



The Parisian Spirit



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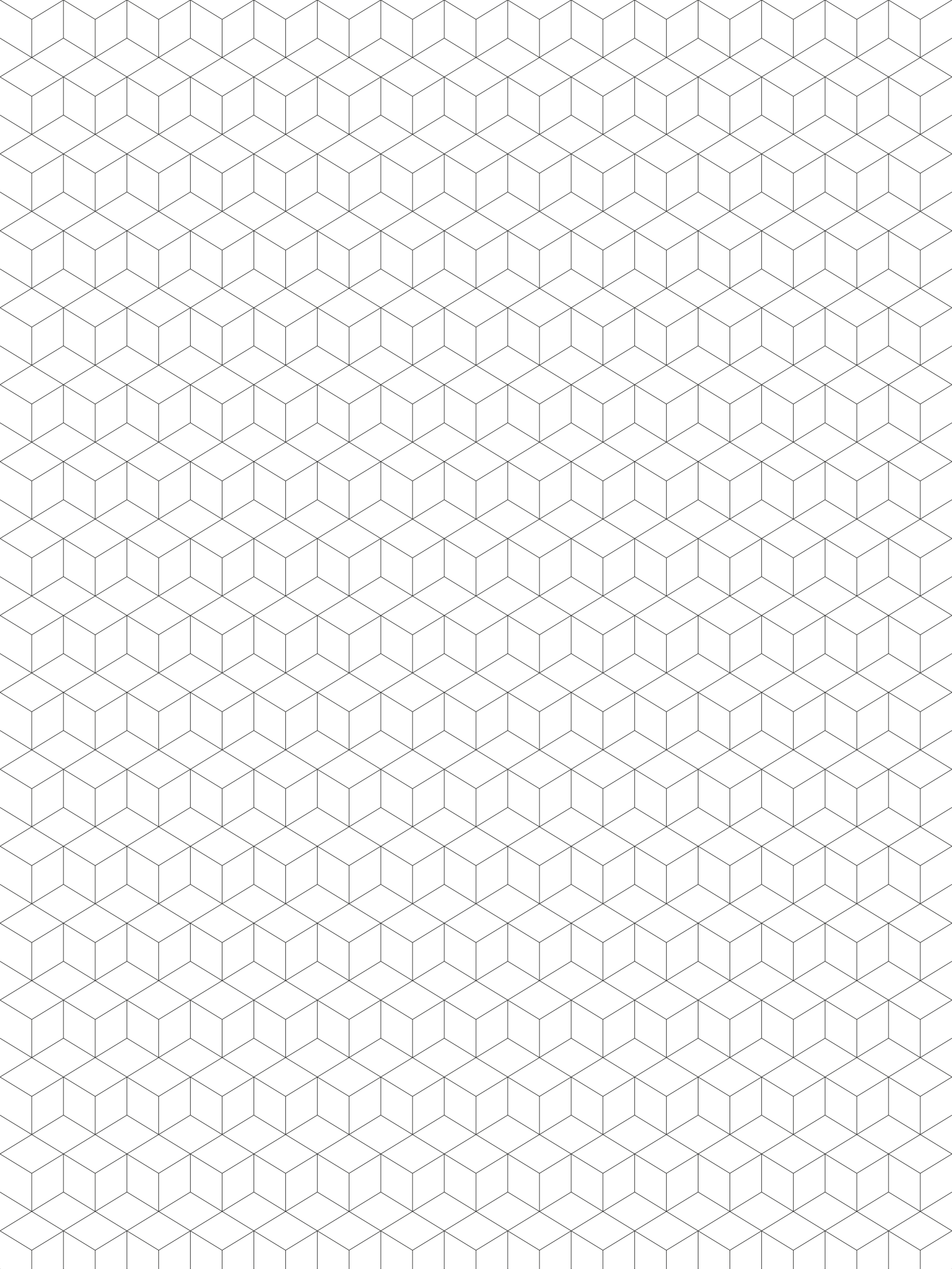
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*GRI : Global Reporting Initiative



Introduction

As we have regularly demonstrated, sustainability is inherent at SFL, which has been renovating and developing properties since it was founded in 1879. Today, as throughout our history, our major projects are helping to improve the quality of the urban environment. While we are proud of this achievement, there is obviously no question of restricting our CSR vision to sustainability. With our own environment changing constantly, our exploration of CSR issues now extends across a much wider field.

Our strategic focus on prime property incorporates an ambitious CSR commitment ranked at the very top of our concerns. For SFL, this is about much more than complying with disclosure rules or communicating an image.

Since 2014, our process has included the ability to measure progress toward ambitious targets in clearly defined, material areas. Each year, we deliver further gains, as seen in our 2016 annual Corporate Social Responsibility Report.

Presentation

Since 2011, SFL has been deploying a strategy to drive gains in the indicators that track its main corporate social responsibility issues, while also improving their clarity.

The 15 material issues, which are both important to stakeholders and critical to our profitability as a property company, inform all of our policies, from factoring CSR into investment decisions to creating an outstanding user experience, from managing our environmental impact to nurturing biodiversity.

They also play a natural role in the three components of the intangible value of our assets: the value a building creates for its users, its green value and its social responsibility value. The CSR component in our total value, as embodied in the high standards and quality we deliver in every aspect of our business, is a major driver of our social and economic performance.

These values are measured against international benchmarks and other indicators, as well as against the satisfaction and pride our tenants feel when working in our efficient, environmentally virtuous offices.

After identifying our CSR issues and prioritising them according to stakeholder expectations in 2014, we continued to improve our CSR and risk management systems in 2015. In 2016, the environmental reporting scope was considerably widened, thanks to a team effort between SFL, the building managers and tenants.

During the year, the 9 avenue Percier renovation project was completed, the MEX web-based operations management platform was deployed, and a service area, auditorium, foodservice area and lounge were created beneath the private street in the Cézanne Saint-Honoré complex.

Leveraging the momentum created by France's energy transition legislation and Grenelle II environmental legislation, we also tightened our management of greenhouse gas emissions through energy efficiency measures. In addition, the waste recycling initiatives launched during the year delivered good results.

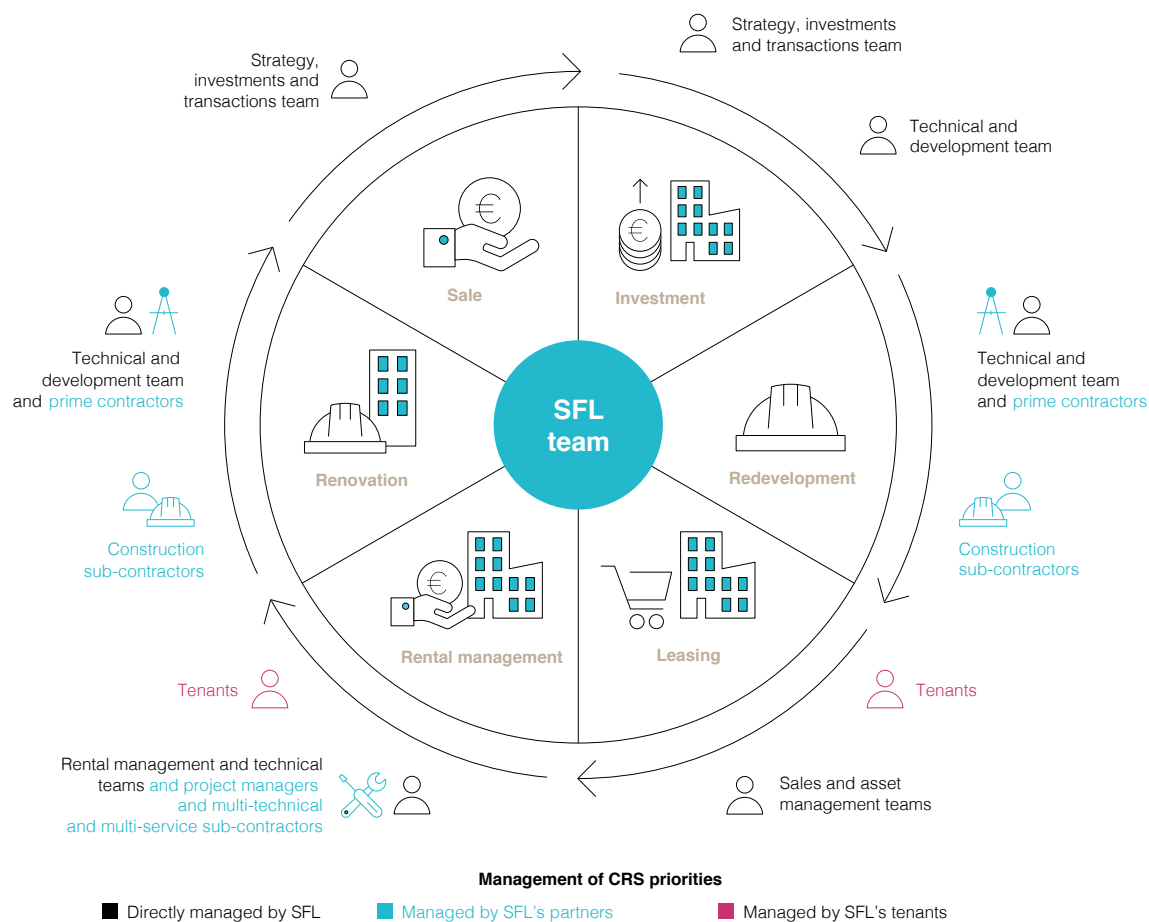
1. CSR Policies

1. 1. The SFL value chain and its CSR components

Mapping SFL's value chain enabled us to determine our CSR issues and the stakeholders who could have an impact on them.

The exercise also identified the six phases in the value chain running through a property asset's life cycle: investment, redevelopment, leasing, rental management, renovation and, if the opportunity is right, sale.

Not every building systematically transitions through each phase in sequence. For example, a property may be redeveloped after a long period of rental, and buildings are generally re-let rather than being sold after a renovation.



Key indicators for each phase of the value chain include:

– Renovation:

- Number of permits obtained in 2016: 12.
- Number of private area renovation projects delivered in 2016: 19.

– Rental management:

- Tenant satisfaction: 96% (tenant satisfaction survey).
- Energy use: 234 kWh/sq.m

– Investment:

- In 2014, 2015, 2016: 1 property acquired each year.

– Leasing:

- Occupancy rate (excluding units and properties undergoing renovation): **97%** at 31 December 2016.
- Leases signed in 2016: **34,000 sq.m**

– Redevelopment:

- Over the past 10 years, 8 properties out of 20 (38% of the total portfolio in sq.m) have been completely redeveloped.
- In the 12 other properties, the private areas have been renovated in a phased process.
- In six of the 12 properties, the common areas have been reorganised and refurbished.
- Three new redevelopment projects were in the planning phase at end-2016: Le Louvre des Antiquaires, Iéna and SFL's latest acquisition on avenue Émile Zola.

1. 2. The CSR expectations of our stakeholders

SFL's identified stakeholders have been classified into three categories based on the extent of their direct or indirect impact on our revenue and operations. Their main expectations have also been identified.

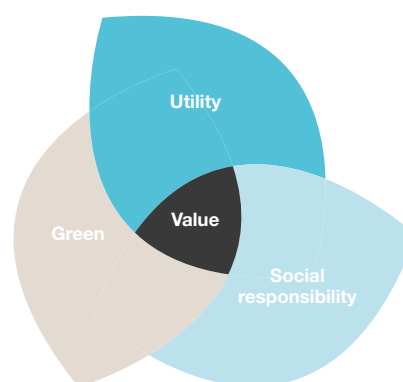
Phase	Main stakeholders	CSR priorities
Investment	SFL's strategy, investments and transactions team	<ul style="list-style-type: none"> • Location and access • Local urban footprint
	Technical and development team	<ul style="list-style-type: none"> • Managing environmental risks
Redevelopment	Technical and development team and prime contractors	<ul style="list-style-type: none"> • Amenities, layout and organisational efficiency • Certification • Factoring CSR into investment decisions (eco-design) • Carbon efficiency and biodiversity • Sustainable procurement
	Construction sub-contractors	<ul style="list-style-type: none"> • Local urban footprint • Health, safety and risk management
Leasing	Marketing and asset management teams	<ul style="list-style-type: none"> • Tenant relations and satisfaction • Governance and ethics
	Tenant	
Rental management	Rental management and technical teams, building managers and multi-technical/multi-service contractors	<ul style="list-style-type: none"> • Certification • Carbon efficiency and biodiversity • Sustainable building operation (energy, water and waste) • Sustainable procurement
	Tenants	<ul style="list-style-type: none"> • Sustainable building operation (energy, water and waste) • Certification
Renovation	<i>Same as for redevelopment</i>	
Sale	SFL's strategy, investments and transactions team	

1. 3. CSR issues and objectives

The materiality of our CSR issues has been assessed in accordance with (i) international standards, (ii) the best practices set out in the G4 Sustainability Reporting Guidelines issued by the Global Reporting Initiative, and (iii) the recommendations of the European Platform of Regulatory Authorities (EPRA). This process is described in more detail in Appendix 5.3. Performed in conjunction with the working groups set up to examine specific areas, the Management Committee and the Chief Executive Officer, this analysis led to the formulation of our CSR policies, objectives and action plans. In 2015, the CSR process was updated around three main themes covering the identified material issues:

- Utility value.
- Green value.
- Social responsibility value.

SFL'S CSR VALUES



Utility value	Green value	Social responsibility value
Tenant relations and satisfaction	Sustainable building operation	Attracting talent and developing skills
Location and access	Carbon efficiency	Health, safety and quality of working environment
Certification	Factoring CSR into capital expenditure projects	Diversity and equal opportunity
Amenities, layout and organisational efficiency	Biodiversity	Sustainable procurement and supplier relations
Safety and environmental risk management		Local urban footprint

■ 4 fundamental issues integral to SFL's core business ■ 5 major CSR issues ■ 5 CSR issues to be tracked

INDICATORS TRACKED BY SFL

	Objective 31 December 2017	2011	2015	2016	Degree achieved
Utility value of our properties					
Tenant relations and satisfaction					
% of satisfied or very satisfied tenants	> 80% always	82%	96%	96%	☺
% of space under green leases	100% always	N/A	69%	71%	☺
Location and access of our properties					
% of space located less than a ten-minute walk from an underground/tram station	100% always	100%	100%	100%	☺
Building certification					
% of buildings in use certified BREEAM In-Use (Part 1 and Part 2)	100% always	N/A	100%	100%	☺
% of BREEAM In-Use certifications with a Very Good or higher rating (Parts 1, 2 and 3 combined)	100% in 2017	N/A	97%	100%	☺
Redevelopment projects aimed at earning triple certification	100% always	N/A	100%	100%	☺
Green value of our properties					
Sustainable building operation (energy, water and waste)					
Energy use per sq.m of buildings managed by SFL (included in 2011 baseline, climate adjusted) in kWh/sq.m/year	238 in 2017	280	245	234	☺
Water use per sq.m of the property portfolio (buildings included in 2011 baseline) in cu.m./sq.m/year	0.54 in 2017	0.67	0.55	0.57	☺
Carbon efficiency of our properties					
Heat produced by oil-fired boilers (number of properties)	0/20	N/A	1/20	1/20	☺
Greenhouse gas emissions per sq.m of buildings managed by SFL (included in 2011 baseline, climate adjusted) in kg CO ₂ e/sq.m/year	21.8 in 2017	24.3	23.4	22.4	☺

1. 4. Recognition of SFL's performance

SFL ensures that its CSR reporting processes and performance are aligned with industry practices and recognised by appraisers. In particular, they comply with France's Grenelle II Act and follow the Global Reporting Initiative's G4 Sustainability Reporting Guidelines and the recommendations issued by the European Platform of Regulatory Authorities (EPRA). The Company also reports information to CSR rating agencies, either in response to requests (Vigeo Rating) or on an unsolicited basis (Global Real Estate Sustainability Benchmark – GRESB).

In 2016, representing the fourth time the Group had participated in the survey, the GRESB confirmed SFL's position among the top performers, ranking it number two in France.

At the BREEAM Awards 2017 ceremony held in London on 7 March 2017, SFL received an award in the "Corporate Investment in Responsible Real Estate" category.

The BREEAM award and GRESB ranking both recognise SFL's broad-based commitment to sustainably managing the portfolio.

G4 Sustainability Reporting Guidelines issued by the Global Reporting Initiative (GRI 4)

SFL applies the guidelines issued by the GRI (core option), with reporting updated since 2014 in line with the G4 version. The update mainly involved applying the materiality principle, identifying stakeholder expectations and defining a CSR policy.

European Public Real Estate Association (EPRA)

SFL also complies with the recommendations issued by EPRA for its CSR reporting. EPRA-format indicators are presented in the relevant sections of this report.

The Grenelle II Act

SFL complies with French legislation and applies the enabling decree for Article 225 of the Grenelle II Act.

Cross-reference tables between the guidelines and this report can be found in Appendix 5.4.

The requirements of France's new energy transition and green development legislation (LTECV Act) have also been taken into account in the Group's carbon reporting process.

2. Utility value of our properties

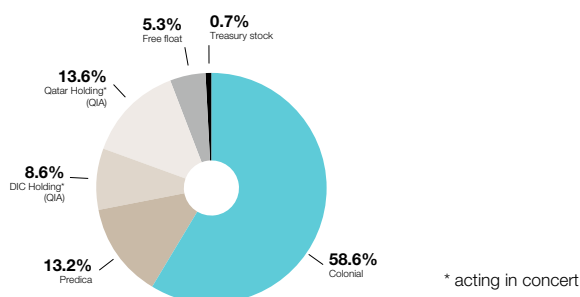
In recent years, tenants have observed an improvement in our properties' performance, reflected in their high utility value.

Our positioning in the prime segment of the property market has been a key factor in securing the long-term backing of our shareholders.

