

BNP PARIBAS REIM

DELIVERING SUSTAINABLE PERFORMANCE THROUGH REAL ESTATE INVESTMENT SOLUTIONS

ESG REPORT 2024



INVESTMENT MANAGEMENT



**BNP PARIBAS
REAL ESTATE**

**Real Estate
for a changing
world**

WHAT A LONG-TERM VIEW OF ESG MEANS FOR REAL ESTATE

As a responsible asset manager, BNP Paribas Real Estate Investment Management (REIM) is committed to improving environmental performance and decarbonising the European real estate sector.

For over a year, the real estate market has been going through a turbulent and complex period. Following a global health crisis and rising energy prices linked to the conflict in Ukraine, the increase in key interest rates is impacting euro-area economies and property markets. While the goal of rate increases is to curb inflation and limit the slowdown of economic activity, higher benchmark interest rates have resulted in several challenges. These include a higher cost of credit, tighter financing conditions for investors, a wait-and-see attitude amongst investors reducing demand, and negative pressure on real estate sales and valuations.

However, the need for real estate remains unchanged and new needs are emerging among users – such as central locations, building services, flexibility and modularity and environmental, social and governance (ESG) commitments.

THE ROLE OF REAL ESTATE IN ESG

By prioritising ESG, real estate companies can respond to an evolving market context, including stricter regulations around CO₂ emissions and energy performance, and an increased emphasis on cost efficiency. The imperative for ESG integration also stems from a profound understanding of the pivotal role real estate plays in shaping our environmental footprint, and growing awareness among investors, tenants and end-users. With nearly 40% of global carbon emissions emanating from the built environment, the real estate industry has an opportunity to be a catalyst for meaningful change.

For real estate investments, implementing ESG provides a pathway to protecting asset value, liquidity and attractiveness, improving overall performance and shielding assets from exposure to climate-related risks.

WHERE WE STAND ON ESG

In 2020, BNP Paribas REIM defined a set of key performance indicators (KPIs) to enable us to monitor the progress of our ESG objectives. Our goal was to align 90% of our funds open to investors with Article 8 and 9 of the EU's Sustainable Finance Disclosure Regulation (SFDR) by 2025. We are on track to achieve this goal in 2024. We also implemented a series of improvements during this time – including

Our long-standing expertise in real estate markets and our presence across countries enable us to navigate challenges, protecting the value and therefore the performance of our assets.



Jean-Maxime Jouis
Chief Executive Officer
BNP Paribas REIM

energy efficiency plans, sustainable mobility initiatives and increased stakeholder engagement.

Our achievements not only demonstrate our commitment to taking real action on ESG, but have given us the chance to review our strategy, finding ways to further advance by 2025 and beyond.

Looking ahead, we recognise that our ESG journey is ongoing, demanding continuous innovation and collaboration. By embracing ESG as a guiding principle, we strive not only to meet the expectations of investors and tenants but also to contribute to a more sustainable and resilient world.

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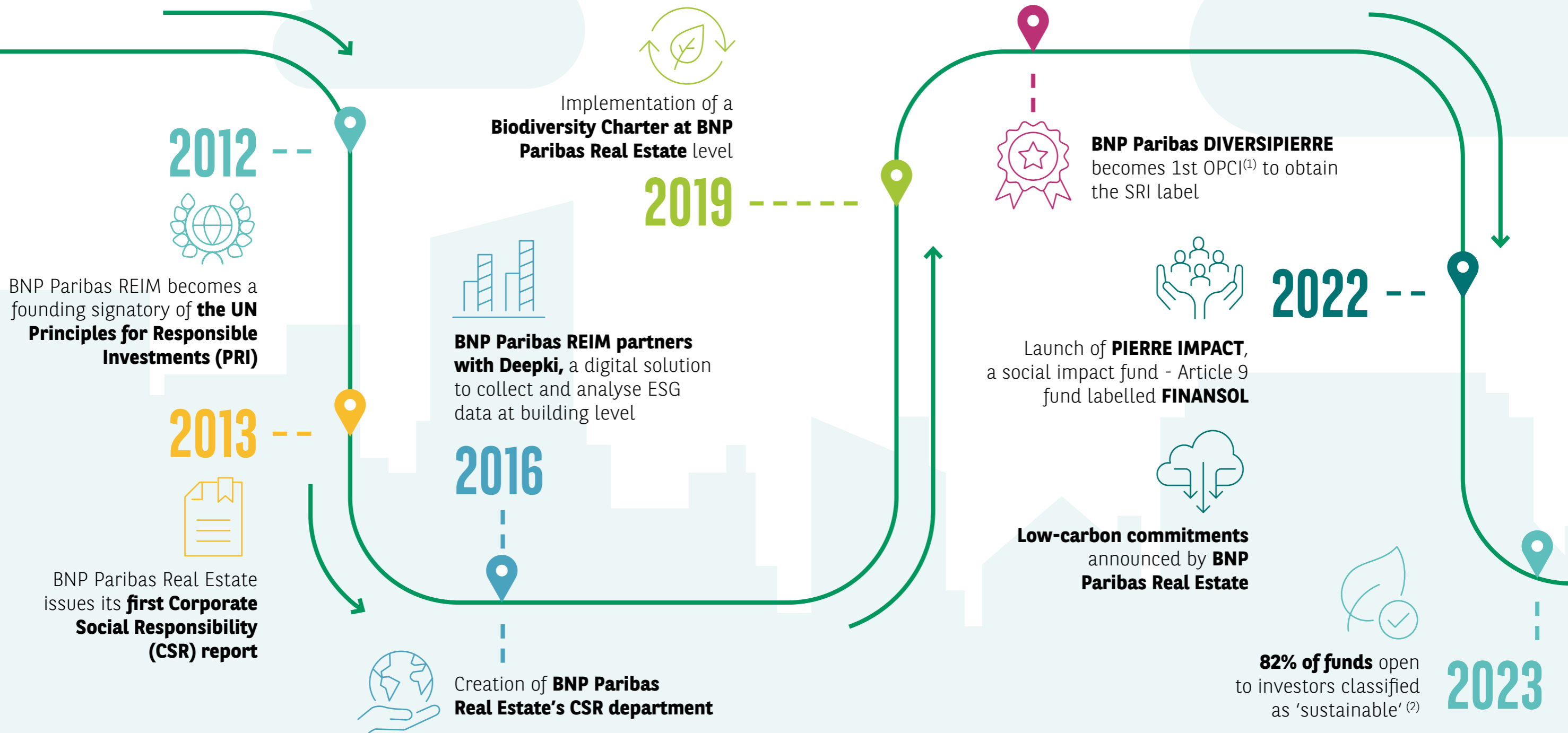
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⁽¹⁾ Why The Built Environment – Architecture 2030 (<https://www.architecture2030.org/why-the-built-environment>)

COMMITTED TO SUSTAINABILITY

SINCE 2012



⁽¹⁾ Organisme de Placement Collectif Immobilier, English translation: Undertakings for Collective Real Estate Investment, a diversified collective real estate savings solution. ⁽²⁾ Funds classified as 'sustainable' or as 'responsible' fulfil the criteria for the SFDR Article 8 or 9.

