

Policy on Customer-Oriented Business Conduct

July, 2017

The BNP Paribas Group (hereinafter, “BNP Paribas”, or the “Group”), to which both BNP Paribas S.A., Tokyo Branch and BNP Paribas Securities (Japan) Limited (hereinafter, “we”, “us”, or “our Firms”) belong, sets our values – or the “BNP Paribas Way” – upon which all BNP Paribas employees base our business operations. This policy on Customer-Oriented Business Conduct is based on such values.

The values, which guide our day-to-day activities, were developed based on contributions invited and collected from BNP Paribas employees and are listed in BNP Paribas’s Code of Conduct (accessible via the following link: [BNP Paribas Group Code of Conduct](#)).

Strengths:

Stability / Responsibility / Expertise / Good Place To Work

Our Driving Forces:

Agility / Compliance Culture / Customer Satisfaction / Openness

One of the key concepts that we seek to uphold, is that we act in the best interests of our customers – i.e. the philosophy of “customers first”.

At our Firms, business is done through addressing our customers’ needs in an open and responsible manner, with the highest standards of compliance and ethics, collectively building on our expertise to achieve excellence in the businesses we chose to operate, and considering the consequences of our actions on the wider society.

Please note that as a Bank and a Financial Instruments Business Operator in Japan, in principle, our Firms carry out business with corporate and institutional customers, and the way we deal with our customers reflects their nature and their level of sophistication.

We are well aware that we play a part in the investment chain, and, as per the Code of Conduct, that we must strive to carry out our business with utmost consideration for potential individual investors who may be customers of the corporate and institutional customers we transact with.

We will review this policy on a periodic basis. The implementation of this policy will be confirmed within the framework of our daily business processes, and we will aim to continuously improve the level of the services that we provide to our customers.

We hereby confirm that we shall adopt all seven principles laid out in the “Principles on Customer-Oriented Business Conduct”, announced by FSA in March, 2017, and that we intend to take the actions as we mention below, in line with “BNP Paribas Way”. We hope for your continued support going forward.

1. Pursuit of the Customers' Best Interests

In the Code of Conduct (the section titled "The rules of conduct"), seven conduct themes are focused upon, and the first of the conduct themes listed is "Customers' Interests". The values (Our Strengths and Our Driving Forces) identified within the Group for this theme are:

- Expertise;
- Customer satisfaction; and
- Compliance culture.

We have a strong commitment to protect the customers' best interests, which requires us to:

- Know and comply with the rules protecting customers' rights in markets where the Group operates;
- Design products with customers' interests in mind;
- Ensure the products sold are easy to explain;
- Ensure products can be understood by customers;
- Apply fair and transparent pricing in accordance with applicable laws and regulations;
- Ensure that the activities comply with applicable laws and regulations, including tax rules; and
- Never act on behalf of a customer without authorization (e.g. a mandate, or customer instruction).

BNP Paribas puts its responsibility towards our customers at the very heart of its strategy. Protection of interests of our customers is a fundamental component of the corporate culture within the Group and it is a shared responsibility of all its employees.

2. Appropriate Management of Conflicts of Interests

In accordance with BNP Paribas's policies on managing conflict of interests, we have established internal rules and procedures as well as a control framework to enable appropriate identification of conflict of interest cases, and the necessary actions which should be taken for each such case, including when a conflict of interest arises (or could arise) where there is an imbalance in the information held between parties, as well as conflict of interests between our Firm and our customers

3. Disclosure of Commissions and Other Costs

We seek to determine the terms and conditions (including pricing and fees) of financial products and services that we offer to our customers in a fair and reasonable manner. The pricing and fees that we charge for our financial products and services are determined after taking into consideration various factors including, but not limited to, the nature, volume and tenor of the relevant financial product or service, execution method, market conditions, liquidity, capital costs, market, credit and other relevant risks, technology and labour costs and ongoing or post-execution services. In accordance with the Code of Conduct, which requires all BNP Paribas employees to act fairly, honestly and transparently in all professional actions to gain the trust of customers, we endeavor to ensure that our customers are able to make informed investment decisions by providing them with adequate and easy-to-understand explanations of the pricing and fees that we charge for our financial products and services which takes into account each customer's knowledge and investment experience. By adopting this approach, we strive to achieve clarity and transparency in the pricing and fees that we charge for our financial products and services.

4. Provide Important Information About Financial Products/Services in a Way Which Customers Can Easily Understand

All commercial communications addressed to customers aim to be transparent with respect to the services and products offered and we are expected to:

- Aim to ensure that all customer communications are fair, honest, transparent understandable and not misleading;
- Provide all the required information in order to enable customers to understand:
 - What they are buying, including the expected performance, pricing and risk characteristics;

 - and

 - What they are paying for, including the cost of the products, services and advice chosen.
- Carry out sales and marketing of the Group's products and services with integrity; and
- Answer customer's questions to the best of our ability and in a timely manner.

5. Provide Suitable Financial Products/ Services to Customers

We have a duty to understand customers' needs and there is a responsibility to seek always to understand the needs, expectations and interests of customers in order to provide them with appropriate products and services

Our Firm will propose products and services which aim to meet our customers' needs, based on each customer's business, assets, knowledge, sophistication level and experience, as well as our customers' wishes (including how much risk they are willing to take).

We value all communications with our customers, and will continue to endeavour to achieve better understanding of our customers through our daily business operations for better service provision going forward, as well.

6. Protecting Customers' Confidentiality

Needless to say, it is important that customers' confidentiality remains protected, which means to:

- Treat all customers relationships as strictly confidential;
- Keep customer information confidential at all times unless disclosure and/or use of the information is permitted by applicable law and/or with the expressed consent of the customer;
- Share customer information within the BNP Paribas Group with those colleagues who genuinely need to see it to serve the customers' best interests in accordance with the applicable law and internal rules;
- Only collect data necessary for a specific professional purpose; and
- Comply with the Group's system of information barriers.

7. Appropriate Incentives Provided to Employees

The Code of Conduct provides clarity regarding what is expected from employees while exercising their roles and responsibilities.

The annual performance appraisal process for each employee is also considered to be an important process that reinforces the importance of "living the Values" and highlights appropriate behaviours as described within the Code of Conduct, and the Code of Conduct requires managers to uphold the Group's procedures to incorporate alignment and adherence to the Code of Conduct as a factor in performance management.