

THE ART OF TRANSFORMATION

2019 NON-FINANCIAL INFORMATION STATEMENT



2019 Non-Financial Information Statement

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The Non-Financial Information Statement is an extract from the 2019 Universal Registration Document, which can be found at www.fonciere-lyonnaise.com

Introduction

Since its founding 140 years ago, SFL has demonstrated its expertise as a property owner and developer to build, maintain and transform its assets.

In pursuing our prime property strategy, corporate social responsibility (CSR) ranks at the very top of our concerns.

Our policies are informed by the 15 CSR issues whose risks and opportunities have been deemed material to our stakeholders and critical to our 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.

As part of the momentum provided by the Non-Financial Information Statement, which SFL is not required to file but whose approach it embraces, programmes were continued in 2019 to further reduce our greenhouse gas emissions, improve building energy efficiency and strengthen the resilience of our tenant promise concerning climate and societal issues.

Highlights of the year included:

- As an engaged artisan of the Paris cityscape, SFL started work in 2019 on the top-to-bottom redevelopment of the Biome (114 avenue Émile Zola, Paris 15) and the 83 Marceau (96 avenue d'Iéna, Paris 16) buildings. Among other conditions, charters signed with the contractors ask them to make a special effort to hire unemployed people.
- During the year, a number of partnerships dedicated to recycling and reusing worksite materials were trialled, adjusted and deployed, marking a convergence between the real estate business and global societal issues.
- The automated environmental data reporting process, an area of convergence between the digital transition and the real estate business, was finalised and successfully used in 2019 to collect data on water and energy usage.
- Taking a longer term view of its business, SFL also formed a partnership during the year to significantly increase the use of low-carbon district cooling networks and power storage systems.
- Lastly, the latest quality of worklife survey conducted in 2019 among SFL employees also offered them an opportunity to submit ideas for action plans, particularly to improve inter-departmental communication and information sharing.

1. How SFL creates value

SFL's clear position in the prime Parisian office property market and its organisation by core competency provide solid foundations for its strategy to create tangible and intangible value.

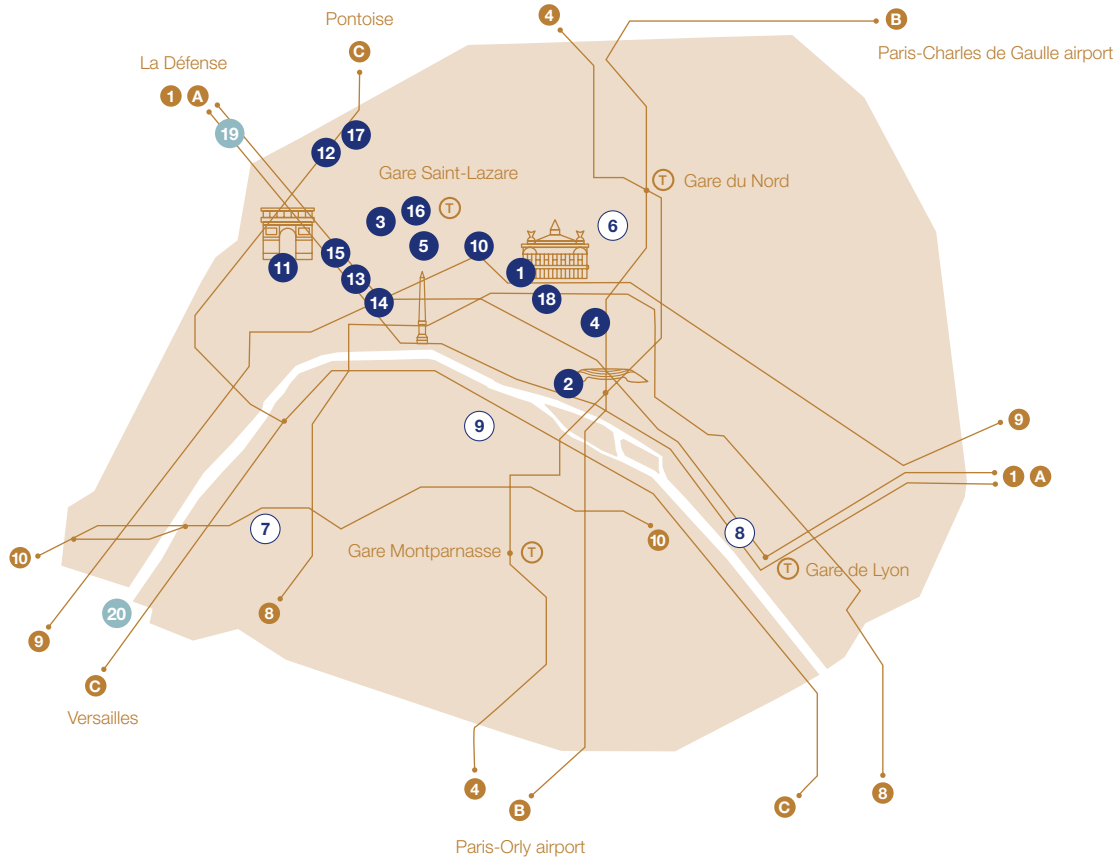
1.1. 20 prime assets in the capital's most vibrant neighbourhoods

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 97.4% at 31 December 2019.

Our tenants and their employees, totalling around 30,000 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 Condorcet | 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 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

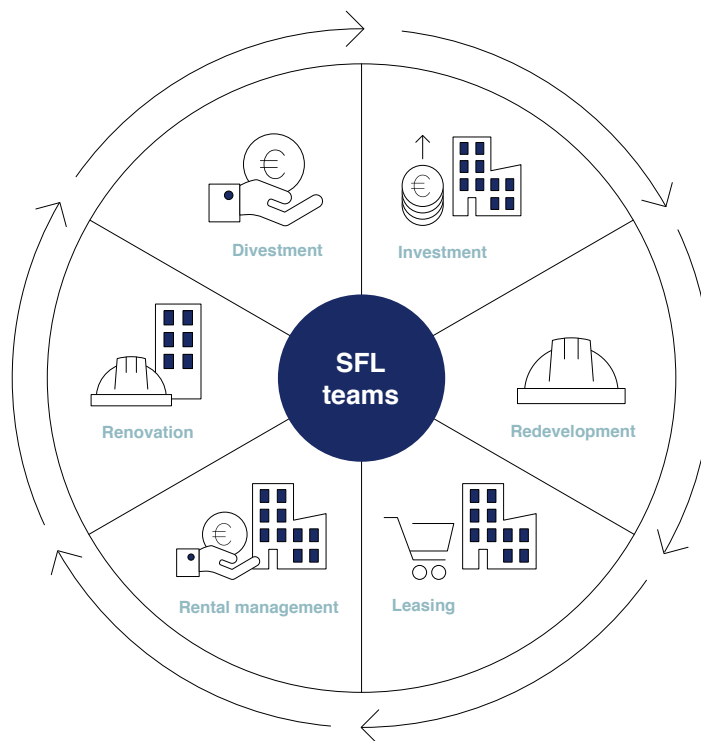
(1) Including infrastructure and excluding car parks.

