

## CDC Group Climate Policy Sector Guidelines Real Estate

In a context of climate emergency, **the Caisse des Dépôts group intends to help limit global warming to 1.5°C by contributing to global neutrality by 2050. To achieve this, the Group seeks to mobilize all of its action levers for a just transition towards a low-carbon economy.** To achieve this, the Group seeks to apply this ambition to all its activities in each sector.

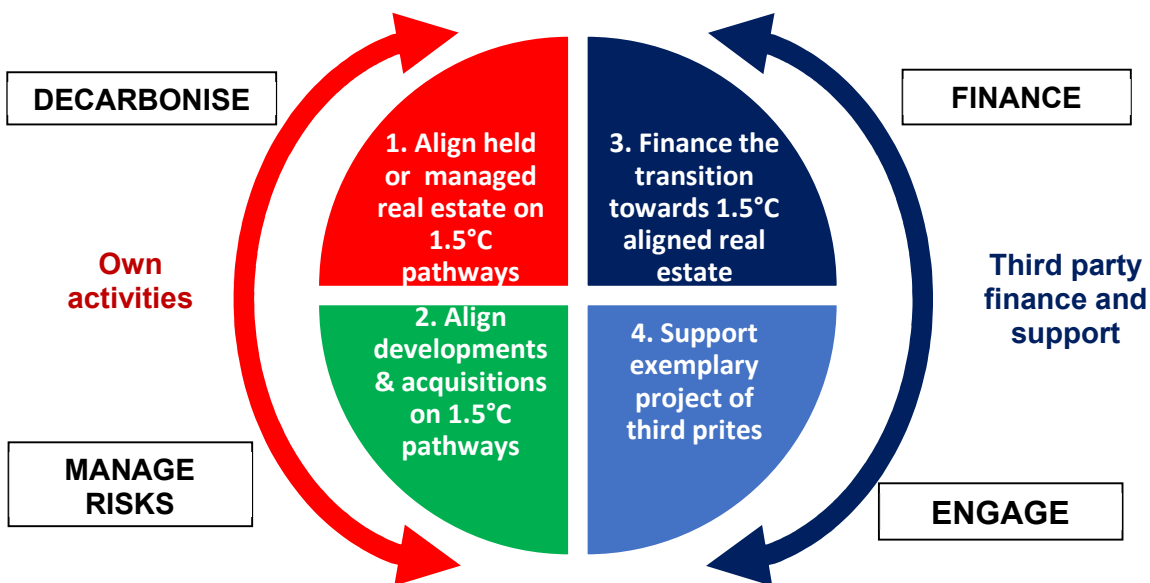
This document presents **the sector application for its real estate activities.** It covers both real estate assets owned, developed, managed or occupied directly, and financing and support activities for real estate assets held by third parties.

### Preamble

In its real estate activities, the Group undertakes to contribute to keeping global warming at 1.5°C by **reducing greenhouse gas emissions linked to the overall energy consumption of buildings** but also, as soon as possible, by the reduction of emissions from the entire life cycle of buildings, in particular emissions linked **to building materials**. It also ensures the interrelationship with other environmental challenges, in particular adaptation to the consequences of climate change and the loss of biodiversity, and also endeavors to deal with social issues, in particular the establishment of decent housing for all, the fight against social and territorial inequalities, social diversity and the health of occupants.

Thus, the Group ensures that its environmental improvement actions are not carried out to the detriment of the comfort of the occupants of its buildings and strives to reduce the other environmental impacts of its activities (emissions related to materials, waste, biodiversity).

