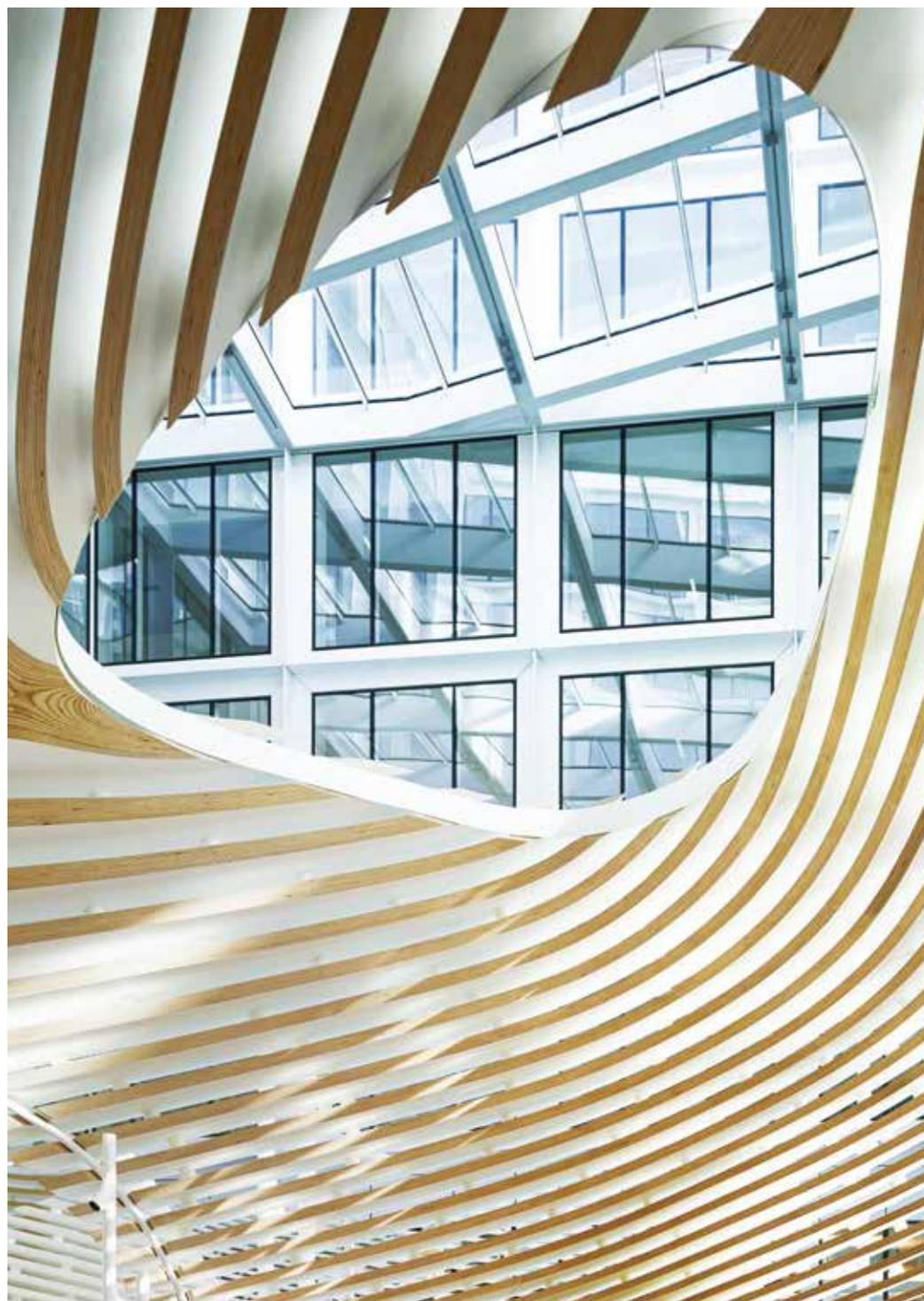




THE ART OF TRANSFORMATION



2018 NON-FINANCIAL INFORMATION



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The Non-Financial Information is an excerpt from the 2018 Financial and Legal Report available at www.fonciere-lyonnaise.com.

Introduction

France's oldest property company, founded in 1879, SFL has also acted as a developer-contractor to build, maintain and transform its real estate assets over the course of its long history.

“As a constantly engaged participant in the major projects that have transformed the urban landscape and economy of Paris, SFL has consistently foreseen and embraced the sweeping changes that have kept the city vibrant and modern.” (Simon Texier, Professor of Contemporary Art History at the University of Picardy, quoted in SFL – Du Paris haussmannien à la ville connectée, 2017).

Currently the leader in the prime Parisian office segment, SFL is enhancing its vision by integrating the latest global sustainable urban development standards, as well as the expectations of its increasingly demanding, responsible tenants, in line with international agreements on climate change and social responsibility.

In deploying its prime property strategy, social responsibility ranks at the very top of SFL's concerns.

This commitment is informed by the 15 CSR issues whose risks and opportunities have been deemed material to its stakeholders and critical to SFL's profitability as a property company. Based on their materiality and how well they are managed, these issues have been organised into three components of the portfolio's intangible value: societal value, green value and human value.

Following on from the improvements in the reporting tools and risk management systems, the scope of reporting was further expanded in 2018. The automated reporting process is one of the core components in the increasing convergence between the digital transition and the real estate business.

This year was shaped by the issuance of building permits for the top-to-bottom redevelopment of the Biome (112 avenue Zola) and the 83 Marceau (96 avenue d'Iéna) buildings and the revitalisation of the façades on the Édouard VII complex.

As part of the momentum spurred by the new non-financial information statement (*déclaration de performance extra-financière*), which SFL is not required to file but whose approach it embraces, programmes were pursued in 2018 to further reduce the Group's greenhouse gas (GHG) emissions, in particular by improving building energy efficiency. SFL also led discussions with public authorities, residents and institutions that neighbour its projects to instil their expectations and local opportunities in its programmes.

Inspired by its business' long-term outlook and the exciting new vision for its city, SFL forged a number of partnerships in 2018 that will significantly increase its responsible procurement by using renewable energies and connecting its buildings to the Paris district cooling network.

1. How SFL creates value

SFL's clear position in the prime real estate market and its organisation by core competency provide solid foundations for its creation of tangible and intangible value.

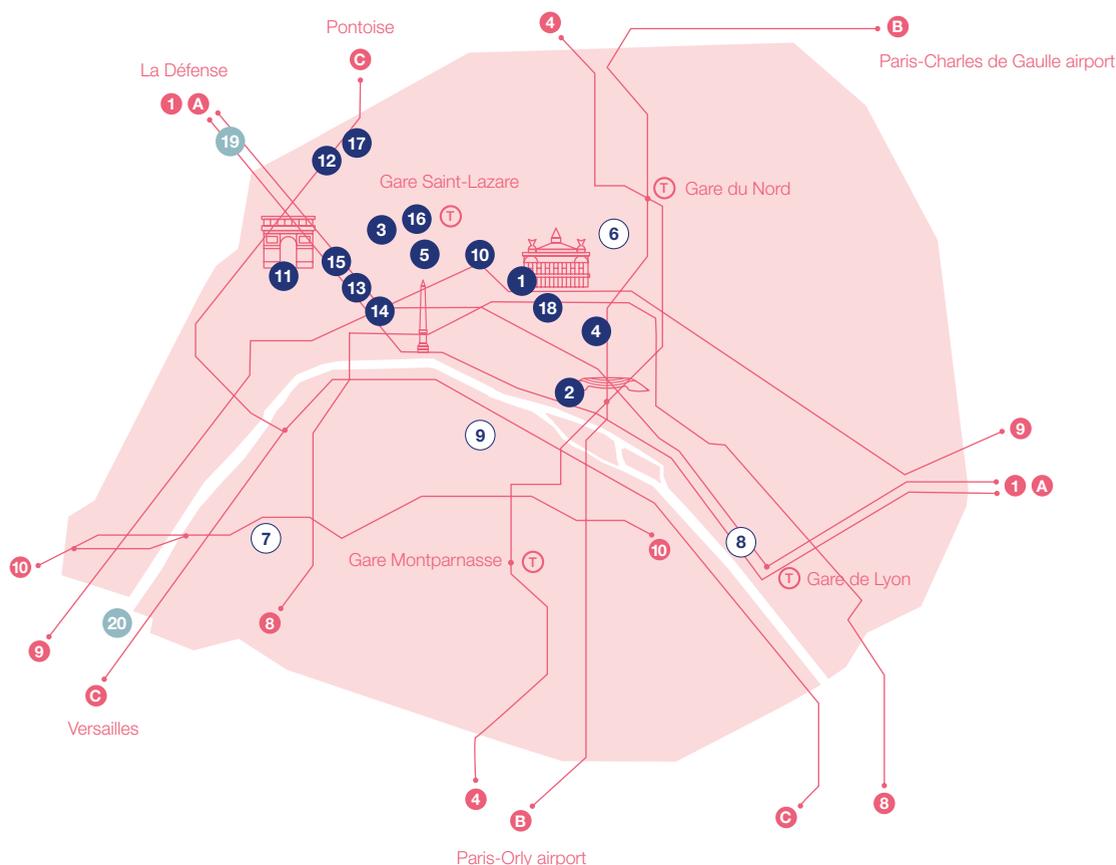
1.1. Twenty prime assets in the capital's most vibrant neighbourhoods

SFL is a property company focused on prime office real estate. Its portfolio comprises 20 assets (78% offices, 21% retail units and a hotel and 1% residential units by value), whose physical occupancy ratio stood at 97.3% at 31 December 2018.

Our tenants and their employees, totalling around 40,000 users on 20 sites, represent the highest concentration of human value-added in their industries.

All of the buildings are located a few minutes walk from a train or public transport station, in the thriving business districts of Paris, Neuilly-sur-Seine and Issy-les-Moulineaux.

The robustness of these prime office assets stems from the steady ongoing commitment of major capital investments, as evidenced by the renovations and redevelopments currently under way or completed over the past ten years.



- | | | | |
|------------------------|------------------|---------------------------|--------------------------|
| 1 Édouard VII | 6 Condoctet | 11 83 Marceau | 16 9 Percier |
| 2 Louvre Saint-Honoré | 7 Biome | 12 131 Wagram | 17 112 Wagram |
| 3 Washington Plaza | 8 Rives de Seine | 13 90 Champs-Élysées | 18 6 Hanovre |
| 4 #cloud.paris | 9 103 Grenelle | 14 Galerie Champs-Élysées | 19 176 Charles de Gaulle |
| 5 Cézanne Saint-Honoré | 10 106 Haussmann | 15 92 Champs-Élysées | 20 Le Vaisseau |

THE SFL PORTFOLIO:
392,300 SQ.M.

Paris	Total surface area ⁽¹⁾
1 Édouard VII	54,100 sq.m.
2 Louvre Saint-Honoré	47,700 sq.m.
3 Washington Plaza	47,000 sq.m.
4 #cloud.paris	35,000 sq.m.
5 Cézanne Saint-Honoré	29,000 sq.m.
6 Condorcet – Paris 9	24,900 sq.m.
7 Biome Paris – Paris 15	24,500 sq.m.*
8 Rives de Seine – Paris 12	22,700 sq.m.
9 103 Grenelle – Paris 7	18,900 sq.m.
10 106 Haussmann	13,400 sq.m.
11 83 Marceau	9,600 sq.m.*
12 131 Wagram	9,200 sq.m.
13 90 Champs-Élysées	8,900 sq.m.
14 Galerie Champs-Élysées	8,700 sq.m.
15 92 Champs-Élysées	7,700 sq.m.
16 9 Percier	6,700 sq.m.
17 112 Wagram	6,000 sq.m.
18 6 Hanovre	4,600 sq.m.
TOTAL	378,600 sq.m.

Western Crescent
Total surface area⁽¹⁾

19 176 Charles de Gaulle <i>Neuilly-sur-Seine</i>	7,400 sq.m.
20 Le Vaisseau <i>Issy-les-Moulineaux</i>	6,300 sq.m.
TOTAL	13,700 sq.m.

● Paris Central Business District

○ Rest of Paris

● Western Crescent

(1) Including infrastructure and excluding car parks.

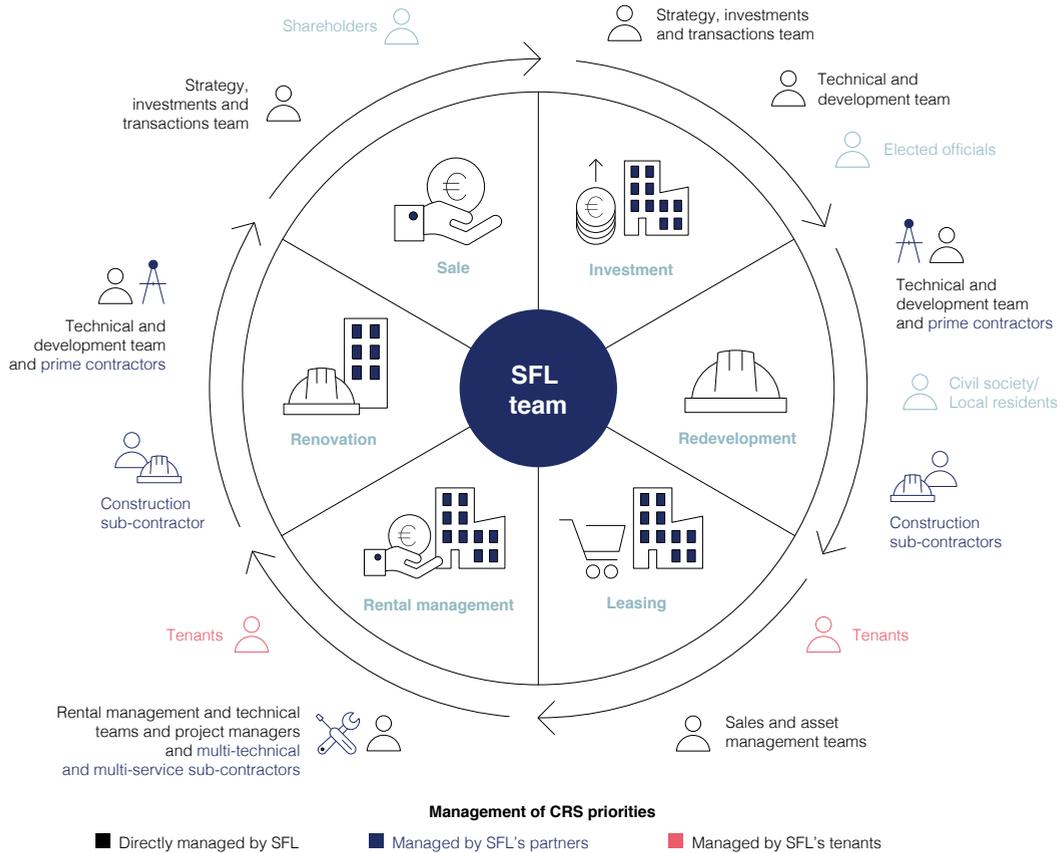
* Planned surface area.

