

# BGL BNP PARIBAS CLIMATE CARE NOTE 2021

Debt security with 90% capital protection at maturity

**Subscription period:** 16 October to 9 December 2015  
(except in case of early closure)

**Recommended investment period:** 6 years

Investors take a risk of capital loss that cannot be determined beforehand in the event that they exit during the product's life (at maturity, the maximum potential loss is limited to 10% of the nominal value).

**Issuer:** BGL BNP Paribas S.A.

(Standard & Poor's A+, Moody's A1, Fitch Ratings A+ at 1 October 2015)

The investor bears the Issuer's credit risk.

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Communication of a promotional nature.



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## Principal characteristics

- ✔ Life of six years.
- ✔ The redemption at maturity depends on the evolution of the Ethical Europe Climate Care index, composed of 30 European equities. They are selected on the basis of a combination of **environmental, social and governance (ESG)** criteria and financial criteria and present a vigilant, robust energy transition strategy.
- ✔ At maturity, any redemption premium paid will be equal to the average performance of the index reported as at the initial observation date of the index. Risk of capital loss at maturity in case of adverse changes in the index. However, the potential loss is limited to 10% of the subscribed par value.
- ✔ Even in the event of a more severe decline in the index, the capital<sup>1</sup> will therefore be repaid at maturity for at least 90% of the par value<sup>1</sup>.
- ✔ The gross actuarial yield will vary on the basis of changes in the index. It will be at minimum - 2.04%<sup>1</sup> (case of redemption of 90% of the par value at maturity).



<sup>1</sup> On the basis of a purchase price at 102%, excluding applicable charges and taxes, provided that the Issuer has no bankruptcy or payment default.

The Ethical Europe Climate Care index, launched in August 2015, is the result of a close collaboration between BNP Paribas, Solactive AG, and Vigeo.

- Founded in 2002 by Nicole Notat, **Vigeo** is the European expert in assessing the social responsibility of organisations on six areas: environment, human rights, human resources, social commitment, market behaviour, and corporate governance.
- **Solactive AG**, founded in 2007, is a German supplier of financial market indices, specialising in the calculation and creation of financial indices.

The Ethical Europe Climate Care index is composed of 30 equities carefully chosen from among **European large caps**. The index selects companies on the basis of their carbon footprint and – because this criterion alone is not enough to combat climate change over the long term – the soundness of their energy transition strategy. ESG compliance and financial filters are also applied.

For more information about these partners, visit [www.vigeo.com](http://www.vigeo.com) and [www.solactive.com](http://www.solactive.com).

## More information

The Ethical Europe Climate Care index is a Price Return index. This means that dividends distributed by this index's equities are not reinvested into it and therefore have no direct influence on its performance, unlike a Total Return index. Consequently, the performance of an index with non-reinvested dividends is lower than the performance of an index with reinvested dividends.

### Index composition at 20.08.2015

Company	Sector	Country	Carbon Emissions Category	Weighting	ISIN Code
Swiss Re	Insurance	Switzerland	A	4,71 %	CH0126881561
Swisscom	Telecommunications	Switzerland	A	4,36 %	CH0008742519
Legal & General	Insurance	United Kingdom	A	3,62 %	GB0005603997
Hammerson	Financial Services - Real Estate	United Kingdom	A	3,46 %	GB0004065016
Bpost	Transport & Logistics	Belgium	A	3,45 %	BE0974268972
British Land	Financial Services - Real Estate	United Kingdom	A	3,43 %	GB0001367019
Telenet	Telecommunications	Belgium	A	3,03 %	BE0003826436
NEXT	Specialised Retail	United Kingdom	B	4,13 %	GB0032089863
G4S	Business Support Services	United Kingdom	B	3,81 %	GB00B01FL662
British Sky Broadcasting	Broadcast & Advertising	United Kingdom	B	3,51 %	GB0001411924
Munich Re	Insurance	Germany	B	3,49 %	DE0008430026
TeliaSonera	Telecommunications	Sweden	B	3,42 %	SE0000667925
Terna	Electric & Gas Utilities	Italy	B	3,36 %	IT0003242622
Zurich Financial Services	Insurance	Switzerland	B	3,27 %	CH0011075394
AstraZeneca	Pharmaceuticals & Biotechnology	United Kingdom	B	3,18 %	GB0009895292
BT Group	Telecommunications	United Kingdom	B	3,13 %	GB0030913577
Pearson	Publishing	United Kingdom	B	3,12 %	GB0006776081
Marks & Spencer	Specialised Retail	United Kingdom	B	3,08 %	GB0031274896
Roche	Pharmaceuticals & Biotechnology	Switzerland	B	3,07 %	CH0012032048
Red Electrica Corporación	Electric & Gas Utilities	Spain	B	3,02 %	ES0173093115
United Utilities Group	Waste & Water Utilities	United Kingdom	B	2,92 %	GB00B39J2M42
Philips	Technology - Hardware	Netherlands	B	2,84 %	NL0000009538
Schneider Electric	Electric Components & Equipment	France	B	2,82 %	FR0000121972
Nestlé	Food	Switzerland	C	3,53 %	CH0038863350
GlaxoSmithKline	Pharmaceuticals & Biotechnology	United Kingdom	C	3,38 %	GB0009252882
Telenor	Telecommunications	Norway	C	3,08 %	NO0010063308
Telefonica	Telecommunications	Spain	C	3,05 %	ES0178430E18
Vinci	Heavy Construction	France	C	2,98 %	FR0000125486
Koninklijke DSM	Chemicals	Netherlands	C	2,91 %	NL0000009827
Siemens	Electric Components & Equipment	Germany	C	2,84 %	DE0007236101

