

SFL

SOCIETE FONCIERE LYONNAISE



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The 2014 CSR Report is an excerpt from the 2014 Financial and Legal Report available at www.fonciere-lyonnaise.com.

6. 2014 CSR Report

Message from the Chief Executive Officer

“The underlying aim of corporate social responsibility (CSR) is for companies to integrate social, environmental and economic concerns into their business operations and relations with stakeholders with a view to preserving natural resources over the long term for future generations.

SFL has been renovating and developing urban properties since its creation in 1879, and is therefore a natural participant in the sustainable development process. However, our involvement goes far beyond building a legacy of sustainable assets.

Rather than a passing fad or publicity opportunity, CSR is a serious commitment for SFL. We intend to set the industry benchmark in this area, expressing our own vision in our core competencies, in accordance with (i) the applicable laws and regulations, including Article 225 of France’s Grenelle II Act on the environment (the “Grenelle II Act”), (ii) the best practices set out in the G4 Sustainability Reporting Guidelines issued by the Global Reporting Initiative (GRI), and (iii) the recommendations of the European Platform of Regulatory Authorities (EPRA).

Therefore, as presented in this report, we have implemented an ambitious process based on the materiality of the CSR priorities that have been identified as relevant to our business and our stakeholders. In particular, our objectives are to reduce greenhouse gas emissions and the carbon footprint of our operations; certify properties in use and development projects to the latest standards; reduce energy and water use and improve waste management; support diversity, equal opportunities and employee training; improve building accessibility for the disabled; carry out client/user satisfaction surveys; and pay careful attention to the architectural and cultural aspects of our projects.

This report presents an assessment of our initiatives and describes the continuous improvement process we will be implementing in the years ahead.”

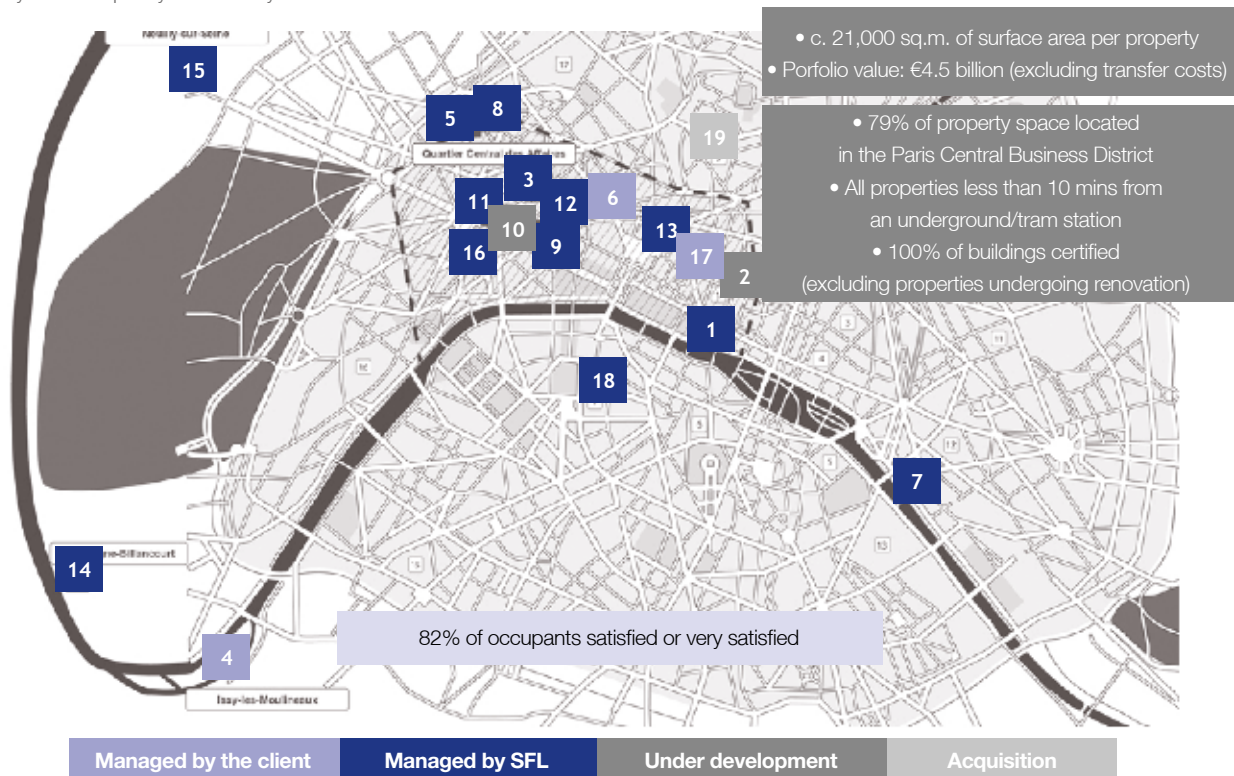
Nicolas Reynaud, Chief Executive Officer, SFL



Presentation of SFL

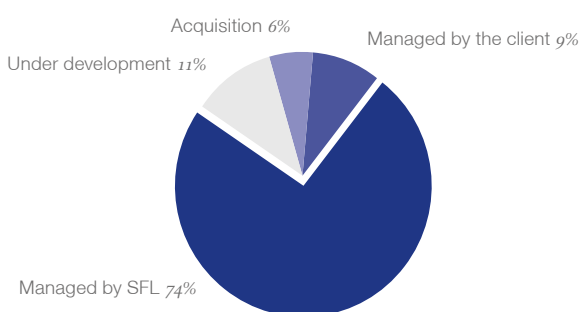
Our portfolio

SFL is a property company that specialises in the prime commercial real estate market. In value terms, office properties make up 80% of our portfolio, retail units represent 19%, and residential units account for 1%. The aggregate revenue generated from the portfolio in 2014 was €151.5 million and the physical occupancy rate at the year-end was 87%.



- 1 LOUVRE SAINT-HONORÉ 2 #CLOUD.PARIS 3 WASHINGTON PLAZA 4 LE VAISSEAU 5 131 WAGRAM 6 HAUSSMANN SAINT-AUGUSTIN
 7 RIVES DE SEINE 8 112 WAGRAM 9 GALERIE CHAMPS-ÉLYSÉES 10 90 CHAMPS-ÉLYSÉES 11 OZONE 12 CÉZANNE SAINT-HONORÉ
 13 ÉDOUARD VII 14 IN/OUT 15 176 CHARLES-DE-GAULLE 16 96 IÉNA 17 6 HANOVRE 18 103 GRENELLE 19 CONDORCET

BREAKDOWN OF SURFACE AREA IN THE GROUP'S PORTFOLIO



ENERGY



WATER



394,000 sq.m total surface area within the portfolio

Occupants' carbon footprint 2.6 times lower than the average for the greater Paris area

TYPES OF CLIENT

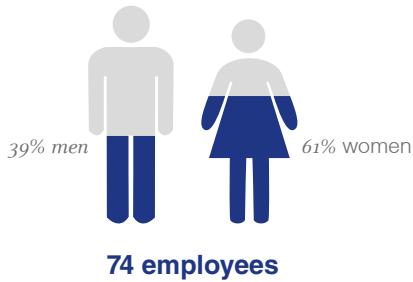
- Law firms
- Finance and asset management
- Luxury and fashion
- Consulting
- Media and communication
- Insurance
- Property

Managed by SFL Surface area		Managed by the client Surface area	
176 CDG	7,400 sq.m	131 Wagram	9,200 sq.m
96 Iéna	8,900 sq.m	6 Hanovre	4,600 sq.m
Washington Plaza	47,100 sq.m	Le Vaisseau	6,300 sq.m
Galerie CE	8,700 sq.m	Haussmann	13,400 sq.m
Louvre St-Honoré	47,700 sq.m	St-Augustin	
Cézanne St-Honoré	29,000 sq.m		
112 Wagram	6,000 sq.m		
103 Grenelle	19,700 sq.m		
Rives de Seine	22,700 sq.m		
Édouard 7	54,100 sq.m		
Ozone	7,700 sq.m		
In Out	35,000 sq.m		
		Under development Surface area	
		#cloud.paris	33,200 sq.m
		90 Champs-Élysées	8,700 sq.m
		Acquisition Surface area	
		Condorcet	24,900 sq.m

Properties with a park or garden (accessible to occupants) eligible for EcoJardin certification for responsible management of green spaces.

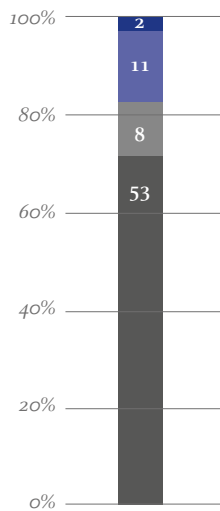
Our employees

SFL has 74 employees.



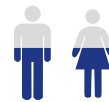
All of SFL's employees have permanent contracts apart from one student who has an apprenticeship contract. The Company uses temporary staff only on an occasional basis (three temporary contracts in 2014).

Over 17 hours of training were received per employee on average in 2014.



Caretakers

1 man



1 woman

Administrative employees



8 women

Supervisors

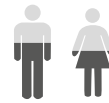
1 man



10 women

Managers

27 men

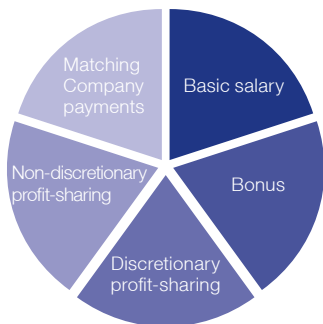


26 women

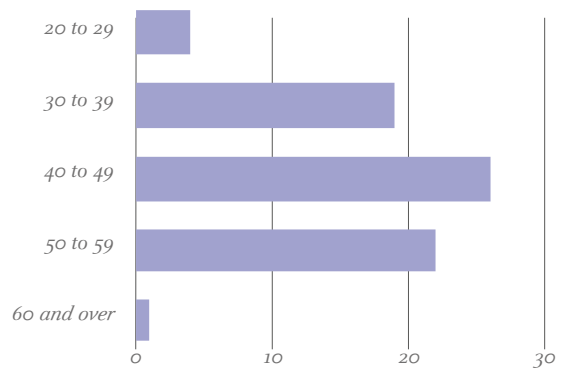
OCCUPATIONAL CATEGORIES

Average remuneration (basic salary and bonus): €61,725 per employee

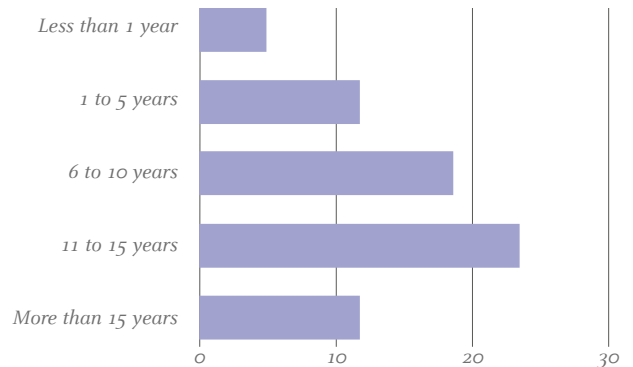
The Group has five different types of compensation:



WORKFORCE BY AGE GROUP



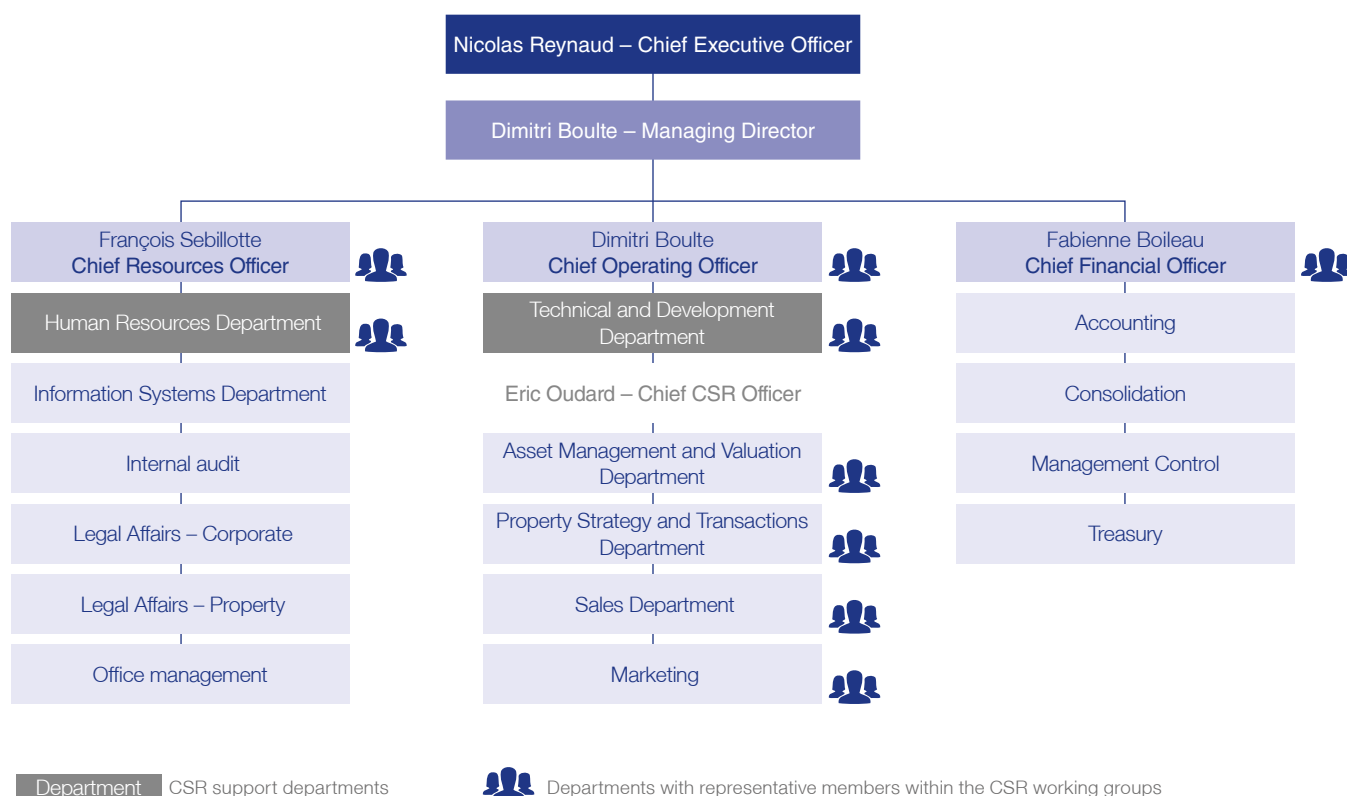
WORKFORCE BY SENIORITY



1. CSR organisational structure

SFL's organisational structure and the operating procedures of the Management Committee and Board of Directors are described in Section 3 of the Registration Document.

We integrate CSR into our business activities on a cross-functional basis. We have a CSR Department, which is headed by Eric Oudard, SFL's Technical and Development Director, and CSR working groups have been set up, in which the Company's other departments participate, to draft this CSR report.



The working groups met in 2014 to work on the materiality of our CSR priorities and on the overall CSR policy. These groups provided invaluable feedback from an operations standpoint and made a significant contribution to the drafting of this report.

2. Our CSR priorities

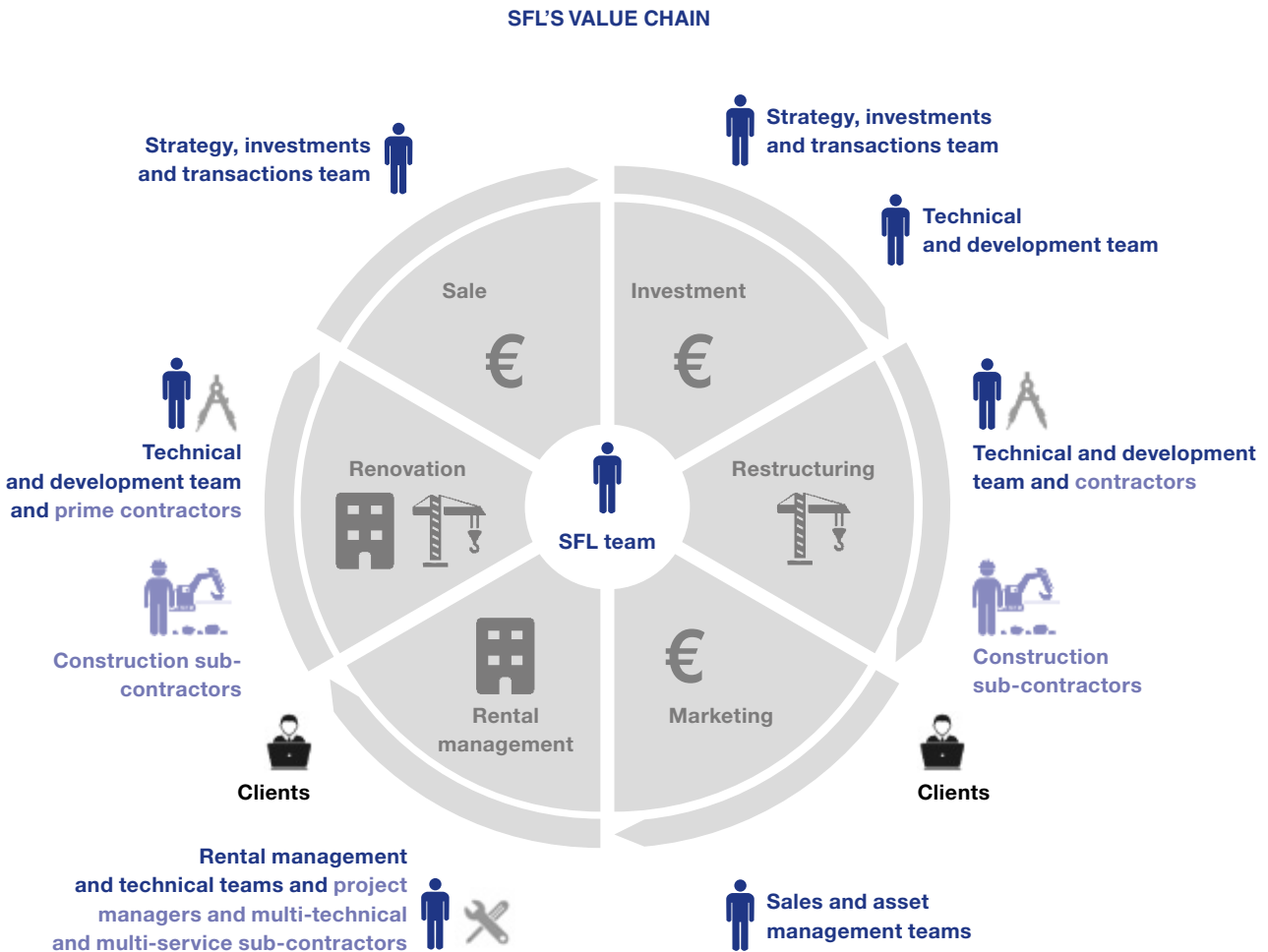
Our CSR priorities were identified and their materiality analysed using an analytical process that consisted of:

- Mapping SFL's value chain and identifying the CSR priorities at each of its stages.
- Analysing best practices within the industry and the market's CSR expectations.
- Grouping and structuring the 15 identified priorities into four key areas.
- Precisely defining the CSR priorities (including a description, drivers, risks and opportunities and existing initiatives) in order to allocate them a score plotted on the "business" axis of the CSR priorities map (by reference to the seriousness of the risks inherent in the priorities and the probability of the related risks and opportunities occurring).
- Identifying stakeholders and their expectations based on detailed documentation and the experience of operations staff in order to estimate the priority level of each expectation (using a score plotted on the "stakeholder" axis of the CSR priorities map).

