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PRESENTATION

ESG & REAL ESTATE  
18 JUNE 2020  
WEBINAR

LUXREAL

Real Estate Association of Luxembourg a.s.b.l.

# LuxReal's Webinar: ESG & REAL ESTATE

► **Laurent Ternisien**  
CEO BNP Paribas  
REIM Luxembourg



► **Roxana Isaiu**  
Director Real Estate  
GRESB



► **Sachin Vankalas**  
General Manager  
LuxFLAG



► **Sven Rein**  
LuxReal's President  
Moderator



► **Roxana Isaiu**  
Director Real Estate  
GRESB





G R E S B®

# ESG & Real Estate

**Roxana Isaiu**

Director Real Estate

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# What does ESG mean for the Real Estate industry?



## ENVIRONMENTAL

Climate change | Carbon emissions | Air and water pollution  
Biodiversity | Energy efficiency | Waste management | Water scarcity



## SOCIAL

Tenant satisfaction | Gender and diversity | Employee engagement  
Community relations | Human rights | Labour standards | Supply chain



## GOVERNANCE

Equal opportunity employment | Gender pay gap | ESG related objectives  
ESG strategies | ESG management | Information transparency



**Assess** and **benchmark** ESG performance of real assets, providing **standardized** and **validated** data to capital markets.

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# Institutional Investor Members

Over 100 institutional investor members – over USD 22 trillion AUM



# Why is this important?

The relevance of structured non-financial data





# ESG Data Processing

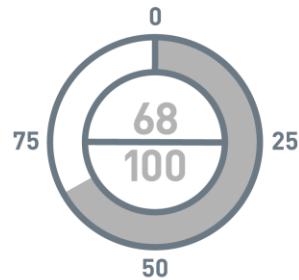
Self-reported data is validated, scored and benchmarked

## SYSTEMATIC ASSESSMENT

COMPANIES | FUNDS | SEPARATE ACCOUNTS | JVS



1. VALIDATION



2. OBJECTIVE SCORING



3. PEER BENCHMARKING

## Institutional Investors

Private Equity LPs	APG, Norges, PGGM, Australian Super, CalPERS, USS, AP2, AP3, SEB, UAW Medical Trust, Catholic Super, Actiam, MN, Hesta, CBUS, NN.
Fund of Funds	Aberdeen, Franklin Templeton, Townsend, Kames, Hermes, TKP.
Listed Securities LPs	JP Morgan, Blackrock, Wellington, Cohen & Steers, Calvert, AEW, CBRE Clarion, Morgan Stanley, Heitman, Pressima, Northern Trust, AEGON, AXA IM.
Direct Portfolios	OMERS, OTTP, Ivanhoe Cambridge, HOOPP.

## Private Equity / REITS

Core	Morgan Stanley, Blackrock, UBS, JPMorgan, CBRE, NYLife, PGIM, Harrison Street, Invesco, Blackstone, Heitman, Clarion, AEW, LaSalle, Principal, Nuveen, AXA IM.
Value Add	UBS, PGIM, Lendlease, Hermes, AEW, Blackrock, Aberdeen, USAA, Tishman, Schroeder, Colony Northstar.
Opportunistic	GTIS Partners, Tishman, PGIM, Europa Capital, Harrison Street, CIM Group, JPMorgan, CBRE Investors, Radius Group.
Listed REITs	Kilroy, Welltower, Alexandria, Boston Properties, Castellum, AEON, British Land, Digital Realty, Simon, Forest City, Prologis, Vornado, Nippon, Riocan, Unibail.