## Simulated evolution of the Ethical Europe Climate Care index\* compared with historical evolution of the Stoxx® Europe 600 and Euro Stoxx 50® indices, from 31/12/2004 to 20/08/2015 (data fixed at 100 at 31/12/2004)

\* As the Ethical Europe Climate Care index was launched on 20 August 2015, the graph below is based on a simulation of performance. This simulation is based on all companies rated by Vigeo at 20 August 2015 on which only the financial filters (only available objective historical data) have been applied to redefine, every three months, the historical composition of the index.

— Ethical Europe Climate Care PR Index — Euro Stoxx 50® PR Index — Stoxx Europe 600® PR Index



In no case do past data constitute a guarantee for the future. These historical and simulated performance levels are calculated excluding dividends. Source: BNP Paribas and Bloomberg, data at 20 August 2015

For more information about the index (particularly its daily closing level, its components, and the selection methodology), visit [www.ethicalclimatecare.com/europe](http://www.ethicalclimatecare.com/europe)

## Investment universe: companies rated by Vigeo

The Equitics® rating base gathers together Vigeo’s analyses and opinions on more than 2,000 publicly traded companies and issuers of bonds and money market instruments (non-listed companies, local communities, public institutions) in six assessment areas and on 38 criteria.

## First step: selection on the basis of an ESG filter

Vigeo verifies how much the companies apply the environmental, social, and governance (ESG) criteria. Each company is given a score on this basis.

✔ Best-in-Class approach

Selection of European companies with a score:

1) higher than the European average	AND	2) higher than the sector’s average
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✔ Ethical exclusion filters

This selection excludes companies that:

- generate more than 5% of their turnover from the nuclear sector;
- present significant interests in the production or distribution of tobacco and weapons;
- are involved in serious controversies on human rights, labour law as defined by the International Labour Organisations, or the environment.

Approximately 250 companies remain after the first filter is applied.

## Second step: “Climate Care” selection

✔ Assessment of the CO2 footprint

Vigeo gives a score to the companies on the basis of their CO2 emissions and classifies them into four categories:

A. Moderate CO2 emissions	B. Significant CO2 emissions	C. High CO2 emissions	D. Intense CO2 emissions
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✔ Energy transition assessment strategy

Vigeo evaluates each company on precise criteria specific to its sector. Each sector faces different environmental issues. Vigeo measures the commitment and momentum shown by the company in terms of energy transition and assigns a score out of 100.

**For its final selection, Vigeo takes into account the company’s carbon emissions and its energy transition score. The more intense the emissions, the higher the energy transition score must be.**

Companies in category D are those of the most polluting sectors, such as the energy sector. These companies are not excluded, but a more stringent policy is applied: only the companies that have the most solid energy transition strategy of their sector and show concrete targets for reducing their emissions will be chosen to be part of the index. These companies receive a letter of commitment, their response and commitment being necessary to continue to be part of the index. The letter and the responses of the companies will be published on the index’s website at [www.ethicalclimatecare.com/europe](http://www.ethicalclimatecare.com/europe), with the goal of engaging the most polluting industries about their environmental strategy.

## Third step: selection on the basis of financial criteria

✔ **Liquidity:** Selection of the most liquid companies (presenting an average daily exchange volume over 20 days of a minimum of EUR 5 million).

✔ **Dividends:** 50% of the companies with the lowest expected dividend yield are excluded. **Selection of companies with sufficient market liquidity and financial soundness.**

✔ **Volatility:** Selection of the 30 equities presenting the lowest historical volatility over a period of six months. These 30 equities are then weighted according to their volatility. The least volatile equity will thus have the greatest weight in the index.

