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THE CIRCULAR ECONOMY IN THE IPS BUSINESS LINES

The circular economy in the « Investment & Protection Services» business lines of BNP Paribas



In order to build a more sustainable future, the traditional business models of extracting, producing, consuming and disposing need to be rethought.

Today, one of the ambitions of BNP Paribas Investment & Protection Services (IPS) Division is to help develop solutions that reduce the negative impact on the environment, by reducing resource consumption and/or waste production. In line with the [BNP Paribas group's strategy](#) and its definition of the circular economy (definition in the appendix), the IPS division aims to help achieve **carbon neutrality by 2050** and include the Circular Economy in the roadmap of all its Investment, Insurance and Real Estate activities.



The circular economy is a global approach that not only has a positive impact on the environment, but can also bring economic and social benefits.



Emmanuelle Bru
Group ESG Expert
Circular Economy
Group CSR, BNP PARIBAS



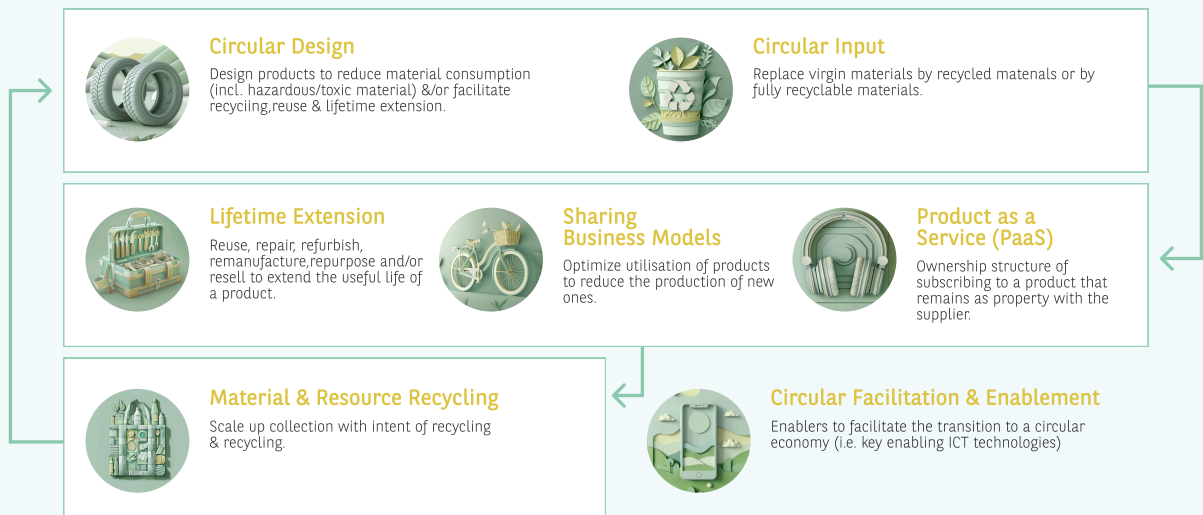
Adopting circularity habits is a key lever for achieving Net Zero commitments.



Andreas Lambropoulos
Head of IPS
Company Engagement

Circular model

Circular solutions must reduce negative environmental impact



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2. Encouraging the Circular Economy to be factored into real estate



The circular economy in real estate is embodied in a **sustainable approach** to the design, construction, management and occupancy of buildings..

This involves:

- ✓ Encouraging the renovation and/or conversion of buildings by incentivising selective deconstruction¹ and optimising waste management by reusing, recycling and upcycling² materials.
- ✓ Emphasising the design of buildings that are reversible, resilient and adapted to climate change.
- ✓ Setting up short circuits with local partners for products, equipment and staff.
- ✓ Pooling uses through the creation of shared spaces and/or arrangements for the temporary occupation of assets.

The **property and construction sectors are major consumers of natural resources** and offer huge potential for improvement.



According to Le Monde, every year in France, the construction industry generates 42 million tonnes of waste, of which just 1% is reused.³



¹ Selective deconstruction is the fact of ensuring the dismantling of a pre-existing or future construction and the potential recovery of its spaces and elements beyond the first cycle of use of the building.

² Upcycling: Recycling which aims to give a second life to materials or objects intended to be discarded (e.g. fabric falls, old clothing, crates, packaging) by transforming them into value-added, aesthetic and/or useful products (e.g. furniture) and often diverted from their primary use. This waste recovery is part of a sustainability approach linked to environmental concerns and contributes to the boom in the circular economy)

³ BNP Paribas (2021), « L'économie circulaire dans l'immobilier », en ligne: [L'économie circulaire dans l'immobilier | BNP Paribas Real Estate France](#) (in French only)





In light of this, BNP Paribas Real Estate has decided to make the circular economy one of the key drivers of its CSR policy by adopting, as of 2018, a **charter of commitments** and **operational roadmaps** developed jointly with its four business lines.