BNP PARIBAS REIM

BNP Paribas REIM invests in real estate as a living asset. We provide sustainable performance to both institutional and private investors through our European real estate asset investments.

BNP Paribas REIM is a real estate investment manager with a solid history of working in all sectors of the European market. Our European roots and over 60 years' experience give us in-depth knowledge of local markets. With our 340 employees, we offer sustainable returns for our 230+ institutional investors and 140,000+ individual investors.

We are active in seven countries and offer long-term real estate investments for clients in Europe, managing a diversified portfolio and providing investment solutions that match clients' needs and risk profiles.

Backed by BNP Paribas Real Estate, a real estate subsidiary 100% owned by the BNP Paribas banking group, we benefit from unique financial strength and know-how. Our teams can access the wealth of experience of both parent companies, and can count on all BNP Paribas entities to help us perform at our best.

The BNP Paribas REIM business model closely follows that of BNP Paribas Real Estate. We manage a resilient, integrated, diversified portfolio of funds and assets with an excellent track record for performance and growth. Our robust risk management strategy has been thoroughly tested and verified, ensuring stability and reliability.

OUR ESG STRATEGY

A STRONG FINISH FOR 2023, A HEAD-START ON 2025

BNP Paribas REIM is dedicated to addressing ESG topics. In 2020, we identified 13 KPIs to monitor our ESG progress.

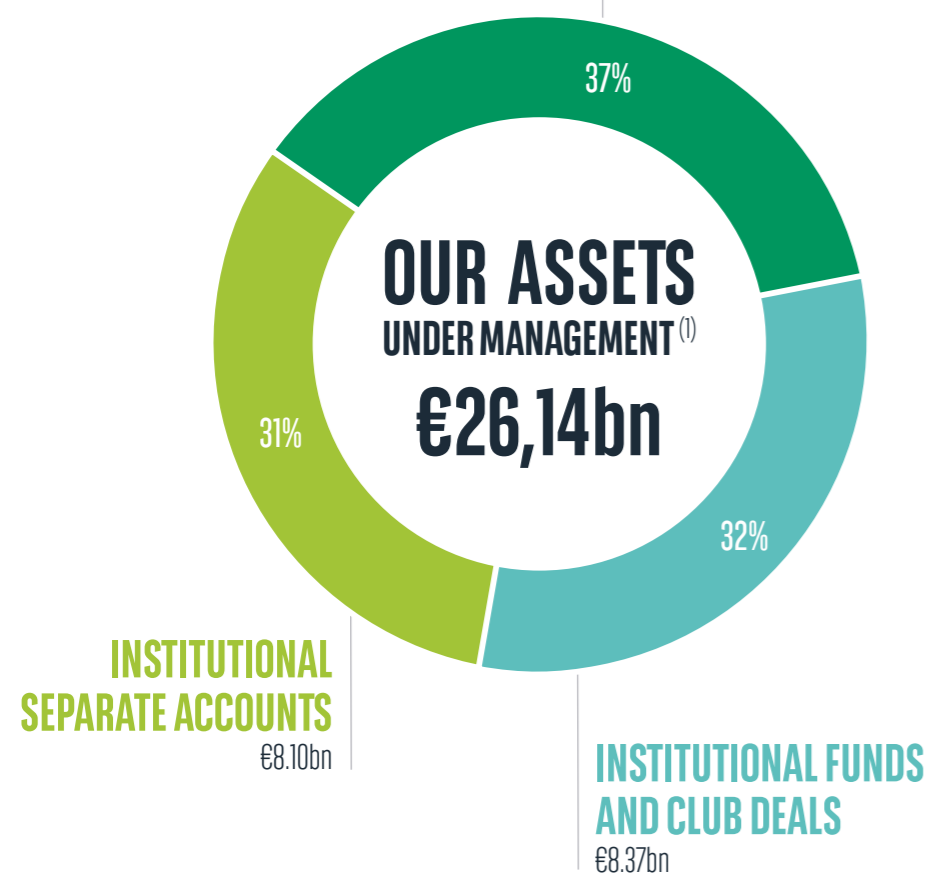
These included **reducing our assets' carbon emissions** and setting up biodiversity initiatives (environmental); **improving tenant well-being** and promoting sustainable mobility (social); and **increasing stakeholder awareness on ESG themes** via green leases and stakeholder dialogues (governance).

Since then, we have rigorously measured asset performance for these KPIs, and made significant headway. In 2023, data from over 300 assets showed that all our KPIs had either remained stable or improved.

In 2023, we made strides towards our original target for 2025, which aimed to have 90% of funds open to investors classified as 'sustainable'. By the end of the year, 82% of these funds were classified as sustainable, putting us **on track to achieve 90% by the end of 2024**. This enables us to pursue a more ambitious strategy while continuing to offer sustainable products.

