

BNP Paribas REIM

ESG SUMMARY 2020



**BNP PARIBAS
REAL ESTATE**

Real Estate
for a changing
world

BNP Paribas REIM invests in real estate as a **living asset**.

We deliver **sustainable** performance for both **institutional** and **private** investors through our investments in **European** real estate assets.


€28.9bn
Assets under management


1,600+
Buildings managed


17
Countries with assets under management


50%
Assets under management with ESG KPIs measured

15 
Funds with ambitious ESG objectives and measured KPIs in 2021

KEY ACHIEVEMENTS

European Impact Property Fund

Launched November 2020

French SRI label

For BNP Paribas Diversipierre in November 2020

Six funds participated in GRESB

With an overall 10% score increase between 2019 and 2020

ESG-driven for long-term performance

BNP Paribas Real Estate Investment Management invests in real estate as a living asset. The assets we manage live in two senses. They are assets in which life happens, buildings in which people work, live and have fun. And they are assets that have their own lifecycle, with each stage clearly defined; assets we treat as if they were living beings.

This view drives our convictions and approach in terms of Environmental Social Governance (ESG) integration. It is reinforced by our positioning and experience as a pan-European investment manager, part of the BNP Paribas group committed to Positive Banking.

A PRAGMATIC APPROACH FOCUSED ON PROGRESS

First, being ESG-driven is one of our five strategic investment pillars, embedded into our business. Integrating ESG criteria into our investment decisions enables us to both manage risk and drive performance by future-proofing our assets in anticipation of environmental legislation and evolving market demand.

Under our new ESG strategy, launched at the end of 2020, we have chosen to focus on three ESG objectives: cutting carbon emissions, managing assets responsibly and boosting stakeholders' awareness to achieve positive change. Each objective is monitored through specific key performance indicators (KPIs).

Our target is that, by 2022, 70%¹ of our funds² open to subscription to investors

¹ By market value of assets, based on assets under management at 31 December 2021

² Pooled funds for private and institutional investors, excluding funds trading only on secondary markets

³ Classification as "Sustainable" in compliance with Article 8 and Article 9 of SFDR - European Regulation (EU) 2019/2088



Our CSR strategy is pragmatic, relevant and embedded into our business as a leading European investment manager.

Nathalie CHARLES
Global Head of Investment Management
BNP Paribas Real Estate

will be classified as "Sustainable"³ under the framework of Europe's new Sustainable Finance Disclosure Regulation (SFDR), rising to 90% by 2025. Already in 2022, 100% of our funds for private investors will be classified as "Sustainable". At the same time, we are adopting advanced Impact Investing strategies. Our European Impact Property Fund (EIPF), launched in 2020, is the first real estate fund to target CO₂ emissions reduction in line with the Paris Agreement.

Second, we take a pragmatic approach. Brand new assets tend to attract a lot of noise. To be an effective European investment manager, we need to work meticulously to improve the ESG performance of existing assets, delivering more impact through our "Best in Progress" investment approach.

ENGAGEMENT DRIVING MEANINGFUL CHANGE

I have a deep personal conviction that there are no monolithic solutions when it comes to ESG integration. Instead, we must engage with investors and partners at corporate, fund and asset levels to agree on practical solutions to achieve progress - something that we have been doing for many years to drive asset performance.

As one of Europe's longstanding financial groups, we know that markets and society evolve. Right now, there is no yield premium for ESG-driven assets. But real estate is a long-term business. Our new strategy - and our renewed focus on real estate as a living, breathing asset - will ensure we are ready for a future that values sustainability.

OUR ESG ACTION PLAN 2021 > 2025

GO BEYOND MANAGING RISK TO DRIVE PERFORMANCE

CUT CARBON EMISSIONS

5 KPIs to monitor asset adaptation to climate change (energy efficiency programmes, in-use certification)



MANAGE ASSETS RESPONSIBLY

4 KPIs to improve tenants' comfort, encourage soft mobility, promote waste sorting and ensure access to people with disabilities



TAKE ACTION TO ACHIEVE ESG OBJECTIVES
at corporate, fund and asset level

BOOST STAKEHOLDER AWARENESS

4 KPIs to commit to environmental and social initiatives with property managers and tenants



BY 2025

90% OF FUNDS¹ open to subscription to investors will be classified as Sustainable² (70% in 2022)

WE SEGMENT OUR FUNDS ACCORDING TO THEIR ESG PROFILE, AND STRENGTHEN ESG-DRIVEN FUNDS' COMMITMENTS EACH YEAR.