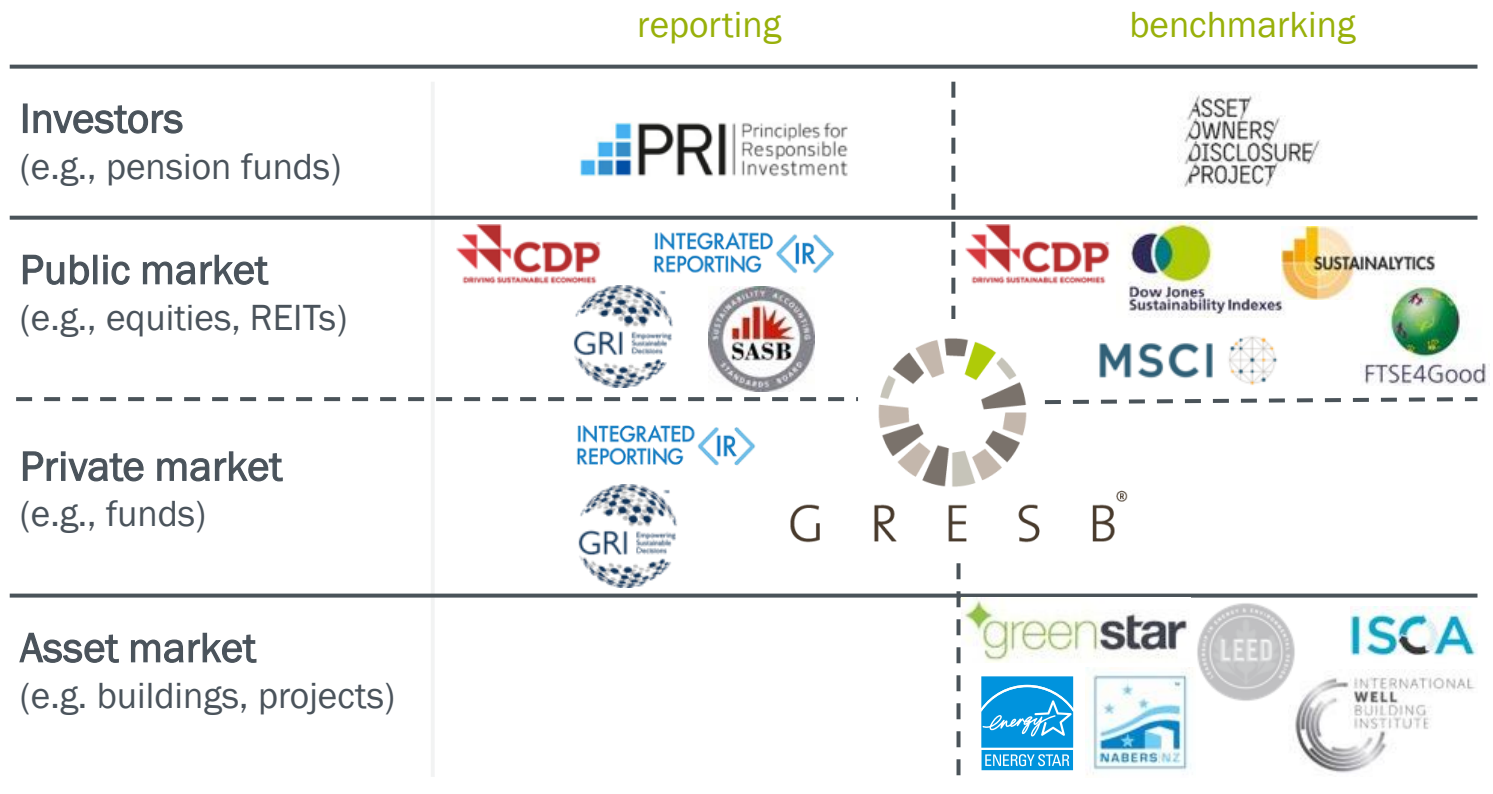
## Real Estate associations

Industry associations	EPRA, GBCA, NAREIT, ANREV, APREA, 2Dii, DGBC, OID, NABERS, PREA, REALPAC, BBP, ULI, BOMA, RICS.
Certification bodies	BRE, GBCA, USGBC, other GBCs.
Strategic alliances	PRI, GRI, CDP