FUNDS FOR PRIVATE INVESTORS

€9,67bn



KEY FIGURES

1,000+ BUILDINGS MANAGED

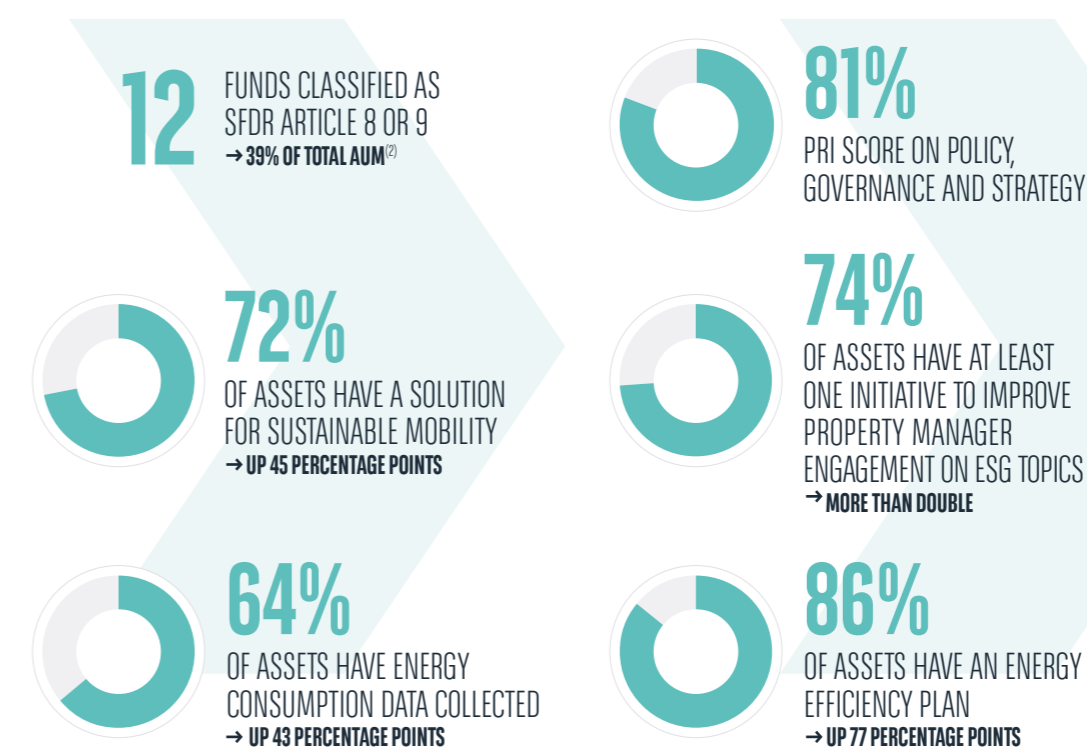
18 COUNTRIES WITH ASSETS UNDER MANAGEMENT

7 COUNTRIES WHERE WE OPERATE

340 EMPLOYEES

MAJOR ACHIEVEMENTS

FROM OUR PORTFOLIO OF RESPONSIBLE FUNDS AND PROGRESS COMPARED TO 2020



⁽¹⁾ As of 31 December 2023 ⁽²⁾ Assets Under Management

OUR PATH TO RESILIENCE

We are building on our momentum to drive more sustainable performance in real estate.

We are doing this by focusing on climate resilience, which refers to the ability of a system to withstand and adapt to climatic hazards while preserving its surrounding environment.

A climate-resilient building can adapt to climate change with limited impact on operations, while maintaining its financial value and attractiveness.

2025

OFFER RESPONSIBLE REAL ESTATE SOLUTIONS

Innovate to offer **100% of open funds as responsible investments⁽¹⁾** by 2025.
Previous 2025 objective: 90%

2035

STRENGTHEN CLIMATE CHANGE MITIGATION

Implement energy efficiency and carbon⁽²⁾ reduction plans to align all our responsible investment funds⁽¹⁾ with a **1.5° pathway** by 2035.

ANTICIPATE CLIMATE CHANGE ADAPTATION

Systematically **assess all assets' exposure to increasing physical risks⁽³⁾** arising from climate change, and adapt the most vulnerable by 2035.

HOW WE INTEGRATE ESG IN OUR STRATEGY

E

Environmental criteria are incorporated throughout the strategy and biodiversity is an important solution for decarbonisation and adaptation.

S

Social criteria are embedded into management of tenants and all other stakeholders and can be fully integrated into the investment strategy for specific products.

G

Governance aspects are systematically tackled. Across our value chain we actively engage with stakeholders who play a crucial role.

⁽¹⁾ Responsible investment funds are aligned with Article 8 or 9 of the SFDR. ⁽²⁾ Operational carbon, covering scopes 1 and 2 and including energy consumption related to common and private areas. ⁽³⁾ Physical risks, aligned with the Task Force for Climate-Related Financial Disclosures (TCFD), refer to physical risks resulting from climate change that can be event driven (acute) or longer-term shifts (chronic) in climate patterns; this includes increased severity of extreme weather events as well as sustained higher temperatures that could cause sea rise or chronic heat waves.

OUR ESG COMMITMENTS

BNP Paribas REIM's three ESG commitments reflect our ongoing focus on improvement at every level: asset, fund and governance.

1

COMMITMENT 1

OFFER RESPONSIBLE REAL ESTATE SOLUTIONS


INNOVATE TO OFFER 100% OF FUNDS OPEN TO INVESTORS AND NEW FUNDS AS RESPONSIBLE INVESTMENTS **BY 2025**


At BNP Paribas REIM, we see innovation as the core of responsible real estate – the key to **maintaining asset value while developing more sustainable, higher-performing buildings**. This is why we are innovating at the organisational, asset and fund levels, with the goal of offering all our open funds as responsible investments⁽¹⁾ by 2025.

As environmental and regulatory standards become increasingly stringent across the EU, we recognize the necessity of leading the way in sustainable investment. By focusing on sustainable products, we ensure that our offerings are not only compliant with evolving regulations, but also attractive and resilient in the long term. This strategic focus on sustainability enables us to **meet market demands, protect our investors' interests and contribute positively to the environment**.

Moving forward, we aim to align our remaining funds open to new investors with SFDR Article 8 or 9. From 2025, all our new funds must also be aligned with this classification.

To achieve this:

 Fund managers will upgrade existing funds and work with product development teams to ensure new funds align with our responsible investment framework

 We will also conduct annual assessments of our open funds and continually evaluate the impacts of SFDR updates on our responsible investment funds

⁽¹⁾ Responsible investment funds are aligned with Article 8 or 9 of the Sustainable Finance Disclosure Regulation (SFDR).

COMMITMENT 2




STRENGTHEN CLIMATE CHANGE MITIGATION

ALIGN OUR RANGE OF RESPONSIBLE INVESTMENT FUNDS WITH A 1.5° PATHWAY **BY 2035**

The United Nations (UN)'s Paris Agreement aims to limit global warming to well below 2°C above pre-industrial levels, with efforts to limit the increase to 1.5°C, by reducing greenhouse gas (GHG) emissions. Given that the built environment is responsible for nearly 40% of global carbon emissions, and due to our scope and size, **we have a significant opportunity to be a driver of change**.

BNP Paribas REIM commits to aligning with a 1.5° pathway across our range of responsible investment funds open to investors. This will **contribute to climate change mitigation**, and our assets' improved energy performance and a lower environmental footprint will help to maintain their long-term value and liquidity. We are also deploying biodiversity features, an integral part of addressing climate change mitigation and adaptation.

