

Article 29 Energy-Climate Law report FY2024

J.P. Morgan Asset Management Real Estate France SAS

Section 1: General approach of the entity

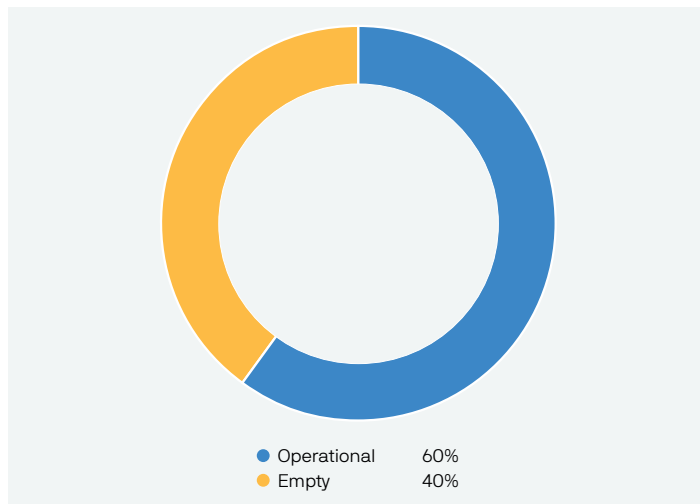
Entity and scope of products

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

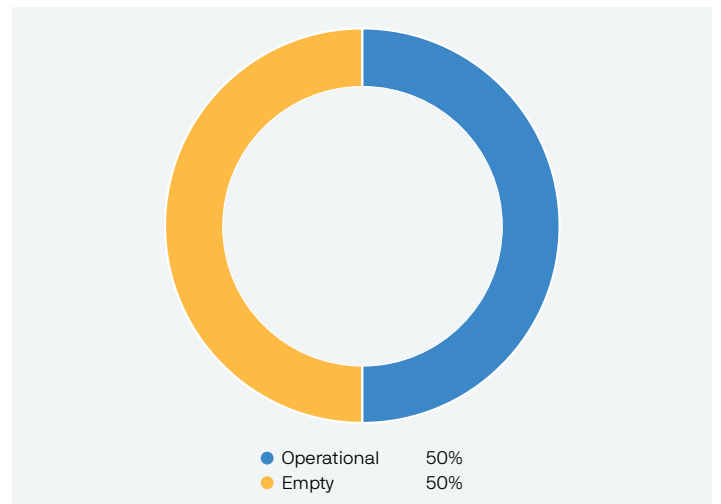
JPMAM REF, the Management Company, manages around €542,156,574 of AuM and in this context is subject to French regulation Article 29 Energy Climate Law to which this report responds. More specifically, the Management Company manages 1 SICAV with 8 compartments and 4 OPPCI (in total 5 funds, the “Funds”) that are invested in real estate assets located in France.

As of December 31st, 2023, the JPMAM REF’s Funds own 18 buildings in France. The split of French assets in number (left) and in AuM (right) is the following:

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

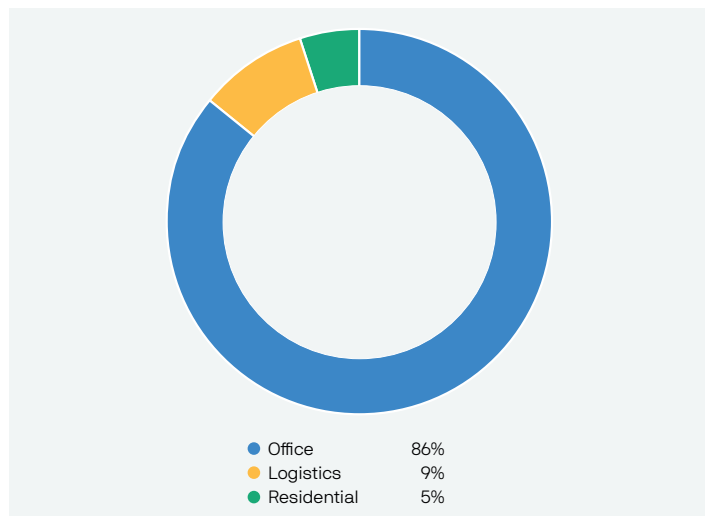


JPMAM REF assets breakdown according to their status (in number)

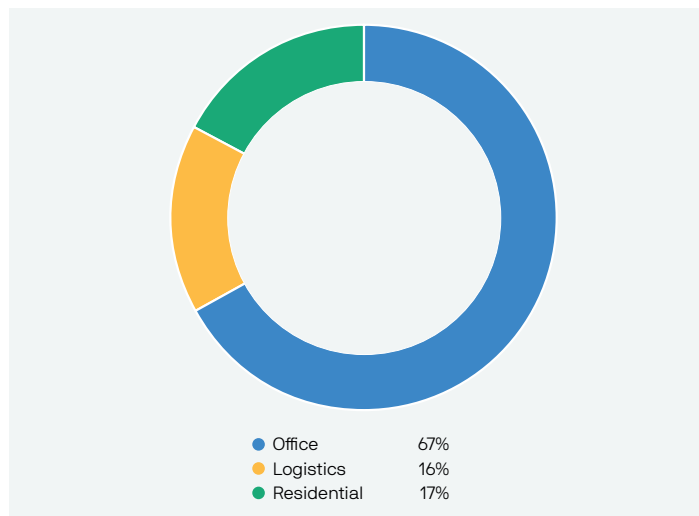


Buildings managed by JPMAM REF's Funds are either operational or empty (for renovation or work matters, or because they are being sold), and are used as logistics, office, or residential buildings:

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



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



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 has implemented 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

ESG Charter

Since 2022, in order to formalize its ESG (Environmental, Social and Governance) commitments at an asset level, an 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. This charter is intended to evolve over time and to be updated in line with new initiatives undertaken within the workforce. Through this charter, JPMAM REF focuses on 4 main pillars:

1. Consume better

The objective of this pillar is to assess in order to optimize consumption so as to minimize 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 optimize and better value the end of life of products and consumed materials by limiting waste, promoting recycling and reusing and saving resources.

Among the waste streams recycled, JPMAM REF identifies the main ones, such as paper, plastic, glass, food and other waste, as well as waste with specific sorting instructions, such as ink cartridges, WEEE, cigarette butts and composted food waste.

Improving the end-of-life of products and the consumption of materials is made possible by setting up appropriate logistical and material systems within assets, such as recycling bins and dedicated storage areas.

The stakes of water consumption are considerable on a global scale. Increased urbanization and climate change, one of the consequences of which is the modification of rainfall patterns (frequency and intensity), are putting pressure on our freshwater resources. Solutions have emerged to reduce public water consumption through behavior change and low flow fittings, but also to turn rainwater, wastewater, and greywater into a resource and thus contribute to a circular economy.

3. Live better

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

- Provide leisure facilities such as fitness room, green roof terrace, internal green walls to improve air quality,
- Analyzing satisfaction of tenants by annual building survey;
- Promoting the development of decarbonized means of transport by installing cycle racks, providing bicycles to occupants when there is no public bicycle sharing system nearby, electric vehicle charging stations,

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.

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. 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.

ESG Strategy – Buildings under construction

Regarding the buildings under construction or renovation, JPMAM REF formalized 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.

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 is reviewed annually in order to align with new international and French regulations and directives.

ESG Strategy – Due Diligence

JPMAM REF's Technical Due Diligence processes go beyond the standard building and structural survey, and includes assessments of MEP services and environmental conditions.

The due diligence is conducted by a third-party auditor. The ESG factors that are analyzed 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:

For each category, the asset performance is thoroughly assessed, using a risk scoring methodology. Recommendations and Capex plan are provided and incorporated to the Business Plan.

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 (IC) 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.

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.