## Data / Service Providers

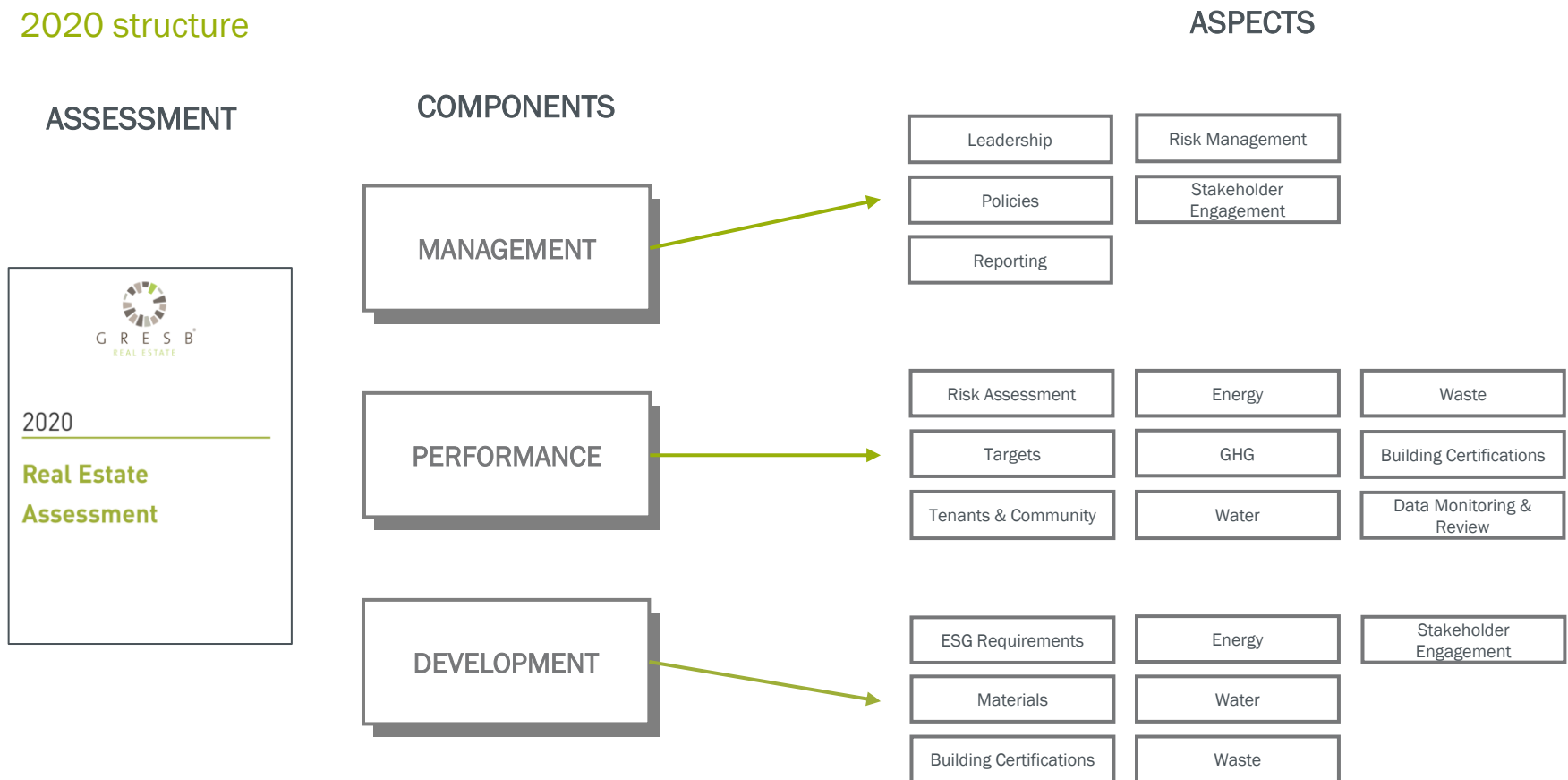
Service providers	CBRE, Delos, JLL, Schneider Electric, WSP, Yardi, Cushman & Wakefield, EY, PwC, Envizi, Paia, S&P, Savills, Verdani, Greengage, RE Tech Advisors.
Data providers	CodeGreen, CarbonCredentials, EVORA, Goby, Measurabl, LORD Green, Yardi, Verco, Siemens, Arc.