To achieve this, BNP Paribas REIM will:

-  Implement energy efficiency and carbon⁽¹⁾ reduction plans across concerned assets
-  Account for the unique profiles of individual buildings – including age, typology and technical characteristics – to determine appropriate actions for asset decarbonisation
-  Regularly assess alignment with a 1.5° pathway across our panel of responsible funds

By setting an ambitious near-term target for energy efficiency and emissions reductions, BNP Paribas REIM will aim to lead the real estate market towards a greener future.

⁽¹⁾ Operational carbon, covering scopes 1 and 2 and including energy consumption related to common and private areas.

2

3

COMMITMENT 3

ANTICIPATE CLIMATE CHANGE ADAPTATION

SYSTEMATICALLY ASSESS ALL ASSETS' EXPOSURE TO INCREASING PHYSICAL RISKS ARISING FROM CLIMATE CHANGE, AND ADAPT THE MOST VULNERABLE **BY 2035**

While BNP Paribas REIM can reinforce its pledge to mitigate climate change – as per our second commitment – global warming is nonetheless underway, introducing new risks. To this end, BNP Paribas REIM is taking strategic actions to ensure asset resilience.

The first step involves **systematically assessing all assets for exposure to physical climate risks**. Using the MSCI Climate Value-at-Risk (VaR) tool, we will identify high-risk assets, and for these assets conduct on-site resilience audits and implement risk reduction plans. New acquisitions will undergo climate risk checks.

This is an ongoing commitment, under which BNP Paribas REIM's assets will be regularly assessed for new or developing climate-related risks.

By 2035, we aim to have upgraded our most vulnerable assets, implementing the necessary modifications to mitigate physical risk and maintain asset value.

WHAT SUSTAINABILITY MEANS FOR OUR FUNDS

Since 2013, ESG issues have been integrated into the investment and management policy of BNP Paribas REIM's business line. Today, the integration of ESG issues is one of our five strategic pillars. They are now integrated into all activities, from investment selection and management to asset disposal.

BNP Paribas REIM is committed to regularly strengthening our funds' ESG performance.

We implement action plans with concrete KPIs to progressively enhance fund performance, aiming to drive sustainable, long-term returns and accelerate the decarbonisation of European real estate.

BNP Paribas REIM's open funds can be divided into three categories:

- **IMPACT FUNDS** seek to generate positive environmental or social impact aside from financial results (aligned with SFDR Article 9)
- **RESPONSIBLE INVESTMENT FUNDS** have an ESG strategy and characteristics (aligned with SFDR Article 8)
- **REGULAR REAL ESTATE INVESTMENT FUNDS** do not have a specific ESG strategy (aligned with SFDR Article 6)

All of our funds are offered to either institutional or retail investors (i.e., private investors).

⁽¹⁾ *Investissement Socialement Responsable*, English translation: Socially Responsible Investment. The label recognises investment funds that demonstrate a robust ISR methodology with measurable outcomes.

OUR FUNDS IN 2023: KEY ACHIEVEMENTS

8 FUNDS
PARTICIPATED IN GRESB

4 FUNDS
ACHIEVED A GRESB SCORE OF 80 OR HIGHER

BNP PARIBAS DIVERSIPIERRE
RENEWED ITS FRENCH ISR⁽¹⁾ LABEL FOR ANOTHER 3-YEAR PERIOD AND SUCCESSFULLY IMPROVED ASSETS' ESG PERFORMANCE

IMPACT FUNDS

Impact investments aim to drive positive change by generating measurable social or environmental impacts alongside financial returns. Impact funds typically target assets with potential for improvement in ESG factors rather than those already demonstrating strong ESG performance. This approach contributes significantly to society's transition to a sustainable, low-carbon economy.

PIERRE IMPACT

A socially responsible investment fund aligned with SFDR Article 9

Pierre Impact caters to private investors and focuses on social impact. Its strategy and commitment to transparency earned Pierre Impact the Finansol solidarity-based finance label in 2023.

The fund focuses **50% of its investments on assets with a significant social impact**, and up to 10% on supporting social and solidarity-based organisations that enhance housing access. It particularly targets investments in student housing, schools, day-care centres and aged-care facilities. Its strategy also encompasses ambitious environmental objectives, such as setting minimum sustainability criteria for each property and renovating housing units with low Energy Performance Certificate (EPC) ratings by at least two levels to enhance their energy efficiency.



Photography: BNP Paribas REIM Italy

INVESTING IN A MEGATREND WITH A SOCIAL SCOPE

Cesano Maderno is a nursing home in Milan, Italy that fulfils both environmental and social sustainability criteria. Part of our Pierre Impact portfolio, **27% of its beds are offered at affordable rates**. The asset boasts an **EPC A rating** and is equipped with energy-efficiency measures including a geothermal heat pump for cooling and heating and photovoltaic panels.

A SMART OFFICE IN ITALY'S FASHION AND INNOVATION CAPITAL

In Milan, **Via Crespi** offers several innovations to reduce energy consumption. These include LED lighting, light presence sensors that automatically switch lighting on and off as needed, as well as a photovoltaic system installed in 2023. The asset is in the process of installing energy-saving window films to optimise building heating and cooling. Acquired by EIPF in 2021, the fully-let office property **targets alignment with a CRREM⁽¹⁾ 1.5° pathway**, with further ESG actions to come.



Photography: Alessandro Carpentiero

EIPF

A Paris-aligned Impact fund for institutional investors with the LuxFLAG label

The European Impact Property Fund (EIPF) is fully aligned with the Paris Agreement and Article 9 of the SFDR, and strives to decarbonise inefficient buildings. The fund is aligned with the CRREM V2 1.5° trajectory, **targeting a 74% reduction in GHG emissions** over the next decade based on its current portfolio.

Its two-pillar strategy focuses on mitigating climate change and investing responsibly. The fund uses an internal ESG scoring model developed by BNP Paribas REIM, covering energy, carbon, pollution, water and waste management, environmental certifications, mobility, biodiversity, well-being, social certifications, resilience and supply chain management. In 2023, the fund's LuxFLAG label⁽²⁾ was renewed. It also achieved a GRESB score of 82/100 in its second year of participation, maintaining its performance from 2022.

82/100
GRESB SCORE

LUXFLAG LABEL
RENEWED IN 2023

⁽¹⁾ CRREM (the Carbon Risk Real Estate Monitor) is a tool developed by academics for the real estate sector in order to assess the carbon pathway of a building based on its energy consumption, typology and location compared to a 1.5° or 2° scenario. ⁽²⁾ LuxFLAG (the Luxembourg Finance Labeling Agency) awards labels to eligible investment vehicles to promote sustainable investments and reassure investors of their responsible nature.