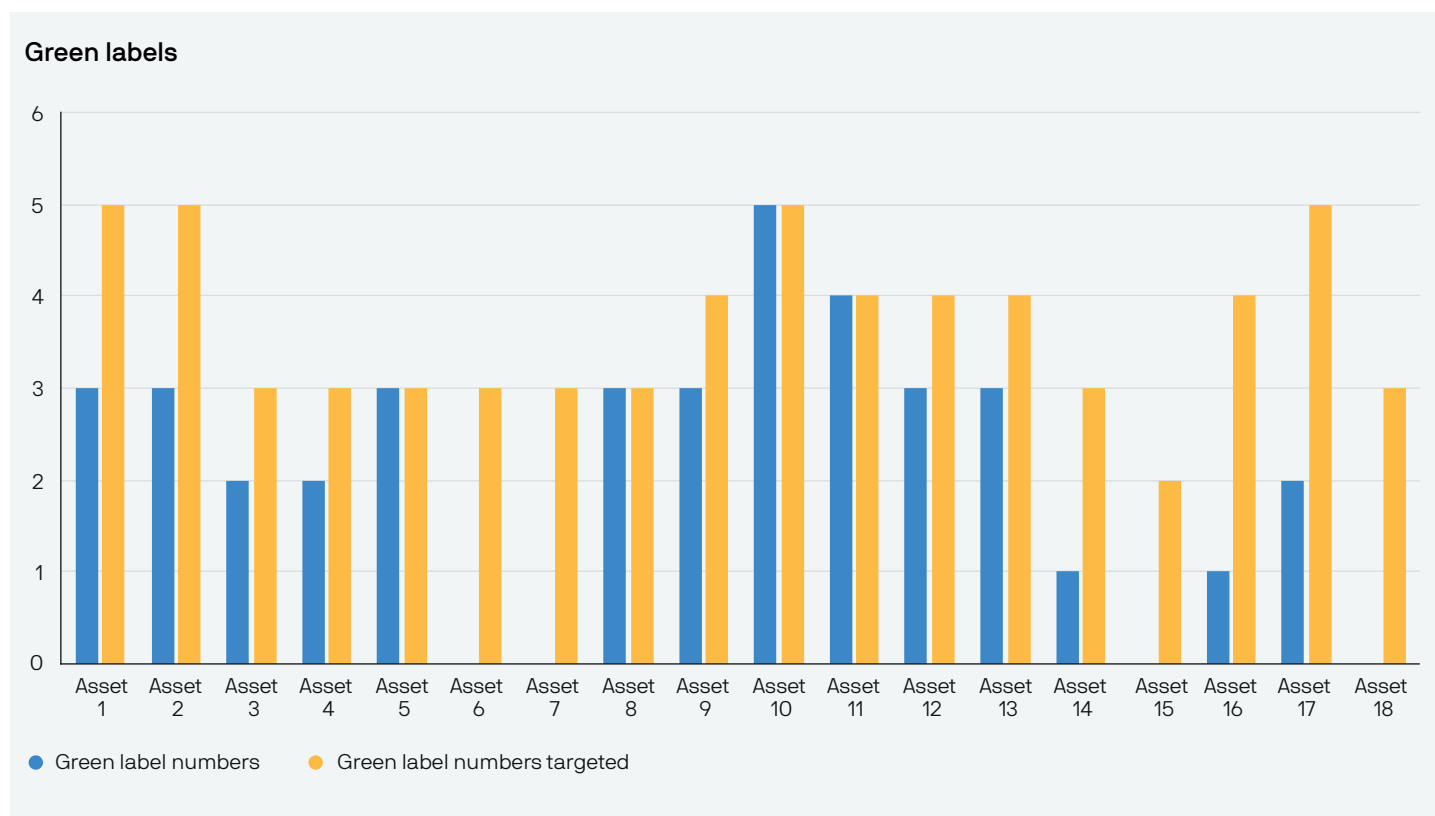
Environment	<p>Energy Efficiency and Building Services</p> <p>Water Efficiency</p> <p>Waste Management</p> <p>Biodiversity</p> <p>Transport</p> <p>Environmental Certification and Ratings</p> <p>Net Zero Carbon (CRREM and Net Zero pathway)</p> <p>Building Fabric and Materials</p> <p>Environment & Climate Risk (flood, seismic risk, pollution risk, land contamination, etc)</p> <p>Climate Risk</p>
Governance	<p>Property Management</p> <p>Organisational Strategy</p>
Regulatory	<p>Regulatory Risk (where relevant SFDR, EU Taxonomy)</p>
Social	<p>Health, Wellbeing & Occupier engagement</p> <p>Utility Arrangement and Metering</p> <p>Socio-Economic Risks</p>

Labels & Certifications

Within JPMAM REF, ESG is fully integrated in the decision process when investing into new assets or maintaining existing assets. JPMAM REF aims to achieve at least one green label (HQE, BREEAM, WELL ...) for each asset or will be 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;
- **Biodiversity:** first international label for taking account biodiversity in building and renovation and renovation projects.

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



Labels that are obtained are at minima Excellent or Very Good with BREEAM and HQE.

Means to inform investors

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

Initiatives and Framework

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 2023, 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.
- Carbon accounting
- Biodiversity and matters based solutions
- Advisory services and ESG awareness

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 400k€.

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. In 2023, external consultants provided to the JPMAM REF asset managers ESG good practice and tips fully applicable to the asset under management.

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. 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 internal 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-Boyenva.

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-Boyenva 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 Forum, 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

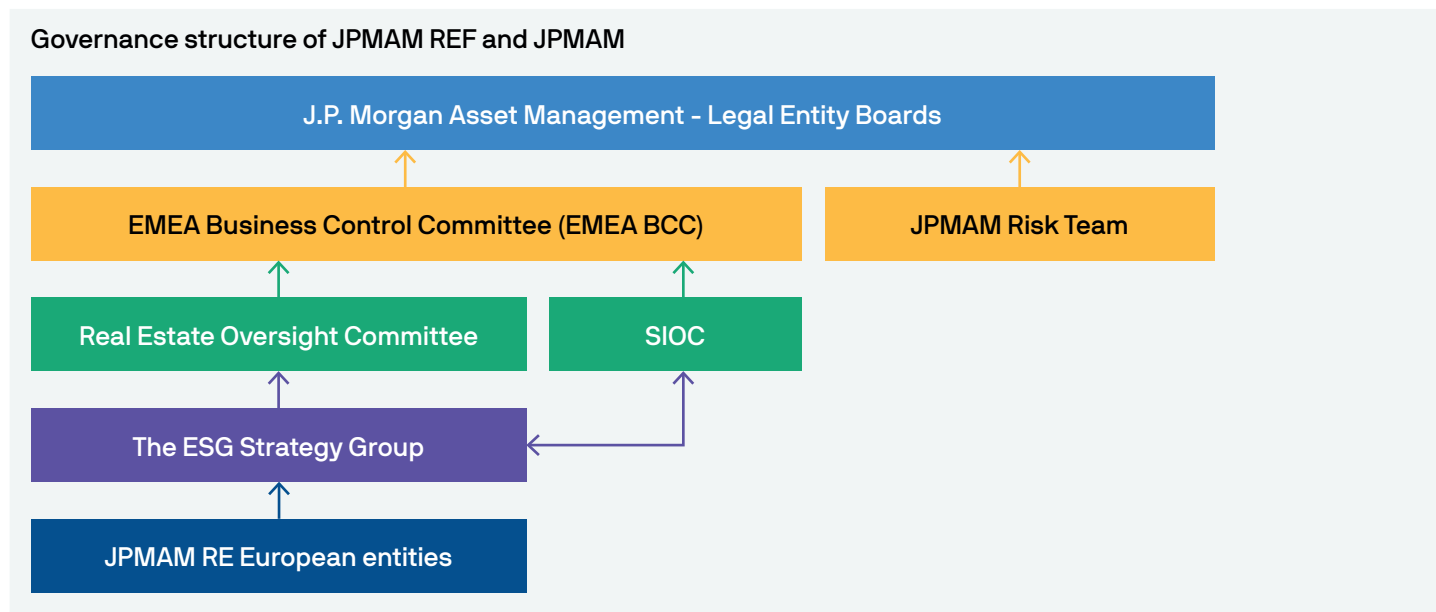
At a global level, in 2021, to enhance the governance of JPMAM activities related to sustainable investing, JPMAM established the Sustainable Investing Operating Committee 'SIOC'.

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.

JPMAM REF is revising its remuneration policy to mainstreaming sustainability risks, including clarification on the criteria for linking the remuneration policy to performance indicators performance.

