged information in the course of their work, are banned from carrying out any transactions for their own account, directly or through any third party, before such privileged information is made public. Employees are likewise banned from disclosing any privileged information to a third party...

... They are also banned from publicly spreading any false or misleading information, by whatever means, that would be likely to affect the price of any securities or the financial instruments markets."

(Internal rules – Ethics section)

Customer and supplier relations

A customer-focused development strategy

BNP Paribas has adopted a customer-centric strategy, grounded in the principle that sustainable development hinges on sustained customer satisfaction. The Group's expanding brand equity testifies to the success of this strategy and acts as a powerful incentive for employees throughout the world to offer customers the highest quality service, day-in day-out. Putting the customer's interests first is one of the core requirements of the Group's code of ethics which is applicable to all employees.

The BNP Paribas marketing policy focuses on delivering an array of banking and financial services closely tailored both to customers' needs and to the resources of a global banking institution. The Group's 80,000 staff worldwide daily put their experience and their expertise to work, offering innovative solutions to several million retail customers, several hundred thousand small businesses and several thousand corporate customers.

Building customer loyalty is a core objective of the Retail Banking in France division.

The division's strategy in this area is based on:

- a service quality policy that is designed to enhance customer satisfaction, making them more likely to stay with BNP Paribas and to use the bank for the majority of their banking and financial services needs. Customer satisfaction surveys are conducted each year to measure the division's success in this area;
- regular communication with customers. Personalised letters are sent out periodically to customers, to strengthen their relationship with the bank (esteem value). The content of these letters is geared to customer segments, ensuring that all customers receive the financial and banking information they require (use value);

- customer loyalty programmes. Long-standing customers and customers who place a lot of their banking and financial services business with the Group are offered price incentives to encourage them to use BNP Paribas for all their needs;
- customer segmentation. This approach ensures that customers are assigned an account manager with expert knowledge of the products and services they require and also that marketing initiatives target the specific needs of each customer segment;
- sales indicators (event indicators, marketing offer take-up rates, customer turnover rates, etc.). These indicators pinpoint marketing opportunities and customers who might be thinking of leaving the bank, helping sales staff to direct their efforts more effectively and to factor in changes in the needs of individual customers;
- multi-channel banking services. These services help to build long-term relationships with customers by enhancing customer satisfaction and significantly raising the number of contacts initiated by the bank that score direct hits.

Mystery customers

This control procedure plays a key role in testing customers' perception of BNP Paribas service quality and assessing compliance with Group standards. Twice a year, BNP Paribas branches receive the unannounced visit of "mystery customers" who are in fact employees of the Bank. Each branch is visited by "mystery customers" between one and three times, depending on the branch's size. Each "mystery customer" acts out a scenario that allows him or her to obtain an objective view of the way in which customers are welcomed and of how efficiently their needs are dealt with. Between September and November 2001, 2,777 visits were made to 1,915 branches.

Dealing with unsolicited customer comments

Unsolicited customer comments are a valuable source of information, because they give BNP Paribas first-hand insight into the concerns of customers and their everyday grumbles about their bank. To respond more effectively to customer complaints, letters received by BNP Paribas Group management are now dealt with by an independent specialist entity. Complaints received locally by the branches are dealt with directly by the account manager so that the situation can be resolved more quickly and efficiently. Lastly, a Customer Relationship Quality Officer has been appointed to help ensure that the entire organisation focuses on putting the customer first.

The loyalty programme

In 1999, BNP Paribas launched a loyalty programme based on customers' relationships with the bank. The programme rewards customers for staying with the Bank by offering them discounts on new products. It is very straightforward and does not entail any formalities. On each anniversary of the date when the customer opened an account with BNP Paribas, he or she earns an entitlement to a certain percentage discount. The entitlements, which are cumulative and can be used at any time in the five years following the date of grant, allow customers to obtain a discount on mutual fund unit purchase fees, the first monthly instalment of a loan, or various service fees (e.g. bank cards and safety deposit box rental). The entitlements can be transferred to other family members. For instance, grandparents can pass on their discounts to their grandchildren.

Large-scale customer satisfaction survey

"Change your bank without changing your banker". This was the challenging slogan used by BNP Paribas in April 2001 to launch France's largest-ever survey by a private company. Questionnaires were sent directly to customers' homes and placed on counters in all of the branches in the domestic network. BNP Net customers were also given the option of filling in online questionnaires. BNP Paribas commissioned Sofres to conduct the survey and analyse the replies, with the aim of guaranteeing confidentiality and ensuring that the results were analysed objectively.