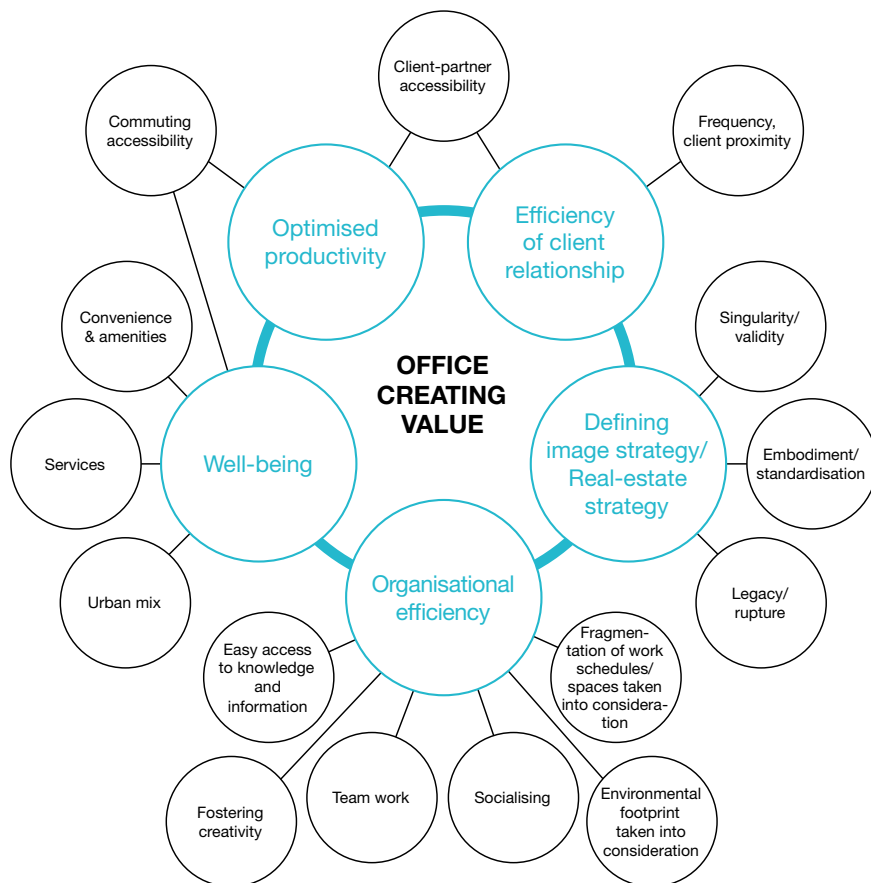
Our shareholders are both demanding and stable.

SFL'S OWNERSHIP STRUCTURE

at 31 December 2016 (46.5 million shares)



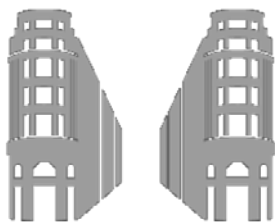
Utility value is central to the strategy to increase the value of our portfolio. This intangible value was defined and measured in 2013 in a survey conducted jointly with the consultancy Quartier Libre, leading to the development of the following assessment model:



The potential increase in building users' value-added per sq.m was estimated based on a survey covering the various topics shown above (see fonciere-lyonnaise.com/en/publications/studies/2013). More than a third of the increase comes from improved well-being, which generates between €30 and €190/sq.m/year of value-added depending on the type of company.

The following examples illustrate the high level of tenant satisfaction based on the criteria listed in the above assessment model.

Cézanne Saint-Honoré



BREEAM In-Use Certification

Part 1 ★★★★★ – Part 2 ★★★★★

Floor plate: 800 to 1,500 sq.m contiguous open space

Garden/paved seating area/private outside space: 110 sq.m plus a tree-lined private street

Tenant satisfaction: 95% of tenants are satisfied

Accessibility: full wheelchair access

Vélib' public bicycle hire station: 220 metres

Autolib' public car hire station: 220 metres

103 Grenelle



BREEAM In-Use Certification

Part 1 ★★★★★ – Part 2 ★★★★★

Floor plate: up to 1,600 sq.m. contiguous space

Garden/paved seating area/private outside space: Paved courtyard, architectural features preserved

Tenant satisfaction: 85% of tenants are satisfied

Accessibility: full wheelchair access

Vélib' public bicycle hire station: 400 metres

Autolib' public car hire station: 300 metres

#cloud.paris



BREEAM In-Use Certification

Part 1 ★ ★ ★ ★ ★

Floor plate: 800 to 3,000 sq.m contiguous open space

Garden/paved seating area/private outside space: 858 sq.m of planted areas plus two paved seating areas with disabled access, representing in total 2,500 sq.m.

Parking space: 250 bicycles, 112 motorcycles and 99 cars, including 5 spaces with electric car charging points.

Accessibility: full wheelchair access

Vélib' public bicycle hire station: 290 metres

Autolib' public car hire station: 40 metres

2. 1. Tenant relations and satisfaction

Tenant satisfaction

The 2016 ParisWorkPlace surveys and the 2015 satisfaction survey of our office users helped to improve our understanding of tenant expectations (<http://www.parisworkplace.fr/> – <http://www.fonciere-lyonnaise.com>).

Tenant satisfaction and building performance indicators are tracked using the MEX web-based operations management platform developed with our partners.

MEX may ultimately be shared with tenants, providing an additional resource alongside the system already available to tenants in each building to manage service intervention requests.

Statistical data from the ParisWorkPlace surveys are enabling us to align our offering more closely with expectations and to validate our strategic focus on properties with a high utility value.

User guides

Every SFL building now has a user guide providing a wealth of information on their amenities, services and operation. Topics covered include building history, opening hours, accessibility (pedestrians, persons with reduced mobility, vehicles, public transport, etc.), site safety and security, utilities (energy, water and waste management, etc.) and food services.

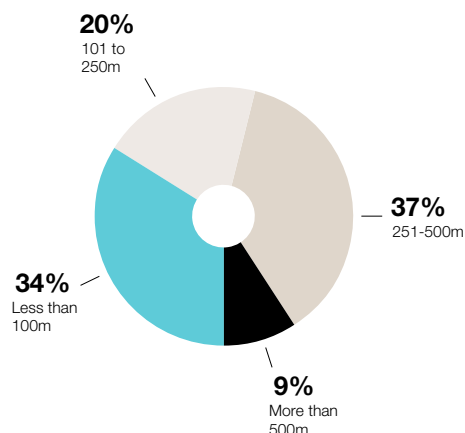
2. 2. Location of and access to our properties

Our building locations, which represent one of our major competitive advantages, are also widely acclaimed by users, followed by the quality of their spaces and their architecture.

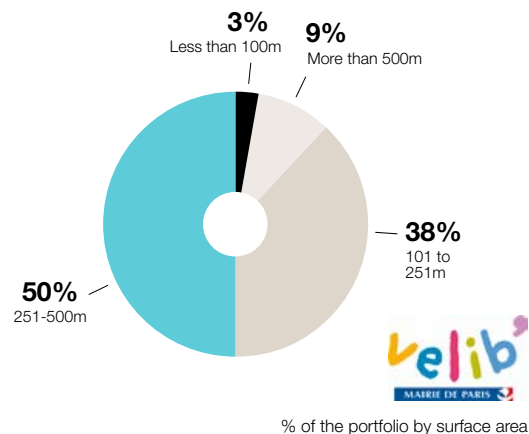
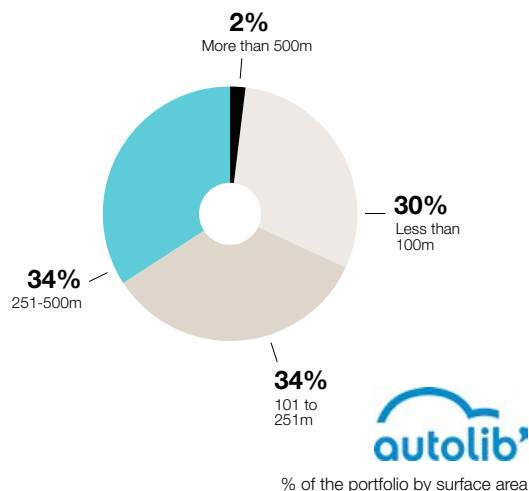
The acquisition of properties such as the one on avenue Émile Zola in the south-west of Paris, reflects our forward-looking strategy to offer solutions to demanding clients interested in moving to emerging prime business districts. All of our assets are easily accessible by public and alternative transport.

They are all located less than a ten-minute walk from an underground station, and 80% of the properties (by value) are located in the prestigious Central Business District.

PROXIMITY TO PUBLIC TRANSPORT



PROXIMITY TO ALTERNATIVE TRANSPORT



The overriding importance of the employee commute among the criteria for a sustainable location is also reflected in the increasing use of personal transport with low environmental impact (for more information on the portfolio's carbon efficiency, see section 3.2).

In redeveloping its buildings, SFL proactively adds dedicated spaces for electric vehicles.

In the #cloud.paris building, there are more parking spaces reserved for bicycles and motorcycles than for cars.

2.3 Building certification

SFL initiated the certification process in 2012, based on the following standards:

- BREEAM Construction (Building Research Establishment Environmental Assessment Methodology).
- LEED (Leadership in Energy and Environmental Design).
- HQE.
- BBC-Effinergie Rénovation for empty buildings being redeveloped or renovated.
- BREEAM In-Use International (BIU) for buildings in use.

In-use certification

Global standards agency Building Research Establishment has awarded the highest levels of its BREEAM In-Use International certification to the entire SFL portfolio. All of the buildings have been certified in BIU Part 1 (asset) and BIU Part 2 (building management).

Of the total BIU Parts 1, 2 and 3 certifications:

- 53% have a Very Good rating,
- 41% have an Excellent rating, and
- 6% have an Outstanding rating.

100%

of the asset portfolio has been certified and rated Very Good, Excellent or Outstanding in Part 1 and Part 2.

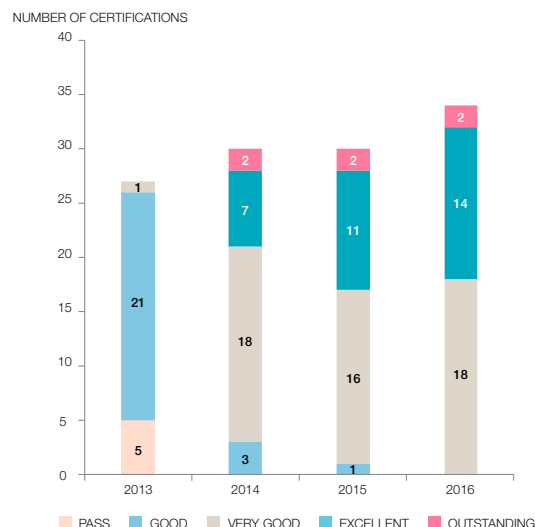
One building – 92 Champs-Élysées – was uprated in 2016 (from Very Good to **Excellent** for Part 1 – Asset Rating).

When their building management systems were rated for the first time, 92 Champs-Élysées and 6 Hanovre immediately earned a Part 2 rating of **Excellent**.

The #cloud.paris property earned the same rating as that obtained during the redevelopment process, i.e., a Part 1 – Asset rating of **Excellent**.

In all, BREEAM In-Use certification covers 19 in-use buildings (excluding the 9 Percier building which is undergoing renovation).

Total number of BIU certifications (Parts 1, 2 and 3)



BIU certifications by building may be found on the www.fonciere-lyonnaise.com website.

Certifications earned by buildings under construction or redevelopment

- #cloud.paris: the project in Paris's 2nd *arrondissement* delivered on 2 November 2015 has been certified HQE Exceptionnel, BREEAM Excellent and LEED Gold. It was also awarded the BBC-Effinergie Rénovation label and was certified in compliance with the City of Paris's Climate Plan (less than 80 kWh primary energy/sq.m/year).
- Louvre Saint-Honoré: we are actively seeking BREEAM Excellent certification for the project's retail space, which has not yet been leased or marketed. This only concerns the lower floors, since the upper levels are leased and occupied as offices. Louvre Saint-Honoré is considered as a development in-use, whose restrictions and impediments make it impractical to seek HQE and LEED certifications.

All of our major redevelopment projects have been triply certified BREEAM New Construction, LEED and HQE, as illustrated by the most recent one, #cloud.paris. It represents the complete transformation of a disparate group of buildings into a business centre perfectly aligned with contemporary and emerging office usage practices.

- Léna certification objectives:
 - HQE Rénovation 2015 Passport: Exceptional rating.
 - BREEAM Europe Commercial Refurbishment 2015 – Excellent rating.
 - LEED V4 Core and Shell – Gold rating.
 - BBC Effinergie Rénovation label (given to buildings that use 40% less energy than a regulatory benchmark "RT").
 - RT2012 - 10%.
- 112 Émile Zola certification objectives:
 - HQE Rénovation 2015 Passport: Exceptional rating.
 - BREEAM Europe Commercial Refurbishment 2015 – Excellent rating.
 - LEED V4 Core and Shell – Gold rating.
 - BBC Effinergie Rénovation label (given to buildings that use 40% less energy than a regulatory benchmark).
 - RT2012 - 10%.
 - Biodiversity.

Certifications

Number of assets and % of portfolio (in sq.m) certified, by type and level of certification

				Number of assets	% of sq.m	Number of assets	% of sq.m
				2015		2016	
Scope	TOT-CERT	Properties in use	Total	17	100%	19	100%
			Good	1	6%	0	0%
			> Very good	16	94%	19	100%
			> Excellent	5	46.7%	6	46.6%
		Properties undergoing redevelopment	BREEAM NC	3	20.9%	3	20.6%
			LEED	2	18.6%	2	18.3%
			HQE	3	8.5%	3	8.3%
			At least one certification	6	29.4%	6	29.0%
		Scope	<i>Number of assets</i>	<i>17/17</i>		<i>19/19</i>	
			<i>% of surface area (sq.m)</i>	<i>100%</i>		<i>100%</i>	

2.4 Amenities, layout and organisational efficiency

a) Organisational efficiency and layout

SFL buildings offer maximum flexibility and highly efficient operations, which provide an effective buffer against the risk of obsolescence. Tenants appreciate the myriad of layout options, which allow them to create their own space, with total freedom to be as conventional or innovative as they like.

We take special care over the amenities, layout and organisational efficiency of our assets, in particular through regular renovations and upgrades.

Evolving tenant expectations are accurately integrated into each renovation programme, thanks to the project scheduling process led by our Design Committee (Project Scheduling and Outcomes Definition Committee).

SFL designs modular, free-flowing and adaptable office spaces, whose highly flexible floor plates can be fitted out in line with tenant specifications. The resulting tenant layouts, which may be partitioned or open plan, ensure that users enjoy the best possible quality of working environment.

Office space

Office floor plates are delivered open plan to tenants, who are free to arrange them as they like. Ideal depths range from 13 to 18 metres with double exposure, so as to maximise the amount of fixed office space receiving direct sunlight. Meeting rooms, cubicles and common spaces can be laid out in areas receiving direct or indirect sunlight.

Most of our buildings offer modern, contiguous 1,000 to 3,000 sq.m floor plates that are highly conducive to organisational efficiency.

Utility installations are sized so that meeting rooms can be positioned anywhere on the floor plate, including in direct sunlight areas. These rooms generally cover 10% to 15% of the total floor area. HVAC and lighting installations are generally sized to offer an occupancy ratio of 10 sq.m of gross leasing area (GLA) per person. The ratio for sanitary facilities is 12 sq.m of GLA/person.

The large majority of SFL buildings have raised access floors and a clear ceiling height of usually 2.70 metres.

b) Occupant well-being and operational efficiency

Innovative services and new office use practices

The SFL_le_studio working group has been examining responses to the challenge of using flat roofs and underground levels to further enhance the quality of working environment of our buildings' users.

The topics addressed by SFL_le_studio for flat roofs include:

- Maintaining urban biodiversity (vegetation, rooftop vegetable garden, etc.).
- Creation of a space for relaxation and events.
- Creation of renewable energy sources: solar or photovoltaic panels, urban wind turbines, etc.

The topics addressed by SFL_le_studio for underground levels concern:

- Creation of collaborative workspaces: meeting rooms, co-working spaces, business centre, for use by people based in the building or outside.

- Creation of foodservice areas, with diversified and innovative product offers.
- Creation of user services such as fitness centres, concierge services, music rooms, treatment and relaxation rooms.
- Underground cultivation of mushrooms, aromatic herbs and other plants that don't require much room and can supply the building's restaurant (virtuous cycle).

Certain uses that require natural light could be envisaged by installing glass roofs, light wells or patios. This would be consistent with the Paris City Authorities' new PLU urban planning scheme applicable since September 2016 which encourages excavation of underground levels.

Occupant well-being and operational efficiency

To initiate an objective process, in 2015 the head office and three buildings – 96 léna, 176 Charles de Gaulle and In/Out – were reviewed for their amenities and health-related aspects.

The exercise will be repeated in 2017 with the aim of assessing and improving occupants' well-being.

Accessibility for people with disabilities

SFL is committed to installing special equipment and facilities so that people with motor, hearing or visual impairments can safely get around in our buildings as independently as possible. These include ramps, handrails, flashing and audio sirens, specially adapted areas that can accommodate suitable workstations, and lifts with Braille call buttons.

A new analysis was performed by an independent expert in 2016, based on the requirements of the French Labour Code.

In 2015, reviews of the accessibility for persons with reduced mobility in the SFL buildings open to the public were performed as part of the French government's Ad'AP scheduled accessibility programme. Based on the findings, an action plan for the publicly accessible areas is now being prepared. In buildings governed by the French Labour Code, an action plan to improve accessibility with signage, tactile guidepaths and handrails is being deployed. The resulting systems will exceed mandated standards.

In 2016, all of the Ad'AP action plans (seven buildings) were approved.

Workshops have been organised to assess building use quality, initially focused on accessibility.

100%

of major SFL redevelopments and renovations completed since 2010 offer complete accessibility for wheelchair users.

Support services

After the successful trial of a physical corporate concierge service in the Washington Plaza building, SFL is studying the feasibility of introducing a similar service in the 103 Grenelle and R-1 Cézanne Saint-Honoré properties. In addition, the dedicated ServicesbySFL website offers personalised information for each of the buildings.

Connectivity: all redeveloped properties offer exceptional connectivity. Mobile phone access is available throughout the buildings, even in the least accessible areas, with maximum exposure to electromagnetic fields significantly below the limit set in European Directive 2013-35 dated 26 June 2013.

2.5 Managing health, safety and environmental risks in our properties

SFL manages occupant safety and environmental risks in line with the highest standards, well exceeding regulatory requirements. The primary risks tracked for each facility are as follows.

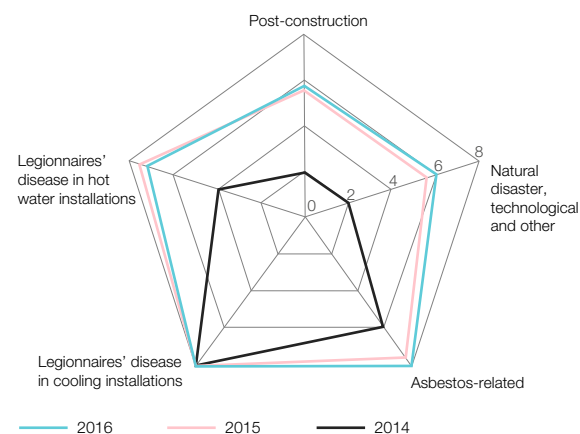
Buildings in use:

- Risks related to post-construction works.
- Natural disaster, technological and other risks covered by the regulatory risk prevention plan.
- Asbestos-related risks.
- Risks related to legionnaires' disease in the cooling installations.
- Risks related to legionnaires' disease in the hot water installations.