* Planned surface area.

1.2. A clearly identified value chain

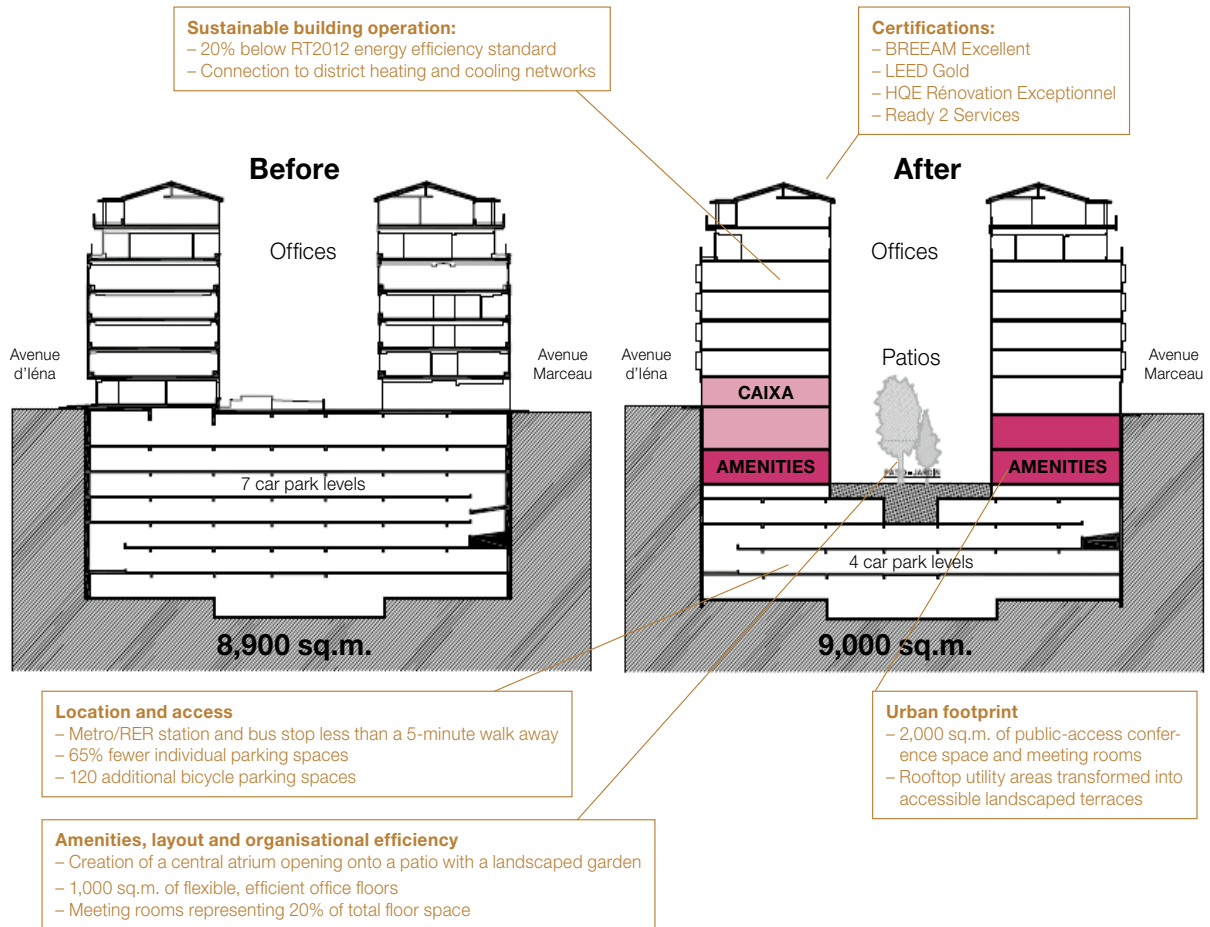
The value chain covering a property asset's life cycle comprises six links: investment, redevelopment, leasing, rental management, renovation and, where applicable, sale.

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.



	Investment	Redevelopment	Leasing	Rental management	Renovation	Divestment
SFL teams	<ul style="list-style-type: none"> • Strategy, investments and transactions team 	<ul style="list-style-type: none"> • Technical and development team 	<ul style="list-style-type: none"> • Leasing and asset management teams 	<ul style="list-style-type: none"> • Rental management and technical teams 	<ul style="list-style-type: none"> • Technical and development teams 	<ul style="list-style-type: none"> • Strategy, investments and transactions team
Leading stakeholders	<ul style="list-style-type: none"> • Shareholders • Financial community 	<ul style="list-style-type: none"> • Local residents • Elected officials • Prime contractors • Construction contractors 	<ul style="list-style-type: none"> • Tenants • Brokers 	<ul style="list-style-type: none"> • Tenants • Building managers and multi-technical service providers 	<ul style="list-style-type: none"> • Prime contractors • Construction contractors 	<ul style="list-style-type: none"> • Shareholders • Financial community
Key figures	<ul style="list-style-type: none"> • 3 acquisitions of 7,000, 20,000 and 25,000 sq.m. since 2015 	<ul style="list-style-type: none"> • 3 redevelopment projects under way in 2019 • 10 of the 20 buildings redeveloped since 2010 • Triple certification for each project 	<ul style="list-style-type: none"> • 50,000 sq.m. leased in 2019 • 100% of new leases include an environmental appendix 	<ul style="list-style-type: none"> • 94% of tenants satisfied • 46% reduction in kgCO₂e/sq.m. since 2011, like-for-like • 100% of the portfolio certified BREEAM In-Use 	<ul style="list-style-type: none"> • 100,000 sq.m. of floor space renovated over the past five years • 25 works projects delivered in 2019 • 170 tCO₂e avoided by reusing the materials scrapped during renovations in 2019 	<ul style="list-style-type: none"> • Last divestment was in October 2017

1.3. How SFL creates value: the example of 83 Marceau



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

Analysing the risks and opportunities posed by SFL's business model is a core component of the value creation process.

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 Management Committee, the Chief Executive Officer and the working groups set up to examine specific issues, this analysis 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 non-financial information statements.