# Mapping the landscape



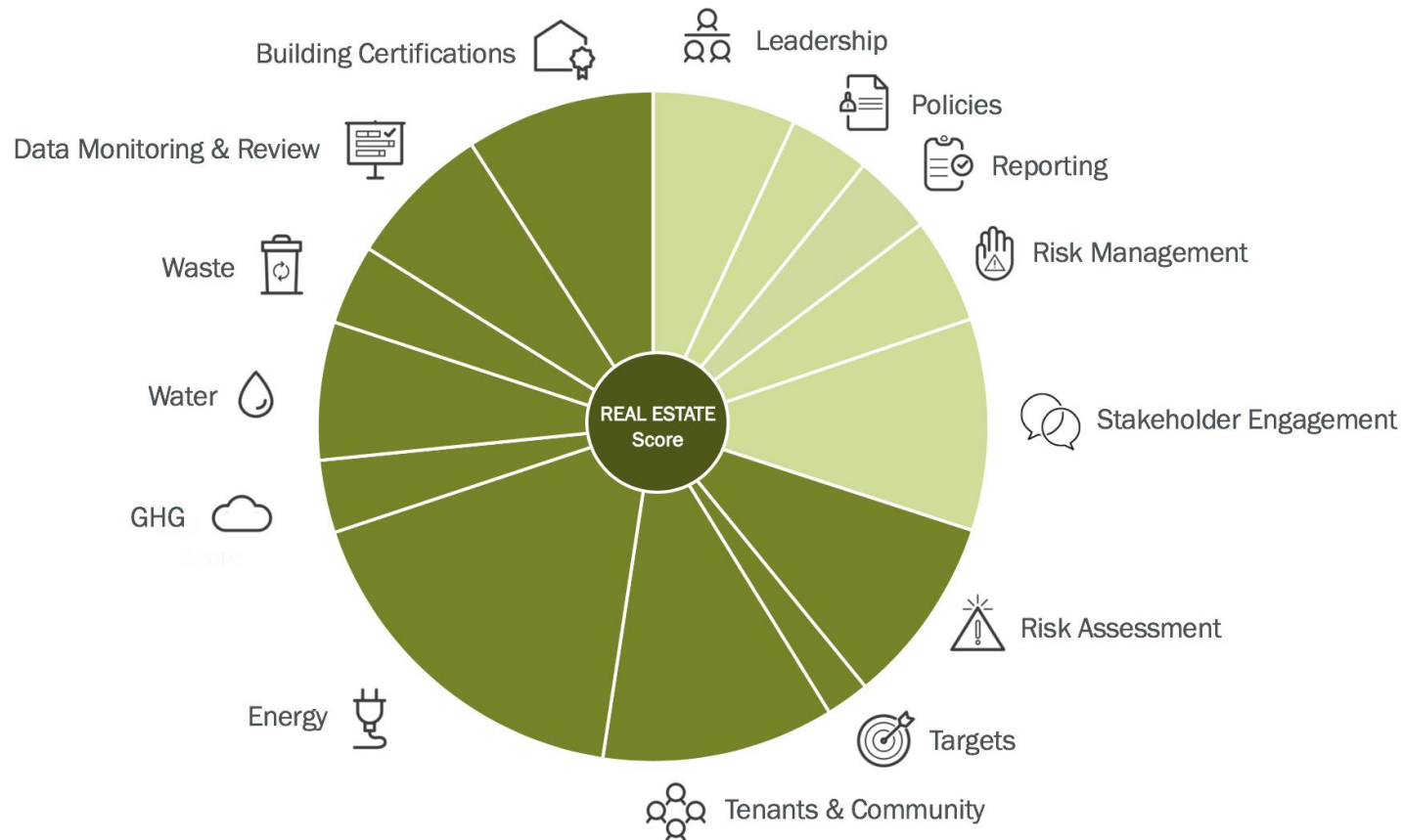
# Assessment composition

## 2020 structure



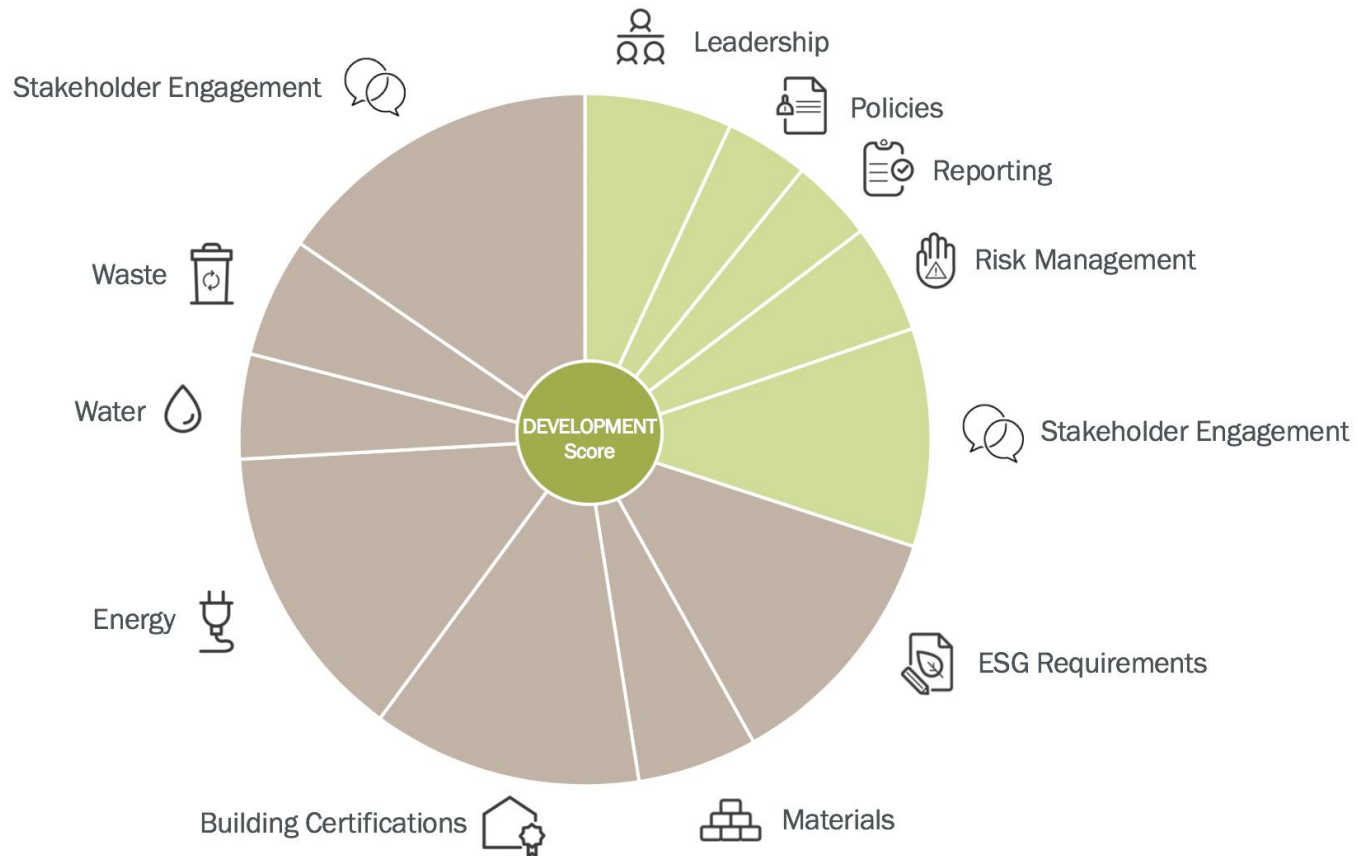
# Real Estate Benchmark (operational portfolios)