FUNDS FOR INSTITUTIONAL INVESTORS

Our ESG-focused funds for institutional investors typically target assets with strong ESG profiles or those with the potential for improvement. Overall, we aim to help institutional investors align their financial goals with sustainable and responsible practices.

NEIF III

A fund targeting new and recently refurbished offices with existing or achievable green certifications

The Next Estate Income Fund III (NEIF III) is an SFDR Article 8 fund focusing on acquiring certified office properties located in key European cities. The fund invests in buildings with high-level In-Use green certification (minimum BREEAM⁽¹⁾ Very Good or equivalent), or assets for which it commits to achieving this level of certification within the following two years.

In 2023, NEIF III **secured a GRESB score of 86/100 and four stars**. This achievement can be attributed to the fund's portfolio comprising entirely green-certified properties and its implementation of enhanced energy data collection practices.



AN ICONIC OFFICE BUILDING WITH A CERTIFIED RENOVATION

Hamburg's iconic **Kallmorgen Tower**, a 17-storey office building, underwent a thorough refurbishment in 2018. **The renovation earned it a BREEAM In-Use Very Good certification** by introducing smart metering and energy management, perfectly aligning with NEIF III's strategy. Originally constructed in two phases, in 1956 and 1967, the asset was designed by the celebrated German architect Werner Kallmorgen and is famed for its distinctive shape. The refurbishment meticulously preserved the original façade's character while upgrading the building with modern sustainability features.

Photography: Tim Saeuberlich



ENERGY-EFFICIENT AND HIGH-QUALITY AGED CARE

In 2023, BNP Paribas REIM acquired an innovative care facility in Stade, Germany, for HPF Europe. It was built in compliance with the KfW 40 standard, which promotes the construction of new energy-efficient residences, and a large section of its roof is equipped with a photovoltaic system. The asset was built with a focus on reused materials, as well as **aiming for low carbon emissions and limiting material toxicity**. The building has room for 131 residents, is close to the city centre, and offers residents a high-quality and comfortable environment featuring a variety of cafes, restaurants, medical facilities and green areas in the immediate vicinity.

Photography: Senectus GmbH

HPF EUROPE

A healthcare fund targeting assets with potential for improvement

The Healthcare Property Fund (HPF) Europe targets healthcare assets with potential for improvement and received the ISR label in September 2023.

The fund has defined three ESG objectives, with **a unique focus on climate and quality health care**: improve assets' environmental performance, notably through energy efficiency and CO₂ emissions reductions (environment); contribute to the development of quality health and medico-social facilities, to improve access to care and residents' well-being (social); and develop a close partnership with operators on ESG issues and get providers on board to optimise performance (governance).

3

ESG OBJECTIVES

ISR LABEL

AWARDED IN 2023

⁽¹⁾ BREEAM (the Building Research Establishment Environmental Assessment Method) is a globally recognised sustainability assessment method for master planning projects, infrastructure, and buildings.

FUNDS FOR PRIVATE INVESTORS

BNP Paribas REIM manages real estate assets on behalf of around 140,000 private investors who are mainly domiciled in Europe. Our strategies aim to simplify European real estate investing for our private clients, and our local field teams guarantee a positive cycle of helping communities flourish while ensuring strong performance.

DIVERSIPIERRE

A sustainable real estate fund with the French ISR label

BNP Paribas Diversipierre focuses on improving energy performance and reducing CO₂ emissions, and assets considered for acquisition are evaluated according to a bespoke ISR analysis grid. In 2023, after ending its first three-year cycle and achieving ESG improvements across its assets, the fund successfully **renewed its ISR label for another three-year cycle.**

The fund focuses on a range of ESG themes. Environmental sustainability themes cover energy, carbon and GHG, pollution, water and waste management, and environmental labels and certifications. Social themes include mobility, biodiversity, comfort and well-being, and social labels and certifications. Its governance themes encompass resilience as well as tenant, seller and property manager concerns.



PROMOTING BIODIVERSITY IN A HERITAGE ASSET

For the refurbishment of an office building outside Paris, BNP Paribas REIM commissioned external experts to **identify local biodiversity issues and suggest actions to support flora and fauna.** The actions identified included placing wooden planters in outside common areas, adding vines on select walls, and installing nesting boxes to create new refuges and breeding areas for birds whose populations are in decline in the area.

Photography: Xavier Aubert Groupe HLDS

3-YEAR

TAILORED ACTION PLAN FOR EVERY ASSET

ISR LABEL

AWARDED IN 2022

ACCÈS VALEUR PIERRE

An ISR fund with a unique focus on Parisian real estate

Accès Valeur Pierre is the result of a merger of several real estate funds and heir to an exceptional Parisian portfolio. Its identity corresponds to a clear strategic guideline: focus on Parisian centrality and benefit from the opportunities offered by this dynamic real estate market. The acquisition of new high-profile assets, as well as its modernisation strategy aimed at enhancing them, enable the fund to meet the key social and environmental challenges of tenant companies: improving energy efficiency, retaining employees and attracting new talent by offering flexible spaces and a high-quality work environment.



Photography: OOSHOT



A PARISIAN OFFICE BUILDING TARGETS ENERGY EFFICIENCY AND BIODIVERSITY

The **Provence** building in Paris **holds a HQE⁽¹⁾ In-Construction Excellent certification**, and is currently undergoing a certification process for BREEAM In-Use Very Good. The asset's ESG features include electric vehicle (EV) charging stations and biodiversity initiatives such as beehives, birds' nests and insect hotels. The management team has also put in place smart metering and a water leak alert system using the digital solution IQSpot. Additionally, they have launched an environmental committee to raise awareness among tenants about ESG issues.

⁽¹⁾ Haute Qualité Environnementale, English translation: High-Quality Environmental standard.

USING RELIABLE DATA TO MEASURE ESG PERFORMANCE

A core element of our ESG strategy is regularly evaluating our funds and assets' performance. By tracking progress with reliable data, we can ensure we meet our objectives.

Our primary tool for collecting and analysing ESG data is Deepki, a digital solution that enables us to gain a thorough understanding of asset performance. The tool, combined with the hands-on work of our experienced property managers, is key to collecting energy information from buildings and tenants.

In 2023, BNP Paribas REIM reviewed its data collection strategy, implementing several updates and improvements. As a result, **we now use more than 3,700 meters (up from 1,600 in 2021)** to collect energy consumption data and convert it into CO₂ emissions data for 462 assets in 13 countries. Across this panel, in 2023 we collected on average 63% of real energy data from meters and energy bills.