2018 Non-Financial Information

1.2. A clearly identified value chain

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

Mapping the value chain helped to identify our CSR issues and the stakeholders who could have an impact on them. Our organisation by core competency is a critical driver in a highly efficient value creation process.

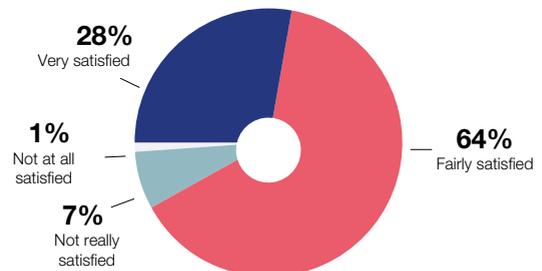


1.3. Engaging with our stakeholders

Key indicators for each phase of the value chain include:

- Redevelopment projects:
 - One new redevelopment project (Le Louvre Saint-Honoré) was in the planning phase at end-2018,
 - Two redevelopment projects (Biome and 83 Marceau) obtained their building permits.
- New leases:
 - 21,000 sq.m. in 2018.
- Rental management:
 - 92% tenant satisfaction rate (2017 survey).
- Renovation projects:
 - Four urban planning permits obtained in 2018,
 - Six tenant area renovation projects delivered in 2018,
 - 53 common area renovation projects delivered in 2018.

OVERALL SATISFACTION SCORE



2. Definition of non-financial issues and their related risks and opportunities

Analysing the business model's risks and opportunities is central to SFL's ability to create value.

Because these risks and opportunities are closely bound to the CSR issues inherent in its business, the intangible societal, green and human values all make an important contribution to the overall value SFL creates.

This holistic approach is presented and described in the sections below.

2.1. 15 issues in three aspects of the portfolio's intangible value

SFL has analysed the materiality of its CSR issues in accordance with international standards and industry best practices, as set out in the G4 Sustainability Reporting Guidelines issued by the Global Reporting Initiative and recommended by the European Public Real Estate Association (EPRA).

Performed jointly with the working groups set up to examine specific issues, the Management Committee and the Chief Executive Officer, this materiality assessment helped to shape our CSR policies, objectives and action plans. In 2017, these issues and their materiality were updated by the CSR Committee

and reviewed in light of the new regulatory framework concerning the non-financial information statement.

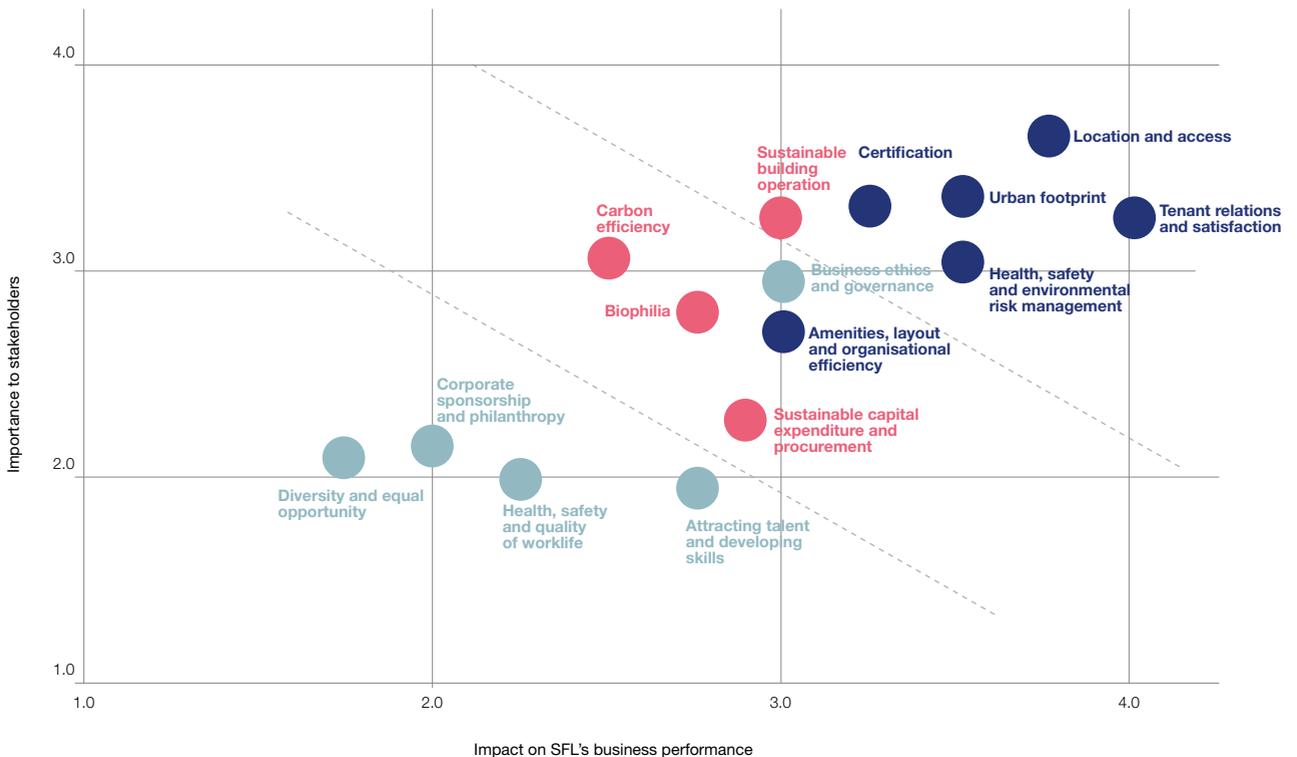
Based on the findings of the materiality analysis, the following map classifies the CSR issues into three levels of materiality, as follows:

1. Ranking top in materiality are the six "fundamental issues" embedded in the heart of our business;
2. Ranking midway in materiality are the five "major issues" that contribute to the Group's intangible value and resonate with emerging stakeholder expectations and new impacts on our business;
3. Ranked below the second materiality threshold are four "issues to watch," which do not have much impact on our short-term strategy, but which should be tracked as their materiality could change over time.

To organise this report in line with our continuous improvement strategy as a prime property company, CSR issues are presented according to three aspects:

- Societal value,
- Green value,
- Human value.

MATERIALITY MATRIX OF CSR ISSUES



- Societal value
- Green value
- Human value

2018 Non-Financial Information

2.2. Main non-financial risks and opportunities

In line with the risk and opportunity approach recommended in the Non-Financial Information Statement, SFL addresses the risks inherent in its business and optimises the related opportunities through the 15 CSR issues.

The table below illustrates the correlation between the CSR issues (in the centre) and the SFL business model's risks and opportunities.

Main risks				Values	CSR issues by materiality	Main opportunities			
Legal	Reputational	Financial	Operational			Efficiency	Stakeholder affinity and loyalty	Asset valuation	Image of excellence
				Societal value	Tenant relations and satisfaction				
					Location and access				
					Certification				
					Amenities, layout and organisational efficiency				
					Health, safety and the management of environmental and health risks				
					Urban footprint				
					Green value	Sustainable building operation			
				Carbon efficiency					
				Sustainable capital expenditure and procurement					
				Biophilia					
				Human value	Business ethics				
					Attracting talent and developing skills				
					Health, safety and quality of worklife				
					Diversity and equal opportunity				
					Corporate sponsorship and philanthropy				

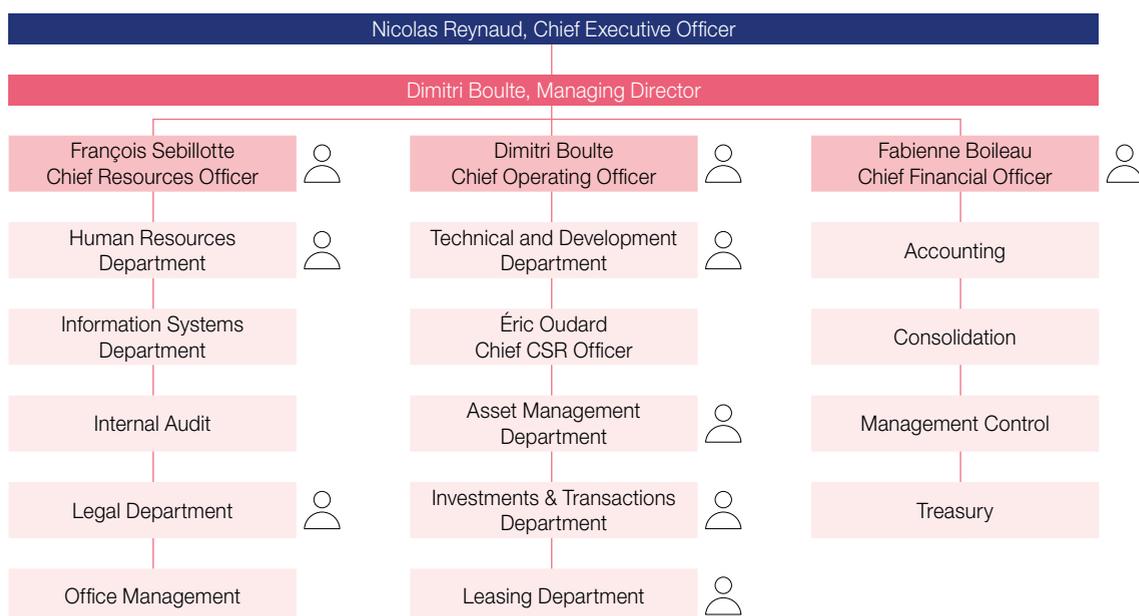
3. Ambitious vision, disciplined management

For each CSR issue, an ambitious vision has been defined, then expressed in objectives and tracking indicators that address the related risks and opportunities. Each indicator's scope of application and responsibilities have also been clearly identified (see the following section).

3.1. Managing non-financial performance in our operations

To define, execute and manage its strategy, SFL has organised its governance as follows:

- The Board of Directors, and particularly the representatives of our main shareholder Colonial, pay careful attention to the Group's CSR issues;
- The CSR Committee, comprising the Management Committee and representatives of the main departments concerned, meets twice a year and defines the main strategic guidelines for each CSR issue;
- Meetings to review the CSR Committee deliberations and guidelines are organised with the operating teams;
- The Chief CSR Officer (Eric Oudard), in charge of the Technical and Development Department, manages these issues in close collaboration with the Human Resources Director;
- Various working groups (asset management committees, CSR workshops) are integrating CSR aspects by developing operating procedures, issues of interest and outcomes and then discussing them with tenants, service providers, suppliers and other stakeholders directly on-site, particularly during tenant committee meetings.



 Departments represented in the CSR working groups

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3.2. Clearly defined scopes of reporting

Employee relations performance indicators and their related objectives cover 100% of the workforce, which is based entirely in Paris.

Societal and environmental indicators and their related objectives may cover different scopes, depending on whether or not the assets are operationally managed by SFL, are in use, or are being redeveloped or extensively renovated.

In all cases, however, the scope of reporting has been defined in line with industry best practices, particularly the guidelines for implementing the EPRA Sustainability Best Practice Recommendations. In 2018, they were organised as follows for the leading indicators:

SFL portfolio assets at year-end 2018					Assets held excluding redevelopments	Operationally managed assets	
Name	Current status	Multi or single tenant	Integrated utilities management	Gross usable surface area in sq.m.	Indicator: • Operational building certifications	Indicators: • Energy • Water • Carbon	Indicators: • Waste
176 Charles de Gaulle	In use	Multi-tenant	Yes	7,381	Assets whose performance was tracked in 2018	Assets covered by the scope of reporting in 2018	Assets covered by the scope of reporting in 2018
Washington Plaza	In use	Multi-tenant	Yes	46,992			
Édouard VII	In use	Multi-tenant	Yes	49,611			
Cézanne Saint-Honoré	In use	Multi-tenant	Yes	29,047			
103 Grenelle	In use	Multi-tenant	Yes	18,705			
112 Wagram	In use	Multi-tenant	Yes	5,998			
92 Champs-Élysées	In use	Multi-tenant	Yes	7,692			
Galerie des Champs-Élysées	In use	Multi-tenant	Yes	8,662			
90 Champs-Élysées	In use	Multi-tenant	Yes	8,861			
#cloud.paris	In use	Multi-tenant	Yes	35,004			
131 Wagram	In use	Multi-tenant	Yes	9,185			
9 Percier	In use	Multi-tenant	Yes	6,690			
Rives de Seine	In use	Single tenant	Yes	22,671			
Louvre Saint-Honoré	Partially in use with extensive renovation works	Multi-tenant	Yes	47,675			
6 Hanovre	In use	Single tenant	No	4,608			
106 Haussmann	In use	Single tenant	No	13,434			
Condorcet	In use	Single tenant	No	23,321			
Le Vaisseau	For lease	N/A	N/A	6,332			
83 Marceau	Being redeveloped	Multi-tenant	No	9,600			
Biome	Being redeveloped (acquired in April 2017)	Multi-tenant	No	24,500			
			Total surface area	385,969	91% of the portfolio by surface area	79% of the portfolio by surface area	66% of the portfolio by surface area

Assets whose performance was tracked in 2018
 Assets covered by the scope of reporting in 2018

For energy data, including the types of energy tracked and the breakdown between common and tenant areas in each asset, additional details, based on the same methodology, may be found in appendix 7.1.1.

3.3. Main outcomes in 2018

SFL's ambitious vision, as expressed in its objectives and tracking indicators, has been recognised and honoured by a number of leading international organisations.

3.3.1 Objectives and tracking indicators

All of the CSR targets for the 2017-2020 period are presented in the following table.