Issues contribute differently to the Overall Score based on their materiality



# Developer Benchmark (development portfolios)

Issues contribute differently to the Overall Score based on their materiality





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► **Sachin Vankalas**  
General Manager  
LuxFLAG







## ESG in Real Estate

LuxReal Webinar 18 June 2020



# Content

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- **What is Sustainability? Sustainable Finance?**
- **Why it is relevant for Real Estate Sector**
- **How to apply it practically**
- **LuxFLAG Label**

## What is Sustainability?

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**Sustainability** refers to the practices that meet current resource needs without compromising the ability to meet future needs.

# How organization's understand Sustainability?

## HOW TO DEFINE SUSTAINABILITY (BAD EXAMPLES)



IT'S A LONG,  
COSTLY & RISKY  
INNOVATION  
PROCESS

**R&D**



IT'S A  
DISTRACTION

**SOURCING**



IT'S A COST

**FINANCE**



IT'S SOMETHING  
WE MIGHT HAVE  
IN THE FUTURE

**COMPLIANCE**



IT'S A BRANDING  
OPPORTUNITY

**MARKETING**



IT'S A FALSE  
ADVERTISING  
LAWSUIT

**LEGAL**



IT'S THE NEXT  
BIG THING, LIKE  
BLOCKCHAIN

**LEADERSHIP**



IT'S A BIG LIE OR  
GREENWASHING

**CONSUMERS**

Confused? Here is the solution (?)

## Sustainability Certification Universe

Clutter

Complexity

Confusion



Assurance?

Bought vs Earned?

Actual Impact?

Social vs. Environmental?

Good or Simply Better?



## Sustainable finance: What it means

Sustainable finance refers to any form of financial service integrating environmental, social and governance (also referred to as ESG) criteria into the business or investment decisions for the lasting benefit of both clients and society at large.



# Why Sustainability/ESG is relevant in Real Estate?

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- Investor Demand
- Contribution to GHG Emissions
- Impact Climate Change and required resilience
- Social factors
- Financial forecasts

# What we do?

## What does LuxFLAG do?

- ASSESSES TRANSPARENTLY AND INDEPENDENTLY ELIGIBLE INVESTMENT VEHICLES
- IN THE FIELD OF **MICROFINANCE**  
**ENVIRONMENT**  
**CLIMATE FINANCE**  
**GREEN BONDS**  
**ESG**
- AND, IF COMPLIANT, AWARDS THE LABEL.