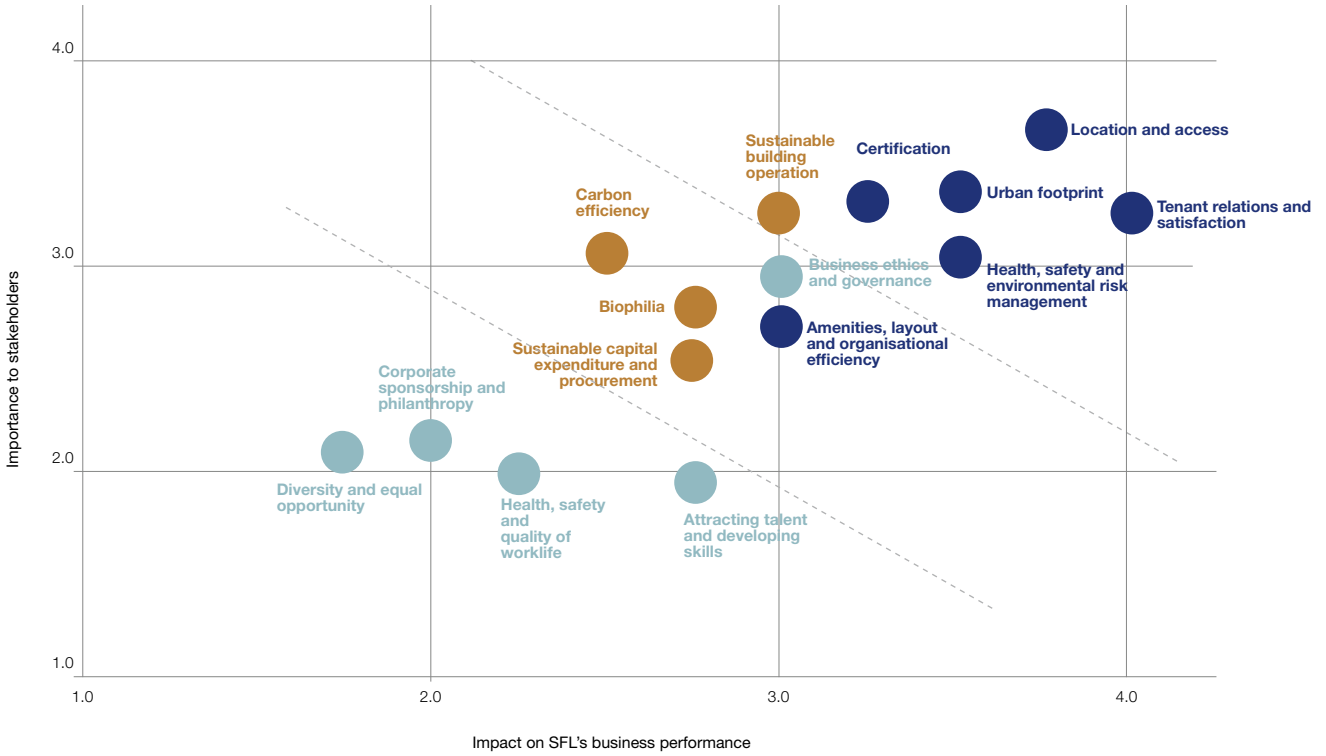
Based on the findings of the materiality analysis, the following map classifies the CSR issues into three levels of materiality, as follows:

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 have less of an 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



The issues are divided into the three levels of materiality (on either side of the oblique lines on the chart), as described in bullet points 1., 2. and 3. on the previous page.

- Societal value
- Green value
- Human value

2.2. Main non-financial risks and opportunities

In line with the risk and opportunity approach recommended for non-financial information statements, SFL addresses the risks inherent in its business and optimises the related opportunities through the 15 CSR issues.

The table below summarises the main risks and opportunities associated with SFL's six fundamental issues.

MAIN RISKS AND OPPORTUNITIES ASSOCIATED WITH THE SIX FUNDAMENTAL ISSUES

	Main risks	Main opportunities
Location and access	<ul style="list-style-type: none"> • Increase in vacancy rates in poorly located assets • Decline in tenant satisfaction 	<ul style="list-style-type: none"> • Ability to attract and satisfy tenants • Opportunity to project an image of excellence
Tenant relations and satisfaction	<ul style="list-style-type: none"> • Decline in tenant satisfaction and misalignment with benchmarked practices of the market leaders • Image and reputational risk • Loss of rental value 	<ul style="list-style-type: none"> • Innovative tenant relationships based on new collaborative practices • Opportunity to retain tenants • More efficient tenant negotiations
Urban footprint	<ul style="list-style-type: none"> • Delays in obtaining authorisations and building permits due to third-party appeals and claims • Image risk 	<ul style="list-style-type: none"> • Easier relations with stakeholders • Innovation
Certification	<ul style="list-style-type: none"> • Impact on portfolio value • Lack of attention to emerging shareholder and investor demands and expectations 	<ul style="list-style-type: none"> • Improvement in SFL's reputation and attractiveness • A means of controlling costs and managing risks (including future legislation) • Opportunity to share views and collaborate with tenants and building managers
Amenities, layout and organisational efficiency	<ul style="list-style-type: none"> • Spaces fail to meet tenant expectations 	<ul style="list-style-type: none"> • Opportunity to increase occupancy rates, rental values and asset values • Productive quality of assets
Sustainable building operation	<ul style="list-style-type: none"> • Operational risks due to the increase in service charges 	<ul style="list-style-type: none"> • Keeps service charges under control • Helps to increase the building's green value • Digitisation: using Facility Management BIM and smart metering

3. Ambitious vision, disciplined management

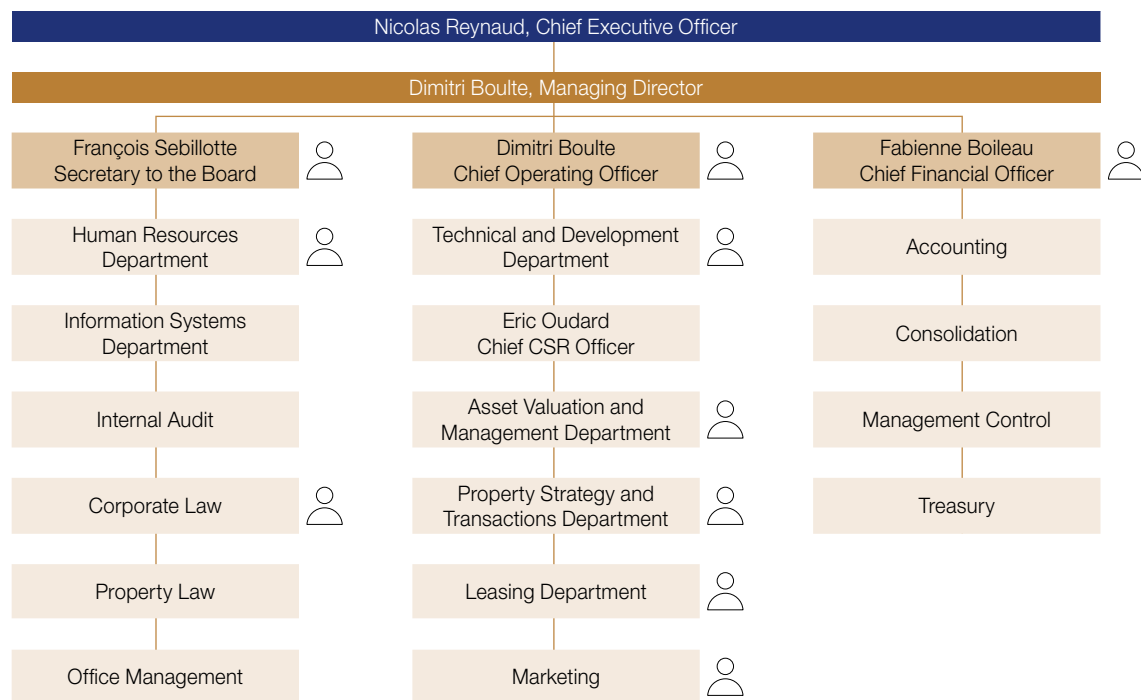
For each CSR issue, an ambitious vision has been defined, then expressed in objectives and tracking indicators that address the related risks and opportunities. Each indicator's scope of application and responsibilities have also been clearly identified (see the following section).


