

Article 29 Energy-Climate Law report

J.P. Morgan Asset Management Real Estate France SAS

Section 1: General approach of the entity

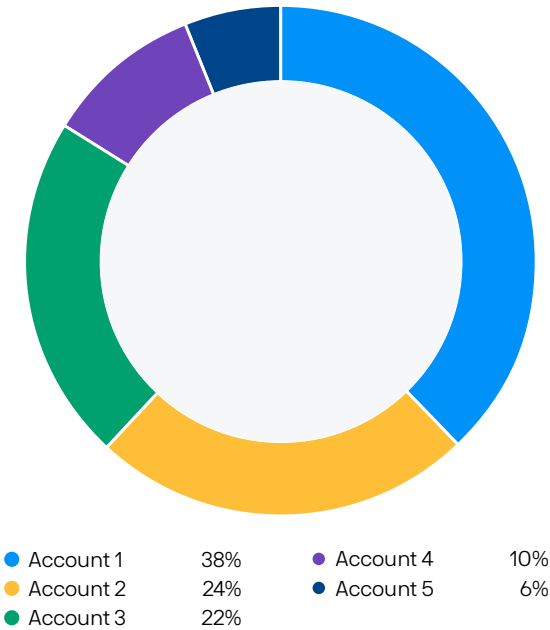
Entity and scope of products

J.P. Morgan Asset Management Real Estate France SAS (JPMAM REF) is a French entity authorised as an alternative investment fund manager by the Autorité des Marchés Financiers, that is engaged in real estate investment and management in France.

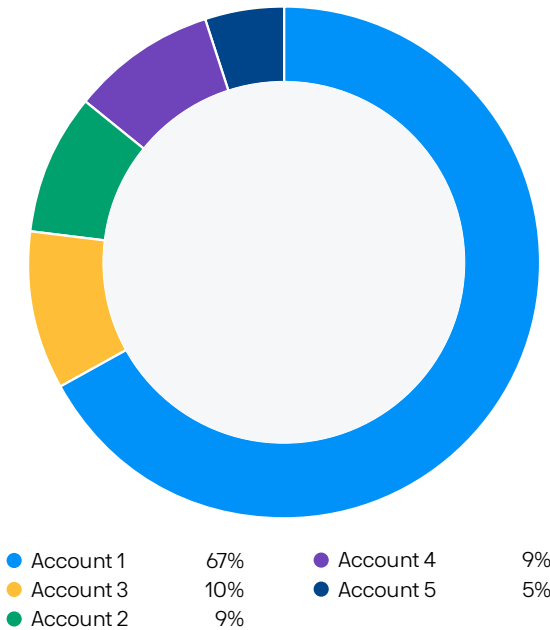
JPMAM REF manages around €802 833 870 of AuM and in this context is subject to French regulation Article 29 Energy Climate Law to which this report responds. More specifically, the Management Company manages 1 SICAV with 8 compartments and 4 OPPCI (in total 5 funds, the “Funds”) that are invested in real estate assets located in France.

As of December 31st, 2022, the JPMAM REF’s Funds own 21 buildings in France. The split of French assets in number (left) and in AuM (right) is the following:

JPMAM REF Funds' AuM breakdown

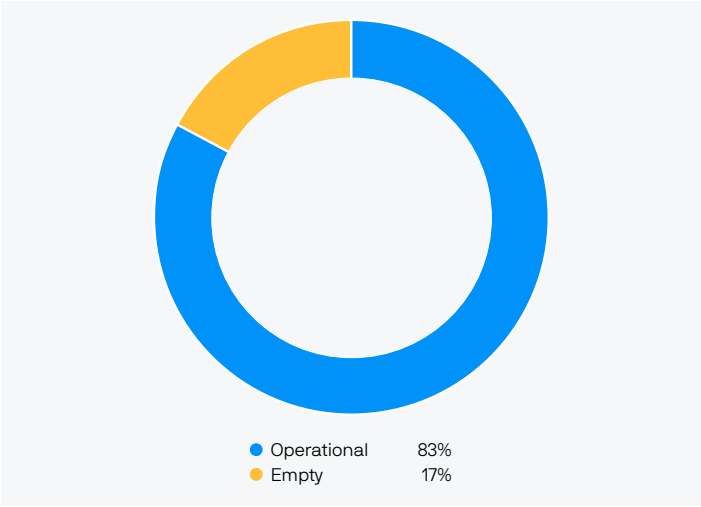


JPMAM REF's Funds buildings breakdown (in number)

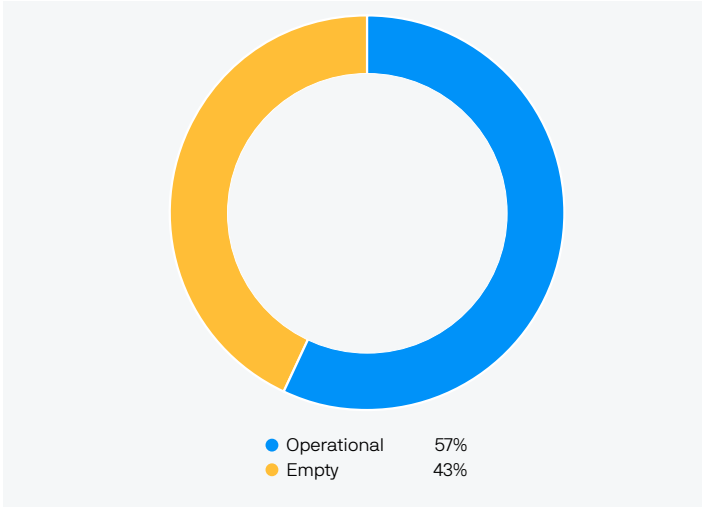


Buildings managed by JPMAM REF's Funds are either operational or empty (for renovation or work matters, or because they are being sold), and are used as logistics, office, or residential buildings:

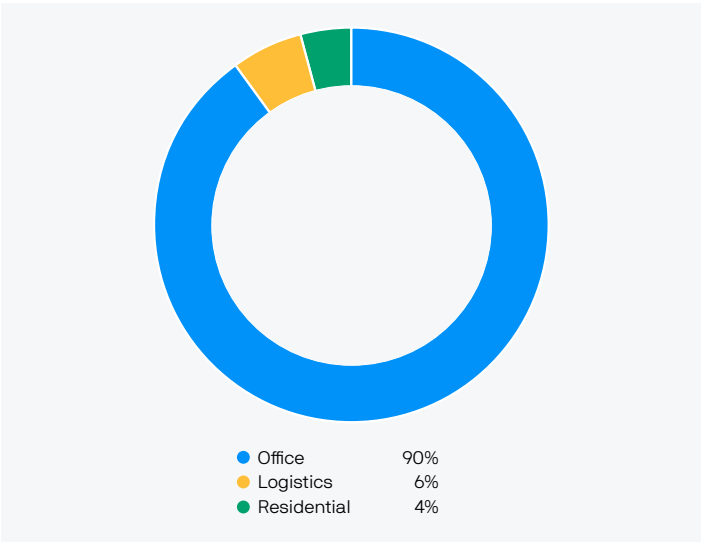
JPMAM REF assets breakdown according to their status (in AuM)