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REIM Luxembourg





**BNP PARIBAS REIM**

**YOUR REAL ESTATE EXPERT**



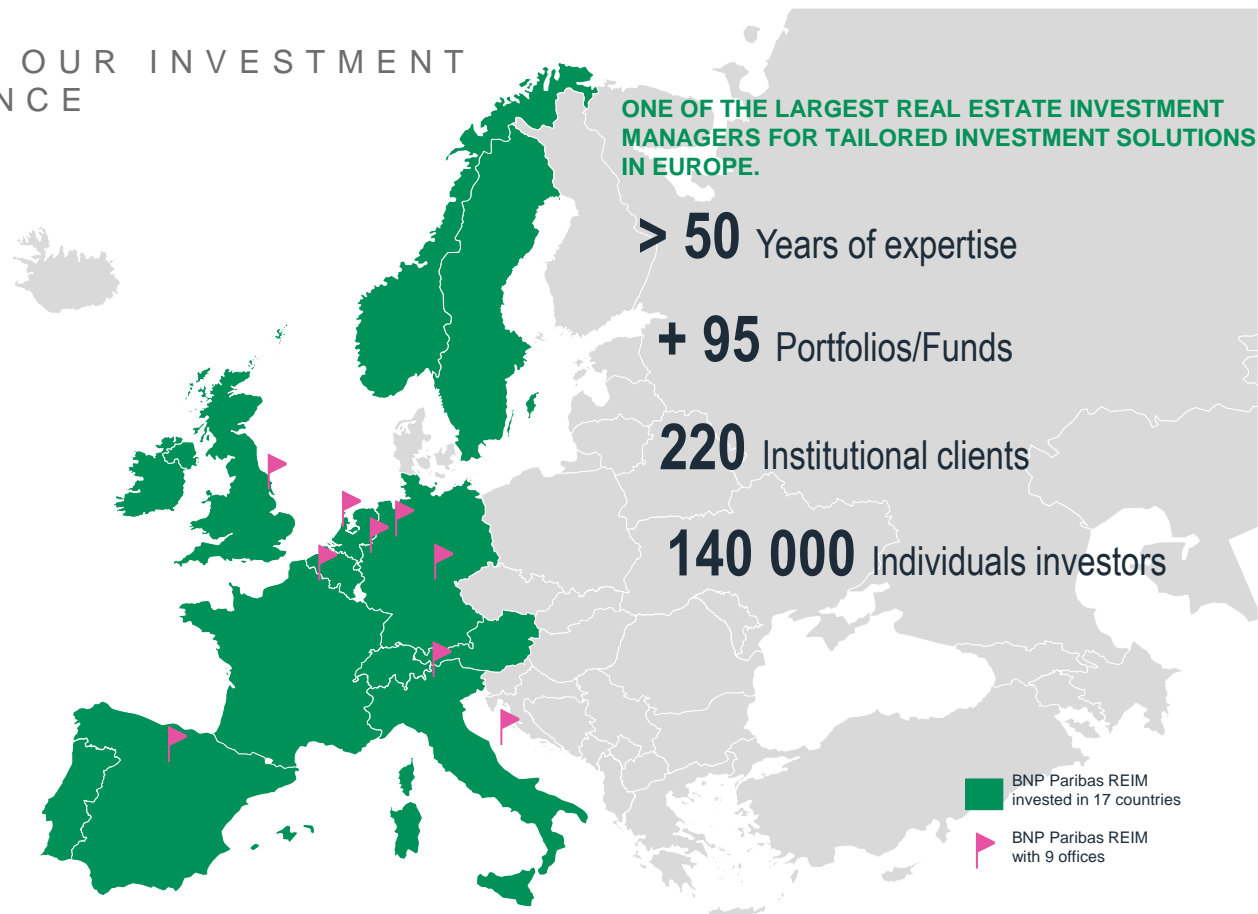
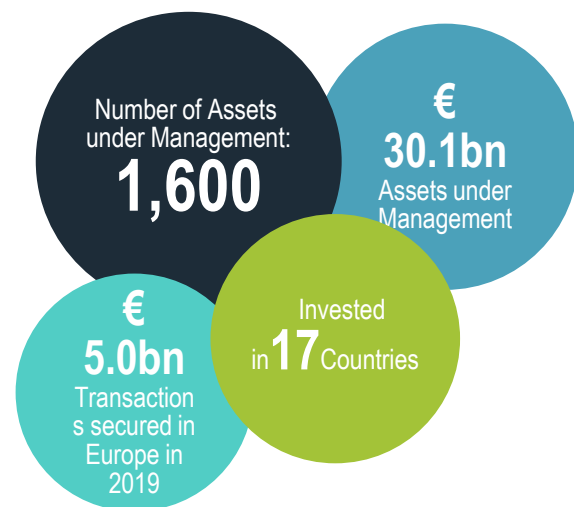
**BNP PARIBAS  
REAL ESTATE**

Real Estate for a changing world

# TRULY EUROPEAN

## WE ARE EUROPEAN IN OUR INVESTMENT FOCUS AND GOVERNANCE

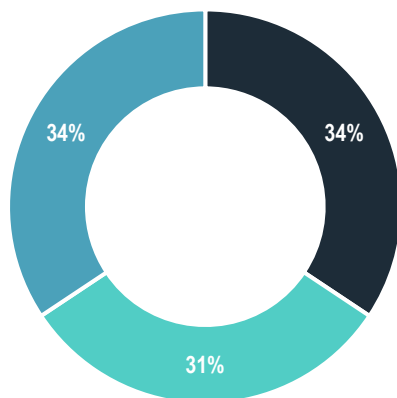
With more than 350 employees in eight countries. This gives us a deep knowledge of Europe's diverse markets and the expertise to manage real estate investments of varying scale and complexity.