	2018 outcome	2020 target	Degree achieved
Societal value			
Tenant relations and satisfaction			
% of satisfied or very satisfied tenants	92%	>80%	☺
% of space under new green leases	100%	100%	☺
Location and access			
% of the portfolio located less than a ten-minute walk from a metro/tram station	100%	100%	☺
Disabled-accessible redevelopment projects	100%	100%	☺
Wheelchair-accessible properties	80%	100%	☹
Certification			
% of buildings certified BREEAM In-Use with a Very Good or higher level (excluding redevelopment projects)	100%	>90%	☺
Redevelopment projects aimed at earning triple certification	100%	100%	☺
Health, safety and environmental risk management			
% satisfactory risk management	92%	>90%	☺
% of SFL-managed assets operated with the MEX web-based operations management platform	93%	>80%	☺
Green value			
Sustainable building operation			
Energy use intensity in kWh/sq.m., 2011-2020, like-for-like	-18%	-20%	☺
Water use intensity in cu.m./sq.m., 2011-2020, like-for-like	-9%	-20%	☹
Carbon efficiency			
Number of fuel oil-fired boilers in the portfolio	0	0/20	☺
Carbon efficiency in kgCO ₂ e/sq.m., 2011-2020, like-for-like	-37%	-20%	☺
% of energy used from renewable sources	37.5%	30%	☺
Sustainable capital expenditure and procurement			
% of new redevelopments using BIM ⁽¹⁾ software	100%	100%	☺
Set maximum energy use, carbon emissions and water use targets for new acquisition redevelopment projects, in line with corporate targets. 20% under RT2012 energy efficiency standards, Effinergie	N/A	100%	N/A
Biophilia			
% of green spaces on built-up land	9%	11%	☹
Human value			
Attracting talent and developing skills			
% of payroll spent on training	3.2%	>2.5%	☺
Health, safety and quality of worklife			
% of employees surveyed every two years to measure the quality of worklife	100%	100%	☺

(1) BIM: Building Image Modelling.

3.3.2 Recognised performance

SFL ensures that its reporting processes are aligned with the most demanding standards and methodologies. In addition, we transparently seek assessments of our CSR performance and regularly respond to surveys from GRESB and other ESG rating agencies.

• Building Research Establishment Environmental Assessment Method (BREEAM)

SFL's very early adoption of BREEAM New Construction/Refurbishment certification for redevelopment projects and BREEAM In-Use International certification for properties in-use, plus the unprecedented certification of every asset in the portfolio, have been recognised by the presentation of several BREEAM Awards:

2018 Non-Financial Information

- The Office Refurbishment & Fit-Out Award for Washington Plaza in 2015,
- The Corporate Investment in Responsible Real Estate Award in 2017 and a nomination for the Award in 2018.

• Global Real Estate Sustainability Benchmark (GRESB)

In 2018, GRESB awarded SFL Green Star designation for the seventh year in a row.

An overall score of 86/100 confirmed our position among the top performers, while a perfect 100/100 in three of the seven subcategories assessed by the GRESB (Management, Policy & Disclosure, and Building Certifications) demonstrated the validity of our CSR process.

European Public Real Estate Association (EPRA)

SFL also complies with the recommendations issued by EPRA for its CSR reporting. EPRA-format indicators are presented in the relevant sections of this report. Two Gold Awards, in Sustainability and Finance Best Practices Recommendations, were earned in 2018.

• Non-Financial Information Statement

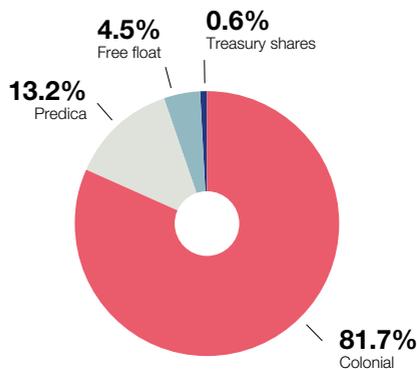
Although it is not required to file a non-financial information statement, SFL has decided voluntarily to demonstrate its commitment to the process.

4. Societal value

In recent years, tenants have observed an improvement in our properties' performance, reflected in their high utility value. Our positioning in the prime segment has been a key factor in securing the long-term backing of our shareholders. Our shareholders are both demanding and stable.

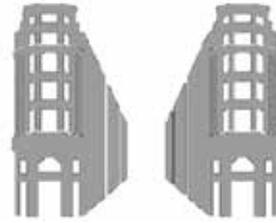
Societal value is central to the strategy of increasing the value of our portfolio. This intangible value was defined and measured in 2013 in a study called Quartier Libre (see www.fonciere-lyonnaise.com, in French only).

SFL'S OWNERSHIP STRUCTURE AT 31 DECEMBER 2018 (46.5 MILLION SHARES)



The following examples illustrate the high level of tenant satisfaction.

Cézanne Saint-Honoré



BREEAM In-Use Certification:

Part 1 ★★★★★ Part 2 ★★★★★

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

Garden/paved seating area/green walls/private outside space: 190 sq.m. plus a tree-lined private street

Tenant satisfaction rate: 81%

Accessibility: full wheelchair access

Vélib' public bike hire station: 220-metre walk

103 Grenelle



BREEAM In-Use Certification:

Part 1 ★★★★★ – Part 2 ★★★★★

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

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

Tenant satisfaction rate: 100%

Accessibility: full wheelchair access

Vélib' public bike hire station: 400-metre walk

#cloud.paris



BREEAM In-Use Certification: Part 1 ★★★★★

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

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

Tenant satisfaction rate: 100%

Parking space for 100 bicycles, 100 motorbikes and 99 cars

Accessibility: full wheelchair access

Vélib' public bike hire station: 290-metre walk

4.1. Tenant relations and satisfaction

Tenant relationships are always top-of-mind at SFL, and a central focus of its organisation. Knowing and understanding current and future needs is a major advantage as we manage our buildings in-use and design new redevelopments and renovations. This is why every two years, we ask all of our office users to participate in a satisfaction survey. To deepen this knowledge, given that our portfolio is highly consistent in terms of quality and location, we also conduct the annual Paris WorkPlace survey of 2,000 managers in the Île-de-France region, to find out more about their office experience and expectations. This allows us to compare our own performance to a broader population that is highly representative of the people working in our buildings.

4.1.1 Measuring tenant satisfaction

The 2018 Paris WorkPlace survey and the 2017 satisfaction survey of our office users helped to improve our understanding of tenant expectations (<http://www.parisworkplace.fr/> – <http://www.fonciere-lyonnaise.com>, in French only).

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

In 2017, 550 people participated in our satisfaction survey. The typical employee working in our buildings is a 38-year-old manager who lives in central Paris, has an average 40-minute commute by public transport and gives his or her well-being at work a score of 7.4/10 (compared to 6.8/10 for the managers in the Île-de-France region surveyed in our Paris WorkPlace benchmark). He or she works in an open space office, considers on-site amenities to be fundamental, would like more opportunities to meet people working in the same building and feels that environmental certification is important.

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

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

More than 92% of satisfaction survey respondents said that they were satisfied or very satisfied with their offices, amply exceeding the target of 80%.

(Historical data: 80% in 2011, 82% in 2013, 96% in 2015 and 92% in 2017).

4.1.2 Encouraging tenant engagement

Through a variety of initiatives and media, SFL's tenant relationship management process actively encourages tenant engagement, particularly in its environmental commitment. This can be seen in the following examples of ongoing initiatives.

• Green leases

Today, 81% of SFL leases have an environmental appendix. All of the newly signed office leases include such an appendix, even for spaces of less than 2,000 sq.m.

• Green Committees

During tenant committee meetings, SFL reviews its main environmental indicators, offering an opportunity to discuss performance and planned improvements.

• Tenant newsletters

SFL fosters a sense of community in a number of its buildings by publishing tenant and user newsletters, such as *Le journal le 42* for the Washington Plaza building. These are distributed free to tenant employees to give them the latest news about the building and the neighbourhood, including cultural events, new restaurant openings and shopping opportunities. The media also keep users informed of the green initiatives being undertaken in the building.

• User guides

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

4.2. Location and access

Building locations, which are one of our major strengths, are also widely acclaimed by users, followed by the quality of their spaces and their architecture.

The latest satisfaction survey, for example, showed that 70.5% of employees commute to work by metro, tram, train or RER, 15.4% drive in by car, motorcycle or scooter or take a taxi, and 8.9% use a bicycle or walk.

4.2.1 Prime locations, exceptionally well served by public transport

As our Paris WorkPlace surveys show year after year, employees feel that the primary criterion for their well-being is the location of their workplace and their commute time from home. This was followed by the quality of their office space and the building's architecture. In fact, the location of the future workplace is such a major factor that people feel that, when considering a job offer, it is just as important as the proposed salary. As a result, high value-added companies, for whom attracting and retaining talent is a performance-critical issue, have to offer employees workspaces in the capital's most appealing neighbourhoods, that are both easily accessible and equipped with a diversified array of high-quality amenities.

SFL's investment strategy is historically aligned with these aspirations, as it has steadily concentrated the portfolio in the increasingly popular neighbourhoods (i) in the traditional business districts in western and central Paris (80% of SFL assets are located in the Central Business District); (ii) near the major Paris train stations (#cloud.paris, Rives de Seine, for example); and (iii) in the new mixed-use neighbourhoods such as the 9th *arrondissement* (Condorcet) or the 7th *arrondissement* (103 Grenelle), which offer compelling alternatives to the Central Business District.

The acquisition of properties like Biome, on avenue Émile Zola in the 15th *arrondissement*, reflects a forward-looking strategy to offer solutions to demanding tenants interested in moving to more diverse, mixed-use neighbourhoods

(shops, cultural venues, housing), while retaining easy access via metro, RER or bus.

All of our assets are easily accessible by public and alternative transport. All of them are less than a 10-minute walk from a metro station and most of them also offer easily accessible car parks.

4.2.2 Responding to new forms of urban mobility

The overriding importance of the employee commute among the criteria for a sustainable location is also reflected in the increasing use of low-impact transport.

In redeveloping its buildings, SFL proactively adds dedicated spaces for electric vehicles. In the #cloud.paris building, there are more parking spaces reserved for bicycles and motorbikes than for cars.

Lastly, the 83 Marceau redevelopment project includes the creation of 112 spaces for bicycles on the ground floor.

4.2.3 Guaranteeing accessibility for everyone

The satisfaction survey shows that, thanks to our strategic focus on asset location, our tenants and users have an average commute of 40 minutes, which is shorter than the average in Île-de-France as a whole. According to the same survey, location is also the main advantage of SFL properties, with 83.2% of respondents feeling satisfied or very satisfied with the proximity of public transport, and nearly 74% with their urban environment.

The vast majority of the current portfolio is wheelchair-accessible and the redevelopments have been designed in compliance with the latest accessibility standards.

4.3. Urban footprint

SFL actively engages with the local authorities and stakeholders involved in the design and implementation of a real estate project. In a commitment to helping to shape the cityscape, we work closely with the City of Paris, the *arrondissement* town halls and other local authorities as part of results-oriented initiatives to support more responsible urban planning. We also get neighbourhood residents, elected officials and concerned stakeholders involved in every project to ensure strong acceptance and buy-in.

4.3.1 An engaged citizen of the city

SFL pays particular attention to the societal value of its assets. In all, our commitment to outstanding architectural design is helping to enhance the quality of urban life in our host cities and neighbourhoods.

Inspired by its 140 years of intimate involvement in construction and urban planning, SFL is keen for all of its projects to express a fresh architectural vision. We have therefore chosen to work with a growing number of renowned architects (Dominique Perrault on Marceau; B. Architects and AJN on Louvre Saint-Honoré; PCA on #cloud.paris), up and coming architects (Yrieix Martineau on Biome) and designers (Jouin/Manku on Biome, Anna Moussinnet on 83 Marceau).

At SFL, the issue of how an office building is used runs through the entire real estate project design process. The latest redevelopment projects, for example, are promoting the new uses for their underground floors made possible by (i) the emergence of new mobility systems and the correlative decrease in the need for parking spaces; (ii) the ability to densify and improve space usage in an already dense urban environment; and (iii) the ability to bring natural light into previously artificially lit areas.

One illustration is the creation of fully equipped gyms and a lounge/cafeteria in 42 Washington or the removal of two car park levels at 83 Marceau to create a public access area/lounge with a 200-seat amphitheatre and modular meeting rooms around a landscaped central patio open to the outside.

Each project also includes a review of the opportunities to create a planted roof terrace by relocating rooftop technical installations, as has been done on the top floor of the Cézanne Saint-Honoré complex.

SFL systematically works with official French government heritage preservation architects (ABFs) with the aim of redeveloping older buildings to the highest possible standards while preserving their architectural value. Prior to any redevelopment project, in-depth historical reviews are systematically performed to ensure that the buildings blend seamlessly into the high-quality urban fabric of Paris and our other host cities.

With its deep understanding of the challenges involved in city planning and urban architecture, SFL is committed to contributing to discussions about the future of today's cities and regional communities. To this end, it provides funding for the Pavillon de l'Arsenal, which encourages and promotes forward-looking thinking about architecture and the city. SFL also supports Fondation Palladio, which fosters debate about urban planning and quality of community life under the auspices of Fondation de France (the French government's private philanthropy administration agency).

SFL is a member of France's Architects & Owners Association (AMO), which promotes constructive relations between architects and building owners.

Lastly, as a member of the French property industry federation (FSIF), SFL participates in the meetings for France's Sustainable Building Plan. Each project's environmental footprint (energy use, amenities, natural light, vegetation, access) is assessed during the engineering studies phase. Moreover, interaction in the upstream also helps to more effectively define and attenuate the project's impact on the urban environment.

Following on from the work initiated in 2011-2014, and in a commitment to contributing to the reputation of Paris and its arts scene, for the past three years, SFL has provided funding for the Nuit Blanche all-night performance festival organised by the City of Paris. The ultimate goal is to change the way people look at art in Paris and encourage discussions about aesthetics, which are an integral part of SFL's product strategy.

4.3.2 Our Paris projects

SFL supports a stakeholder dialogue and governance system involving elected officials and local authorities during the project design phase and neighbouring communities during the works phase.

For each project, we perform a detailed audit and engage in discussions with all stakeholders as early as possible in order to clearly define the programme objectives and related benefits.

To demonstrate this unprecedented stakeholder engagement process, SFL wanted to get local residents involved far upstream in its Biome redevelopment project in the 15th *arrondissement*, without waiting to receive the administrative permits. In 2018, in conjunction with local council members, the City of Paris and community associations, SFL took the initiative of organising three neighbourhood meetings during which our architects and development teams presented the project and the changes made in response to resident comments and suggestions.