Deepki plays a crucial role in enabling us to evaluate the progress of assets for which we have launched energy action plans. Once environmental data has been collected, **we measure asset performance against important benchmarks, including GRESB.** For BNP Paribas REIM, this is a key gauge, with eight of our funds participating in GRESB's annual benchmark (up from six funds in 2021).

IQSPOT: A NEW TOOL FOR ASSESSING BUILDING OPERATIONS

In 2023, BNP Paribas REIM integrated a new digital solution for measuring ESG performance. Developed in France, IQSpot uses Internet of Things (IoT) sensors to **gather data in real time from real estate assets**, identifying areas for energy consumption optimisation. BNP Paribas REIM currently uses IQSpot to gain a complete understanding of our assets' energy consumption and improve our ESG performance. By attaching sensors to meters in the building, IQSpot can assess use, suggest adjustments to building settings and work with facilities managers to optimise operations.

 **18** BNP PARIBAS REIM ASSETS IN FRANCE ASSESSED WITH IQSPOT IN 2023

 **-15%** LESS ENERGY CONSUMPTION IN THESE BUILDINGS THAN THE NATIONAL AVERAGE

 **-22%** LOWER CO₂ EMISSIONS IN THESE BUILDINGS THAN THE NATIONAL AVERAGE

MAJOR REFURBISHMENTS TARGET ESG OBJECTIVES

BNP Paribas REIM is dedicated to improving assets to ensure they adhere to the most stringent environmental norms while fulfilling tenants' needs.

FROM 70S OFFICE BUILDING TO RESPONSIBLE, FORWARD-THINKING SCHOOL

Our renovation of 85 Dessous des Berges in Paris exemplifies the innovative character of BNP Paribas REIM and its dedication to ESG principles. This asset has been restructured to be flexible: currently it houses a school but, in the future, it can be turned into office spaces without any major redevelopments. The building **targets BREEAM refurbishment and fit-out (RFO) 2015 - Excellent and WIREDScore certifications**, and aims to fulfil the 2040 objectives of the French *Décret Tertiaire*⁽¹⁾ in advance.

EXEMPLARY LOW-CARBON RENOVATION

Our renovation of 47 quai d'Austerlitz in Paris combines old and new, with recycled equipment and materials and improved energy and environmental performance. Conservation and reuse during dismantling have avoided 65.7 tonnes of waste (saving the equivalent of 48 round-the-world trips in a car). The project aims to **combine a high range of certifications including WELL, BBCA⁽²⁾, HQE⁽³⁾ and BREEAM.**

 **65.7 TONNES** WASTE AVOIDED AT 47 QUAI D'AUSTERLITZ DURING DISMANTLING THANKS TO CONSERVATION AND REUSE

A LANDMARK IN SUSTAINABLE REAL ESTATE DEVELOPMENT

In 2023, BNP Paribas REIM delivered the 53 Haussmann project, a landmark building that holds certifications including HQE *Bâtiment Durable*⁽²⁾ and BREEAM Very Good. The project required special attention due to the building's historical facade, yet the team **achieved a reduction of more than 300tCO₂e⁽⁵⁾** through various actions. These included a zero-landfill waste approach, with on-site waste sorting and conservation of existing structures, and circular economy initiatives.

53 Haussmann project



Photography: Nicolas Grosmond

⁽¹⁾ Thereby reducing energy use by at least 50% compared to a baseline year between 2010-2019, as per the French regulatory framework *Décret relatif aux obligations d'actions de réduction des consommations d'énergie finale dans des bâtiments à usage tertiaire*. It mandates that buildings used for tertiary (commercial) purposes significantly cut their energy usage by specific targets. ⁽²⁾ *Bâtiment Bas Carbone*, English translation: Low-Carbon Building. ⁽³⁾ *Haute Qualité Environnementale*, English translation: High-Quality Environmental standard. ⁽⁴⁾ English translation: Sustainable Building. ⁽⁵⁾ Tonnes of carbon dioxide equivalent, including GHGs besides CO₂.

REGIONAL HIGHLIGHTS

FROM OUR PORTFOLIO OF 462 ESG ASSETS

In recent years, BNP Paribas REIM has expanded its portfolio with several acquisitions and management activities across major cities in Western Europe on behalf of our clients. Our team prioritises buildings with robust ESG performance in place, or that display a potential for improvement.

Photography: Ludovic Maillard (France), BNP Paribas REIM (Benelux), Javier Valeiro (Spain), Tony Healy (Ireland & UK), Rainer Taeppeler Architektur fotografie (Germany), HEADS Group S.r.l. - VisualMaade (Italy)



IRELAND & UK
4 ESG ASSETS



BENELUX
23 ESG ASSETS



GERMANY
56 ESG ASSETS

AUSTRIA
7 ESG ASSETS

SWITZERLAND
2 ESG ASSETS



FRANCE
335 ESG ASSETS

PORTUGAL
2 ESG ASSETS



ITALY
27 ESG ASSETS



SPAIN
4 ESG ASSETS

FINLAND
2 ESG ASSETS

BELGIUM

IMPROVING ESG PERFORMANCE THROUGH A ROBUST ACTION PLAN

Renovating **The Hype** in Belgium posed an interesting challenge: improve ESG performance in an occupied city centre office space while demonstrating benefits for the end users and developing awareness on sustainability issues for its nine tenants. The action plan included an inventory of climate risk exposure, initiatives to optimise water use, and an energy survey with tenant feedback. **The asset was able to improve its EPC from D to B.**

IRELAND

ENERGY AND WATER SAVINGS IN THE HEART OF DUBLIN

A major upgrade of **The One** in Dublin included installing energy sub-meters and internal light control systems to reduce energy, and water meters as well as a rainwater capture system to reduce water consumption. It benefits from proximity to public transport and **has a BREEAM In-Use Very Good certification.**

SPAIN

SUSTAINABLE MOBILITY AND ENERGY SAVINGS IMPROVEMENTS

The **Manoteras 48** office building in Madrid achieved an upgrade from its BREEAM In-Use Very Good certification to BREEAM In-Use Excellent through a targeted action plan. It covered initiatives such as **installing water meters that isolate separate floors**, and UV filters to disinfect air handling units. Bicycle parking and gardens were also added, to improve end-user well-being.