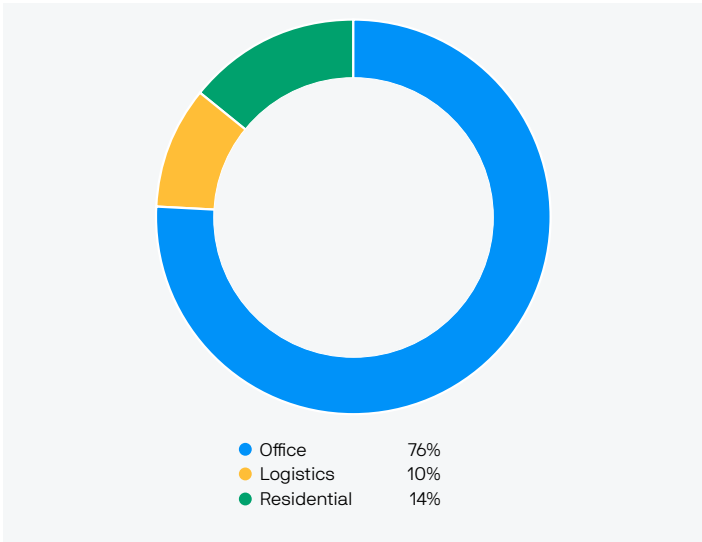
JPMAM REF assets breakdown according to their status (in number)



JPMAM REF assets breakdown according to their use (in AuM)



JPMAM REF assets breakdown according to their use (in number)



ESG strategy

The construction industry is the second most greenhouse gas (GHG) emitting industry in relation to energy consumption and therefore has an important role to play in the environmental transition. JPMAM REF is aware of these major challenges and initiates the integration of sustainability assessment in the management of its buildings in order to seek where appropriate to accelerate their environmental transition while ensuring the comfort of their tenants.

ESG Strategy - Operational buildings

JPMAM RE was committed to making its best efforts in 2022 and will intensify its efforts in 2023 and in the following years. In order to formalise its ESG (Environmental, Social and Governance) commitments at an asset level, a new ESG Charter was developed and adopted on all buildings in operation located in France. This charter sets out a wide-ranging set of commitments that JPMAM will perform as a diligent landlord and owner/operator of real estate. Through this charter, JPMAM REF focuses on 4 main pillars:

1. Consume better

The objective of this pillar is to assess in order to optimise consumption so as to minimise losses or excess consumption of buildings at source, but also to take better account of its direct environment. In particular, it includes the following themes:

- Water consumption and management
- Energy consumption and management
- Responsible procurement
- Support of the local economy
- Protection of local biodiversity

2. Value better

Through this pillar, JPMAM REF's purpose is to optimise and better value the end of life of products and consumed materials by limiting waste, promoting recycling and reusing and saving resources.

3. Live better

As for resources optimisation and waste recycling, JPMAM REF attaches particular importance to the quality of life of its tenants employees of buildings and takes actions in order to improve their comfort by:

- Publishing an "ESG Charter" for French assets, with landlord commitments shared with tenants and occupiers to demonstrate how ESG matters are part of JPMAM REF's active asset management approach;

- Analysing satisfaction of tenants;
- Implementing actions for the benefit of its employees' health;
- Supporting diversity for social cohesion and performance;
- Promoting the development of decarbonised means of transport.

4. Think and act better

To achieve this transition, the Management Company believes it is essential to be proactive in changing ways of thinking and acting. Therefore, JPMAM REF is committed to training and raising awareness among its stakeholders and to improving continuously its practices to best support the environmental performance and biodiversity of its assets.

To assess the alignment of JPMAM REF assets to its commitments, the Management Company realises an audit of its buildings in exploitation and attributes to each commitment a score based on a 4-levels scale:

Score	Assessment
3	Objective fully achieved
2	Objective achieved but improvements still needed to be made
1	Objective partially met
0	Objective not achieved

The sustainability score of a building is the result of the aggregated commitment's scores.

Based on this analysis, JPMAM REF is able to set up some next steps at short, medium and long term for the following years in order to improve the buildings' sustainability scores according to the current state of play and the target's maturity. The first audit was carried out during the second semester of 2022 and should be reviewed annually.

This set of commitments was created in relation to French, European and international objectives regarding climate and biodiversity and aims to enable JPMAM REF's alignments with these targets. This policy is being reviewed annually in order to continuously improve and adapt the Management Company's commitments to international regulations and initiatives.

ESG Strategy – Buildings under construction

Regarding the buildings under construction or renovation, JPMAM REF formalised its environmental and social commitments into a green charter (in French: “Charte de Chantier Vert”). Through this charter, JPMAM REF requires from its designers, suppliers, consultants and contractors to respect some commitments during each phase of design and construction (before, during and after) regarding environmental and social criteria, including:

- Safety on construction site
- Noise pollution
- Communication to tenants of the building
- Choice of recyclable and non-hazardous products and materials
- Waste management and sorting
- Consumption monitoring
- Prevention and protection against pollution, particularly dust emissions

This charter was approved in 2022 and is intended to be applied to all future construction projects carried out on buildings owned by the Funds. As with the ESG policy applied to operational buildings, this charter will be reviewed annually in order to align with new international and French regulations and directives.

Means to inform investors

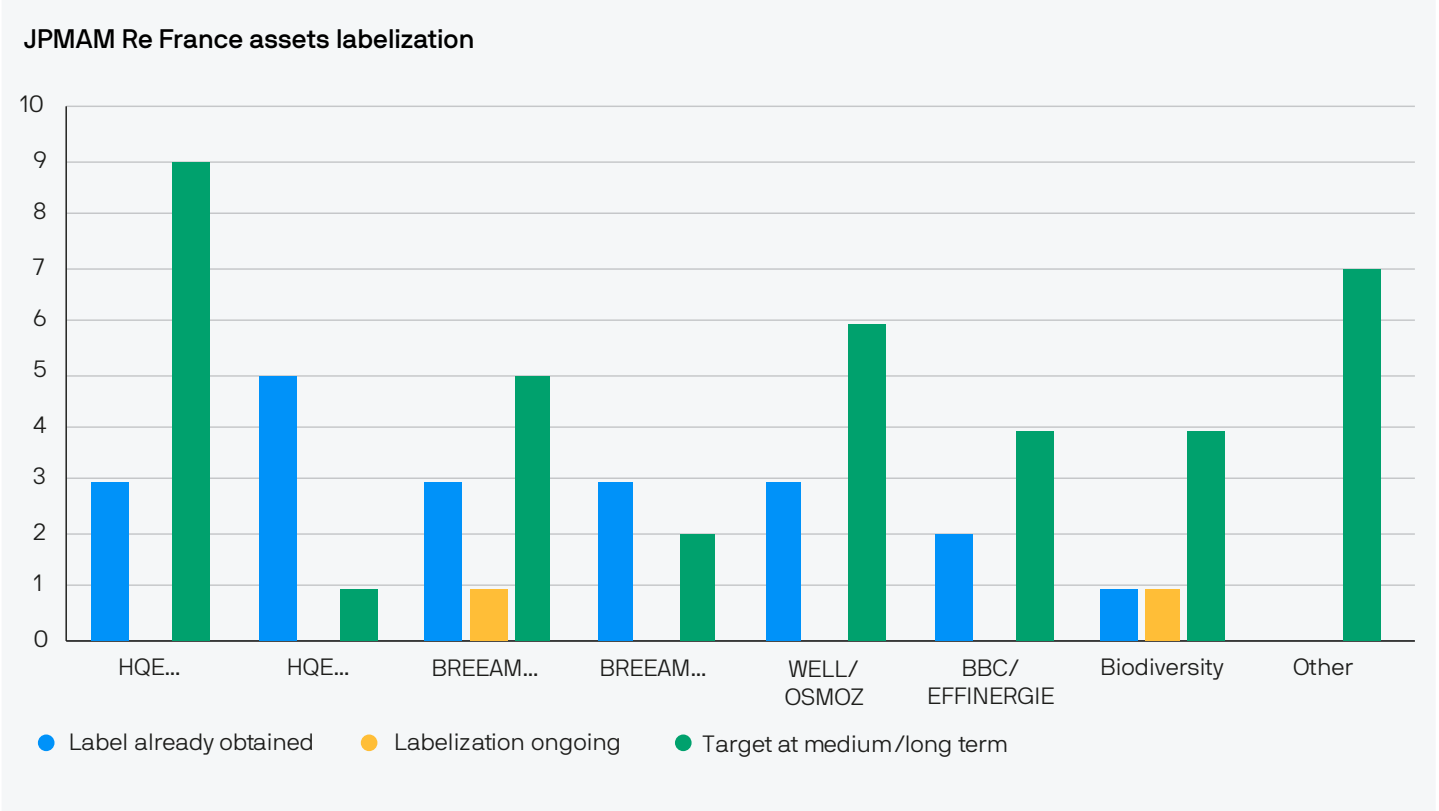
JPMAM REF informs Luxembourg entity of the criteria relating to environmental, social and quality of governance considered in the investment policy and strategy via a quarterly reporting. The ESG policy of JPMAM REF France is also made available to investors.

