

BNP PARIBAS REAL ESTATE INVESTMENT MANAGEMENT

STATEMENTS ABOUT POLICIES ON THE INTEGRATION OF SUSTAINABILITY RISKS IN THE INVESTMENT DECISION-MAKING PROCESS AND ABOUT THE TREATMENT OF THE PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS IN INVESTMENT ADVICE

1. GENERAL INFORMATION

BNP Paribas REIM business line is part of BNP Paribas Group and as such abides by the Group's general standards and policies described below. BNP PARIBAS REIM Business line comprises BNP PARIBAS REIM FRANCE, BNP PARIBAS REIM Luxemburg, BNP PARIBAS REIM Germany and BNP PARIBAS REIM Italy. The business line provides clients with a broad range of real estate investment products and services. By working closely with its clients, the business line develops tailored solutions in order to maximize the returns for agreed levels of risk.

A. BNP PARIBAS

BNP Paribas' mission is to contribute to responsible and sustainable growth by financing the economy and advising clients according to the highest ethical standards. The Group's CSR policy is one of the main components of this approach. In line with the United Nations' Sustainable Development Goals, it is based on four pillars (economic, social, civic and environmental) that reflect its CSR challenges, as well as the Bank's concrete achievements.

In 2019, BNP Paribas has published its corporate purpose, a text which was prepared by the BNP Paribas Executive Committee, based on three texts resulting from a work with many different employees. These include the Shared Convictions (Mission and Vision), the Code of conduct and the Engagement Manifesto.

Moreover, BNP Paribas has been committed for several years by setting itself additional obligations in several sensitive sectors through:

- Financing and investment policies in the following sectors: agriculture, palm oil, defense, nuclear energy, paper pulp, coal energy, mining and non-conventional hydrocarbons (for an updated list of policies, please see <https://group.bnpparibas/en/financing-investment-policies>)
- A list of excluded goods and activities such as tobacco, drift nets, the production of asbestos fibres, products containing PCBs (polychlorinated biphenyls), or the trading of any species regulated by the CITES convention (Convention on international trade in endangered species of wild fauna and flora) without the necessary authorization; (<https://group.bnpparibas/en/publications#6>)



- Restriction lists, which define the level of monitoring and constraint, applied to companies, which do not fully meet the Group's CSR requirements.

In line with the United Nations' Sustainable Development Goals (SDGs), the Group actively participates in designing and implementing long-term social and environmental solutions within the framework of both the Principles for Responsible Investment (PRI) and the Principles for Responsible Banking (PRB).

B. BNP PARIBAS REAL ESTATE INVESTMENT MANAGEMENT BUSINESS LINE

As an affiliate of BNP Paribas and BNP Paribas Real Estate, Environmental, Social and Governance (ESG) integration is at the core of BNP Paribas REIM business line's DNA and the strategy is directly inspired and sustained by the vision and commitment of its two parent companies.

The business line is actively working to embed ESG criteria into its activity, from day-to-day operations to the business line's strategy and governance processes, guided and sustained by ever-deepening dialogue with its stakeholders.

The business line established ESG integration as one of its five strategic pillars, heralding a new level of commitment in alignment with the ambitions of the BNP Paribas and BNP Paribas Real Estate. Both seek to measure their contribution to several SDGs. Therefore, BNP Paribas REIM ESG strategy complies to a few commitments aligned with SDG's.

2. INTEGRATION OF SUSTAINABILITY RISKS IN INVESTMENT DECISION-MAKING PROCESS

BNP Paribas REIM business line, as financial market participant and a financial advisor, takes into account the environmental, social and governance risks that could cause an actual or a potential material negative impact on the value of the assets it selects for or recommends to its clients.

BNP Paribas REIM business line's ESG ambition was first formalized in 2012 with the adherence of BNP Paribas REIM France entity to the UN Principles for Responsible Investment (UN PRI) and the establishment of 12 commitments to achieve before 2020. Since 2019, all BNP Paribas REIM business line entities are signatory.

As a signatory of the UN PRI, the business line decided to be part of the Responsible Investment offer of the real estate market for several reasons:

- To highlight BNP Paribas REIM business line's responsible commitment
- To allow the business line to match investors requirements
- To better suit tenants' requirements and therefore
- To sustain the financial performance of managed portfolios

When selecting new investments, BNP Paribas REIM business line is considering a number of ESG criteria which implicitly encompass key sustainability risks in direct real estate. These criteria have been selected in order to cover key sustainability risks in Real Estate. A proprietary ESG grid helps with the evaluation of ESG risks and opportunities considered to be material. This enables BNP Paribas REIM business line to take into account the environmental, social and governance risks that could cause an actual or a potential material negative impact on the value of these products or a reputational risk. Such approach applies to any type of real estate asset and covers a broad range of criteria: a reputation risk if the seller or tenants are part of a BNP Group exclusion list , energy efficiency, accessibility, pollution, environmental certification, biodiversity, comfort and health of occupants.

Today, this ESG grid is presented to the investment committee and is mandatory for any investment presented. This ESG grid is supporting the AIFM's decision-making process, allowing for ESG criteria and then sustainability risks to be considered when acquiring a new asset.

For products complying with Article 8 and 9, specific binding requirements have been integrated into the ESG grid.

Liquidity assets, securities assets and investments in other real estate funds managed by third parties, which overall stand for a marginal share of the managed portfolios, are not covered yet.

3. STATEMENTS ABOUT NO CONSIDERATION OF SUSTAINABILITY ADVERSE IMPACTS

BNP Paribas REIM business line entities provide clients with a broad range of real estate investment products and services. As such, real estate assets are the principal target of its investment decisions. The business line constituents aim to take into consideration the environmental and social principal adverse sustainability impacts of their investment decisions or financial advices to their customers.

In order to assess these principal adverse impacts, BNP Paribas REIM business entities must define quantitative and/or qualitative indicators that are suitable to real estate assets or real estate asset funds. If a number of Environmental, Social and Governance criteria before each transaction (such as energy performance, accessibility for people with reduced mobility, sustainable mobility...) are already defined, some impacts are more difficult to assess for real estate assets.

Some sustainability factors presented in the Table 1 and Table 2 of Annex I of the Final Report on draft Regulatory Technical Standards, which are relevant for the real estate industry, will be addressed by end 2021.

Furthermore, as above mentioned in paragraph 2, BNP PARIBAS REIM Business Line entities are signatory of UN PRI.

4. REMUNERATION PRACTICES & SUSTAINABILITY RISKS INTEGRATION

SUSTAINABILITY STRATEGY

In a changing world, we focus on achieving long-term sustainable returns for our clients, to make a positive difference in people's futures.

BNPP REAL Estate Investment Management's strong commitment towards sustainable investment is described in its CSR report and more specifically in its sustainable ambitions with the development of responsible investment products and the incorporation of ESG criteria into our investment decisions.

BNPP REIM's Global Remuneration Policy is fully aligned with these sustainable ambitions, as CSR and sustainability represents a core element of BNPP REIM's DNA.