ITALY

A LEAFY BUSINESS HUB PROMOTES RECYCLING AND BIODIVERSITY

Milan's **Bodio Center** targets responsible use of resources: the mixed-use asset has green areas that promote biodiversity, free access to drinking water, water meters to track usage and LEDs replacing fluorescent equipment. Since its refurbishment, **the site has saved 35% of its water consumption each year**; recycled, reused or composted 97% of its waste; and inspired 42% of end-users to choose sustainable mobility options such as biking or ride sharing.

FRANCE

LOGISTICALLY PROTECTING LOCAL FLORA AND FAUNA

Environmental sustainability was in focus during the construction of our logistics platform near Nîmes in the South of France, **through the protection of local endangered species and water stewardship.** It has undergone a vulnerability study to assess current and future climate change risks, and environmental committees were held in 2023 and 2024. It also boasts energy sub-metering and a water leak detection system.

GERMANY

A MUNICH HOTEL BOOKS IN FOR MAJOR ENERGY SAVINGS

The modern **Ibis Hotel City South** is set just outside of Munich and holds a **BREEAM In-Use Very Good certification.** The asset has put in place a number of ESG initiatives, including assessing and reducing water heater temperature to save energy, and installing bicycle parking. There is also a project underway to replace all its gas heat pumps, with three out of seven already changed to electric.

PUTTING ESG AT THE HEART OF DECISION-MAKING

BNP Paribas REIM incorporates ESG factors across corporate, fund and asset levels. We actively engage with both internal and external stakeholders, adapting our strategies to cater to their unique concerns and requirements.

For many years, BNP Paribas REIM has been working to prioritise ESG criteria, regularly updating our approach to asset acquisition. We systematically consider ESG when evaluating new investment opportunities and assessing the performance of acquirable assets. For our funds aligned with SFDR Article 8 and 9, **our Investment Committee undertakes in-depth ESG due diligence before signing off.**

ESG criteria are a priority for all our teams – from sales, to product development, to asset management. Our dedicated team of researchers further supports our investment process, providing insights on ESG topics.

OUR GOVERNANCE

BNP Paribas REIM has a long-standing policy in place to **ensure that all of our investments are made safely, ethically and in compliance** with regulatory standards. Our governance is aligned with that of BNP Paribas Group and BNP Paribas Real Estate, and several of our employees are members of BNP Paribas Real Estate's CSR Leaders Network to ensure we are also aligned with its CSR policy.

ESG has become the lens through which our fund and asset managers perceive everything. Sustainability impacts on the environment, tenants, investors and our company are considered at every step of our asset acquisition and management processes.



Laurent Ternisien
CEO Luxembourg and Deputy CEO
Investment Management
BNP Paribas REIM

MANAGING RISK AT EVERY LEVEL, FOR ALL INVESTMENTS

Risk management is a foundational component of BNP Paribas REIM's investment strategy for all funds. Our dedicated team of risk managers works to identify and map out potential risks to our funds, then proactively manages and mitigates those risks. The team's independence is ensured by a system of double reporting, which includes both our CEO and the Risk Management team of BNP Paribas Real Estate.

Our country-level risk managers are based in France, Germany, Italy and Luxembourg, and report to a pan-European risk management coordinator. The team applies company risk management processes to two priority areas: mitigating financial risks and addressing operational risks. This approach includes BNP Paribas REIM's ESG funds, notably supporting our commitment to anticipating risks to our assets from climate change.

A 3-TIERED APPROACH TO ESG RISK MITIGATION

Our risk management team addresses potential risks to our portfolio at three levels:

- **Company:** We take a rigorous approach to ESG, avoiding any practices that could be perceived as greenwashing
- **Fund:** We readjust our funds' ESG strategies on an ongoing basis, ensuring alignment with evolving investor expectations and maintaining our existing ESG credentials
- **Asset:** We work to control and mitigate risks when acquiring new assets, ensuring compatibility with our ESG ambitions, and accounting for potential obsolescence

Each level of risk management contributes to our main commitments of developing responsible real estate solutions, mitigating our assets' climate footprint and adapting assets to withstand climate-related risks.



5 MANAGERS

DEDICATED RISK PROFESSIONALS
SPREAD ACROSS EUROPE



2 PRIORITY AREAS

A FOCUS ON MITIGATING FINANCIAL
AND OPERATIONAL RISKS



3 LEVELS

WE ADDRESS RISKS AT THE COMPANY,
FUND AND ASSET LEVEL

AN ESG VISION FOR BOTH INTERNAL AND EXTERNAL STAKEHOLDERS

CREATING AN ESG-FLUENT WORKFORCE

BNP Paribas REIM integrates ESG principles into the everyday lives of our workforce, creating dedicated **opportunities for employees to learn about and contribute to ESG**. We provide ESG training for our teams, promoting a culture of shared knowledge and best practices. We encourage employees to share success stories from assets and funds across Europe, showcasing progress in all areas of operations. These experiences are critical to helping BNP Paribas REIM build a workforce that is fluent in sustainability, familiar with our core commitments, and ready to implement our upgraded strategy from 2024.

We also hold regular 'Lunch & Learn' sessions to educate employees on sustainability matters. In 2023, sessions covered **GRESB, CRREM and EPBD**.⁽¹⁾

REIM SOCIAL DAYS

Following the success of local initiatives in recent years, we launched REIM Social Days on a European scale, giving all our BNP Paribas REIM teams in Europe the opportunity to raise funds for children's cancer research. Solidarity runs were organised in France, Germany, Italy and Luxembourg

in 2023. The result: **€45,455 raised for the associations**. A Europe-wide eco-challenge was also organised to raise employee awareness of environmental issues in an engaging way.

Forging strong relationships with both internal and external stakeholders is at the heart of seamlessly integrating ESG across all levels of fund and asset management. We are dedicated to providing our collaborators with the essential resources to prioritise ESG, ensuring full alignment with our robust and ambitious ESG strategy.



Nehla Krir
Head of Transformation, Innovation & ESG
BNP Paribas Real Estate

PROMOTING RESPONSIBLE INVESTING

BNP Paribas REIM is a signatory of many local, national and international initiatives focused on responsible investment, and a proud member of several organisations promoting ESG principles. We work closely with a variety of external stakeholders to ensure that ESG-compliant decisions are at the heart of our investment strategy.



⁽¹⁾ Energy Performance of Buildings Directive

THE NEXT STEPS IN OUR ESG JOURNEY

Our renewed roadmap includes ambitious targets to help us deliver on our commitments for 2025 and beyond. These targets are tied to specific actions for each of our three commitments.