Labels

Within JPMAM REF, ESG is fully integrated in the decision process when investing into new assets or maintaining existing assets. As an engaged Asset Manager, and even if French funds are not Article 8 regarding SFDR classification at least one green label (HQE, BREEAM, WELL ...) is obtained by each building under-operation in order to certify the quality of the buildings. The labels obtained by JPMAM REF buildings include the following:

- **HQE / BREEAM:** these labels consist of science-based validation and certification systems for sustainable built environment;
- **WELL / OSMOZ:** building certification with respect to well-being and quality of life at work;
- **BBC / EFFINERGIE:** these labels reward buildings with excellent energy performance.

The breakdown of JPMAM REF France’ assets by type of label is the following:



Initiatives

JPMAM REF is part of the JPMorgan Asset Management group ("JPMAM") and, as such, benefits from all ESG initiatives to which JPMAM belongs:

Name of the initiative	Description
UN Principles for Responsible Investing (UNPRI)	JPMAM has been a signatory of the UNPRI since 2007. As of July 2020, the main entity JPMAM is rated A+ for the Strategy and Governance module, which assesses the level of ESG integration in the business.
Task Force in Climate-Related Financial Disclosure (TCFD)	JPMAM engages with companies to encourage enhanced disclosure of ESG and climate-related data, in line with TCFD recommendations and SASB standards.
Sustainability Accounting Standards Board (SASB)	JPMAM is a member of the SASB and references the SASB Materiality Framework in its investment processes, where appropriate.
Net Zero Asset Managers Initiative (NZAMI)	The Management Company is a signatory to the Net Zero Asset Managers initiative (NZAMI) and has committed to support investing aligned with the goal of net zero greenhouse gas emissions by 2050 or sooner.

Section 2: Means deployed by the entity

Internal resources devoted to taking account of ESG criteria

During 2022, JPMAM mobilized significant internal and external resources to develop its ESG activity and integrate sustainability criteria into its investment strategies. In particular, these resources were dedicated to the management and monitoring of the new actions implemented, as well as to conduct in-depth analyses of building performance and implement improvement plans.

Human resources

At JPMAM REF, all asset managers incorporate ESG matters into their missions at different level of asset management: during the process of selecting and acquiring assets and during the management of the buildings especially through discussions and contracts with the Property Manager and service providers. They also dedicate part of their time to considering sustainability risks in their investment decision-making process.

In addition, one UK based employee spends 20% of his time on the general development and ESG strategies in France.

Technical resources

JPMAM REF works actively with 3 key suppliers whose missions are to assess the performance of the buildings through social and environmental criteria as well as to set up a roadmap to take actions in order to improve the buildings' performance and align with French and international targets. These suppliers and their missions are detailed below:

1. RE Tech Advisors

RE Tech Advisors works with the asset and property management teams on each property to collate energy performance and consumption data, measuring improvements to meet JPMAM REF targets (and the property managers' KPIs), and they assist with quarterly reporting data that the Management Company presents to clients on some of the funds. In particular, RE Tech Advisors assists JPM for the following activities:

- Strategic advice around ESG trends, legislation requirements, JPM corporate policy;
- ESG training for asset managers and property managers across the European funds;
- Building performance data collection;
- Analysis of performance data, and reporting on a quarterly and annual basis
- Benchmarking of assets across the funds based on sector;
- Acquisition assessments – focusing on strategic ESG risks;
- GRESB application management (where appropriate);
- Tenant and occupier satisfaction surveys.

2. Longevity

Longevity is in charge of the buildings annual audit in order to score their ESG performance and gives advice to improve the environmental characteristics of the building and the comfort of its tenants. The consulting firm also helped JPMAM REF to develop and deploy its ESG Policy. Their mission with JPMAM REF consist in various activities:

- ESG due diligence for all potential investments, including carbon studies, green label improvements and opportunities to upgrade;
- Project-specific design advice for live projects; this includes all major and minor works programs;
- Design-stage pre-assessments (BREEAM, WELL, LEED);
- Post-completion assessments;
- Physical and climate risk assessments.

3. Advizeo

The mission of Advizeo is to analyze JPMAM REF operational buildings' compliance to the Décret Tertiaire, a French energy regulation. They provide a review of the buildings' energy performance indicators, recommendations on the adequate reference year and associated actions and CAPEX plan designed to allow asset to reach the targets set by the regulation.

Financial resources

Financial resources deployed to enable the integration of ESG criteria into JPMAM REF's ESG strategy include the cost of contracts with companies mentioned above, the cost of human resources and the additional remuneration of the Property Manager for carrying out new ESG-related tasks. The budget devoted to all the resources dedicated to taking account of ESG criteria is approximately of 800k€.

Actions taken to strengthen internal capacity

The Management Company believes that its assets are better managed and risks better controlled if its employees are trained on ESG issues and how to address them, and therefore focuses on training its employees on these topics.

At Real Estate entities level

JPMAM REF set up several initiatives in 2022 to strengthen internal ESG knowledge. Indeed, all asset managers do receive dedicated training every quarter from Lord Green strategies about sustainability applied to real estate. Managers also received training from a French company on topics related to climate, taxonomy, biodiversity and risk analysis of real estate investments.

At global level

More generally, JPMAM engages with key external and internal stakeholders on climate change to assess and manage the related risks and opportunities. For example, they seek to understand clients' views and positions on climate change on an ongoing basis and communicate its approach through its dedicated teams of client advisors around the world, either via direct discussions or written communications. JPMAM also do this on an ad-hoc basis through events, training webinars, surveys, and due diligence feedback.

The Sustainable Investing team of JPMAM, in partnership with the Client Skills Training Team, has developed an online Sustainable Investing Academy for JPMAM's employees, with a broad curriculum including climate change. The Management Company also conducts informational sessions for some of the investment teams so they can build a foundation of knowledge around the implications of climate change for its investment portfolios and learn about climate-related metrics. JPMAM also has peer advisory working groups to connect expertise across its investment and distribution platforms, such as the Sustainable Investing Client Strategy Working Groups (organized in three regional chapters) and the ESG Data and Research Working Group. Both Working Groups meet regularly to discuss various matters related to sustainable investing, including climate change and real estate.

Section 3: Governance

Governance of JPMAM REF

Executive Directors of JPMAM REF

JPMAM REF is managed by two executive directors: Jean-Philippe Vergnol and Sabrina Yon-Boyenval. Jean-Philippe Vergnol joined JPMAM in 2006 in London before opening J.P. Morgan Asset Management’s Real Estate Paris office in 2010, and Sabrina Yon-Boyenval joined JPMAM in 2011. They both have previous experience in asset management and acquisition and have thus seen these businesses evolve and awareness about sustainability rise. In particular, they have witnessed the first steps towards the integration of ESG in investments and are fully aware of the need to take into account sustainability criteria in their decision-making processes. It is with this philosophy that the two directors of JPMAM REF lead and manage the French real estate entity of JPMAM.