Redevelopments:

- Soil contamination surveys performed prior to redevelopment projects.
- Use of building products and materials rated A for VOC emissions in major redevelopment works.
- Environmental and health reference data (FDES) reviews for materials used in redevelopment works.

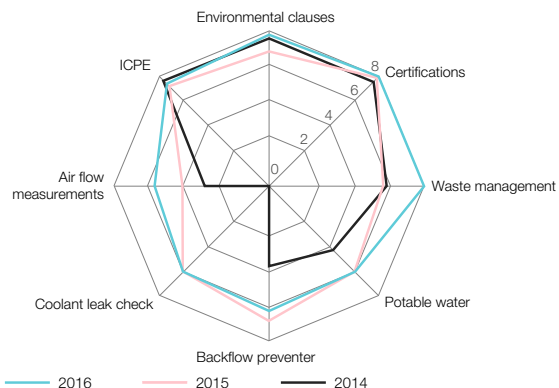
RISK DOCUMENTATION MANAGEMENT 2016 - 2015 - 2014



This diagram presents the average level across the entire portfolio.
 0 – Document to be prepared
 4 – Document to be updated or sent
 6 – Document updated and sent (regulatory compliance)

Other environmental and health risks

ENVIRONMENTAL AND HEALTH RISK MONITORING 2016 — 2015 — 2014



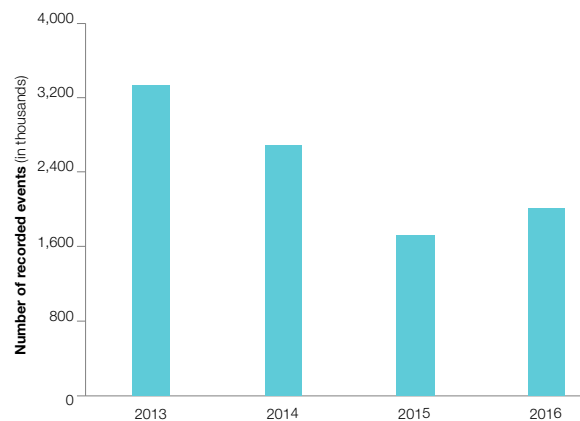
This diagram presents the average level across the entire portfolio.
0 – Document to be prepared
4 – Document to be updated or sent
6 – Document updated and sent (regulatory compliance)

Anticipating risks

Risks are managed via:

- The MEX web-based operations management platform developed in 2015, which covers all of the properties managed by SFL (11 of the 20 properties in the portfolio).
- An environmental charter and health and safety risk management guidelines.

No provisions for environmental or global warming risks were recorded during the year.



Since the regulatory compliance framework agreement was set up, there has been a marked reduction in the number of observations by the health and safety auditors.

The modest increase in 2016 was mainly due to the inclusion in the audit scope of the #cloud.paris and 9 Percier properties.

The MEX scorecard includes details of all regulatory audits.

3. Green value of our properties

Green value, which has major appeal for the young talents employed by our tenants, primarily stems from the improvement in four environmental performance indicators: energy use, water use, waste production and recycling, and CO₂ emissions. It also reflects biodiversity, to the extent possible in a dense, restricted cityscape, and the CSR content of capital expenditure projects. The energy and carbon indicators have been steadily improving.

Green value is assessed based on the buildings' occupation density, the quality of building services and the occupants' value added.

3.1 Sustainable building operation

3.1.1 Energy use

Final energy use by the properties owned and managed by SFL in 2016 represented some 60 GWh, of which around two-thirds concerned common areas and heating and air-conditioning delivered to private areas.

Based on a comparable portfolio between 2015 and 2016, total energy use (all sources combined) declined by 3%, representing a saving of more than 1.7 GWh.

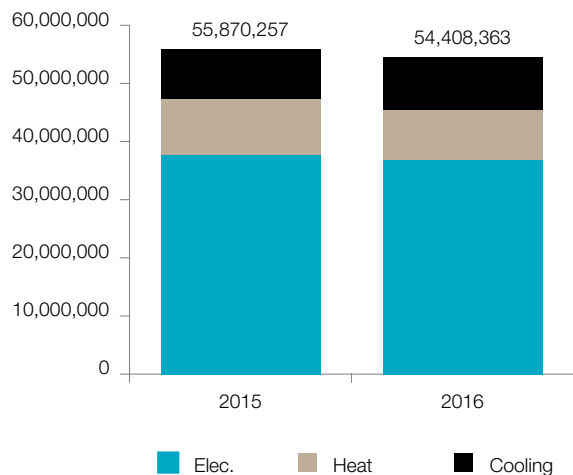
ENERGY USE – REPORTED AND LIKE-FOR-LIKE

Energy use by type of energy in MWh of final energy and energy intensity in kWh/sq.m (not climate adjusted)

			Common areas and shared services		Private areas		Total		% 15/16
			2015	2016	2015	2016	2015	2016	
Reported	Electricity - Reported	Electricity	19,794	20,770	18,580	17,898	38,374	38,667	0.8%
	District H&C - Reported	Heating network	9,327	10,162	0	0	9,327	10,162	9.0%
		Cooling network	10,401	10,253	0	0	10,401	10,253	- 1.4%
	Fuel - Reported	Natural gas	0	0	0	0	0	0	0.0%
		Fuel oil	739	749	0	0	739	749	1%
	Total energy use in MWh		40,261	41,934	18,580	17,898	58,841	59,832	1.7%
	Energy intensity	Intensity in kWh/sq.m					268	259	- 3.1%
	Scope	Number of assets					11/11	12/12	N/A
							100%	100%	N/A
Like-for-like	Electricity - LfL	Electricity	19,794	20,237	18,580	17,487	38,374	37,724	- 1.7%
	District H&C - LfL	Heating network	9,327	9,244	0	0	9,327	9,244	- 0.9%
		Cooling network	10,401	9,361	0	0	10,401	9,361	- 10.0%
	Fuel - LfL	Natural gas	0	0	0	0	0	0	0.0%
		Fuel oil	739	749	0	0	739	749	1.4%
	Total energy use in MWh		40,261	39,592	18,580	17,487	58,841	57,078	- 3.0%
	Energy intensity	Intensity in kWh/sq.m					268	257	- 4.1%
	Scope	Number of assets					11/11		N/A
							100%		N/A

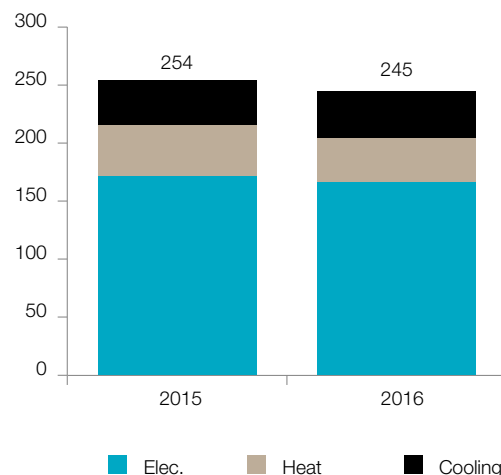
TOTAL ENERGY USE (ALL SOURCES COMBINED), CLIMATE ADJUSTED

(kWh) 2016 vs. 2015 like-for-like



ENERGY INTENSITY, CLIMATE ADJUSTED

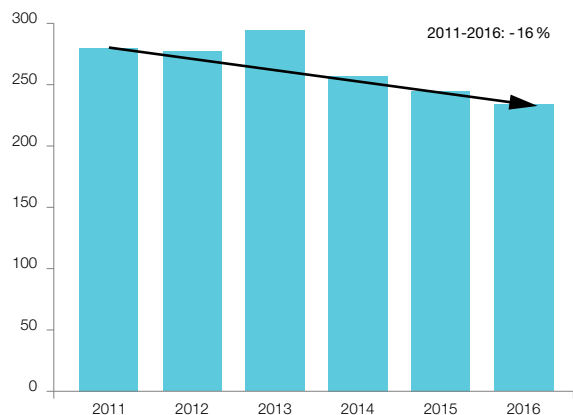
(kWh/occupied sq.m) 2016 vs. 2015 like-for-like



For the buildings whose baseline year is 2011, energy intensity has declined significantly since 2013 along with the intensity of carbon emissions.

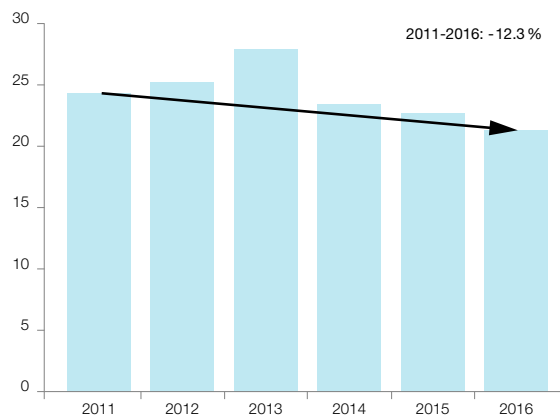
ANNUAL CHANGE IN ENERGY INTENSITY

(kWh/occupied sq.m) for properties included in the 2011 baseline



ANNUAL CHANGE IN CARBON EMISSIONS INTENSITY

(kg/CO₂e/sq.m) for properties included in the 2011 baseline



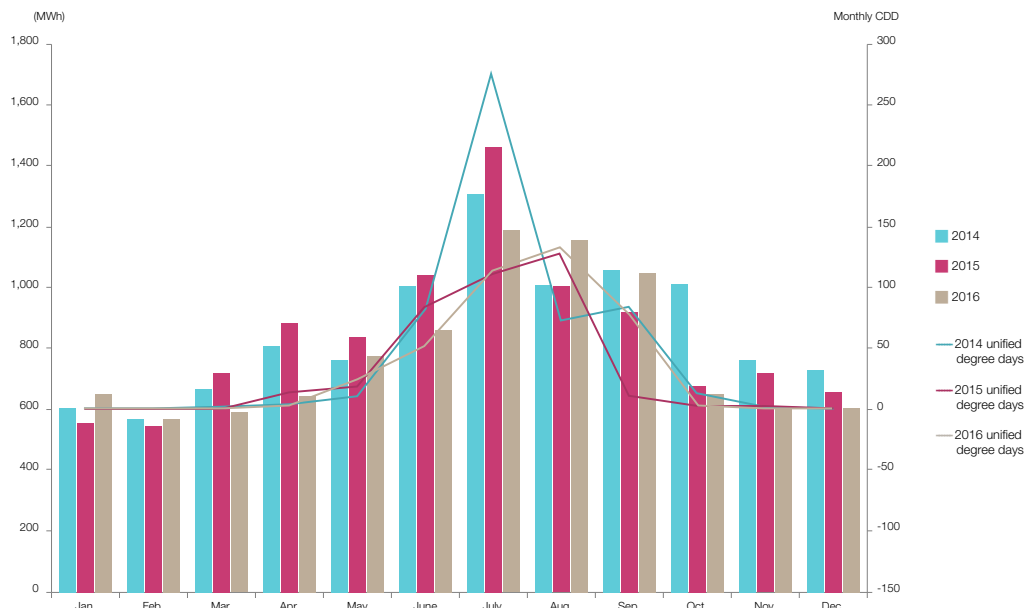
Target of 15% like-for-like reduction in kWh/sq.m between 2011 and 2017 exceeded in 2016.

Climate adjusted energy intensity for the eight buildings whose baseline year is 2011 was reduced from 245 kWh/sq.m in 2015 to 234 kWh/sq.m in 2016.

The target of 238 kWh/sq.m/year (a 15% like-for-like reduction in kWh/sq.m between 2011 and 2017) was therefore met a year early.

Energy use in these buildings is trending downwards, demonstrating the effectiveness of the energy efficiency initiatives undertaken since 2011.

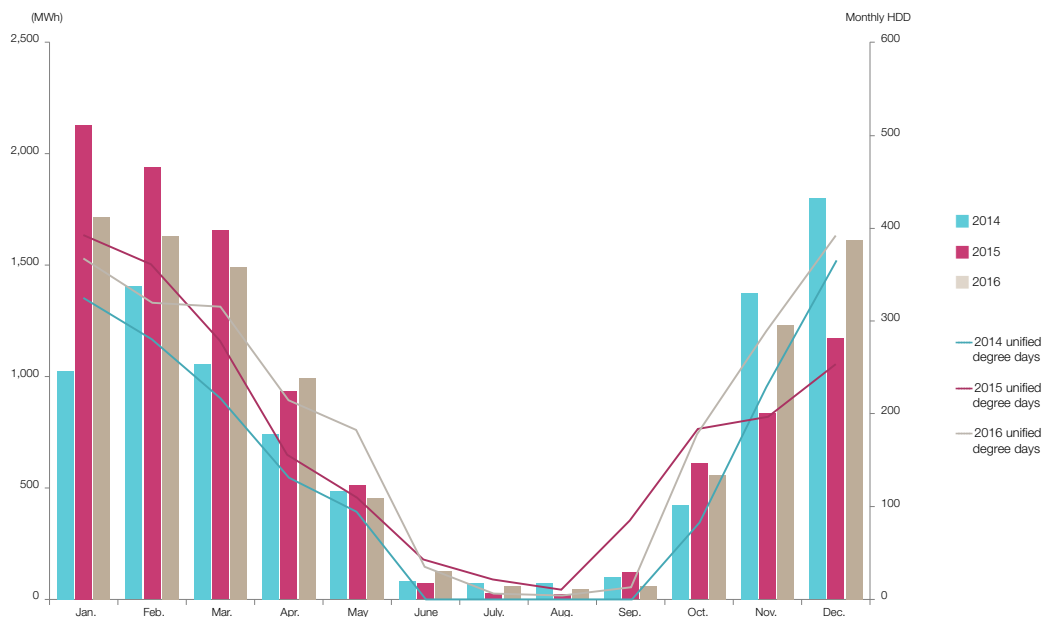
DISTRICT COOLING SYSTEM USE (CLIMESPACE)



District cooling system use closely reflects weather conditions, demonstrating that air-conditioning systems are used properly. However, use levels are high in certain areas, particularly computer rooms.

The buildings concerned by the like-for-like comparisons of district cooling system use are: Édouard VII, Cézanne Saint-Honoré, Galerie des Champs-Élysées and 92 Champs-Élysées. The other buildings concerned by 2016 versus 2015 like-for-like comparisons are equipped with their own cooling units.

DISTRICT HEATING SYSTEM USE (CPCU)



As for cooling systems, heating use for all properties included in the 2016 versus 2015 like-for-like comparison closely reflects weather conditions.

The buildings concerned by the like-for-like comparisons of district heating system use are: 108-112 Wagram, Édouard VII, Louvre Saint-Honoré, 103 Grenelle, 96 Iéna, Cézanne Saint-Honoré, Galerie des Champs-Élysées and 92 Champs-Élysées.

Improvements in the energy performance of SFL properties

In 2015 and 2016, SFL focused on structuring its approach for the coming years.

This involved:

- Assessing the relevance and volume of reported data compared to their use (private use broken down between non-food retail, restaurants, showrooms, etc., offices, trading rooms, private or shared auditorium or conference centres).
- Organising and expanding energy use data collection processes (particularly electricity) in buildings where the contracts are not managed directly by SFL (private office areas of multi-tenant properties, single-tenant properties, intercompany staff restaurants, etc.).
- Developing a three-year energy performance improvement master plan for each building in order to structure the initiatives required to maximise and lock in the final result. The first master plans will be drawn up for 176 Charles de Gaulle, Washington Plaza and Cézanne Saint-Honoré.

We expect these plans to deliver a lasting improvement in energy use above and beyond the gains achieved to date.

Initiatives carried out in 2016

Initiatives carried out in 2016 in line with our values included the following:

- Galerie des Champs-Élysées: reactive power compensation equipment put back into service (end-2016).
- Diagnostics/Studies/HQE Studies.
- Asbestos removal (9 Percier, Louvre Saint-Honoré, 112 Wagram).
- Improvements to equipment serving the whole building, such as cooling units and air handling units (9 Percier, 131 Wagram).
- Plumbing improvements (water saving, etc.).
- Heat and sound insulation improvements (Washington Plaza, Cézanne Saint-Honoré, Édouard VII, 112 Wagram, 103 Grenelle).
- Air-conditioning, heating, building management system and lift upgrades.
- Improvements and safety compliance work (sprinkler systems, fire extinguishers, videosurveillance systems, access controls, fire safety systems, alarm systems, etc.).
- Projects to create green spaces.

Initiatives launched in 2016 that will be continued in 2017

We are continuing to undertake initiatives to reduce energy use as part of our renovation and redevelopment projects:

- 176 Charles de Gaulle (Neuilly-sur-Seine): replacement of oil-fired boilers with combined heating and cooling pumps, scheduled for completion in 2017 – Energy supply survey conducted in 2016.
- #cloud.paris: development of an enhanced strategy for the use of dual source cooling systems (CLMESPACE district cooling system and on-site cooling units) undertaken in late 2016.
- Washington Plaza: plan to help prevent peak loads on the electricity network. Utilisation of power storage systems to optimise electricity costs and reduce peak rate use.

Each initiative is an opportunity to raise awareness of the related issues among SFL employees, building managers and facility managers, provide training and improve their skills in the areas concerned.

Initiatives planned for 2017

Following on from the sharp reduction in energy use ratios compared to the 2011 baselines, master plans are now being reviewed in a commitment to further improving energy performance in the years ahead, beyond the 2017 target met a year early in 2016. The plans will focus on the following areas:

- Revamping building management system (BMS) functional analyses.
- Optimising air handling unit (AHU) flow rates.
- Managing lighting in car parks and common areas.
- Breaking down energy use by destination.
- Raising occupant awareness.

These master plans, which will help to optimise capital expenditure and upgrade plans for existing assets, will integrate the initiatives already under way:

- Introduction of a contractual obligation for our building management partners to reduce their energy use.
- New regulatory energy audits of the buildings concerned in 2017.
- Certification progress plans.

