

Social business and social enterprises

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KEY MESSAGES



In 30 seconds...

Social enterprises rely on a viable economic model to offer efficient, innovative and accessible solutions to a variety of economic, social and environmental needs not otherwise met. These can include helping vulnerable persons gain employment; improving access to healthcare, energy and housing; services for the elderly and people with disabilities; re-use of materials/recycling; local food systems; education; fair trade, etc.

A *social business* is a social enterprise that reinvests all of its profits (*social enterprises* reinvest around 50%). For the Group, support of social business is not only a source of innovation in terms of the financing we offer or the actions we take, but also a source of satisfaction for employees.

Since 2013 BNP Paribas has put in place a comprehensive eco-system to support the emergence and growth of social enterprises in 7 countries where the Group operates. Since 2018 this eco-system has been part of the 'Act For Impact' initiative (more information on Act For Impact below).

In 2 minutes...

A progressive expansion of support for social enterprises. In 2013 BNP Paribas created a dedicated support structure to help companies that specifically make their social purpose their priority. And in 2018 the Group created its 'Act for Impact' initiative that brings together all of the Group's solutions for social enterprises.

Act for Impact is designed for entrepreneurs who innovate and aim to have a positive social or environmental impact. We offer them banking services to help grow their businesses as well as innovative financial solutions and access to a network of partners. These solutions include:

- **Advisers trained in the specifics of social entrepreneurship**, particularly in our domestic-banking networks (150 advisers in France, 30 in Belgium and Italy, and 10 in Luxembourg);
- **A specific lending policy and tailored financial analysis** that reflect an understanding of social enterprises' atypical business models.
- **A methodology for measuring impact (MESIS)** which considers social impact as a criterion for analysis. This service, which differentiates BNP Paribas from other banks, is offered to clients seeking support to highlight the impact of their businesses.
- **A mobilisation of expertise** with a *pro bono* legal and advisory service as well as a corporate-philanthropy scheme that lets social enterprises access employees' skills. For example, under the 'One Million Hours to help' programme, employees can devote their time and skills to social enterprises and community organisations during work hours, both in France and abroad. The 'Legal Pro bono' programme also provides legal support for social-solidarity 'hackathons'.
- **Social-solidarity investment funds for employees** as part of company-sponsored savings plans, or for individual customers wishing to support French social enterprises via their savings. The 'BNP Paribas Social Business France' fund had around €2bn of assets under management end-2019.
- **Financial innovation.** BNP Paribas has developed expertise in structuring, and investing in, Social Impact Bonds to finance innovative projects with significant social-impact benefits and at the same time offer potential savings for governments. If a project is successful (measured by the achievement of social-impact targets), governments use some or all of the savings to reimburse investors, who carry the risk of the project's failure.

In 2016 we structured the first French Social Impact Bond (*Contrat à impact social*) which we conducted with ADIE, France's biggest microfinance institution. BNP Paribas has since co-structured 10 Social Impact Bonds: 7 in France, 1 in Belgium and 2 in the United States, and in areas such as child welfare, workplace integration and equal opportunity. If successful, these 10 projects will enable more than:

- 800 vulnerable persons to access long-term employment or training;
- 1,000 students to obtain support to improve their educational prospects;
- 200 children to avoid placement in foster homes;
- 100 young people facing imminent homelessness to access housing.

To step up the growth of this new financing mechanism, BNP Paribas and the European Investment Fund (EIF) launched in 2020 the 'BNP Paribas European Social Impact Bonds Fund', a €10m positive-impact fund created and managed by BNP Paribas Asset Management. This co-investment fund is the only one of its kind, with the two parties investing (jointly and for the same amounts) in Social Impact Bonds issued in the European Union. So far (as of July 2020) there have been four investments made, in France and Belgium.

Support for local ecosystems through large-scale partnerships: In January 2017, we took part in the creation of 'La France s'engage', a foundation launched by president François Hollande. Since its launch we have helped select candidate projects and measure the winners' impacts. In 2018 BNP Paribas co-created *L'Ascenseur* in Paris, a project that brings together in one place more than twenty community organisations, social enterprises and public- and private companies working together to promote equal opportunity and offer young people a holistic, integrated system of personal development. In 2018 we also became a partner of 'French Impact', an umbrella organisation devoted to social and environmental innovation, and we provided support for 22 French Impact pioneers and 26 French Impact-certified local-government areas that are innovating to solve local social and environmental challenges. Since 2019 we have also been actively involved in 'Pact for Impact,' a global coalition devoted to expanding the social-solidarity economy. Led by the French government, BNP Paribas is a key partner in the coalition. Also in 2019 BNP Paribas signed a 5-year partnership with Grameen Creative Lab, an organisation created by Nobel Peace Prize laureate Muhammad Yunus, to promote the creation of social businesses within BNP Paribas and raise employee awareness of the positive impacts their businesses can deliver. Following the support of a first social business (Climate Seed), the partnership has since helped two social-intrapreneurship projects: Tilia and Tangata.

QUOTES

JLB

"As a player in the economy and society for more than thirty years, I see social business playing a key role in building a more equitable world."

Jean-Laurent Bonnafé, CEO BNP Paribas
7 November 2017

MY

"Social business is a way to express creativity while changing the world."

Muhammad Yunus
Nobel Peace Prize laureate, 23 December 2015

LP

"Our ability to mobilise the expertise of our business lines and our international network to serve social entrepreneurship is our best asset to support this sector's growth in France and elsewhere."

Laurence Pessez, Global Head of CSR, BNP Paribas

JS

"Social entrepreneurship is a powerful source of sustainable jobs that cannot be offshored."

Joseph Stiglitz, Nobel Laureate in Economics, November 2013

RL

"For companies, taking into account social and environmental challenges is a guarantee of sustainability, resilience and performance."

Raphaële Leroy, Head of Corporate Engagement – France, BNP Paribas, 25 June 2020

CB

"Social enterprises need banking services like any company and working with them is win-win: the companies receive customised support, our business lines make a positive impact and employees are more engaged."

Claudia Belli, Head of Social Entrepreneurship and Microfinance, BNP Paribas, April 2020.

FACTS AND FIGURES

€6.2 billion: Amount of financing/investment (own account and on behalf of third parties) of community organisations and companies in the social and solidarity economy (SEE) in 2019.

... of which €1.9 billion: BNP Paribas' total support for social enterprises and microfinance institutions (financing, investments for own account and on behalf of third parties, etc.) in 15 countries at the end of 2019.

€137 million (as of May 2020): Amount invested by solidarity funds managed by BNP Paribas Asset Management in social enterprises and SSE organisations.

2,500: The number of social enterprises (including social businesses, Tech for Good, and microfinance institutions) that BNP Paribas supported at the end of 2019. (See *Microfinance* Position Paper).

1 in 4: the share of new social enterprises that French Retail Banking aims to help through the 'Act For Impact' initiative.

This document is a practical tool that should not be used externally in this format. It is intended for professionals in BNP Paribas' communications teams. It outlines the Group's position on certain business, social and strategic issues. Its purpose is to enable internal and external communications to be drawn up in line with, and adapted to, the needs of particular countries, functions and business lines. The messages of this 'Group Position' can also serve as language for spokespersons when dealing with the media or speaking in public. This information is not exhaustive and business lines can add information and examples.



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