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

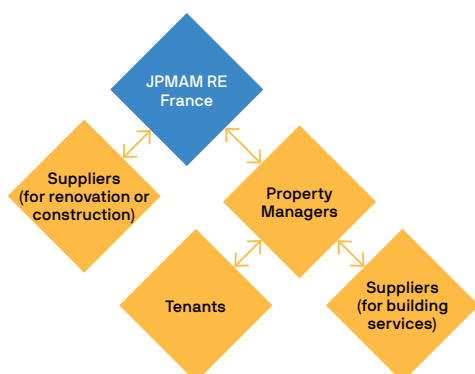
There are no investments in securities attached to voting rights in the funds managed by JPMAM REF due to its activity. As a consequence, there is no voting policy at JPMAM REF level.

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.

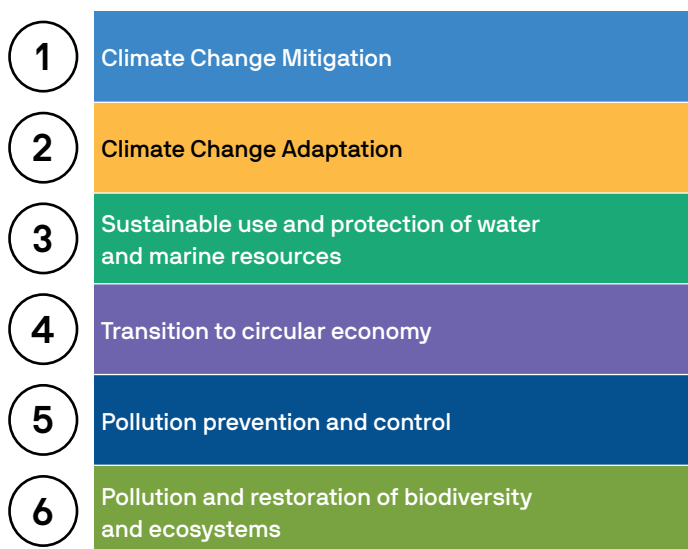
Section 5: European Taxonomy and fossil fuels

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 the EU Taxonomy, an official EU regulation. The EU Taxonomy delegated act determines the main principles of which activities qualify as green, according to six environmental objectives.

The six key environmental objectives covered are the following:



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:

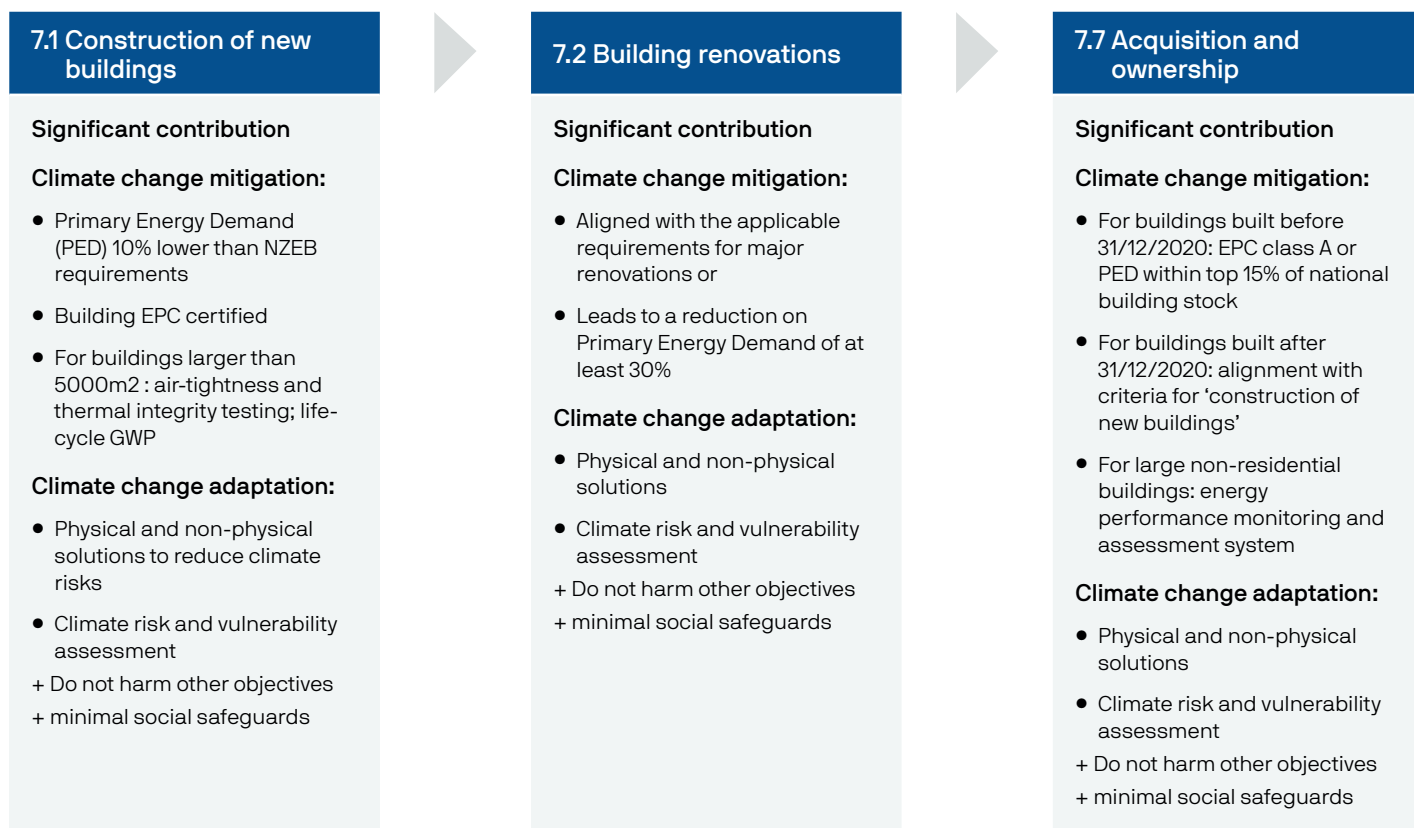
- 7.1 Construction of new buildings
- 7.2 Renovation of existing buildings
- 7.3 Installation, maintenance and repair of energy-saving equipment
- 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings
- 7.5 Installation, maintenance and repair of instruments 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

The activities that are most represented in the real estate sector are 7.1 Construction of new buildings, 7.2 Renovation of existing buildings and 7.7 Acquisition & Ownership of buildings. The EU Taxonomy regulation has defined that the economic activity 7.1, 7.2 and 7.7 may contribute to the environmental objective 1. Climate Change Mitigation and 2. Climate change Adaptation. The activity 7.1 has also been recognized as an activity eligible under the objective 4. Transition to circular economy.

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 (Organization for Economic Co-operation and Development), UNGC (United Nations Global Compact) and ILO (International Labour Organisation's) principles.

In order to be taxonomy aligned with real estate activities, the activity must verify the following steps:



Step 3 : Disclosure Requirements

Calculate the proportion of turnover streaming from activities that can be considered aligned with the EU Taxonomy. Calculate the proportion of capital expenditure (CapEx) and operational expenditure (OpEx) associated with sustainable economic activities.

Application at JPMAM REF

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

Step 1

Asset manager, all assets under management from JPMAM REF are eligible to the activity 7.7 Acquisition and ownership of buildings. JPMAM REF is also a project manager and contractor for new buildings. He therefore has a responsibility and may be eligible for activities 7.1 construction and 7.2 renovation of assets. JPMAM REF plans to assess the eligibility of its activities under 7.1 and 7.2, particularly in France.

Step 2

JPMAM REF has already commissioned one service provider to calculate the taxonomy alignment of a fund comprising 3 French assets.

Step 3

To date, in the absence of an alignment study, JPMAM REF declares 0% turnover, CAPEX or OPEX aligned with the criteria of 7.7 Acquisition and ownership of the EU Taxonomy among assets in-use into the FR portfolio.

If eligible, JPMAM REF plans to assess its potential alignment with activities 7.1 and 7.2, particularly at the level of funds with assets in France.

Information on fossil fuels

The funds do not own any building related to the extraction, storage, transport or manufacture of fossil fuels. As such, JPMAM REF holds 0% of the brown stock involved in 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 decarbonization is a major challenge in the fight against climate change. 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 (GHG) 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.

To achieve the objectives of the Paris Agreements, a consortium of organizations funded by the Laudes Foundation and the European Commission has developed the Carbon Risk Real Estate Monitor (CRREM) tool, which enables the carbon risk of the European real estate industry to be assessed by calculating the carbon emissions linked to energy consumption and indicating decarbonization trajectories up to 2050.