3.1. A CSR process embedded in the heart of every core competency

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.

- These guidelines are then shared with the **operating teams**.
- The **Chief CSR Officer** (Éric 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.
- **SFL employees** and the **Social and Economic Committee** (CSE) participate in the process to address employee related aspects through issue-specific awareness-building sessions.



 Departments represented in the CSR working groups

3.2. Clearly defined scopes of reporting

Employee relations 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 2019, they were organised as follows for the leading indicators.

Assets have been classified into three categories, each with a different scope of reporting data on energy use, water use, greenhouse gas emissions and waste production:

- 15 multi-tenant or single-tenant assets for which SFL directly manages their energy use, water use and waste production;
- 3 single-tenant assets whose in-use operations are not directly managed by SFL;
- 2 assets being redeveloped and not in use in 2019.

Asset	Energy/Carbon	Water	Waste	BREEAM In-Use
Washington Plaza	•	•	•	•
Édouard VII	•	•	•	•
Cézanne Saint-Honoré	•	•	•	•
103 Grenelle	•	•	•	•
112 Wagram	•	•	•	•
#cloud.paris	•	•	•	•
Rives de Seine	•	•	•	•
Louvre Saint-Honoré	•	•	•	•
176 Charles de Gaulle	•	•	Waste directly collected by the City of Paris, with no data on amounts or treatment methods.	•
92 Champs-Élysées	•	•		•
Galerie des Champs-Élysées	•	•		•
90 Champs-Élysées	•	•		•
131 Wagram	•	•		•
9 Percier	•	•		•
6 Hanovre	•	•		•
106 Haussmann	Single-tenant buildings whose in-use energy, water and waste operations are not managed by SFL			•
Condorcet				•
Le Vaisseau				•
83 Marceau	Buildings being redeveloped			
Biome				

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 2019

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 2020 are presented in the following table.

	2019 outcome	2020 target	Degree achieved
Societal value			
Tenant relations and satisfaction			
% of satisfied or very satisfied tenants	94%	>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%	☺
% of portfolio surface area that is wheelchair-accessible	91%	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			
% 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	-22.6%	-20%	☺
Water use intensity in cu.m./sq.m., 2011-2020, like-for-like	-19.6%	-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	-45.7%	-20%	☺
% of energy used from renewable sources	35.7%	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	100%	100%	☺
Biophilia			
% of green spaces on built-up land	9%	11%	☹
Human value			
Attracting talent and developing skills			
% of payroll spent on training	3.3%	>2.5%	☺
Health, safety and quality of worklife			
% of employees surveyed every two years to measure the quality of worklife	100%	100%	☺

(1) 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:

- The Office Refurbishment & Fit-Out Award for Washington Plaza in 2015;
- The Corporate Investment in Responsible Real Estate Award in 2017 and nominations for the Award in 2018 and 2019.

• Global Real Estate Sustainability Benchmark (GRESB)

In 2019, GRESB awarded SFL Green Star designation for the eighth year in a row.

An overall score of 94/100 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 policy.

• **European Public Real Estate Association (EPRA)**

SFL also complies with the recommendations issued by EPRA for its CSR reporting. EPRA-format indicators are presented in the relevant sections and at the end of this report. Two Gold Awards in Sustainability and Finance Best Practices Recommendations were earned in 2019.

• **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

Societal value is central to the strategy of increasing the value of our portfolio. To create value in our properties, we have to address the expectations of our stakeholders and the fact that our buildings are an integral part of the cityscape. This means that the location of our assets, their urban footprint, their easy accessibility and their alignment with both the expectations of local residents and the needs of their tenants are all fundamental to our value creation strategy.

Half of our assets have been redeveloped over the past ten years, attesting to our deep commitment to offering products that are increasingly in phase with an ever-changing society. In recent years, tenants have observed an improvement in their performance, thanks to the high utility value of their offices.

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. The Paris WorkPlace surveys and the 2019 satisfaction survey of our office users are improving our understanding of tenant expectations and enabling us to align our offering more closely with expectations and to validate our shift to high value-added products.

The organisation of our teams and service providers is also helping to optimise our tenant intelligence. Tenants are surveyed every two years to assess their satisfaction and expectations.

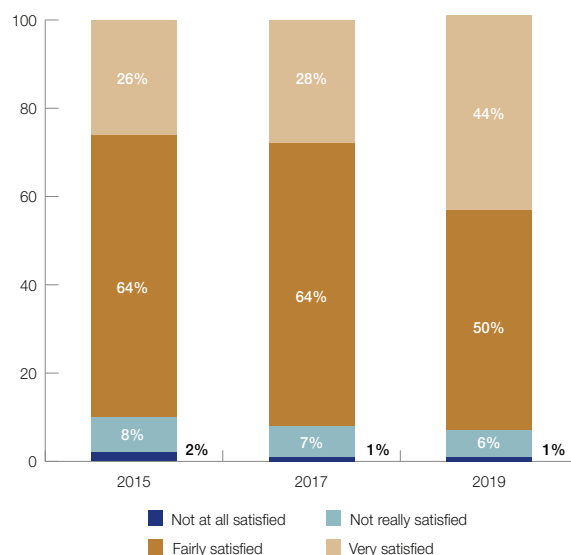
In addition, every year SFL conducts the Paris WorkPlace survey of 3,000 managers in the Île-de-France region, to find out more about their office experience and expectations (www.parisworkplace.fr). Designed to send a quality message to our peers and partners, the survey and its findings are increasingly cited in talking points in French media. This allows us to compare our own performance to a population that is broader but still highly representative of the people working in our buildings.

4.1.1. Tenant satisfaction, the cardinal direction of everything we do

In 2019, 750 people participated in the satisfaction survey. The typical employee working in an SFL building is a 30-something manager who lives in central Paris, has a 20- to 40-minute commute by public transport and gives his or her well-being at work a score of 7.6/10 (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 and would opt for better waste management if he or she had to choose an environmental or social programme.

More than 94% of satisfaction survey respondents said that they were satisfied or very satisfied with their offices, amply exceeding the target of 80%.

TENANT SATISFACTION



4.1.2. Constant dialogue with tenants

Through a variety of initiatives, SFL's personalised tenant relationship management process encourages tenants to get actively involved, especially in CSR programmes. This can be seen in the following examples of ongoing initiatives.