To do this, the Group acts through each of its four main modes of intervention: alignment of the real estate portfolio and alignment of real estate developments for its own activities; financing high-performance real estate and supporting third parties in their own exemplary projects; as shown below:



## Summary of climate commitments of Group entities for real estate.

<b>Axis 1: Align the real estate stock managed or held on 1.5°C pathways</b>
<p><b>Group ambition:</b>  <b>100% of real estate assets under operational control covered by a greenhouse gas emissions reduction target compatible with 1.5°C for the tertiary sector, 2°C for the residential sector.</b></p>
<p><b>Details of the main public targets by entity</b></p>
<p><b>Public establishment Caisse des dépôts:</b></p> <ul style="list-style-type: none"> <li>• <b>Asset Management investment property:</b> 38% reduction in energy consumption between 2014 and 2030; 15% reduction in carbon intensity between 2019 and 2025, extending the previous 20% reduction target over the 2014-2020 period, according to a pathway developed using the Carbon Risk Real Estate Monitor (CRREM) tool <sup>1</sup>.</li> <li>• <b>Minority stake real estate of the Banque des Territoires:</b> implementation of a process for recovering the information necessary to know 100% of the portfolio by 2023, systematic shareholder engagement in raising awareness among managers and partners in actions of reduction of emissions as soon as they are possible.</li> <li>• <b>Operating properties:</b> provisional target of 10% reduction in emissions per m<sup>2</sup> between 2019 and 2025, new strategy for 2050 pathway being analysed by the end of 2021; reduction in the consumption of buildings in operation to reach the “threshold” values of the tertiary sector decree; management of associated emissions according to a pathway developed using the Carbon Risk Real Estate Monitor (CRREM) tool.</li> </ul>
<p><b>Icade :</b></p> <ul style="list-style-type: none"> <li>• <b>Tertiary Property Investment:</b> 30% reduction in energy intensity between 2015 and 2025 (in kWh/m<sup>2</sup>/year)<sup>2</sup>, 45% reduction in carbon intensity between 2015 and 2025 (in kg CO<sub>2</sub>/m<sup>2</sup>/year), aligned on a 1.5°C ambition.</li> <li>• <b>Health Property Investment:</b> Implementation of energy performance monitoring for at least 75% of healthcare operators from 2019 and proposal of energy performance improvement solutions for 100% of extensions and significant works operations (renovation of facades and waterproofing) from 2019.</li> </ul>
<p><b>CDC Habitat :</b> Achievement of an average performance level of 150 kWh/m<sup>2</sup>/year at the end of 2020 then 80 kWh/m<sup>2</sup>/year by 2050 (DPE basis), in accordance with the SNBC 2017<sup>3</sup></p>
<p><b>CNP Assurances :</b> additional 10% reduction in the carbon intensity (in kg eq CO<sub>2</sub>/m<sup>2</sup>) of its direct real estate portfolio between 2019 and 2024, extending the previous target of -40% over the 2006-2021 period, which was exceeded. This new target was developed based on the national targets for alignment with a 1.5°C scenario defined in the Carbon Risk Real Estate Monitor (CRREM) tool.</p>
<p><b>La Poste Immo :</b> 35% reduction in greenhouse gas emissions from the real estate stock by 2030 compared to 2017, allowing alignment with a 2019 SNBC pathway; 20% reduction in consumption (in kWh/m<sup>2</sup>) across the entire stock by 2030 compared to 2017; End of fuel oil by 2030.</p>
<b>Axis 2: Gradually align developments and acquisitions on pathways compatible with 1.5°C</b>
<p><b>Group ambition: Align 100% of new office and healthcare facility developments over 5,000 m<sup>2</sup> from 2021 and 50% of new developments</b></p>
<p><b>Details of the main public targets by entity</b></p>
<p><b>Public establishment Caisse des dépôts:</b></p> <ul style="list-style-type: none"> <li>• <b>Asset Management investment property:</b> for new acquisitions, systematic search for environmental certifications and energy labels and a minimum level of RT 2012 -20%<sup>4</sup>. For the acquisition of existing non-performing buildings, a budget is systematically validated for carrying out work to significantly improve energy performance in the short or medium term.</li> <li>• <b>Minority stake real estate of the Banque des Territoires:</b> Evaluation of each new investment with a scorecard and specific prerequisites by type of real estate asset with systematic search for environmental certifications and/or energy labels for the non-specific assets and in particular offices.</li> <li>• <b>Operating real estate:</b> Environmental certification of new assets (HQE, BREEAM) and labelling including a carbon assessment of building materials (Label E+C-, BBCA, or even BEPOS Effinergie 2017*) and aiming for an equivalent C1 level of the E label +C-; Energy performance commitment aiming at a minimum intrinsic performance RT2012-20%, or even beyond (RT2012 – 30% with an E2 level of the E+C- label).</li> </ul>
<p><b>Icade</b></p> <ul style="list-style-type: none"> <li>• <b>Development:</b> 100% of offices and 35% of housing certified HQE each year from 2019 until 2022<sup>5</sup> 100% of offices over 5,000 m<sup>2</sup> and 50% of housing labelled E+C- at E2C1 level by 2022; 100% of demolitions over 5,000 m<sup>2</sup> incorporating a reuse approach from 2020.</li> <li>• <b>Tertiary property:</b> 100% of renovations over 1,000 m<sup>2</sup> covered by a reuse process from 2021.</li> <li>• <b>Health property investment:</b> 100% of new projects over 4,000 m<sup>2</sup> certified HQE each year from 2020 until 2022, Integration of a reuse approach for restructuring operations over 2,000 m<sup>2</sup> from 2021.</li> </ul>