Better insight into overall energy performance thanks to improved data collection and closer stakeholder relations

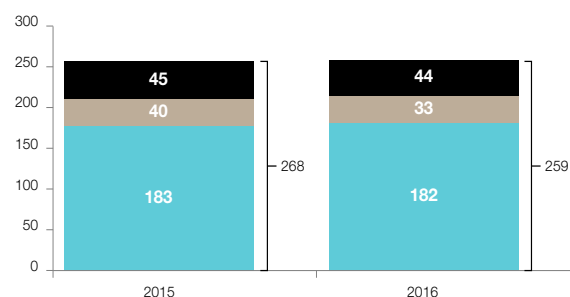
Data collection methods are being upgraded by broadening the scope of both measurement (to determine energy use by destination in the head office) and reporting (by integrating new buildings, exchanging data with clients in single-tenant buildings and metering private-area power use in multi-tenant buildings).

To gain better insight into our portfolio's overall energy performance, we maintain close relations with tenants and include an environmental appendix in all of our leases ("green leases"). This approach has enabled us to collect a vast quantity of data in the last two years on energy use in our buildings' private areas.

As of end-2016, tenants representing **73%** of the surface area of buildings managed directly by SFL reported details of their actual energy use. This percentage has risen sharply over the last two years and we are aiming to further improve the coverage rate going forward.

KNOWN AND ESTIMATED ENERGY USE BROKEN DOWN BETWEEN MANAGED AND NON-MANAGED BUILDINGS

(in kWh/sq.m)



■ Estimated use, not managed
 ■ Known use, not managed
 ■ Known use, managed

We are also working to obtain detailed information about energy use in buildings not managed directly by SFL (single-tenant buildings). In 2015 and 2016, we worked with tenants and third-party managers to set up appropriate reporting systems and as of end-2016, we had information about energy use for 48% of these buildings (based on sq.m).

Including buildings not directly managed by SFL (i.e., private use in single-tenant buildings not managed directly by SFL), total annual energy use for the entire portfolio is estimated at some 100 GWh.

In 2017, we plan to change our reporting method in order to also include energy use in the private areas of these buildings not managed directly by SFL.

This commitment to managing and reducing consumption is being supported by our partner building managers and multi-technical service providers, who are contractually obligated to issue regular activity reports.

3.1.2 Water use

The buildings owned and managed by SFL used some 140,000 cu.m of water in 2016, representing 20.2 litres per user per day.

On a comparable portfolio basis, water use rose by 1.3% in 2016 compared with the previous year. The increase was mainly due to major external wall cleaning operations, particularly at Édouard VII where water use was up by over 8,000 cu.m.

WATER USE – REPORTED AND LIKE-FOR-LIKE

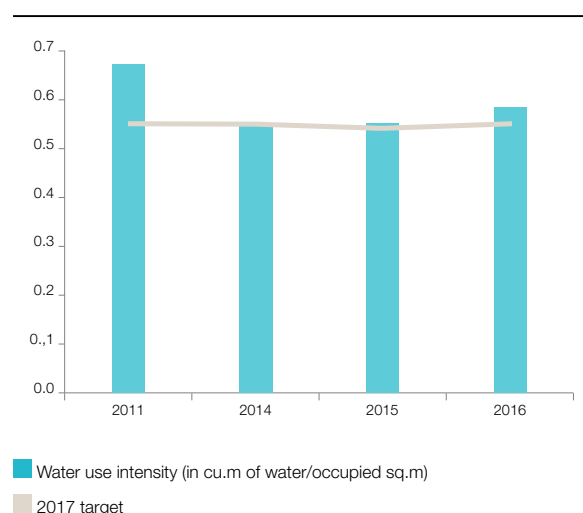
Water use and intensity, common and private areas combined, in cu.m, cu.m/sq.m and litres/user/day

			2015	2016	% 15/16
Reported	Water - Reported	Total water use in cu.m	135,056	135,404	0.3%
	Water - Intensity	Intensity	0.614	0.586	- 4.5%
		litres/user/day	19.7	19.4	- 1.6%
	Scope	Number of assets	11/11	12/12	N/A
		% of surface area (sq.m)	100%	100%	N/A
Like-for-like	Water - Lfl	Total water use in cu.m	135,056	131,036	- 3%
	Water - Intensity	Intensity	0.614	0.589	- 4.1%
		litres/user/day	19.7	20.0	- 2.6%
	Scope	Number of assets	11/11		N/A
		% of surface area (sq.m)	100%		N/A

For the eight buildings in the 2011 baseline scope of reporting, we have set a target of reducing water use by 20% by the end of 2017. In 2016, water use intensity stood at 0.584 cu.m/sq.m, representing a 13% decrease compared to the 2011 baseline for these buildings.

WATER USE INTENSITY

(in cu.m/sq.m)



Currently, four buildings have rainwater recovery systems: 92 Champs-Élysées, In/Out, Washington Plaza and #cloud.paris (2015). At Washington Plaza, over 800 cu.m of rainwater were recovered in 2016 versus 190 cu.m for the three months that the system was in operation in 2015.

SFL buildings are supplied exclusively by the city water system, which sources water from aquifers and rivers, makes it potable and then distributes it to the buildings' water supply connections.

All of our buildings are located in Paris or the Paris region and are not exposed to water stress risk as defined by the World Resources Institute.

3.1.3 Waste production and recycling

Tenant activities in the buildings owned and managed by SFL in 2016 generated 778 tonnes of waste.

Waste production per person and per year declined slightly, to 34 kg in 2016 from 34.5 kg the previous year.

Users in all of our buildings are offered a range of sorting solutions, primarily for paper, cardboard and plastic. We then ensure that the sorted waste is recycled or re-used, as appropriate, by the contractors responsible for its collection. In 2016, the recycling rate stood at over 63%.

WASTE MANAGEMENT

			2015				2016			
			NHIW	Paper, cardboard and plastic	Total	Recycled waste	NHIW	Paper, cardboard and plastic	Total	Recycled waste
Reported and like-for-like	Waste -	in tonnes	470	301	771	301	508	270	778	493
	Reported & Waste - LfL	in %	61%	39%	100%	39%	65%	35%	100%	63%
	Scope	Number of assets	7/11				8/12			
		% of surface area (sq.m)	87%				87%			

The coverage rate of waste production reporting systems has improved significantly in the last two years, through the joint efforts of SFL and the contractors responsible for collecting and sorting the waste. All buildings managed by SFL for which private waste management contracts have been signed (excluding municipal waste collection services) are now included in the reporting scope. The sharp rise in the recycling rate in 2016 compared with the previous year was mainly due to improved reporting of information about the processing of non-hazardous industrial waste (NHIW).

Food waste

We are not responsible for managing foodservices in our buildings and are therefore unable to measure and analyse the causes of food waste (which may result from such issues as poorly planned menus, inefficient production or bad management of unsold food). As a user of intercompany restaurants, we will nevertheless seek assurance that in buildings with such a restaurant, Article 102 of France's Energy Transition Act is complied with and that steps are taken to prevent food waste.

3.2 Carbon efficiency of our properties

SFL has embraced the worldwide commitment to managing and reducing greenhouse gas emissions, in accordance with the COP21 agreement. Emissions from our assets are measured by carbon audits performed at the head office and our other buildings every two years, as well as by dedicated carbon audits of each redevelopment project. We performed a lifecycle analysis of a floor plate renovation project at 9 Percier, to assess the carbon impact of a smaller scale project and improve our insight into Scope 3 of the Bilan Carbone carbon audit.

Carbon emissions by the buildings managed by SFL represented 5,680 tCO₂e in 2016, reflecting energy use for the year.

Carbon emissions intensity declined on both a reported and a like-for-like basis. At 24.3 kg/CO₂e, the intensity level was down 2.5% like-for-like on 2015.

The portfolio is exposed to climate risk. Regulatory risks represent a growing burden, encouraging us to invest in reducing our properties' carbon footprint and avoid them becoming prematurely obsolete. We plan to conduct research in this area.

GREENHOUSE GAS (GHG) EMISSIONS – REPORTED AND LIKE-FOR-LIKEGHG emissions from energy use in tCO₂e and GHG emissions intensity in kg/CO₂e/sq.m (not climate adjusted)

			Common areas and shared services		Private areas		Total		% 15/16
			2015	2016	2015	2016	2015	2016	
Reported	GHG - Direct - Reported	Scope 1	201	204	0	0	201	204	1.4%
	GHG - Indirect - Reported	Scope 2	3,087	3,307	0	0	3,087	3,307	7.1%
		Scope 3	664	702	1,524	1,468	2,187	2,170	- 0.8%
	Total GHG emissions in tCO₂e		3,951	4,213	1,524	1,468	5,475	5,680	3.8%
	GHG emissions	Intensity in kg/CO ₂ e/sq.m					24.9	24.6	- 1.2%
	Scope	Number of assets					11/11	12/12	N/A
							100%	100%	N/A
Like-for-like	GHG - Direct - Lfl	Scope 1	201	204	0	0	201	204	1.4%
	GHG - Indirect - Lfl	Scope 2	3,087	3,089	0	0	3,087	3,089	0.1%
		Scope 3	664	672	1,524	1,434	2,187	2,106	- 3.7%
	Total GHG emissions in tCO₂e		3,951	3,964	1,524	1,434	5,475	5,398	- 1.4%
	GHG emissions	Intensity in kg/CO ₂ e/sq.m					24.9	24.3	- 2.5%
	Scope	Number of assets					11/11		N/A
							100%		N/A

Emissions are being reduced primarily through action plans designed to improve energy efficiency. Removal of our last oil-fired boiler and work to suppress coolant leaks will also help us to meet our emissions target. The feasibility of connecting to district heating and cooling systems is systematically reviewed prior to any capital expenditure project.

The 2016 climate-adjusted carbon emissions intensity for the eight properties whose baseline year is 2011 was 21.3 kgCO₂e/sq.m/year, bringing us close to the 2017 target of 20.6 kg/CO₂e. Compared to the baseline, emissions intensity has been reduced by 12.3% versus the target of 15% for the period to 2017.

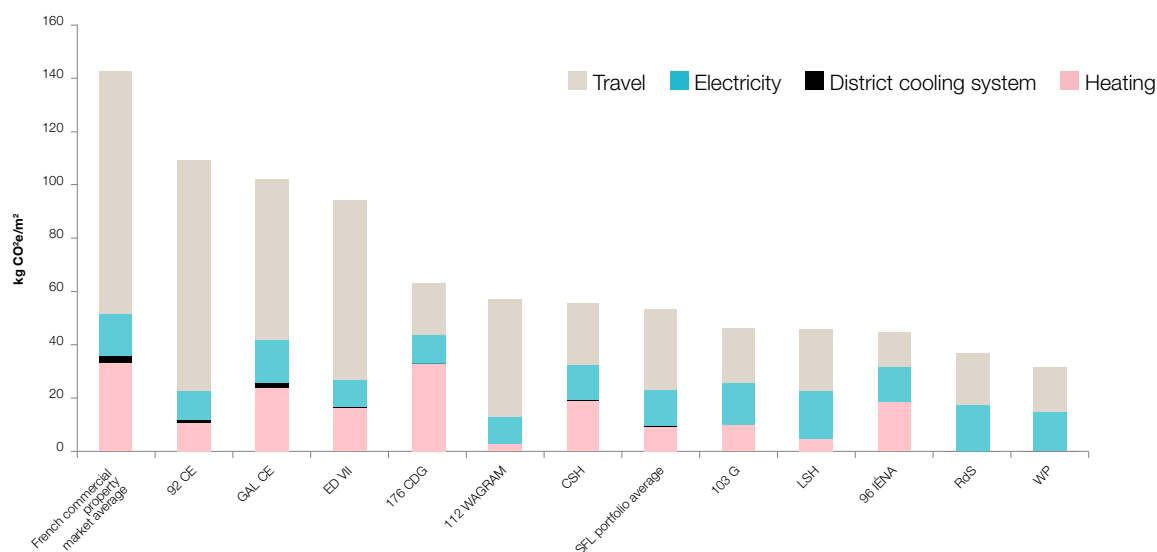
Since 2012, the carbon footprint of our buildings has been tracked based on their energy use and their occupants'

work-related travel habits, as determined most recently by the 2015 tenant satisfaction survey.

As part of the process for reporting significant sources of greenhouse gas emissions in compliance with France's Grenelle II Act (Article 75), we have identified two Scope 3 sources – user travel and emissions caused by renovation work.

Concerning renovation work-related emissions, in 2016 we performed a lifecycle analysis of a floor plate renovation project at 9 Percier, to assess the impact of a smaller scale project. The results of the analysis are currently being examined.

The total is considerably less than the average total for the office sector in France.

GREENHOUSE GAS EMISSIONS IN 2016 (FROM ENERGY USE AND WORK-RELATED TRAVEL)in kg/CO₂e/sq.m

3.3 Factoring CSR into capital expenditure projects

Building sustainability and durability are key issues for SFL, as a long-term investor that generally holds its assets for more than ten years. Decisions to invest in redevelopment projects or acquisitions are therefore made with two objectives in mind – first, to attenuate the risks of obsolescence and second, to enhance the building's alignment with tenant needs. Sustainability is built into each capital project through our technical choices (materials, equipment, etc.), aesthetic choices (architectural choices in keeping with Paris's historical urban landscape, timeless design choices) and the services the building will offer (original foodservice options, expanded range of services in common areas as illustrated by the latest Cézanne Saint-Honoré project). These choices are continuously challenged and reweighed through opinion surveys such as ParisWorkPlace and the tenant satisfaction surveys conducted every two years.

Acquisitions

In view of the many urban-planning, demographic, environmental and administrative restrictions and impediments facing investors in Paris real estate, acquiring new assets in the centre of the capital and redeveloping them according to the latest market standards is a means of preserving the urban landscape and its utility value over the long term. This is once again our objective with the acquisition of the SMA BTP headquarters building on avenue Émile Zola that was built in the 1960s and will be fully renovated starting in late 2017.

Capital project decision support system

20%

of total capital expenditure committed to reducing our environmental impact.

And 14.4% of operating expenditure for site maintenance (diagnostics, miscellaneous studies).

SFL is committed to managing the CSR performance of its operating expenditure and its renovation, refurbishment and redevelopment capital expenditure by assessing the CSR aspects of each outlay. This process builds upon the sustainable procurement policy applied in every aspect of our business.

The size of heating, ventilation and air conditioning units depends on the building's location in relation to urban heat islands in the Paris region.

Our teams in the SFL_le_lab and SFL_le_studio workshops carefully track the latest technology trends and innovations to integrate emerging practices – such as using the fifth façade (roof) and innovative building materials – as far upstream as possible in our projects.

In 2016, the following initiatives were implemented:

- The “Virtuous Head Office” review of ways to improve head office conditions and impacts. Head office data can be found in sections 3.5. (Head office) and 4.2. (Health, safety and quality of working environment).

- The “CSR Breakfasts”, short morning conferences open to all employees. Subjects covered in 2015 included eco-mobility, the circular economy and COP 21/22.
- Visit by operations teams to remarkable sites: Saint-Gobain's “Les Grands Voisins” lab.
- The first lifecycle analysis, on the 9 Percier project.
- Review of ways to enhance the utility value of underground levels and flat roofs.

Clean worksites

Waste materials are recovered and recycled on every SFL-managed worksite.

All of our major redevelopment, upgrade and renovation projects apply a clean worksite charter covering such areas as waste management, choice of materials, and noise, pollution and disamenity abatement.

The charter will be extended to other worksites in the future.

The circular economy

Contractors working on renovation and redevelopment projects are very actively encouraged to recycle waste materials.

For example, 87% of waste generated by cleaning work during the 9 Percier renovation project was recycled.

3.4 Biodiversity in our portfolio

SFL aims to protect and enhance biodiversity in its buildings and continues to contribute to France's Biodiversity Observatory for Corporate Parks and Gardens (OJEVE), which can use our properties to track the presence of wild pollinators.

By offering users the opportunity to reconnect with nature in quiet and peaceful gardens combining greenery and water features, biodiversity helps to increase our buildings' utility value.

Green space management contracts ban the use of pesticides.

In 2016, a plant and water-based landscape was recreated around the Le Vaisseau building in Issy-les-Moulineaux. The building's wide terraces extending out across the “moat” with views of the Seine river allow users to enjoy the beauty of a garden and the calming presence of water.

In the 9 Percier paved seating areas, the original art deco mosaics have been given a facelift and the fountain in the main patio has been restored. Our tenants have the use of these paved areas, which feature plants and trees and garden furniture.

Studies are in progress for the installation of beehives on the roofs of two more buildings, raising to four the number of buildings with hives – Condorcet, Washington Plaza, In/Out and Cézanne Saint-Honoré – and the transformation of interior courtyards into vegetated spaces at Cézanne Saint-Honoré and Édouard VII.

In 2016, the number of beehives on the roof of Washington Plaza was increased from one to three.

Landscaping is also a key component of the redevelopment projects currently in preparation (112 Émile Zola and Iéna).

Vegetated space

Paris: 7%

Western Crescent: 19%

These percentages correspond to horizontal and vertical green spaces as a proportion of the entire built-up plot of land on the sites of SFL's properties.

9,619^{sq.m}

of total vegetated surface area.