All of these different stages of the analytical process are described below.

2.1. CSR priorities within SFL's value chain

The mapping process for SFL's value chain enabled us to determine our CSR priorities and the various players that can have an impact on those priorities. Six phases of a property asset's life cycle were identified, starting from investment and ending with sale. Not all of our assets systematically go through each phase and in many cases there are overlaps. For example, a property may be redeveloped immediately after a long period of rental, or buildings are often let after being renovated rather than necessarily being sold.



Management of CSR priorities

SFL: Directly managed by SFL ■ Partners: Indirectly managed by SFL ■ Partners: Indirectly managed by SFL ■

The table below shows the various players that can contribute to achieving our CSR priorities. For example, using buildings sustainably during their lease term is the responsibility of SFL, its partners and its clients.

Phase	Principal players	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
Restructuration	Technical and development team and contractors	<ul style="list-style-type: none"> • Comfort, fittings and organizational 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
Marketing	Sales and asset management teams	<ul style="list-style-type: none"> • Client relations and satisfaction • Governance and ethics
	Client	–
Rental management	Rental management and technical teams and project managers and multi-technical and multi-service sub-contractors	<ul style="list-style-type: none"> • Certification • Carbon efficiency and biodiversity • Sustainable operation (in terms of energy, water and waste) • Sustainable procurement
	Client	<ul style="list-style-type: none"> • Sustainable operation (in terms of energy, water and waste) • Certification
Renovation	<i>Idem – Restructuring</i>	
Sale	SFL's strategy, investments and transactions team	

2.2. Definition of CSR priorities and related risks and opportunities

The CSR priorities identified within the value chain have been structured into the following four key areas:

Creating value for property users	Building a sustainable portfolio	Attracting talent and building employee motivation and loyalty	Governance, ethics and society
<ul style="list-style-type: none"> • Location and access • Client relations and satisfaction • Certification • Comfort, layout and organisational efficiency 	<ul style="list-style-type: none"> • Sustainable building management • Carbon efficiency • Factoring CSR into investment decisions (CAPEX) • Biodiversity • Health and safety and environmental risk management 	<ul style="list-style-type: none"> • Attracting talent and developing skill sets • Health, safety and quality of life in the workplace • Diversity and equal opportunities 	<ul style="list-style-type: none"> • Governance and ethics • Sustainable procurement and supplier relations • Local urban footprint

Description of CSR priorities related to “Creating value for property users”:

Location and access: This priority focuses on the daily commute by the occupants of SFL buildings from home to the workplace and journeys from the workplace to business partners’ premises, both in terms of distance travelled and transport facilities (underground, bus, municipal bicycle- and car-sharing stations, electric vehicle charging points and car pooling). It also covers the issue of the urban mix.

Client relations and satisfaction: This priority concerns SFL’s ability to meet clients’ expectations and ensure their satisfaction. It also entails entering into medium-term agreements with tenants on CSR-related issues so that they strive to reach the same goals as us.

Certification: Obtaining certifications for properties.

Comfort, layout and organisational efficiency: This priority is aimed at creating value for users by ensuring that our properties provide optimal comfort and efficient layouts as well as a safe and healthy working environment (natural light, acoustic comfort, indoor air quality, optimised use of space and traffic flows, disabled access, services for occupants, etc.).

All of these factors have a direct effect on occupants’ well-being and provide benefits in terms of creativity and organisational efficiency for clients.

Description of CSR priorities related to “Building a sustainable portfolio”:

Sustainable building management: This involves optimising energy and water use and effectively managing waste generated from operations.

Carbon efficiency: Reducing emissions of greenhouse gases (GHGs) from properties (energy efficiency, optimising the energy mix and minimising leaks of coolants).

Factoring CSR into investment decisions (CAPEX): Optimising the social and environmental impacts related to CAPEX incurred 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.

Health and safety and environmental risk management: Managing regulatory and physical risks that could affect the health and safety of occupants.

Description of CSR priorities related to “Attracting talent and building employee motivation and loyalty”:

Attracting talent and developing skill sets: This priority is about attracting and retaining talent and developing employees’ skill sets, notably to keep up their expertise, enhance their employability and reinforce their sense of trust and commitment in an operating environment characterised by rapid changes in regulations, standards and industry practices.

Health, safety and quality of life in the workplace: This priority concerns the Group’s workplace health and safety policy and enhancing the quality of working life for SFL employees.

Diversity and equal opportunities: Combatting all forms of discrimination in accordance with the principles of human rights.

Description of CSR priorities related to “Governance, ethics and society”:

Governance and ethics: Respecting the principles of good corporate governance and business ethics, which involves demonstrating the Group’s ability to put in place robust control systems and processes to prevent any unfair or illegal business practices. This priority is very closely linked to governance and ethics risks.

Sustainable procurement and supplier relations: This priority involves integrating CSR criteria into procurement policies in order to ensure that the practices of major suppliers are in line with the Group’s CSR policy. It also covers payment terms and creating stable relations with suppliers.

Local urban footprint: This priority concerns SFL’s ability to design and operate property assets that meet the needs of society such as modern architectural design or effectively blending sites into the urban environment. It also involves ensuring that disamenities for neighbours are minimised during renovation and redevelopment works.

Detailed descriptions of each CSR priority were drawn up as part of the materiality analysis, and the related risks and opportunities were identified so that each priority could be given a score plotted on the “business” axis of the overall CSR priorities map.

The main risks identified are as follows:

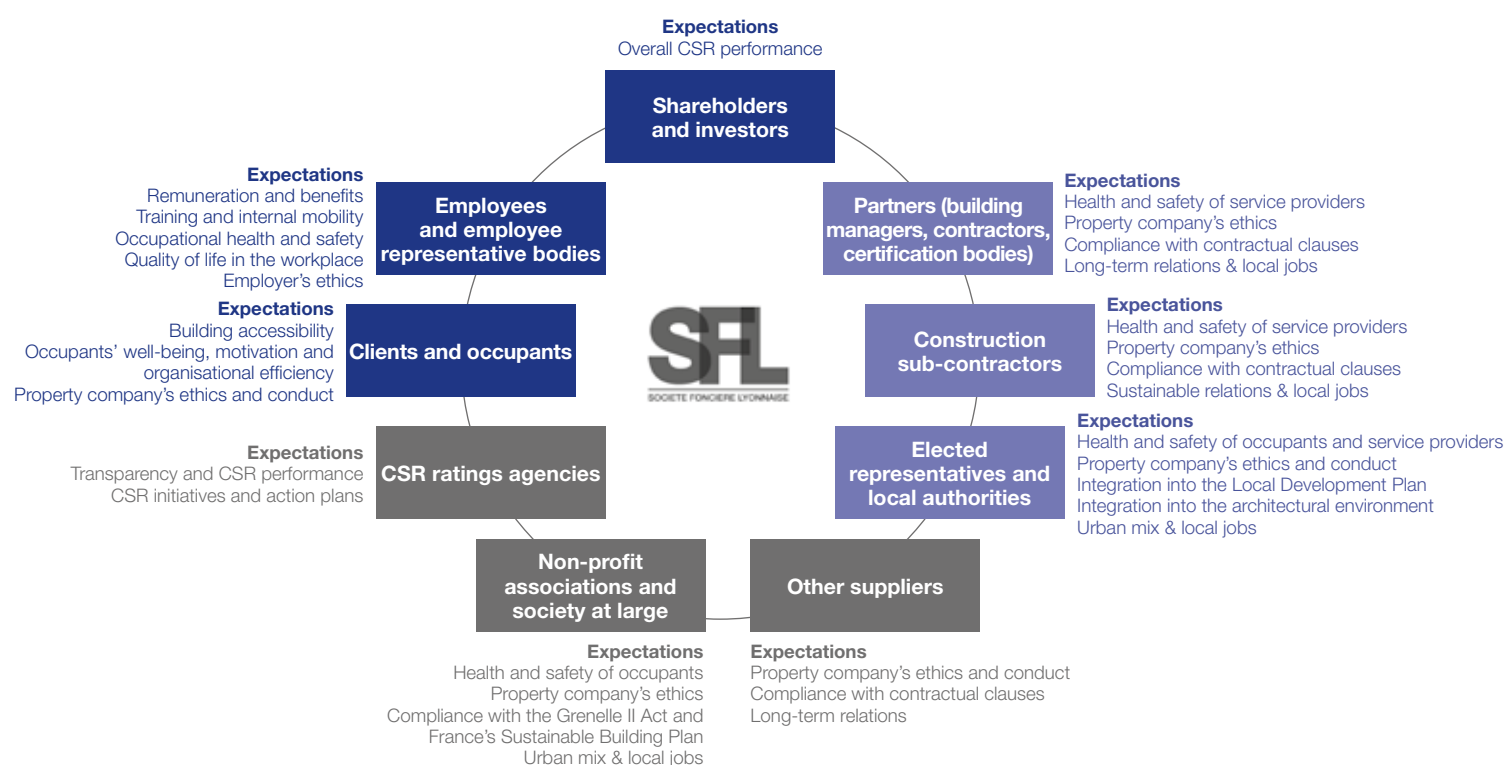
- Risk of potential additional costs, e.g. if property is viewed as obsolete or is not sufficiently energy efficient, or if neighbouring residents file complaints, etc.
- Risk of criminal sanctions if suppliers have non-declared workers.
- Risk of delays in obtaining permits or authorisations (due to biodiversity issues, local urban impact, etc.).
- Human resources risk – attracting talent, obsolete skills etc.
- Risk that SFL’s CSR performance will decline if tenants do not appropriate CSR objectives.

The main opportunities identified are:

- Opportunity to attract and satisfy clients (location, services, effective planning of renovations, etc.).
- Opportunity to increase rental values and the portfolio value.
- Opportunity to innovate in terms of client relations (“green” leases, etc.).
- Opportunity to build the trust of shareholders, clients, the public authorities and investors.

2.3. SFL's 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 the Company's operations. The stakeholders' main expectations have also been identified.

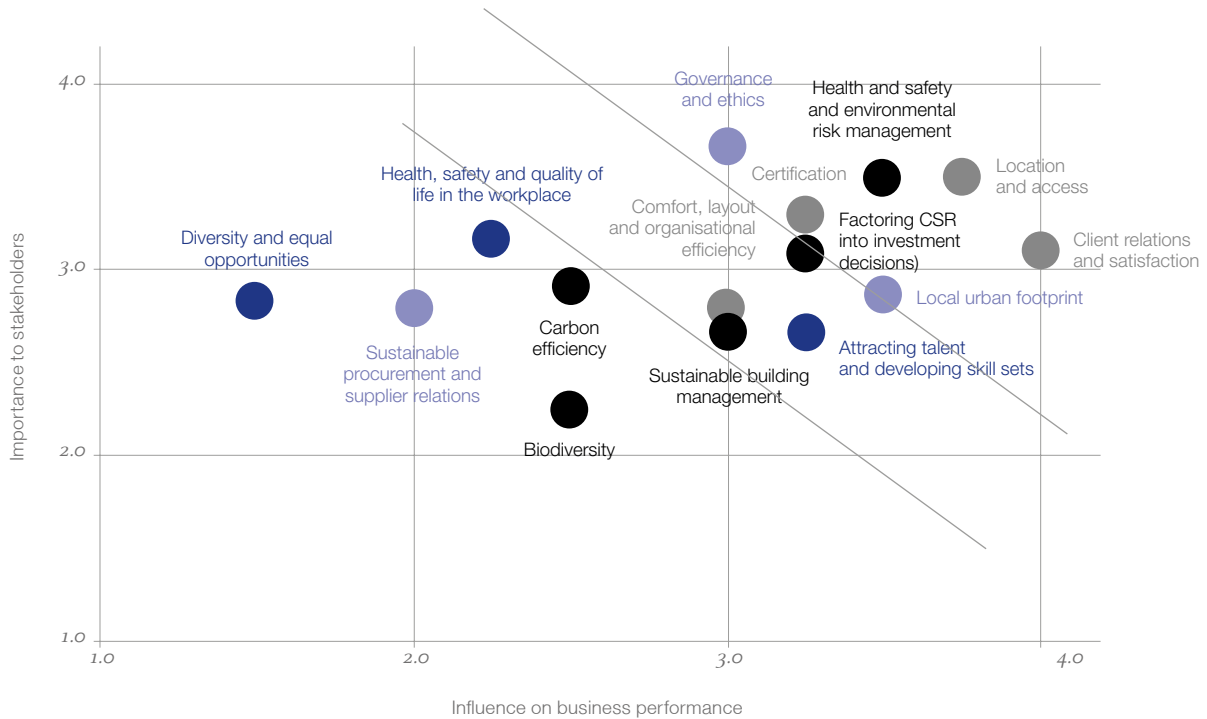


- Stakeholders with a significant direct impact on the Group's revenue and business
- Stakeholders with a significant indirect impact on the Group's revenue and business
- Stakeholders with a moderate indirect impact on the Group's revenue and business

Stakeholders	Communication methods	Frequency
Clients and occupants	Dialogue with the property manager (SFL contact) Satisfaction survey	Continuous Every two years
Employees and employee representative bodies	Information and consultation processes with employee representative bodies	Monthly
Shareholders and investors	Board of Directors Investors' road show Annual General Meeting	Monthly
Partners (building managers, contractors, certification bodies)	Technical specifications and dialogue with operations and asset management teams	Weekly
Construction sub-contractors and project partners	Technical specifications and dialogue with teams from the Technical and Development Department Meetings with project managers	Weekly
Elected representatives and local authorities	Consultation with local elected representatives during the planning phase of projects (administrative authorisations)	As required
Other suppliers	Contracts	As required
Non-profit associations and society at large	Neighbourhood meetings	Quarterly
CSR ratings agencies	Media and communication documents (management report, CSR report, website, etc.)	Annually

2.4. The CSR priorities map

The following map of SFL's CSR priorities was drawn up based on the findings of the materiality analysis:



The above map classifies our CSR priorities into three different levels of materiality, as follows:

- The priorities that are above the first materiality threshold are classified as the “Five fundamental CSR priorities integrated into our core business” and include: Location and access, Client relations and satisfaction, Certification, Health and safety and environmental risk management, and Governance and ethics. These priorities form an intrinsic part of the Group’s overall business strategy.
- The priorities in the intermediary level are classified as “Five major CSR priorities” and include: Comfort, layout and organisational efficiency, Sustainable building management, Factoring CSR into investment decisions, Local urban footprint and Attracting talent and developing skill sets. These priorities contribute to the Group’s intangible value and relate to stakeholders’ new expectations and new impacts on SFL’s business.

- Lastly, the priorities ranked below the second materiality threshold are classified as “Five CSR priorities to monitor” and include: Carbon efficiency, Biodiversity, Health, safety and quality of life in the workplace, Diversity and equal opportunities, and Sustainable procurement and supplier relations. These priorities do not have a significant impact on the Group’s business strategy in the short term but they need to be monitored as their materiality may change over time.

The carbon efficiency priority is primarily addressed through the Group’s efforts to enhance its energy performance.

3. CSR policy and performance indicators

In 2014, SFL categorised the importance of its CSR priorities (materiality analysis), in accordance with (i) the applicable laws and 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 materiality analysis was used as the basis for drawing up the Group's CSR policy and establishing the related objectives and action plans. It was performed in conjunction with the four working groups set up during the year – each tasked with reviewing a particular area – as well as the Management Committee and the Chief Executive Officer.

The Group's CSR policy is structured around the three different categories of CSR priorities identified as a result of the materiality analysis:

- The five fundamental CSR priorities integrated into our core business.
- The five major CSR priorities.
- The five CSR priorities to monitor

The policy includes objectives and action plans (existing or scheduled) for these 15 priorities, applicable between now and 2017.

3.1. Key performance indicators

The Group's key performance indicators (KPIs) are presented in the table below. The action plans for each priority are described in the rest of this report.