Specifically, BNP Paribas Real Estate:

- **Helps to facilitate and advance the circular economy** through various collective and committed initiatives bringing together over 35 players in the real estate sector. These include **Circolab** (in French only), a community of real estate players committed to the circular economy, and **Booster du Réemploi** (in French only), a platform for reusing materials from deconstructed buildings.
- **Carries out resource diagnostics⁴** through its Real Estate Development and Investment Management teams on deconstruction sites, with a view to finding solutions for disposing of deposited materials.
- Applies circular economy approaches to the activities of its operational business lines.
 - The construction of **METAL 57**, (in French only), BNP Paribas Real Estate's new office – a multi-certified building – was an opportunity to put these circular economy commitments into practice.
 - As part of the renovation of a 24 000 m² building on Quai d'Austerlitz in the 13th arrondissement of Paris, **BNP Paribas REIM** (Investment Management) **collected 167 tonnes of waste, 99.5% of which was recycled⁵** excluding furniture. The latter was either donated for reuse or sold to the company Tricycle for future recycling.
- As part of the urban renewal project it is conducting alongside APSYS and RATP Solutions Ville to renovate the former APHP building in the centre of Paris, BNP Paribas Immobilier (Real Estate Development) has set itself ambitious targets in terms of reusing materials, while opening up the building to temporary occupation by associations, artists, craftspeople and social economy organisations.

³ BNP Paribas (2021), « L'économie circulaire dans l'immobilier », en ligne: [L'économie circulaire dans l'immobilier | BNP Paribas Real Estate France](#) (in French only)

⁴ Resources diagnosis aims at re-using materials such as, for example, the re-use of bricks from an old building, the development of certain areas of recycled or second-hand materials and the donation of equipment and materials to associations.

⁵ This amount corresponds to the sum of the waste avoided during the household emptying operated by Tricycle (156 tonnes) and the collaborative removal piloted by Mobius (5.7 tonnes of waste recycled and reused by associations/craftsmen).



Into investment strategies

BNP Paribas Asset Management, BNP Paribas Cardif and BNP Paribas Wealth Management



3. Gradually integrating the circular economy into investment strategies



For the BNP Paribas Group's investment and asset management businesses, the circular economy involves:

- Developing and marketing **funds specialising in the circular economy**, with links to companies committed to reducing their environmental impact and whose circular business models promote sustainable products, recycling and reuse.
- Investing in **unlisted pure players** in the circular economy through private equity funds.

BNP Paribas Asset Management, BNP Paribas Cardif and BNP Paribas Wealth Management select companies, investments and projects that incorporate the principles of the circular economy. These initiatives encourage the transition to more environmentally-friendly business models and respond to the new uses and expectations of customers and investors.



The circular economy is integrated into the ESG (Environmental, Social and Governance) criteria taken into account in the development of certain BNP Paribas Asset Management products.



Into investment strategies

BNP Paribas Asset Management, BNP Paribas Cardif and BNP Paribas Wealth Management



For example:

- In connection with the circular economy, BNP Paribas Asset Management is offering investors a fund that replicates the [ECPI Circular Economy Leaders Equity](#) index, with assets under management of more than €900 million at the end of 2023⁶, demonstrating the strong appeal of this subject for retail and professional investors⁷.
- As part of their activities, BNP Paribas Asset Management and BNP Paribas Cardif also invest in unlisted companies, in order to support certain pure players in the circular economy – companies focused on designing sustainable products and recycling.

BNP Paribas Asset Management has invested in:

- ✓ [Phenix](#), a company specialising in the management of unsold food.
- ✓ [Envie Autonomie](#) (in French only), involved in the refurbishment of medical equipment.

BNP Paribas Cardif supports:

- ✓ [Reebelo](#), a Singapore-based marketplace specialising in the refurbishment of electronic devices.

Lastly, **raising awareness is another key pillar of the approach.** Through communications and internal training, the IPS Division's business lines are raising awareness about the [circular economy](#) among their employees, customers, investors and the general public.

Zoom on:

- [Le Pavé - Recycling and re-using plastic to produce less waste](#)
- [Toopi Organics - Saving drinking water and exploiting an unlimited resource](#)



⁶ BNP Paribas: [universal-registration-document-annual-financial-report-2023-pdf](#) - page 689

⁷ BNP Paribas: [universal-registration-document-annual-financial-report-2023-pdf](#) - page 689



DOCUMENT APPENDICES



Reminder of the BNP Paribas Group's definition

The ultimate goal of the circular economy is to reduce both the consumption of raw materials and the production of waste. Circular solutions must reduce the negative impacts on the environment.

The circular economy refers to an economic system in which the value of products, materials and other resources in the economy is maintained for as long as possible (i) by improving their efficient use in the production and consumption process (i.e. thereby reducing the environmental impact of their use), and (ii) by minimising the generation of waste and the release of hazardous substances at all stages of their life cycle, including through the application of the waste treatment hierarchy^(**).

More specifically, and where the solution reduces the environmental impact, the circular economy refers to:

- **Circular Design:** designing products to reduce the consumption of materials (including hazardous or toxic materials) and/or to facilitate recycling, reuse or extended life.
- **Circular procurement:** replacing virgin materials with recycled materials or 100% recyclable materials.
- **Extending product life:** reusing, repairing, refurbishing and/or reselling products to extend their useful life.
- **Sharing model:** optimising the use of a product to reduce the production of new ones.
- **Functionality economy (PaaS):** model of subscription in exchange for the service provided by a product, the ownership of which remains with the supplier.
- **Recycling of materials and resources:** advancing collection and recycling.
- **Circular Economy Accelerator & Facilitator:** accelerators facilitating the transition to a circular economy (i.e. key technologies such as innovative ICT solutions).

Find out more about: [Circular economy | BNP Paribas \(group.bnpparibas\)](https://group.bnpparibas.com/circular-economy)

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8: EFRAG ESRS E5: [Download \(efrag.org\) page 4](https://www.efrag.org)

(**): Set of priorities, with waste prevention at the top of the list, followed by preparation for reuse, recycling, other forms of recovery and disposal as a last resort.