In addition to energy-related carbon emissions, an activity such as real estate can be subject to other sources of greenhouse gas emissions, such as construction-related emissions. So, to achieve the decarbonization objectives of the total volume of greenhouse gas emissions from an activity, it is important to measure all the emissions associated with the company's activities. To date, the internationally recognized methodology for calculating carbon emissions is the GHG protocol, which has been selected for the calculation of JPMAM REF's carbon emissions.

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.

To achieve this objective, France has set a specific sub-target for the building sector, which is to reduce GHG emissions by 49% in 2030 compared to 2015 and to achieve complete decarbonization of energy consumed in buildings by 2050.

The SNBC outlines several key measures for achieving these ambitious emission reduction goals for buildings, including the use of decarbonized energies best suited to the type of building, improving the energy efficiency of building envelopes and equipment, and implementing new environmental regulations for both new and renovated buildings. In 2020, France introduced new environmental regulations for new buildings and set a target of renovating 500,000 existing buildings per year to achieve low-energy building standards as part of the SNBC requirements for reducing emissions. Encouraging

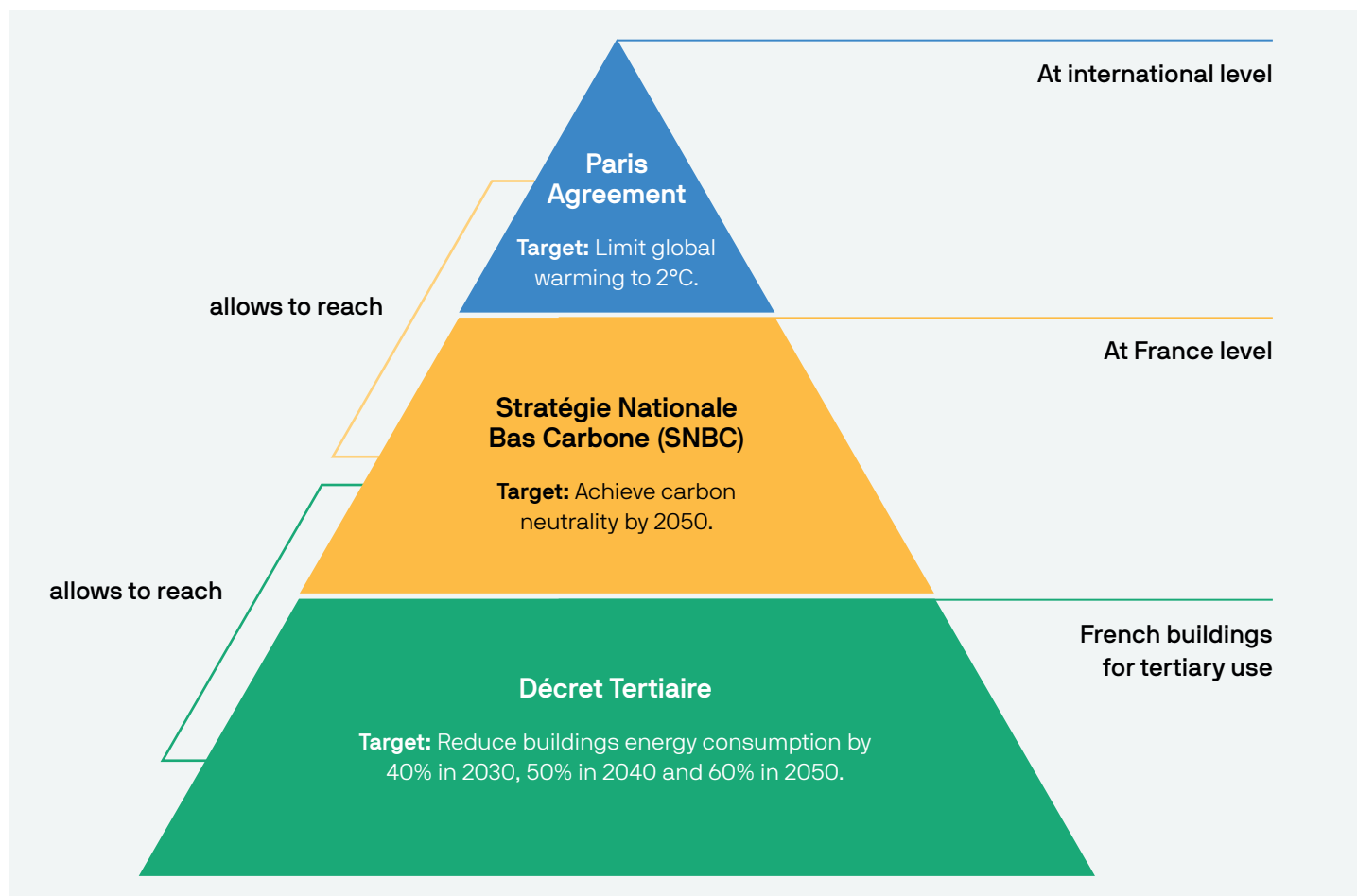
changes in behavior to promote more frugal use of energy is a critical component of the SNBC's strategy for reducing emissions in the building sector. The SNBC also promotes the use of construction and renovation products and equipment with lower carbon footprints, emphasizing materials that are bio-sourced or from the circular economy and that offer high energy and environmental performance throughout their life cycle.

In line with the SNBC strategy, the Decret Tertiaire was set up, a French decree which entered into force in 2019 to complement the French "Loi de transition énergétique", by imposing energy consumption reduction targets (in comparison with 2010) for tertiary buildings at France level:

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

To this end, JPMAM REF has commissioned Longevity Partners to carry out an initial carbon measurement exercise on the scale of the France portfolio and develop targets to help understand the scale of change needed for decarbonization. This first report acts as the first step, that sets out to deliver on that goal. Based on 2023 consumption data, it provides asset level carbon footprint where the emissions were accounted for following the Greenhouse Gas Protocol guidelines, using the operational control approach. The CRREM Risk Assessment Tool, which provides the real estate industry with transparent, science-based decarbonization pathways aligned with the Paris Climate Goals, was used to set up carbon energy baseline as well as targets. The GHG protocol method was selected as the most appropriate for JPMAM REF's France portfolio, given that, as international methodology, this methodology can be applied by all assets under management by the JPMorgan Asset Management group in Europe.

JPMAM REF has taken the decision not to publish the results of its 2023 carbon footprint in the interests of reliability. The year 2023 was therefore an initial testing exercise to identify the difficulties associated with collecting, calculating, and consolidating data. However, JPMAM would like to repeat the exercise for 2024 to improve the reliability of the data and potentially publish the results.



Carbon accounting methodological approach

GHG Protocol

Carbon accounting or greenhouse gas accounting is a process or standard of quantifying the quantity of greenhouse gases (GHGs) produced directly and indirectly from a business or entity. Today companies must collect granular GHG emissions data to identify and develop a reduction strategy.

The proposed methodology is based primarily on the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (referred to hereafter as the GHG Protocol), the most widely used emissions accounting framework used by public companies around the world.

The GHG Gas Protocol Initiative is a multi-stakeholder partnership convened by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD) and comprised of non-governmental organizations (NGOs), governments and businesses. It was launched in 1998 with the mission of developing an internal accepted GHG accounting and reporting standard. The initiative is comprised of two standards that are closely linked:

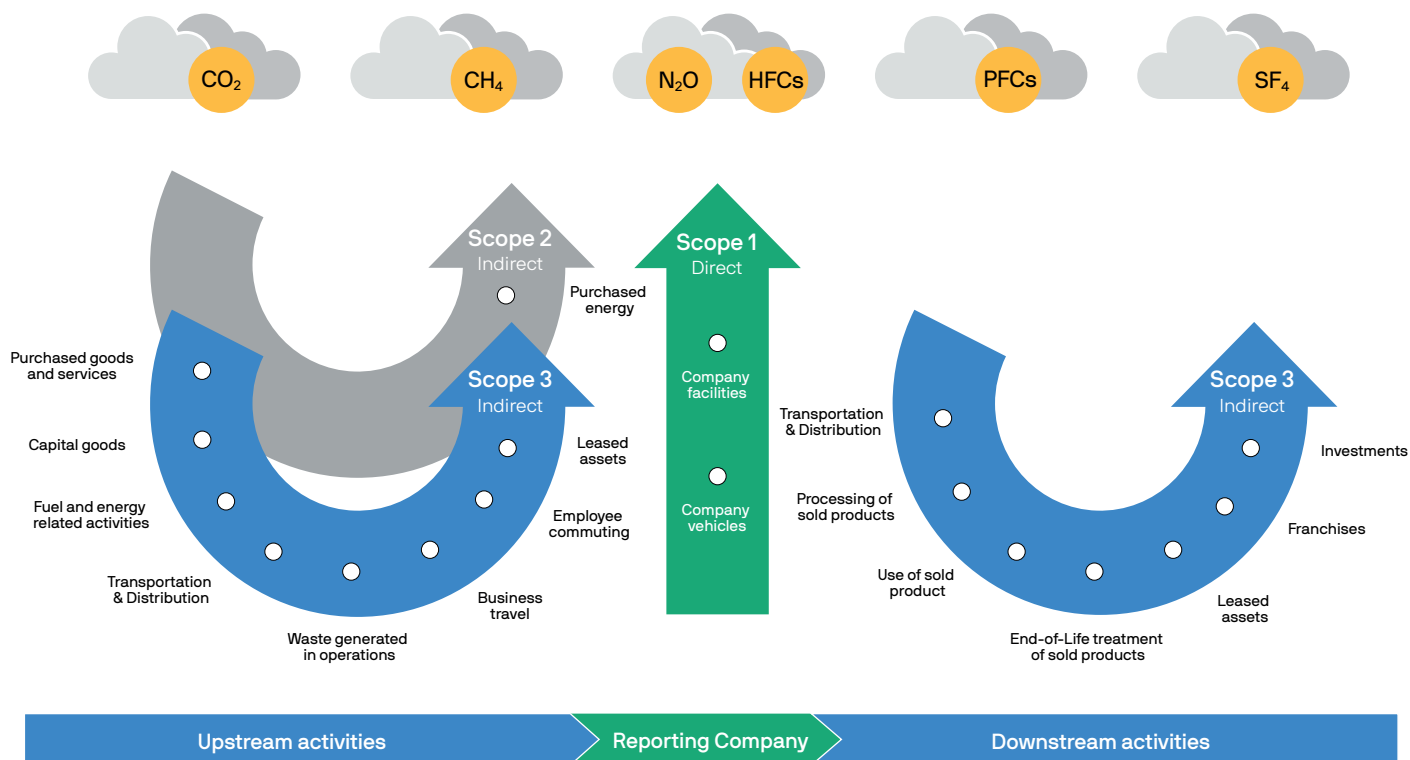
GHG Protocol Corporate Accounting and Reporting

Standard: quantifying and reporting their GHG emissions.

GHG Protocol Project Quantification Standard: quantifying reductions from GHG mitigation projects.

Seven types of GHG included in the Kyoto Protocol to the United Nations Framework Convention on Climate Change are required for reporting. This includes carbon dioxide (CO₂), Methane (CH₄), nitrous oxide (N₂O), nitrogen trifluoride (NF₃), Hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and Sulphur hexafluoride (SF₆). To make the data comparable across different GHGs, the Intergovernmental Panel on Climate Change (IPCC) quantifies the global warming potential (GWP) of the seven main greenhouse gases and groups of gases, with CO₂ taken as the base unit. For emissions calculations, it's common to use the GWP-100, which refers to the global warming potential of the gas over 100 years, showing the long-term impact of the pollutant. The total gross emissions are measured in kilograms of carbon dioxide equivalent (kgCO₂e) and includes the impact of all other GHGs with their relative global warming potentials.

The GHG Protocol categorizes GHG emissions-releasing activities into three groups (known as scopes), as shown in the figure below:



- Scope 1:** Direct emission from sources that are owned or controlled by the fund.
- Scope 2:** Indirect emission from the generation of purchased electricity consumed by the fund.
- Scope 3:** All other indirect emissions as a consequence of the activities of the fund that occur from sources not owned or controlled by the fund

This initiative supported businesses and other entities worldwide on guiding them on which inventory boundary is best adapted to their activities and determine which GHG emissions must be accounted in the three scopes.

Base year

The entity's GHG emission base year represents a reference point in the past, enabling a meaningful comparison of future emissions. For the test year, data from 1 January to 31 December 2023 have been consolidated to obtain a 2023 reference year, which will be compared with all other future emissions.

Energy methodology breakdown

Finally, organizations have the choice of publishing greenhouse gas emissions from electricity or district heating using two reporting methodologies:

- The market-based method reflects emissions from electricity using the exact fuel-mix associated with a company's electricity tariff.
- The location-based method reflects the national average emissions intensity of grids to calculate electricity emissions.¹

Guiding Principles

The assessment is based on data provided by JPMAM REF and external stakeholder associated with the management of assets (e.g., property managers, energy suppliers), as well as on any consultancy company professional judgement. It is conducted following the requirements set forth by the GHG Protocol. The review observes that estimated emissions are subject to change, should data quality and completeness increase in the future.

Furthermore, the carbon accounting must be developed based on the five guiding principles, detailed in the table below.

¹ GHG Protocol Scope 2 Guidance Executive Summary, page 4/8, 2015 World Resources Institute

GHG accounting principles	
Relevance	Ensure the GHG inventory appropriately reflects the GHG emissions of the company and serves the decision-making needs of users – both internal and external to the company.
Completeness	Account for and report on all GHG emission sources and activities within the chosen inventory boundary. Disclose and justify any specific exclusions.
Consistency	Use consistent methodologies to allow for meaningful comparisons of emissions over time. Transparently document any changes to the data, inventory boundary, methods, or any other relevant factors in the time series.
Transparency	Address all relevant issues factually and coherently, based on a clear audit trail. Disclose any relevant assumptions and make appropriate references to the accounting and calculation methodologies and data sources used.
Accuracy	Ensure that the quantification of GHG emissions is systematically neither over nor under actual emissions, as far as can be judged, and that uncertainties are reduced as far as practicable. Achieve sufficient accuracy to enable users to make decisions with reasonable assurance as to the integrity of the reported information.

CRREM

Overview

The CRREM is an assessment tool to measure the performance of a real estate asset or portfolio, in alignment with the Paris Agreement climate target pathways up to 2050, to limit warming to 1.5°C above pre-industrial levels. Developed to address the growing need for real estate investors and stakeholders to understand and mitigate their exposure to carbon-related financial risks, CRREM is an invaluable resource in the context of climate change and sustainability.

Decarbonization Trajectories

One of the core features of the CRREM tool is its ability to calculate and project decarbonization trajectories for individual real estate assets or entire portfolios. CRREM uses a comprehensive and data-driven methodology to calculate these trajectories. It considers various factors, including property type, location, energy consumption, and the carbon intensity of the local energy grid. By taking into account such granular data, the tool offers a nuanced and precise picture of each asset's carbon exposure and its progress toward reducing emissions.

Stranding year analysis

Asset-level consumption data is aligned with regional and asset-type carbon and energy trajectories defined within the CRREM tool for identification of the year in which the asset is at risk of becoming a stranded asset. From the stranded year onwards, an asset is no longer compliant with national, and asset-type specific emissions pathways aligned with a 1.5°C world and therefore requires adaptation.

Data input

For the first test year FY2023, the whole building consumption data (landlord and tenants energy consumption) was inputted into the CRREM tool. According to the scopes of GHG protocol methodology, this encompasses scope 1 landlord direct gas

consumption and leak of refrigerant, scope 2 landlord electricity consumption and scope 3 tenants energy consumption (gas and electricity).

CRREM has published decarbonization pathways that translate the ambitions of limiting global warming to 1.5°C, into regional and property-type-specific trajectories against which real estate assets and portfolios can be benchmarked.

Modelling results

The baseline performance of each asset is projected to 2050, under the assumption that no retrofit measures will be taken. The asset's performance projection takes into account climate change (resulting in changing heating or cooling demand) as well as other aspects, such as the projected decarbonization of the electric grid.

Key performance measures of the CRREM analysis that are relevant for the scope of JP Morgan's decarbonization modelling include energy intensity, GHG intensity, and the stranding year of each asset.