Dedicated information and communication media, such as a website and an on-site project information office, have been deployed to enable residents to follow project updates and works progress. The local community, represented by their council members, is being systematically involved in the project. This engagement process has driven a number of project revisions, for example, to create 700 sq.m. of housing space, a coworking area open to the neighbourhood, a business centre featuring an amphitheatre and meeting rooms for the convenience of local power users, and a landscaped botanical garden in the centre of the complex. The environmental aspects have also been upgraded to make the redevelopment an outstanding example of a BBKA-certified low-carbon refurbishment project, the first of its kind in Paris.

In 2018, SFL also continued these types of bespoke projects to enhance and repurpose spaces across the portfolio. With ABF authorisation, the passages in the Édouard VII complex were upgraded and the old gates were replaced with new ones in iron and brass designed by the Matthieu Paillard agency. The Tricoire agency also led a project to refurbish street furniture in the centre of the complex.

In addition to improving its property assets, SFL continues to promote and create spaces and amenities capable of fostering interaction, meetings and a greater sense of community. In 2018, for example, we partnered with the “Édouard VII Has a Heart” initiative to offer meals to homeless people in the neighbourhood in association with the Restos du Cœur charity, the town hall of the 9th *arrondissement* and the Mon Paris restaurant.

SFL also pursued its commitment to bringing together all the users of its buildings with the launch of a local newsletter (*Le 42*) for Washington Plaza. Printed in 2,000 copies, it reports all the latest news about the building and neighbourhood, promotes local services and fosters a sense of community throughout the building.

4.4. Amenities, layout and organisational efficiency

SFL strives to offer superior quality space and amenities, in line with tenant expectations.

4.4.1 High operating efficiency and maximum flexibility

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

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

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

SFL designs modular, free-flowing and adaptable office spaces, with stunning natural light, magnificently restored grand staircases and highly flexible floor plates that can be fitted out in line with tenant specifications. The resulting tenant layouts, which may be partitioned or open plan, ensure that users enjoy a very high quality working environment.

Office space

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

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

Our 2017 Paris WorkPlace survey of a representative sample of office users in Île-de-France found that in the French Tech sector (a leading driver of office demand in the region), 86% of companies choose an open plan layout versus just 44% for all sectors combined (75% for SFL).

Utility installations are sized so that meeting rooms can be positioned anywhere on the floor plate, including in areas exposed to direct sunlight. These rooms usually cover an average 10% or so of the total floor area, but SFL designs its redevelopments to give them 15% to 20%. HVAC and lighting installations are generally sized to offer an occupancy ratio of 12 sq.m. of gross leasing area (GLA) per person. The ratio for sanitary facilities is 12 sq.m. of GLA/person.

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

4.4.2 Occupant well-being and new uses

Our Paris WorkPlace survey showed that a growing number of French Tech employees appreciate having a dedicated workplace rest area or relaxation area (66% and 50% respectively versus 41% and 30% respectively for all sectors combined). For 82% of them, the office is a place to socialise, a percentage that falls to 43% when employees from other sectors are included.

In a predominantly services-based society, people spend most of their time sitting down and use their brains more than their muscles. To create a better balance, SFL buildings feature fitness rooms and break areas, with quiet spaces and landscaped gardens, etc.

Refurbishment and upgrade works include solutions developed by SFL_le_studio to enhance the practical and environmental value of outside spaces and roof terraces, for example by:

- increasing urban biodiversity through green walls and other vegetation, rooftop vegetable gardens, etc.;
- creating a space for relaxation and events;
- installing renewable energy sources, such as solar or photovoltaic panels, urban wind turbines, etc.

All of these solutions were widely deployed in the Biome redevelopment programme, which will double the landscaped area, to 1,677 sq.m. from 791 sq.m., increase the site's ecological potential by 3.7 times, replace 20 ordinary trees by a diversity of 35 trees and 25 shrubs, create a large number of accessible landscaped terraces and install solar panels to supply 50% of the hot water used in the staff restaurant.

In addition, the project will be awarded BiodiverCity® Excellent certification.

Scheduled expenditure on buildings in-use includes solutions developed by SFL_le_studio to enhance the value of underground levels. These include the creation of:

- Collaborative workspaces: meeting rooms, co-working spaces, business centre, for use by people based in the building or outside.
- Foodservice areas, with diversified and innovative product offers.
- User amenities such as fitness centres, concierge services, treatment and relaxation rooms.

Two examples of these amenities expansion programmes added a fitness centre and a herbal tea room in 103 Grenelle and the following features at the Washington Plaza:

- A Welcome Manager offering concierge and events management services.
- A fitness centre with cardio/workout machines and classes (boxing, abs, dance, step aerobics, yoga, stretch, pilates, sophrology, etc.).
- A wellness area (massages, osteopathy, relaxation, beautician, etc.);
- Meeting rooms that can be booked by tenants.
- A café-lounge.

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

The 83 Marceau redevelopment programme amply incorporates these features by bringing natural light to three former car park levels and utilities rooms. In this way, future occupants will enjoy not only a vast 200-seat auditorium, but also sunlit spaces, meeting rooms and a café-lounge conducive to informal meetings and collaborative working.

Support services

When a building is large enough, SFL supplements these fitness and wellness facilities with a range of support services that make daily worklife easier for employees.

The concierge office, for example, is increasingly involved in organising events and managing amenities, so that it serves as the central, go-to service provider for all of the building users. This type of support was introduced at Washington Plaza and 103 Grenelle in 2018 and will be expanded to other properties in the future.

All redeveloped properties offer exceptional connectivity. Wireless network is available throughout each building, even in the least accessible areas, with maximum exposure to electromagnetic fields significantly below the limit set in European Directive 2013-35 dated 26 June 2013.

4.5. Health, safety and the management of environmental and health risks

Redeveloping and managing property assets involves a myriad of technical and architectural choices that can have a significant impact on the environment.

SFL has long deployed a wide range of initiatives to make its buildings healthier and mitigate the risks of pollution, in particular by:

- eliminating asbestos-containing materials and products whenever possible;
- testing for lead exposure before works begin;
- removing all PCB transformers;
- removing all equipment containing HCFC refrigerants (mainly R22);
- replacing fuel oil-fired boilers, the source of major sulphur dioxide and nitrogen oxide emissions;
- studying the replacement of open cooling towers as soon as possible to prevent the risk of legionnaires' disease.

It is important to remember that every day, 40,000 employees come to work somewhere in our portfolio (excluding Biome currently being redeveloped). With this in mind, we have deployed a highly disciplined environmental policy to continuously improve the quality of our assets by attenuating the risks to the health and safety of their occupants.

To this end, an environmental charter and health and safety risk management guidelines have been introduced and are expected to drive a steady improvement in outcomes.

4.5.1 A commitment to exceeding regulatory standards

As part of its culture of excellence, SFL's risk management organisation is built on a partnering relationship with a single Audit Bureau, which performs the full range of regulatory audits and reviews for all of the SFL-managed assets.

Since the regulatory compliance framework agreement was set up, there has been a sharp reduction in the number of observations by Audit Bureau. In 2018, however, the number of observations rose after SFL took over the operational management of two assets.

4.5.2 Managing risks with a dedicated platform

In recent years, systems have been deployed to track and manage the operations of every SFL-managed property, with a focus on securing compliance with regulatory obligations and developing accurate indicators.

In particular, an online risk management platform, known as MEX, was set up to enable the buildings to input their compliance data directly.

As of 31 December 2018, 14 of the 20 assets were managed via the platform.

Proportion of assets whose health and safety risks are tracked on a dedicated platform (EPRA code: H&S-Asset)

	2017	2018
Percentage of operationally managed assets whose health and safety risks are tracked on a dedicated platform	80%	93%

No provisions for environmental or climate change risks were recorded during the year.

4.6. Certification

SFL's tenant portfolio includes world-class companies who insist that their head offices demonstrate superior environmental performance and social responsibility.

In response to this major challenge, since 2012, we have ambitiously sought very high level environmental certification for all of our assets and for each refurbishment and development project.

These certifications are based on the real estate industry's leading standards, including BREEAM In-Use for properties in-use, and BREEAM New Construction, LEED, HQE and/or other labels (BiodiverCity®, BBC, etc.) for buildings being developed or refurbished

4.6.1 Every asset certified BREEAM In-Use with a Very Good or higher level

In 2012, SFL became the first European property company to earn BREEAM In-Use certification for all of its assets in-use.

In 2018, this represented 18 buildings totalling more than 350,000 sq.m. of usable surface area.⁽¹⁾

The BREEAM In-Use certification process assesses an asset's environmental performance in three key areas:

- Part 1 – Asset: the inherent performance characteristics of the building,
- Part 2 – Building Management: the Management policies, procedures and practices related to the operation of the building,
- Part 3 – Occupier Management: the tenant's understanding and implementation of management policies, procedures and practices.

BREEAM In-Use certifications have been earned by SFL assets as follows:

- 18 buildings have been certified BREEAM In-Use Part 1,
- 14 buildings have been certified BREEAM In-Use Part 2,
- 1 building has been certified BREEAM In-Use Part 3.

Our objective is for each successive audit to result in a rating upgrade. All of the certifications (Part 1, 2 and/or 3) have been rated Very Good or higher since 2016.

Of the total certifications (Part 1, 2 and 3) earned as of end-2018:

- 51% are rated Very Good,
- 42% are rated Excellent,
- 6% are rated Outstanding.

NUMBER OF BREEAM IN-USE CERTIFICATIONS (PART 1, 2 AND/OR 3) BY LEVEL



The unique scope of the certification exercise and the exceptionally high levels have been recognised by the BREEAM and the GRESB since 2016. After winning the GRESB-BREEAM Award for Responsible Investment in the Large Portfolios (over €1 billion) category in 2017, SFL was once again one of the five nominees in 2018.

4.6.2 Earning triple certification for redevelopments

SFL's major redevelopment projects in empty buildings have all earned triple certification, with the certificates earned varying according to each asset's unique characteristics.

Certifications and labels are chosen to meet specific building characteristics as closely as possible. In this way, they support the building's market positioning, while challenging its management teams and demonstrating its most innovative features.

One prime example is Biome, which will be certified BiodiverCity® Excellent, highlighting its extensive landscaping and greenery. It will also be one of the very first buildings to obtain BBC Rénovation energy efficient building certification, to express the ambitious vision that guided the SFL energy teams in working on the project.

(1) In the case of buildings for which the recertification audit was still in progress at year-end, the published rating was the one awarded after the last audit.

The three redevelopment projects are now in the process of seeking the following certifications:

– 83 Marceau

- HQE Rénovation 2015 Passport – Exceptional.
- BREEAM Europe Commercial Refurbishment 2015 – Excellent rating.
- LEED V4 Core and Shell – Gold rating.
- BBC Effinergie Rénovation, awarded to buildings that use 40% less energy than the RT regulatory benchmark.
- RT2012 – 20%.

– Biome

- HQE Rénovation 2015 Passport – Exceptional.

- BREEAM Europe Commercial Refurbishment 2015 – Excellent level.
- LEED V4 Core and Shell – Gold rating.
- BBC Effinergie Rénovation, awarded to buildings that use 40% less energy than the RT regulatory benchmark.
- RT2012 – 20%.
- BiodiverCity® Excellent.

– Louvre Saint-Honoré

- BREEAM Europe Commercial Refurbishment 2015 – Very Good rating.
- LEED and HQE not applicable because the property is partly occupied.

NUMBER OF BUILDINGS-IN-USE AND PERCENTAGE OF PORTFOLIO (IN SQ.M.) CERTIFIED BY TYPE AND LEVEL OF CERTIFICATION

EPRA code: CERT-TOT

			2016		2017		2018	
			Number of assets	% of sq.m.	Number of assets	% of sq.m.	Number of assets	% of sq.m.
Absolute	Assets in-use	Total	19	100%	19	100%	18	100%
		BREEAM In-Use	0	0%	0	0%	0	0%
		Good	19	100%	19	100%	18	100%
		≥ Very Good	6	47%	7	54%	7	55%
	Assets in-use with a refurbishment & fit-out certificate	At least one refurbishment & fit-out certification	6	29%	6	24%	5	22%
		BREEAM New Construction	3	21%	2	12%	2	12%
		LEED	2	18%	1	10%	1	10%
		HQE	5	27%	5	21%	4	19%
		<i>Number of buildings</i>	<i>19/19</i>		<i>19/19</i>		<i>18/18</i>	
		<i>% of sq.m.</i>	<i>100%</i>		<i>100%</i>		<i>100%</i>	

5. Green value of our properties

By carefully managing building energy and water use, deploying initiatives to combat climate change and addressing biodiversity and CSR issues in its capital projects, SFL ensures that its buildings will be operated and occupied sustainably, helping to drive the creation of value across the entire portfolio.

This “green value” is an important argument in our discussions with stakeholders, especially the young talents employed by our tenants. It is assessed based on the buildings’ occupation density, the quality of building amenities and the value added for occupants.

To maximise green value, SFL has set ambitious targets for reducing energy and water use and greenhouse gas emissions by 2020 compared to the 2011 baseline.

After seven years, the outcomes have amply justified this ambition, with energy use intensity reduced by 18% and carbon intensity by 37% like-for-like.

5.1. Sustainable building operation

5.1.1 Energy efficiency

Final energy use by the properties owned and managed by SFL in 2018 represented some 73 GWh, of which 53 GWh (73%) concerned common areas and heating and air-conditioning delivered to tenant areas.

Electricity accounted for nearly two-thirds of final energy while fossil fuel use was marginal, accounting for less than 1% of the total.

SFL is committed to increasing the proportion of low carbon sources in the energy mix.

In April 2018, the last fuel oil-fired boiler in the portfolio was replaced by a similar unit running on natural gas.

In the same way, since 1 January 2018, a new power supply contract with French national power utility EDF has guaranteed that 30% of SFL’s electricity will be from renewable sources.

Lastly, negotiations are under way with the Climespace district cooling network operator so that eventually more of our buildings can supply their air conditioning systems from the network, whose emission factor was an especially low 7 g CO₂e/kWh in 2018.

ENERGY USE BY TYPE OF ENERGY IN MWH OF FINAL ENERGY, ABSOLUTE AND LIKE-FOR-LIKE, AND ENERGY USE INTENSITY IN KWH/SQ.M.