BNP PARIBAS REAL ESTATE  
INVESTMENT MANAGEMENT

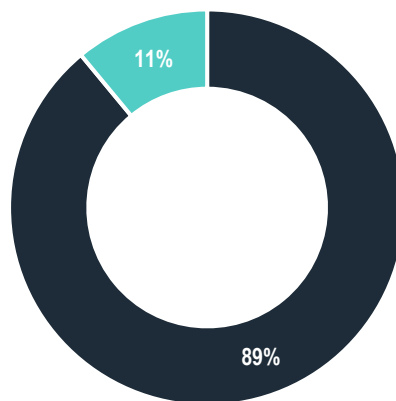
## OUR INVESTORS & ASSETS

TYPE OF INVESTORS/STRUCTURE



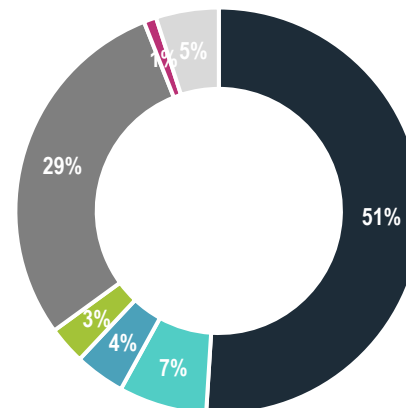
- Institutional Funds & Club Deals
- Funds for Private Investors
- Institutional Separate Accounts

RISK PROFILE



- Core / Core +

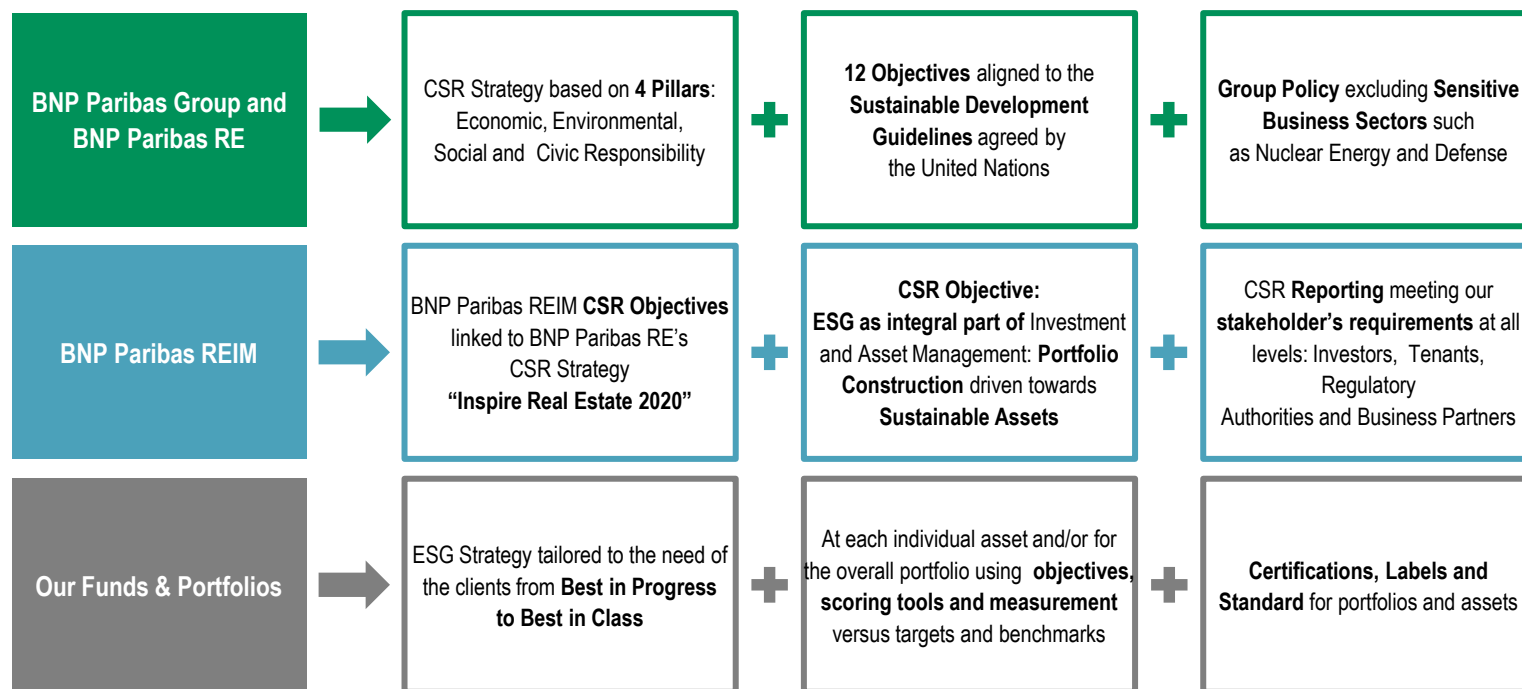
ASSET CLASSES



- Offices
- Retail
- Logistics
- Mix
- Healthcare
- Hotel and Leisure
- Residential