Fundamental CSR priorities integrated into our core business	2014	Objective	Target timeframe
Location and access			
% of properties located less than ten minutes walking distance from an underground/tram station	100%	100%	Continuous
Client relations and satisfaction			
% of satisfied clients (satisfied or very satisfied)	82%	> 80%	Continuous
% of "green" leases	51%	100%	Continuous
Certification			
% of buildings in use certified BREEAM In-Use	100%	100%	Continuous
% of BREEAM In-Use certifications with a Very Good or higher rating (Parts 1, 2 and 3 combined)	90%	100%	2017
Redevelopment projects aimed at achieving triple certification	100%	100%	Continuous
Major CSR priorities			
Sustainable building management (in terms of energy, water and waste management)			
Energy use per sq.m of buildings managed by SFL (based on 2011 scope as adjusted for climate impacts) in kWh/sq.m/year	257	238	2017
Water use per sq.m of the property portfolio (based on 2011 scope) in cu.m/sq.m/year	0.55	0.54	2017
CSR priorities to monitor			
Carbon efficiency			
GHG emissions per sq.m of buildings managed by SFL based on 2011 scope as adjusted for climate impacts) in kg of CO ₂ equivalent/sq.m/year	23.4	21.8	2017

3.2. Standards, rating agencies and industry bodies

SFL ensures that its reporting processes and CSR performance take into account industry practices and are recognised by valuers. For example, we strictly comply with the regulatory requirements provided for in the Grenelle II Act and apply the recommendations issued by the Global Reporting Initiative (G4 Sustainability Reporting Guidelines) and the European Platform of Regulatory Authorities (EPRA). In addition, the Company provides information to rating agencies for CSR audits (Vigeo Rating) as well as for benchmarking purposes (GRESB).

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

SFL applies the guidelines issued by the GRI (core option), and in 2014 it updated its CSR reporting to incorporate the latest version of the guidelines (GRI 4). The main work carried out during the year in relation to these guidelines involved applying the materiality principle, identifying stakeholders' expectations and drawing up the overall CSR policy. The standard disclosures referred to in GRI G4 which SFL considers to be material are as follows: "Transport" (corresponding to our "Location and access" priority).

- "Product and Service Labeling" (corresponding to our "Client relations and satisfaction" and "Certification" priorities).
- "Customer Health and Safety" (corresponding to our "Health and safety and environmental risk management" priority).
- "Anti-corruption", "Public Policy", "Anti-competitive Behaviour" and "Compliance" (corresponding to our "Governance and ethics" priority).

SFL's compliance with GRI G4 is presented in table form in the appendices to this report on pages 81 to 84 of the management report.

The Grenelle II Act

SFL complies with the applicable French laws and regulations related to CSR, including the implementing decree for Article 225 of the Grenelle II Act. A cross-reference table between the decree and this report is provided in the appendices to this report on pages 77 and 78 of the management report.

European Platform of Regulatory Authorities (EPRA)

SFL also complies with the recommendations issued by EPRA for its CSR reporting. A cross-reference table between said recommendations and this report is provided in the appendices to this report on page 79.

GRESB (Global Real Estate Sustainability Benchmark)

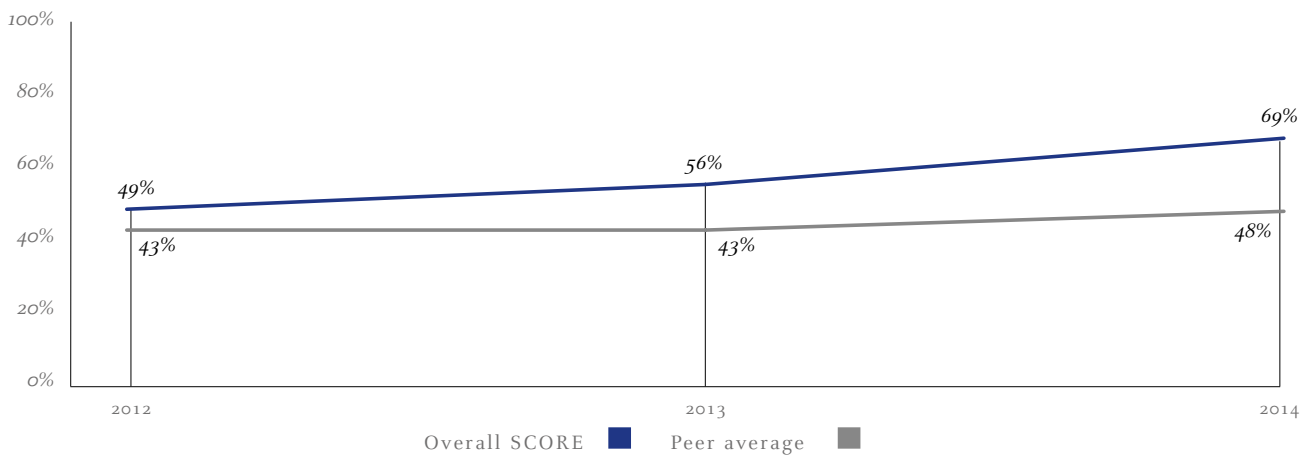
SFL takes part in the annual sustainability performance survey carried out by the private organisation, GRESB, which evaluates the CSR strategies and performances of major property companies and real estate investment funds across the world.

SFL first responded to the GRESB survey in 2012 and its ranking – which has always been above the average of its peers – has risen steadily since that date. In 2014, SFL ranked second among the office property companies that took part in the survey.

According to the GRESB report, SFL scored particularly well for:

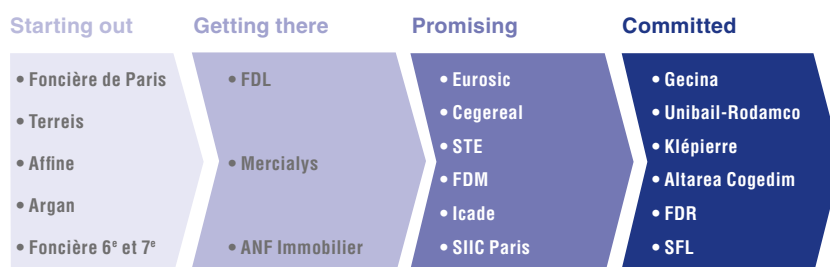
- Policy & Disclosure.
- Performance Indicators.
- Building Certifications.
- Stakeholder Engagement.

GRESB SCORE – SFL VS. ITS PEERS



Novethic

Novethic is a French research centre specialised in responsible investing and since 2010 it has published a ranking of the environmental performance of French property companies. In 2014 Novethic ranked SFL as one of the six companies in the industry that are the most committed to environmental reporting (out of a panel of the 20 largest listed property companies in France).



Results of the Novethic 2014 survey on the environmental reporting of France's main listed property companies.

3.3. SFL's head office – an R&D laboratory

The diagram below shows all of the CSR performance criteria at the Washington Plaza building where the Group's head office is based:



Office areas covering up to 2,200 sq.m for a single tenant

High-quality services (restaurant, concierge service, reception areas, etc.)

BREEAM In-Use Certification

Part 1 ★★★★★

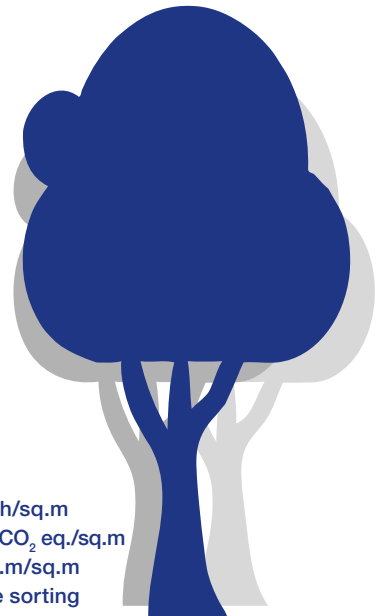
Part 2 ★★★★★★

Part 3 ★★★★★★

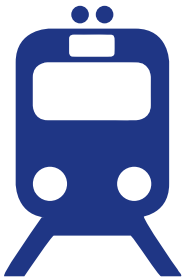


A 560 sq.m living wall

600 sq.m garden accessible to occupants

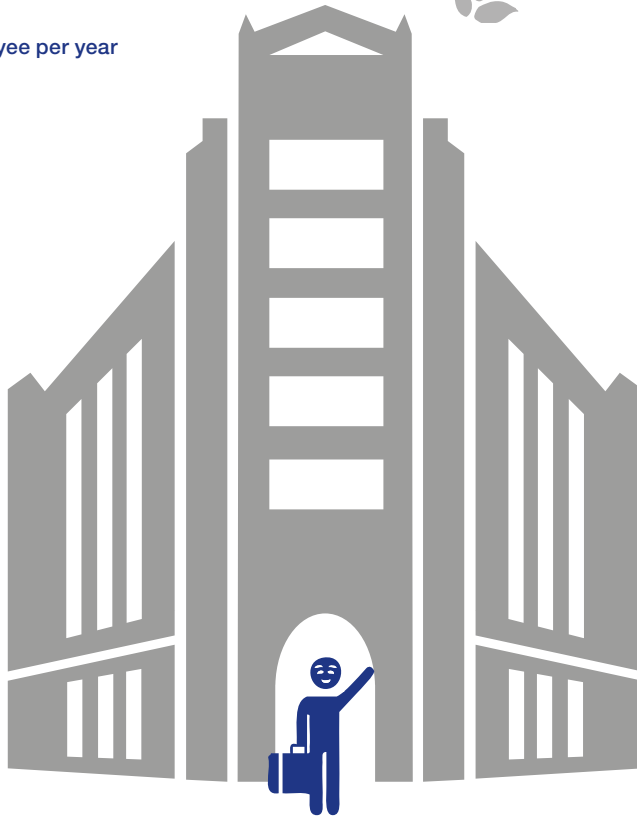


308 kg CO₂ eq. per employee per year for the daily commute
2012 data



450 metres away from the nearest underground station

All areas accessible for people with reduced mobility



185 kWh/sq.m
14.4 kg CO₂ eq./sq.m
0.51 cu.m/sq.m
6 waste sorting systems



81% of occupants satisfied
2013 data



Bicycle parks and electric cycle and vehicle recharge points

4. Creating value for property users

SFL has an ongoing reflection process in place concerning the way in which properties help to boost business performance as this issue is by definition qualitative and therefore difficult to assess. Below are a few of the main factors that are considered to create value for the users of office property.

4.1. Location and access

Definition: This priority focuses on employees' daily commute from home to the workplace and journeys from the workplace to business partners' premises. It also covers the urban environment, in particular shops and the urban mix.

It is an essential vector for client satisfaction and well-being and significantly contributes to creating value for users of SFL's property assets.

Materiality level 1

KPI: 100% of sites less than 10 minutes away from an underground/tram station (permanent objective: 100%).

KPI: 79% of the portfolio located in the Paris Central Business District.

KPI: GHG emissions caused by the daily commute of SFL property occupants are 2.6 times lower than the average in the greater Paris region.

According to a survey conducted in 2008 by INSEE (France's national statistics agency), a Parisian spends an average of 70 minutes per day in public transport (*Enquête Nationale des Transports et Déplacements*). And based on a workplace survey (*l'Observatoire Paris WorkPlace*) carried out by the market research firm, IFOP, in 2014, 70% of HR Directors consider that poor transport conditions adversely affect recruitment.

Location of property assets

With 79% of its property assets located in the Paris Central Business District, SFL is careful to ensure that its properties are located as close as possible to public transport links (see map in the section above entitled "Presentation of SFL").

As a specialist in prime business centres in Paris, SFL's intention is to strengthen its positioning by acquiring large buildings in established or up-and-coming business districts, which are well connected and easily accessible, in order to create property with high-quality architecture and excellent services.

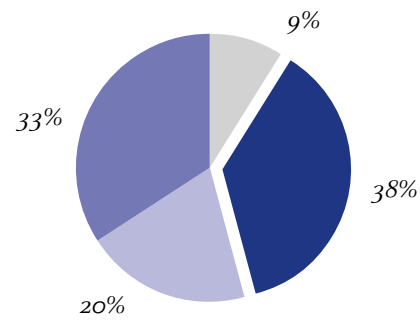
Easy transport links and a low carbon footprint for occupants' travel

SFL's long-standing strategy of ensuring its properties are located within easy access of public transport offers an array of benefits:

- Lower emissions caused by commuting and business journeys.
- Significant time savings (commuting and client-partner accessibility) for companies headquartered in our buildings.
- Well-being at work, because shorter commuting times reduce fatigue and stress.

91% of SFL's buildings are located less than 500 metres from an underground station and 33% are within 100 metres.

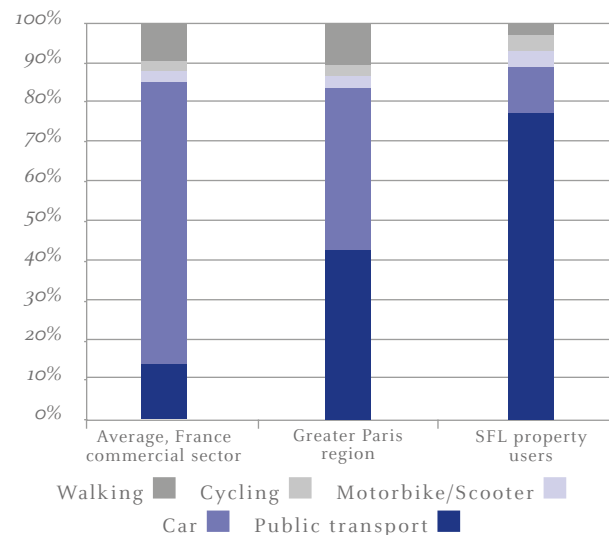
PROXIMITY TO PUBLIC TRANSPORT



More than 500 metres 9%
 251 to 500 metres 33%
 101 to 250 metres 20%
 Less than 100 metres 38%

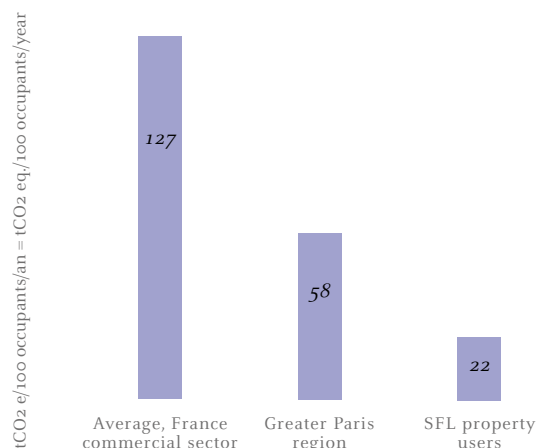
The proximity of SFL's properties to public transport reduces GHG emissions resulting from occupants' commutes and journeys to business partners.

MEANS OF TRANSPORT USED FOR COMMUTING



French government statistics (INSEE) – 2008 Transport Survey, average figures for France's commercial sector. Data published by the transport operator STIF (Greater Paris region, 2010 Transport Survey). SFL satisfaction survey, 2013.

COMMUTING CARBON FOOTPRINT



Ademe V7.1 emissions factors.

In the satisfaction surveys it regularly carries out, SFL asks the users of its properties how they get to work. A total of 74% of the Group's office property users commute by public transport every day and only 11% travel to work by car. Commuting by bicycle or on foot is carbon neutral and the most pollutant means of travel is by car.

This high level of public transport use results in lower GHG emissions. The occupants of SFL buildings emit 2.6 times fewer GHGs through their daily commute than the average employee working in the greater Paris region.

SFL intends to remain below this regional average by developing solutions to encourage car pooling and the use of electric vehicles and bicycles.

The urban mix

SFL's office buildings are generally located in central areas that mix business, entertainment, residential and cultural premises. The urban mix in this context means the facilities and amenities available in the area around a building. The attractiveness of the immediate surroundings is a determining factor in a client's decision to lease one of our properties.

We have put in place a web-based solution for occupants (*ServicesbySFL* – www.servicesbySFL.com) that provides information on the amenities and transport links available around their workplace (for further details see the section below on "Comfort, layout and organisational efficiency").

4.2. Client relations and satisfaction

Definition: SFL has created a formal system for obtaining feedback from clients so that it can meet their expectations and ensure their satisfaction. Our objective is to enter into agreements on CSR issues with our tenants in the medium term so they can partner us in our CSR performance.

Client satisfaction is closely linked to the key area of creating value for property users.

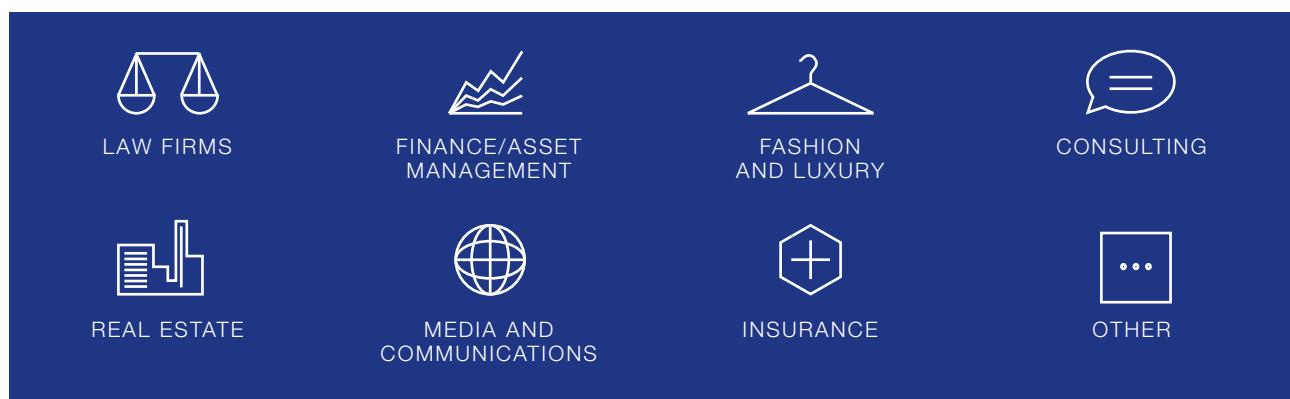
Materiality level 1

KPI: 82% of our clients are satisfied or very satisfied with their building (permanent objective: >80%).

