

SFDR – Article 3 of Regulation (EU) 2019/2088
[BNPP REAL ESTATE INVESTMENT MANAGEMENT
FRANCE / ITALY / GERMANY / LUXEMBOURG]

**Statements about policies on the integration of sustainability risks in the
investment decision-making process**

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. Definition of Sustainable Investment

BNP Paribas REIM business line has defined criteria to answer the sustainable investment definition under

article 2 – 17 of SFDR Reglement (2019/2088).

This definition has been approved by the board of each of the 4 entities of BNP Paribas REIM business line.

	ENVIRONMENT Objective of climate change mitigation						ENVIRONMENT Objective of climate change adaptation	SOCIAL
	Buildings to become efficient <i>Best in progress</i>			Efficient building <i>Best in class</i>			Building becoming resilient to climate change effects	Building with a social objective
	OR	OR	OR	OR	OR	OR	OR	
DIRECT	<p>Building with an assessed ESG action plan presenting an environmental impact, with a dedicated budget and objectives set and monitored over time, with a demonstration of progress annually</p> <ul style="list-style-type: none"> Could be monitored through the SRI label framework within 3 years Could be monitored through any SRI/ESG scoring system 	<p>Building with an assessed energy efficiency action plan with a dedicated budget with a demonstration of progress annually :</p> <ul style="list-style-type: none"> To align with the objectives of the Decree Tertiaire (40% reduction in energy consumption) Or with a quantitative target by 2030 	<p>Building with a CO2 emissions reduction target by 2030 with an action plan and a associated budget assessed:</p> <ul style="list-style-type: none"> Target aligned with the Paris Agreements Target aligned with CRREM Trajectory 1,5°C pathway 	<p>Building with recent environmental certification / renovation or in operation VALID energy label</p> <ul style="list-style-type: none"> Minimum VERY GOOD certification level or equivalent 	<p>Building demonstrating its high efficiency:</p> <ul style="list-style-type: none"> Already aligned with the Decree Tertiaire trajectory Already aligned with the CRREM Trajectory 1,5° by 2030 Having fully completed its ESG action plan 	<p>Building aligned with the taxonomy environmental criteria:</p> <ul style="list-style-type: none"> Having an EPC A or belonging in the local top 15% in terms of typology & geography 	<p>Undertake climate risk exposure and vulnerability assessment to assess materiality of the physical climate risks</p> <ul style="list-style-type: none"> Identify adaptation solutions that can reduce the identified physical climate risk and Implement adaptation solutions to substantially reduce the most important physical climate risks that are material 	<p>Intermediate (rent capped) housing and intermediate operated residential</p> <ul style="list-style-type: none"> Affordable housing Social housing Emergency accommodation Healthcare or student housing assets with a share made available to associations (non-profits) or at a lower price Schools operated by non-profits, labelled ESPIIG or with study grant rates above benchmark Daycares or child care centres
	The building is accounted as SI once 30% of actions are engaged in number or amount at least after 12 months after acquisition			The building is immediately accounted as SI			The building is accounted as SI once the climate risk assessment and 30% of adaptation solutions are engaged in number or amount	
INDIRECT	<p>Until the real estate market is stabilised in terms of disclosure of definition and commitment of sustainable investment, an indirect investment is considered sustainable if:</p> <ul style="list-style-type: none"> The Fund is compliant with Article 8 of SFDR and has a fund label: SRI Label or Luxflag; or has achieved a GRESB score of 80 or more The Fund is compliant with Article 9 of SFDR 							

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About BNP Paribas REIM

With BNP Paribas REIM, you invest in REAL ESTATE AS LIVING ASSETS.

BNP Paribas REIM, a business line of BNP Paribas Real Estate, provides a wide range of real estate funds and investment solutions for investors, based on strong convictions.

Deeply European, we have a close understanding of local markets, a view of every square meter, every street, every neighborhood, every urban eco-system.

With our 350 employees, we care for assets as we care for living beings, aiming to build a better living environment for our 220+ institutional investors and 150,000+ private investors.

We believe in ESG to reconcile social, environmental and financial performance.

We apply innovation in order to better adapt to the risks and opportunities of today and tomorrow.

At the beginning of 2022, BNP Paribas REIM managed €29.7 billion of living European assets on behalf of institutional and private investors.



**BNP PARIBAS
REAL ESTATE**

**Real Estate
for a changing
world**