<sup>1</sup> Targets relating to the entire managed portfolio and club deals held at more than 25%. The target on the reduction of greenhouse gas emissions per m<sup>2</sup> was developed based on the Carbon Risk Real Estate Monitor (CRREM) tool, considering office buildings and residential buildings separately, and taking into account acquisitions and disposals of assets

<sup>2</sup> Targets relating to the primary energy consumption for all uses of the buildings held in the reporting scope corrected for the DJU. The m<sup>2</sup> are counted in floor area.

<sup>3</sup> Targets relating to the entire portfolio owned and managed by the CDC Habitat group.

<sup>4</sup> For buildings subject to this regulation in metropolitan France

<sup>5</sup> Indicator calculated at the time of the service order, in m<sup>2</sup>

<p><b>CDC Habitat</b> : 100% of new developments in RT 2012 without derogation, and NF Habitat HQE certification or equivalent systematically requested; evaluation of all new acquisition and renovation projects using an environmental rating tool integrating emissions related to materials.</p>
<p><b>Poste Immo</b> :</p> <ul style="list-style-type: none"> <li>• <b>New buildings</b>: seeking NF HQE Excellent and/or BREEAM Excellent certification for commercial buildings, and NF HQE Good for industrial buildings.</li> <li>• <b>Renovation</b>: search for the BBC Effinergie label for all global renovations, as well as NF HQE Rénovation Excellent and/or BREEAM RFO Very-Good certification. Global renovation &gt; 5000 m<sup>2</sup>.</li> <li>• <b>Major Repairs/Major Maintenance</b>: application of ambitious specifications for the thermal and carbon performance of works of the owner on his assets, making it possible to reach the BBC Renovation level.</li> </ul>
<p><b>Axis 3: Financing an exemplary real estate portfolio</b></p>
<p><b>Group ambition: €25 billion in financing and investment for the energy renovation of buildings and the construction of exemplary buildings between 2020 and 2024, including as part of the Banque des Territoires/Bpifrance climate plan:</b></p> <ul style="list-style-type: none"> <li>- 200,000 social housing units thermally renovated.</li> <li>- 3.5 M m<sup>2</sup> of public and private tertiary buildings thermally renovated between 2020 and 2024.</li> </ul>
<p><b>Details of the main public targets by entity</b></p>
<p><b>Public establishment (Banque des Territoires)</b> : 200,000 social housing units thermally renovated between 2020-2024, i.e. a contribution of 1/3 to the target of the National Low Carbon Strategy (SNBC) applied to social housing.</p>
<p><b>Bpifrance/Banque des Territoires</b> : 3.5M m<sup>2</sup> of public and private tertiary buildings thermally renovated between 2020 and 2024.</p>
<p><b>LBP AM</b> : Launch of an “impact” debt fund (carbon emissions) common to the real estate, infrastructure and corporate private debt teams.</p>
<p><b>La Banque Postale</b> :</p> <ul style="list-style-type: none"> <li>- “Green loans”, reserved for projects linked to the ecological transition, including the energy renovation of public buildings launched in 2019</li> <li>- Green loans intended for the energy renovation of housing.</li> <li>- Green loans for businesses.</li> </ul>
<p><b>Group ambition: 100% of new home loans subject to the collection and/or analysis of information on energy performance from 2021</b></p>
<p><b>La Banque Postale</b> :</p> <ul style="list-style-type: none"> <li>- Real estate financing for legal entities: Systematic analysis of energy criteria at the time of granting, with the objective of exceeding 50% of assets subject to RT 2012 (and following if applicable) and energy labels by the end of 2024.</li> <li>- Real estate financing for individuals: Systematic collection of DPEs since January 2021.</li> </ul>
<p><b>LBP AM</b> : Systematic implementation for real estate debt funds of a multi-criteria ESG analysis (GREaT methodology) for the selection of assets. This analysis includes a section on Energy Transition which in particular takes into account the existence of environmental certification and energy labels for the construction and/or operation, the investments planned for energy improvement and the ESG strategy of the tenants.</p>