KPI: 51% are green leases (permanent objective: 100%).

We have a portfolio of high value-added clients operating in a wide range of industries. All of our clients are leaders in their markets or industries and they intend to maintain their positions by drawing on their internal resources, recruiting the best talent, ensuring proximity to their stakeholders and decision-making centres, and offering their teams an optimal working environment that encourages creativity and knowledge-sharing.

OUR EIGHT MAIN TYPES OF CLIENT



Client relations and satisfaction

In 2013, we conducted a survey on "Value for users of commercial property", in partnership with the City of Paris and the consultancy firm Quartier Libre.

This survey went beyond the purely financial aspect of cost per square metre in order to determine how workspaces can contribute to team performance and how property can be considered to be an investment that generates benefits (employee comfort and well-being, reducing time spent on personal and business travel, projecting a strong image both within and outside the company, etc.).

It was unbiased and its objective was to serve as a decision-making aid, taking into account all of the related positive and negative factors depending on the profile of the company concerned.

The survey identified three drivers for value creation:

- **Driver 1: Maximising productivity.** Location – which is essential for accessibility and client proximity – is a powerful driver of commercial and organisational efficiency.
- **Driver 2: Well-being at work.** The working environment should be thought of as a source of well-being for employees and therefore as a business performance driver. Comfortable offices that are well located in an area with high-quality amenities can be a competitive strength from a managerial standpoint.
- **Driver 3: Organisational efficiency.** In order to encourage innovation and creativity, an office needs to be three different things at once: (i) an open office, where people are inspired and can meet, listen to each other and communicate, (ii) a slow office, where people can express themselves, think, create and concentrate, and (iii) a social office, i.e. a living space where people can get together and co-operate with each other.

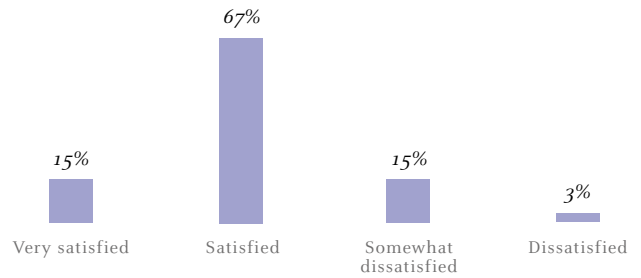
The survey showed that the importance placed on the workspace depends on the type of company. Some are strongly committed to leveraging the intangible aspects of their workspaces, which can drive employee performance and ultimately impact productivity.

Drawing on the results of the survey, SFL has focused its efforts on these three drivers in order to create greater value for its property users and therefore ensure their satisfaction.

Client satisfaction surveys are carried out among our building occupants every two years and they help us gain a better knowledge of our clients, measure their satisfaction, and assess their expectations in terms of the offices and services provided. The results of these surveys give us a database that is vital for tracking and anticipating client needs and adapting and designing properties that meet their expectations.

- **Client profile:** The occupants of our buildings have a balanced gender profile, with 48% men and 52% women, and include a very high proportion of executives and managers (80%). Almost 80% have shared workspace (49% working in open space offices and 28% in shared offices).
- **Client satisfaction:** 82% of people working in our properties are satisfied or very satisfied with the premises in which they work. The three main factors underpinning this high satisfaction rate are location, workspace quality and architectural design.

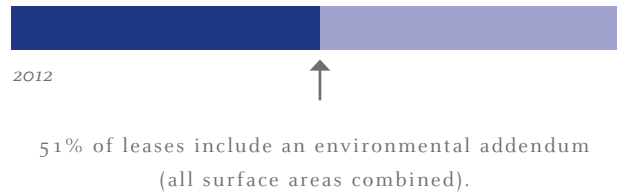
OVERALL SATISFACTION RATES FOR OUR BUILDINGS



Green leases

The Grenelle II Act, which was adopted in France in 2010, provides for energy use in buildings to be reduced by 38% by 2020, which has led to the emergence of green leases (or an environmental addendum signed by the lessor and the tenant). As well as being a way of enhancing the energy and environmental performance of buildings, these leases are an opportunity to open up dialogue about CSR issues between lessors and tenants.

Consequently, extremely early on we decided to include questions in our client satisfaction survey to assess our clients' level of CSR engagement. The results of the most recent survey show that only 27% of the companies surveyed publish a CSR report and 68% have an internal sustainability policy including a commitment to continuously improving their CSR performance.



For each green lease entered into, a green committee is usually set up, which meets on an annual basis. During the meetings the lessor and tenants analyse and discuss the building's environmental performance and determine (or where necessary adjust) the objectives and methods for optimising energy and water use from one year to the next.

User guide

We publish building guides for users, which provide a wealth of information on the building they work in and how it operates. Topics covered include the history of the building, business hours, accessibility (pedestrians, public transport, access for people with reduced mobility, vehicles), site safety and security, technical management and food services.

Users can also find an exhaustive list of eco-friendly practices to be employed daily in the areas of:

- Energy.
- Water management.
- Eco-responsible purchasing.
- Selective waste sorting.
- Virtuous travel (Velib' bicycle sharing and public transport).



These guides meet a dual objective:

- They round out our prime offering by providing exhaustive information to clients about the building.
- They meet environmental certification requirements.

4.3. Certification

Although sustainable building design is sometimes viewed as a constraint it can in fact be extremely strategic for the property's value, as the extent to which a building meets regulatory, operational and communication requirements can have a direct effect on the value created for the property's tenant.

In our client satisfaction survey, 67% of respondents said that it was important that their building had an environmental certification as this made them feel they were actively contributing to environmental protection.

Definition: This priority concerns SFL's certification strategy (BREEAM Construction for renovation works and BREEAM In-Use for buildings in use).

Materiality level 1

KPI: 100% of SFL's buildings in use are certified BREEAM In-Use (objective for 2017: 100%).

KPI: 90% of BREEAM In-Use certifications with a Very Good or higher rating (Parts 1, 2 and 3 combined) (objective for 2017: 100%).

KPI: 100% of redevelopment projects aimed at achieving at least one BREEAM certification (permanent objective: 100%).

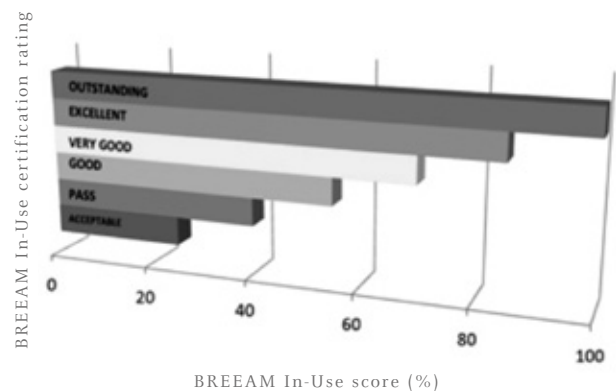
We began our certification campaign in 2012 and have chosen BREEAM Construction certification (Building Research Establishment Environmental Assessment Methodology) for buildings undergoing redevelopment or renovation and BREEAM In-Use International (BIU) for buildings in use.

We have already achieved the objective we set ourselves of obtaining certification for all of our buildings in use. BREEAM certification provides an overall "building" rating based on a site visit by an auditor and an assessment of the criteria for each sustainability category (energy, water, waste, materials, pollution, transport, biodiversity, health and safety, and management).

There are three assessment options available within BREEAM In-Use, each covering a different aspect of performance:

- Part 1: Asset (the inherent performance characteristics of the building).
- Part 2: Building Management (the quality of the building's management and operation).
- Part 3: Occupier's Management (the tenant's organisational efficiency and procedures and practices).

THE BREEAM IN-USE RATING SYSTEM



The BREEAM In-Use rating system:

- | | |
|--------------------|--------|
| > 85% OUTSTANDING | ★★★★★★ |
| > 70% EXCELLENT | ★★★★☆ |
| > 55% VERY GOOD | ★★★★☆☆ |
| > 40% GOOD | ★★★☆☆ |
| > 25% PASS | ★★☆☆☆ |
| > 10% ACCEPTABLE | ★☆☆☆☆ |
| < 10% UNCLASSIFIED | ☆☆☆☆☆ |

The table below shows the BIU certifications for SFL's buildings in use:

Immeubles	Score BREEAM In-Use 2013				Score BREEAM In-Use - INTERNATIONAL 2014				Ambition	
6 Hanovre	24/12/2013	Part 1 Asset Rating	Pass (32%)	★★	22/01/2015	Part 1 Asset Rating	Very Good (56%)	★★★★	Very Good	★★★★
Ozone	10/07/2013	Part 1 Asset Rating	Good (51%)	★★★	21/07/2014	Part 1 Asset rating	Very Good (65%)	★★★★	Very Good	★★★★
96 Iéna	08/08/2013	Part 1 Asset Rating	Good (42%)	★★★	17/07/2014	Part 1 Asset rating	Good (50%)	★★★	Very Good	★★★★
		Part 2 Building Mgt	Pass (31%)	★★		Part 2 Building Mgt	Very Good (67%)	★★★★	Very Good	★★★★
103 Grenelle	05/12/2012	Part 1 Asset rating	Good (47%)	★★★	13/02/2014	Part 1 Asset rating	Very Good (62%)	★★★★	Very Good	★★★★
		Part 2 Building Mgt	Good (43%)	★★★		Part 2 Building Mgt	Excellent (70%)	★★★★★	Excellent	★★★★★
104-110 Boulevard Haussmann	08/07/2013	Part 1 Asset Rating	Good (47%)	★★★	17/07/2014	Part 1 Asset Rating	Very Good (60%)	★★★★	Very Good	★★★★
112 Wagram	03/09/2013	Part 1 Asset Rating	Good (42%)	★★★	03/11/2014	Part 1 Asset Rating	Excellent (72%)	★★★★★	Excellent	★★★★★
		Part 2 Building Mgt	Good (43%)	★★★		Part 2 Building Mgt	Excellent (83%)	★★★★★	Excellent	★★★★★
131 Wagram	24/07/2013	Part 1 Asset Rating	Good (45%)	★★★	16/07/2014	Part 1 Asset Rating	Good (49%)	★★★	Very Good	★★★★
176 Charles-de-Gaulle	26/07/2013	Part 1 Asset Rating	Good (42%)	★★★	05/08/2014	Part 1 Asset rating	Good (50%)	★★★	Very Good	★★★★
		Part 2 Building Mgt	Pass (39%)	★★		Part 2 Building Mgt	Very Good (69%)	★★★★	Very Good	★★★★
Édouard VII	19/09/2013	Part 1 Asset Rating	Good (41%)	★★★	03/11/2014	Part 1 Asset rating	Very Good (62%)	★★★★	Very Good	★★★★
		Part 2 Building Mgt	Pass (32%)	★★		Part 2 Building Mgt	Excellent (85%)	★★★★★	Excellent	★★★★★
Galerie des Champs-Élysées	24/07/2013	Part 1 Asset Rating	Good (42%)	★★★	21/07/2014	Part 1 Asset rating	Very Good (68%)	★★★★	Very Good	★★★★
		Part 2 Building Mgt	Good (48%)	★★★		Part 2 Building Mgt	Very Good (65%)	★★★★	Very Good	★★★★
Louvre Saint-Honoré	06/12/2012	Part 1 Asset Rating	Good (45%)	★★★	13/02/2014	Part 1 Asset Rating	Very Good (65%)	★★★★	Very Good	★★★★
		Part 2 Building Mgt	Good (40%)	★★★		Part 2 Building Mgt	Very Good (68%)	★★★★	Very Good	★★★★
Le Vaisseau	09/07/2013	Part 1 Asset Rating	Good (43%)	★★★	16/07/2014	Part 1 Asset Rating	Very Good (56%)	★★★★	Very Good	★★★★
		Part 2 Building Mgt	Good (42%)	★★★		Part 2 Building Mgt	Excellent (76%)	★★★★★	Excellent	★★★★★
		Part 3 Occupier's Mgt	Good (53%)	★★★		Part 3 Occupier's Mgt	Very Good (59%)	★★★★	-	-
Cézanne Saint-Honoré	27/11/2012	Part 1 Asset Rating	Good (45%)	★★★	12/02/2014	Part 1 Asset Rating	Very Good (66%)	★★★★	Very Good	★★★★
		Part 2 Building Mgt	Pass (32%)	★★		Part 2 Building Mgt	Very Good (62%)	★★★★	Very Good	★★★★
Rives de Seine	03/09/2013	Part 1 Asset Rating	Good (40%)	★★★	03/11/2014	Part 1 Asset rating	Very Good (60%)	★★★	Very Good	★★★★
		Part 2 Building Mgt	Good (40%)	★★★		Part 2 Building Mgt	Excellent (79%)	★★★★★	Excellent	★★★★★
In Out					03/11/2014	Part 1 Asset Rating	Very Good (70%)	★★★★	Very Good	★★★★
Washington Plaza	08/08/2013	Part 1 Asset Rating	Good (45%)	★★★	21/07/2014	Part 1 Asset Rating	Very Good (67%)	★★★★	Very Good	★★★★
		Part 2 Building Mgt	Good (51%)	★★★		Part 2 Building Mgt	Outstanding (88%)	★★★★★	Outstanding	★★★★★
		Part 3 Occupier's Mgt	Very Good (69%)	★★★★		Part 3 Occupier's Mgt	Outstanding (85%)	★★★★★	Outstanding	★★★★★
Condorcet					08/10/2014	Part 1 Asset Rating	Very Good (61%)	★★★★	Very Good	★★★★
						Part 2 Building Mgt	Excellent (72%)	★★★★★	Excellent	★★★★★

Pass ★★

Good ★★★

Very good ★★★★

Excellent ★★★★★

Outstanding ★★★★★★

New ambitions

After two years of dedicated work on the certification process, in 2014 we decided to go even further by adding an excellence objective to the BREEAM In-Use certification, namely to achieve 100% of BREEAM In-Use certifications with a Very Good or higher rating (Parts 1, 2 and 3 combined) by 2017.

BREEAM In-Use Part 3

One of the strengths of the BREEAM In-Use standard is Part 3 of the certification process entitled "Occupier's Management", which assesses best practices and responsible behaviour in terms of how offices are used. For buildings with multiple tenants, each tenant's use of the building can be certified independently from that of the other tenants. We intend to leverage this excellent resource in our relations with our tenants in order to encourage them to take on board the objectives of the process and obtain a maximum number of Part 3 certifications.

After being rated Outstanding, Washington Plaza won the Offices In-Use category at the BREEAM Awards 2015

SFL's head office at 42 rue Washington, 75008 Paris, France (Washington Plaza) is BIU International certified with extremely high ratings for all three parts of the standard, further demonstrating how we have got our CSR policy right.

In 2014, the British Research Establishment (BRE) – the body that delivers BREEAM and BREEAM In-Use certifications – placed Washington Plaza on the shortlist for the BREEAM Awards 2015, which recognise the highest-scoring buildings in each property category.

Asset: 67%
Very Good
★★★★☆☆

Building Management: 88%
Outstanding
★★★★★

Occupier Management: 85%
Outstanding
★★★★★



And the winner is.... Washington Plaza: Our head office building performed excellently, winning the first prize in the “BREEAM Offices In-Use” category. The judges were particularly impressed by our efforts to maximise the building’s environmental performance and minimise its carbon footprint, as well as the way in which the green areas and shared spaces have been designed with a focus on both enhancing occupants’ comfort and providing optimal working conditions.

Certification of development projects

Case study: Triple certification for #cloud.paris

Located in the heart of the 2nd arrondissement in Paris, #cloud.paris is a three-building complex within short walking distance from the stock exchange and opera house in the French capital’s financial district. With a surface area of 32,000 sq.m the complex has undergone significant redevelopment work to create a unique working environment based on modern, flexible office space and prestigious services and amenities, such as a business centre, a concierge service, a restaurant, a panoramic terrace and fitness rooms...



With this project we are aiming to achieve high-level certification under the three major standards and are also seeking to obtain the following certifications:

- HQE Exceptionnel (with 10 high-performance targets out of 14)
- LEED Gold
- BREEAM Excellent
- Label BBC Effinergie Rénovation (which is given to buildings that use 40% less energy than a regulatory benchmark)

Alternative transport means were a key priority in the building’s redevelopment design and there are parking spaces for only 99 cars and 112 motorcycles whereas there are 250 spaces for bicycles. The complex is only a five-minute walk from four underground lines, seven Velib’ bicycle-sharing stations, five Autolib’ car-sharing stations and nine bus stops.

An ecological study was carried out as part of the design plan, which led to a 56% increase in the site’s green areas compared with its previous configuration, and the type of greenery used was changed by introducing climbing plants, perennial shrubs and grasses. A rainwater harvesting system will be used to water these plants.

We are also aiming to obtain BREEAM Construction certification with a Good rating for the office complex at 90 Champs-Élysées. The file for this application is currently being reviewed by the BRE.

4.4. Comfort, layout and organisational efficiency

Definition: This priority concerns the value created for a building’s users as a result of its layout and fittings (natural light, acoustic comfort, access for people with reduced mobility, etc.) as well as its healthful qualities (indoor air quality), the efficiency of its office space (optimisation of space, circulation of people, etc.), the services and amenities provided to users, and how the building facilitates team work. All of these factors have a direct effect on users’ well being and provide benefits in terms of creativity and organisational efficiency.

This priority is a major driver for client satisfaction.

Materiality level 2

KPI: 56% of the office space within the portfolio has been renovated (or under renovation) over the past five years.

Occupants’ well-being

We take particular care over the comfort, layout and organisational efficiency of the assets in our portfolio. To this end, we regularly renovate our buildings, and 56% of the office space in the portfolio has been renovated over the past five years.

We have set ourselves the objective of transforming our assets into properties that meet the specific needs of our prestigious clientele and contribute to their employees’ well-being in the workplace. When we renovate and redevelop our properties, we pay special attention to factors that enhance quality of life and well-being, such as indoor air quality, acoustic comfort and natural light.