3.5 Head office

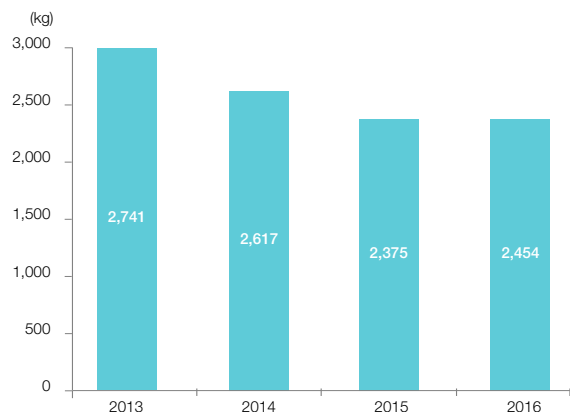
a. Energy and water use, greenhouse gas emissions due to private energy use, waste production and level of certification of SFL's Paris head office

			2015	2016	
Reported	Energy	in MWh	Electricity	176.5	151.4
			District heating network	0	0
			District cooling network	0	0
			Natural gas	0	0
			Fuel	0	0
			Total energy use	176.5	151.4
	Greenhouse gas (GHG) emissions	in kWh/sq.m	Intensity	75.2	64.5
		in tCO ₂ e	Scope 1	0	0
			Scope 2	10.59	9.08
			Scope 3	3.88	3.33
			Total	14.48	12.41
		in kg/CO ₂ e/sq.m	Intensity	6.17	5.29
	Water	in cu.m	Total water use	nd	429.2
		in cu.m/sq.m	Intensity	nd	0.183
	Waste	in kg		2,375	2,454
		% recycled		nd	nd
	Certifications	BREEAM In-Use (in % of sq.m)		100%	100%

Greenhouse gas (GHG) emissions report prepared in compliance with Article 75 of France's Grenelle II Act

GHG emissions								Avoided GHG emissions	
Category of emissions	No.	Types of emissions	CO ₂ f (kg/CO ₂ e)	CO ₂ b (kg/CO ₂ e)	CH4 (kg/CO ₂ e)	N ₂ O (kg/CO ₂ e)	Other gases (kg/CO ₂ e)	Total (kg/CO ₂ e)	Total (tCO ₂ e)
Direct GHG emissions	1	Direct emissions from fixed combustion sources	0	0	0	0	0	0	
	2	Direct emissions from mobile combustion sources (combustion engines)	0	0	0	0	0	0	
	3	Direct emissions not from energy use	0	0	0	0	0	0	
	4	Fugitive direct emissions	0	0	0	0	0	0	
	5	Biomass emissions (wood and other organic matter)							
	Sub-total		0	0	0	0	0	0	
Indirect energy-related emissions	6	Indirect emissions related to electricity use	0	0	0	0	0	7,347	
	7	Indirect emissions related to the use of steam, heating or cooling systems	0	0	0	0	0	0	
	Sub-total		0	0	0	0	0	7,347	
Other indirect GHG emissions	8	Energy-related emissions not included in types 1 to 7	0	0	0	0	0	7,347	
	9	Purchases of products or services	0	0	0	0	0	401,649	
	10	Capitalised work	0	0	0	0	0	47,278	
	11	Waste	717	1,226	23	0.1	0	741	
	12	Upstream goods transportation	0	0	0	0	0	0	
	13	Business travel	10,447	0	178	0	0	10,626	
	14	Upstream leased assets	0	0	0	0	0	0	
	15	Capital expenditure							
	16	Transportation of visitors and clients	0	0	0	0	0	0	
	17	Downstream goods transportation	0	0	0	0	0	0	
	18	Use of sold products	0	0	0	0	0	0	
	19	End-of-life of sold products	0	0	0	0	0	0	
	20	Downstream franchising activities	0	0	0	0	0	0	
	21	Downstream leasing activities	0	0	0	0	0	0	
	22	Employee commuting	10,368	0	119	93.8	0	10,575	
	23	Other indirect emissions	0	0	0	0	0	0	
	Sub-total		21,531	1,226	320	94	0	478,215	
	Total		21,531	1,226	320	94	0	485,561	

HEAD OFFICE WASTE PRODUCTION



The increase in 2016 compared with 2015 reflects growth in employee numbers and a clear-out conducted during an internal reorganisation in the summer.

A total of 83 kg of printer consumables were recycled in 2016.

A survey of 72 employees concerning their daily commute revealed that:

- For around 52% of respondents, the daily commute takes less than 40 minutes.
- For 19%, the daily commute takes between 40 minutes and one hour, and for 28% more than one hour.

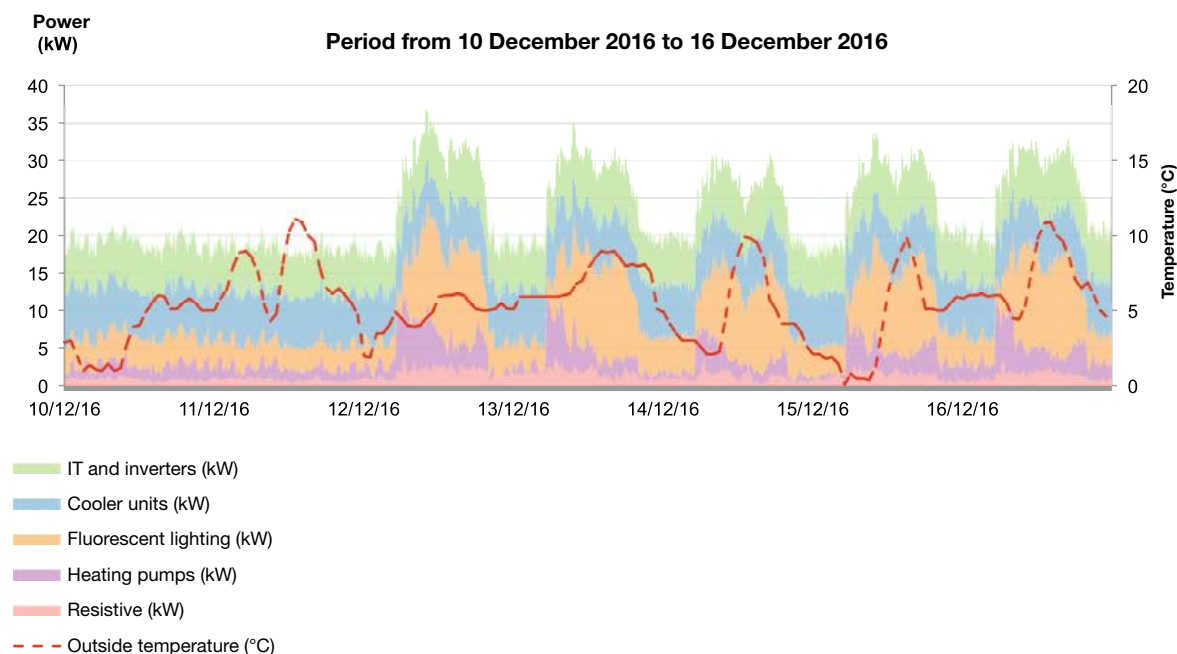
The average distance between their home and workplace is 19 km, representing total annual travel of some 2,700 km for all employees.

Individual carbon emissions range from 0 to 1,100 kg per year, for an annual total for all employees of 10,575 kg.

64 respondents are each responsible for less than 400 kg of carbon emissions per year (i.e., less than 1 kg of carbon per trip) including 43 responsible for less than 100 kg (i.e., less than 225g per trip).

Three-quarters of respondents use at least one form of public transport per trip.

b. Breakdown of electricity use by destination (SFL head office)



Thanks to the system set up in the summer of 2015, we can track private electricity use very closely (by 10 mm step) and the breakdown by main destinations. This means that we can

more effectively target the measures to improve our head office's energy performance, either through technical improvements or through sessions to familiarise employees with best practices.

4. Social responsibility value

Corporate social responsibility is about a lot more than environmental issues. It also covers such employee relations issues as the quality of working environment, the quality of supplier relations, and the quality of employee appreciation and remuneration.

75

employees, of which more than 70% of managers as of 31 December 2016.

4.1 Attracting talent and developing employee skills

In view of SFL's size and the structure of its workforce, developing skills and being able to attract and retain talent is a key challenge.

- Collective agreements

French real estate industry collective agreement: covering 73 employees at 31 December 2016 (97%). Building caretakers, concierges and employees collective agreement: covering two employees at 31 December 2016 (3%).

Remuneration and benefits

To encourage our employees' professional growth and engagement, policies are in place to offer them fair, attractive and incentivising remuneration comprising, for each one, a base salary and a performance bonus. In 2016, the target bonus represented an average 15.5% of the base salary, excluding Management Committee members. Total remuneration for the year, comprising both the base salary and the bonus, averaged €62,295, again excluding Management Committee members.

- Increase in average salary

On a constant headcount basis, the average base salary rose by 2.86% in 2016 (2.63% for men and 2.99% for women).

In 2016, for the fifth year running, free shares were granted to employees, this time to 50 managers and corporate officers, or two-thirds of the workforce at year-end. During the year, 61 employees invested in the Group Pension Savings Plan (PERCO), in an average amount of €3,935, matched by an average Company contribution of €3,205 representing more than 80% of the initial investment.

Moreover, in a commitment to encouraging employees to save for retirement, during 2016 management improved the terms of the PERCO system as part of the annual negotiations completed in December 2015:

- A more favourable method has been adopted for calculating the matching contribution to employee investments.
- An additional fixed contribution is now granted, without the employee having to invest beforehand.

The first of these two measures had the effect of increasing the maximum annual matching contribution from €3,600 to €3,900 per recipient, explaining the 9% average growth in voluntary employee contributions to the PERCO between 2015 and 2016.

The second measure led to 67 employees receiving an individual Company contribution representing a flat €300.

All told, SFL's financial support for employees seeking to build or improve their retirement nest egg amounted to €215,620 in 2016.

Employees with at least three months service are entitled to profit-shares under non-discretionary and discretionary plans, which paid out a total of €826,680 in 2016, 20% more than in 2015.

In addition, remuneration policies cover a number of extra benefits, including a time savings account that converts unused leave entitlement into investments in the PERCO plan, service vouchers fully financed by the Company and the Works Council, and subsidised food services (meal vouchers and/or intercompany staff restaurants).

Lastly, 2016 saw the introduction and deployment of the first Personal Remuneration and Benefit Reviews for employees. The reviews meet several objectives: to inform employees as clearly as possible about the Company's various remuneration systems and also to present the value of their total package (salary, bonus, other remuneration and benefits). The first review exercise earned a 91% approval rating from employees and will be repeated each year.

Attracting and retaining talent

There was a significant amount of movement in the workforce during the past year. Ten employees left the company, including three at the end of their fixed-term contracts, two to take retirement and one who resigned.

At the same time, fourteen people were hired, ten under permanent contracts and four under fixed-term contracts (three of whom were still working for the Company at the year-end).

These offsetting changes meant that employee numbers remained relatively stable in 2016, with 75 employees at year-end versus 71 a year earlier. The average seniority of employees on the payroll at 31 December 2016 was ten years.

Training and skills development

As part of the ongoing digitisation of our human resources processes, another module was added to our HR management information system, for career reviews.

Going digital offers a wide range of benefits:

- Elimination of paper forms.
- Simpler interaction between managers and employees.
- Shorter processing times.
- Improved data traceability.

In the specific case of career reviews, the decision to use the internal collaborative portal to support the process fulfils two objectives:

- Promote discussions and exchanges of views on each employee's career prospects.

- Facilitate the sharing of career and training information between employees, their managers and the Human Resources Department.

In 2016, 69 employees took part in career reviews, which are scheduled to take place every two years.

The equivalent of 3.29% of total payroll was allocated to training programmes in 2016 as part of the drive to promote employee skills acquisition and/or development.

Nearly 1,680 hours of training were offered to 60 employees, representing an average of 28 hours per trainee. The courses were primarily focused on asset management, financial management, law, business management, office technology and languages.

In addition, a total of 337 hours of training in management and personal development skills were given during the year.

All managers participated in a specific training session in 2016 on psychosocial risk (PSR) prevention and ways of improving working environment quality (WEQ). Representing one of the three components of the PSR/WLQ action plan, the session was designed to give managers the keys to understanding professional identity issues and the tools for managing them effectively (such as discourse, authority, team project, management without psychosocial risks).

Twenty-three managers participated in the one-day session in 2016.

1,675.50

hours of training conducted in 2016.

83.67%

of employees trained in 2016 (number of employees trained as a % of the average number of employees for the year).

4.2 Health, safety and quality of working environment

As key factors in making SFL a great place to work, health, safety and well-being represent major issues not only for employees, but also for the entire corporate community. With this in mind, these criteria have been fully integrated into our human resources policies, independently of any legal obligations. All employees are represented in a Health, Safety and Working Conditions Committee.

Occupational health and safety

There were no workplace accidents in 2016 and consequently, the accident frequency rate and the severity rate were both zero for the year.

A single commuting accident was reported and no occupational diseases were observed during the year.

In 2016, our employee health and safety policies were actively pursued, with:

- Implementation of a new Workplace First Responder training programme, in which 14 employees participated, and installation of a workplace defibrillator.

- Organisation of a new series of fire prevention training sessions in coordination with APAVE, a risk management consultancy.

Quality of working environment

Initiated in 2015 with the support of a specialised consultancy and in collaboration with a working group made up of employees, employee representatives and our occupational physician, the programme to help prevent psychosocial risks (PSR) and improve the quality of working environment (QWE) led to the preparation of a report in 2016 that was presented to employee representatives and to all employees during various information and discussion meetings.

The report highlighted the benefits of developing a strong internal culture of management and communication within the organisation. In response to its findings, a three-point action plan has been drawn up and deployed:

- In October 2016, managers were given specific training in management techniques that avoid generating stress and psychosocial risks.
- In November 2016, a seminar was organised for all employees on the topics of communication and collaborative working.
- In December 2016, a working group was set up to consider ways of improving the quality of working environment.

The choice of these issues reflects the purpose of the exercise, which was to ensure compliance with the obligation to regularly assess workplace risks, while laying the foundations for a more satisfying quality of working environment.

We have chosen to track various indicators, particularly the short-term absence rate which is a valuable indicator of employee well-being and engagement.

0.82%

short-term absence rate (1 to 3 days).

4.3 Diversity and gender equality in the workplace

Diversity and gender equality in the workplace is a major issue for employee development and business growth.

That is why we have reaffirmed both our pledge to reject any and all forms of discrimination and our commitment to promoting equal opportunity and diversity in the workplace.

Gender equality

In line with the rest of our industry, SFL has a high proportion of women employees, who accounted for over 60% of the total workforce at 31 December 2016. With this in mind, in December 2016, we negotiated and signed a gender equality agreement.

The agreement comprises a certain number of measures backed by improvement targets and indicators in the following areas:

- Hiring and job opportunities.
- Promotion opportunities thanks to ongoing skills development.
- Gender-neutral remuneration.

In 2016, for example, eight of the 14 people hired during the year were women and 76.58% of women employees attended

training courses, compared with 95.72% of the men (percentages based on the average number of employees in 2016).

As part of the statutory annual pay round in 2016, the opening of negotiations on the gender pay gap was duly minuted. At their conclusion, the parties noted that there was no form of gender discrimination and reaffirmed the need to apply the principle of equal pay when individual salary increases are awarded.

Seniors and young people

SFL also attaches particular importance to combating age-based discrimination.

The average age of employees is 43. At 31 December 2016, employees aged 45 and over represented half of the workforce and under-35s represented less than a quarter (23%).

People with disabilities

As part of our policy of supporting employment opportunities for people with disabilities, in 2016 we contributed a grant of €15,000 (excl. tax) to the operating budget of ADAPT, a not-for-profit organisation working in this area.

Given the stability of our workforce and low hiring volume, opportunities to hire employees with disabilities are limited and we therefore paid €6,919.20 into the AGEFIPH disabled employment fund in fulfilment of our statutory obligations in this area.

Internal agreements with employee representatives signed in 2016:

- Addendum 1 dated 20 May 2016 to the discretionary profit-sharing agreement.
- Addendum 8 dated 20 May 2016 to the non-discretionary profit-sharing agreement.
- Addendum 6 dated 20 May 2016 to the PEE Employee Share Ownership Plan.
- Addendum 6 dated 20 May 2016 to the PERCO Group Pension Savings Plan.
- Agreement dated 13 December 2016 on gender equality and working environment quality.

4.4 Sustainable procurement and supplier relations

In recent years, SFL has paid particular attention to the sustainability of its procurement process.

Our procurement strategy reflects sustainability criteria by:

- Demonstrating best-in-class supplier management performance.

CSR principles are integrated into tender criteria and specifications for building managers and works contractors.

To lead this aspect, the environment and sustainable procurement unit set up in 2015 is tasked with implementing action plans to (i) manage our costs and environmental impacts more effectively, notably for projects carried out by the Technical and Development Department; and (ii) meet our CSR performance objectives through:

- Analyses of CSR drivers.
- Materials selection.
- Technical and environmental trend monitoring and R&D programmes (SFL_le_lab).
- CSR performance tracking.

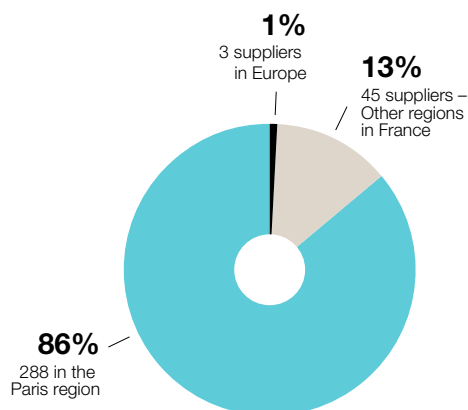
Tenders and supplier management

To avoid inappropriate use of sub-contractors, the sub-contracting pyramid is limited to a maximum of two levels.

In addition, when commissioning work, priority is given to local companies and contractors.

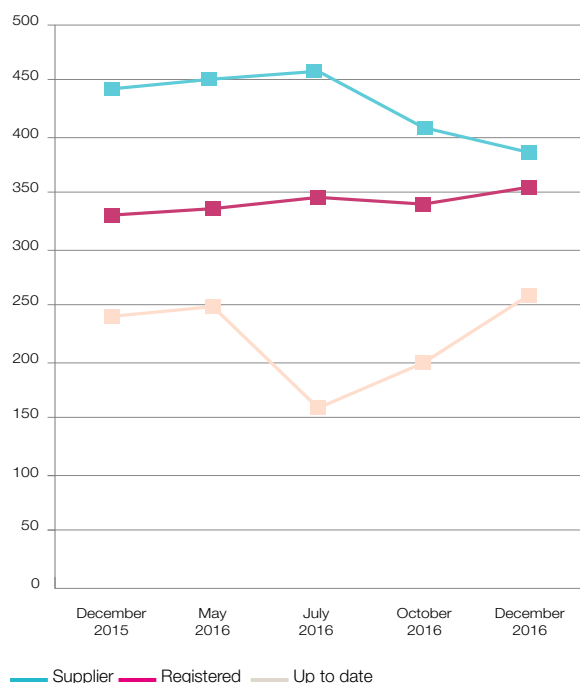
For example, in 2016, 86% of our suppliers were based in the Greater Paris region.

SUPPLIER LOCATION – 2016



Supplier administrative processes are managed mainly via the “e-Attestation” compliance platform, which is used to track all of the suppliers with the selected APE business identifier codes that do more than €3,000 worth of business with the Group. This subject is described in more detail in the governance and ethics section.

2016 E-ATTESTATIONS



Last year's increase in the proportion of registered suppliers and suppliers up-to-date with their e-Attestations was directly attributable to the deployment of the compliance platform.

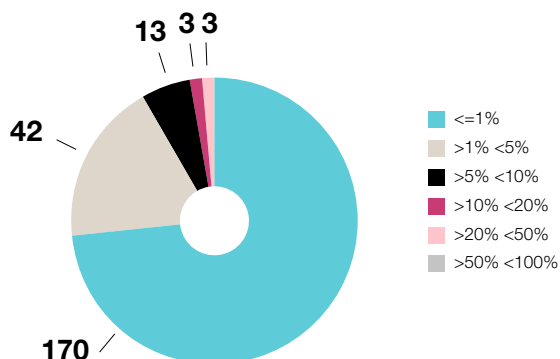
Supplier relations

Suppliers play an extensive role in our processes to drive continuous improvement and performance. Multi-technical maintenance providers, for example, have undertaken to embrace our CSR commitment. We also ensure that their sub-contractors participate in this process. In practice, maintenance providers submit technical recommendations that encourage responsible behaviour, notably in the following areas:

- Optimising energy and fluids use.
- Using eco-friendly cleaning products.
- Reducing the amount of packaging and waste.
- Enhancing the occupant experience.
- Increasing the scores for BREEAM In-Use certifications.