The ESG Strategy Group – At Real Estate entities level

JPMAM Real Estate European entities have created the ESG Strategy Group, made up of JPMAM Real Estate Europe Investment Committee members, acquisition officers, asset managers, Development and Engineering Group (DEG) and investment operations representatives. The ESG Strategy group meets quarterly to review the general asset progress, including the green label allocated to the assets, trends, ESG benchmarking across the funds, and other oversight of our policies and achievements.

Then, the DEG representative for Real Estate Europe reports issues and challenges to the Real Estate Oversight Committee which in turn reports to EMEA Business and Control Committee (see following paragraphs).

The Sustainable Investing Operating Committee (SIOC) – At global level

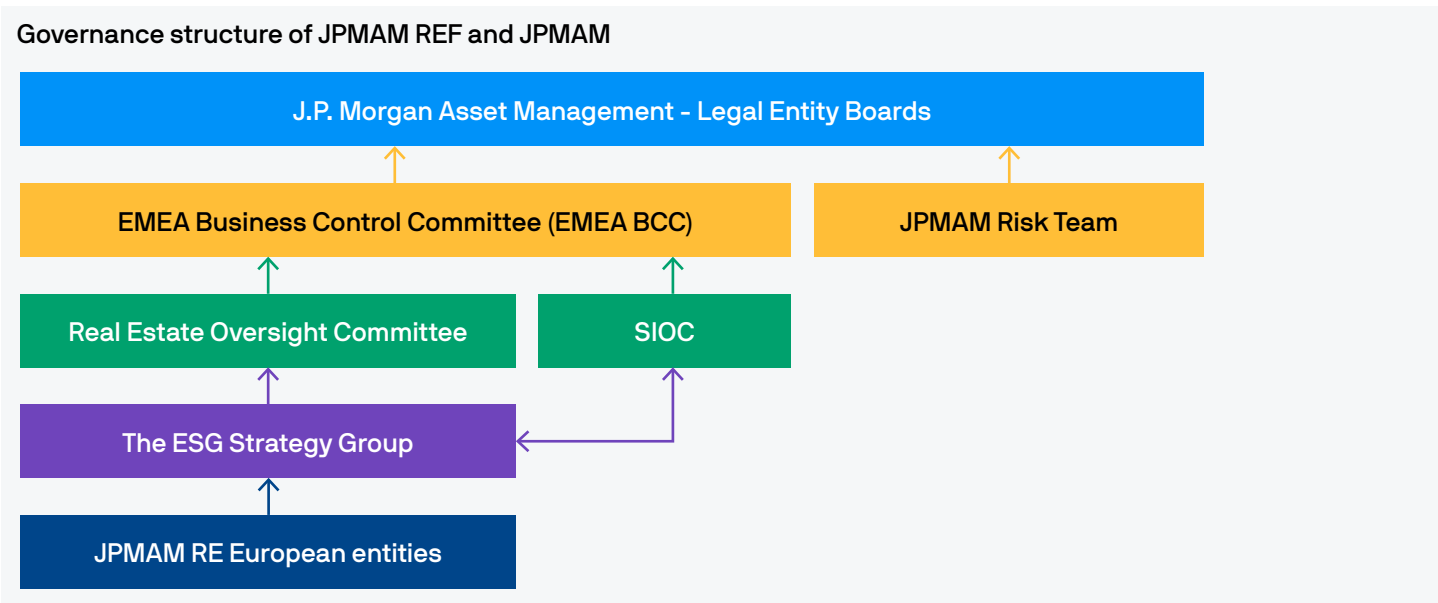
At a global level, in 2021, to enhance the governance of JPMAM activities related to sustainable investing, JPMAM established the Sustainable Investing Operating Committee ‘SIOC’.

SIOC provides strategic oversight of sustainable investing activities including engagement, proxy voting, sustainable investments criteria, ESG integration and review of implementation plans for the firm’s commitment to Net Zero Asset Managers initiative. SIOC also oversees related policies, programs, targets and performance, and reviews JPMAM’s sustainable investing frameworks, including those that consider climate change risks and opportunities.

Committee members include the Chief Investment Officers (CIOs) of each asset class and the Global Head of Sustainable Investing, the Global Head of Investment Stewardship and heads of control functions.

The CIOs and the Global Head of Sustainable Investing participate in day-to-day management meetings across their asset classes and with senior management, allowing SIOC to provide strategic oversight across teams and strategies. This also establishes a clear line of escalation, with members providing updates to SIOC where applicable.

The SIOC can escalate risk and controls issues to the Business Control Committees (BCC) of the relevant region, where required.



EMEA Business Control Committees (EMEA BCC) and Legal Entity Boards – At global level

These regional BCCs provide oversight of the operational risks and control environment across the entire asset management business, in order to properly identify, manage and monitor existing and emerging operational risks, control issues and trends. The BCCs serve as a point of escalation to the relevant JPMAM legal entity board.

Legal Entity Boards also have oversight of relevant risk management activities and receive investment risk updates from J.P. Morgan Asset Management's Risk team. As part of the Risk team's development of a framework to monitor material ESG factors and their consideration in the investment process of the active strategies, sustainability risk information will be provided to select regional legal entity boards.

Remuneration policy

JPMAM REF remuneration policy was reviewed in accordance with Article 5 SFDR. The policy is summarized in this section but you can access the full document by clicking [here](#).

The Firm's disciplined pay-for-performance framework focuses on Total Compensation – base salary and incentive pay - so that pay is commensurate with the overall performance of the Firm, respective businesses and individual performance. This includes a balanced discretionary approach to assess the employee's performance throughout the year against four broad dimensions:

1. **Business results**
2. **Client/customer/stakeholder**
3. **Teamwork and leadership**
4. **Risk, controls and conduct**

These performance dimensions appropriately consider short, medium and long-term priorities that drive sustained shareholder value, while accounting for risk, controls, and conduct objectives.

To promote a proper pay-for-performance alignment, the Firm does not assign relative weightings to these dimensions and also considers other relevant factors, including market practices. When conducting this balanced assessment of performance, for select employees in the Portfolio Management population, regard is given to the performance of relevant funds and strategies. Each Portfolio Manager's performance is evaluated annually based on a number of factors, including, but not limited to:

- The primary consideration which is blended investment performance relative to the competitive indices or peers, with investment performance generally weighted more to the long term;
- individual contribution relative to the client's risk and return objectives; and
- adherence with the Firm's compliance, risk, regulatory and client fiduciary responsibilities, including adherence to the Sustainability Risk Integration Policy – J.P. Morgan Asset Management which contains relevant Environmental, Social and Corporate Governance ("ESG") factors that are intended to guide investment decision-making.

An individual performance assessment using the criteria above, in addition to the overall performance of the relevant business unit and investment team, is integrated into the final assessment of incentive compensation for an individual Portfolio Manager as part of the assessment of Business Results.

Integration of ESG criteria at governance level

JPMorgan Asset Management believes that the absence of a diverse and relevant skill set within a board or governing body may result in less well-informed decisions being made without appropriate debates and an increased risk of "group think".

JPMAM REF has a full gender parity in its governing body and so is compliant with the Rixain Law of December 2021.