The response rate was excellent and the replies received provided valuable insight into the way that customers perceive BNP Paribas' service. The survey revealed a high level of customer satisfaction. To the question "Overall, as a customer of BNP Paribas, are you very satisfied, fairly satisfied, not very satisfied or dissatisfied with your bank?" 75% of customers stated that they were satisfied (for those who responded over the Internet, the figure was 79%).

The main lesson to be learnt from the survey is clear – the Bank's future lies in offering customers an increasingly personalised service. BNP Paribas has been actively working in this direction for many years, and the launch of multi-channel banking should provide an initial response to customer expectations. BNP Paribas is upgrading its services to meet the needs of customers, who are increasingly demanding, better informed and ready to play a more active role in their relationship with their bank. BNP Paribas has taken on board the expectations expressed by its customers and has turned these into a set of short-term objectives.

Group purchasing policy

BNP Paribas has launched a vast global purchasing programme that has been rolled out Group-wide. The 40-member Global Procurement Group based in Paris, London, the United States and Asia is dedicated to optimising the Group's external purchasing costs.

In 2001, the team managed over EUR 4 billion worth of purchases, spanning seven main areas:

- facilities;
- technology and telecoms;
- information sources (Reuters, Bloomberg and other databases, brokerage fees);
- human resources (temporary staff, training);
- consumables (paper, office equipment, etc.);
- communication and marketing;
- professional services (travel, consulting services, etc.).

The Global Procurement Group focuses on striking an appropriate balance between the sometimes conflicting needs to develop high quality products for customers and to reduce the Group's recurring costs.

To meet the goal of lowering costs, BNP Paribas has stepped up its supplier selection procedures and tightened up management of the supplier portfolio. Master supplier agreements include long-term development clauses and other clauses designed to ensure that suppliers comply with the BNP Paribas ethical vision, as well as with employment and other laws and regulations in force in the various countries.

The Global Procurement Group is responsible for negotiating worldwide contracts. The team also participates in negotiating regional contracts and determines the policy to be followed for local contracts.

Cash Customer Service

Cash Customer Service, a customised after-sales service for cash management products and services offered to the Bank's large corporate customers, obtained ISO 9001 certification in the Spring of 2001. Unique in Europe, Cash Customer Service offers large corporate customers the services of a dedicated specialist to monitor their domestic and international transactions on a daily basis. The specialist alerts the customer to any system errors or breakdowns and ensures that the problem is resolved without delay. ISO 9001 certification represents a guarantee of quality for users of the Cash Customer Service. It is the most demanding ISO standard in terms of customer satisfaction, guaranteeing overall service quality, as well as the expertise and continuous training of staff.

Quality programmes

The BNP Paribas quality policy launched in 1988 is rooted in the twin aims of reconciling the interests of customers, shareholders, employees and other stakeholders, and meeting the goals of sustainable development.

The Group's Quality Action Plan encompasses all requisite measures to raise satisfaction levels among all stakeholders. Many of these measures are based on a commitment to enhance the quality of service delivered to customers and shareholders.

The Group Quality Committee drives the quality improvement process, approves projects included in the Quality Action Plan and monitors their implementation.

The network of Quality officers is responsible for leading and supporting quality improvement initiatives launched by the operating units and the corporate departments. Etincelle, the BNP Paribas Group suggestion system, rewards staff who come up with ideas to improve quality at local or national level. Winning suggestions concern improvements to customer service, business performance and working conditions. Each year, around 3,000 to 5,000 suggestions are received.

BNP Paribas has also launched various ISO certification programmes. As of 31 December 2001, 37 processes were ISO-certified, including Cash Customer Service. The Quality intranet gives all employees access to information about the organisation of the Group's quality policy, structures, strategies, methods and tools. For the time being, the intranet serves primarily to raise awareness of quality issues within the organisation but later on it will be used to promote the sharing of best practices. Quality programmes have also been devised with a view to regularly improving all internal processes by involving each member of the organisation in an integrated drive to enhance overall performance. It is a program which involves all employees.

Credit Policy

The BNP Paribas Risk Policy Committee has drawn up a General Credit Policy setting **guidelines** for businesses giving rise to a credit risk.

These **guidelines** apply in all circumstances, representing an essential backdrop to the development of the Bank's businesses. Where necessary:

- specific guidelines are issued for each business line, to clarify certain issues and factor in differences in business environments;
- "Specific Credit Policies" are issued, applicable to certain categories of borrowers or to particular businesses.