DEPENDENCE RATE

(number of SFL suppliers/contribution to suppliers' revenue)



97% of suppliers depend on SFL for less than 10% of their revenue.

Communicating with worksite personnel

Care is taken to create open communication channels with construction teams during redevelopment and renovation works to ensure that they are carried out safely and smoothly.

The worksite health and safety procedure includes:

- Environmental training/information (for triple certification sites).
- Access passes for workers.
- Risk prevention measures.
- On-site first responders.
- First-aid equipment.
- An incident archive system.

Contractors working on-site are given a handbook containing:

- Information on break schedules.
- Restrictions concerning the use of radios.
- Practical information about site organisation (sanitary facilities, access, opening hours, etc.).
- Instructions for personal protection equipment in compliance with the applicable regulations.

Designed for each worksite's exclusive use, the handbook is translated into the second language most spoken by site workers. In the same way, on-site information notices and signage are also translated into several languages. This ensures that workers can easily find their way around the sites and stay constantly informed.

4.5 The local urban footprint of our portfolio

SFL supports Fondation Palladio in its commitment to building the City of Tomorrow.

Set up in 2008 under the aegis of the Fondation de France, the Fondation Palladio is a unique initiative by France's real estate industry to address a major challenge of the 21st century, that of developing urban areas and building communities. Today, its members span all sectors and professions concerned by urban development in the broadest sense of the term. It provides a forum for political decision-makers responsible for urban development, academics, investors and developers to exchange ideas and invent the City of Tomorrow. The Foundation's institute conducts research to help urban planners see the broader picture, its "Pôle Avenir" (Division of Future Development) helps to ensure that engineers and other professionals with the necessary skills will be available in the future to enable urban planners to achieve their vision, and its "Pôle Recherche" (Division of Research) leads the research effort in shaping that vision. By comparing the perspectives of managers and experts, students and professionals, academics and people working in the field, each of the Foundation's initiatives helps to nurture a process of challenging preconceived ideas, embracing new ones and learning from one another.

In 2016, with SFL's support, the Palladio Foundation developed:

- For executives and decision-makers, the Institut Palladio des Hautes Études sur l'Immobilier et la Cité's 5th Annual Cycle of debates on the topic of "*The City of Tomorrow in the Age of Social Responsibility*", sponsored by Anne Hidalgo, the Mayor of Paris and Chair of the C40 Cities Climate Leadership Group. The Actes 2016, a detailed account of the proceedings, including the contributions of the 28 people who participated in the seminars, were published in November 2016, adding another volume to the Collection created in 2012. The 2017

cycle sponsored by Xavier Bertrand, President of the Hauts-de-France region, will address the question of *"What Position Will Work Occupy in the City of Tomorrow?"*. In addition to the activities of the Institute, the Foundation co-organised the 2016 SIMI professional real estate event's plenary conference on the revolution in urban and real estate models.

- For students, the Palladio Foundation's "Pôle Avenir" funded 16 scholarships representing a total grant of €135,000. The SIMI professional real estate event's Junior award was sponsored by the Foundation for the 9th year running and the "Training Zone" for the 6th time. The Foundation and its Division of Future Development also supported the 5th edition of the Forum des Métiers de l'Immobilier, a professional forum that attracted 45 exhibitors and 2,000 visitors. It was an opportunity for the Foundation to launch its first annual survey of real estate and urban development professions, the results of which will be published during the 2017 Forum. The "Rentrée Universitaire" event organised by the Foundation at the beginning of the academic year was attended by students from more than 30 universities and schools studying over 45 different subjects.
- For doctoral and post-doctoral students, the Palladio Foundation's Division of Research represents a valuable resource. In addition to Cahiers Palladio, which publishes collections of articles by doctoral students who have received Foundation scholarships, in 2016 the Division of Research organised the 5th Real Estate and Urban Development Research Symposium on *"The City-Dweller Eco-System"*. During the Symposium, eight doctoral students who received Foundation scholarships in 2016 presented the provisional results of their research to a panel of executives and decision-makers.

In 2016, SFL was particularly closely involved in:

- The Palladio Foundation's communication initiatives: helping to promote awareness of the Foundation's activities and distributing invitations to its events.
- The Palladio Institute: Eric Oudard, SFL's Chief CSR Officer, was a member of the *Collège d'auditeurs* in 2016 and spoke at the annual Symposium.

The CSR issue concerning our local urban footprint covers the ability to design and manage property assets that meet a city's social needs, such as modern architectural design and blending sites seamlessly into the urban environment. It also involves fostering good-neighbour relations by limiting any disamenities caused by redevelopment works.

Good-neighbour relations and communication during redevelopment works

SFL has deployed a stakeholder dialogue and governance system involving elected officials and local authorities during the project design phase and neighbouring communities during the works phase. Through quarterly meetings, dedicated email addresses, information boards and letters, public hearings and informal presentations, we work closely with stakeholders to build the most appropriate solutions for the maintenance and development of our assets.

For example, for the #cloud.paris project in the 2nd *arrondissement* of Paris and the In/Out project in Boulogne-Billancourt, we created an on-site showroom to present the project to neighbours, with the involvement of local authority representatives and stakeholders (architects and contractors). Large-scale architectural models were created, together with visual aids to present the projects and their integration in the urban landscape. Neighbours were given the opportunity to have their say and to

make requests of the people involved in the project, before and during the works phase.

In each case, particular care is taken to limit any neighbourhood disamenities caused by redevelopment works. We endeavour to communicate as early as possible about the measures that will be taken to reduce these disamenities and the ultimate benefits of each redevelopment project. For the #cloud.paris project, with the agreement of the City of Paris and 2nd *arrondissement* authorities, we lobbied for the pedestrianisation of rue Menars, the street serving the buildings.

Community integration

As a member of the French property industry federation (FSIF), SFL participates in the meetings for France's Sustainable Building Plan.

For each project, interaction in the upstream phase helps to define the worksites with the lowest impact on the urban environment.

In 2016, we focused on breathing new life into the Edouard VII shopping street, in agreement with official French government heritage preservation architects (ABFs) and the Paris and 9th *arrondissement* authorities. Our work focused on enhancing the shop frontages and the site's general signage; improving the neighbourhood's accessibility and flow; and restoring the façades on Boulevard des Capucines and Rue Caumartin in order to draw attention to their outstanding ornamental features. This work will continue in 2017 with the transformation of interior courtyards into green spaces.

In addition, we are working to promote the local neighbourhood economy by listing on the ServicesbySFL dedicated web platform all the local shops and service outlets located around our properties that may be of interest to the buildings' users. The platform collects information from updated databases, making it easy for users to contact nearby restaurants, convenience stores, shoe-repair shops, dry cleaners, key cutters, car repair shops and other service providers.

Architectural design

SFL pays particular attention to the architectural quality of its assets. To help us meet some of the highest standards in this area, we tend to work in close cooperation with ABFs. Prior to any redevelopment project, in-depth historical reviews are performed to ensure that the buildings blend seamlessly into the high-quality urban environments in our host cities of Paris, Boulogne, Neuilly and Issy-les-Moulineaux.

We are a significant contributor to the regeneration of office stock, particularly in Paris, as evidenced by the dozen administrative permits (building permits, works notifications, advance works notifications, etc.) obtained in 2016 alone. We continuously endeavour to maintain and promote constant dialogue with the stakeholders involved in developing the Paris cityscape (City of Paris authorities, ABF architects and the *Pavillon de l'Arсенal* urban planning and architecture information and documentation centre).

After the delivery in 2015 of a benchmark office redevelopment project (#cloud.paris), operations carried out in 2016 were less spectacular but were no less valuable in terms of the way in which they used interior design and architecture to contribute to new office use practices. One example was the successful transformation of communal areas in the Cézanne Saint-Honoré

building on rue Paul Cézanne. Our teams worked with Studio Puttman and Agent M to create a new Business Centre featuring an auditorium with 100 fully-connected seats, a lounge and a new-generation Mamie Cocotte® foodservice area.

SFL projects are recognised for their architectural and urban quality, which earned the #cloud.paris project the 2016 Mipim Award for the Best Office & Business Development.

SFL is a member of France's Architecture and Contracting Authority Association (AMO), which promotes constructive relations between architects and building owners. In all, our commitment to outstanding architectural design is helping to enhance the quality of urban life in our host cities and neighbourhoods.

4.6 Ethics and compliance

SFL employment contracts include a code of conduct which covers issues such as professional integrity, combating fraud, non-discrimination and compliance with tax rules. The Group also complies with the specific code of conduct for SIICs (real estate investment trusts) which covers topics such as the selection and rotation process used for the independent valuers that value the portfolio.

Employees may contact the Internal Control Department if they have any questions about professional ethics or conduct.

There were no corruption-related incidents or sanctions in 2016 and no political donations were made during the year, in accordance with French legislation.

Ethics in the SFL value chain

Measures are also in place to ensure that employees as well as suppliers uphold the Fundamental Conventions of the International Labour Organization (ILO) in the areas of:

- Freedom of association and collective bargaining.
- Eliminating discrimination in respect of employment and occupation.
- Eliminating forced and compulsory labour.
- Effectively abolishing child labour.

Other than in exceptional cases, every supplier, irrespective of the type of goods or services provided, is subject to a number of obligations under applicable labour legislation, particularly as regards clandestine labour and the employment of foreign workers.

Failure of any supplier to comply with these legal or regulatory obligations could expose SFL to the risk of legal and/or financial sanctions, a situation that has led to a review of our practices in this area.

French legislation prohibits clandestine labour and the employment of undocumented foreign workers.

As a disincentive, legal liability is assigned at two levels:

- The company that does not report an employee or employs an undocumented worker is subject to criminal, administrative and financial sanctions.

Co-contractors can also be held financially liable, i.e., any co-contractor which, when a contract for the provision of work or services is signed, does not verify that its supplier has made all the applicable declarations and is up to date with its social security contributions. This compliance has to be checked every six months throughout the term of the contract.

To avoid any risk of non-compliance and meet our obligations concerning supplier employee documentation, SFL:

- Uses a collaborative, web-based platform on which suppliers submit the necessary documentation.
- Includes a standard contractual clause in every contract worth more than €3,000 (excl. VAT).

The dedicated platform enables suppliers to submit, simply and free of charge, all of their employee and tax-related documentation as well as any required certificates and statements concerning their technical and financial capabilities. It manages all of the administrative documents, verifies that they are complete, and if necessary sends reminders to the suppliers concerned. This enables us to check compliance at any time, both of existing suppliers and potential new suppliers if they are included in the database.

In 2016, we pursued the supplier selection process based on their APE business code which provides an indicator of their potential exposure to the risk of employing undocumented workers.

Integrating CSR into corporate governance

- Annual review of environmental, social and governance (ESG) performance and CSR issue mapping exercise with the Board of Directors and Audit Committee (regulatory compliance).
- Sharing CSR practices with the primary shareholder.
- Integrating material CSR risks into the corporate risk map.

The most significant CSR risks are as follows:

- Risk of potential additional costs, e.g., to address obsolescence, energy efficiency, disputes with neighbouring communities, etc.
- Risk of criminal sanctions if suppliers are found to use undocumented workers.
- Risk of delays in obtaining permits or authorisations due to biodiversity issues, local urban impact, etc.
- Human resources risks, (inability to attract talent, skills obsolescence, etc.)
- Risk that our CSR performance will deteriorate if tenants do not embrace our CSR commitment.

The main identified opportunities are:

- Opportunity to attract and satisfy tenants (location, amenities, efficient planning of renovations, etc.).
- Opportunity to increase rental and asset values.
- Opportunity to foster innovative tenant relations ("green" leases, etc.).
- Opportunity to nurture the trust of shareholders, tenants, public authorities and investors.

Governance

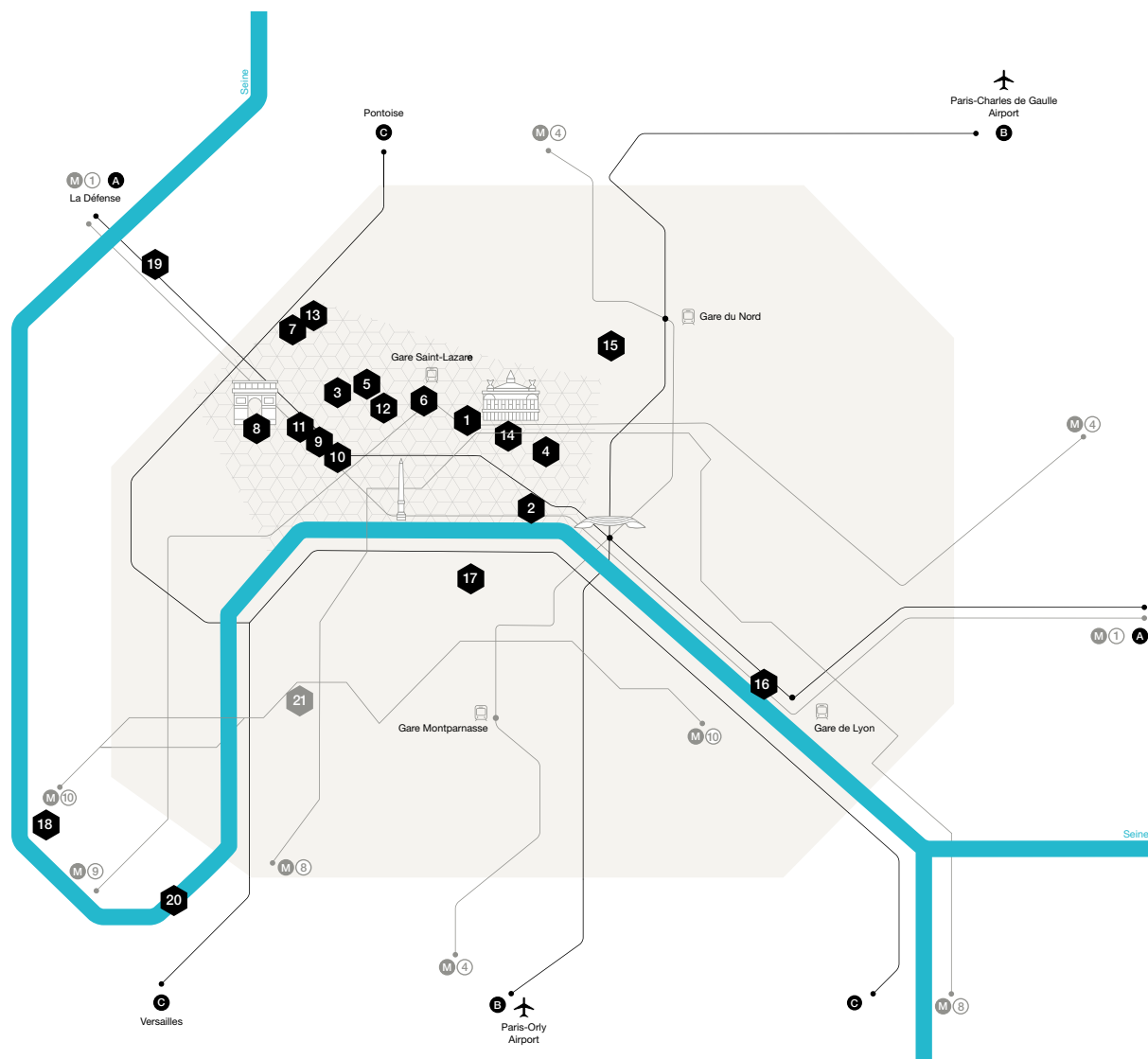
See Appendix 7.5 (Chairman's Report on Corporate Governance and Internal Control) on pages 96 *et seq.* of the Management Report, in which the following subjects are discussed:

- The roles and responsibilities, membership and independence of the Board of Directors and the Board of Directors' advisors.
- Compliance with the recommendations of the AFEP-MEDEF Corporate Governance Code and analysis of any weaknesses.
- Remuneration of executives and directors, notably the shareholders' say on pay vote.
- The internal control process and the Statutory Auditors' report on the financial statements.

5. Appendices

5.1 Presentation of the Property Portfolio

SFL is a property company that specialises in the prime commercial property market. In value terms, office properties make up 81% of the portfolio, retail units 18%, and residential units 1%. The aggregate revenue generated from the portfolio in 2016 was €198.1 million. The overall occupancy rate at 31 December 2016 (excluding properties undergoing redevelopment) was 97%.



CBD

- | | |
|----------------------------|---------------------------|
| 1 Édouard VII | 8 96 Iéna |
| 2 Louvre Saint-Honoré | 9 90 Champs-Élysées |
| 3 Washington Plaza | 10 Galerie Champs-Élysées |
| 4 #cloud.paris | 11 92 Champs-Élysées |
| 5 Cézanne Saint-Honoré | 12 9 Percier |
| 6 Haussmann Saint-Augustin | 13 112 Wagram |
| 7 131 Wagram | 14 6 Hanovre |

Rest of Paris

- | |
|-------------------|
| 15 Condorcet |
| 16 Rives de Seine |
| 17 103 Grenelle |

21 112 Émile Zola
(not included in 2016 scope)

Western Crescent

- | |
|--------------------------|
| 18 In/Out |
| 19 176 Charles de Gaulle |
| 20 Le Vaisseau |

OUR PORTFOLIO

	Total surface area (sq.m)*
Paris Central Business District	
Édouard VII	54,100
Louvre Saint-Honoré	47,700
Washington Plaza	47,000
#cloud.paris	35,000
Cézanne Saint-Honoré	29,000
Hausmann Saint-Augustin	13,400
131 Wagram	9,200
6 Hanovre	4,600
96 léna	8,900
90 Champs-Élysées	8,900
Galerie Champs-Élysées	8,700
92 Champs-Élysées	7,700
9 Percier	6,700
112 Wagram	6,000
Total	286,900
Rest of Paris	
Condorcet – Paris 9	24,900
Rives de Seine – Paris 12	22,700
103 Grenelle – Paris 7	18,900
Total	66,500
Western Crescent	
In/Out (Boulogne-Billancourt)	36,600
176 Charles de Gaulle (Neuilly-sur-Seine)	7,400
Le Vaisseau (Issy-les-Moulineaux)	6,300
Total	50,300

*Including infrastructure and excluding car parks.

Building addresses may be found on our website at www.fonciere-lyonnaise.com.