- Energy intensity: kWh/m²/yr (kilowatt hours per square meter per year)
- Total GHG emissions in reporting year: tCO₂e/yr (tons of carbon dioxide per year)
- GHG intensity: kgCO₂e/m²/yr (kilograms of carbon dioxide equivalent per square meter per year)
- Whole building direct emissions intensity: kgCO₂e/m²/yr (kilograms of carbon dioxide equivalent per square meter per year from sources that are owned/controlled by the reporting entity)
- Whole building indirect GHG intensity: kgCO₂e/m²/yr (kilograms of carbon dioxide equivalent per square meter per year from sources that are owned/controlled by another entity)

Decret tertiaries analysis

In line with the French regulation, JPMAM REF commits also 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.

For these buildings, JPMAM REF reported in 2023 its data consumption on the French platform, OPERAT, as required by the regulation, and will do so every year.

JPMAM REF pursued in 2023 a Decret Tertiaire analysis and audit of some of the eligible buildings, conducted by an external auditor. As of 31/12/2023, 10 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:

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.

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.

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 decarbonized energy sources, energy optimization, improvement of equipment on site, renovation work and tenants sensibilization.

Monitoring and follow-up of the action plan

Following the audit, the Property Manager is responsible for monitoring the action plan and realizes 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, revamping 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. The first results are visible on the 2023 consumption.

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, analyzed at three levels: the genetic variability, the species diversity, and the ecosystem diversity.

Biodiversity richness has experienced a precipitous decline over the past century, prompting some scientists to characterize the current era as a potential 'sixth mass extinction' event. 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 artificialization and of soil sealing, the optimization 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 diversity • 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 - Energy efficiency 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 		

The compliance of JPMAM REF's activities with this policy is controlled each year through the buildings' ESG scoring realized 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 thematic analyzed 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 2023
Biodiversity	<ul style="list-style-type: none"> - Adopting a biodiversity strategic plan tailored to the construction project - Design ecological architecture - Optimize 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 analyzed through the complementary dimensions described above.

Voluntary Reporting Frameworks

With the aim of putting in place a suitable methodology for developing a biodiversity strategy and setting the associated objectives, there are several voluntary reporting frameworks which organizations are also using in order to report the impact of their operations on biodiversity. The following table provides an overview of the three most useful voluntary standards that JPMAM REF could use in the context of biodiversity reporting.

Standard	Description	Content
Taskforce on Nature-related Financial Disclosures (TNFD)	Emerging following the success of TCFD, TNFD provides a robust structure to assess, manage, and disclose nature-related risks and opportunities. Recognising the critical link between financial performance and natural capital, TNFD helps companies and investors integrate nature into their risk management and strategic planning processes to foster long-term resilience.	This framework encourages organisations to evaluate their dependencies and impacts on natural ecosystems and biodiversity – relevant for financial sector.
CDP Forests and Water Questionnaires	CDP (formerly the Carbon Disclosure Project) offers specialised questionnaires focusing on critical environmental resources such as forests and water. They provide a detailed approach for environmental disclosures focusing on impacts, risk management and opportunity identification.	Forests / Water / Climate (Multi-Environmental Issue Questionnaire): CDP's full corporate questionnaire includes additional datapoints for organizations in high-impact sectors relating to climate change, forests, water security, plastics, and biodiversity.
Global Reporting Initiative (GRI) Biodiversity 2024	GRI is a globally recognised sustainability reporting framework enabling comprehensive ESG disclosures. Standards are designed to enhance transparency and accountability through a structured approach for reporting across a range of factors including biodiversity and ecosystems.	This standard incorporates best practices for measuring and managing biodiversity loss and requires companies to report directly on their primary drivers. It also asks for location-specific impacts and how they affect communities.

Analysis of pressure reduction as defined by the IPBES methodology

JPMAM REF has identified initial assessment methods for analyzing pressures reduction as defined by the IPBES.

TNFD and LEAP approach

The TNFD is a global, market-led, science-based and government-supported reporting initiative to help companies and financial institutions factor nature into their decision-making. The Taskforce developed the LEAP framework to provide a structured process for assessing and reporting on nature-related impacts and dependencies across direct operations, value chains, and portfolios. It stands for Locate, Evaluate, Assess, and Prepare, which is a four-stage integrated methodology

that aligns with the Kunming-Montreal Global Biodiversity Framework. TNFD's technical recommendations follow Science Based Targets Network guidance, and include the Action Framework Mitigation Hierarchy (Avoid, Reduce, Restore & Regenerate, and Transform).

By following the LEAP approach, companies will position themselves to manage nature-related financial risks more effectively. This proactive approach can lead to better environmental and financial outcomes, aligning corporate operations with global sustainability targets.

Impacts and Dependencies

The following TNFD-aligned platforms are used to identify the impacts and dependencies on nature that are material to the real estate sector. Nature-related risks and opportunities arise from an Organisation’s dependencies and impacts on nature. Thus, it is vital to identify the impacts and dependencies before mapping nature-related physical and transition risks throughout a company’s activities.

ENCORE

ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) is an online tool that helps organizations explore their exposure to nature-related risk and take the first steps to understand their dependencies and impacts on nature. ENCORE provides sector-specific analysis of real estate activities, for which material categories of dependencies and impacts are identified.

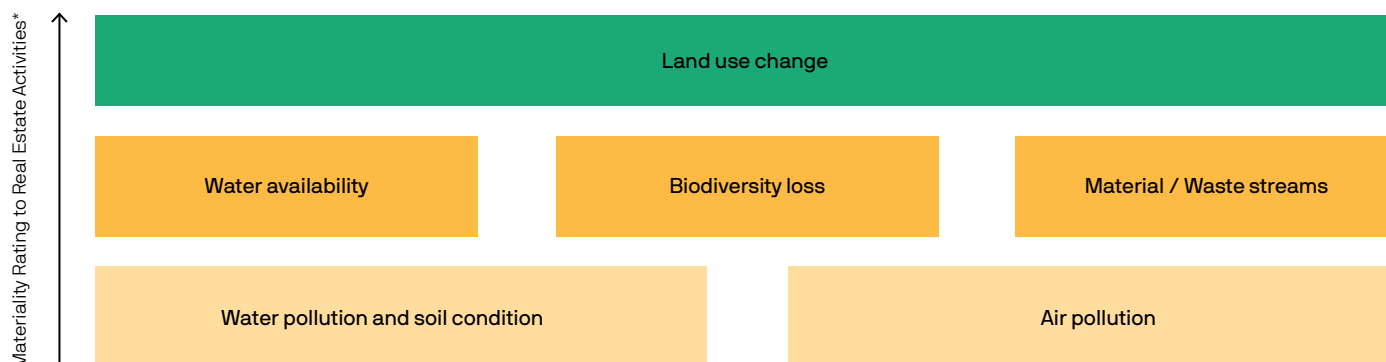
Science Based Targets for Nature by the Science Based Targets Network (SBTN)

The SBTN, building on its momentum of the Science Based Targets initiative (SBTi), has released the first corporate science-based targets for nature in 2023. This release includes integrated technical guidance for companies to assess and prioritize their material impacts on the environment. Longevity utilizes its sector-specific Materiality Screening Tool to further consolidate the material impacts on nature in the real estate industry.

World Business Council for Sustainable Development (WBCSD) – Roadmap to Nature Positive in the Built Environment

A built-environment-focused guide to achieving nature-positive, WBCSD’s approach is based on key principles shared by leading organizations including SBTN, TNFD, Business for Nature and others. It maps the material impacts and dependencies identified from ENCORE and SBTN Materiality Screening Tool onto key built environment value chain stages, which helps to identify risks and opportunities across all real estate activities holistically.

From the resources above, the following categories of impacts and dependencies on nature that are material to the real estate and development sector are identified as follows:



* The materiality rating is based on ENCORE and SBTN Materiality Screening Tools

Biodiversity footprint indicator methodology

Within the nature-reporting domain, including frameworks such as SBTN, TNFD, CSRD, and the Climate and Energy Bill, there is an ongoing debate regarding the most effective scientific methods to measure the impact of corporate operations on nature and biodiversity. Various methodologies are emerging in the market, with Mean Species Abundance (MSA) and Partially Disappeared Fraction of Species (PDF) being the most prominent. Both biodiversity footprint indicators mentioned comply with the requirements of Article 29 of the Climate and Energy Law, ensuring comprehensive and compliant environmental impact measurement. Additionally, the analysis aligns with the TNFD’s Evaluate section, which focuses on quantifying the size and scale of impacts.