BNP PARIBAS REAL ESTATE  
INVESTMENT MANAGEMENT

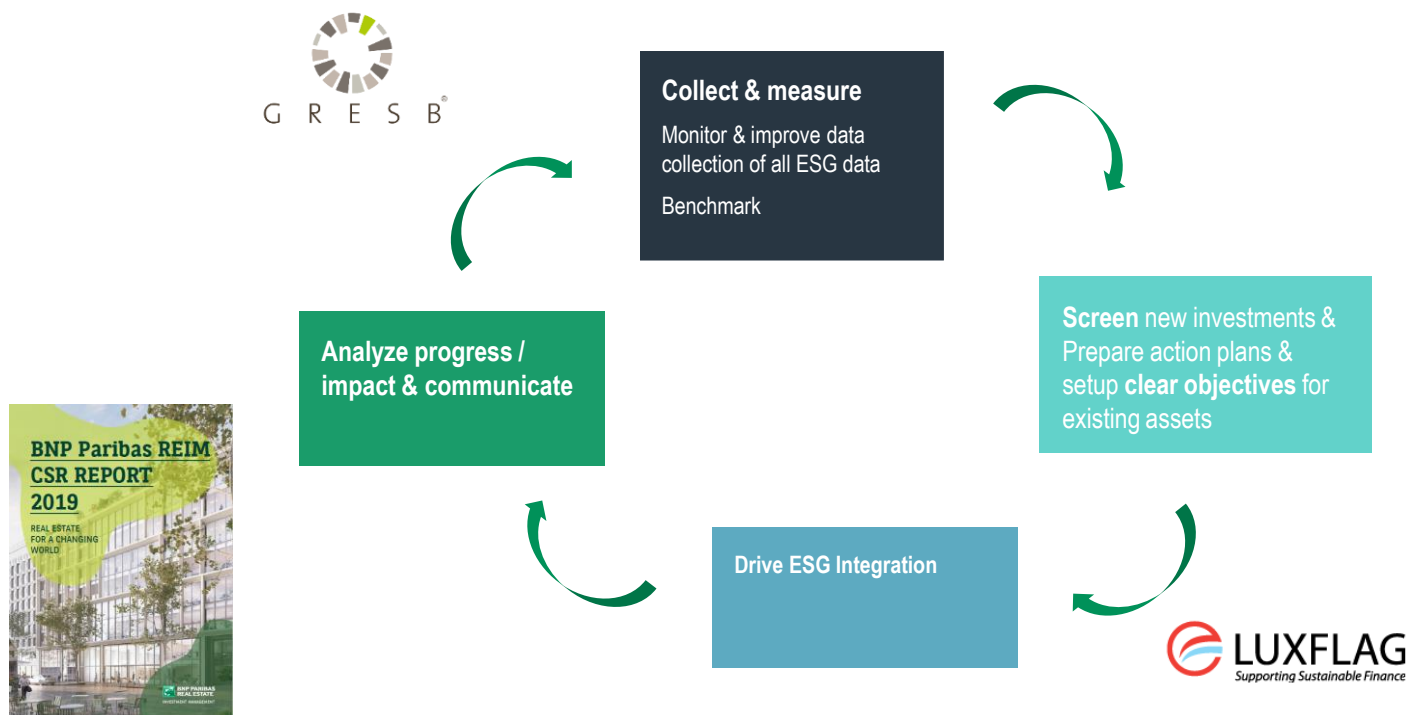
# BNP PARIBAS CSR STRATEGY AT PRODUCT LEVEL



BNP PARIBAS REAL ESTATE  
INVESTMENT MANAGEMENT



## OUR ESG STRATEGY





[www.reim.bnpparibas.com](http://www.reim.bnpparibas.com)

BNP PARIBAS REAL ESTATE  
INVESTMENT MANAGEMENT



## ESG & REAL ESTATE Q&A

# SPECIAL THANKS TO ALL OUR SUPPORTING MEMBERS



ALLEN & OVERY

alterDomus\*



ATENOR  
ACTIVITIES FOR COMP.



ATOZ  
TAX ADVISERS - LUXEMBOURG

Baker  
McKenzie.



BROWN  
BROTHERS  
HARRIMAN



BELVEDERE  
ADVOCATES & COUNSELLORS



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INVESTOR SERVICES

capitalatwork  
Private Management | Tiger Group



CBRE



CITCO

CLIFFORD  
CHANCE



CREDIT SUISSE



Deloitte.



DREES &  
SOMMER

DSM  
AVOCATS A LA COUR



ELVINGER  
HOSS  
LUXEMBOURG



Grant Thornton  
An instinct for growth



GSK STOCKMANN



INOWAI  
PROPERTY PARTNERS



IRET  
Development

IQEQ



Linklaters



LOYENS Loeff

LRI  
GROUP

Luther.

LUXEMBOURG  
CAPITAL



OCORIAN

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INDEPENDENT ASSET MANAGER

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ALTERNATIVE INVESTMENT SERVICES



QUAMVEST



RFR



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Wafra