	Examples of dialogue channels
Leasing	<p>Green leases: Every new office lease signed since 2016 has included an environmental appendix, even for spaces of less than 2,000 sq.m.</p> <p>User guides: Every SFL building now has a user guide providing a wealth of information on its amenities, services and operations. 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 food services, among others.</p>
Buildings in use	<p>Tenant committees: Tenant committees are aligned with the size of the building and how it is used, with particular attention focused on business centres. In the case of “major users”, meetings are organised at least once a year to discuss such issues as usage patterns, accessibility, capital improvements and environmental impacts (certifications, energy and water use, waste treatment, etc.)</p> <p>Tenant newsletters: SFL fosters a sense of community in a number of its buildings by publishing tenant and user newsletters, such as <i>Le journal le 42</i> 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.</p> <p>Events: Events are increasingly popular and widely attended by building users. Examples include tailored suit fittings, inter-company fitness and sports competitions, pétanque tournaments in the outdoor areas and green food tastings.</p>
Renovation	<p>Special worksite media: During major renovation projects, SFL publishes a variety of media carefully adapted to each situation. For the Louvre Saint-Honoré renovation, for example, employees using the building are being kept regularly informed of the works through a variety of purpose-designed resources, including a team of communication officers and dedicated communication systems and media.</p> <p>The most common impacts are addressed in a proactive commitment to minimising any inconvenience during the works phase.</p>

4.2. Location and access

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 workplace is such a major factor that people feel that, when considering a job offer, it is just as important as 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 desirable neighbourhoods, that are both easily accessible via the widest possible range of public transit options and equipped with a diversified array of high-quality amenities.

These surveys have also highlighted the impact of clustering. In the Opéra district, the #cloud.paris building remains a compelling example of a hub in the centre of Paris. This increasing preference for central office locations is also being spurred by the ability to get around on foot or using soft mobility options.

4.2.1. Prime locations, exceptionally well served by public transport and soft mobility services in the greater Paris region

By steadily concentrating the portfolio in the most popular neighbourhoods, SFL’s investment strategy has been historically aligned with this aspiration, frequently voiced by its tenant companies. 80% of our assets are located in the Central Business District, near the major Paris train stations (#cloud.paris and Rives de Seine, for example) and in the new mixed-use neighbourhoods such as the 9th *arrondissement* (Condorcet) or

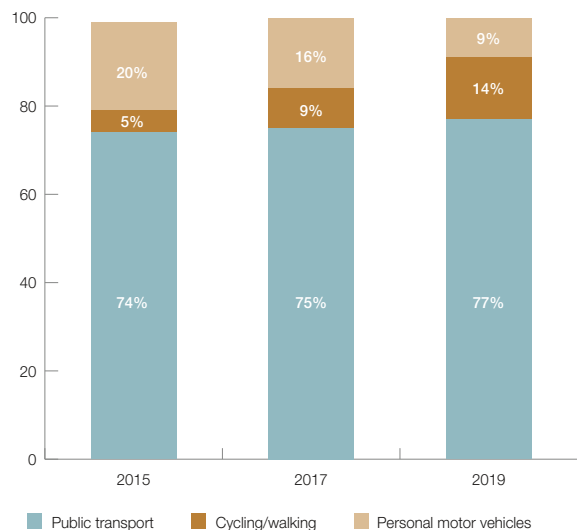
the 7th *arrondissement* (103 Grenelle), which offer real alternatives to the Central Business District.

The acquisition of properties like Biome, on avenue Émile Zola in south-western Paris, 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.

In fact, all of our assets are easily accessible by public and alternative transport, and are less than an eight-minute walk from a metro station.

This outstanding proximity is directly reflected in the ways in which our office users commute to and from work. The latest satisfaction survey, for example, showed that 77% of employees commute to work by metro, tram, train or RER, and 9% by car, motorcycle or scooter, or take a taxi. However, over the past four years, we have seen a growing percentage of people cycling or walking (14% in 2019).

HOW SFL OFFICE USERS COMMUTE TO AND FROM WORK



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 adds dedicated spaces for electric vehicles.

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

The Biome and 83 Marceau redevelopment projects are also meeting these emerging mobility needs by reducing the number of parking spaces for cars (by 60% at Biome and 65% at 83 Marceau) and by responding to tenant requests for more soft mobility-friendly spaces (with 120 bicycle slots at 83 Marceau and 284 at Biome).

4.2.3. Guaranteeing accessibility for everyone

The latest satisfaction survey shows that, thanks to our strategic focus on asset location, our tenants and users have an average commute of 20 to 40 minutes, which is shorter than the average in Île-de-France as a whole. More importantly, according to the Paris WorkPlace survey, it is shorter than the maximum time that could have a negative impact on employee motivation. It is for this reason that 87% of respondents felt that location is the main advantage of SFL properties.

Across the entire portfolio, 91% of the space in use is wheelchair-accessible and every redevelopment is designed in compliance with the latest accessibility standards.

4.3. Urban footprint

SFL actively engages with the local authorities and stakeholders associated with construction projects, and has a keen interest in getting local residents and public officials involved in the design and execution of its urban projects, so as to build buy-in and ease the project's successful integration into the neighbourhood.

SFL consistently builds its major project development strategy on four pillars: environmental impact, mixed use, integration into the cityscape and architectural quality.

4.3.1. An engaged citizen of the city

SFL pays particular attention to the usability of its assets. For SFL, usability means, first of all, setting extremely high standards for the architectural quality of its projects and assets. But it also means paying particular attention to how its projects fit into the cityscape, so as to understand their potential impacts on the city and its neighbourhoods.

Conscious of the importance of these urban planning and architectural issues, particularly in a city like Paris, SFL regularly works in close collaboration with renowned, highly engaged architects and designers to craft an ambitious, high-quality architectural vision for each project.

This commitment may be illustrated by the three major SFL projects currently under way in Paris:

- The redevelopment of 17,000 sq.m. in the lower floors of our iconic **Louvre Saint-Honoré** building, commissioned from Ateliers Jean Nouvel in association with architectural firm Braun et Associés. The space will be leased primarily to the Fondation Cartier pour l'art contemporain.
- The top-to-bottom refurbishing of our **83 Marceau** building (Paris 16), designed by the Dominique Perrault et Associés agency in collaboration with Ana Moussinet for the interior design of the amenity spaces.
- The comprehensive redevelopment and construction of a new **Biome** building on avenue Émile Zola (Paris 15), offering a wide range of programmes and uses, commissioned from the young French architect Yrieix Martineau and design firm Jouin Manku et Associés.

With 140 years of service to local communities and cities, especially Paris, SFL is committed to aligning its project development and construction strategy with urban renovation, by making a concerted effort to (i) consolidate space and integrate green, landscaped areas into its building lots and projects (nearly 3,100 sq.m. of green spaces and outdoor terraces at Biome); (ii) reuse materials from its projects and reduce their carbon footprint (Biome will be one of the very first low-carbon redevelopments within Paris city limits); and (iii) continuously challenge usage patterns and transform them, in particular, by engaging in additional and more diversified use of facilities (700 sq.m. of housing and 400 sq.m. of co-working space have been created in Biome and 7,000 sq.m. of space in the new Louvre Saint-Honoré will be dedicated to the Cartier Foundation).