In the physical risks section, the GLOBIO model was utilized to determine the MSA of the targeted asset regions. To assess the direct biodiversity impact of the assets, PDF is employed as a crucial metric for quantifying the biodiversity footprint of the portfolio. PDF is a measurement of species richness and calculates the fraction of ‘global species’ that can become extinct due to impacts. PDF values can range between 0 to 100, where 0 represents 0% of global species extinction risk (or the ability of the company to lead to the potential extinction of 0% of global species) and 100 represents 100% global extinction risk due to the company’s impacts. This metric offers a comprehensive understanding of how specific business activities contribute to the global risk of

species disappearance, thereby informing nuanced and targeted biodiversity risk mitigation strategies. The table below highlights in details the differences between the MSA and PDF indicators.

Criteria	Mean Species Abundance	Partially Disappeared Fractions
Metric Used	MSA is a measurement of the ratio of the abundance of originally occurring species in an observed area concerning abundance of originally occurring species in an undisturbed ecosystem	PDF is a measurement of species richness and calculates the fraction of 'global species' that can become extinct due to impacts
Representation	MSA represents the "state of biodiversity" or the "change in terrestrial biodiversity intactness" of an area of interest as compared to a pristine, undisturbed ecosystem	PDF represents the "extinction risk" due to the consumption impacts of a company
Range	MSA Values can vary between 0-1, where 1 represents no loss of originally occurring species in the impacted area as compared to the undisturbed ecosystem; and 0 represents the complete loss of all originally occurring species in the impacted area concerning undisturbed ecosystem. From an MSA perspective, a higher number is better	PDF values can range between 0 to 100, where 0 represents 0% of global species extinction risk (or the ability of the company to lead to the potential extinction of 0% of global species) and 100 represents 100% global extinction risk due to the company's impacts. From a PDF perspective, a lower number is better
Calculation method	GLOBIO 4	LC (land and consumption) Impact
Ecosystem Cover	Terrestrial	Terrestrial, Freshwater, and Marine
Output format	GIS Map	Fraction
Direct Drivers	Land Use Change, Road Disturbance, Habitat Fragmentation, Hunting	Land Use Change
Indirect Drivers	Climate Change/increase in global mean temperature	GHG Emissions, Air Pollution, and Water Consumption, Water and Land Pollution, Waste Generation

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.

After pre-selecting approaches on the market and methodologies, JPMAM REF aims to obtain results on pressure reduction on nature and biodiversity footprint. As part of the study received on methodologies, JPMAM REF also plans to analyze the recommendations made in the short/medium and long term in order to select and implement actions to improve biodiversity-related performance indicators.

Section 8: Integration of ESG criteria into risk management

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.

Means of mitigating sustainability risks

Sustainability risks are considered at different stages of the asset's life, supported mainly by specialist ESG Consultants and involving many stakeholders. The different stages are :

- during 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,
- for assets in use with the ESG Charter and ESG Scoring, to formalize its ESG (Environmental, Social and Governance) commitments at an asset level commitment that JPMAM will perform as a diligent landlord and owner/ operator of Real Estate,
- for assets under construction and renovation, through the green worksite charter which 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

Climate Risks Strategy

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.

Throughout the life cycle of the assets in the portfolio (acquisition and management), specialist ESG Consultants provide JPMAM REF physical climate risk exposure assessment to evaluate the potential risk of the asset and adapt the CAPEX plan accordingly.

In addition, a forward analysis is realized 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.

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.

Physical risks

The assets 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.

Following the last assessment conducted by Longevity Partners using Jupiter's ClimateScore Global platform to evaluate the acute and chronic climate-related physical risks, the identified material physical risks of the France portfolio are :

- i. summer droughts,
- ii. heat wave,
- iii. cold wave,
- iv. flood risk (including river and pluvial flood risk, flood risk prevention, and climate change impact on flood risk).
- v. wind,
- vi. hail,
- vii. fire,
- viii. precipitation.

Physical climate risk exposure methodology

The latest assessment by Longevity Partners focuses on acute and chronic climate-related physical risks. The physical risk analysis uses climate information provided by Jupiter's ClimateScore Global climate platform. Jupiter unifies and processes the latest climate models to provide information on eight key climate perils: flooding, drought, heat, precipitation, forest fire, wind, hail and cold, using numerous exposure indices. The absolute data metrics, employed in this analysis, contribute to the determination of hazard scores, which are expressed as quantitative values ranging from 0 (lowest exposure) to 100 (highest exposure). The data provided is high resolution, offering climate data down to a grid resolution of 90 meters for different time scales and climate scenarios.

The assessment is carried out within the framework of specific Shared Socio-Economic Pathway (SSP) scenarios, namely SSP1-2.6, SSP2-4.5, and SSP5-8.5, and across various timescales, including present-day, 2030, 2050, and 2080. SSPs were introduced in 2014 in the context of the Fifth Assessment Report (AR5) of the Intergovernmental Panel on Climate Change (IPCC). They are a set of scenarios developed to explore different plausible futures for global development, considering a range of socio-economic and environmental factors. Here's a brief overview of each SSP:

- **SSP1 - Sustainability:** A world with sustainable development, low population growth, and strong efforts to address environmental issues. This scenario envisions a future where there is a focus on social equality, economic growth, and environmental stewardship.
- **SSP2 - Middle of the Road:** A future where historical trends continue, with moderate population growth, medium levels of economic development, and gradual technological change. This scenario represents a middle-of-the-road pathway without extreme shifts in policies or practices.
- **SSP3 - Regional Rivalry:** A world characterized by high regional competition, fragmented international cooperation, and slow economic growth. This scenario envisions a future with a focus on regional interests, leading to limited global collaboration.
- **SSP4 - Inequality:** A future marked by high economic inequality, both within and between countries. This scenario suggests a world where economic and social disparities widen, potentially leading to social and political tensions.
- **SSP5 - Fossil-Fueled Development:** A future where high fossil fuel use and rapid economic growth drive increased greenhouse gas emissions. This scenario represents a pathway where current trends in energy use and economic development persist, resulting in higher emissions.

Financial risk methodology for exposure to physical climate risk

The analysis of physical risk is complemented by an assessment of the financial impact, which covers the following elements: - Damage and loss, which calculates the cost of damage to buildings, contents, inventory and downtime on an annual basis and based on extreme return periods.

- Operational risk, which quantifies the long-term costs of a portfolio of assets, such as future cash flows, capital expenditure and insurance premiums.
- Market risk, which examines the potential impact of physical weather risks on the market value of the asset.

Financial valuations are based on information provided by the client and, where this is not available, indicative values have been given. JP Morgan has provided gross asset values (GAVs) for all fund assets and default values are provided by Jupiter ClimateScore, as set out in the appendix to the report.

Financial modelling

Operational risk

For an investment asset (for which value is directly influenced by income-generating potential), the climate risk impact on capital expenditure, technical premium, and net operating income is calculated.

- Technical premium is computed as the sum of losses related to building, contents, inventory and downtime, plus an additional 30% of the sum of standard deviations of the damages due to windstorms, wildfires and flooding. The standard deviations are calculated using a specific formula that includes damages from different year events.
- The net operating income is the sum of productivity, overheads, and technical premium.
- Capital expense is the sum of losses related to building and contents.

Market Risk

In this step, three valuation metrics are computed: the non-climate adjusted forecast value of the asset (Benchmark Value), the climate risk impact on asset value (Value), and the climate-adjusted value of the asset (Climate Adjusted Value).

- The benchmark value is assessed on the assets current total value.
- The climate risk impact on asset value is calculated as the present discounted value of future net income. Unless a tailored discount rate is provided by client, it is calculated using the weighted average cost of capital (WACC) with parameters imputed based on the asset's location and industry. This is also used to demonstrate the overall climate value at risk of the asset (CVaR).
- The climate-adjusted value of the asset is calculated as the difference between the benchmark value and the calculated climate risk impact.

Transition risks

At this stage, transition risks are considered through the pre-acquisition audit, that incorporates for some buildings' elements on the organizational 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.