**The volatility (and therefore the risk) of the index remains as limited as possible.**

✔ **Sector control:** A maximum of six companies are chosen for each economic sector. If the number of equities remaining after this filter is applied is less than 30, the composition is expanded to the other equities that have the lowest volatility over a period of six months until the number 30 is reached.

**The index is not overexposed to one sector in particular.**

The index is calculated by Solactive, one of the main suppliers of financial market indices.

### Conclusion:

This rigorous method identifies the equities of companies that:

- are the most ethical, socially responsible, and sustainable;
- make the biggest efforts as part of an energy transition;
- are able to distribute high dividends, and
- present a controlled risk profile.

### More information

Equities are subject to upward and downward price movements. These variations may be limited within a fluctuation range that measures, as a percentage, the positive and negative differences in relation to an average performance level. In financial terms, this interval is expressed by the notion of **volatility**. As such, saying that an equity has a volatility of 5% means that in most observed cases, the equity fluctuates between +5% and -5% around its average performance.

# REDEMPTION MECHANISM AT MATURITY

At the initial observation date, which is 15 December 2015, the closing level of the Ethical Europe Climate Care index is measured and used as the initial level.

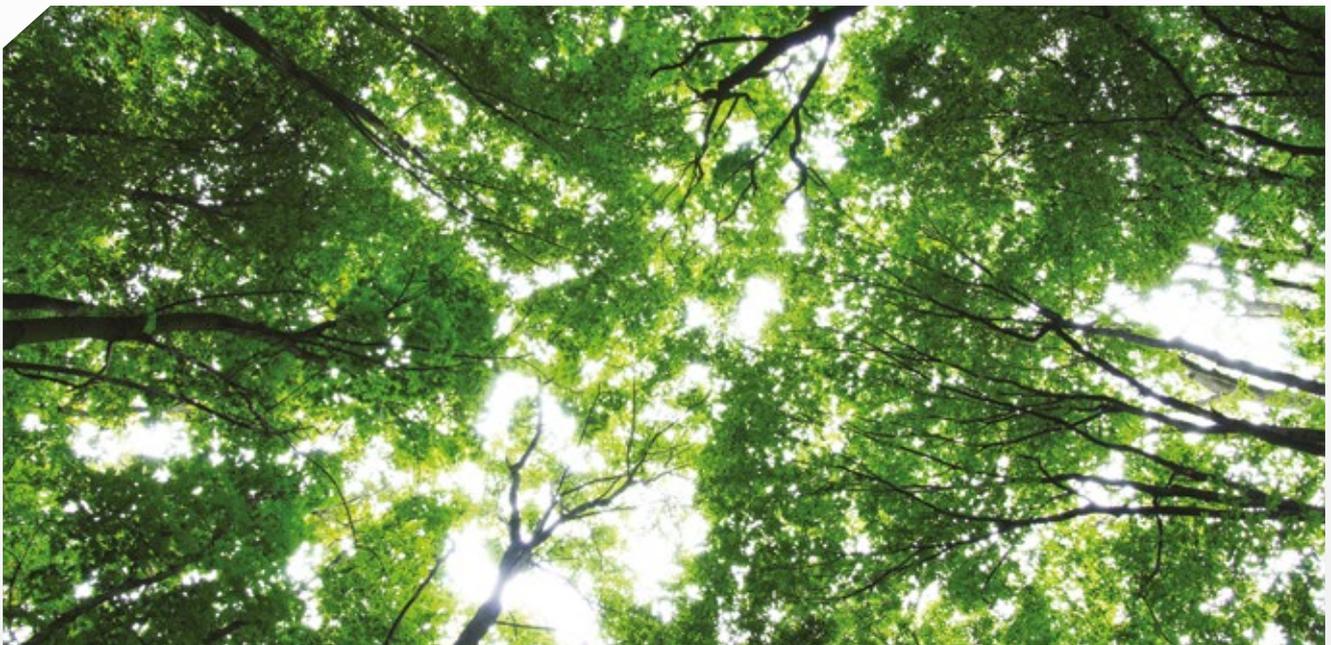
The average of the closing levels of the index is calculated on the monthly observation dates over the last 25 months prior to maturity. This average is then scaled to the initial level of the index, making it possible to calculate its average performance.

- If this average performance is negative, the redemption at maturity will be calculated as follows: par value minus the negative average performance of the index, within the limit of 10%, i.e., a minimum redemption of 90% of the par value<sup>1</sup>.
- If the average performance of the index is positive, the investor will have the right, at maturity, to:
  - redemption of the par value and
  - a redemption premium, equal to the positive average performance of the index<sup>1</sup>.