MAINSTREAM FUND

ESG essentials
ESG assessment at acquisition

SFDR Article 6

ESG INTEGRATION FUND

ESG roadmap with KPIs

SFDR Article 6

ESG FUND

ESG roadmap with KPIs
+ Binding legal commitments

SFDR Article 8

IMPACT FUND

ESG roadmap with KPIs
+ Binding commitments
+ Impact investing strategy

SFDR Article 9

FUND SUSTAINABILITY JOURNEY

¹ / Pooled funds for private and institutional investors, excluding funds trading only on secondary markets

² / Under the framework of Europe's Sustainable Finance Disclosure Regulation (SFDR); European regulation (EU) 2019/2088 equal to compliance with Article 8 and Article 9

Driving performance across funds

Our new fund segmentation divides funds into four categories based on their ESG profile and according to the new European Sustainable Finance Disclosure Regulation - SFDR. We evaluate and monitor asset performance using 13 KPIs.



MAINSTREAM FUNDS

Around 75% of assets managed by BNP Paribas REIM are currently held in Mainstream funds, which are compliant with Article 6 of the SFDR. Mainstream funds are subject to a common baseline of ESG criteria. We use an ESG grid at acquisition to assess sustainability risks, exclude tenants on BNP Paribas Group's ban list and apply ESG best practices when renovating assets.

Accimmo Pierre* FUND

is an open-ended retail fund with a strategy focused on the acquisition of new buildings in France. Around 90% of its assets are under 20 years old, and many hold ESG labels. The fund is targeting the French SRI label within the next 18 months.

BNP Paribas MacStone* FUND

follows a sustainable investment strategy that capitalizes on three key megatrends: digitalization, demographic shifts and changing lifestyles.

OTHER FUNDS OPEN TO INVESTORS

Accès Valeur Pierre*, OPUS REAL*, HPF Europe, Health Property Fund 2, European Property SICAV-FIS, Real Value Fund

* Expected to become an ESG Fund in 2022

ESG INTEGRATION FUNDS

Assets in BNP Paribas REIM's ESG Integration funds each benefit from a dedicated ESG roadmap. We evaluate each asset's ESG performance through 13 KPIs, and define ESG performance targets for 2022 and 2025 that reflect our 13 KPIs and 3 ESG objectives.

NEIF III** FUND

Next fund to be compliant with Article 8 of the SFDR in 2021

The Next Estate Income Fund III (NEIF III) invests in already developed, recently refurbished and newly delivered offices, with environmental certifications, in major European cities. It achieved a GRESB score of 70/100 in 2020 thanks to its fully green-certified portfolio and the integration of improved energy data collection.

**Expected to become an ESG Fund in 2021

ESG FUNDS

BNP Paribas REIM's ESG funds include binding ESG commitments in their legal documentation. They must have an ESG roadmap established by stakeholders that defines which ESG criteria they intend to prioritize, and describes how those improvements will be accomplished. They are compliant with Article 8 of the SFDR.

BNP Paribas Diversipierre FUND

A fund which earned France's SRI label in 2020

One of the first BNP Paribas REIM funds to earn the status of ESG fund, BNP Paribas Diversipierre OPCI invests in commercial real estate and financial products across Europe. Assets under consideration for acquisition are scored against a customized SRI analysis grid and must meet specific ESG criteria, such as the absence of pollution that presents a risk to tenants' health.

IMPACT FUNDS

Impact investing refers to investing with the intention of generating positive, measurable social or environmental impacts alongside financial returns. Starting in 2020, BNP Paribas REIM has chosen to focus part of our new product development on Impact funds. Impact funds target existing assets with low ESG performance, but high potential for improvement.

EIPF FUND

An impact fund aligned with the Paris agreement and compliant with Article 9 of the SFDR

In December 2020, BNP Paribas REIM launched the first property fund that sets out to be compliant with the Paris Agreement and the International Energy Agency's proposed climate trajectory. The fund aims to reduce CO2 emissions by 40% across the entire European portfolio over the next decade through a core, diversified, income-driven strategy. By May 2021, EIPF had attracted more than €300 million of equity and completed two closings.



KEEP UP-TO-DATE WITH BNP PARIBAS REAL ESTATE'S NEWS
WHEREVER YOU ARE

#BEYONDBUILDINGS



**BNP PARIBAS
REAL ESTATE**

Real Estate
for a changing
world