Section 4: Votes and engagement

Voting strategy

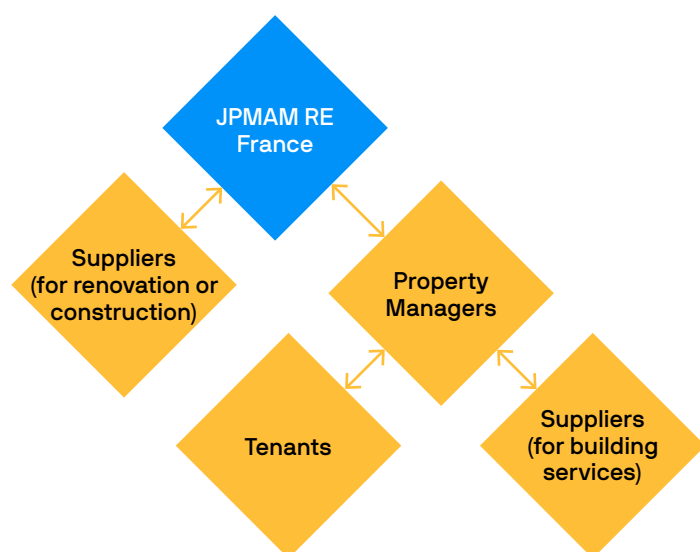
There are no investments in securities attached to voting rights in the funds managed by JPMAM REF due to its activity. As a consequence, there is no voting policy at JPMAM REF level.

Engagement strategy

JPMAM is convinced that the creation of a sustainable and environmentally friendly urbanization model can only be achieved through listening, strong commitment and collaboration with its stakeholders.

Indeed, the implementation of JPMAM's ESG policy is a good starting point, but part of these objectives can only be achieved with the support of the stakeholders, including Property Managers, tenants and service providers. Therefore, JPMAM attaches particular importance to engagement with its stakeholders and does so through the organization of committees, the dissemination of awareness-raising materials, due diligence and the publication of reports.

The interactions between the different stakeholders are represented in the graph below:



Property Managers

The Property Managers' appointed for this task has to manage operational buildings (except those having a logistic use) and his missions include environmental clauses formalized in the contract between JPMAM REF and the Property Manager (PM):

1. Regulatory compliance

The PM must ensure regulatory compliance by monitoring various controls of the building and also by ensuring the holding of the green committee ("Comité Vert") with tenants' representatives. The purpose of this annual committee is to analyze the actual building's environmental performance (particularly regarding water, waste and energy management) and to define next actions to be taken in order to improve this performance.

2. Consumption data

The property management teams are also required to collate energy consumption data with the help of a service provider for quarterly assessment by the ESG specialists. They also produce a monthly energy management (RME) report and conduct reflections on ways to optimize energy use of the building.

3. Labels and certifications

In addition, he is in charge of obtaining various labels attesting to environmental quality and comfort of the building, as well as ensuring follow-up audits of these certifications.

4. Relation with tenants

The PM ensures regular contact with the tenants. In particular, he provides the Welcome Booklet ("Livret d'Accueil") with information on the timetable and services available for tenants in the building, as well as the CSR Policy Guide ("Guide de la Politique RSE"), which outlines the main principles of JPMAM REF's ESG commitments for its buildings.

5. Monitoring and quality control of services

Finally, the PM is in charge of selecting the suppliers as well as ensuring the follow-up of their missions. In particular, he must ensure the integration of CSR clauses in contracts and pay particular attention to aspects related to environmental protection when awarding contracts to service providers.

He also carries out quality controls on cleaning and the management of green spaces and produces monthly activity reports that present a summary of the indicators related to preventive maintenance in the building.

To ensure that the follow-up of PM's missions, JPMAM REF organizes weekly committees and receives a quarterly report that summarizes PM's activities.

Tenants

JPMAM REF doesn't engage directly with tenants of its buildings but through the help of the Property Manager. Indeed, as described above, his missions include the production of documents to inform tenants about building policies and the collaboration with them thanks to committees such as the Green Committee and other committees depending on the context.

In addition, he is attentive to tenants and interacts with them on a daily basis to identify potential problems in the building area and to communicate on any new rules or upcoming changes.

Suppliers

Service providers and suppliers involved in the management of the building are managed by the Property Manager and clauses related to JPMAM REF's ESG commitments are systematically integrated into their contracts.

For major construction or renovation work, JPMAM REF selects the service providers itself. The Management Company has set up a Green Worksite Charter ("Charte de Chantier Vert") that includes criteria related to environment and comfort on the worksite and for local residents that service providers must respect (please refer to Section 1 - ESG Strategy – Buildings under construction of this report for more information).

Thus, JPMAM REF activates all its levers for action particularly through its commitment and collaboration with the Property Manager teams, the service providers and the tenants in order to maximize its impact and accelerate the transition of its buildings to a sustainable model.

Disengagement strategy

JPMAM REF does not lease or sell any buildings to stakeholders operating in sectors on JPMAM's exclusion list and therefore does not have a disengagement policy.

Section 5: European Taxonomy and fossil fuels

Information on european taxonomy

What is European Taxonomy?

The European Taxonomy is a classification system for determining whether an economic activity is environmentally sustainable. The work was entrusted to a group of experts, the Technical Expert Group (TEG). In June 2020, the European Commission published a regulatory framework and determines the main principles of which activities qualify as green, according to six environmental objectives.

The six key environmental objectives covered are the following:

1	Climate Change Mitigation
2	Climate Change Adaptation
3	Sustainable use and protection of water and marine resources
4	Transition to circular economy
5	Pollution prevention and control
6	Pollution and restoration of biodiversity and ecosystems

Thanks to this common framework, the main objective of the European Taxonomy is to better guide investments in activities that contribute substantially to the achievement

of international climate goals such as Paris Agreement and related SDGs. These activities are said to be "taxonomy aligned".

How does it apply to Real Estate?

Step 1: Eligibility

An activity can be taxonomy aligned only if it has been defined as taxonomy-eligible by the TEG, which means that the activity is likely to make a substantial contribution to at least one of the six environmental objectives. For example, activities related to fossil fuels are not taxonomy-eligible.

To date, 13 sectors and 100 activities are taxonomy-eligible as defined in the regulation. These activities include Real Estate and construction activities :

- 7.1 Construction of new buildings
- 7.2 Renovation of existing buildings
- 7.3 Installation, maintenance and repair of energy-saving equipment
- 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings
- 7.5 Installation, maintenance and repair of instruments and devices for measuring regulation and controlling energy performance of buildings
- 7.6 Installation, maintenance and repair of renewable energy technologies
- 7.7 Acquisition and ownership of buildings