Case study of a building designed for the well-being of its occupants: #cloud.paris

As part of the #cloud.paris project we are creating exceptional volumes with highly flexible workspaces bathed in natural light and floors comprising open spaces of up to 3,000 sq.m. The main features intended to contribute to occupants’ well-being are as follows:

- As much natural light as possible, which not only gives the building a modern feel but also increases its comfort and health benefits while contributing to biodiversity and energy performance.
- Large glazed areas (91% of the complex’s facades are glazed).
- Larger sunken courtyards to bring more natural light into the offices and amenities areas.
- Radiant ceilings that use heating and cooling technologies to offer optimal thermal comfort.
- Healthy air quality thanks to an innovative filtering system and high-quality materials.


In addition, the space per occupant (10 sq.m minimum) has been optimised without affecting the complex’s comfort.


At the same time there are more communal areas, which encourages social interaction, discussion and exchange, and even helps to increase concentration levels. One example is the e-lounge – an original, contemporary space in which people can either work or take a break.

Organisational efficiency

SFL designs modular, free-flowing and adaptable office spaces that can be fitted out in line with our clients' specifications. This highly flexible design ensures the best possible working environment.

Case study: Workspaces designed to enhance performance: In/Out


 Floors comprising some 4,300 sq.m of open office space


 An average of 10 sq.m of floor area per workstation

 6 m of grids


 Simple and flexible configuration

 2.8 m ceiling height

 Frame of 3 grids, 2 of which provide for openings

 Glazed landings, fire doors and compartments

 Total depth of 18 m

 15 to 45 cm of plenum space above the dropped ceiling



The building's surface area is optimised, with floors comprising some 4,300 sq.m of open office space. This means that work spaces can be made people-centric, based on a layout that is both easy and flexible.

There are numerous configuration options, with shared or individual offices, and meeting rooms placed in the middle of the overall layout, designed in line with the tenant's corporate culture and specific needs.

Large open spaces optimise the circulation of people and encourage spontaneous encounters and therefore teamwork. Today's companies need to be able to adapt to new relationships between time and space in the workplace, with employees increasingly on the move and needing to be constantly connected. This is leading to more blurred boundaries between private and professional lives, and increased volatility for new generations, which in turn means that workspaces are becoming an ever-more important factor in creating value for companies and a vector for fostering loyalty among their people.

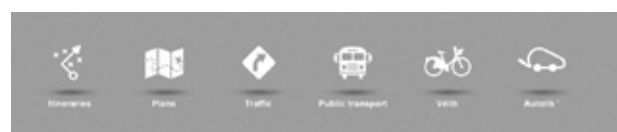
Support services – ServicesbySFL

As part of the support services we provide to our tenants we have set up a web-based solution called ServicesbySFL which gives information on amenities internal and external to our buildings.

This user-friendly application comprises five different sections and is aimed at helping people make the most of what is on offer in the neighbourhood in which they work.



The "Transport" section shows users all of the transport options for getting to their office building.



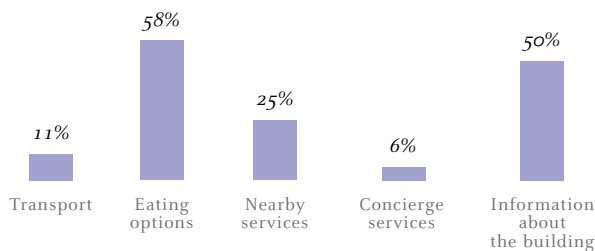
In the "Nearby services" section, users can see the majority of services and amenities available in the area.



Since its launch in April 2013, ServicesbySFL: has logged more than 270,000 pageviews and 12,600 unique visitors.

53% of our occupants are familiar with ServicesbySFL and they mainly use it for finding local restaurants and getting information about their building.

WHAT DO YOU USE SERVICESBYSFL FOR?



Source: SFL survey, 2013.

Accessibility for people with reduced mobility

Accessibility is a key factor in promoting employment for people with disabilities. It also helps employees to continue working if they become temporarily disabled following an accident or an illness.

Committed to offering exemplary services in this area, SFL has planned a programme of works to improve access to our buildings, which go above and beyond the statutory requirements in the French Labour Code (*Code du travail*).

The types of disability we intend to take into account in these works are:

- Reduced mobility
- Visual impairment
- Hearing impairment

The aim is to install special equipment and facilities so that people with disabilities can safely get around in our buildings as independently as possible, including access ramps, handrails, flashing and audio sirens, specially adapted areas that can accommodate suitable workstations, and lifts with braille call buttons.

KPI: Since 2010, all of SFL's major renovation and redevelopment projects have included access facilities for people with reduced mobility.

5. Building a sustainable portfolio

5.1. Sustainable building management

Definition: Operating buildings sustainably means optimising the use of energy and water as well as the management of waste generated through the building's use. This involves setting up a broad-based environmental management approach that includes improving systems for the building's operation/maintenance, installing individual utility meters, introducing building management systems, reducing leakages, optimising usage, reducing waste generation at source and optimising waste management, as well as training sub-contractors and raising awareness among tenants.

Materiality level 2

KPI: 257 kWh/sq.m in buildings managed by SFL. 2011 scope: 279 kWh/sq.m

Objective for 2017: 238 kWh/sq.m (-15%)

KPI: 0.55 cu.m/sq.m in buildings managed by SFL. 2011 scope: 0.67 cu.m/sq.m

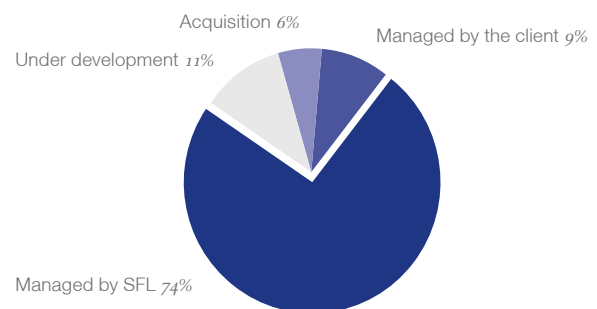
Objective for 2017: 0.54 cu.m/sq.m (-20%)

KPI: 40% of the properties in the portfolio now have a waste management reporting process

Objective for 2017: Extend the coverage of the waste management reporting process (paper and non-hazardous industrial waste).

In line with our commitment to achieving the objectives set in France's Sustainable Building Plan and the Grenelle II Act, we are aiming to reduce energy and water use in all of the buildings that we manage.

BREAKDOWN OF SURFACE AREA IN THE GROUP'S PORTFOLIO



Each of our properties has a "baseline year" corresponding to the year in which it entered the SFL scope of reporting. The objectives that we have set ourselves in relation to reducing energy and water use only take into account the eight buildings which have 2011 as their baseline year (in order to maintain a constant reporting scope). However, the scope of reporting changes from one year to the next and we currently monitor on a three-monthly basis the overall energy and water use of the 11 buildings we manage, and we track energy use every month.

The table below shows the baseline year for each of the buildings we manage:

Building	Baseline year
Louvre Saint-Honoré	2011
96 léna	2011
176 Charles de Gaulle	2011
Washington Plaza	2011
Édouard 7	2011
Rives de Seine	2011
Cézanne Saint-Honoré	2011
103 Grenelle	2011
112 Wagram	2012
Ozone - 92 Champs-Élysées	2013
Galerie Champs-Élysées	2013

We are also gradually extending our reporting system to include annually monitoring the energy use of buildings in use that are managed by clients themselves (single-tenant buildings). By 2017 we intend to go even further by incorporating occupants' usage levels into our energy-reduction objectives. When energy-use data is not known, it is estimated by means of extrapolation and by taking into consideration the technical heating and air conditioning systems. In order to calculate usage ratios, we apply an occupancy coefficient to the building's unweighted usable area.

Energy

We have put in place two different types of initiatives with a view to reducing and optimising our energy use:

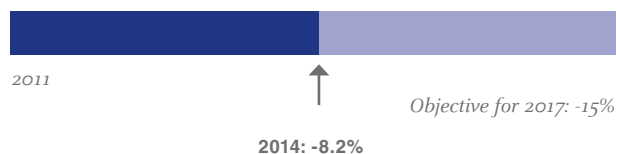
- Group-wide initiatives
 - Obtaining BREEAM In-Use or BREEAM Construction certification for all buildings.
 - Earning additional certifications (HQE and LEED) for large-scale redevelopments.
 - Integrating energy reduction requirements into the specifications of operators and building firms.
 - Providing training and information on energy efficiency to operators and building firms.
- Local initiatives
 - Conducting energy audits on buildings.
 - Overhauling building management system (BMS) analyses.
 - Optimising air handling unit (AHU) flow rates.
 - Improving the management of lighting in car parks and communal areas.
 - Equipping both communal areas and private spaces with LED lighting and movement sensors.
 - Raising occupants' awareness about energy efficiency.

The tables below show the change in total energy use for the eight buildings whose baseline year is 2011.

The 2014 indicator has been adjusted to reflect the same climate conditions as in 2011 in order to maintain the most constant reporting scope possible. The overall reduction in energy use between 2011 and 2014 as shown below was 8.2%.

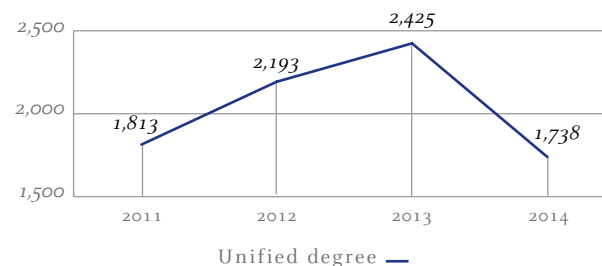
Total energy use	in kWh/sq.m/year
2011	280
2014	257

Progress:



The Group uses the unified degree day (UDD) model to analyse changes in climate conditions. This model enables us to estimate energy needs for heating or air-conditioning depending on how cold the winter is or how hot the summer gets.

UNIFIED DEGREE DAYS



Source: Météociel

“SFL_le_lab” Innovation:

Analysing electricity use by type

In line with our overall aim of using cutting-edge technology, in 2014 our head office building was equipped with a new solution for measuring electricity use. This solution has an innovative meter which can break down the electricity signal by usage (heating ventilation and air conditioning (HVAC), IT and lighting), and by area and time.

Example: We noted that the amount of electricity used at night for IT equipment was fairly high.

Action taken → Raise employees' awareness about turning off their computers before leaving in the evening.

This innovative technology enables us to effectively target the best ways of reducing electricity use and we intend to equip the whole of the Washington Plaza site with such meters in 2015.

Water

Highly aware that water is an essential and increasingly scarce resource, we have implemented a number of action plans aimed at reducing water use in our buildings. This involves equipping all of the water supply points in the communal areas of our buildings with water-saving devices such as aerators to reduce the water flow from taps, “eco bags” in toilet tanks to save large amounts of water and low-flow shower heads.

SFL buildings are supplied exclusively by the municipal water distribution system. Extracted from aquifers and rivers, the water is purified and then transferred as drinking water to end-user locations. None of our sites lift water from vulnerable sources.

The table below shows the change in water use on a constant scope basis, i.e. only for the eight buildings whose baseline date is 2011.

Water use	in cu.m/sq.m/year
2011	0.67
2014	0.55

Water use for these buildings fell by 18% between 2011 and 2014, which means that the 20% reduction objective for 2017 has already nearly been met. There has been a particularly marked decrease since 2012, when we first launched our water savings measures.

Progress:



Rainwater harvesting systems

In line with the regulatory requirements concerning soil sealing and the Group's overall commitment to environmental responsibility, we are increasingly harvesting rainwater for use in our buildings. The water harvested is used only for watering green spaces.

- In 2014 this technology had been installed at two sites: In/Out and Ozone.

Ozone: 124 cu.m (meter reading) → used to water the building's living wall.

In/Out: 2,474 cu.m (meter reading) → used to water all of the site's green spaces.

- Two further sites will be equipped in 2015: Washington Plaza and #cloud.paris

Washington Plaza: four tanks holding 5 cu.m each have been installed, representing 20 cu.m in total. The water harvested will be used to maintain all of the site's green spaces, including the living wall in the building's interior courtyard.

#cloud.paris: six tanks of 4 cu.m have been designed for installation, representing 24 cu.m in total. The water harvested will be used to water all of the site's 600 sq.m of green spaces. Once full, the tanks will be able to cover the site's watering needs for a period of ten days.

Waste

We are currently in the process of rolling out a reporting system for the waste generated by the occupants of our buildings. The data below only covers five of our buildings: 96 léna, Washington Plaza, 103 Grenelle, Louvre St-Honoré and Rives de Seine.

KPI: 40% of the buildings in the portfolio now have a waste management reporting process

Sorted waste (in tonnes)	Paper/ cardboard	NHIW*
2013	171	367
2014	179	239

*NHIW: Non-Hazardous Industrial Waste.

SFL's waste management initiatives are focused on waste sorting systems for occupants as well as waste generated by operational and maintenance activities. Waste sorting is one of the topics we address with our tenants during our “green” committee meetings. The sorting systems discussed cover office waste (NHIW, paper and cardboard) and sometimes proposals are made for sorting other products such as glass, batteries and ink cartridges.

Waste generated by maintenance operations is systematically recycled as this is a contractual obligation.

Waste sorting at the Group's head office

Each workstation and meeting room has a two-compartment waste bin allowing users to sort paper waste in order for it to be recycled. In 2014, 2.6 tonnes of paper were collected thanks to this system, representing more than 36 kg per employee.

An “Ecobox” collection point for ink cartridges and toners has also been installed at our head office, which enabled 80.3 kg of printer consumables to be recycled in 2014. At the same time, 5 kg of used batteries were collected thanks to a battery collection container.

5.2. Carbon efficiency

Definition: This priority concerns reducing the GHGs emitted by the Group's properties (energy mix used, leaks of coolants, and occupants' daily commutes and journeys to business partners).

Materiality level 3

KPI: 23.4 kg CO₂ eq./sq.m in buildings managed by SFL.
2011 scope: 24.3 kg CO₂ eq./sq.m

Objective for 2017: 21.8 CO₂ eq./sq.m (-10%)

We are mainly lowering our GHG emissions through energy efficiency measures, but we are also committed to removing the last remaining oil-fired boilers from our properties, increasing the use of non-fossil energies in our energy mix, and reducing coolant leakage.

The table below shows the change in GHG emissions due to energy use for the buildings in the 2011 scope.

CO ₂ emissions	in kg CO ₂ eq./sq.m/year
2011	24.3
2014	23.4

These emissions are generated by the buildings' use of electricity, fuel oil and urban heating and cooling systems. The 2014 indicator has been adjusted to reflect the same climate conditions as in 2011 in order to maintain the most constant reporting scope possible. The overall reduction in these GHG emissions between 2011 and 2014 as shown below was 4%.

Progress:

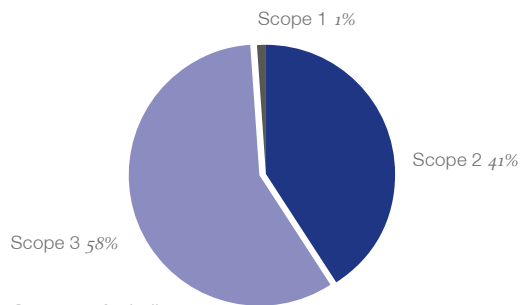


See the "Sustainable building management" section above for information on our measures to reduce building energy use that leads to GHG emissions.

Monitoring the carbon footprint of properties in use

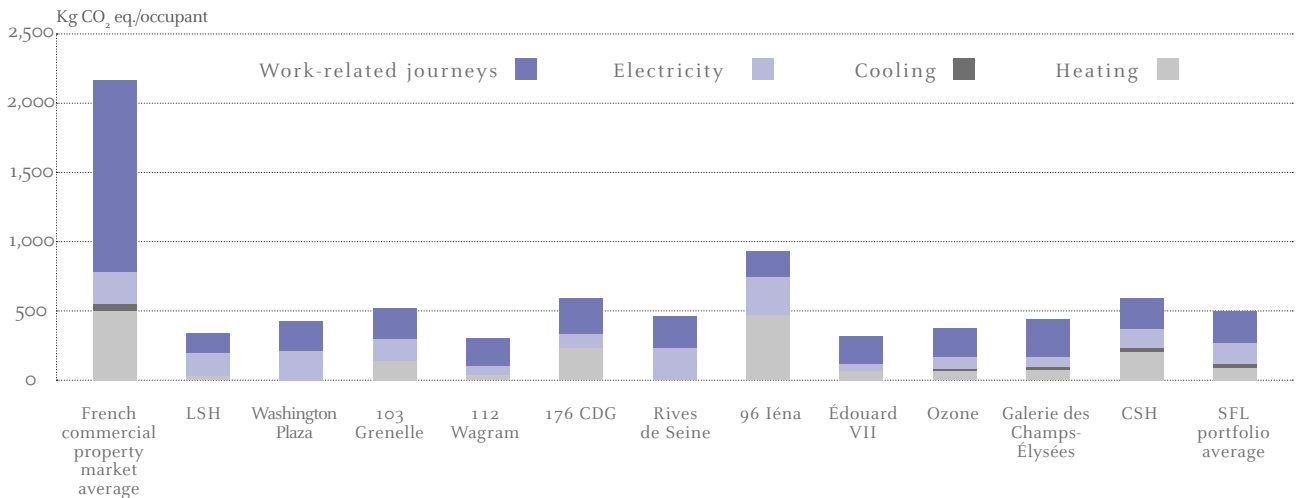
For three years now we have monitored the overall carbon footprint of eleven buildings under management, taking into account both energy use and occupants' daily commutes and business travel (work-related journeys). According to the French government's sustainable development commission (*Commissariat général au développement durable*), daily local travel is the primary contributor to CO₂ emissions in France. We have been able to monitor the work-related daily travel habits of our buildings' occupants through a client satisfaction survey that includes questions concerning their means of transport.