The general principles underlying this policy, as they relate to sustainable development, can be summarised as follows:

- **ethics**: BNP Paribas sets the very highest standards of integrity and complies with all ethical, regulatory, legal and tax rules in force in each of the countries where it does business. BNP Paribas respects the rights of all external parties;
- **any conflicts of interest** arising from BNP Paribas' various obligations towards each of its customers, and any cases where the interests of the Bank differ from those of its customers or its own representatives, are examined and resolved by the representatives of the business lines, in cooperation with the Risk Management, Ethics and Compliance and Legal departments. Employees of the Bank all have a duty to report to their superior any conflicts of interests that come to their attention, especially where they are directly or indirectly involved;
- **prior approval**: new products may not be launched in the market and new business lines may not be developed until they have been approved and the conditions governing their launch or development have been established;
- **risk-taking responsibility**: the business lines have full responsibility for their credit risks. Any specialised business must be conducted by or with the technical support of designated specialists;
- **resistance to pressure**: under no circumstances may the Bank's decision-making criteria or procedures be by-passed due to commercial pressures or timing constraints;
- **due diligence** work must be performed using all appropriate internal and external resources, and must cover all the risks and hazards associated with

the planned transactions. The due diligence must cover, in particular, technical, operating, legal and ethical issues;

- **monitoring**: each risk must be constantly monitored and included in periodic formal reviews;
- **diversification** of the Bank's loan book is a key component of effective risk management;
- **customer selection**:
 - BNP Paribas does business only with counterparties that are sufficiently well known to the Bank or have an unchallenged reputation in their market or are introduced by third parties fulfilling these criteria;
 - the Bank requires its customers to match its own very high standards of integrity and systematically verifies that funds deposited with the Bank come from legitimate sources;
 - the Bank refuses to provide any services to operators in any sector suspected of having links to organised crime;
 - the Bank takes into account the risks associated with its responsibility to protect the environment.
 - BNP Paribas takes steps to ensure that it is not exposed to any unreasonable concentration of risks on a single customer;
- **financial information**: corporate customers are required to provide three years' worth of audited financial statements (unless these are not available for specific, clearly explained reasons), including consolidated and non-consolidated accounts of entities that are members of a group. Particular attention is paid to off-balance sheet items, changes in fiscal year-end and changes in group structure;
- **transparency**: in accordance with the BNP Paribas code of ethics, the Bank refuses to execute any transactions that are designed to mislead third parties about the financial condition of its customers;
- **asset sales and syndications**: BNP Paribas refuses to sell to other investors any financial instruments that it would not be prepared to carry in its own books due to:
 - weaknesses in the structure of the instruments or the related documentation,
 - misgivings about the integrity of the debtors.

For more detailed information about risk management, refer to the "Report of the Board of Directors".

Protecting the environment

As a banking and financial services group, BNP Paribas has only a limited impact on the environment.

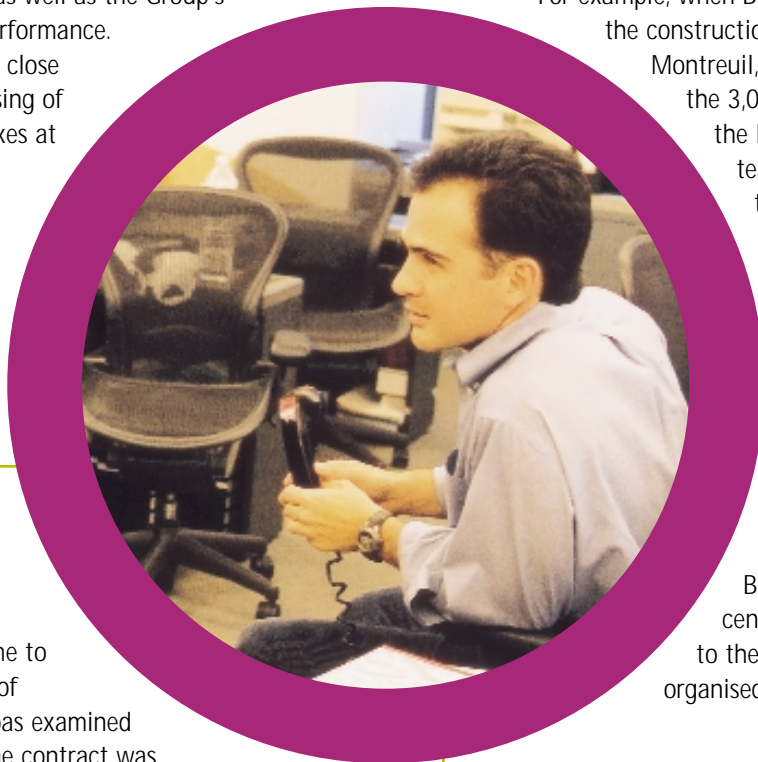
Nevertheless, systems are being set up to measure this impact. Tools to organise and monitor energy consumption are being redefined and are scheduled to be installed in the energy distribution networks of the Group's office buildings by the end of 2002.