(not climate adjusted)

EPRA code: Elec-Abs, DH&C-Abs, Fuels-Abs, Elec-LfL, DH&C-LfL, Fuels-LfL, Energy-Int

	Common areas and shared services			Tenant areas			Total					EPRA code	
	2016	2017	2018	2016	2017	2018	2016	2017	2018	% 17/18	% 16/18		
Absolute	Electricity	20,079	29,216	27,778	18,844	20,223	20,013	38,923	49,439	47,791			Elec-Abs
	District heating systems	8,479	11,907	13,635	0	0	0	8,479	11,907	13,635			DH&C-Abs
	District cooling systems	9,550	10,228	11,317	0	0	0	9,550	10,228	11,317			
	Natural gas	0	0	0	0	0	0	0	0	0			Fuels-Abs
	Fuel oil	704	612	674	0	0	0	704	612	674			
	Total energy use in MWh	38,812	51,962	53,405	18,844	20,223	20,013	57,656	72,185	73,417			
	Intensity in kWh/sq.m.							257.6	258.7	265.1	2.5%	2.9%	Energy-Int
	Number of buildings							11/11	15/15	14/14			
	% of sq.m.							100%	100%	100%			
	Like-for-like	Electricity	19,528	19,220	18,702	17,978	17,445	17,568	37,506	36,664	36,270	-1.1%	-3.3%
District heating systems		7,815	8,449	10,990	0	0	0	7,815	8,449	10,990	30.1%	40.6%	DH&C-LfL
District cooling systems		9,550	9,329	10,003	0	0	0	9,550	9,329	10,003	7.2%	4.7%	
Natural gas		0	0	0	0	0	0	0	0	0			Fuels-LfL
Fuel oil		704	612	674	0	0	0	704	612	674	10.3%	-4.3%	
Total energy use in MWh		37,597	37,609	40,369	17,978	17,445	17,568	55,575	55,054	57,937	5.2%	4.3%	
Intensity in kWh/sq.m.								248.3	248.3	261.4	5.3%	5.3%	Energy-Int
Number of buildings								10/10					
% of sq.m.								100%					

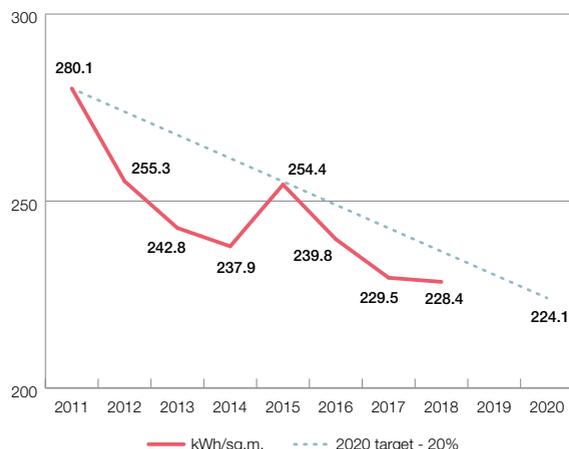
On a like-for-like basis, total energy use from all sources rose by 4.3% from 2016 to 2018.

The increase was primarily attributable to weather conditions. 2018 was the hottest year ever recorded in France, while the winter was also cold and long. Energy used for heating and air conditioning rose sharply like-for-like over the period, by 40.6% and 4.7%, respectively.

This considerably offset the 3.3% decline in electricity use over the period.

In analysing consumption data, climate influence is an important parameter. For example, adjusted for the climate and the occupancy rate, energy use intensity in kWh/sq.m. declined by 18% like-for-like from 2011 to 2018, bringing the 2020 target of a 20% reduction within close reach.

ANNUAL CHANGE IN ENERGY USE INTENSITY BETWEEN 2011 AND 2018 ON A LIKE-FOR-LIKE BASIS IN KWH/SQ.M., ADJUSTED FOR OCCUPANCY RATES AND CLIMATE



Climate-adjusted energy use fell for all seven properties owned since 2011 that constitute the comparable portfolio. These reductions attest to the effectiveness of the measures taken by SFL teams to optimise energy use.

We have also noticed that energy use intensity is rising across the portfolio. Recent renovations and redevelopments show that tenant energy needs are trending upwards, led by the increase in floor plate density and the introduction of new amenities, such as new meeting rooms, foodservices, fitness rooms, break areas and other user services. These new ways of using offices mean that energy use may increase in gross value, making the commitment to optimised energy efficiency even more critical.

Improving the energy performance of SFL properties

We have several levers for improving our portfolio's energy efficiency. The first step, however, is to better understand each building's energy use profile and specific features. We have developed a structured approach to acquiring this understanding, based notably on the following.

- Automating the reporting of billing data, to facilitate the consolidation process and leave more time for the collection and analysis of data at lower metering levels.
- Analysing energy data in relation to its use, with a critical review of the volume and relevance of reported data in relation to its use (private use broken down between non-food retail, restaurants, showrooms, etc., offices, trading rooms, private or shared conference centres).
- Measuring overall energy performance, including energy use in tenant areas in directly managed multi-tenant buildings, actual energy use data is reported for most of the leased surface area, and the percentage of reporting tenants has increased sharply in recent years.
- Deploying Energy Performance Improvement Master Plans, which should help to optimise capital spending and asset modernisation plans through targeted initiatives focused on the following areas:
 - revamping building management systems (BMS),
 - optimising air handling unit flow rates,
 - managing lighting in car parks and common areas,
 - breaking down energy use by destination,
 - raising occupant awareness.
- Encouraging partner building managers to find ways to reduce energy use, in particularly by contractually requiring them to submit regular activity reports.

5.1.2 Managing water use

The buildings owned and managed by SFL used nearly 160,000 cu.m. of water in 2018, representing less than 22 litres per user per day.

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

We are endeavouring to improve rainwater recovery at our various sites, when this is technically feasible and the costs do not outweigh the benefits. Currently, three buildings have rainwater recovery systems: 92 Champs-Élysées, Washington Plaza and, since its redevelopment in 2015, #cloud.paris. At Washington Plaza, nearly 338 cu.m. of rainwater were recovered in 2018 versus 1,340 cu.m. in 2017, 800 cu.m. in 2016 and 190 cu.m. during the three months that the system was in operation in 2015.

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

**WATER USE AND WATER USE INTENSITY (COMMON AND TENANT AREAS COMBINED)
IN CU.M., CU.M./SQ.M., AND LITRES/USER/DAY, ABSOLUTE AND LIKE-FOR-LIKE**

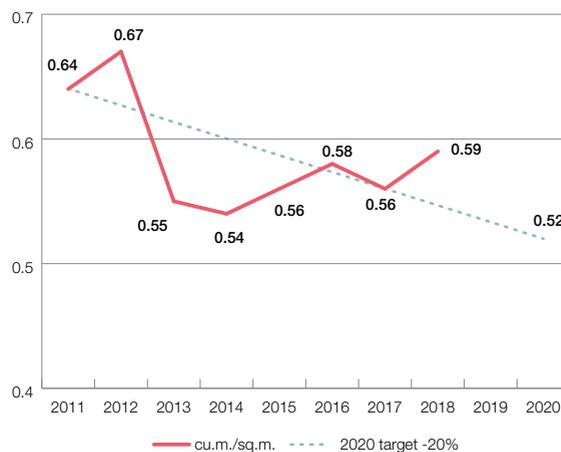
EPRA code: Water-Abs, Water-LfL, Water-Int

			2016	2017	2018	% 17/18	% 16/18	EPRA code
Absolute	Total municipal water use in cu.m.		130,819	154,304	158,482			Water-Abs
	Intensity	in cu.m./sq.m.	0.585	0.553	0.572	3.4%	-2.2%	Water-Int
		in litres/user/day	21.0	21.4	21.9	2.2%	4.4%	
	Coverage rate	Number of buildings	11/11	15/15	14/14			
% of sq.m.		100%	100%	100%				
Total municipal water use in cu.m.			123,991	125,371	132,589	5.8%	6.9%	Water-LfL
Like-for-like	Intensity	in cu.m./sq.m.	0.576	0.544	0.610	12.1%	5.9%	Water-Int
		in litres/user/day	20.2	20.8	21.7	4.1%	7.4%	
	Coverage rate	Number of buildings		10/10				
% of sq.m.			100%					

On a like-for-like basis, water use rose by 5.8% year-on-year in 2018, due to the sharp increases reported from two buildings in the portfolio: (i) Édouard VII, whose consumption rose by 8,500 cu.m. out of a total 44,841 cu.m. when a cooling plant switched into backup mode; and (ii) Cézanne Saint-Honoré, whose consumption rose by 2,500 cu.m., but where the metered figure provided by the water company was lower than actual use.

SFL maintains the objective of reducing its water use intensity by 20% like-for-like between 2011 and 2020. By 2018, the reduction stood at 8.8% for the period.

ANNUAL CHANGE IN WATER USE INTENSITY BETWEEN 2011 AND 2018 LIKE-FOR-LIKE IN CU.M./SQ.M., ADJUSTED FOR OCCUPANCY RATES



5.1.3 Waste sorting and recycling

Tenant activities in the eight buildings owned and managed by SFL in 2018 produced more than 800 tonnes of waste (NHIW, paper and cardboard) during the year.

On a like-for-like basis, the amount of waste declined by nearly 10%, to 30 kg per person per year. The improvement was particularly noticeable in the Édouard VII complex, where a change in service provider in June 2018 had an impact on the reporting process.

WASTE MANAGEMENT IN TONNES AND PERCENTAGE BY TYPE OF DISPOSAL METHOD, ABSOLUTE AND LIKE-FOR-LIKE

EPRA code: Waste-Abs and Waste-LfL

		2017					2018					
		NHIW	Paper, cardboard	Total	Recycled waste and waste incinerated with energy recovery	NHIW	Paper, cardboard	Total	Recycled waste and waste incinerated with energy recovery	EPRA code		
Absolute	Waste in tonnes	657	306	963	370	560	244	804	319	Waste-Abs		
	in %	68%	32%	100%	38%	70%	30%	100%	40%			
	<i>Number of buildings</i>	9/15			8/14							
	<i>% of sq.m.</i>	85%			84%							
Like-for-like	Waste in tonnes	606	283	889	296	560	244	804	319	Waste-LfL		
	in %	68%	32%	100%	33%	70%	30%	100%	40%			
	<i>Number of buildings</i>	8/14			8/14							
	<i>% of sq.m.</i>				84%							

Users in all of our buildings are offered a range of sorting solutions, particularly for paper and cardboard, with the result that 30% of waste is sorted directly on-site.

We then ensure that the sorted waste is recycled or otherwise re-used, as appropriate, by the contractors responsible for its collection. In this way, 40% of waste was recycled or incinerated with energy recovery in 2018.

Thanks to the close collaboration with the contractors responsible for waste collection and sorting, the coverage rate of waste production reporting systems has improved in recent years, to the point that every SFL-managed building served by private waste management contracts is now included in the scope of reporting.

All buildings managed by SFL for which private waste management contracts have been signed are now included in the reporting scope. Nevertheless, the overall coverage rate stands at 57%, because waste from six buildings is collected directly by the City of Paris, leaving SFL without any data on the amount of waste or its treatment.

Promoting the circular economy at worksites

Waste materials are recovered and recycled on every SFL-managed worksite. Contractors are actively encouraged to recycle and reuse waste and materials.

On the Biome project, for example, 96.06% of all waste produced during the cleaning and site preparation phase was recovered and reused, for a total of 5,500 tonnes.

We also deploy a site charter at all redevelopment, modernisation and renovation worksites, covering waste management processes, the choice of materials, disamenity tracking and pollution limitation.

In the same way, for the project to renovate 4,500 sq.m. of offices in the Washington Plaza, an audit was performed to identify the components of the finishing works and utility equipment that could be recovered and reused.

5.2. Carbon efficiency of our properties

SFL has embraced the worldwide commitment to managing and reducing greenhouse gas emissions, in accordance with the COP21 agreement. Our ambitious objectives are fully aligned with the international commitments given at the Paris climate conference and the trajectory to keep global warming below 2°C.

On a like-for-like basis, the carbon intensity of our assets caused by energy use has fallen by a steep 37% since 2011.

SFL is also extending its carbon footprint measurements to include emissions from visitor travel and from its redevelopment sites.

Lastly, we have also performed a detailed analysis of our buildings' resilience and ability to adapt to climate change, in order to anticipate a possible increase in the incidence of exceptional weather events.

5.2.1 Reducing Scope 1 & 2 greenhouse gas emissions

Carbon emissions from the buildings managed by SFL represented 4,671 tCO₂e in 2018, of which only 183 tonnes from Scope 1 sources.

In line with GHG Protocol recommendations, emissions from tenant energy use are recorded in Scope 3 emissions, in the 13th category, Downstream Leased Assets.

On a like-for-like basis, emissions declined sharply in 2018, by nearly 400 tCO₂e.

SFL's energy choices are helping to combat climate change, particularly with the new power supply contract guaranteeing that 30% of the electricity used in its directly managed properties will be from renewable sources.

The coming years will see further steep reductions in these emissions now that the last fuel oil-fired boiler has been replaced with a natural gas unit (in spring 2018) and eligible assets are being gradually connected to the district cooling network (which has a very low emission factor).

GREENHOUSE GAS EMISSIONS FROM ENERGY USE IN TCO₂E, ABSOLUTE AND LIKE-FOR-LIKE, AND GREENHOUSE GAS EMISSIONS INTENSITY IN KGCO₂E/SQ.M.