## I. Align the real estate stock managed or held with 1.5°C pathways

As part of its real estate activities (own account investment or on behalf of third parties, real estate management and operation), **the Group aims to gradually align all of its properties held or managed on pathways compatible with maintaining the global warming to 1.5°C according to approaches based on scientific recommendations.**

To do this, each entity translates this ambition into its own medium-term targets:

- These targets address the reduction of greenhouse gas emissions related to “all-purpose” energy consumption during the building operation phase.
- These targets are aligned with a reduction pathway compatible with maintaining global warming at 1.5°C (2°C for residential) and defined according to a recognized methodology such as the Science Based Targets (SBT) approach, the Carbon Risk Real Estate Monitor tool (CRREM) or the National Low Carbon Strategy (SNBC).

Group entities that do not already have targets of this type undertake to put them in place by the end of 2021.

The targets described above include at least operationally controlled assets. This excludes buildings held in minority ownership, buildings held without the entity having a corporate mandate or even buildings whose operation is fully assumed by the occupants.

For real estate assets over which the entities do not have operational control, the entities undertake to dialogue with the relevant stakeholders (managers, co-owners, occupants, co-investors, etc.) to find out about the energy performance of the assets and encourage the achievement of reduction targets compatible with the 1.5°C ambition. This is particularly the case for health property companies.

## II. Gradually align developments and acquisitions on 1.5°C pathways

As part of its real estate developments and acquisitions (promotion, new developments or restructuring, new or existing acquisitions), **the Group is looking for high-performance buildings<sup>6</sup> that go beyond regulations, or buildings for which it undertakes to carry out significant energy performance improvement work** during ownership in accordance with the reduction target for real estate assets (axis 1).

- For new developments of tertiary buildings (new or restructuring):
  - The Group seeks environmental certifications as much as possible (example: HQE, BREEAM, etc.) or energy-carbon labels (example: E+C-, Effinergie, BBCA) for its tertiary developments and undertakes to certify 100% of development of offices and healthcare establishments<sup>7</sup> of more than 5,000 m<sup>2</sup> from 2021.
  - The Group aims to achieve an energy performance level equal to RT 2012 -20% as soon as possible, and undertakes at least to systematically achieve this level of performance for all new office buildings over of 5000 m<sup>2</sup> from 2022.
- For new residential developments (new or restructuring), the Group aims to use environmental certifications (example: NF Habitat HQE or equivalent) or energy-carbon labels (example: E+C-) for at least 50% of its new residential developments by 2022.
- For acquisitions of existing buildings, the Group carries out multi-criteria analyses to determine their environmental performance, the objective being to include the assets thus acquired in the alignment target taken at stock level.

At the same time, the Group strives to assess and limit the impact of emissions associated with building materials **by favoring existing buildings over new buildings, as well as the reuse of materials and the use of local, biosourced materials as soon as possible.**

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<sup>6</sup> The commitments of CNP Assurances have not yet been integrated into this area.

<sup>7</sup> Excluding nursing homes (EHPAD, EHPA...).

In addition, as part of the entry into force of the new RE 2020 environmental regulations, the Group undertakes to carry out analysis work from 2021 with a view to updating its analysis and selection thresholds, also based where possible on the European taxonomy of green activities. The objective is to gradually analyse the level of environmental performance in the light of the future levels required to achieve the 1.5°C ambition.