## Scenarios

Given for illustrative purposes, the following scenarios do not predict the future evolution of the Ethical Europe Climate Care index or the performance of the BGL BNP Paribas Climate Care Note 2021 at maturity.

Unfavourable scenario	Neutral scenario	Favourable scenario
The average of the performance levels of the index during the last 25 months preceding maturity is equal to -20.4%.	The average of the performance levels of the index during the last 25 months preceding maturity is equal to +5.6%.	The average performance of the index is +29.8% on the basis of the performance during the last 25 months preceding maturity.
On 29 December 2021, the investor has the right to redemption at 90% of the nominal value <sup>2</sup> .	On 29 December 2021, the investor has the right to redemption at 100% of the nominal value <sup>2</sup> and a redemption premium equal to 5.6% (gross) <sup>2</sup> .	On 29 December 2021, the investor has the right to redemption at 100% of the nominal value <sup>2</sup> and a redemption premium equal to 29.8% (gross) <sup>2</sup> .
The gross actuarial yield is -2,04% <sup>1,2</sup> .	The gross actuarial yield is +0,57% <sup>1,2</sup> .	The gross actuarial yield is +4,06% <sup>1,2</sup> .
Example: In this scenario, an investment of EUR 1,000 <sup>2</sup> entitles the investor to a redemption of EUR 900 <sup>1</sup> .	Example: In this scenario, an investment of EUR 1,000 <sup>2</sup> entitles the investor to a redemption of EUR 1,056 <sup>1</sup> .	Example: In this scenario, an investment of EUR 1,000 <sup>2</sup> entitles the investor to a redemption of EUR 1298 <sup>1</sup> .



<sup>1</sup> Provided that the Issuer has no bankruptcy or payment default

<sup>2</sup> On the basis of a purchase price at 102%, excluding the applicable charges and taxes

## + Advantages

- + A responsible investment.
- + 90% capital protection of the par value at maturity by the Issuer.
- + 100% participation, at maturity, in the average performance of the index if it is positive, without any ceiling.
- + An underlying index composed of 30 equities carefully chosen from among European large caps.
- + A potentially higher yield than that of the index through the use of an average performance (excluding dividends) rather than only the final performance of the index, if the index declines continuously over the last 25 months.

## - Disadvantages

- Risk of capital loss at maturity: there is no provision for capital repayment at 100% of the par value in all cases: in case of adverse changes in the Ethical Europe Climate Care Index at maturity, the investor is exposed to a capital loss. However, this capital loss will be limited to a maximum of 10% of the invested amount.
- Potentially lower yield than the index: using an average performance rather than just the final level of the index generates lost revenue for the investor if the index grows continuously over the last 25 months.
- Although one of the criteria for selection of the equities comprising the index focuses on the dividends that they distribute, it should be noted that these dividends are not paid to investors.
- Investors take a risk of capital loss that cannot be determined beforehand in the event that they exit during the product's life.