(not climate adjusted)

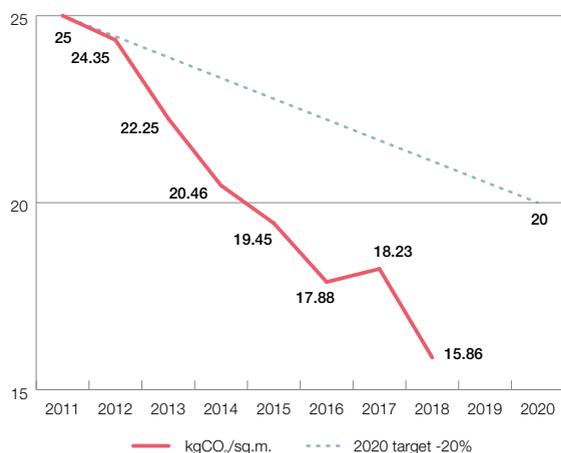
EPRA code: GHG-DirAbs, GHG-Indir-Abs, GHG-Int

	Common areas and shared services			Tenant areas			Total			EPRA code		
	2016	2017	2018	2016	2017	2018	2016	2017	2018	% 17/18	% 16/18	
Scope 1	192	166	183	0	0	0	192	166	183			GHG-Dir-Abs
Scope 2	2,384	3,553	3,038	0	0	0	2,384	3,553	3,038			GHG-Indir-Abs
Scope 3	550	775	558	1,079	1,127	892	1,629	1,903	1,450			Abs
Total GHG emissions in tCO₂e	3,125	4,494	3,779	1,079	1,127	892	4,204	5,622	4,671			
Absolute Intensity in kgCO ₂ e/sq.m.							18.8	20.1	16.9	-16.3%	-10.2%	GHG-Int
Number of buildings							11/11	15/15	14/14			
% of sq.m.							100%	100%	100%			
Scope 1	192	166	183	0	0	0	192	166	183	10.3%	-4.3%	
Scope 2	2,244	2,474	2,344	0	0	0	2,244	2,474	2,344	-5.2%	4.5%	
Scope 3	528	539	451	1,029	972	783	1,557	1,512	1,233	-18.4%	-20.8%	
Total GHG emissions in tCO₂e	2,963	3,179	2,978	1,029	972	783	3,992	4,152	3,761	-9.4%	-5.8%	
Like-for-like Intensity in kgCO ₂ e/sq.m.							18.5	19.5	17.3	-11.4%	-6.8%	GHG-Int
Number of buildings							10/10					
% of sq.m.							100%					

Carbon emissions intensity down 37% since 2011

Carbon emissions intensity in kgCO₂e/sq.m. (adjusted for occupancy rates and climate) was down by 37% in 2018 compared to the 2011 baseline, amply exceeding the 2020 target of a 20% like-for-like reduction.

ANNUAL CHANGE IN CARBON INTENSITY BETWEEN 2011 AND 2018, LIKE-FOR-LIKE, IN KGCO₂E/SQ.M., ADJUSTED FOR OCCUPANCY RATES AND CLIMATE



5.2.2 Measuring and managing the broader carbon footprint

Since 2012, SFL has tracked the carbon footprint of its buildings, including the Scopes 1 & 2 emissions from energy use (see above).

The two largest sources of Scope 3 emissions are also tracked.

- The carbon impact from travel by managed building occupants is calculated from the results of surveys measuring customer satisfaction.
- Emissions from major redevelopment works are calculated directly.

The average carbon intensity of SFL assets is much lower than the average for the entire French office sector (19.7 kgCO₂e/sq.m. versus 30.5 kgCO₂e/sq.m. for emissions from building energy use and 30 kgCO₂e versus 95 kgCO₂e for emissions from occupant travel).

5.2.3 Making properties more climate resistant

SFL assets are exposed to the effects of climate change and the growing number of exceptional weather events it may cause. In response, climate risks have been analysed in accordance with ADEME recommendations, in order to comply with regulatory standards, prepare for the properties' technical obsolescence and, in this way, guarantee the sustainable quality of the occupant experience.

As part of this process, all of the SFL buildings were reviewed to determine their resilience to floods, heat waves, storms and other weather events, by identifying the possible impacts on each one's superstructure and shell, plumbing, electricals, HVAC, landscaping and exterior fixtures.

5.3. Sustainable capital expenditure and procurement

As a leading property company with a long-term vision, SFL uses its capital expenditure strategy to improve the quality of its assets and to ensure their sustainability. Sustainability extends the properties' useful lives and guarantees their alignment not only with tenant needs but also with the urban fabric, as well as with the long-term outlook in terms of accessibility, energy use and adaptability in the face of climate change.

5.3.1 CSR embedded in every phase of a building's life cycle

The starting point for our sustainable capital expenditure strategy consists of investing in properties with excellent fundamentals that can be adapted to the needs of different types of users and different working practices that are likely to change over time. Each time, we work with a new team of prime contractors, design engineers and designers to invent buildings that will stand the test of time.

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

Acquisitions

Potential acquisitions are analysed according to a variety of closely related criteria, which are all designed to ensure the investment's sustainability by determining the building's ability to deliver, over the long term, the increasingly demanding performance that tenants expect from their offices.

Based on a wide range of internal and external surveys of tenant aspirations, the main criteria are: (i) location (close to public transport, recognised address, visibility), which remains the primary criterion for companies; (ii) the ability to offer a superior real estate product (high ceilings, large horizontal floor plates, windows and other openings, capacity ratio, etc.); (iii) the ability to offer the latest amenities; and (iv) the ability to obtain outstanding environmental certifications, both for the building and its operation.

Redevelopment projects

A technical and innovation watch is organised by SFL_le_lab and SFL_le_studio in order to embrace the most innovative practices as early as possible. In 2017 and 2018, discussions and reviews also concerned the creation of planted roof terraces, solutions to enhance the value of underground levels and the creation of models using 3-D BIM software.

5.3.2 Involving service and goods suppliers in a process of continuous improvement

We pay particular attention to applying sustainable and responsible procurement processes and to maintaining sustainable and responsible relations with service and goods suppliers.

Our strategy in this area is led by the Environment and Sustainable Procurement Manager. It includes measuring the total cost of purchases and aims to manage environmental impacts throughout the value chain.

Key aspects of the strategy include:

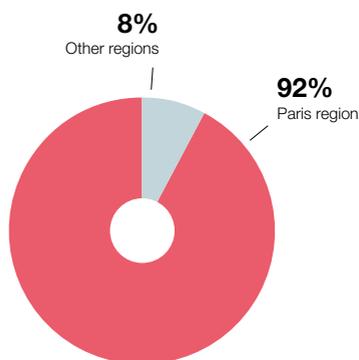
- Integrating CSR criteria in the supplier selection process,
- Updating operator and contractor specifications to include CSR performance indicators,
- Demonstrating best-in-class supplier management performance,
- Analysing opportunities for improvement,
- CSR performance tracking,
- Monitoring technical and environmental developments.

Best-in-class supplier selection and monitoring processes

Strict rules apply to the selection and approval of suppliers. To avoid inappropriate use of sub-contractors, the sub-contracting pyramid is limited to a maximum of two levels.

Special attention is also paid to suppliers' country of origin, with priority given to local companies and contractors. For example, in 2018, 92% of our suppliers were based in the Paris region.

SUPPLIER LOCATION – 2018



Suppliers play an extensive role in our processes to drive continuous improvement and performance.

Multi-technical maintenance providers, for example, have undertaken to embrace our CSR commitment. We also ensure that their sub-contractors participate in this process. In practice, maintenance providers submit technical recommendations that encourage responsible behaviour, notably in the following areas:

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

For redevelopment projects, enhanced communication channels have been deployed to ensure that the work is carried out safely and smoothly. Health and safety procedures include:

- Environmental training and information,
- The use of badges to identify employees,
- Risk prevention measures,
- On-site presence of first-aiders and first-aid equipment,
- An incident archiving system.

Contractors are also issued dedicated handbooks containing:

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

These documents are translated into the second most commonly used language on the site in order to ensure a high level of understanding. In the same way, on-site information notices and signage are also translated into several languages.

5.4. Biophilia

SFL understands biophilia as the opportunity to reconnect with nature thanks to a building's architecture.

Our properties are located in Paris or the inner suburbs, in a dense and often restrictive urban environment. The presence of quiet, peaceful, healthy gardens whose greenery and water features attract insect and bird life therefore helps to create value in our buildings, especially when they offer users the possibility of reconnecting with their surroundings.

Among the preferred ways to deliver this experience are green walls and roof gardens, which enable us to meet the rising expectations of our tenants and their employees, adapt our buildings to climate change and preserve urban biodiversity.

5.4.1 Landscaping, an essential part of every redevelopment project

Green spaces, plants and landscaping are a distinguishing feature of the current Biome redevelopment project. The weighted landscaped area will be almost doubled, to nearly 1,700 sq.m. in the end, and 20 ordinary trees will be replaced by a diversity of 35 trees and 25 shrubs. In addition, the project is seeking BiodiverCity® Excellent certification.

Previously, a plant and water-based landscape was also recreated around the Le Vaisseau building in Issy-les-Moulineaux, with wide pontoon terraces near the Seine bringing users close to the calming presence of water.

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

5.4.2 Increasing planted and landscaped areas in properties in-use

As of end-2018, green walls and other planted areas represented some 8,500 sq.m. or more than 9% of the portfolio's total footprint.

We plan to increase planted areas to 11% of the portfolio's footprint by the end of 2020.

As part of this commitment, two green walls covering 34 and 32 sq.m. respectively have been installed in the interior courtyards of the Cézanne Saint-Honoré complex.

In addition, landscaping the extremely stony courtyard of the Édouard VII complex in 2018 enabled the planting of six trees and 35 bushes in a 25 sq.m. green space.

In line with our goal of preserving and enhancing biodiversity in our buildings, these planted areas will also provide protected habitats for animal species used to living in an urban environment. SFL also systematically applies City of Paris biodiversity recommendations concerning nesting areas for birds and insect hotels. Lastly, our green space operating contracts include a "zero pesticides" approach to ensure that these areas do not generate any health risk.

6. Human value

Corporate social responsibility is about a lot more than environmental issues. It also covers such human and societal issues as the quality of worklife, the quality of supplier relations, the ability to attract and retain talented employees and compensation systems.

SFL had 68 employees at 31 December 2018, of whom 66 work in the head office at 42 rue Washington in Paris and two are based in the building at 176, avenue Charles de Gaulle in Neuilly-sur-Seine.

Women make up the majority of the workforce, at 65% of the total, and 78% of employees are classified as managers.

In addition to company agreements, employees are covered by two collective bargaining agreements: the National Collective Agreement for the Property Industry and the National Collective Agreement for Building Caretakers, Concierges and Employees.

6.1. Business ethics

Every new hire receives a copy of the SFL code of conduct, attached to his or her employment contract. The code specifies the principles and practices that employees are expected to demonstrate in our business activities, in such areas as transparency, professional integrity, fraud prevention, non-discrimination and legal and regulatory compliance.

SFL complies with the provisions of the code of conduct for SIIC real estate companies, which covers issues like the selection and rotation process used for the independent portfolio appraisers.

Employees may contact the Internal Control Department if they have any questions about professional ethics or conduct. No cases of bribery came to light in 2018 and the Group was not subject to any disciplinary measures. No political donations were made, in accordance with French legislation, which bans such practices.

6.1.1 Ethics in the SFL value chain

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

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

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

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

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

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

- The company that fails to report an employee or employs an undocumented worker is subject to criminal, administrative and financial sanctions,
- Co-contractors can also be held financially liable, i.e., any co-contractor which, when a contract for the provision of work or services is signed, does not verify that the other contractor has made all the applicable declarations and is up to date with its social security contributions. Compliance checks have to be performed every six months throughout the term of the contract.

6.1.2 Tracking the ethical and human performance of suppliers

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

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

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

In 2018, we pursued the supplier selection process based on their APE business code, which provides an indicator of their potential exposure to the risk of employing undocumented workers.

6.2. Attracting talent and developing employee skills

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

In response, we spend the equivalent of more than 2.5% of total payroll on training each year and offer competitive, incentivising compensation packages.

6.2.1. Attracting and retaining talent

Eleven new employees joined our corporate community in 2018, of whom eight under permanent contracts and three under fixed-term contracts, while fourteen people left during the year.

Based on the average number of employees in 2018 (70.25) and the number of employees under permanent contracts who were hired or left during the period, the turnover rate was 12.81%, versus 7.38% in 2017⁽¹⁾.

The average seniority of employees on the payroll at 31 December 2018 was 11 years.

(1) Turnover calculation formula: (Number of separations during the period + number of new employee hires during the period)/2/average number of employees over the period.

Hiring, separation and workforce data at 31 December 2018 are presented in detail in the table of EPRA employee indicators below, pages 36 to 37.

In 2018, SFL initiated discussion on upgrading the annual performance and biennial career development review process to improve the experience and make it more effective.

As part of a collaborative approach, a working group of managers and employees was tasked with issuing recommendations, which led to the development of a new application.

In addition to the various technical improvements in the application (new features, change of supplier), each manager in charge of leading reviews attended a training course designed to help him or her to:

- Optimise preparation for the review,
- Understand the structure of the review and its stages,
- Objectively assess performance,
- Set goals,
- Improve listening skills to enhance the review experience,
- Discover the main components in the new review package.

Deployed in late 2018, the new application supported both the annual performance reviews and the career development reviews that are scheduled every two years.

6.2.2. Remuneration and benefits

To encourage our employees' professional growth and engagement, policies are in place to offer them fair, attractive and incentivising remuneration.

Direct remuneration

Each employee is paid a salary and a variable performance-based bonus. The 2018 target bonus represented on average 15.65% of the employee's salary (excluding Management Committee members).

For employees on payroll at 31 December 2018, total remuneration for the year (salary and bonus) averaged €66,960 again excluding Management Committee members.

Indirect remuneration

A total of €2,543,946 was paid out to employees in 2018 (€840,720 in 2017) under discretionary and non-discretionary profit-sharing plans. This was an exceptional amount, which resulted from the disposal of a strategic real estate asset during the year.

In addition, negotiations concerning employee savings undertaken in 2018 led to the signature of an addendum to the Employee Sharesave Plan (PEE) and the Group Pension Savings Plan (PERCO), in order to optimise employee investment options under the plans. As a result, two new funds were added to the portfolio of corporate mutual funds offered to employees wishing to invest their personal savings or their profit-shares in one or both of the plans.

To encourage employees to save for retirement, the maximum matching payment in respect of voluntary employee investments in the PERCO was raised from €3,900 to €4,500 as of 1 January 2018.

Under this system, 53 employees invested in the PERCO pension savings plan in 2018, entitling them to an average matching contribution of €3,856 from SFL, up 21.65% from 2017.

All told, SFL's financial support for employees seeking to save for retirement amounted to €256,072 in 2018, versus €214,252 the year before.

In 2018, for the seventh year running, bonus shares were granted to employees under Plan no. 5, this time to 54 managers and corporate officers representing nearly 80% of the workforce on payroll at year-end.

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

All of these various benefits are presented in the Personal Remuneration and Benefit Review prepared for each employee.

These annually issued reviews meet several objectives: to inform employees as clearly as possible about the Company's various remuneration systems and also to present the value of their total package (salary, bonus, other remuneration and benefits).