In addition, SFL is promoting new uses for the underground floors in its buildings, made possible by:

- The emergence of new mobility systems and the correlative decrease in the need for parking spaces.
- The ability to consolidate and improve space usage in an already dense urban environment.
- The ability to bring natural light into previously artificially lit areas.

Similarly, each project includes plans to recover and repurpose the roof, by landscaping areas, relocating rooftop utility installations and introducing terraces accessible to tenants and the public. This approach is being extensively applied at 83 Marceau, which will offer an outstanding terrace overlooking Place de l'Étoile, and at Biome, whose existing rooftop utility areas will be transformed into accessible landscaped terraces.

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.

In this regard, 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.

SFL measures the percentage of landscaped spaces, open spaces and open ground at its sites. Thanks to our projects, this space will double at Biome and increase by 52% at 83 Marceau.

Density is also analysed. When the Biome project is completed, for example, density will be around four on a plot covering more than 6,300 sq.m., making it low-density compared to the actual occupant density in Paris or certain recent urban development zones.

4.3.2. Our Paris projects

SFL supports a stakeholder dialogue and project 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. SFL projects are also designed to (i) encourage neighbouring residents to use the building in new ways (co-working spaces open to residents of the 15th *arrondissement* at Biome) and (ii) create local jobs (construction work, hiring the underprivileged, charter signed with contractors in favour of hiring locally).

Dialogue and engagement lie at the heart of our strategy. To demonstrate this process, SFL wanted to get local residents involved far upstream in the Biome (Paris 15) redevelopment project, even before obtaining the administrative permits. In 2019, in conjunction with local council members, the City of Paris and community associations, SFL took the initiative of organising a dozen neighbourhood meetings during which our architects and development teams presented the project and the changes made in response to the clearly expressed expectations of residents.

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 co-working 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 been upgraded to make the redevelopment one of the first BBKA-certified low-carbon projects in Paris.

In 2019, SFL also continued these types of customised projects across the portfolio, to enhance and repurpose spaces so that the buildings are "more open" to the neighbourhood. 83 Marceau, for example, will feature nearly 1,500 sq.m. of brand new conference space and meeting rooms that will be open to the public.

The creation of public-access spaces and additional tenant amenities in new projects attests to our commitment to opening up to the city. By project, these spaces total:

- 3,000 sq.m. at Biome
- 1,500 sq.m. at 83 Marceau
- 800 sq.m. at Louvre Saint-Honoré

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 and common areas, with stunning natural light, magnificently restored grand staircases, an attention to biophilia and tenant services, easy access to public transport, and highly flexible floor plates that can be fitted out to tenant specifications. The resulting tenant layouts, which may be partitioned or open plan, ensure that users enjoy a very high quality working environment.

Premises and spaces

Our 2019 Paris WorkPlace survey of a representative sample of office users in the greater Paris region found that the ability to move around and outside the workplace produced a series of benefits, such as:

- well-being at work;
- collaborative working;
- openness to others;
- better employee relations;
- improved corporate performance.

Office floor plates are delivered open plan to tenants, who are free to arrange them as they like.

Most of our buildings offer modern, contiguous 1,000 to 3,000 sq.m. floor plates that are highly conducive to organisational efficiency. Ideal depths range from 13 to 18 metres with double exposure, so as to maximise the amount of fixed office space receiving direct sunlight.

Utility installations are sized so that meeting rooms can be positioned anywhere on the floor plate, including in areas exposed to direct sunlight. Their aggregate average surface area generally amounts to 10% of the total floor plate, although the 83 Marceau and Biome redevelopments have expanded meeting space to 20% of the total.

HVAC and lighting installations are generally sized to offer an occupancy ratio of 12 sq.m. of gross leasing area (GLA) per person. The large majority of SFL buildings have raised access floors and a clear ceiling height of 2.70 metres.

4.4.2. Occupant well-being and new uses

The Paris WorkPlace survey of French Tech companies found that (i) 82% of their employees felt that an office is a total living and working environment (versus 43% of the general population); (ii) 66% of them appreciated being able to rest at work (versus 41%); and (iii) 50% liked being able to relax (versus 30%).

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.

In addition, the Paris WorkPlace “Want to talk about it?” survey conducted in 2019 yielded three major lessons:

- To feel good at work, you have to see people in person.
- Too much interaction leads to no interaction at all.
- The quality of workplace relationships is the most decisive factor in fostering well-being and performance.

The current Biome redevelopment represents a culmination of SFL’s expertise and a remarkable blend of tenant expectations. It has been designed to provide a number of spaces where tenants will be able to:

- Meet and talk to each other in quiet, beautifully well-kept spaces, such as modular, private, light-filled office floors capable of accommodating large meeting rooms, co-working areas, a public-access business centre with an auditorium and meeting rooms, common areas (lobby, cafeteria, company restaurant) envisioned by leading designers, a vast garden and a large number of accessible landscaped terraces.
- Maintain their health and well-being in a fitness centre, company restaurant and garden.
- Rest, recuperate and reconnect with nature (see section 5.4 Biophilia for more details).

Repurposing underground levels

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 and a business centre, for use by people based in the building or outside;
- food service areas, with diversified, innovative concepts;
- user amenities such as fitness centres, concierge services, treatment and relaxation rooms.

Two examples of these amenity expansion programmes added a fitness centre and a 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 bookable by tenants;
- a café-lounge open to all tenants, recreating a village square atmosphere inside the building.

All these amenities have proven very popular and illustrate what SFL is doing to address the issues discussed in the Paris WorkPlace surveys.

Certain uses that require natural light can be supported 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 Marceau redevelopment programme amply incorporates these features by bringing natural light to three former car park levels and utility rooms. In this way, future occupants will enjoy not only a vast 180-seat auditorium, but also sunlit spaces, meeting rooms and a café-lounge conducive to informal meetings and collaborative working.

Support services

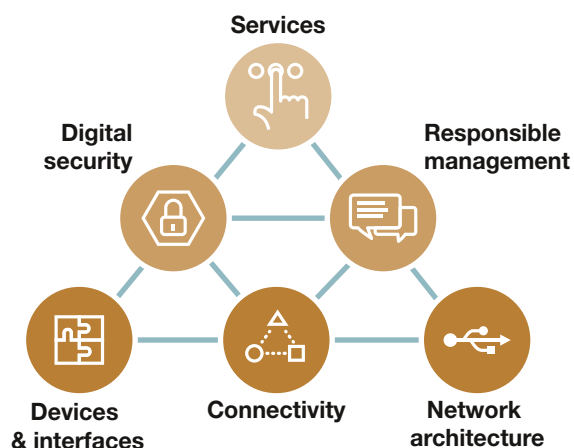
When a building is large enough, SFL supplements these fitness and wellness facilities with a range of support services that make daily worklife easier for employees.

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 networks are available throughout the 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.

In this regard, 83 Marceau will earn Ready To Services (R2S) certification so that it can:

- offer tenants broadband internet connections to improve employee productivity;
- protect building networks and systems from cyber attacks;
- support the scalability of installed solutions, thereby increasing their useful lives;
- facilitate the seamless integration of the buildings into the smart city, so that they benefit from innovations and can help to pool equipment and resources.