## Main risk factors

- **Market risk:** the market value of a structured product may vary significantly under the influence of various factors, such as the level of performance of the underlying assets, their volatility, the fluctuation in interest rates or exchange rates, the remaining life of the product until its maturity, the financial and economic environment of the country or countries considered, and, if the product is not denominated in the investor's currency of reference, the exchange risk against the investor's own currency.  
For structured products that have an Issuer call providing the possibility of early redemption, the prospects of reinvestment of the redeemed amounts may be unfavourable. For structured products relating to credit markets, the risk of bankruptcy of the various issuers of the underlying bonds changes particularly on the basis of their quality (reflected by their rating – see Issuer risk below applied to the underlying bonds) and the macroeconomic environment. Investors must be aware of the quality of the Issuer(s) on which the investments are made. In addition, the price of the underlying bonds may vary significantly between their issue and their maturity. This fluctuation in price is related to the fluctuation in interest rates on the market.
- **Structuring risk:** as structured products are based on several complex parameters, investors must fully understand the mechanisms of the proposed structured product and the result from the redemption formula or the chosen valuation method, depending on various market expectations and the nature of the underlying(s).
- **Credit risk:** each investor assumes the credit risks of the Issuer defined in the product's legal documentation. The Issuer's ratings reflect the independent opinion of the rating agencies concerned and are not to be considered as a guarantee of the credit quality. In the event of bankruptcy or payment default by the Issuer, investors could suffer partial or total losses on the capital originally invested.
- **Liquidity risk:** in the case of structured products, the product's liquidity is entirely at the discretion of the Issuer, which may or may not make the commitment under normal market conditions to buy or sell the product to the investor according to certain criteria defined at the outset (price, frequency, and minimum amount). Investors who wish to exit before maturity may thus not be able to sell some or all of their financial assets or may need to sell at a substantially unfavourable price. Lastly, certain products that lose much of their liquidity may face high volatility and deterioration of their market value, thus decreasing the reliability of their valuation in the portfolios or making their valuation impossible. Except under exceptional market circumstances, BGL BNP Paribas will redeem the denominations held by the investors. A purchase/sale price range of a maximum of 1% will be applied under normal market conditions. Investors who wish to sell the product before maturity may sell it at a price determined by BGL BNP Paribas on the basis of the market parameters at that time and excluding brokerage fees and taxes on stock exchange transactions. Consequently, in case of resale before maturity, the value of the derivative may be less than or greater than the par value.
- **Financing:** the purchase of financial instruments through financing increases the risk. On the one hand, additional guarantees (additional assets as collateral) may be required. On the other hand, the loss incurred when the prices evolve adversely is likely to be greater than without financing. Fluctuations in the prices of the pledged instruments may therefore have a negative influence on the ability to repay the loans/financing. It is important to understand that leverage, arising from the purchase of financial instruments through financing, results in a proportionately greater sensitivity to price fluctuations and therefore offers the prospect of greater earnings, but also, at the same time, a risk of greater losses. In summary, the greater the leverage, the greater the potential loss may be.
- **Conflicts of interest:** several potential and actual conflicts of interest may result from the investment activities of the various parties involved in the transaction, the stakeholders of these investments, and their subsidiaries. In particular, the manager/Issuer or its subsidiaries may offer and manage other investment vehicles whose interests may differ from those of the holders of the securities described previously.
- **Right to redemption up to 90%:** for products with a 90% capital guarantee, the guarantee covers 90% of the invested capital and applies at the product's maturity. During the life of the product, the market value fluctuates up and down on the basis of various parameters (evolution of the underlying, volatility, fluctuations in interest rates, etc.). In case of an exit before maturity, if the market's liquidity permits it, the investor may suffer partial or total losses on the capital originally invested. In addition, the 90% capital guarantee may not apply if the issuer were to default.

## Principal characteristics

ISIN-Code:	XS1302573131
Legal form:	Ratings (debt security)
Issuer:	BGL BNP Paribas S.A. (Standard & Poor's A+, Moody's A1, Fitch Ratings A+ as at 1 October 2015)
Par value:	1.000 EUR
Sale price:	102%
Minimum investment amount:	1.000 EUR
Underlying/Index:	Europe Ethical Climate Care index, calculated excluding dividends (composition available at <a href="http://www.ethicalclimatecare.com/europe">www.ethicalclimatecare.com/europe</a> )
Subscription period:	16 October to 9 December 2015 (except in case of early closure)
Issue date:	15 December 2015
Observation date of the initial level of the index:	15 December 2015
Monthly observation dates for the calculation of the average performance of the index:	16 December 2019, 15 January 2020, 17 February 2020, 16 March 2020, 15 April 2020, 15 May 2020, 15 June 2020, 15 July 2020, 17 August 2020, 15 September 2020, 15 October 2020, 16 November 2020, 15 December 2020, 15 January 2021, 15 February 2021, 15 March 2021, 15 April 2021, 18 May 2021, 15 June 2021, 15 July 2021, 16 August 2021, 15 September 2021, 15 October 2021, 15 November 2021, 15 December 2021
Maturity date:	29 December 2021
Redemption mechanism at maturity:	<ul style="list-style-type: none"><li>· if the average performance of the index is positive: redemption of the nominal value plus a gain equal to this positive average performance;</li><li>· if the average performance of the index is negative: the redemption will be only partial and calculated as follows: nominal value minus the negative average performance of the index within the limit of 10%, i.e., a maximum capital loss of 10% or a redemption at maturity of at least 90% of the nominal value.</li></ul>
Distribution commissions:	Commissions relating to this transaction have been collected by the distributor. They cover the costs of distribution and are limited to a maximum annual amount equivalent to 0.5% including taxes of the issued amount. The details of these commissions are available on request from BGL BNP Paribas.
Taxation of the product:	Revenues generated by the product are not subject to the withholding tax applicable to residents of Luxembourg and do not fall within the scope of the automatic exchange as part of the savings directive.

### **BGL BNP PARIBAS**

**Société Anonyme (Public Limited Company)**

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**Luxembourg trade & companies register: B 6481**

**Credit institution authorised and supervised by the Financial Sector Supervisory Commission ("CSSF"), 110, route d'Arlon, L - 2991 Luxembourg**

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