EMISSIONS FROM PROPERTIES

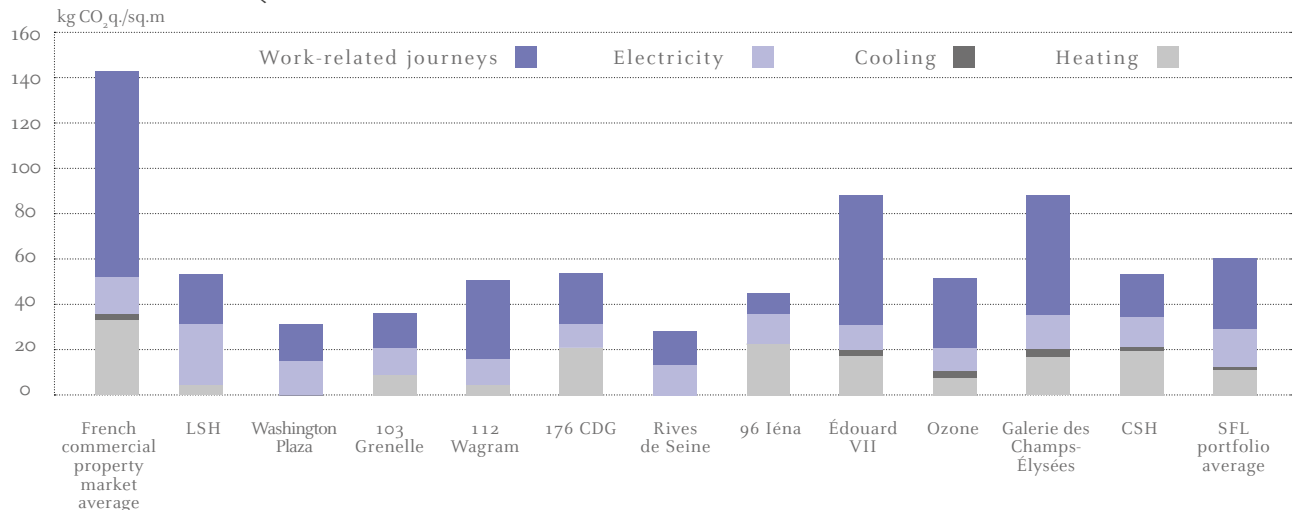


- Scope 1: fuel oil
- Scope 2: electricity and urban heating and cooling systems
- Scope 3: occupants' work-related journeys

GHG EMISSIONS PER OCCUPANT



GHG EMISSIONS PER SQUARE METRE



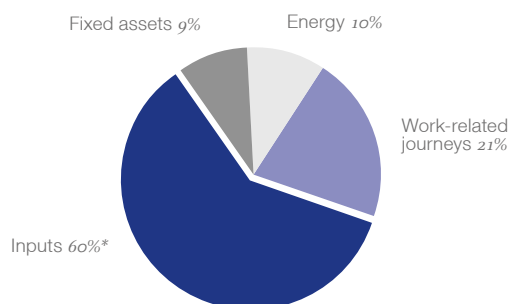
The results obtained from the client satisfaction survey showed that the portfolio's GHG emissions average per workstation user is among the lowest in France.

Head office carbon audit

The carbon footprint of SFL's head office, classified as commercial property, has also been audited in all three scopes. This audit is updated every three years. As part of the audit process we gathered data about work-related journeys by surveying the entire workforce as well as visitors.

Findings: 5.6 t CO₂ eq./employee/year

Head office carbon footprint by emissions source:



* Inputs include paper, screens, CPUs, switchboards, other consumables, subscriptions, books, banking services, fees, expense reports, etc.

Coolants

We took early action to eliminate HCFC-22 (R-22) and other potentially ozone-depleting coolants from our air conditioning systems. To date, R-22 has been phased out across nearly all of our property portfolio. The zero-R22 target will be met in 2015 when the only cooling unit still using the chemical (about 130 kg) is replaced.

We aim to use urban heating and cooling systems as much as possible in our redevelopment projects and the last oil-fired boiler will be replaced by a lower GHG-emitting heating system by 2017.

5.3. Factoring CSR into investment decisions (capex)

Definition: This priority concerns the social and environmental impact of our investment decisions, notably for renovation and redevelopment projects. The underlying aim is to improve the environmental performance of our buildings by taking into account their full life cycle, including the building structure, materials, embodied energy and indirect impact on biodiversity, as well as minimising disamenities caused during building works and the amount of construction waste generated, etc.

Materiality level 2

Objective for 2017: Put in place a decision support system as part of a sustainable procurement policy

As a property company whose business model is underpinned by the excellence of its portfolio, it is crucial that we ensure our properties do not become technically obsolete and that we increase their sustainability. These issues are key factors in capex decisions.

We have two in-house working groups – “SFL_le_lab” and “SFL_le_studio” – which act as R&D watchdogs in terms of the development of new materials and eco-labels with a view to achieving the CSR objectives we have set ourselves. From time to time we also test certain new developments.

Clean worksite charter

The clean worksite charter is used for all large-scale redevelopment projects and major renovations. It covers waste management, the choice of materials used for fittings, monitoring noise levels and limiting pollution, and provides for bi-quarterly information meetings with local residents. Our aim is to use the charter for all renovation worksites by 2016.

We also plan to improve our reporting process for waste generated during building works and are currently looking into ways of recovering materials used.

Capex decision support system

We are planning to set up, by 2017, a decision support system based on life-cycle analyses, for use in our development projects (particularly for choosing construction materials). The criteria used for the system will be selected with a view to optimising the future CSR performance of the properties concerned.

This system will round out our sustainable procurement policy for capital spending on existing properties (see the section on sustainable procurement for further details).

5.4. Biodiversity

Definition: This priority involves integrating issues related to soil sealing and biodiversity into decisions concerning both capital expenditure and the operation of existing properties, in line with the Grenelle II Act.

Materiality level 3

Objective: Implement action plans to enhance the ecological potential of the Group's properties based on the results of surveys.

Objective: Obtain Ecojardin certification for Group sites.

We take particular care to protect and restore biodiversity at our sites because we are highly aware that it not only has a direct environmental impact but is also a component of a property's intangible value due to its effect on occupants' well-being.

Contribution to the Biodiversity Observatory for Corporate Parks and Gardens (OJEVE)

The aim of this Observatory is to gather scientific data about the ecological characteristics of corporate grounds and to encourage companies to get involved in protecting urban biodiversity.

Its main objectives are to:

- Study the biodiversity of corporate grounds and share the data obtained.
- Create a scientific research platform about the ecology of these spaces.
- Keep informed about research carried out on urban biodiversity and the role that corporate grounds play.

The Observatory forms part of France's national biodiversity strategy and acts as a vital link for companies that want to help raise awareness about biodiversity and therefore protect it.

As part of our contribution to this initiative we have installed insect hotels at our properties, either on the roofs or in planted areas, as part of a research project into the population of wild pollinators (particularly solitary bees), which are essential for 35% of the world's agricultural production.

Ecological and vegetation surveys

In 2013, we carried out ecological surveys on our buildings in order to assess their ecological potential. The surveys were used as a basis for drawing up improvement action plans which are currently being implemented (on issues such as vegetation, creating diverse habitats, integrating local plant species, installing bird houses, bat houses and insect hotels, etc.).

We also work with an ecologist when we undertake major redevelopment and renovation works in order to include increasingly large areas of vegetation at our sites with a view to creating new "green patches" in the urban landscape. Six SFL buildings now have green spaces that are accessible to their occupants.

Case study: Washington Plaza

The landscaping project for Washington Plaza was designed to create a new image for free space within the building and for outdoor pedestrian areas. We were convinced that vegetation would be a key factor for projecting this new image so we included large green areas with optimised planting to give the constant impression of abundance. We took care to ensure that the shrubs and greenery will thrive where they are planted, and that the plant pots and holders used are as discreet as possible.



600 sq.m of gardens and a 500 sq.m living wall have been installed at the site. The diversity of the species planted gives the site's occupants environments that change with the seasons.

We are currently reviewing a project to install a bee hive on the roof.

Case study: Cézanne Saint-Honoré

An innovative project is currently underway for using the rooftop space on the eighth storey of the Cézanne Saint-Honoré building, known as the "fifth facade".

This roof terrace area – which was previously unused – is now being converted into a working area with a luxurious 220 sq.m garden.

In addition, the contracts for the maintenance of our existing green spaces include clauses prohibiting the use of pesticides and we plan to obtain Ecojardin certification for our sites that have gardens accessible to occupants.

5.5. Health and safety and environmental risk management

Definition: This priority concerns managing regulatory and physical risks that could affect the health and safety of occupants.

Materiality level 1

We take great care to ensure the health and safety of our buildings' occupants and to control environmental risks, often going beyond mere regulatory compliance. We do this via an internal monitoring system that tracks the following main risks:

- Risks related to post-construction works.
- Natural disaster and industrial risks that may arise during the construction phase.
- Asbestos-related risks.
- Risks related to legionnaire's disease.

The Group has put in place a number of measures specifically aimed at anticipating environmental risks and managing the risks identified, as described below.

Anticipating environmental risks

- A risk identification and regulatory control system managed by the Technical and Development Department (including an outsourced regulatory watch carried out by an external auditing firm).
- In-house tools for prioritising environmental risks and action plans to remedy any non-compliance (risk mapping and control levels), updated monthly.
- An Environmental Safety/Sustainable Development Scorecard, which gives general information about the property in SFL's portfolio, including data on health and safety and sustainability.
- A charter and procedural guide on health, safety and environmental risks.

Managing identified risks

- Soil pollution surveys performed prior to redevelopment projects.
- Two controls for legionnaire's disease carried out each year (compared to one per year previously).
- Use of construction products and materials that have an "A" rating in terms of emissions of volatile organic compounds (VOC) for major redevelopment works.
- Obtaining Environmental Product Declarations (FPDES) for the materials used for redevelopment works.

We intend to extend the use of A-rated VOC-emitting products and materials to cover renovation works by 2017.

In 2014, the Group did not record any provisions or enter into any guarantees for environmental risks.

6. Attracting talent and building employee motivation and loyalty

In 2014, the Human Resources Department pursued the same strategy as in 2013, focused on a two-pronged objective:

- Developing employees' skills and ensuring that they have the skill sets required to enable the Group to meet its strategic goals and adapt to changes in its operating environment.
- Creating the requisite conditions to foster good labour relations and enhance employees' well-being in the workplace, while ensuring the right work-life balance.

6.1 Attracting talent and developing skill sets

Definition: This priority concerns attracting and retaining talent and developing employees' skill sets. On the one hand, this involves putting in place appealing programs for attracting the best talent in the market. And on the other, it means building employees' skills in line with rapid changes in regulations, standards and industry practices so as to enable them to keep up their expertise and increase their employability, while at the same time reinforcing their trust and engagement.

Materiality level 2

SFL operates in an ever-changing market that is under pressure from a complex and constantly developing economic, technical and regulatory environment.

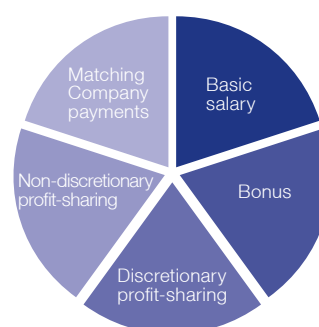
When designing office property projects we particularly need to take into account the new work organisation methods that are transforming the workspace landscape, including shared spaces, working on the move, high levels of employee mobility and an ever-increasing need for flexibility.

These changes mean that we need to rethink the way that workspaces are fitted out and approach property projects not only from a cost-reduction point of view but also in terms of contributing to the comfort and well-being of employees and enhancing the image of our corporate tenants (in line with our concept of "creating value for users").

In addition, and above all, the changes require us to mobilise all of our in-house skills, both technical and cross-functional, especially as we are also having to deal with changes in the property industry, which require increasingly specialised expertise and profiles resolutely focused on performance, service and client and user satisfaction.

Consequently, in view of the Group's size, structure and number of employees, developing skills and ensuring we are able to attract and retain the best talent is a key priority. At 31 December 2014, SFL had a total of 74 employees, 70% of whom are managerial staff.

In line with these objectives and in order to encourage our employees' professional development and foster their engagement, we have put in place a fair, attractive and incentivising remuneration policy.



The Group's different types of remuneration

There are three main components of remuneration at SFL:

• Direct remuneration

This form of remuneration includes a basic salary and a bonus for which all employees are eligible. In 2014, the bonus represented an average of 16% of employees' basic salary and the average gross salary (basic plus bonus) amounted to €61,725 (excluding members of the Management Committee).

As in 2013, the 2014 pay round resulted in across-the-board raises of around 2%.

• Employee savings and share ownership schemes

In 2014, for the third year running, SFL granted free shares to all of its employees in addition to the employee savings schemes already in place (the PEE Employee Sharesave Plan, discretionary and non-discretionary profit-sharing plans, etc).

Also during the year, 82% of employees signed up to or renewed their membership to the SFL Group Pensions Saving Plan (PERCO) and therefore received matching Company payments representing an average of 85% of their contributions to the plan, i.e. an average of €2,730.

Lastly, the discretionary profit sharing agreement was renewed in June.

• Employee benefits and training

The remuneration policy is rounded out by a number of extra benefits including a time savings account that converts leave entitlement into investments in the PERCO Group Pensions Saving Plan, services vouchers (*Chèques Emploi Service Universel*) fully financed by SFL and the Works Council, and subsidised food services (meal vouchers and/or corporate restaurants).

The Group's non-discretionary profit sharing agreement was renewed on 26 June 2014 for a three-year period.

In 2014, 2.30% of total payroll was allocated to training programmes (versus 1.50% in 2013) as part of initiatives designed to promote employee skills acquisition and/or development.

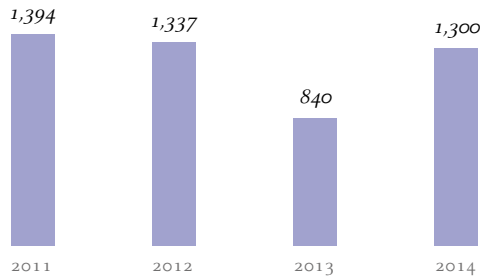
As in 2013, the aims of the **professional training** programme in 2014 were to:

- create and nurture conditions in which every employee has access to continuing education;
- prepare for emerging technical, legal, environmental and other changes in the market, in order to improve employees' professionalism and expertise.

Over the course of the year, nearly 1,300 hours of training were given to 52 employees (representing 73% of the workforce and an average of 24 hours per trainee) in subjects such as asset management, financial management, law, business management, office technology and languages. A total of 73 hours of specific training on sustainability issues was given during the year.

The data on training hours in the table below does not include hours accrued under the statutory training entitlement scheme applicable in France.

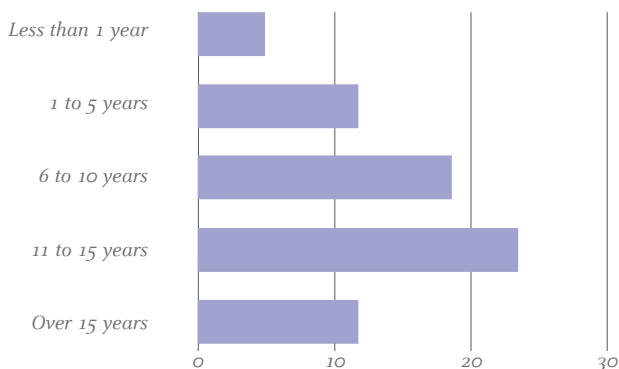
TRAINING HOURS



Thanks to the various measures we have put in place, in 2014 employee numbers remained stable year on year, with six new employees taken on (of which two under fixed-term contracts), and six departures (including two under fixed-term contracts). There were no resignations or redundancies during the year.

The main indicators demonstrating our capacity to foster loyalty are the departure rate and our employees' average length of service, which were 8.50% and 11 years respectively in 2014.

WORKFORCE BY SENIORITY



6.2. Health, safety and quality of life in the workplace

Definition: This priority concerns the implementation of the Group's policy concerning employees' health, safety and quality of life in the workplace (including managing psychosocial risks).
Materiality level 3

Health, safety and well-being are essential for achieving a good-quality working life. They are major factors that concern both individual employees and teams, and as such are an integral aspect of SFL's human resources policy, with measures going above and beyond mere regulatory compliance.

In 2014, only one workplace accident occurred, which did not result in any lost time. Consequently, the accident frequency rate and the accident severity rate were both zero for the year, compared with 25.95 and 0.17 in 2013.

Similarly, no commuting accidents occurred and no occupational diseases were declared during the year.

Following on from the awareness-raising programme on workstation ergonomics implemented in 2013, in 2014 we launched a review process, in consultation with the Group's Health, Safety and Working Conditions Committee, on putting in place a policy for the prevention of psychosocial risks. A working group was set up for this purpose, comprising employees, employee representatives, members of Group management and the company doctor. This working group acts as a watchdog and a think tank and it held four half-day meetings in 2014, led by ACMS (an association that specialises in workplace health and safety) and the consultancy firm, Montgolfière Management. Montgolfière Management specialises in psychosocial risks and quality of life at work and has been commissioned to partner us in implementing our policy based on an action plan that is currently being drawn up and will be deployed in 2015.

Health and safety training given in 2014 amounted to an overall 66 hours and essentially corresponded to practical training given to members of the Health, Safety and Working Conditions Committee, as well as fire risk prevention.

We have also put in place a pro-active policy to ensure that our people achieve a good work-life balance and we take measures to facilitate organisational issues for parents.

For example, as part of the company-level agreement signed on 18 December 2014 on gender equality in the workplace, one of the main areas of progress pinpointed in relation to professional training was how to identify and take into account any family-related constraints of the employees on training courses, such as having to take children to and from school and being available for nursery pick-up times.

Similarly, the eight part-time contracts in place within the Company correspond to employees who have chosen to work a reduced number of hours; i.e., the contracts have not been imposed by the employer for organisational or operational reasons. All part-time work requests submitted by employees to improve work-life balance have been met.