4.5. Health, safety and environmental risk management

SFL has long applied a safety and environmental charter that defines corporate policies for managing environmental and health risks.

This process is organized around the following steps:

- inventory of all the utility installations;
- identify the risks and issues to address;
- define measurable targets;
- prepare a methodology to track and meet these targets;
- record the results.

Every day, 30,000 employees come to work in our assets in use. With this in mind, highly disciplined environmental and health risk management policies have been deployed to drive continuous improvement in the quality of our assets by attenuating the risks to the health and safety of our occupants.

The introduction of health and safety risk management guidelines is expected to drive a steady improvement in outcomes. To track them, a technical review is conducted every year for each asset and the actions undertaken or planned.

4.5.1. A commitment to exceeding regulatory standards

A wide range of initiatives are under way to make our 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;
- 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;
- analysing hot water samples every six months for legionnaires' disease.

In recent years, the remaining fuel oil-fired boilers, PCB transformers and equipment containing HCFC-type refrigerants have been completely eliminated from SFL buildings.

As part of its culture of excellence in managing risks, SFL has chosen to form an effective partnership 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 issued by the audit bureau.

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.

To continuously track the proper implementation of risk management procedures, an online platform, known as MEX, has been set up to enable the buildings to report all of the Audit Bureau's observations by issue and degree of criticality, along with any remedial actions taken.

As of 31 December 2019, 15 of the 18 assets in use and 14 of the 15 operationally managed assets were tracked via the platform.

TRACKING HEALTH AND SAFETY RISKS

EPRA code: H&S-Asset

	2017	2018	2019
Percentage of operationally managed assets whose health and safety risks are tracked on a dedicated platform	80%	93%	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.

An effective way to guarantee this performance to our tenants, investors and other stakeholders is to have it validated by environmental certifications from external third parties.

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

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 its assets in-use, i.e., for 18 assets representing nearly 350,000 sq.m. of leasing area.

The BREEAM In-Use certification process comprises three parts that help to holistically assess an asset's total environmental performance in use:

- Part 1 – Asset: the inherent performance characteristics of the building: 18 assets certified.
- Part 2 – Building Management: the Management policies, procedures and practices related to the operation of the building: 14 assets certified.

– Part 3 – Occupier Management: the tenant's understanding and implementation of management policies, procedures and practices: 1 occupant certified.

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.

4.6.2. Earning triple certification and/or labelling for redevelopments

Certifications 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.

SFL's major redevelopment projects on empty buildings (Biome and 83 Marceau as of end-2019) have all earned triple certification and/or labelling.

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 in France to earn the BBCA Rénovation low-carbon building label, so as to express the ambitious vision that guided the SFL greenhouse gas emissions experts in working on the project.

The three redevelopment projects are now seeking the following certifications:

	BREEAM Refurbishment	LEED V4 Core and Shell	HQE Rénovation	Other labels
83 Marceau	√ Excellent	√ Gold	√ Exceptional	<ul style="list-style-type: none"> • BBC-Effinergie Rénovation • Ready 2 Services
Biome	√ Excellent	√ Gold	√ Exceptional	<ul style="list-style-type: none"> • BBC-Effinergie Rénovation • BBCA Rénovation • Biodivercity Excellent
Louvre Saint-Honoré	√ Excellent	Not applicable because the property is partly occupied		

Number of assets in use and percentage of portfolio (in sq.m.) certified by type and level of certification⁽¹⁾

EPRA code: CERT-TOT

		2018		2019	
		Number of assets	% of sq.m.	Number of assets	% of sq.m.
Buildings in use	Total	18	100%	18	100%
	BREEAM In-Use				
	Good	0	0%	0	0%
	≥ Very Good	18	100%	18	100%
	≥ Excellent	7	55%	7	55%
	At least one certification	5	22%	5	22%
Properties being redeveloped	BREEAM New Construction	2	12%	2	12%
	LEED	1	10%	1	10%
	HQE	4	19%	4	19%
Coverage rate	<i>Number of assets</i>	<i>18/18</i>		<i>18/18</i>	
	<i>Coverage rate (in sq.m.)</i>	<i>100%</i>		<i>100%</i>	

(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.

5. Green value

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 nine years, the outcomes have amply justified this ambition, with energy use intensity reduced by 23% and carbon intensity by 46% like-for-like.

5.1. Sustainable capital expenditure and procurement

As a leading property company with a long-term vision, SFL uses its sustainable 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 their long-term outlook in terms of accessibility, the judicious use of resources and adaptability in the face of climate change.

5.1.1. 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 easily adapted to the needs of different types of users and different working practices, which are likely to change over time and will inevitably have an impact on occupation density. 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 and, in particular, resist the physical impacts of climate change.

We are committed to managing the CSR performance of operating expenditure and renovation, refurbishment and redevelopment 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 recent years, discussions and reviews have also focused on the repurposing of rooftop space, solutions to enhance the value of underground levels and the creation of prototype models using 3-D BIM software.

5.1.2. Getting service and goods suppliers involved in a continuous improvement process

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:

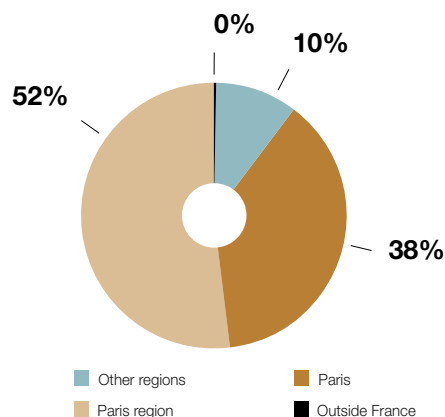
- Integrating CSR criteria into the supplier selection process;
- Updating operator and contractor specifications to include CSR performance indicators;
- Fostering best-in-class supplier relationships;
- Analysing opportunities for improvement;
- Tracking overall CSR performance;
- Monitoring technical and environmental developments.

Delivering best-in-class selection and tracking performance across the value chain

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 2019, 90% of our suppliers were based in the Paris region.

SUPPLIER LOCATION – 2019



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

Multi-technical maintenance providers, for example, have fully embraced 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 water use,
- using eco-friendly cleaning products,
- reducing packaging and waste,
- enhancing the occupant experience,
- Increasing the scores for BREEAM In-Use certifications.

In particular, these recommendations can be incorporated into energy performance contracts like the one for #cloud.paris, whose multi-technical service contract includes energy efficiency improvement targets in terms of MWh and euros.

For new projects, clauses to encourage local hiring have also been inserted in the contracts signed with site contractors, whereby they undertake to make a special effort to hire unemployed people, corresponding to 5% of the total budgeted working hours.

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.

5.2. Sustainable building operation

Sustainably operating our assets requires using resources more rationally and working more closely with building management partners and tenants on environmental issues.