### III. Financing a 1.5°C aligned building stock

#### a) Acting through a range of dedicated financing

As part of its financing and investment activities, the Caisse des Dépôts group is massively acting **for the energy renovation of the building stock and the construction of exemplary buildings**, in particular with dedicated financing which granting conditions include energy criteria. The Group intervenes in particular for:

- the financing of the **energy renovation of the social housing stock and the construction of exemplary social housing** thanks to (i) loans offered by the Banque des Territoires mainly on resources from the savings fund, and (ii) equity securities with impact integrating energy criteria (€1 billion over 2020-2022),
- the financing of the **energy renovation of the stock of public tertiary buildings and the construction of exemplary public buildings** thanks to (i) loans offered by the Banque des Territoires and (ii) green loans offered to the local public sector by SFIL and La Banque postale,
- **the energy efficiency of the private real estate**, in particular through leasing financing offers for companies by Bpifrance, a green range intended for the energy renovation of housing by La Banque Postale or even through the forthcoming launch of an impact debt fund by La Banque Postale Asset Management.

Over the 2020-2024 period, **the Group is committed to financing more than €25 billion in the energy renovation of buildings and the construction of buildings with high energy performance**, as part of its target of €60 billion in terms of financing the ecological and energy transition. This represents a contribution of 19% to the financing needs of the building sector in the SNBC<sup>8</sup>.

In particular, **€14.9 billion will be deployed by Banque des Territoires and Bpifrance to improve the thermal efficiency of 22 million m<sup>2</sup> of company buildings, local authorities and social housing**:

- The Banque des Territoires will grant, over the next 5 years, €10 bn in loans for the renovation, mainly energy, of social housing (Phare rehabilitation loans, Eco-loans, PAM loans). In total, the Banque des Territoires aims to renovate 500,000 social housing units over the period 2020-2024, including 200,000 specifically with efficient energy renovation, i.e. a one third contribution to the target of the National Low Carbon Strategy (SNBC).
- The thermal renovation of public buildings will benefit from an envelope of €2 bn in loans from the Banque des Territoires (GPI Ambre loans on improved terms with in particular a lowering of the rate (Livret A + 0.6% or fixed rate EIB according to a monthly scale) or the increase in the quotas that can be paid) and €500 mn in equity, with a focus on school buildings, and supplemented by €250 mn from the PIA1 for the renovation of Universities.
- In order to improve the energy efficiency of the premises in which companies carry out their activity, Bpifrance will deploy a real estate leasing offer for an amount of €1 billion, loans for energy renovation works with a target of €600mn and financing of energy performance contracts for €150mn, for commercial buildings.

**In addition, La Banque Postale is involved in financing the energy renovation of housing and public and private buildings:**

- For the local public sector, in 2019 La Banque Postale launched “green loans”, reserved for projects linked to the ecological transition, including the energy renovation of public buildings, production and development of renewable energies. Their allocation is accompanied by an analysis of the ecological impact of the project, in particular the expected reduction in CO<sub>2</sub> emissions. The green loan is then refinanced by green bonds issued by SFIL, a public bank partner of La Banque Postale. Since 2019, around 100 “green loans” totalling more than €750 mn have been signed.

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<sup>8</sup> Estimate made on the basis of the study: Relance! how to finance the climate action of I4CE 2020

- For individuals, La Banque Postale has created a green range intended for the energy renovation of housing with, in particular, a zero-interest loan called “Habiter Mieux” (Living Better) intended for the most modest households, in partnership with the SOLiHA Federation. Available since July 2019, it allows La Banque Postale's most modest customers to finance work to improve the energy performance of their homes. In concrete terms, this zero-interest loan will allow the financing of the remaining charge on a package of energy renovation works, intended for the most modest households. Subscription is open to applicants who have previously obtained approval for a “Habiter Mieux” grant from the ANAH.
- In line with the offer to the local public sector, La Banque Postale launched the green loan for Businesses at the end of 2020. This offer is aimed at companies that acquire, renovate or build their building in compliance with the best environmental standards (RT 2012, future RE2020, labels, etc.). A green appendix must be completed by the company wishing to communicate on the green nature of its financing. For La Banque Postale, these green loans are eligible for green refinancing (Greens Bonds) allowing them to benefit from a rate subsidy.