Step 2: Alignment

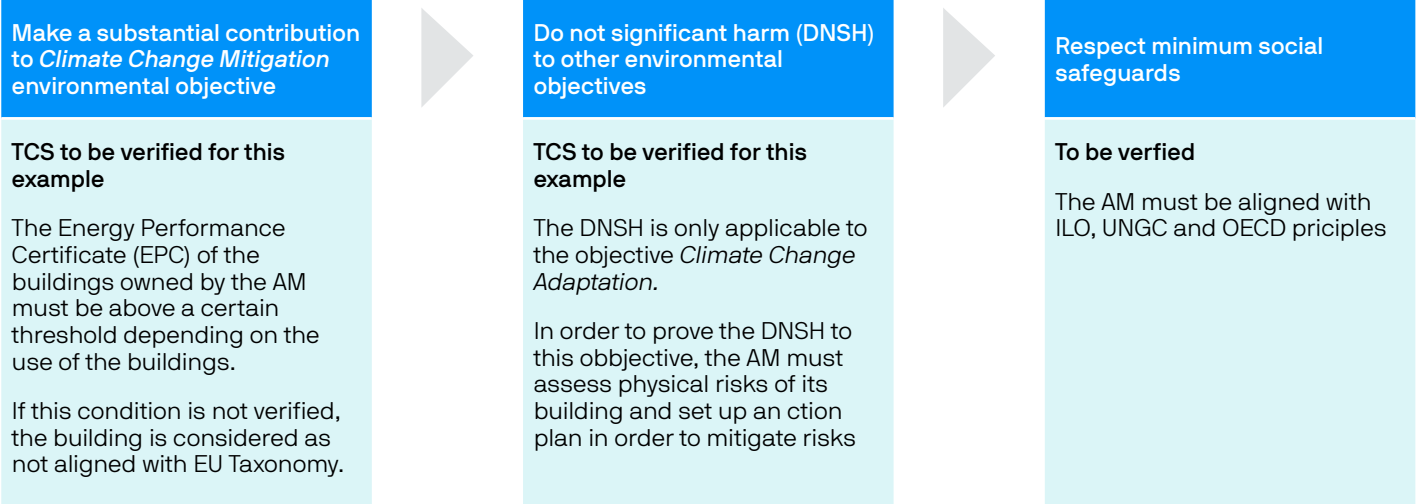
Taxonomy-eligible activities can be checked against the taxonomy’s Technical Screening Criteria (TSC) to assess whether they are aligned, and thus considered as sustainable. These criteria are very specific characteristics that must be used to determine whether an economic activity contributes substantially to an environmental objective with no significant harm to any other five environmental objectives. Finally, the last rule for the activity to be considered as taxonomy aligned is that the company that is carrying out the activity must respect minimum social safeguards, such as ensuring the alignment with the OECD, UNGC and ILO principles.

Example

Let's take an example applied to Real Estate, for the activity 7.7 Acquisition and ownership of buildings

Step 1 The EU Taxonomy regulation has defined that the economic activity 7.7 mau contribute to the environmental objective 2. Climate Change Mitigation. Therefore, this activity is eligible to EU Taxonomy.

Step 2 In order to be taxonomy aligned, the activity must verfiy the following 3 steps:



European Taxonomy at JPMAM REF level

JPMAM REF has contracted its service provider, Longevity, to calculate the taxonomy alignment of its buildings. None of the Funds is committed to making any taxonomy aligned investments.

Information on fossil fuels

The Funds do not own any building related to the extraction, storage, transport or manufacture of fossil fuels.

Section 6: Climate alignment to Paris Agreement

In France, the building sector is responsible for more than 40% of energy consumption which stands for 25% of GHG emissions. Therefore, this sector's decarbonisation is a major challenge in the fight against climate change and also is an essential lever for achieving the international climate objectives of the Paris Agreement.

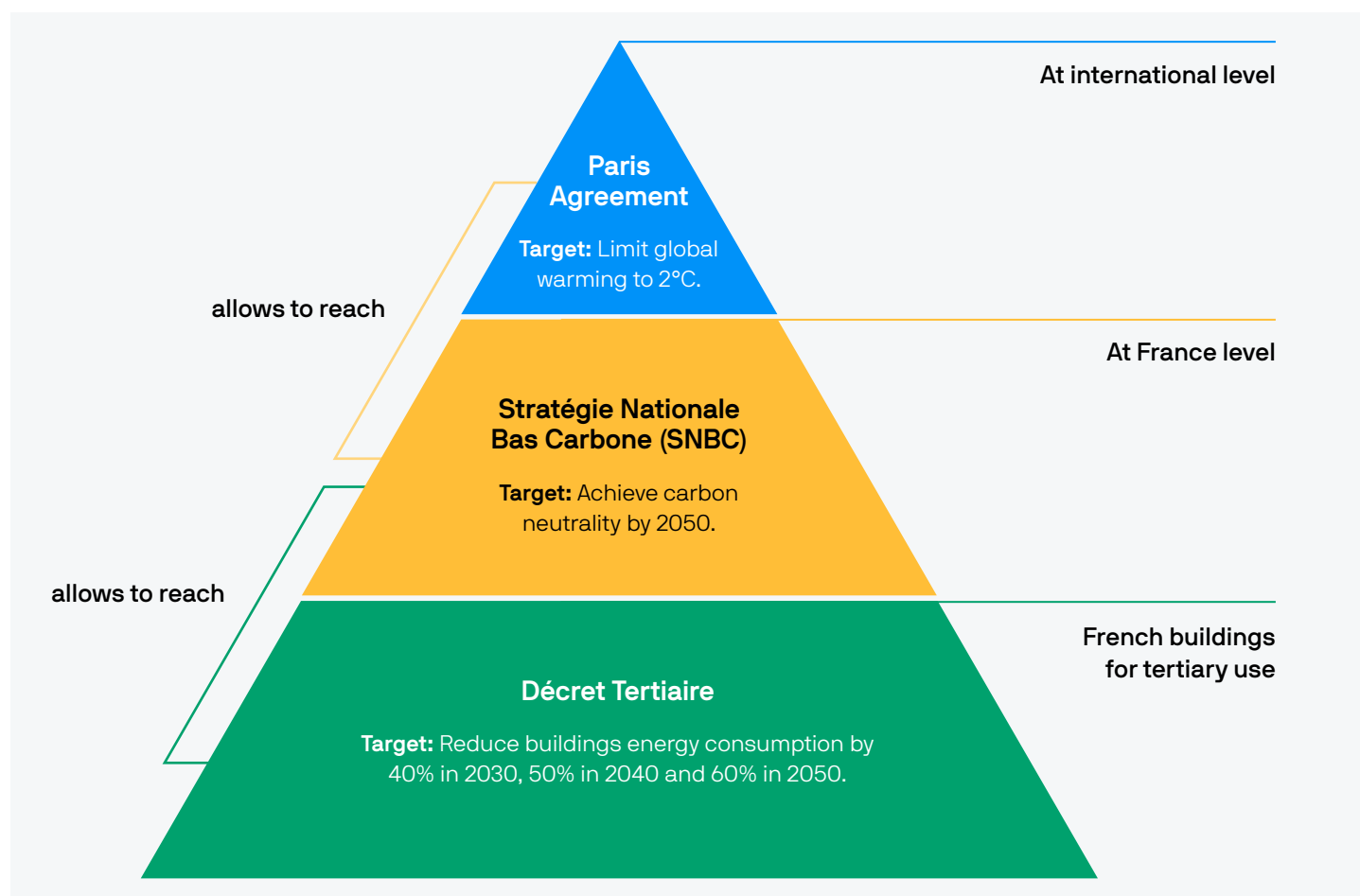
Indeed, at COP 21 in 2015, all UN leaders came together in the face of the climate emergency and adopted the Paris Agreement. This treaty is a commitment to reduce global greenhouse gas emissions to limit global warming to 2°C (ideally 1.5°C). It also sets out a framework for assessing the progress of economic actors and monitoring the achievement of climate targets.

Since then, France has developed a national plan ("Stratégie Nationale Bas Carbone (SNBC)") to meet the international climate commitments of the Paris Agreement and has set an ambitious target: to achieve carbon neutrality by 2050. In order to achieve this objective, France has set a specific sub-target for the building sector, which is to reduce greenhouse gas emissions by 49% in 2030 compared to 2015 and to achieve complete decarbonisation of energy consumed in buildings by 2050.

In line with this strategy, the Décret Tertiaire, a French decree entered into force in 2019 to complement the French "Loi de transition énergétique", imposes energy consumption reduction targets (in comparison with 2010) for tertiary buildings at France level:

- 40% by 2030
- 50% by 2040
- 60% by 2050

International climate targets applied to the building sector in France



Decret tertiaire analysis

In line with the French regulation, JPMAM REF commits to align its assets with Decret Tertiaire's targets. The first step was to define the scope of its eligible buildings to the decree: the operational buildings dedicated to tertiary use, which represent 5 buildings and 45% of its AUM.