Lastly, with a view to making our private health insurance as competitive as possible and improving the reimbursement of healthcare costs for our employees, in late 2014 we launched a project to:

- review the coverage and coverage rates provided for in the existing health insurance plan;
- verify whether the existing health insurance plan is competitive;
- identify any possibilities of optimising coverage without increasing costs;
- if appropriate, make contacts with a new broker and/or insurer.

Following this process, a new set of specifications was drawn up in conjunction with the Works Council, which provide for better reimbursement conditions for certain healthcare costs and a reduction of around 5% in the premiums paid.

Two company-level agreements were subsequently signed on 18 December 2014, one relating to coverage for death and disability and the other for illness and accidents.

We have also reaffirmed our pledge to uphold the principle of non-discrimination in all its forms and our commitment to promoting equal opportunities in the workplace.

6.3. Diversity and equal opportunity

Definition: This priority concerns combatting discrimination in all its forms (seniors, people with disabilities, cultural diversity, etc.) in accordance with the principles of human rights. It notably covers gender equality in the workplace.

Materiality level 3

Gender equality

In line with the overall trends in our industry, SFL has a high proportion of women employees, who accounted for 60% of the workforce at 31 December 2014. For the Company, this figure is testimony to the success of the measures put in place to pay particular attention to gender equality in our hiring, promotion, training and remuneration policies.

In December 2014, we entered into a new three-year agreement on gender equality in the workplace, under which the signing parties included a number of measures, improvement objectives and indicators related to the following:

- Recruitment and job opportunities.
- Job promotion as a result of professional training.
- Actual remuneration packages.

• Recruitment

We have set ourselves the following improvement objectives in terms of internal and external recruitment:

- To endeavour to obtain, as far as possible, an equal number of male and female candidates.
- To encourage a better gender mix in jobs or classification levels where either men or women are under-represented.

In order to achieve these objectives we will:

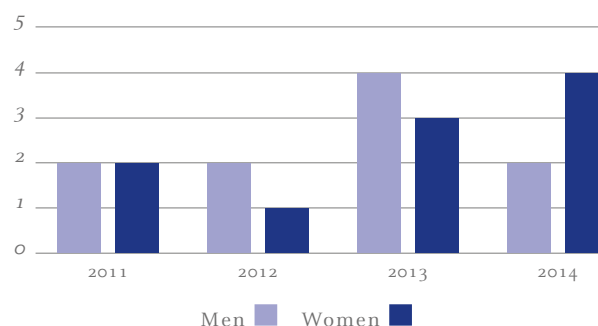
- Inform all of the recruitment agencies we use about the existence of this agreement and its provisions concerning recruitment.
- Ensure that our internal and external job offers are written in such a way that they address men and women indifferently and use neutral terminology.
- Remind the recruitment agencies we use that the information requested from a candidate must solely be aimed at assessing the candidate's professional skills and whether he or she has the capacity to take on the job proposed, and any questions asked must be directly related to the jobs or skills concerned. In addition job offers should only state that they require candidates to be "flexible and available" when that is actually the case.

These objectives will be tracked using the following indicators:

- Proportion of recruitment agencies informed about the existence of the agreement out of the total number of agencies used.
- Number of men and women new hires.
- Breakdown of new hires by type of contract, category and gender.

In 2014, four of the six employees recruited during the year were women.

GENDER BREAKDOWN OF NEW HIRES



• Professional training

We have set ourselves the following improvement objectives in terms of training:

- To ensure that men and women have equal access to professional training.
- To discuss with each employee returning to work after maternity, adoption or parental leave the training courses that will help them to take up their position again or to progress in their job.
- To identify and take into account any family-related constraints of employees following the training courses, such as having to take children to and from school and being available for nursery pick-up times.

In order to achieve these objectives we will:

- Ensure, right from the needs analysis process, that women have the same access to training as men.
- Offer to set up a meeting for each employee returning to work after maternity, adoption or parental leave in order to discuss any training needs they may have in connection with returning to work.
- Take into account family-related constraints when planning and running training sessions.

These objectives will be tracked using the following indicators:

- Number of employees having received training, broken down by gender and professional category.
- Average number of training hours per employee, broken down by gender and professional category.
- Number of "back-to-work" meetings, calculated as a proportion of the number of employees returning from maternity, adoption or parental leave.

A total of 77% of SFL's women employees and 67% of men employees were given training in 2014.

• Remuneration

We have set ourselves the following improvement objectives in terms of remuneration:

- To guarantee, from the initial hiring stage, that men and women who perform equivalent jobs receive the same pay, and to ensure that they have a fair pay structure throughout their time with the Group.
- To neutralise the impact of any time off work due to parenthood (maternity, adoption, parental and paternal leave) so that such time off does not affect the progression of their basic salary and bonus.

In order to achieve these objectives we will:

- Ensure that men and women in equivalent positions have the same job classification and the same level of remuneration when they are hired. The remuneration offered to employees on recruitment will therefore not be affected in any way by their gender and will be based solely on their qualifications, position, level of training and experience, expected autonomy, type of responsibility and the degree of expected involvement.
- Ensure that throughout the duration of their employment contract, pay rises are based solely on employees' skills, experience, performance, level of responsibility and the degree of involvement expected from them.
- Make sure that at each pay round the Management Committee has the necessary recommendations and information for correcting any unfair pay gaps, and verify that the principle of equal pay for men and women is always respected within the Group.
- When there is a general pay rise, give employees on maternity or adoption leave a rise corresponding to the average increase for their job category.

These objectives will be tracked using the following indicators:

- Average remuneration broken down by gender and classification (if there are at least three employees of the same gender in the classification concerned).
- Percentage increase in basic salary, broken down by gender and classification.
- Percentage of employees, broken down by gender, on maternity or adoption leave during the reference period who did not receive any form of pay rise.

As part of the statutory annual pay round negotiations in 2014, a report on potential gender pay gaps was drawn up. The parties noted that there was no form of gender discrimination within the Group in relation to remuneration and reaffirmed the importance of applying the principle of equal pay when individual salary increases are awarded.

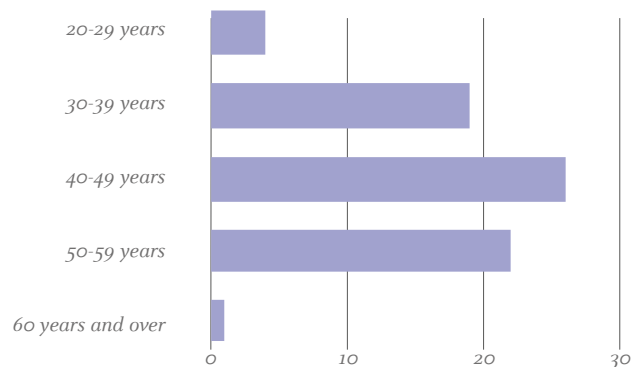
No other company-level agreements were signed during the year.

Seniors

We also place particular importance on combating age-based discrimination.

The average age of employees within the Company is 45 and employees aged 50 and over represented a third of the overall workforce at 31 December 2014.

EMPLOYEE NUMBER BY AGE GROUP



Excluding caretakers

We do not carry out enough hiring to justify setting up a mentoring program within the Company but promoting the employment of seniors forms a key part of our policy of enhancing employees' professionalism and expertise.

People with disabilities

As part of its policy of supporting measures to help people with disabilities to find work, each year the Group allocates a significant proportion of the amount payable under the apprenticeship tax scheme to ADAPT, a not-for-profit organisation working in this area. In 2014, the Group's contribution amounted to €6,027.

Given the stability of its workforce and low hiring volume, in 2014 SFL contributed €5,092 to *Association de Gestion du Fonds pour l'Insertion Professionnelle des Travailleurs Handicapés* (AGEFIPH) in fulfilment of its statutory obligations concerning the employment of disabled workers.

7. Governance, ethics and society

7.1. Governance and ethics

Definition: This priority concerns SFL's compliance with the principles of good corporate governance (based on the AFEP-MEDEF Corporate Governance Code for listed companies in France) as well as its business ethics. The measures we take in order to prevent any unfair or illegal business practices play a key role in relation to this priority.

Materiality level 3

Our overall aim is to ensure we always respect the principles of good corporate governance and business ethics.

Governance

See Appendix 7.5 (Chairman's Report on Corporate Governance and Internal Control) on pages 92 *et seq.* of the management report, in which the following subjects are explained:

- The roles and responsibilities, membership structure 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 any areas where these recommendations are not applied.
- Remuneration of executives and directors, notably the shareholders' say on pay vote.
- The Company's internal control process and the Statutory Auditors' report on the financial statements.

Ethics and compliance

Each employee's employment contract includes 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 SIIICs (real estate investment trusts) which covers topics such as the selection and rotation process used for the independent valuers that value the portfolio.

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

No corruption-related incidents or sanctions were identified in 2014. In addition, no political donations were made during the year, in accordance with the applicable legislation in France.

We also take steps to ensure that our employees as well as our suppliers uphold the Fundamental Conventions of the International Labour Organisation (ILO) in the areas of:

- Freedom of association and collective bargaining.
- Elimination of discrimination in respect of employment and occupation.
- Elimination of forced and compulsory labour.
- Effective abolition of child labour.

Fighting undeclared labour

Other than in exceptional cases, all of our suppliers, irrespective of the type of goods or services provided, are subject to a number of obligations under the applicable employment laws and regulations, notably provisions related to undeclared labour and the employment of foreign workers. If any of our suppliers fail to comply with any of these legal or regulatory provisions we could be exposed to the risk of legal and/or financial sanctions. Consequently, in 2014 we decided to review our practices in this area.

The applicable regulations prohibit undeclared labour and the employment of foreign workers who do not have work permits.

French law provides for a two-pronged liability mechanism in order to discourage non-compliance:

- The party that directly commits the breach (i.e. the employer that does not declare an employee or employs a foreign worker without a work permit) may be held liable for 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. These verifications have to be carried out every six months throughout the term of the contract.

In order to avoid any situations of illegal work and to satisfy our obligations concerning obtaining employee-related documentation from suppliers, we have decided to:

- Use a collaborative platform on which suppliers submit the documentation required.
- Include a standard contractual clause in all of our contracts representing over €3,000 (excl. VAT).

The dedicated web platform used 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 capacities. It manages all of these administrative documents, verifies that they are complete, and, where necessary, sends reminders to the suppliers concerned. The platform enables us to check the compliance of our suppliers at any time and we can also verify the compliance status of potential new suppliers if they are included in the database.

In 2014 we drew up the first list of suppliers to be included in this system. The suppliers listed had worked with SFL during the year and were selected based on their APE business-identifier code depending on the level of risk exposure they represented in terms of undeclared labour.

7.2. Sustainable procurement and supplier relations

Definition: This priority concerns SFL's capacity to integrate CSR criteria into its procurement practices and to ensure that its main suppliers' practices comply with its CSR policy. Procurement practices cover a wide range of topics including stable supplier relations, lead times, purchase prices, orders (including changes and cancellations) and payments.

The priority also covers SFL's ability to foster long-term relations with its suppliers and commercial partners with a view to obtaining technical and operational solutions through sustainable and balanced relations.

Materiality level 3

Our aim is to put in place a procurement strategy that integrates sustainability criteria by:

- Having best-in-class supplier management processes.
- Integrating CSR issues into the criteria for selecting building managers and works sub-contractors as well as into their technical specifications.

To achieve this aim we have recently set up an environment and sustainable procurement unit. This unit is tasked with (i) implementing and overseeing the action plans drawn up with a view to better managing the Company's overall costs and environmental impacts, notably for projects carried out by the Technical and Development Department, and (ii) helping the Company achieve its CSR performance objectives. The topics within its remit include the following:

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

Supplier selection and management

We limit our sub-contracting pyramid to a maximum of two levels in order to avoid inappropriate use of sub-contracting.

In addition, when commissioning work, we give priority to local companies and contractors.

Seventy-one percent of the suppliers used in 2014 are based in the Greater Paris region.

Supplier administrative processes are mainly carried out via the platform described in the above section on governance and ethics.

In accordance with Article L.441-6 of the French Commercial Code (*Code de Commerce*), unless agreed otherwise by the parties, supplier invoices are paid by SFL on the thirtieth day following receipt of the goods concerned.

Supplier relations

At SFL, our suppliers play a key role in our progress and performance in terms of CSR. Consequently, the suppliers that provide us with multi-technical maintenance work have undertaken to respect our CSR policy and to ensure that their sub-contractors also participate in this overall commitment. In practice, the maintenance suppliers give us technical proposals designed to encourage responsible behaviour, notably in the following areas:

- Optimising energy and water use.
- Using ecological cleaning products.

- Reducing packaging and waste.
- Enhancing occupants' comfort and well-being.
- Increasing the scores for BREEAM In-Use certifications.

We are currently preparing our response to the reorganisation of the French electricity markets (in accordance with the NOME Act) with a view to maintaining competitive energy prices for our clients and guaranteeing that their energy bills remain stable (or decrease). Energy prices are one of the main determining factors for client satisfaction (see the section on sustainable building management).

Communicating with on-site workers

We take care to create open communication channels with construction teams during redevelopment and renovation works to ensure that the works are carried out smoothly and everyone's health and safety is guaranteed.

The health and safety procedure we have put in place for on-site workers includes:

- Training/information on environmental issues (for triple certification sites).
- Access passes for workers.
- Risk prevention measures.
- On-site first-aid specialists.
- First-aid equipment.
- An incident archive system.

For each redevelopment project we put together a handbook that is given to the contractors working on the site and which contains the following:

- Information on staggered breaks for workers.
- Restrictions concerning the use of radios.
- Practical information about the site (washing facilities, access, opening hours, etc.)
- Instructions on the personal protection equipment required to comply with the applicable regulations.

This handbook is translated into the second language that is the most spoken by workers on the site, and in the same vein, on-site information notices and signage are also translated into several different languages. All of these measures ensure that workers can easily find their way around the sites and that they are constantly fully informed.

7.3. Local urban footprint

Definition: This priority concerns SFL's ability to design and manage property assets that meet the needs of society, such as modern architectural design and blending sites into the urban environment. It also involves fostering good neighbourhood relations by limiting any disamenities caused by construction and renovation works.

Materiality level 2

SFL's aim is to improve its local urban footprint for all of its stakeholders.

Neighbourhood relations and creating communication channels during redevelopment works

We set up permanent communication channels with all stakeholders when we carry out redevelopment works, both with elected representatives and local authorities during the design stage of the project and with local residents throughout the actual building works via quarterly neighbourhood meetings.

We also use other communication methods on a case-by-case basis, particularly for triple-certification redevelopment projects, including:

- Specific communication processes with local residents, including letters delivered to all letter boxes prior to the start of the works.
- Information boards at the entrance to the site, which are visible from the exterior so they can be seen by local residents, and which include a presentation of the site, the names of the parties involved, the progress of the works, illustrations (such as plans and photos), descriptions of each phase of the works, information on timeframes, etc.
- A specific e-mail address and a letter box installed outside the site for local residents to make any complaints.
- A procedure for following up and dealing with complaints and requests.

Community integration

We closely liaise with local authorities and municipalities in order to identify our environmental obligations during redevelopment and renovation works. This involves:

- Meetings with the main parties involved.
- Contacts with the municipality concerned before a worksite is set up.
- Reports prepared by a court-appointed expert on the condition of neighbouring properties and on existing disamenities before the work begins.
- Discussions and measures taken to protect nearby trees.

As a member of the French property industry federation (FSIF), SFL regularly participates in the strategy committee meetings for France's Sustainable Building Plan. Launched in 2009, the plan brings together a large number of construction and property stakeholders who are working towards the following six energy efficiency objectives for their sector:

- Reducing GHG emissions four-fold between 1990 and 2050 (often described as the "factor 4" objective).
- Reducing energy use for all buildings by 38% before 2020.
- Energy-focused renovations:
 - Residential property sector: 500,000 major renovations by 2017.
 - Commercial property sector: renovation obligations for public and private commercial property by 2020.
- New building construction: buildings complying with Low-Energy Consumption Building (BBC) standards by 2012 and positive energy buildings by 2020.
- Developing renewable energies: the building sector is contributing to achieving France's renewable energy production objective, which has been set at 23% for 2020.
- Professional qualifications.

Architectural design

In view of the specific nature of our property, we frequently work with the Architectes de Bâtiments de France (ABF), which is a group of civil servant architects who oversee the maintenance and conservation of historical monuments (both listed and unlisted properties) and also act as independent advisors for other historically or culturally significant buildings.

Mémoires Contemporaines is a recurring art event initiated by SFL to showcase the cultural and historic heritage of our buildings and promote an innovative architectural approach. To date, four major installations have involved four significant buildings in our portfolio:

Mémoires Contemporaines 1, by Per Barclay and Alain Bublex, which was an opportunity to address the critical issue of the transformation of companies and their organisations.

Mémoires Contemporaines 2, by Felice Varini, which allowed us to draw parallels between the anamorphic, or distorted, view of the building's outline and the importance of strategic vision for companies.

Mémoires Contemporaines 3. With the *Grandes Ondes* installation, SFL has given artist François Morellet free rein to leave his ephemeral mark on the Louvre/Saint-Honoré building – formerly Grands Magasins du Louvre, a department store – for three years with an installation underscoring the crucial nature of connectivity for companies and networking for their teams. The waves – concentric arcs made up of more than 100 sky blue neon tubes – emerge from a virtual point in the sky and cover the four facades. The interplay with the ornamental elements of the architecture infuses the building with soul and a new sensitivity.

Mémoires Contemporaines 4. SFL has used this fourth installation as an opportunity to showcase the communal areas and reception area at its Washington Plaza head office building, underscoring their potential as places for meeting and exchange and enhancing occupants' comfort and well-being by bringing art into their daily working lives. The work of Guy Limone – known as the artist of statistics – is a unique combination of statistical data and an incredible abundance of images. His installations have proved extremely popular with the people who live and work at Washington Plaza and the idea of bringing art into a new space has strengthened relations between the building's many occupants and visitors.