#### **b) Develop the analysis of the energy performance of all real estate financing**

The Group aims to incorporate energy criteria incentive as soon as possible into its conditions for granting real estate financing. **From 2021, the Group undertakes to carry out convergence work between (i) the criteria and analysis grids currently used to analyse its financing flows in favor of an exemplary real estate portfolio, and (ii) the European taxonomy of green activities.** Ultimately, the objective will be to align the criteria for granting ranges of loans dedicated to energy renovation with the criteria of the European taxonomy.

More generally, **the Group aims to better understand the energy performance of all its new real estate financing flows, by systematizing the collection and/or analysis of information on energy performance when granting new loans.**

Specifically,

- The Banque des Territoires, which mainly distributes loans to the social housing sector and the local public sector, already applies energy criteria incentive for part of its financing. For example, in agreement with the State, the pricing of loans using regulated savings for the thermal renovation of social housing depends on the environmental nature of the project. In addition, the “PHBB reallocation” renovation loan, subsidized from the Group's own resources, finances renovation projects whose implementation allows the gain of at least one energy label. Finally, €1 billion in impact equity securities, including energy criteria, will be subscribed by the Banque des Territoires over the 2020-2022 period.
- La Banque Postale is selective on the types of real estate assets financed with legal entities from the time of granting. The environmental quality of the asset is one of the important analysis criteria (applicable thermal regulations, certifications obtained, location close to public transport, flexibility and reversibility of the asset, climate risk, etc.). For example, building restructuring operations must systematically aim for compliance with standards and environmental certification such as HQE/ BREEAM/ Effinergie, etc. Since the end of 2020, LBP has been offering green loans and, as such, specific reporting is planned, in particular with the collection of DPEs.

## **IV. Supporting third parties in their own property renovations**

The Caisse des Dépôts group is mobilizing for **the energy renovation of the building stock and the construction of exemplary buildings** in its support activities (engineering, consulting, etc.).

In particular the **Banque des Territoires**:

- Intervenes in third-party investment companies to support owners in their energy renovation project.
- Offers local authorities support in engineering through a financial contribution of 50% of the total cost of studies capped at €100,000, as well as an offer of intracting for universities and local authorities. This intracting offer is also enriched with a "secure" intracting offer specifically allowing the financing of Energy Performance Contracts. In April 2021, to contribute to economic recovery, the Banque des Territoires launched the renovation of 1,000 schools of the Action Cœur de Ville program (ACV) with an ultra-improved assistance program (support between 80 and 100% of engineering expenses).



- Also intervenes alongside Regions and Metropolises for the creation of Third-Party Financing companies whose objective is to support individuals throughout their home energy renovation, with the objective of creating ten new companies of this type in the years to come.

**SCET** intervenes for the energy improvement of the real estate assets within the framework of its programming and consulting missions with project owners.

**Banque des Territoires, Le Groupe La Poste and Egis have also developed the company SOBRE Energies to create an offer for managing the energy pathway of tertiary real estate assets.** The combination of the exploitation of field data with the expertise of Sobre's Energy Managers makes it possible to propose adapted action plans combining eco-gestures, improvement of operation and investment. More than 11,000 buildings already benefit from this solution.

**The Egis Group** supports city and real estate players in the development and implementation of their climate change mitigation and adaptation strategy. Egis is committed to low-carbon real estate through its engineering and consultancy offer ranging from the design of low-carbon buildings or developments to the development of a 1.5°C pathway or adaptation strategy for real estate assets, particularly :

- Assessment of the climate footprint and development of 1.5°C pathways,
- Development of ambitious and pragmatic climate roadmaps and decision support tools,
- Climate resilience audit of real estate assets,
- Design and implementation of renovation and new construction projects highlighting energy/carbon issues (E+C- label, BBCA, low-carbon site, biosourced or reused materials, smartgrid, etc.),
- Support in the financing of climate-friendly investments (SRI Real Estate labeling, Green Bonds, Low Carbon Label, etc.),
- Compensation strategy and sequestration solutions.