

# BNP PARIBAS

## GOVERNANCE THAT SUPPORTS THE LONG-TERM STRATEGY OF THE BNP PARIBAS GROUP

### Best practice in governance

#### **A clear separation of powers between the Chairman of the Board of Directors and the Chief Executive Officer**

The functions of the Chairman and of the Chief Executive Officer have been separated since 2003 and no member of the Executive Committee has sat on any of the Board Committees since 1997.

The Chairman ensures that the Board fulfils its role in representing the interests of all shareholders over the long term, independent from, in particular, the interests of Group management. The Chairman ensures compliance with best practice in the area of governance.

The Chief Executive Officer and the Chief Operating Officers propose the Group strategy to the Board and then conduct the management of the company in order to achieve the strategic objectives that have been approved.

This governance model guarantees the independence of functions, thus ensuring optimal efficiency in the functioning of executive management bodies and of the Board of Directors.

#### **An independent and representative Board of Directors**

The Members of the Board of Directors are elected for three-year terms, which may be renewed.

Two of the Directors are elected by the company's employees and one Director represents employee shareholders.

Eight out of the fifteen Directors elected by shareholders are women, and five different nationalities are represented on the Board. Nine Board members qualify as independent, a proportion that largely exceeds the recommendations of the Afep-Medef code for corporate governance, which provide that at least half of the Board be composed of independent Directors.

#### **An Audit Committee with a majority of independent members**

The powers devoted to the Audit Committee have been split between the Financial Statements Committee, two-thirds of which are independent Directors (including its Chairman), and the Internal Control, Risk Management and Compliance Committee, composed of 60% of Independent Directors (including its Chairman as well).



### **Voting rights that guarantee the protection of the interests of all shareholders**

Voting rights and the amount of dividends paid out are calculated pro rata to the capital held by each shareholder according to the principle “1 share = 1 vote = 1 dividend”. There are no double voting rights or limits to the exercise of voting rights. These terms guarantee the compliance with the principles of shareholder democracy.

### **A compensation policy that integrates the long-term interests of the BNP Paribas group**

#### **Transparency and oversight of the variable compensation for the executive corporate officers**

The variable compensation of the Group’s executive **corporate officers** is determined by:

- measurable quantitative criteria relating to the Group’s performance (for the Chief Executive Officer) or area under responsibility (for the Chief Operating Officers);
- criteria related to the Group’s CSR performance: multicriteria assessment of environmental, social, and societal actions;
- qualitative criteria relating to the implementation of the Bank’s strategic guidelines, particularly the human, organisational and technical dimensions of its strategic plan “*Growth, Technology & Sustainability 2025*”.

Moreover:

- 60% of the variable compensation is deferred over five years following the year when the compensation is awarded, at the rate of one-fifth per year;
- the deferred portions of compensation are linked to the Group’s performance, and half of this amount is indexed to the performance of the BNP Paribas share, applying to both deferred and non-deferred portions.

Furthermore, the totality of the awards is subjected to “penalty” and “claw-back” clauses.

#### **Transparency and control of variable compensation for employees whose professional activities may have a material impact on the company’s risk profile (employees identified as “Material Risk Takers”)**

Variable compensation policy for employees identified as Material Risk Takers is closely controlled to ensure alignment of the interests of the beneficiary employees with the long-term interests of the company and its shareholders, notably through deferral of ‘bonus’ payments over several years. Each year the Group discloses information on compensation and benefits received by “Material Risk Takers” on the BNP Paribas website (<https://invest.bnpparibas/en>).