Within the next few months, fluids consumption will be systematically measured in order to accurately assess the quantitative impact of the action taken to reduce consumption, as well as the Group's overall environmental performance.

BNP Paribas also keeps a close watch over the reprocessing of waste. All paper and boxes at the national document storage centre in Saran are recycled and

transported in sealed containers. In 2001, the centre delivered a total of 1,575 tonnes of paper for recycling. Office and branch facilities are designed to blend in with the local architecture – for example the Cours Mirabeau branch in the historic centre of Aix en Provence – or to create architectural landmarks, such as the Place du Marché Saint-Honoré building in Paris, designed by Ricardo Boffil. Existing retail banking branches are regularly refurbished and kept in a good state of repair, adding to the value of the sites.

For example, when BNP Paribas undertook the construction of several buildings in Montreuil, a Paris suburb, to house the 3,000 staff employed in the Information department, its teams worked closely with the municipal authorities to breathe new life into the Valmy district of the town by restructuring and renovating the entire quarter. This commitment to ensuring that the Group's facilities blend in with the local environment also extends to landscaping. When it came to building the BNP Paribas worldwide training centre, located in a 57-acre park to the west of Paris, the Group organised a competition to select the



In the area of office fittings, when it came to selecting a supplier of carpeting, BNP Paribas examined a number of bids. The contract was finally awarded to Interface, a world leader in industrial ecology, in recognition of this company's competitive prices and service offer allied with a strong commitment to sustainable development.



In its new Geneva building, BNP Paribas has adopted the recently-developed cold ceiling technology. Representing an energy-efficient and more healthy alternative to air-conditioning, the technology involves installing refrigerated water pipes in the ceiling, so that air is automatically cooled when it comes into contact with the ceiling.

design that would fit in best with the natural landscape. In addition, work was carried out in the park to secure its classification as a bird sanctuary by the French Bird Protection League (LPO). Thanks to the abundant sources of food, a large number of species have set up home in the park and many others make it a stopping off point during migration.

BNP Paribas contributes on a large scale to financing purchases of energy-saving and environmental protection equipment by companies and local authorities, through its two specialised leasing companies, Natio Energie and Parifergie. As of 31 December 2001, these two companies had lease financing of EUR 357 million on their books.

The Group also actively assists local authorities in financing infrastructure projects to improve the environment, in the areas of water, waste management and public transport for example. In February 2001, the Group acted as advisor to the city authorities of Guayaquil (the economic capital of Ecuador) for the granting of a 30-year concession to supply water to the city's 2.5 million inhabitants. Later on in the year, in November, BNP Paribas was selected as advisor for Europe's largest merger in the renewable energy sector, involving two producers of wind power.

Sponsorship & Patronage

Fondation BNP Paribas, a long-term patron

As a leading player in the economy, BNP Paribas has long been involved in patronage activities that underscore the Group's commitment to making a positive and proactive contribution to cultural and social life. Fondation BNP Paribas gives new expression to the Group's core values of commitment, ambition, creativity and responsiveness.

The Foundation's hallmark is the way in which it helps those who receive funding on a daily basis. Catering for the personality and ambitions of each individual, the Foundation provides not only time, advice and on-the-spot assistance, but also logistical resources and access to the BNP Paribas worldwide network of contacts. What sets the Foundation apart is its deep understanding of the needs of its partners.

The Fondation BNP Paribas offers long-term commitment. Its partnerships last on average five years, longer in the case of continuing support for an institution. Where the objective is to foster young talent or new projects, withdrawal from its involvement is gradual.

Through the 50 or so projects supported in 2001, the Fondation BNP Paribas worked to:

- preserve and promote awareness of artistic and musical heritages;
- encourage artistic expression, support creativity and promote the French language;
- assist leading-edge medical research and combat various forms of social exclusion.



Prof. Jean-Laurent Casanova, 41, heads a 20-strong team of researchers at the human genetics and infectious diseases unit at the Hôpital Necker in Paris. Support from the Fondation BNP Paribas has enabled his team to acquire the necessary equipment to conduct research into the genes responsible for a predisposition to infection.

Corporate backing for genetic research

As an extension of BNP Paribas' sponsorship of the annual Telethon, the Fondation BNP Paribas decided to focus efforts on the battle against genetic diseases. With the support of the Scientific Committee of the Fondation pour la Recherche Médicale, a medical research foundation, the Fondation BNP Paribas is supporting seven recently-established laboratories typical of a new generation of research units springing up throughout France. The support is to be provided over a three-year period.