For the buildings in the scope described above, JPMAM REF reported in 2022 its data consumption on the French platform, OPERAT, as required by the regulation, and will do so every year.

JPMAM REF initiated in 2022 a *Decret Tertiaire* analysis and audit of some of the eligible buildings, conducted by an external auditor. As of 31/12/2022, 2 eligible buildings were audited for compliance to *Decret Tertiaire*.

The different steps to determine the compliance of a building with the Decret Tertiaire are the following:

1. Gather building's data

The first step in determining the compliance of a building with the Decret Tertiaire is to collect and gather the building data such as historic energy consumption, floor plans, survey of building's surface, the occupancy rate, the tenants' intensity of use etc.

Data recovery is a real challenge as some data are difficult to collect or even unavailable. For some data, however, it is possible to make estimates.

2. Determine the Decret Tertiaire 2030's targets

The objective of the first step is to calculate the building's energy consumption target in 2030. Two types of targets can be defined:

• Relative target

This first method consists in applying a 40% reduction (objective of the Decret Tertiaire by 2030) of the energy consumption from the energy consumption of the building in a reference year, between 2010 and 2020. The calculated value is then called the relative target of the building energy consumption.

• Absolute target

Based on the characteristics of the building (climatic area, altitude, use, the fit out each space etc), the French government has set some tables allowing to calculate an absolute value to be used in case the relative target is too far to be reached. This value is called the absolute target.

According to the building's history and context, the expert chose between relative and absolute 2030's targets to be reached by the building's energy consumption.

3. Determine and implement an action plan in order to reach the Decret Tertiaire 2030's targets

Once the target has been set, the expert presents an action plan to achieve these objectives. The suggested actions may include the use of decarbonised energy sources, energy optimisation, improvement of equipment on site, renovation work and tenants sensibilisation.

4. Monitoring and follow-up of the action plan

Following the audit, the Property Manager is responsible for monitoring the action plan and realises an annual energy analysis to ensure that the building's energy consumption is on track to meet its targets

Example of a building owned by JPMAM REF

In 2022, the Citizen building owned by JPMAM REF underwent the Decret Tertiaire compliance audit.

The analysis carried out showed that the building was already performing well with regard to the absolute 2030 target of the Decret Tertiaire: according to the estimates made, the building must reduce its energy consumption by approximately 15% by 2030, more precisely 24 kWh/m².

An action plan has therefore been put in place to achieve this objective:

- Work already carried out has resulted in a saving of approximately 5 kWh/m²
- Work on the installation of LEDs would also result in a saving of 2.7 kWh/m²
- Finally, the implementation of time schedules on the water networks would allow savings of 1 kWh/m²

Lastly, relamping of the common areas (that consists in replacing a lighting system with a more energy-efficient device) would enable the 2030 objectives of the Decret Tertiaire to be met or even exceeded for this building.

Section 7: Alignment to long term biodiversity objectives

Biodiversity-related challenges for real estate firms

1) What is biodiversity?

Biodiversity, or biological diversity, is defined as the variety and variability of life on Earth, analysed at three levels: the genetic variability, the species diversity, and the ecosystem diversity.

Biodiversity is currently decreasing at an important pace. Its preservation is essential to human activities, for instance to ensure a rich and varied agriculture, the access to clean water and to natural resources, etc.

A Convention on Biological Diversity was launched in 1992 by the United Nations in order to foster measures for a sustainable future and has since been signed by more than 190 countries. The Convention highlights 3 objectives:

- the conservation of biological diversity
- the sustainable use of its components
- the fair and equitable sharing of the benefits arising out of the use of genetic resources

2) Main biodiversity-related challenges for JPMAM REF

JPMAM REF intervenes as a manager of real estate assets and may be involved in building projects. Therefore, the protection of biodiversity can take on different forms in its activities. For instance: the limitation of soil artificialisation and of soil sealing, the optimisation of green spaces, the protection of natural capital, of fauna and flora, the “clean” building sites, the reuse of wastelands, etc.

With regard to biodiversity, the principle of double materiality is key and should be taken into account in the way JPMAM REF analyses the risks and opportunities related to biodiversity:

- investment decisions, and real estate assets management, have impacts on biodiversity.
- Real estate’s activities also exhibit dependencies to biodiversity.

JPMAM REF’s awareness of biodiversity challenges

JPMAM REF has already demonstrated its awareness of the importance of biodiversity preservation and is conscious of the role it has to play in this area as a real estate firm.

Green		Sustainability		ESG+R			
Environment		Social		Governance		Resilience	
<ul style="list-style-type: none">• Energy efficiency• Water efficiency• Climate change• Adation• Greenhouse gas (GHG)• Emissions• Waste and recycling• Building materials• Biodiversity and habitat		<ul style="list-style-type: none">• Stakeholder engagement<ul style="list-style-type: none">- Local communities, tenants and suppliers• Working conditions including labor laws• Health and safety• Employee relations and diveristy• Occupant wellness and safety		<ul style="list-style-type: none">• Leadership and oversight• Reporting and disclosure• Anti-bribery and corruption• Board diversity and structure• Conflicts of interest• Regulatory<ul style="list-style-type: none">- Energy disclosure- Carbon emissions- Energyefficiency standards		<ul style="list-style-type: none">• Risk management<ul style="list-style-type: none">- Physical risk- Transition risk• Strategy and policy• Portfolio climate-risk• Evaluation• Metrics	

At acquisition stage

JPMAM REF always considers biodiversity topics for buildings at acquisition stage.

The sustainability due diligence led at the acquisition enables the identification of biodiversity-related risks to which the building is exposed and also its impacts on ecosystems. Indeed, the due diligence includes:

- an assessment of the biodiversity risk related to the project,
 - the existence of an action plan to mitigate biodiversity risks,
 - an assessment of a biodiversity net gain,
 - some ideas for biodiversity improvement.
- This assessment is realised by an external and independent auditor for each new building acquired. It provides, for many sustainability topics including biodiversity, a scoring on the sustainability performance that aims at identifying the impact of the building on biodiversity, and the severity of negative impacts in order to work out action plans.

For operational buildings

JPMAM REF integrated biodiversity in two out of the four pillars of its ESG policy:

Promoting better consumption	<ul style="list-style-type: none">• The landscaped areas are treated with natural products, the use of chemical herbicide is banned.• Materials and equipment for the use of the plot are selected so that they cause the least possible disturbance to the fauna (noise, lighting) and they do not damage the flora (pollutant discharges).• The hired service provider is committed to an environmental approach and aware of HQE issues for the maintenance of green spaces.
Being proactive in changing ways of thinking and acting	<ul style="list-style-type: none">• A no-mow policy is implemented. Grass in landscaped area with xeriscaping is replaced (moss or succulent grass requiring no maintenance)• Rainwater harvesting points or ponds are installed to irrigate adjacent plants, reduce local temperatures and provide watering places for wildlife (birds, small mammals, etc.).• PMAM REF ensures that landscaped areas do not require watering. If they do, irrigation is zoned and controlled by a rain gauge.• A full shut down of the asset's lighting at night is implemented to reduce lighting pollution. This includes the asset's internal spaces, but also lighting in landscaped areas, parking, and roads.• Plant complementary, non-invasive plant species that are well adapted to the climate and the plot, are selected to limit the need for watering, maintenance, and fertilisation

The compliance of JPMAM REF’s activities with this policy is controlled each year through the buildings’ ESG scoring realised by an external auditor. The ESG scoring assesses, for the in-use buildings, the items described above and highlights eventually the areas that can be improved.**Biodiversity is one of the thematics analysed by external labels**

Most of JPMAM REF's buildings are certified according to external labels that incorporate biodiversity items in their referential. To ensure that labels requirements are met over time, the certification is reviewed annually and depending on each project needs.