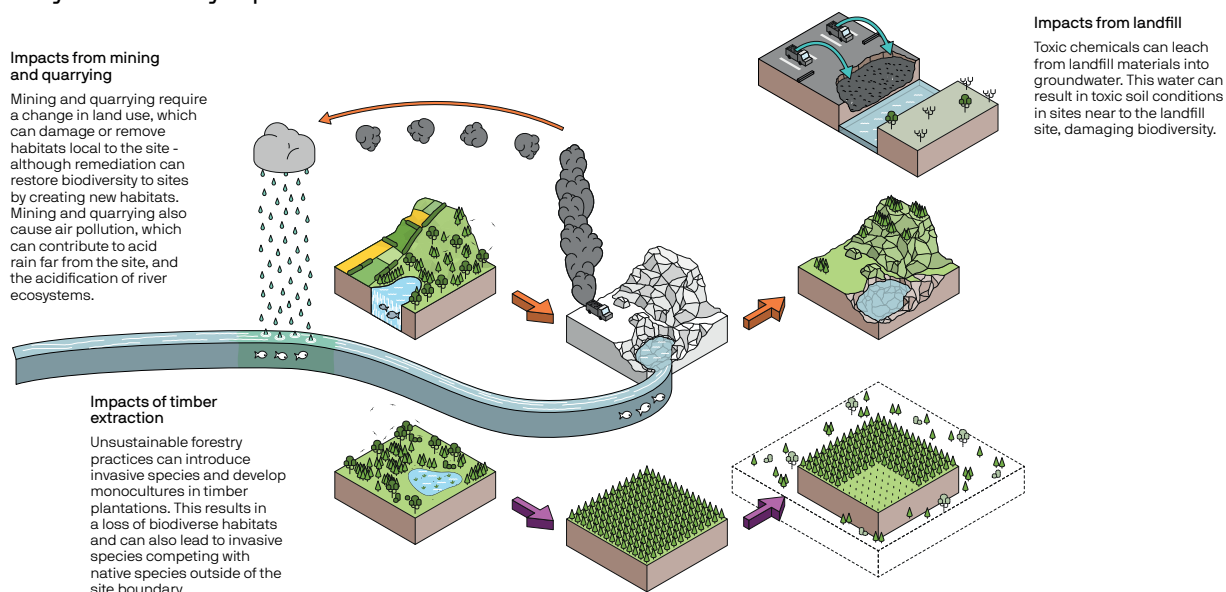
Next steps and improvements

With regard to the results of the studies related to physical climate risk assessment and the recommendations made by the expert consultants, JPMAM REF has recognized the level of detail required to understand the current overall risk of each asset to 2100 and the financial impact it may have. For any asset identified as materially exposed to physical climate risk, JPMAM REF recognizes the importance of undertaking a vulnerability analysis to determine the most appropriate adaptation strategies tailored to each asset. Once a complete analysis will be carried out, JPMAM REF may consider publishing conclusive results on any adaptation measures (physical solutions and financial results) to be put in place following the conclusions resulting from the analysis of exposure and vulnerability risks.

Biodiversity Risk Strategy

France experiences high levels of water pollution, biodiversity loss, waste levels, and land use change. This is significantly associated with the real estate and construction sector supply chain, primarily through deforestation, mining, and land conversion. The demand for timber for construction leads to extensive deforestation, resulting in habitat loss, fragmentation, and degradation. This displacement and reduction in species diversity are evident in Landes and Vosges Forests, where logging disrupts ecosystems and threatens numerous bird species. Additionally, land clearance for real estate development in these biodiverse areas exacerbates the problem, pushing many species toward extinction.

2.4 The complexity of biodiversity impacts



Expedition Engineering – The Embodied Biodiversity Impacts of Construction Materials

Expedition Engineering, *The Embodied Biodiversity Impacts of Construction Materials*, November 2023.

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

Materiality on nature risk

Longevity Partners conducted a thorough evaluation based on materiality matrix methodology adapted to nature strategy to identify, assess, and prioritize physical risks related to nature, caused by the deterioration of ecosystem services due to environmental decline. This assessment was based on the key pillar's findings of the State of Nature and Pressures on Nature, examining the following key categories:

- Land Use
- Water Scarcity
- Water Pollution
- Soil Pollution
- Air Pollution
- Biodiversity Loss
- Materials/Waste Streams and Circularity

Materiality Matrix



Source: Longevity Partners, *JP Morgan Nature Strategy [French Portfolio]*, June 2024

These categories were selected based on their significant materiality to real estate activities, using ENCORE, Science Based Targets Network (SBTN) and World Business Council for Sustainable Development (WBCSD) platforms and materiality guidelines.

Once identified, the matrix provides dual perspectives on importance. Internally, it evaluates each issue's significance to the company's operations, considering associated physical risks and future evolution. Externally, it gauges governance implications, such as reputational risk and competitive positioning, factoring in regulatory and socio-economic considerations.

Through this lens comprehensive assessment, each natural issue receives internal and external materiality ratings. Finally, visual representation aids in better understanding the issues' significance for the business and stakeholders, facilitating conclusions on overall materiality, specifically tailored for JP Morgan's context.

After calculating the internal and external importance of each issue, Longevity Partners was able to make various considerations on the results obtained. If we divide the graph in different materiality areas, the first important observation possible is that no issue resulted as non-material (between 0 and 1.5 overall materiality).

Lastly, Longevity Partners identified four high-material issues (between 4.5 and 5 overall materiality): Land use, Material/waste streams & circularity, Water Pollution and Biodiversity loss. Those issues not only have high impact on the business and vice versa, but they also have strong reputation, regulatory and socio-ecological risk for the company. The only issue that has results that stand out is Water Pollution. The results of the materiality matrix and the topics to be prioritized are shown in the matrix below.

Transition & systemic risk rating.

When considering nature-related risks, it is important to differentiate between physical, transition and systemic risks. Physical risks focus more on the direct impacts that the degradation of nature and ecosystems will have on business operations. Transition and systemic risks instead consider the risks and opportunities that are related to business dependencies and impacts on nature. The following section outlines the methodology used to assess transition and systemic risk, respectively.

Nature-Related Transition Risk Methodology

Nature-related transition risks can be understood as the potential consequences facing businesses from transitioning to a nature-positive economy.

This assessment aims to provide a high-level indicator of the risks posed to JP Morgan's portfolio on account of this transition. Following this, the report will examine and evaluate how these risks will affect each asset in the Fund. It will outline any transition risk either currently affecting or expected to affect JP Morgan's operations.

Risk	Definition
Policy and Legislation	Local, regional, or national shifts in governmental nature-related policies and regulations that may cause adverse effects and/or litigation on assets within a portfolio
Market	Risks associated as the market transitions to a nature-positive economy, particularly in terms of water use, circularity, energy use, and land use.
Technology	As we shift towards nature-positive, there is an increasing awareness of remaining competitive with this transition, ensuring that each asset has the latest technological and nature-based measures to ensure the highest levels of resilience
Reputation	Assets that fail to comply with the expectations that an economy brings could be at risk of scrutiny and/or boycott should they not be in keeping with the latest advances.
Stability	<p>Economic instability is a systemic risk resulting from biodiversity and nature decline. Natural capital is the backbone of the global economy with a significant proportion of global income relying on nature and ecosystem services.</p> <p>Nature degradation and biodiversity loss will have both directly impacted the global economy primarily through resource availability and supply chain pressure, but also indirectly through the increased costs of goods and services as natural capital declines, inflationary pressure and employment effects.</p>
Financial Stability	<p>Financial instability is a systemic risk resulting from the degradation of ecosystem services. Currently, market participants do not adequately account for the value provided by natural capital to their operations.</p> <p>Nature degradation and biodiversity loss can cause instability in the financial sector due to the large extent to which business in the economy depend on natural capital. With its degradation, bank loans will not be serviced, and banks credit ratings will be affected. Central banks do not currently account for nature-related risks in their macro-prudential transition plans or scenario analysis.</p>

Nature-Related Systemic Risk Methodology

The Taskforce on Nature Related Financial Disclosures (TNFD) differentiates between two forms of systemic nature-related risk: economic stability risk and financial stability risk. Natural capital is the backbone of the global economy and financial system. A significant proportion of global income directly relies on nature and ecosystem services. Systemic risk interacts with both physical and transition risks, as the financial effects of increased nature degradation affect both economic and financial stability through a multitude of channels. They are best understood through the division of micro and macro risks.

- Micro risks include physical and operational damages to properties and supply chains, falling demand and increasing costs as a direct result of nature degradation and failing ecosystem services.
- Macro risks can impact economic and financial institutions through inflation, declining governmental revenues, international conflict and geopolitical tensions, or global investment streams.

Contact

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

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