8. Appendices

8.1. Reporting scope and procedures

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

These procedures also define the scope of reporting and 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.

Scope of reporting

SFL's portfolio comprises 19 buildings, representing a total surface area of 394,000 square metres.

The eleven buildings included in the scope of reporting are multi-tenant properties with high occupancy rates (over 60%).

The scope of reporting does not include single-tenant buildings, buildings being vacated for future redevelopment, buildings undergoing redevelopment and residential space.

The buildings concerned are as follows:

1. 176 Charles de Gaulle, Neuilly-sur-Seine
2. 96 Léna (Paris 75016)
3. Ilot Édouard VII (Paris 75009)
4. 112 Wagram (Paris 75017)
5. Rives de Seine (Paris 75012)
6. Louvre Saint-Honoré (Paris 75001)
7. 103 Grenelle (Paris 75007)
8. Cézanne Saint-Honoré (Paris 75008)
9. Washington Plaza (Paris 75008)
10. Galerie des Champs-Élysées (Paris 75008)
11. Ozone au 92 avenue des Champs-Élysées (Paris 75008)

Changes in the scope of reporting

The number of buildings covered by our audits may increase as a result of acquisitions and 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 measure and occupancy rate

The standard measure used to calculate building energy use intensity is the non-weighted average useful surface area of the property, expressed in square metres.

Occupancy rates are reported at the end of the calendar year and reflect the actual occupancy rate of each property at 31 December.

Energy

Energy data from meter readings and property manager invoices (before tax and subscription fees) is collected and consolidated for each building before being included in the overall scope of reporting.

When a building's total energy use is unknown, in particular where private spaces are concerned, the total is calculated by estimating energy use per unit based on the type of heating and cooling systems used by the tenant.

These estimates, which give a clearer picture of actual use and vary by building, are determined in partnership with an experienced energy analysis agency.

In some cases, tenant energy use may reflect only the electricity used by office equipment because heating and air conditioning systems are centralised, as at 176 Charles de Gaulle in Neuilly-sur-Seine.

Our estimates are replaced with actual tenant data as soon as it is collected.

The increase or decrease in energy use by properties in the scope of reporting is determined in relation to a baseline year: 2011 for properties audited since 2011, 2012 for properties added to the scope of reporting that year, and so forth.

The comparison between the baseline year and the year considered factors in climate variability using unified degree days (base 18°C) over the previous two years.

In our audits of energy use, the baseline year is determined by the year the property is added to our scope of reporting (see page 64).

Water use

The method used to measure water use is more straightforward, as each property is supplied by a single water source.

Data is collected by either reading water meters or consolidating invoices.

Waste

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

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

	Information provided under Article 225 of the Grenelle II Act (in accordance with the implementing decree dated 24 April 2012)	Page(s) in the 2014 management report
LABOUR AND EMPLOYMENT		
1° Labour and employment information		
a) Employment		
1	- Total workforce by gender, age group and geographic region	80
2	- Recruitments and terminations	71; 80
3	- Remuneration and changes in remuneration	46; 69; 72
b) Organisation of work		
4	- Organisation of working time	70; 80
5	- Absenteeism	80
c) Labour relations		
6	- Organisation of social dialogue, particularly employee information, consultation and bargaining procedures	51; 70; 72
7	- Collective agreements	69; 71; 72
d) Occupational health and safety		
8	- Health and safety conditions at work	70
9	- Collective agreements signed with trade unions and/or employee representatives concerning occupational health and safety	70
10	- Work-related accidents (notably their frequency and severity) and occupational diseases	70; 80
e) Training		
11	- Policies implemented concerning training	70; 71
12	- Total number of training hours	70; 80
f) Equal opportunities		
13	- Measures taken to promote gender equality	71
14	- Measures taken to promote the employment and integration of people with disabilities	72
15	- Anti-discrimination policy	72; 73
g) Promotion of and compliance with the fundamental conventions of the International Labour Organisation		
16	- Respect for freedom of association and the right to collective bargaining	73
17	- Elimination of discrimination in respect of employment and occupation	73
18	- Elimination of forced or compulsory labour	73
19	- Effective abolition of child labour	73

	Information provided under Article 225 of the Grenelle II Act (in accordance with the implementing decree dated 24 April 2012)	Page(s) in the 2014 management report
ENVIRONMENT		
2° Environmental information		
a) Environmental policy		
20	- Organisation of the company to take environmental issues into account and environmental assessment and certification approaches	59; 60
21	- Employee training and information on environmental protection	65
22	- Total investments and expenditures to prevent environmental risks and pollution	68
23	- Total provisions and guarantees for environmental risks, except where this information is likely to cause serious prejudice to the company in an ongoing lawsuit	68
b) Pollution and waste management		
24	- Measures to prevent, reduce and clean up environmentally harmful emissions and discharges into the air, water and soil	65
25	- Measures to prevent, recycle and eliminate waste	65; 79
26	- Measures to mitigate noise pollution and all other types of pollution specific to an activity	74; 75
c) Sustainable use of resources		
27	- Water use and water withdrawals in relation to local resources	65; 79
28	- Consumption of raw materials and measures to improve their efficient use	65; 66; 79
29	- Energy use and measures to improve energy efficiency and use renewable energy sources	64; 79
30	- Land use	68
d) Climate change		
31	- Greenhouse gas emissions	65; 66; 79
32	- Measures to adapt to climate change	65; 66
e) Protection of biodiversity		
33	- Measures taken to preserve or develop biodiversity	67; 68
SOCIETY		
3° Information on society-related commitments to promote sustainable development		
a) Regional, economic and social impact of the company's activities		
34	- Impact on employment and regional development	74
35	- Impact on local and neighbouring communities	74
b) Relations with stakeholders, notably mainstreaming associations, educational institutions, environmental associations, consumer associations and neighbouring communities		
36	- Relations with the individuals or organisations referred to above	51
37	- Partnership or sponsorship programmes	75
c) Sub-contracting and suppliers		
38	- Inclusion of social and environmental concerns in the company's purchasing policy	67; 74
39	- Importance of sub-contracting and integration of corporate social and environmental responsibility in relationships with suppliers and sub-contractors	73; 74
d) Fair operating practices		
40	- Measures to prevent corruption	73; 74
41	- Measures to preserve consumer health and safety	61; 62; 68
e) Human rights		
42	Other measures to protect human rights	73

8.3. Indicators and cross-reference table for the GRI G4 standard

Disclosures	GRI G4	EPRA	Source/Unit	Scope	2012	2013	2014	
ENVIRONMENT								
Energy								
Energy consumption within the organization	EN3		Electricity in MWh	SFL head office	220	182	192	
Energy consumption outside of the organization		3.3	Fuel oil in MWh		560	552	409	✓
	EN4	3.1	Electricity in MWh		36,991	41,632	39,184	✓
		3.2	Urban heating and cooling system in MWh	FULL SCOPE	17,162	20,956	18,438	✓
Energy intensity	EN5	3.4	kWh/sq.m./year		277	294	261	✓
	CRE1		kWh/user/year		2,036	2,023	1,841	✓
Water								
Water withdrawn from municipal water supplies or other water utilities	EN8	3.8	cu.m	FULL SCOPE	133,495	125,941	127,328	✓
Total volume of water recycled and reused	EN10		cu.m	Ozone & In/Out	ND	ND	2,598	
Building water intensity	CRE2	3.9	cu.m/sq.m./year	FULL SCOPE	0.7	0.6	0.6	✓
			litres/occupant/day		23	18	18	✓
Emissions								
Direct greenhouse gas (GHG) emissions (Scope 1) (based on energy used)	EN15	3.5	t CO ₂ eq.		150	182	135	✓
Indirect greenhouse gas (GHG) emissions (Scope 2) (based on energy used)	EN16	3.6	t CO ₂ eq.		4,821	5,804	5,032	✓
Other indirect greenhouse gas (GHG) emissions (Scope 3) (work-related journeys by building users)	EN17		t CO ₂ eq.	FULL SCOPE	5,350	7,227	7,198	✓
Greenhouse gas emissions intensity from buildings	EN18	3.7	kg CO ₂ eq./sq.m./year		25.2	27.9	23.3	✓
	CRE3		kg CO ₂ eq./occupant/year		192	192	163.90	✓
Waste								
Total waste by type			NHIW (tonnes)		NA	367	239	
	EN15	3.10	Paper/ Cardboard (tonnes)	5 buildings	NA	171	179	

✓ Audited and verified by Deloitte

Disclosures		Scope	GRI G4	2012	2013	2014	
Organizational profile							
Report the percentage of total employees covered by collective bargaining agreements		SFL Group	G4-11	100%	100%	100%	
Social – Labor practices and decent work							
Employment							
Total number of employees and number of new hires	Total number of employees			81	74	74	✓
	Permanent contracts			80	73	73	✓
	Fixed-term contracts			1	1	1	✓
	Men			30	30	29	✓
	Women			51	44	45	✓
	Managers			54	52	53	✓
	Supervisors			13	11	11	✓
	Administrative employees			14	11	10	✓
	Under 45			36	34	33	✓
	Aged 45 or over			45	40	41	✓
	Paris			81	74	74	✓
	Other	SFL Group	LA1	0	0	0	✓
	New hires						
	Permanent contracts			2	6	4	✓
	Fixed-term contracts			1	1	2	✓
	Men			2	4	2	✓
	Women			1	3	4	✓
	Managers			3	6	5	✓
	Supervisors			0	0	0	✓
	Administrative employees			0	1	1	✓
	Under 45			3	6	5	✓
	Aged 45 or over			0	1	1	✓
Number of terminations by reason	Personal			3	2	2	✓
	Economic			0	0	0	✓
Total payroll	€'000s (gross)		LA3	6,494	7,115	7,097	
Occupational health and safety							
Number of reported and recognized workplace accidents with lost days				0	1	1	✓
Number of reported and recognized commuting accidents with lost days				1	6	0	✓
Number of working days lost as a result of workplace accidents				0	0	0	✓
Number of working days lost as a result of commuting accidents				13	20	0	✓
Accident frequency rate				7.37	25.95	0	✓
Accident severity rate		SFL Group	LA6	0.09	0.17	0	✓
Number of reported and recognized occupational diseases				0	0	0	✓
Absenteeism (in number of working days)							
Illness				986	846	978	✓
Maternity leave				256	173	216	✓
Leave to take care of sick children				30	18	33	✓
Leave for family events				49	15	51	✓
Training							
Total number of training hours (excluding hours accrued under the French statutory training entitlement)	in hours	SFL Group	LA9	1,337	840	1,280	✓

✓ Audited and verified by Deloitte

GRI G4 General Standard Disclosures		Page of the Financial and Legal Report
Strategy and Analysis		
G4-1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	44
Organizational profile		
G4-3	Report the name of the organization.	44
G4-4	Report the primary brands, products, and services.	5; 6
G4-5	Report the location of the organization's headquarters.	60
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	45
G4-7	Report the nature of ownership and legal form.	9
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	45
G4-9	Report the scale of the organization, including: total number of employees; total number of operations; net sales (for private sector organizations) or net revenues (for public sector organizations); total capitalization broken down in terms of debt and equity (for private sector organizations); and quantity of products or services provided.	9; 45; 46
G4-10	a. Report the total number of employees by 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 organization's work is performed by workers who are legally recognized 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).	46; 80
G4-11	Report the percentage of total employees covered by collective bargaining agreements.	80
G4-12	Describe the organization's supply chain.	48
G4-13	Report any significant changes during the reporting period regarding the organization'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 organizations); changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination.	5; 6; 31 to 34
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	22 to 28
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	25; 36; 67; 68; 105
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: holds a position on the governance body; participates in projects or committees; provides substantive funding beyond routine membership dues; views membership as strategic. This refers primarily to memberships maintained at the organizational level.	54; 75; 105

GRI G4 General Standard Disclosures		Page of the Financial and Legal Report
Identified material aspects and boundaries		
G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	9
G4-18	a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	76
G4-19	List all the material Aspects identified in the process for defining report content.	76
G4-20	For each material Aspect, report the Aspect Boundary within the organization, as follows: - Report whether the Aspect is material within the organization. - If the Aspect is not material for all entities within the organization (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 Aspects is material. - Report any specific limitation regarding the Aspect Boundary within the organization.	76
G4-21	For each material Aspect, report the Aspect Boundary outside the organization, as follows: - Report whether the Aspect is material outside of the organization. - If the Aspect is material outside of the organization, 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 organization.	76
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	76
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	76
Stakeholder engagement		
G4-24	Provide a list of stakeholder groups engaged by the organization.	49
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	48; 50; 51
G4-26	Report the organization'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.	50
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization 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.	48; 50
Report profile		
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	5
G4-29	Date of most recent previous report (if any).	ND
G4-30	Reporting cycle (such as annual, biennial).	76
G4-31	Provide the contact point for questions regarding the report or its contents.	47
G4-32	a. Report the "in accordance" option the organization 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.	54
G4-33	a. Report the organization'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 organization and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.	54 85
Governance		
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	47
Ethics and integrity		
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	73; 111

GRI G4 Specific Standard Disclosures		Page of the Financial and Legal Report
Economic		
Economic performance		
G4-EC1	Direct economic value generated and distributed	90
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	68
Environment		
Energy		
G4-EN3	Energy consumption within the organization	79
G4-EN5	Energy intensity	79
G4-EN6	Reduction of energy consumption	64
CRE1	<i>BUILDING ENERGY INTENSITY</i>	
Water		
G4-EN8	Total water withdrawal by source	65; 79
G4-EN10	Percentage and total volume of water recycled and reused	65
CRE2	<i>BUILDING WATER INTENSITY</i>	
Emissions		
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	66; 79
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	66; 79
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	66; 79
G4-EN18	Greenhouse gas (GHG) emissions intensity	79
G4-EN19	Reduction of greenhouse gas (GHG) emissions	66
G4-EN20	Emissions of ozone-depleting substances (ODS)	67
CRE3	<i>GREENHOUSE GAS EMISSIONS INTENSITY FROM BUILDINGS</i>	79
Effluents and waste		
G4-EN23	Total weight of waste by type and disposal method	65
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	65
Social – Labor practices and decent work		
Employment		
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	80
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 programs	70
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	80
G4-LA8	Health and safety topics covered in formal agreements with trade unions	70; 71
Training and education		
G4-LA9	Average hours of training per year per employee by gender, and by employee category	70; 80
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	70; 71
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	70 to 72
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	10; 46
Supplier assessment for labor practices		
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	73; 74
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	48

GRI G4 Specific Standard Disclosures		Page of the Financial and Legal Report
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.	73; 74
Child labor		
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	73; 74
Forced or compulsory labor		
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	73; 74
Assessment		
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments.	
	Supplier human rights assessment	73; 74
Social – Society		
Anti-corruption		
G4-SO4	Communication and training on anti-corruption policies and procedures.	73
G4-SO5	Confirmed incidents of corruption and actions taken.	73
Supplier assessment for impacts on society		
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society.	73
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.	67
Product and service labeling		
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements.	59; 60
G4-PR5	Results of surveys measuring customer satisfaction.	58
CRE 8	<i>TYPE AND NUMBER OF SUSTAINABILITY CERTIFICATION, RATING AND LABELING SCHEMES FOR NEW CONSTRUCTION, MANAGEMENT, OCCUPATION AND REDEVELOPMENT.</i>	59; 60

8.4. Report of the Statutory Auditors

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 2014

This is a free translation into English of the original 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 2014 (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).

(1) The scope of which is available at www.cofrac.fr

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

Our work was carried out by a team of five people between January 2015 and March 2015. To assist us in conducting our work, we referred to our corporate social responsibility experts.

We conducted the following procedures in accordance with professional auditing standards applicable in France, 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

Based on interviews with management, we familiarized 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 on methods of Appendix 8.1 of the management report.

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 around five interviews with the 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 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⁽¹⁾ :

- for the consolidating entity, we consulted the documentary sources and conducted interviews to corroborate the qualitative information (organization, 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⁽²⁾ 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 100% of the headcount and between 24% and 100% of the quantitative environmental information considered to be most important.

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, 20 March 2015.

French original signed by one of the Statutory Auditors,

Deloitte & Associés



Christophe Postel-Vinay
Partner



Julien Rivals
Partner, Sustainability Services

(1) See Appendix 1

(2) See Appendix 2

Annex 1: Selected CSR information

Important quantitative social data

- Total employee numbers by type of contract (fixed-term/permanent), gender, category, age group and location
- New hires by type of contract, gender, category, and age group
- Number of terminations by reason
- Total number of training hours (excluding hours accrued under the French statutory training entitlement)
- Number of reported and recognised workplace accidents with lost days
- Number of reported and recognised commuting accidents with lost days
- Number of working days lost as a result of workplace accidents
- Number of working days lost as a result of commuting accidents
- Accident frequency rate
- Accident severity rate

Important quantitative environmental data

- Direct greenhouse gas emissions (Scope 1, 2 and 3)
- Water withdrawn from municipal water supplies or other water utilities
- Energy consumption within and outside the organisation (electricity, fuel, urban heating and cooling system consumption)
- Greenhouse gas emissions intensity from buildings
- Greenhouse gas emissions intensity (from buildings energy consumption)

Qualitative social data reviewed at Group level

- Employee compensation
- Gender equality

Qualitative environmental data reviewed at Group level

- SFL CSR policy
- Certification
- Sustainable building management

Qualitative societal data reviewed at Group level

- Sustainable procurement and supplier relations
- Comfort, layout and organisational efficiency
- Governance and ethics

Annex 2: Selected entities

Assets selected for verification of important quantitative environmental data

- Ozone (92 Champs-Élysées)
- Édouard VII
- 176 Charles de Gaulle

Entities selected for verification of important social data

- Consolidated scope: Société Foncière Lyonnaise.



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SOCIETE FONCIERE LYONNAISE