Label	Biodiversity Assessment	Asset labelled as of December 2022
BREEAM	<p>Among the 10 thematics of the referential, the category « Land use and Ecology » considers:</p> <ul style="list-style-type: none"> - Ecological value of site and protection of ecological features - Enhancing site ecology - Long term impact on biodiversity - Building footprint 	6
NF HQE	<p>Biodiversity is one the 21 themes analysed:</p> <ul style="list-style-type: none"> - Initial assessment of site and project - Ecological potential of site (biotope factor per area, local revegetation, etc.) - Connections on and off site, compensatory measures, etc. 	8
BIODIVERSITY	<ul style="list-style-type: none"> - Adopting a biodiversity strategic plan tailored to the construction project - Design ecological architecture - Optimise the ecological output of the project in terms of its urban, suburban or rural environment 	1

The scope of the labelled buildings is expected to increase in the months to come. Thus, more and more buildings will be analysed through the complementary dimensions described above.

What are the next steps?

In addition to the initiatives described in the previous paragraphs, applied at the building level, JPMAM REF is currently working on the development of a comprehensive framework applicable to its whole business. The common approach regarding biodiversity follows the principle "Avoid, reduce, offset". One important part of this approach is to be able to measure the biodiversity footprint of the activity.

For this purpose, JPMAM REF is currently comparing the approaches of the different methodologies that exist on the market. Nonetheless these methodologies are not mature, and no consensus has really emerged yet from the market initiatives. The selection of a data provider in this area is therefore a short-term objective so that JPMAM REF can elaborate its biodiversity strategy in line with the three CBD's long-term objectives by 2030.

Section 8: Integration of ESG criteria into risk management

Sustainability risk

A sustainability risk is an environmental, social or governance event or situation that, if it occurs, could have a significant actual or potential negative impact on the value of the investment.

JPMAM REF is convinced that the consideration of these risks is essential to mitigate them, to protect, or even increase, the value of real estate assets.

Integration of sustainability risks into JPM AM RE’s risk management

Sustainability risks are considered at different stages of the asset’s life, involving many stakeholders:

- **Specialist ESG consultants are appointed as part of the pre-acquisition due diligence** to verify the property’s current standard as well as identifying areas for ESG improvement. Sustainability issues are identified and quantified as part of JPMAM REF’s investment due diligence process, not only as a pre-requisite for responsible investing, but also as a tool to help mitigate potential risks.

JPMAM REF’s Technical Due Diligence processes go beyond the standard building and structural survey, and includes assessments of MEP services, environmental conditions, and a specific ESG study undertaken by a specialist consultant.

This ESG assessment establishes a “baseline”, from which the asset is then expected to meet (or exceed) market and regulatory standards. Where significant interventions are required to achieve or exceed the ESG standards necessary, these are quantified for Investment Committee approval as part of the business plan presented at acquisition stage. The IC is then able to decide whether the asset meets the criteria for the fund based on JPMAM’s ESG objectives, the likelihood of its improvement on prevailing ESG requirements, and inherent risks to the asset’s future performance based on current and projected structure, fabric and environmental matters that are uneconomic to overcome. The ESG specialist also provides input to the design development process that will deliver on the business plan, ensuring the targets set at acquisition are then delivered during the hold period.

Additionally, **JPMAM REF’s Development and Engineering Group** (DEG) provides technical assistance to acquisitions and asset managers on a range of issues including capital projects, environmental issues, sustainability and disposition. Acquisition and asset management activities will also include Energy Performance Certificates, LEED and BREEAM

assessments (or others depending on asset type and location) to establish current sustainability performance levels and identify opportunities (for examples: the replacement of the lightening systems by LED technology, the modernization of the HVAC system, fine tuning of the BMS system...) for improvement to meet and achieve market and regulatory requirements.

DEG is comprised of engineering, architectural, and environmental professionals who provide acquisition due diligence, development oversight, and general technical support to the Real Estate Groups in the US, Europe, and Asia.

Identification of risks

- Sustainability risks integrated in the pre-acquisition due diligence:
- The ESG factors that are analysed during the pre-acquisition audit derive from the framework of Better Building Partnership⁴.

The following items are assessed, which enables to identify the corrective measures that should be implemented:

Environment	Energy Efficiency and Building Services
	Water Efficiency
	Waste Management
	Biodiversity
	Transport
	Environmental Certification and Ratings
	Building Fabric and Materials
	Environmental Risk (seismic risk, pollution risk, land contamination, etc)
Governance	Climate Risk
Governance	Property, Property Management
	Organisational Strategy
Regulatory	Regulatory Risk
Social	Health, Wellbeing & Occupier engagement
	Utility Arrangement and Metering
	Socio-Economic Risks

⁴ The BBP is a collaboration of leading UK property owners who are working together to improve the sustainability of commercial buildings.

Focus on climate Risks

Amongst the environmental risks, climate risks are the most important risks JPMAM REF is facing. As a long-term investor, JPMAM REF considers climate risks at different time-horizons. For instance, transition risk could have significant impacts in the short and medium term, whereas physical risks could become more impactful in the long term.

Through the Sustainability Due Diligence, specialist ESG Consultants provide JPMAM REF with the current climate analysis of the building, that enables to identify the most important items to improve, for instance heating system efficiency, use of cooling, rainwater management, isolation, etc

In addition, a forward analysis is realised at 2050 horizon, based on data from Climate-ADAPT⁵. This analysis relies on a Climate change scenario of medium severity by 2050 (scenario AB1) and provides JPMAM REF with the projected change in terms in temperature and precipitation, in winter and in summer, according to the location of the building.

a. Physical risks

The buildings are acquired to be operated over several decades, and are therefore very exposed to change in weather conditions in the long run. Possible impacts can be observed on the assets themselves, namely on their value, but also on their occupancy, for instance on operational costs linked to the building.

Regarding physical risks, the audit uses BRGM 's data enabling to evaluate physical risks amongst which:

- flood risk (including river and pluvial flood risk, flood risk prevention, and climate change impact on flood risk),
- heatwaves risk and the actions to mitigate it,
- summer droughts,
- winter climate change.

This analysis highlighted some recommendations, for instance to conduct a more sophisticated physical risks analysis, with specific scenarios, or to gather more data, especially on flood risk, that could strengthen the analysis on this area.

b. Transition risks

At this stage, transition risks are considered through the pre-acquisition audit, that incorporates for some buildings' elements on the organisational strategy related to ESG, namely the alignment with:

- the ESG strategy of the buyer and the one of the tenants,
- ESG regulation (namely EU Taxonomy, SFDR, TCFD),
- ESG standards (for instance GRESB).

Mitigation of risks

Development and Engineering Group's primary role is to provide management of physical, environmental and technical risk throughout the acquisition and asset management process. Through oversight of technical aspects, DEG translates technical issues into the investment context, ensuring proper underwriting during acquisition and proper management of issues during the investment hold period.

Specific to development, DEG expertise in the design and construction process ensures that project risks are identified and addressed. Working closely with asset management colleagues, DEG staff coordinates with joint venture partners in the management of entitlement, scope, schedule and budget. During the investment period of an operating or completed development asset, DEG provides technical assistance to asset managers on a range of issues including capital projects, environmental issues, sustainability and disposition.

DEG also oversees the technical assessment of ESG risks and opportunities at acquisition stage, and the delivery of ESG improvements and performance measurement during the capex and hold periods.

⁵ Climate-Adapt is the European Climate Adaptation Platform developed by European Commission in partnership with the European Environment Agency.

Contact

For more information about this statement please speak to your J.P. Morgan Asset Management representative.

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