TYPES OF CLIENT

MEDIA AND DIGITAL
 Finance, Asset management
 and Insurance **LAW FIRMS**
FASHION HOUSES
Manufacturers
Consultancies
REAL ESTATE COMPANIES

5.2 Reporting scope and procedures

To report data on building energy use, water use and waste production, proprietary procedures have been developed to standardise the data collection process and define the contributors and the verification method.

These procedures also describe the applicable standards, notably Article 225 of France's Grenelle II Act of 12 July 2010, the Global Reporting Initiative (GRI G4) and CRESS supplement, and the EPRA's recommendations.

Lastly, they define the scope of reporting.

Reporting scope

SFL's portfolio comprises 20 buildings representing a total of 403,700 sq.m.

The reporting scope does not include single tenant buildings, buildings that have been vacated prior to redevelopment or that are currently being redeveloped, and residential units.

Buildings included in the 2016 reporting scope were as follows:

Baseline year 2011:

1. 176 Charles de Gaulle (Neuilly-sur-Seine)
2. 96 léna (Paris 16th *arrondissement*)
3. Édouard VII (Paris 9th *arrondissement*)
4. Washington Plaza (Paris 8th *arrondissement*)
5. Rives de Seine (Paris 12th *arrondissement*)
6. Louvre Saint-Honoré (Paris 1st *arrondissement*)
7. 103 Grenelle (Paris 7th *arrondissement*)
8. Cézanne Saint Honoré (Paris 8th *arrondissement*)

Baseline year 2015: the above properties plus:

9. 112 Wagram (Paris 17th *arrondissement*)
10. Galerie des Champs Élysées (Paris 8th *arrondissement*)
11. 92 Champs-Élysées (Paris 8th *arrondissement*)

Baseline year 2016: the above properties plus:

12. 90 Champs-Élysées (Paris 8th *arrondissement*)

Changes in reporting scope

The number of buildings in the reporting scope may increase as a result of:

- Acquisitions.
- The delivery of redeveloped buildings that are at least 60% let and have been in use for at least one full year.

Standard surface area and occupancy rate

The standard measure used to calculate building energy intensity is the average useful surface area, expressed in square metres (sq.m).

The occupancy rate used to adjust indicators corresponds to the average occupancy rate for the reporting year.

Energy

Energy data is collected from the following sources and consolidated for each building:

- Meter readings.
- Property manager invoices (before tax and subscription fees).
- Data extracted from the property managers' databases via the client interface.

When an asset's total energy use is unknown, in particular for the private areas, it is estimated based on the energy typically used by the tenant's HVAC installations.

These estimates, which give a clearer picture of actual use and vary by building, are determined in partnership with an experienced energy analysis agency, based on the energy used in SFL's private areas and those of other occupants, depending on the building.

The comparison between the baseline year and the reporting year factors in climate variability using unified degree days (baseline 18°C), taken from www.meteociel.fr for these two years.

In analysing energy use, the baseline year is determined by the year the property was added to the scope of reporting.

Water use

Data is collected from the following sources:

- Meter readings.
- Consolidated invoices.
- Data extracted from the property managers' databases via the client interface.

Waste

Waste tonnage is determined based on reports provided by service providers and daily weighings of waste paper at the head office.

5.3 Identifying, prioritising and managing CSR issues

In 2016, our CSR priorities were identified and their materiality analysed using a process that consisted of:

- Mapping the SFL value chain and identifying the CSR issues at each stage.
- Analysing industry best practices and CSR expectations.
- Structuring the 15 identified priorities into four key areas.
- Precisely defining the CSR issues, including a description, drivers, risks and opportunities and existing initiatives. This situated them on the "business" axis of the CSR issues map, by reference to the seriousness and likelihood of occurrence of each issue's risks and opportunities.
- Identifying stakeholders and their expectations based on detailed documentation and operating staff feedback, to situate each expectation on the "stakeholder" axis of the CSR issues map.

These different stages are described in more detail below.

a. Structure of SFL's CSR issues in four key areas

Utility value of our properties for tenants

- Location and access: the daily commute and business travel by occupants of SFL buildings, in terms of distance travelled and means of transport (underground, bus, public bicycle and car hire stations, electric vehicle charge points and car sharing). This value proposition also covers the topic of the urban mix.

- Tenant relations and satisfaction: SFL's ability to meet tenant expectations and ensure their satisfaction. This value proposition also entails entering into medium-term agreements with tenants on CSR-related issues so that they can support us in driving our own CSR performance.
- Certification: earning certification for properties.
- Amenities, layout and organisational efficiency: creating utility value with popular amenities, efficient layouts and a safe, healthy working environment (natural light, quiet, indoor air quality, optimised use of space and traffic flows, disabled access, occupant services, etc.).

All of these factors have a direct effect on occupant well-being, while stimulating creativity and improving organisational efficiency for tenants.

Building a sustainable portfolio

- Sustainable building operation: optimising energy and water use and effectively managing waste generated from operations.
- Carbon efficiency: reducing emissions of greenhouse gases (GHGs) from properties by increasing energy efficiency, optimising the energy mix and minimising coolant leaks.
- Factoring CSR into capital expenditure projects: optimising the social and environmental impacts of capital expenditure committed during renovation and redevelopment projects with a view to enhancing the property's overall CSR performance throughout its life cycle.
- Biodiversity: avoiding excessive urbanisation and integrating biodiversity into SFL properties.
- Safety and environmental risk management: managing regulatory and physical risks that could affect the safety of occupants.

Attracting, motivating and retaining employees

- Employer appeal, skills development: attracting and retaining talent and developing capabilities. In response to fast changing legislation, standards and industry practices, we constantly develop the skills of our employees, so as to maintain their expertise, support their employability and strengthen their engagement and trust.
- Health, safety and quality of working environment: workplace health and safety policies and enhancing the quality of working environment.
- Diversity and equal opportunity: combating all forms of discrimination in accordance with the principles of human rights.

Governance, ethics and society

- Governance and ethics: upholding the principles of good corporate governance and business ethics by demonstrating our ability to deploy robust control systems to prevent any unfair or illegal business practices. This priority is very closely linked to governance and ethics risks.
- Sustainable procurement and supplier relations: integrating CSR criteria into procurement policies to ensure that the practices of our leading suppliers comply with our CSR policies. This issue also involves the fostering of stable supplier relationships and the application of fair payment terms.

- Local urban footprint: the ability to design and manage property assets that meet the city's social needs, such as modern architectural design and blending sites seamlessly into the urban environment. It also involves fostering good-neighbour relations by limiting any disamenities caused by redevelopment works.

During the materiality analysis, each CSR issue was defined in detail, along with its related risks and opportunities. This gave each one a score plotted on the “business” axis of the CSR issues map.

Stakeholders and their CSR expectations

SFL's identified stakeholders have been classified into three categories based on the extent of their direct or indirect impact on our revenue and operations.



- Stakeholders with a major direct impact on our revenue and business
- Stakeholders with a significant indirect impact on our revenue and business
- Stakeholders with a moderate indirect impact on our revenue and business

	Stakeholder	Expectations	Dialogue method	Frequency
Major impact on revenue and operations	Tenants and occupants	Building accessibility Occupant well-being, motivation and organisational efficiency Property company's ethical conduct	Dialogue with the property manager (SFL contact) Satisfaction survey	Continuous Every two years
	Employees and employee representatives	Remuneration and benefits Training and career mobility opportunities Occupational health and safety Well-being and quality of working environment Employer's ethical conduct	Information and consultation processes with employee representatives	Monthly
	Shareholders and investors	Overall CSR performance	Board of Directors Investor roadshow Annual General Meeting	Monthly
Significant impact on revenue and operations	Partners (building managers, prime contractors, certification bodies)	Health and safety of service providers Property company's ethical conduct Compliance with contractual clauses Long-term relationships & local jobs	Technical specifications and dialogue with operations and asset management teams	Weekly
	Building contractors and project partners	Health and safety of service providers Property company's ethical conduct Compliance with contractual clauses Long-term relationships & local jobs	Technical specifications and dialogue with teams from the Technical and Development Department Meetings with project managers	Weekly
	Elected officials and local authorities	Health and safety Property company's ethical conduct Integration into the local urban development plan Integration into the architectural environment Urban mix & local jobs	Consultation with local elected officials during the project design phase (administrative permits)	As required
Moderate impact on revenue and operations	Other suppliers	Property company's ethical conduct Compliance with contractual clauses Long-term relationships	Contracts	As required
	Non-profit organisations and civil society	Occupant safety and health Property company's ethical conduct Compliance with the Grenelle II Act and the Sustainable Building Plan Urban mix & local jobs	Neighbourhood meetings	Quarterly
	CSR rating agencies	CSR transparency and performance CSR initiatives and action plans	Media and communication material (Management Report, CSR report, website etc.) Questionnaire responses	Annually

b. CSR issues map

Based on the findings of the materiality analysis, the following map classifies our CSR issues into three levels of materiality, as follows:

1. Ranking top in materiality are the five fundamental CSR issues integrated into our core business:

Location and access; tenant relations and satisfaction; certification; health and safety and environmental risk management; and governance and ethics. These issues form an intrinsic part of our strategic vision.

2. Ranking midway in materiality are five major CSR issues:

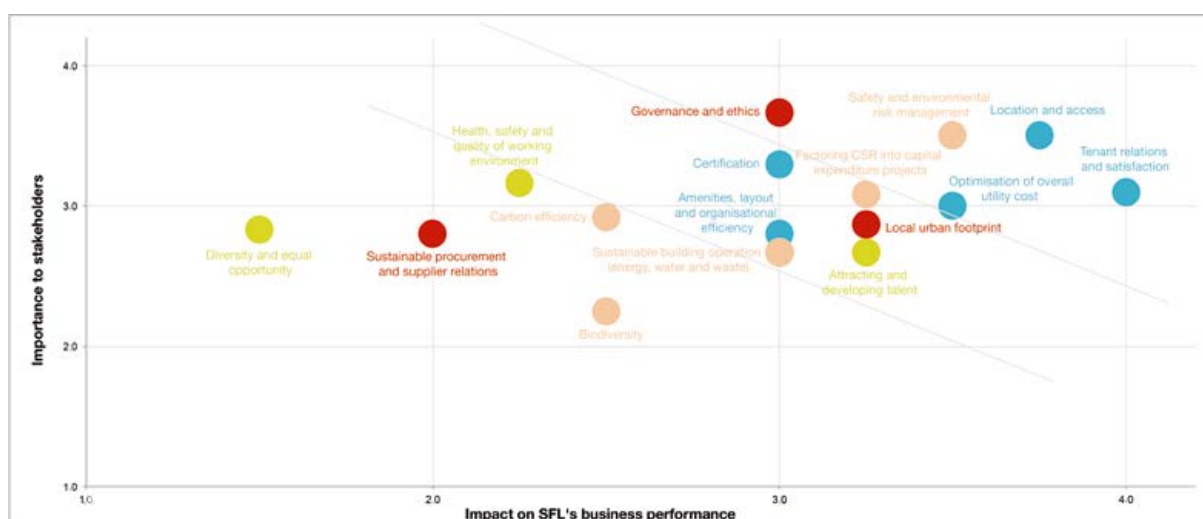
Amenities, layout and organisational efficiency; sustainable building operation; factoring CSR into investment decisions; and

local urban footprint; and attracting talent and developing skills. These issues contribute to our intangible value and resonate with emerging stakeholder expectations and new impacts on our business.

3. Ranked below the second materiality threshold are five CSR priorities to be tracked:

Carbon efficiency; biodiversity; health, safety and quality of working environment; diversity and equal opportunity; and sustainable procurement and supplier relations. These issues do not have as much of an impact on our short-term strategy, but they need to be tracked as their materiality could change over time.

The carbon efficiency issue is primarily addressed through energy performance initiatives.



- Utility value of our properties for tenants
- Building a sustainable portfolio
- Attracting, motivating and retaining employees
- Governance, ethics and society

Our CSR issues can be combined in several different ways:

- Based on the three materiality levels (see graph).
- By key area (see section 5.3 a).

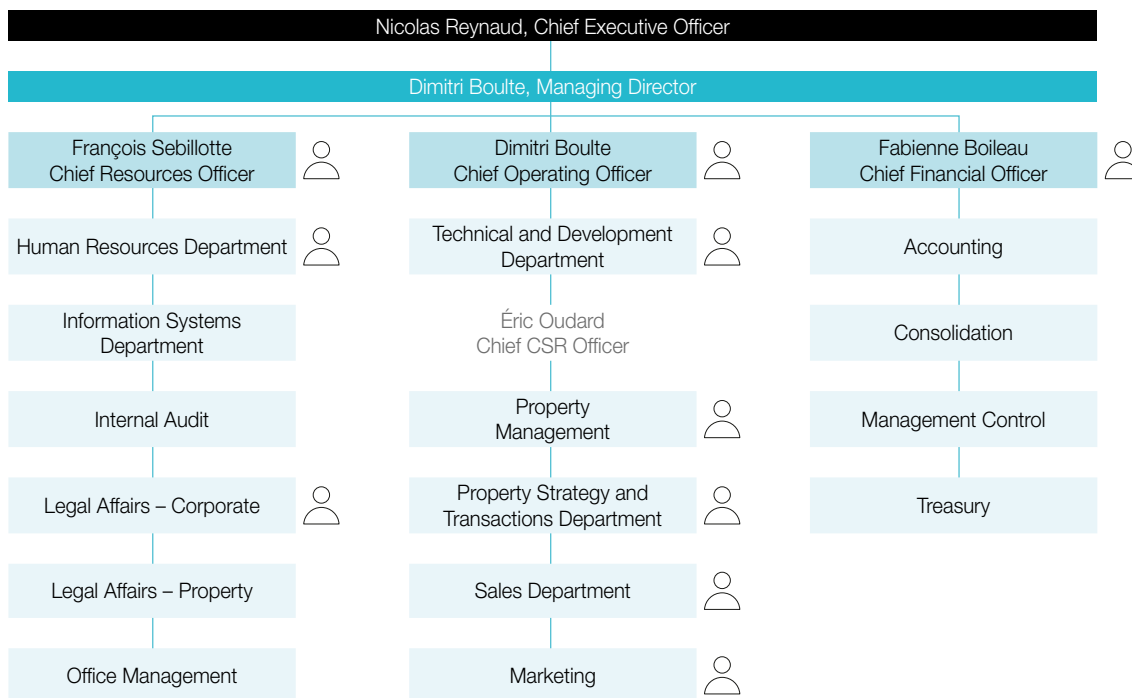
To organise this report in line with our strategy for improving our CSR performance as a prime property company, CSR issues are split into three topics:

- Utility value.
- Green value.
- Social responsibility value.

c. Managing the CSR process

SFL's organisation and the operating procedures of the Management Committee and Board of Directors are described in section 3 of the Registration Document.

CSR is integrated into our business operations on a cross-functional basis. The CSR Department is led by Eric Oudard, Technical and Development Director. The other corporate departments concerned by these issues contributed their input through CSR working groups, which enabled the preparation of this report.



During the year, the CSR working groups met to work on the materiality of our CSR issues and policies, providing invaluable feedback from the front line. Their members also made a major contribution to this report, particularly the Sustainable Procurement and Environment Manager and the Risk Management Officer.

5.4 Cross-reference table for information required under the Grenelle II Act

Article 225 of the Grenelle II Act – Disclosures required by the enabling decree of 24 April 2012		Page(s) in the 2016 CSR Report
LABOUR AND EMPLOYMENT		
1° Labour and employment information		
a) Employment		
1	Total workforce by gender, age group and geographic region	p 41
2	Hirings and terminations	p 41
3	Remuneration and changes in remuneration	p 25
b) Organisation of work		
4	Organisation of working hours	p 41
5	Absenteeism	p 41
c) Labour relations		
6	Organisation of social dialogue, particularly employee information, consultation and negotiation procedures	p 26, 33
7	Outcome of collective agreements	p 27, 28
d) Health and safety		
8	Occupational health and safety conditions	p 26
9	Outcome of collective agreements signed with trade unions or employee representatives concerning occupational health and safety	p 27
10	Work-related accidents (notably their frequency and severity) and occupational diseases	p 41
e) Training		
11	Training policies	p 25
12	Total number of training hours	p 26
f) Equal opportunity		
13	Measures taken to promote gender equality	p 27
14	Measures taken to promote the hiring and retention of people with disabilities	p 27
15	Anti-discrimination policies	p 27
g) Promotion of and compliance with the fundamental conventions of the International Labour Organization concerning:		
16	Freedom of association and collective bargaining	p 30
17	Elimination of discrimination in respect of employment and occupation	p 30
18	Elimination of forced and compulsory labour	p 30
19	Effectively abolishing child labour	p 30

ENVIRONMENT**2° Environmental information****a) Environmental policy**

20	Organisation of the company to take environmental issues into account, and environmental assessment and certification programmes	p 11
21	Employee training and information on environmental protection	p 22
22	Total investments and expenditures to prevent environmental risks and pollution	p 14
23	Total provisions and guarantees for environmental risks, except where this information is likely to cause serious prejudice to the company in an ongoing dispute	p 14

b) Pollution and waste management

24	Measures to prevent, reduce and clean up environmentally harmful emissions and discharges into the air, water and soil	p 21
25	Measures to prevent, recycle and eliminate waste	p 20
26	Measures to mitigate noise pollution and all other types of pollution specific to an activity	p 29

c) Sustainable use of resources

27	Water use and water withdrawals in relation to local resources	p 19
28	Consumption of raw materials and measures to improve their efficient use	p 29
29	Energy use and measures to improve energy efficiency and use renewable energy sources	p 15, 18
30	Land use	p 19

d) Contribution to combating global warming and adapting to its impact

31	Greenhouse gas emissions	p 21
32	Measures to adapt to the impact of climate change	p 20

e) Protection of biodiversity

33	Measures taken to preserve or develop biodiversity	p 22
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SOCIAL RESPONSIBILITY**3° Information on social responsibility commitments to promote sustainable development****a) Regional, economic and social impact of the company's activities**

34	Impact on employment and regional development	p 27
35	Impact on local and neighbouring communities	p 29

b) Relations with stakeholders, notably mainstreaming non-profit organisations, educational institutions, environmental organisations, consumer organisations and neighbouring communities

36	Stakeholder dialogue	p 29
37	Partnership or philanthropic programmes	p 30

c) Sub-contracting and suppliers

38	Inclusion of social responsibility and environmental issues in purchasing policy	p 27
39	Importance of sub-contracting and integration of corporate social responsibility in relationships with suppliers and sub-contractors	p 27

d) Fair business practices

40	Measures to prevent corruption	p 30
41	Measures to preserve consumer health and safety	p 13

e) Human rights

42	Other measures taken to promote human rights	p 30
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5.5 GRI G4 and EPRA indicators and cross-reference table for the GRI G4 standard

Disclosure	GRI G4	Source/Unit	Scope	2013	2014	2015	2016
ENVIRONMENT							
Energy							
Energy use within the organisation	EN3	Electricity in MWh	SFL head office	182	192	167	151
Energy use outside of the organisation	EN4	Fuel oil in MWh	Full scope	552	409	739	749
		Electricity in MWh		41,632	39,184	39,912	37,723
		District cooling and heating systems in MWh		20,956	18,438	19,728	18,605
Energy intensity	EN5	kWh/sq.m/year		294	261	267	257
	CRE1	kWh/user/year		2,023	1,841	1,934	1,835
Water							
Water withdrawn from municipal water supplies or other water utilities	EN8	cu.m	like-for-like	125,941	127,328	135,056	131,036
Total volume of water recycled and reused	EN10	cu.m	In/Out & WP (2015)	N/A	2,598	2,296	800**
Building water intensity	CRE2	cu.m/sq.m/year	like-for-like	0.6	0.6	0.6	0.6
		litres/occupant/day		18	18.4	19.7	19.2
Emissions							
Direct greenhouse gas (GHG) emissions (Scope 1) (based on energy used)	EN15	tCO ₂ e	like-for-like	182	135	239	243
Indirect greenhouse gas (GHG) emissions (Scope 2) (based on energy used)	EN16	tCO ₂ e		5,804	5,032	5,172	4,968
Other indirect greenhouse gas (GHG) emissions (Scope 3) (work-related journeys by building users)	EN17	tCO ₂ e		7,227	7,198	7,524	7,729
Greenhouse gas (GHG) emissions intensity from buildings	EN18 CRE3	kg/CO ₂ e/sq.m/year		27.9	23	23.95	23.4
		kg/CO ₂ e/occupant/year		192	164	189	184
Waste							
Total weight of waste by type	EN23	NHIW (tonnes)***	like-for-like	367	239	254	508
		Paper/board (tonnes)***		171	179	179	270

Like-for-like = the 11 buildings whose baseline year is 2011, 2012 or 2013 — see detailed list in Appendix 5.2.