6.2.3. Training and skills development

In 2018, SFL invested the equivalent of 3.20% of the total payroll in training and skills development. As in 2017, this exceeded the 2.50% target set to support employee skills acquisition and/or development.

In all, more than 1,300 hours of training were offered to 56 employees, representing an average of 23 hours per trainee. The courses were primarily focused on asset management, financial management, law, business management, office technology, languages, security and safety.

Training data at 31 December 2018 are presented in detail in the table of EPRA employee indicators below, page 36.

6.3. Health, safety and quality of worklife

As key factors in making SFL a great place to work, health, safety and well-being represent major issues not only for employees, but also for the entire corporate community. With this in mind, these criteria have been fully integrated into our human resources policies, independently of any legal obligations. We are also committed to renewing the quality of worklife survey at least every two years, with the goal of ensuring compliance with the obligation to regularly assess workplace risks, while laying the foundations for the continuous improvement in the working environment.

Raising employee awareness of biodiversity and the environment

In 2018, SFL partnered with the Graine Île-de-France association to raise its employees' awareness of biodiversity, ecology and sustainable development. Awareness-raising and hands-on workshops were organised on such topics as organic farming (with the Île de France Organic Farmers Alliance), the use and production of household products (with the Bio Consom'actors association), and the diversified use of plants (with the Aventure Nomade association).

6.3.1. Health and safety

As was the case in past three years, there were no workplace accidents in 2018 and consequently, the accident frequency rate and severity rate were both zero for the year. In the same way, no commuting accidents were reported in 2018 and no occupational diseases were observed during the year.

In 2018, our employee health and safety policies were actively pursued, with:

- The participation of six employees in a new round of the Workplace First Responder training programme,
- The organisation of a new series of fire prevention training sessions in coordination with APAVE, a risk management consultancy.
- The renewal of authorisations for qualified employees to work on electrical installations and equipment.

6.3.2. Quality of working environment

Initiated in 2015, the programme to help prevent psychosocial risks and improve the quality of worklife led to the definition and deployment in 2016 of an action plan, which included the creation in 2017 of a working group tasked with holistically identifying ways to optimise the quality of worklife.

The Group's deliberations led to the signature, in December 2017, of a Group-wide quality of worklife agreement comprising the following main initiatives:

- Deployment of a specific induction process for new hires,
- Organisation of periodic meetings of all employees to inform them about significant events in the life of the Company,
- Initiatives to improve employees' comfort and well-being, for example by adding new amenities and equipment at the Company's head office, introducing rules governing the use of digital devices, and conducting surveys to assess the atmosphere in the workplace.

These various measures were deployed in 2018, except for the induction process, which is scheduled for introduction in 2019.

To measure employee well-being and engagement, in particular for the purposes of this report, SFL has chosen primarily to track the short-term absenteeism rate, based on the number of days lost to unauthorised absences of up to four days. In 2018, the rate stood at 0.70%, compared with 0.98% in 2017.

In 2018, the short-term absenteeism rate (less than four days, excluding authorised leave) came out at 0.70%, down from 0.98% in 2017.

6.3.3 Work/life balance

Two work/life balance agreements were signed with employee representatives in December 2017:

- An agreement relaxing the conditions for accumulating unused rights to paid leave in a Time Savings Account and for using the rights, to enable employees to transfer unused rest days to the account when their holidays are deferred for personal and family reasons.
- An agreement regulating professional use of digital devices and limiting employees' exposure to the risks of information overload, hyperconnectivity and poor work/life balance.

Organisation of working hours

As of 31 December 2018, SFL had 64 full-time employees and four part-time employees. The four part-time contracts correspond to employees who have chosen to work fewer hours, as opposed to being forced to for organisational or operational reasons.

6.4. Diversity and equal opportunity

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

We have therefore reaffirmed our pledge to reject any and all forms of discrimination and our action to promote equal opportunity and diversity in the workplace.

In 2018, we undertook a certain number of initiatives to:

- Fulfil the undertakings in the gender equality in the workplace agreement (described in more detail below),
- Lock in our financial support for the disabled, which includes the grant made to the ADAPT non-profit organisation and our practice of buying goods and services from companies specialised in employing people with disabilities.

6.4.1 Gender equality

In December 2017, a new gender equality in the workplace agreement was signed, comprising a certain number of measures backed by improvement targets and indicators in the following areas:

- Hiring and job opportunities,
- Promotion opportunities thanks to ongoing skills development,
- Actual remuneration packages.

Recruitment

Objectives:

- To endeavour to obtain, as far as possible, an equal number of men and women candidates,
- To drive greater gender balance in the job classification grid.

In 2018, eight of the 11 employees hired under permanent or fixed term contracts during the year were women, of whom half were managers.

All of the seven people promoted as of 1 January 2018 were women.

At 31 December 2018, women accounted for 58.5% of SFL managers.

Training

Objectives:

- To ensure that men and women have equal access to training opportunities,
- To define with each employee returning from maternity, adoption or parental leave training courses to ease their transition back into the workforce,
- To identify and address any family-related issues employees may face while in training.

In 2018, women who participated in at least one training session or event during the year accounted for more than 60% of trainees and spent an average 26 hours in training (18 hours for men). Out of the average number of employees in 2018, 83% of men and 76% of women attended training sessions during the year.

Remuneration

Objectives:

- To guarantee that women and men who are hired for equivalent jobs are offered the same initial pay and that they continue to receive equal pay throughout their careers with the Group,
- To eliminate any distortions in remuneration resulting from parental-related leave.

As part of the statutory annual pay round in 2018, the opening of negotiations on the gender pay gap was duly minuted. At their conclusion, the parties noted that there was no form of gender discrimination and reaffirmed the need to apply the principle of equal pay when individual salary increases are awarded.

On a constant headcount basis, the average base salary (excluding bonuses) rose by 2.08% year-on-year in 2018, of which 1.59% for men and 2.36% for women.

Gender equality in the workplace data at 31 December 2018 (number of employees, training, remuneration) are presented in detail in the table of EPRA employee indicators below, page 36.

6.4.2 Other diversity indicators

Seniors and young people

SFL also attaches particular importance to combating age-based discrimination. The average age of employees is 45. As of 31 December 2018, employees aged 45 or older represented 54% of the workforce and people under 35 represented 21%.

People with disabilities

As part of its policy of supporting employment opportunities for people with disabilities, in 2018 SFL helped to finance the operating budget of ADAPT, a non-profit organisation working in this area, through an annual grant and the allocation of a portion of its apprenticeship tax due for the year.

During the year, we also commissioned services from ANRH, a company staffed by people with disabilities.

6.5. Corporate sponsorship and philanthropy

6.5.1 Community engagement

Fondation Palladio: Building the City of Tomorrow

In recent years, SFL has been a sponsoring partner of Fondation Palladio.

Fondation Palladio was set up in 2008 under the aegis of the Fondation de France to address a major challenge of the 21st century, that of developing urban areas and building communities. In its commitment to serving the public interest, the foundation offers a unique forum that brings together and engages all of the industries and professions involved in real estate and urban planning issues.

In 2018, with SFL's support, Fondation Palladio pursued its initiatives in favour of:

- Students, by enabling them to discover how a city is built and how they can contribute through their future career choices. Initiatives included organising the seventh annual Real Estate and Urban Planning Jobs Forum and the tenth annual Palladio University Students Evening; publishing the second edition of the *Real Estate and Urban Employment Monitor* in association with EY and Business Immo; and once again sponsoring the

Training Zone at the SIMI Trade Show. Through the Avenir Palladio programme, the foundation also pursued its support commitment by sponsoring the Real Estate Industry Junior Award for the eleventh consecutive year and granting 14 Palladio Scholarships to students and doctoral candidates.

- Business leaders and decision-makers, by organising the Institut Palladio's seventh annual cycle of debates, sponsored by Johanna Rolland, Mayor of Nantes and President of the Greater Nantes Community, on the theme "Living in the City of Tomorrow."
- Doctoral and post-doctoral students, by offering them opportunities to publish their research with articles in the Cahiers Palladio, presented in the IEIF journal, *Réflexions immobilières*.

Pavillon de l'Arsenal, the Paris architecture and urban planning centre

SFL regularly supports Pavillon de l'Arsenal, the architecture and urban planning information, documentation and exhibition centre for the Paris metropolitan area.

Pavillon de l'Arsenal is a non-profit organisation, set up to promote information and knowledge among specialists and the general public about the capital and the surrounding area's architectural heritage and urban landscape and to help promote the city's architectural landmarks.

Its objectives are seamlessly aligned with SFL's history, which has been deeply rooted in the development of the Parisian urban landscape since the end of the 19th century.

City of Paris – Nuit Blanche

SFL supports the City of Paris' Nuit Blanche all-night performance festival, organised for the 17th time in 2018. The festival, which offers the public free access to an array of artistic events in the capital, for one night only.

In this way, we contribute to promoting Paris's cultural outreach, sometimes by organising events in our own properties, while supporting the creative arts and making them accessible to everyone, whatever their budget.

2018 Foulées de l'Immobilier run

A team of SFL runners participated in the 2018 Foulées de l'Immobilier race organised by students in a property management Master's programme at the University of Paris Dauphine, for the benefit of Fondation Dauphine's equal opportunity programme. Profits from the run help to fund housing scholarships for the masters students.

6.5.2 Community engagement initiatives

ADAPT: helping people with disabilities to take up their rightful place in society and find work

We have been supporting ADAPT for many years as part of our policy of promoting employment opportunities for people with disabilities.

For example, we contribute to the European Disability Employment Week organised by ADAPT since 1997. This annual event aims to raise awareness among companies and the public about the lack of work opportunities for people with disabilities.

7. Appendices

7.1. Methodological note

7.1.1 Methodology for calculating environmental and societal indicators

SFL has developed an internal reporting methodology that has standardised the data collection process, identified contributors and defined the verification method.

It also describes the applicable standards, particularly as found in the non-financial information regulatory framework and the EPRA's recommendations.

Lastly, it defines the scope of reporting.

Scope of reporting

SFL's portfolio comprises 20 buildings, representing a total surface area of 392,300 square metres.

Each indicator's scope of reporting is described in section 3.2 above. For example, the scope of reporting for energy and water use indicators excludes the buildings that are not operationally managed by SFL (because SFL does not manage their energy and water systems), buildings that have been vacated prior to redevelopment, buildings that are being redeveloped, and residential units.

Changes in scope of reporting

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

- Acquisitions or disposals: buildings sold during the year are removed from that year's scope of reporting. Properties acquired during the year are included in the scope only after a full year in use under SFL management.
- Redevelopments. Refurbished, delivered buildings that have been at least 60% let and in use for at least one full year are included in the scope.

Standardised surface area and occupancy rate calculations

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

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

Reporting period

To enable the collection of data early enough to issue the report in a timely manner, the reporting period for the indicators measuring energy and water use, GHG emissions and waste production is now the rolling 12 months from 1 October to 30 September.

This period was applied to data reported for the periods ending 30 September 2016, 2017 and 2018.

All of the other environmental and societal indicators are reported for the calendar year.

Energy

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

- Meter readings,
- Property manager invoices excluding VAT,
- Data extracted from the property managers' databases via the client interface.

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

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

The comparison between the baseline year and the reporting year factors in climate variability using unified degree days (baseline 18°C).

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

Energy information by type and breakdown in destination between building utilities/common areas and tenant areas for each building in which SFL manages all of the energy and water use:

Type of asset			Type of energy				
			Heating (district heating network or natural gas/ fuel oil-fired boilers)	District cooling network	Electricity		
					Building utilities/ Common areas	Tenant areas Offices	Tenant areas Retail
176 Charles de Gaulle	Offices	Multi-tenant	"Fuel oil -> 04/18 05/18 ->Natural gas"	Not applicable			
Washington Plaza	Offices	Multi-tenant	Not applicable	Not applicable			
Édouard VII	Offices	Multi-tenant	CPCU	Climespace			
Rives de Seine	Offices	Single tenant	Not applicable	Not applicable			Not applicable
Cézanne Saint-Honoré	Offices	Multi-tenant	CPCU	Climespace			
Louvre Saint-Honoré	Offices	Multi-tenant	CPCU	Not applicable			
103 Grenelle	Offices	Multi-tenant	CPCU	Not applicable			
112 Wagram	Offices	Multi-tenant	CPCU	Not applicable			
92 Champs-Élysées	Offices	Multi-tenant	CPCU	Climespace			
Galerie des Champs-Élysées	Retail	Multi-tenant	CPCU	Climespace		Not applicable	
#cloud.paris	Offices	Multi-tenant	CPCU	Climespace			Not applicable
131 Wagram	Offices	Multi-tenant	Not applicable	Not applicable			Not applicable
9 Percier	Offices	Multi-tenant	CPCU	Not applicable			Not applicable
90 Champs-Élysées	Offices	Multi-tenant	CPCU	Climespace			Not applicable

Current scope of reporting for 2018

Building utilities/Actual consumption managed and paid by SFL and then reallocated:

Building utilities/Tenant areas

Consumption managed and paid directly by the tenant(s):

actual/estimated

Water use

Data are collected from the following sources:

- Water meters read by the multi-technical maintenance providers,
- Property managers' databases, extracted via the client interface.

Waste

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

7.1.2 Methodology for calculating employee relations indicators

Details of the method used to calculate the employee relations indicators are provided following the description of the indicators in section 6 "Employee value," pages 28 to 32 above. Further details may also be found in the comments column in the EPRA indicators table on pages 36 and 37.