Le retour des Caravelles, an adventure shared by the Old and New Worlds



As a sponsor of "Les chemins du Baroque en Amérique latine", a wide-ranging project shedding light on the huge body of Baroque works that sprang from the meeting of European and Latin American music, the Fondation BNP Paribas teamed up with the K617 music label to promote a special, month-long celebration of Latin American Baroque music. It was a unique opportunity to introduce the public to musical scores rediscovered over the past 15 years. The works were played by Latin American and French ensembles in some 20 French cities and towns.

A tennis partner for 29 years

Official sponsor of the French Open at Roland Garros, BNP Paribas has worked alongside the French Tennis Federation (FFT) since 1973 and contributed to the development and success of this world-renowned tournament. The BNP Paribas logo is highly visible not only at courtside but in all of the FFT's communications tools, from public relations to the Internet to print publications. This exposure raises brand awareness among three billion TV spectators in 170 countries.

BNP Paribas' commitment to the game stretches back 29 years and is one of the longest in the history of sports sponsorship. At the end of 2000, BNP Paribas decided to build upon its strong credentials and carry its commitment to tennis a step further.

A global strategy

In 2001, BNP Paribas decided to focus its sports sponsorship programmes on tennis, the second most popular spectator sport, and become a partner to tennis players of all levels throughout the world.

The Group increased its presence at tennis events and supported coaching programmes, not only for world-class professionals, but also for the very young amateur players who dream of becoming the tennis stars of the future.

The BNP Paribas brandname is now associated with major professional competitions, including Roland Garros and the other Grand Slam tournaments, the Paris Bercy Tennis Masters Series, and from 1 January 2002, the "Davis Cup by BNP Paribas" in 142 countries, broadcast to two billion spectators.

BNP Paribas is also associated with many other important men's and women's tournaments, such as in Nice, Strasbourg, Poitiers and Toulouse, as well as in New York as part of the BNP Paribas Senior Masters Tour.

Present at the local level

BNP Paribas provides year-round support to local tennis clubs throughout France. It is an official partner of an innovative tennis learning programme called the Progressive Tennis Initiative, developed by the FFT for 10,000 local clubs and catering for children, teenagers and adults alike. It is also a partner to half of the country's 31 leagues, to 300 club tournaments and to numerous large amateur tournaments.



Sponsor of the Paris Jazz Big Band since it was founded in 1999, the Fondation BNP Paribas helped the group record its first two CDs, A Suivre and Méditerranéo, and supported the concert it gave at the famed Parisian music hall, the Olympia.

New jazz enthusiasts

For several years now, the Fondation BNP Paribas has lent a sympathetic ear to jazz and has helped this form of expression to reach new audiences. The Fondation sponsors the Manuel Rocheman and Murat Ozturk trios, the Jacques Vidal Quintet, the Moutin Reunion Quartet and the Paris Jazz Big Band.

The decisive moment when Gustavo Kuerten seized the victory at the French Open at Roland Garros in 2001.



8-10 ФЕВРАЛЯ	
РОССИЯ-ШВЕЙЦАРИЯ	
 <p>DAVIS CUP by BNP PARIBAS</p>	
КУБОК ДЭВИСА	
1/8 ФИНАЛА	
С/К «ОЛИМПИСКИЙ»	
СЕРВИА РОССИЯ - БЕЛГАРИЯ, АНЖЕЛИНИ, МИХАИЛ ЮЖИЧ, ИВАН СТОЈИЧИЧ	
ЗАКАЗ БИЛЕТОВ	www.tennis-russia.ru тел.: 956-33-60
   	

Since last year, BNP Paribas' name has been associated with the official licence issued to France's 1,100,000 tennis players. Beginning in 2002, the international competition for 16-18 year-olds from around the world will become the "Junior Davis Cup by BNP Paribas". Finally, BNP Paribas actively supports tennis at university level through the Fédération Française du Sport Universitaire and also promotes wheelchair tennis through its support of the Fédération Française Handisport.

Since 2001, the Group has supported "Fête le Mur", a non-profit association founded and run by Yannick Noah that uses tennis as a medium to promote social cohesion in the disadvantaged neighbourhoods of 18 French cities and towns. Fête le Mur plans to open new sites and to create a centre to train promising young players.

Through its wide-ranging, yet coherent and balanced programme of sponsorship, BNP Paribas has shown that, like its relationships with customers the world over, its involvement with the game of tennis is a long-standing one, based on commitment, performance and trust.