** Washington Plaza only (data not available for In/Out).

*** Values for five properties in 2013/2014/2015 among the 11 "like-for-like" properties.
Values for eight properties in 2016 among the 11 "like-for-like" properties.

Disclosures		Scope	GRI G4	2013	2014	2015	2016
Organisational profile							
Percentage of total employees covered by collective bargaining agreements.		SFL Group	G4-11	100%	100%	100%	100%
Social – labour practices and decent work							
Employment							
Total number of employees and number of new hires	Total number of employees	SFL Group	LA1	74	74	71	75
	Permanent contracts			73	73	69	72
	Fixed-term contracts			1	1	2	3
	Men			30	29	25	29
	Women			44	45	46	46
	Managers			52	53	52	58
	Supervisors			11	11	12	10
	Administrative staff			11	10	7	7
	Under 45			34	33	32	37
	45 or older			40	41	39	38
	Paris			74	74	71	72
	Other			0	0	0	3
	New hires						
	Permanent contracts			6	4	7	10
	Fixed-term contracts			1	2	2	4
	Men			4	2	3	6
	Women			3	4	6	8
	Managers			6	5	9	12
	Supervisors			0	0	0	1
	Administrative staff			1	1	0	1
	Under 45			6	5	9	12
	45 or older			1	1	0	2
Number of terminations by reason	Personal			2	2	1	2
	Economic			0	0	0	0
Total payroll	€ '000s (gross)		LA3	7,115	7,097	6,112	6,299
Occupational health and safety							
Number of reported and recognised lost-time workplace accidents		SFL Group	LA6	1	1	1	0
Number of reported and recognised lost-time commuting accidents				6	0	1	1
Number of working days lost as a result of workplace accidents				7	1	2	1
Number of working days lost as a result of commuting accidents				25.95	0	0	0
Accident frequency rate				0.17	0	0	0
Accident severity rate				0	0	0	0
Number of reported and recognised occupational diseases							
Absenteeism (in number of working days)				846	978	982	716
Illness				173	216	90	209
Maternity leave				19	0	8	7
Leave to take care of sick children				18	33	28	24
Leave for family events				15	51	14	35
Training							
Total number of training hours (excluding hours accrued under the French statutory training entitlement)	in hours	SFL Group	LA9	840	1,280	1,368	1,676
Organisation of work							
Organisation of working hours		SFL Group					
Standard working hours				151.67	151.67	151.67	151.67
Employees who work standard hours				72	72	71	75
Full-time employees				64	64	64	71
Part-time employees				8	8	7	4
o/w Men				0	0	1	0
o/w Women				8	8	6	4

Cross-reference table for the GRI* G4 standard

		Page(s) in the 2016 CSR Report	Page(s) in the 2016 Financial and Legal Report
GRI G4 General Standard Disclosures			
Strategy and Analysis			
G4-1	Provide a statement from the most senior decision-maker of the organisation (such as Chief Executive Officer, Chair, or equivalent senior executive) about the relevance of sustainability to the organisation and the organisation's strategy for addressing sustainability	p 5	
Organisational profile			
G4-3	Report the name of the organisation	p 5	
G4-4	Report the primary brands, products, and services		p 7
G4-5	Report the location of the organisation's headquarters		p 10
G4-6	Report the number of countries in which the organisation operates, and names of countries in which either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report	p 31	
G4-7	Report the nature of ownership and legal form		p 10
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	p 31	
G4-9	Report the scale of the organisation, including: total number of employees; total number of operations; net sales (for private sector organisations) or net revenues (for public sector organisations); total capitalisation broken down in terms of debt and equity (for private sector organisations); and quantity of products or services provided	p 25, 31, 41	
G4-10	a. Report the total number of employees by type of employment contract and gender b. Report the total number of permanent employees by employment type and gender c. Report the total workforce by employees and supervised workers and by gender d. Report the total workforce by region and gender e. Report whether a substantial portion of the organisation's work is performed by workers who are legally recognised as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries)	p 41	
G4-11	Report the percentage of total employees covered by collective bargaining agreements	p 25	
G4-12	Describe the organisation's supply chain	p 6	
G4-13	Report any significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain, including: changes in the location of, or changes in, operations, including facility openings, closings, and expansions; changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organisations); changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination		p 7, 8, 30
G4-14	Report whether and how the precautionary approach or principle is addressed by the organisation		p 28 to 32
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses	p 30	
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organisations in which the organisation: holds a position on the governance body; participates in projects or committees; provides substantive funding beyond routine membership fees; views membership as strategic This refers primarily to memberships maintained at the organisational level	p 28, 29	

*GRI: Global Reporting Initiative.

Identified material aspects and boundaries

G4-17	a. List all entities included in the organisation's consolidated financial statements or equivalent documents b. Report whether any entity included in the organisation's consolidated financial statements or equivalent documents is not covered by the report	p 10
G4-18	a. Explain the process for defining the report content and the Aspect Boundaries b. Explain how the organisation has implemented the Reporting Principles for Defining Report Content.	p 33
G4-19	List all the material Aspects identified in the process for defining report content	p 33
G4-20	For each material Aspect, report the Aspect Boundary within the organisation, as follows: Report whether the Aspect is material within the organisation / If the Aspect is not material for all entities within the organisation (as described in G4-17), select one of the following two approaches and report either: The list of entities or groups of entities included in G4-17 for which the Aspect is not material or / The list of entities or groups of entities included in G4-17 for which the Aspect is material / Report any specific limitation regarding the Aspect Boundary within the organisation	p 33
G4-21	For each material Aspect, report the Aspect Boundary outside the organisation, as follows: Report whether the Aspect is material outside of the organisation / If the Aspect is material outside of the organisation, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified / Report any specific limitation regarding the Aspect Boundary outside the organisation	p 33
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements	p 33
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries	p 33

Stakeholder engagement

G4-24	Provide a list of stakeholder groups involved with the organisation	p 7
G4-25	Report the basis for identification and selection of stakeholders with whom to engage	p 7
G4-26	Report the organisation's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	p 7
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns	p 7

Report profile

G4-28	Reporting period (such as fiscal or calendar year) for information provided	p 7
G4-29	Date of most recent previous report (if any)	p 5
G4-30	Reporting cycle (such as annual, biennial)	p 5
G4-31	Provide the contact point for questions regarding the report or its contents	p 37
G4-32	a. Report the "in accordance" option the organisation has chosen b. Report the GRI Content Index for the chosen option c. Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be "in accordance" with the Guidelines	p 8
G4-33	a. Report the organisation's policy and current practice with regard to seeking external assurance for the report b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided c. Report the relationship between the organisation and the assurance providers d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organisation's sustainability report	p 8

Governance

G4-34	Report the governance structure of the organisation, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts	p 37
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Ethics and integrity

G4-56	Describe the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics	p 30
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GRI G4 Specific Standard Disclosures

Economic**Economic performance**

G4-EC1	Direct economic value generated and distributed	p 94
G4-EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	p 20

Environment**Energy**

G4-EN3	Energy consumption within the organisation	p 40
G4-EN5	Energy intensity	p 40
G4-EN6	Reduction of energy consumption	p 18
CRE1	BUILDING ENERGY INTENSITY	p 15, 18, 40

Water

G4-EN8	Total water withdrawal by source	p 19, 40
G4-EN10	Percentage and total volume of water recycled and reused	p 19, 40
CRE2	BUILDING WATER INTENSITY	p 19, 40

Emissions

G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	p 21, 23, 40
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	p 21, 23, 40
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	p 21, 23, 40
G4-EN18	Greenhouse gas (GHG) emissions intensity	p 21, 40
G4-EN19	Reduction of greenhouse gas (GHG) emissions	p 20, 21
G4-EN20	Emissions of ozone-depleting substances (ODS)	p 14
CRE 3	GREENHOUSE GAS EMISSIONS INTENSITY FROM BUILDINGS	p 40

Effluents and waste

G4-EN23	Total weight of waste by type and disposal method	p 20, 40
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organisation's discharges of water and run-off	p 22

Social – labour practices and decent work**Employment**

G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	p 41
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Occupational health and safety

G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes	p 26
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	p 41
G4-LA8	Health and safety topics covered in formal agreements with trade unions	p 26

Training and education

G4-LA9	Average hours of training per year per employee by gender, and by employee category	p 26
G4-LA10	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	p 26
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	p 26

Diversity and equal opportunity

G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	p 26
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Supplier assessment for labour practices

G4-LA14	Percentage of new suppliers that were screened using labour practices criteria	p 27, 28
G4-LA15	Significant actual and potential negative impacts for labour practices in the supply chain and actions taken	p 6

Social – Human rights

Freedom of association and collective bargaining		
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	p 30
Child labour		
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour	p 30
Forced or compulsory labour		
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour	p 30
Assessment		
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	p 30

Social – Society

Anti-corruption		
G4-SO4	Communication and training on anti-corruption policies and procedures	p 30
G4-SO5	Confirmed incidents of corruption and actions taken	p 30
Supplier assessment for impacts on society		
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	p 28

Social – Product responsibility

Customer health and safety		
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	p 22
Product and service labelling		
G4-PR3	Type of product and service information required by the organisation's procedures for product and service information and labelling, and percentage of significant product and service categories subject to such information requirements	p 11, 34
G4-PR5	Results of surveys measuring customer satisfaction	p 10
CRE 8	TYPE AND NUMBER OF SUSTAINABILITY CERTIFICATION, RATING AND LABELLING SCHEMES FOR NEW CONSTRUCTION, MANAGEMENT, OCCUPATION AND REDEVELOPMENT	p 11

5.6 Report of one of the Statutory Auditors, appointed as independent third party, on the consolidated social, environmental and societal information published in the Management Report
Year ended 31 December 2016

This is a free translation into English of the Statutory Auditor's report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the shareholders,

In our capacity as Statutory Auditor of Société Foncière Lyonnaise, and appointed as independent third party, for whom the certification request has been approved by the French National Accreditation Body (COFRAC) under the number 3-1048⁽¹⁾, we hereby present you with our report on the consolidated social, environmental and societal information prepared for the year ended 31 December 2016 (hereinafter the "CSR Information"), presented in the Management Report pursuant to Article L.225-102-1 of the French Commercial Code (*Code de commerce*).

Responsibility of the Company

The Board of Directors of Société Foncière Lyonnaise is responsible for preparing a Management Report including CSR Information in accordance with the provisions of Article R.225-105-1 of the French Commercial Code, prepared in accordance with the reporting protocols and guidelines used by Société Foncière Lyonnaise (hereinafter the "Reporting Guidelines"), which are available for consultation at the headquarters of the Company and for which a summary is presented in the Management Report.

Independence and quality control

Our independence is defined by regulatory texts, the profession's Code of Ethics as well as by the provisions set forth in Article L.822-11 of the French Commercial Code. Furthermore, we have set up a quality control system that includes the documented policies and procedures designed to ensure compliance with rules of ethics, professional auditing standards and the applicable legal texts and regulations.

Responsibility of the Statutory Auditor

Based on our work, our responsibility is:

- To attest that the required CSR Information is presented in the Management Report or, in the event of omission, is explained pursuant to the third paragraph of Article R.225-105 of the French Commercial Code (Statement of completeness of CSR Information).
- To express limited assurance on the fact that, taken as a whole, CSR Information is presented fairly, in all material aspects, in accordance with the adopted Reporting Guidelines (Formed opinion on the fair presentation of CSR Information).

Our work was carried out by a team of four people between February and March 2017. To assist us in conducting our work, we referred to our corporate social responsibility experts.

We conducted the following procedures in accordance with professional standards of the Compagnie nationale des commissaires aux comptes, with the order of 13 May 2013 determining the methodology according to which the independent third party entity conducts its assignment and, concerning the formed opinion on the fair presentation of CSR Information, with the international standard ISAE 3000⁽²⁾.

1. Statement of completeness of CSR Information

Nature and scope of procedures

Based on interviews with management, we familiarised ourselves with the Group's sustainable development strategy, with regard to the social and environmental impacts of the Company's business and its societal commitments and, where appropriate, any resulting actions or programmes.

We compared the CSR Information presented in the Management Report with the list set forth in Article R.225-105-1 of the French Commercial Code.

In the event of omission of certain consolidated information, we verified that explanations were provided in accordance with the third paragraph of Article R.225-105 of the French Commercial Code.

We verified that the CSR Information covered the consolidated scope, i.e., the Company and its subsidiaries within the meaning of Article L.233-1 of the French Commercial Code and the companies that it controls within the meaning of Article L.233-3 of the French Commercial Code, subject to the limitations presented in the methodological note presented in the "Reporting scope and procedures" paragraph in part 6 of the Management Report.

Conclusion

Based on these procedures and considering the limitations mentioned above, we attest that the required CSR Information is presented in the Management Report.

2. Formed opinion on the fair presentation of CSR Information

Nature and scope of procedures

We conducted interviews with five people responsible for preparing the CSR Information in the departments in charge of the data collection process and, when appropriate, those responsible for internal control and risk management procedures, in order to:

- Assess the suitability of the Reporting Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, taking into consideration, when relevant, the sector's best practices
- Verify that a data collection, compilation, processing and control procedure has been implemented to ensure the completeness and consistency of the CSR Information and review the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of the tests and controls according to the nature and significance of the CSR Information with regard to the Company's characteristics, the social and

(1) Whose scope may be found on www.cofrac.fr.

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

environmental challenges of its activities, its sustainable development strategies and the sector's best practices.

Concerning the CSR Information that we have considered to be most important⁽³⁾:

- For the consolidating entity, we consulted the documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), we performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the data consolidation, and we verified their consistency with the other information presented in the Management Report.
- For a representative sample of sites and entities⁽⁴⁾ that we have selected according to their activity, their contribution to the consolidated indicators, their location and a risk analysis, we held interviews to verify the correct application of the procedures and performed substantive tests using sampling techniques, consisting in verifying the calculations made and reconciling the data with supporting evidence. The selected sample represented all of the employees and 30% of the surface area of buildings reporting the presented quantitative environmental information.

Regarding the other CSR information, we have assessed its consistency in relation to our understanding of the Group.

Lastly, we assessed the relevance of the explanations relating to, where necessary, the total or partial omission of certain information.

We believe that the sampling methods and sizes of the samples we have used in exercising our professional judgement enable us to express limited assurance; a higher level of assurance would have required more in-depth verifications. Due to the use of sampling techniques and the other limits inherent to the operations of any information and internal control system, the risk that a material anomaly be identified in the CSR Information cannot be totally eliminated.

Conclusion

Based on our work, we did not identify any material anomaly likely to call into question the fact that the CSR Information, taken as a whole, is presented fairly, in accordance with the Reporting Guidelines.

Neuilly-sur-Seine, 22 March 2017
French original signed by one of the Statutory Auditors

Deloitte & Associés

Christophe Postel-Vinay
Partner

Julien Rivals
Partner, Sustainable Services

(3) Please refer to Appendix 1.

(4) Please refer to Appendix 2.

Appendix 1: Selected CSR information

Important labour and employment data

- Total employees by type of contract (fixed-term/permanent), gender and age group
- Average age
- Average years of service
- New hires by type of contract, gender, category, and age group
- Number of employees who left the Group during the year by reason
- Number of terminations by reason
- Total number of training hours
- Number of reported and recognised lost-time occupational accidents
- Number of reported and recognised lost-time commuting accidents
- Accident frequency rate
- Accident severity rate

Important environmental data

- BREEAM and BREEAM In-Use certifications
- Capital expenditure committed to reducing environmental impact
- Waste produced
- Waste produced at head office
- Water use and water intensity, total portfolio
- Energy use by type and energy intensity
- Greenhouse gas emissions from energy use and travel, GHG intensity
- Horizontal and vertical green spaces as a proportion of the entire built-up plot of land, all properties
- Total vegetated surface area

Qualitative information reviewed at Group level

- Internal agreements with employee representatives signed during the year
- Measures taken to prevent psychosocial risks and improve quality of working environment
- Environmental strategy: CSR issues in the value chain, materiality matrix
- Measures taken to improve the portfolio's energy performance
- Suppliers – local outsourcing
- Sustainable procurement strategy – Supplier selection and management
- Good-neighbour relations and communication during redevelopment works
- Security and management of environmental and health risks across the portfolio

Appendix 2: Selected units

Assets subjected to detailed tests of important environmental data

- Louvre Saint-Honoré
- 176 Charles de Gaulle
- Rives de Seine

Units selected for a review of important labour and employment information

- SFL SA and Locaparis SAS

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