1 OFFER RESPONSIBLE REAL ESTATE SOLUTIONS

By 2025, 100% of our funds open to investors will be classed as responsible investments. We are moving our remaining open funds that are Article 6 to SFDR Article 8 or 9. Going forward, all our new funds must be classed as responsible and align with our climate change mitigation commitment.

WHAT'S NEXT?

We are working with Fund Management and Asset Management teams to upgrade our existing open funds. In parallel, our Product Development teams are integrating ESG considerations into new fund strategies from conception.

3 ANTICIPATE CLIMATE CHANGE ADAPTATION

We have committed to systematically assessing all assets' exposure to increasing physical risks and adapting the most vulnerable by 2035. Following a first screening, we will define what we consider 'high risk', undertake on-site vulnerability and resilience audits for high-risk assets, and implement action plans.

WHAT'S NEXT?

We are reviewing the results of a first physical risk screening, and working with Risk and Asset Management teams to set guidelines for qualifying high-risk assets.

2 STRENGTHEN CLIMATE CHANGE MITIGATION

We are committed to aligning across our range of responsible investment funds with the Paris Agreement by 2035. Concretely, this means checking alignment with a 1.5° pathway, undertaking or adjusting energy and/or carbon audits, and updating building-level energy efficiency and carbon reduction plans.

WHAT'S NEXT?

To get there, we are confirming energy efficiency and decarbonisation action plans across our portfolios, and mobilising Asset Managers and Property Managers to execute these plans.

FAQs

WHAT DOES A 1.5° PATHWAY REFER TO?

The Paris Agreement is a legally binding international treaty on climate change. It was adopted by 196 parties at the UN's 21st Climate Change Conference of the Parties (COP21), held in Paris, France, on 12 December 2015. It entered into force on 4 November 2016.

Its overarching goal is to hold the increase in the global average temperature to well below 2°C above pre-industrial levels and try to limit it to 1.5°C. Recently, world leaders have stressed the need to limit global warming to 1.5°C by the end of this century to avoid unleashing more severe, irreversible and unpredictable climate change impacts. Adding to the human cost of global warming, built assets are expected to be amongst the most affected asset classes in terms of operations and value.

To limit global warming to 1.5°C, global GHG emissions must peak before 2025 at the latest and decline by 43% by 2030, compared to 2019 levels. More information: [The Paris Agreement](#) | UNFCCC.

WHAT DOES ALIGNMENT TO A 1.5° PATHWAY MEAN?

In relation to built assets, the CRREM describes a 1.5° pathway as a decarbonisation trajectory that translates the ambitions of limiting global warming to 1.5°C into property type-specific paths. Real estate assets and portfolios can benchmark themselves against these paths and help asset owners to identify, mitigate and price risks related to operational carbon emissions from individual assets.

WHAT DOES NET ZERO MEAN?

Net zero means that the stock of human-generated GHGs in the air remains stable, i.e., no new GHGs are emitted or those that are emitted are removed or offset to bring net emissions to zero.

Net zero represents a state to be achieved by 2050, but the pathway and timing are critical, as global warming is driven primarily by the stock of GHGs in the atmosphere. Crucially, the UN's Race to Zero campaign requires pledging organisations to set an interim target for the next decade. This reflects maximum effort towards or beyond a fair share of the target 50% global reduction in CO₂ by 2030. Decarbonisation in the near term – in the next 5-10 years – is critical in order to achieve net zero by 2050.

HOW DOES BNP PARIBAS REIM'S NEW STRATEGY COMPARE TO A NET ZERO TARGET?

Our strategy focuses on near-term decarbonisation aligned to limiting global warming to 1.5°C. In line with guidance from the UN, we consider actions in the next 5-10 years to be the most critical in terms of built asset decarbonisation.

HOW DOES THIS STRATEGY DIFFERENTIATE US FROM OUR COMPETITORS?

Our strategy takes a holistic view of climate change, focusing on mitigation (decarbonisation aligned with 1.5°C), adaptation (ensuring assets are resilient to extreme weather events caused by climate change) and acting beyond legislation. It is also near term, with objectives for 2035 rather than 2040 or 2050, which is common in our industry.

WHAT IS THE COST/BENEFIT ANALYSIS OF THIS STRATEGY?

We are constantly and prudently assessing climate mitigation and adaptation investments, and the majority of our AuM already budget for energy reduction and decarbonisation CAPEX. Where possible, investment and actions will be harmonised into planned fund management and asset management activities to minimise cost and disruption.

WHERE ARE THE S AND G IN THE NEW ESG STRATEGY?

It is impossible to achieve our strategy without ensuring we actively engage stakeholders in our value chain (investors, suppliers, colleagues and tenants), who will play a critical role. For tenants, we aim to ensure our assets integrate features that promote their health and well-being. We will ensure our technical asset management teams are sufficiently resourced, and energy management expertise is available to implement and track energy and carbon reductions.

WHY IS BIODIVERSITY NOT INCLUDED IN THE STRATEGY?

Whilst our strategy doesn't explicitly mention biodiversity as a specific target, we believe it to be an important solution to decarbonisation and adaptation. As such, we will be deploying biodiversity features in assets where possible. For example, increasing vegetation in assets can limit heat absorption and thus reduce the need for cooling. We will continue to consider the integration of nature and biodiversity into our strategy.

WHAT ARE THE KEY BENEFITS FOR INVESTORS OF HAVING THIS STRATEGY?

We believe our climate mitigation and adaptation-based strategy to be responsible regarding both asset-level sustainability and financial outcomes (in terms of protecting the liquidity, attractiveness and value of our assets).

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This report is to give a general overview of BNP Paribas REIM's ESG positioning. The case studies included in this report are provided as examples of investments previously transacted by BNP Paribas REIM and it should not be assumed that investments made by BNP Paribas REIM in the future will be comparable in quality, diversity or performance.

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Simulations of past performance and forecasts of future performance are not a reliable indicator of future performance. No guarantee is made that the investment objectives will be met. All the risks are fully documented in the regulatory documents and investors should refer to these documents before making any investment decisions.

KEY PUBLICATIONS

BNP Paribas Real Estate carries out extensive research and publishes digests on topics related to ESG and real estate.



In the eighth edition of our Lighthouse report, BNP Paribas REIM presents its outlook for the European real estate market and shares its convictions for the beginning of 2024 and beyond.



Our April 2023 research paper explores green premiums, or how sustainability impacts financial outcomes such as rent levels, vacancy rates and asset value. We see sustainability's influence growing alongside increased regulation and voluntary adoption of sustainability frameworks.

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INVESTMENT MANAGEMENT



BNP PARIBAS REAL ESTATE

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