7.2. EPRA indicators

7.2.1 Environmental indicators – Buildings in-use

Topic	Indicator	EPRA code	Unit	2016	2017	2018	Change 16/18	Coverage rate
Certifications								
	Number of assets BREEAM In-Use-certified assets		Number of assets	19	19	18	-	100%
	% of portfolio certified by value	Cert-Tot	% of portfolio certified by value	100%	100%	100%	-	100%
Energy								
	Total use of electricity from renewable sources	Elec-Abs	MWh	1,552	2,412	11,942	669.5%	100%
	Total use of electricity from non-renewable sources	Elec-Abs	MWh	18,527	26,804	15,836	-14.5%	100%
	Total use of electricity from renewable sources – like-for-like	Elec-LfL	MWh	1,520	1,624	7,984	425.3%	100%
	Total use of electricity from non-renewable sources – like-for-like	Elec-LfL	MWh	18,008	17,596	10,718	-40.5%	100%
	Total energy use, district heating and cooling networks	DH&C-Abs	MWh	18,029	22,135	24,952	-	100%
	Total energy use, district heating and cooling networks – like-for-like	DH&C-LfL	MWh	17,365	17,778	20,993	20.9%	100%
	Total fuel use	Fuels-Abs	MWh	704	612	674	-	100%
	Total fuel use – like-for-like	Fuels-LfL	MWh	704	612	674	-4.3%	100%
	Energy use intensity		kWh/sq.m.	258	259	265	2.9%	100%
	Energy use intensity – like-for-like	Energy-Int	kWh/sq.m.	248	248	261	5.3%	100%
Greenhouse gas emissions								
	Total direct greenhouse gas (GHG) emissions (Scope 1)	GHG-Dir-Abs	tCO ₂ e	192	166	183	-4.3%	100%
	Total indirect greenhouse gas (GHG) emissions (Scope 2)	GHG-Indir-Abs	tCO ₂ e	2,383	3,552	3,037	27.5%	100%
	Carbon intensity	GHG-Int	kgCO ₂ e/sq.m.	18.8	20.1	16.9	-10.2%	100%
Water								
	Total water use	Water-Abs	cu.m.	130,819	154,304	158,482	-	100%
	Total water use – like-for-like	Water-LfL	cu.m.	123,991	125,371	132,589	6.9%	100%
	Water use intensity		cu.m./sq.m.	0.59	0.55	0.57	-2.2%	100%
	Water use intensity – like-for-like	Water-Int	cu.m./sq.m.	0.58	0.54	0.61	5.9%	100%
Waste								
	Total waste produced, by disposal method	Waste-Abs	tonnes		963	804	-16.6%	60%
			% recycled		21%	24%	11.9%	
			% re-used		0%	0%	-	
			% composted		0%	0%	-	
			% incinerated		17%	23%	32.8%	
			% disposed of by another method		9%	7%	-20.6%	
			% incinerated with energy recovery		17%	16%	-7.3%	
			% landfilled		36%	31%	-14.2%	
	Total waste produced, by disposal method – like-for-like	Waste-LfL	tonnes		889	804	-9.6%	57%
			% recycled		23%	24%	3.2%	
			% re-used		0%	0%	-	
			% composted		0%	0%	-	
			% incinerated		18%	23%	22.5%	
			% disposed of by another method		9%	7%	-26.8%	
			% incinerated with energy recovery		10%	16%	56.2%	
			% landfilled		39%	31%	-20.9%	

EPRA methodological note (in addition to the methodological information presented in section 7.1)

- Scope of reporting: the data entered in the above tables are based on the principle of operational control. Energy use data only concern energy use in common areas and by shared heating and air conditioning systems managed by SFL. Greenhouse gas emissions are calculated based on this consumption and water use data includes data reported to SFL concerning its directly managed water facilities.
- Segmental analysis: SFL's buildings in operation consist of office buildings located exclusively in Paris and the Paris region. The segmental analysis proposed by EPRA is therefore not applicable.
- Normalisation: the square metres used to calculate intensities by surface area correspond to the buildings' usable surface area because, for the properties included in the reporting scope, SFL provides heating and air-conditioning for the entire building.
- Estimate: the data in the EPRA tables are calculated based on actual invoiced use.
- Coverage rate: for each EPRA performance indicator, the coverage rate is calculated as a percentage of the total surface area.
- Verification: the reported data are verified by an independent third party with a moderate level of assurance (see section 7.3).
- Head office: The information about offices occupied by SFL is reported in a separate table, as recommended by EPRA.
- Narrative on performance: period-on-period changes are reported for each indicator on pages 20 to 27.

7.2.2 Environmental indicators – Head office occupied by SFL

Topic	Indicator	EPRA code	Unit	2016	2017	2018	Change, 2016-2018
Certifications							
	% of head office certified	Cert-Tot	% of headquarters	100%	100%	100%	0.0%
Energy							
	Total use of electricity from renewable sources	Elec-Abs	MWh	10.0	11.2	49.1	
	Total use of electricity from non-renewable sources	Elec-Abs	MWh	159.5	153.7	113.4	-28.9%
	Total use of electricity from renewable sources – like-for-like	Elec-LfL	MWh	10.0	11.2	49.1	393.4%
	Total use of electricity from non-renewable sources – like-for-like	Elec-LfL	MWh	159.5	153.7	113.4	-28.9%
	Total energy use, district heating and cooling networks	DH&C-Abs	MWh	0	0	0	
	Total energy use, district heating and cooling networks – like-for-like	DH&C-LfL	MWh	0	0	0	
	Total fuel use	Fuels-Abs	MWh	0	0	0	
	Total fuel use – like-for-like	Fuels-LfL	MWh	0	0	0	0.0%
	Energy use intensity	Energy-Int	kWh/sq.m.	83	81	80	-4.1%
	Energy use intensity – like-for-like	Energy-Int	kWh/sq.m.	83	81	80	-4.1%
Greenhouse gas emissions							
	Total direct greenhouse gas (GHG) emissions (Scope 1)	GHG-Dir-Abs	tCO ₂ e	0	0	0	
	Total indirect greenhouse gas (GHG) emissions (Scope 2)	GHG-Indir-Abs	tCO ₂ e	6.99	6.48	5	-25.3%
	Carbon intensity	GHG-Int	kgCO ₂ e/sq.m.	3.4	3.2	2.6	-25.3%
Water							
	Total water use	Water-Abs	cu.m.	429.2	414.9	441.3	+2.7%
	Total water use – like-for-like	Water-LfL	cu.m.	429.2	414.9	441.3	+2.7%
	Water use intensity	Water-Int	cu.m./sq.m.	0.209	0.202	0.215	+2.7%
	Water use intensity – like-for-like	Water-Int	cu.m./sq.m.	0.209	0.202	0.215	+2.7%
Waste							
	Total waste produced, by disposal method	Waste-Abs	tonnes	2.54	2.31	2.22	-12.6%
			% recycled	100%	100%	100%	
			% re-used	0%	0%	0%	
			% composted	0%	0%	0%	
			% incinerated	0%	0%	0%	
			% disposed of by another method	0%	0%	0%	
			% landfilled	0%	0%	0%	
	Total waste produced, by disposal method – like-for-like	Waste-LfL	tonnes	2.54	2.31	2.22	-12.6%
			% recycled	100%	100%	100%	
			% re-used	0%	0%	0%	
			% composted	0%	0%	0%	
			% incinerated	0%	0%	0%	
			% disposed of by another method	0%	0%	0%	
			% landfilled	0%	0%	0%	

2018 Non-Financial Information

7.2.3 Social and governance indicators

Topic	EPRA code	Indicator	Unit	2017	2018	Comments	
Diversity							
			Number of women	6	6		
		Percentage of men and women on the Board of Directors	% of women	40%	43%		
			Number of men	9	8		
			% of men	60%	57%		
			Number of women	2	2	Number of Management Board members at 31 December, including the Chief Executive Officer	
		% of women	22%	25%			
		Number of men	7	6			
		% of men	78%	75%			
Diversity-Emp		Percentage of men and women managers, excluding the Management Committee	Number of women	29	29	Number of managers at 31 December	
			% of women	60%	63%		
			Number of men	19	17		
			% of men	40%	37%		
		Percentage of men and women among other employees	Number of women	15	13	Number of other employees at 31 December	
			% of women	88%	87%		
			Number of men	2	2		
			% of men	12%	13%		
		Percentage of men and women among all employees	Number of women	46	44	Total number of employees at 31 December, excluding the Chief Executive Officer	
			% of women	63%	65%		
			Number of men	27	24		
			% of men	37%	35%		
Diversity-Pay		The ratio of the total compensation of men to women on the Management Committee (excluding the Chief Executive Officer and the Managing Director)	%	-3%	3%	Reference base salary at 31 December, before bonus. Excludes corporate officers, C4-level employees and work-study trainees, given the limited number of people in these categories. 1- (average woman's salary/ average man's salary)	
		The ratio of the total compensation of men to women managers (excluding Management Committee members and C4-level employees)	%	14%	16%		
		The ratio of the total compensation of men to women in other categories	%	-8%	-6%		
Training							
		Total number of training hours	Number	1,870	1,307		
		Number of employees trained	Number	69	56		
		Average number of hours per trainee	Number	27	23		
Emp-Training		% of employees trained	%	96%	79%	Number of employees trained/average number of employees	
		% of payroll allocated to training	%	3.60%	3.20%		
Assessment							
Emp-Dev		% of employees who received performance reviews during the year	%	93%	90%	Number of reviews/number of eligible employees	

Topic	EPRA code	Indicator	Unit	2017	2018	Comments
Attracting and retaining talent						
Emp-Turnover		New employee hires under permanent contracts	Number	4	8	
		New employee hires under fixed-term contracts	Number	2	3	
		Total new hires	Number	6	11	
		Termination by mutual agreement	Number	6	5	
		Expiry of a fixed-term contract	Number	2	5	including one contract that expired at 31 December 2017
		Resignation	Number	1	2	
		End of the trial period	Number	0	1	
		Retirement	Number	0	2	
		Dismissal	Number	0	0	
		Total separations	Number	9	15	
	Turnover	%	7.38%	12.81%	<i>Number of separations of employees under permanent contracts + number of new employee hires under permanent contracts/average number of employees</i>	
Health and safety						
H&S-Emp		Number of fatal accidents	Number	0	0	
		Number of cases of occupational illness	Number	0	0	
		Number of occupational accidents	Number	0	0	
		Accident frequency rate	Rate	0%	0%	
		Accident severity rate	Rate	0%	0%	
H&S-Asset		Short-term absenteeism rate	Rate	0.98%	0.70%	One to three days
		Percentage of assets covered by health and safety risk management system	% of assets covered	80%	93%	Assets operationally managed by SFL
H&S-Comp		Number of health and safety-related incidents of non-compliance	Number of incidents	0	0	
Community engagement						
Comty-Eng		Community engagement initiatives	% of assets or description	-	-	Given that SFL assets are concentrated in Paris and the inner suburbs, community engagement initiatives are undertaken directly at Group level, as described in section 6.5.

GOVERNANCE INDICATORS						
Topic	EPRA code	Indicator				Explanation
Governance						
	Gov-Board	Composition of the Board of Directors	Description			<i>Please see page 70 of the Financial and Legal Report</i>
	Gov-Select	Nomination and selection process for the Board of Directors	Description			<i>Please see pages 70 and 71 of the Financial and Legal Report</i>
	Gov-Col	Procedure for managing possible conflicts of interest	Description			<i>Please see pages 72 to 74 and page 81 of the Financial and Legal Report</i>

Coverage rate: 100%

7.3. Data verification

Report by one of the Statutory Auditors on a selection of non-financial information disclosed in the management report.

7.4. Report of one of the Statutory Auditors on a selected list of non-financial indicators published in the group management report For the year ended December 31, 2018

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

To the Executive Management,

Following your request and in our capacity as Statutory Auditor of Société Foncière Lyonnaise, we hereby report to you on a selected list of non-financial indicators (hereinafter the "Information"), presented in the consolidated non-financial, in the group management report for the year ended December 31, 2018.

The Information, selected by the group, is as follows:

- Occupation surface areas and occupation density;
- Number of BREEAM In-Use certifications and percentage with a Very Good or higher level;
- Number of assets with BREEAM In-Use certifications and percentage of portfolio in square meters by type and level of certification;
- Waste generated in tons (non-hazardous industrial waste, paper and cardboard);
- Water use and water use intensity (common and tenant areas combined);
- Energy Use by type of energy and energy use intensity (adjusted and not adjusted for climate);
- Greenhouse gas emissions from energy use and intensity (adjusted and not adjusted for climate);
- Planted and landscaped areas in properties in-use;
- Description of the environmental policy.

Company's responsibility

The Board of Directors is responsible for preparing the selected list of information, pursuant to the company's procedures (hereinafter the "Guidelines"), summarized in the management report and available on request from its Executive Management.

Independence and quality control

Our independence is defined by Article L. 822-11-3 of the French Commercial Code and the French Code of Ethics for Statutory Auditors (*Code de déontologie*). In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements.

Responsibility of the statutory auditor appointed as independent third party

Based on our work, our responsibility is to express a limited assurance conclusion on the Information.

However, it is not our responsibility to provide any conclusion on:

- the company's compliance with other applicable legal and regulatory provisions, particularly with regard to the duty of vigilance, anti-corruption and taxation;
- the compliance of products and services with the applicable regulations.

Nature and scope of procedures

We performed our work in accordance with the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) relating to this engagement and with ISAE 3000 (*Assurance engagements other than audits or reviews of historical financial information*).

We conducted procedures in order to assess the Statement's compliance with regulatory provisions, and the fairness of the Information:

- We familiarized ourselves with the Group's business activity, the report on the main non-financial risks relating to this activity, and with the subsequent policies and their results.
- We assessed the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and clarity, taking into account, where appropriate, best practices within the sector;
- We verified that the Information covers the consolidated scope, i.e. all companies within the consolidation scope in accordance with Article L. 233-16, with the limits specified in the Statement.

- We assessed the collection process set up by the entity to ensure the completeness and fairness of the Information.

- For the Information, we carried out:

- analytical procedures that consisted in verifying the correct consolidation of collected data as well as the consistency of changes thereto;

- substantive tests, on a sampling basis, that consisted in verifying the proper application of definitions and procedures and reconciling data with supporting documents. These procedures were conducted for a selection of contributing entities⁽¹⁾ and covered between 16% and 30% of the indicators selected for these tests;

- We consulted documentary sources and conducted interviews to corroborate the Information.

- We assessed the overall consistency of the Statement in relation to our knowledge of the company.

Our work engaged the skills of four people in February 2019.

To assist us in conducting our work, we referred to our corporate social responsibility and sustainable development experts.

We believe that the procedures we have performed, based on our professional judgment, are sufficient to provide a basis for a moderate assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Conclusion

Based on our work, nothing has come to our attention that cause us to believe that the Information presented in the Statement, taken as a whole, is not fairly presented in accordance with the Guidelines.

Comment

Without questioning the conclusion expressed above, we bring to your attention the fact that the Statement mentions in the methodological note that certain Information is consolidated in year on year from October 1, 2017 to September 30, 2018, and not during the financial year, to facilitate data collection.

Paris-La Défense, February 18, 2019
One of the statutory auditors,
Deloitte & Associés

Laure SILVESTRE-SIAZ
Associée



Julien RIVALS
Associé, Développement Durable



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