Residential and commercial buildings are by far the largest energy users in France, accounting for 44% of the total energy consumed⁽¹⁾. As a result, improving energy efficiency is certainly our biggest challenge. Its importance was further confirmed by the July 2019 decree mandating actions to improve the energy performance of commercial buildings, which stipulates that energy use must be reduced by 40% by 2030 and by 60% by 2050. Meeting these objectives will require targeted capital expenditure⁽²⁾ and continuous improvement in building management systems.

Another parameter concerns the evolving ways our buildings are used, in as much as occupation intensity is rising across the portfolio. Recent renovations and redevelopments show that tenant energy and other needs are trending upwards, which could drive an increase in floor plate density and the introduction of new amenities, such as new meeting rooms, food courts, fitness rooms, break areas and other user services. These new property management practices may increase a building's energy use, water use and waste production in absolute terms after the renovation project, but lower them as occupation density rises. This makes the commitment to optimising our sustainable building management practices even more critical.

5.2.1. Energy efficiency

To improve the energy efficiency of its assets, SFL can activate a number of levers, such as gaining a more granular understanding of each building's energy profile and specific features, deploying targeted initiatives and capital projects, and working more closely with building operators, office managers and tenants.

(1) 2015 figures from ADEME.

(2) See the previous section, "Sustainable capital expenditure and procurement".

EXAMPLES OF LEVERS FOR IMPROVING EFFICIENCY

Metering

- Analysing energy consumption by use, based on sub-metering data
- Automating metering systems
- Measuring overall energy performance, including energy use in tenant areas, across most of the portfolio

Improvement initiatives

- Replacing equipment and installations
- Revamping building management systems (BMS),
- Optimising air handling unit flow rates
- Managing lighting

Working with contractors and tenants

- Requirement that partner building managers recommend ways to reduce energy use
- Energy performance contracts, particularly the #cloud.paris building
- During European Sustainable Development Week, SFL organised a participatory event on utilities management and the environment at 103 Grenelle, in partnership with the building's multi-technical maintenance providers. It offered an opportunity to talk with users about environmental impacts (energy use, waste, etc.), building amenities and health issues, both in their personal lives and in the workplace. The event also emphasised the need for greater awareness, with sessions dedicated to practical advice and eco-friendly practices.

Final energy use by the properties owned and managed by SFL in 2019 represented some 70 GWh, of which 50 GWh (72%) concerned common areas and heating and air conditioning delivered to tenant areas.

SFL is committed to increasing the proportion of low-carbon sources in the energy mix⁽¹⁾. Electricity accounts for nearly two-thirds of final energy, while fossil fuel use is marginal, with the only such fuel, natural gas, representing less than 0.7% of the total.

Energy use by type of energy in MWh of final energy, absolute and like-for-like, and energy 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	
	2017	2018	2019	2017	2018	2019	2017	2018	2019	% 18/19	% 17/19		
Absolute	Electricity	28,822	28,000	27,915	20,633	19,920	19,842	49,455	47,920	47,757			Elec-Abs
	District heating systems	11,907	13,743	11,433	0	0	0	11,907	13,743	11,433			DH&C-Abs
	District cooling systems	10,228	11,317	10,410	0	0	0	10,228	11,317	10,410			
	Natural gas	0	0	474	0	0	0	0	0	474			Fuels-Abs
	Heating oil	612	674	0	0	0	0	612	674	0			Abs
	Total energy use in MWh	51,568	53,735	50,232	20,633	19,920	19,842	72,201	73,655	70,074	-4.9%	-2.9%	
	Intensity in kWh/sq.m.							258.7	266.0	248.9	-6.4%	-3.8%	Energy-Int
	Number of buildings							15/15	14/14	15/15			
	% of sq.m.							100%	100%	100%			
	Like-for-like	Electricity	28,276	28,000	27,601	19,739	19,920	19,842	48,014	47,920	47,442	-1.0%	-1.2%
District heating systems		11,143	13,743	11,010	0	0	0	11,143	13,743	11,010	-19.9%	-1.2%	DH&C-LfL
District cooling systems		10,228	11,317	10,091	0	0	0	10,228	11,317	10,091	-10.8%	-1.3%	
Natural gas		0	0	474	0	0	0	0	0	474	-		Fuels-LfL
Heating oil		612	674	0	0	0	0	612	674	0	-100%	-100%	
Total energy use in MWh		50,258	53,735	49,176	19,739	19,920	19,842	69,997	73,655	69,018	-6.3%	-1.4%	
Intensity in kWh/sq.m.								259.0	266.0	249.3	-6.3%	-3.8%	Energy-Int
Number of buildings									14/14				
% of sq.m.									100%				

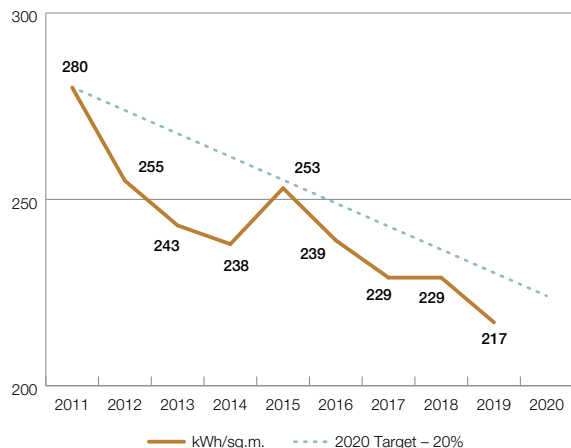
On a like-for-like basis, total energy use from all sources fell by 6.3% from 2018 to 2019.

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 22.6% like-for-like from 2011 to 2019, amply exceeding the 2020 target of a 20% like-for-like reduction.

(1) For more details, see the paragraph on carbon efficiency on pages 27 to 29.

ANNUAL CHANGE IN ENERGY USE INTENSITY BETWEEN 2011 AND 2019 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

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

		2017	2018	2019	% change 2018-2019	% change 2017-2019	EPRA code	
Absolute	Total municipal water use in cu.m	154,395	157,809	153,061	-4.6%	-1.6%	<i>Water-Abs</i>	
	Intensity	in cu.m/sq.m	0.55	0.57	0.54	-4.6%	-1.6%	<i>Water-Int</i>
		in litres/user/day	32.8	33.6	32.3	-3.9%	-1.5%	
	Coverage rate	Number of assets	15/15	14/14	15/15			
	% of sq.m.	100%	100%	100%				
Like-for-like	Total municipal water use in cu.m	148,664	157,809	151,887	-3.8%	2.2%	<i>Water-LfL</i>	
	Intensity	in cu.m/sq.m	0.55	0.57	0.55	-3.7%	-0.2%	<i>Water-Int</i>
		in litres/user/day	32.3	33.6	32.3	-3.9%	0.0%	
	Coverage rate	Number of assets			14/14			
% of sq.m.				100%				

On a like-for-like basis, water use declined by 3.8% year-on-year in 2019.

SFL maintains the objective of reducing its water use intensity by 20% like-for-like between 2011 and 2020. By 2019, the reduction stood at 19.6% for the period.

reductions in each asset attest to the effectiveness of the measures taken by our team to optimise energy use.

5.2.2. Managing water use

SFL buildings are supplied 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.

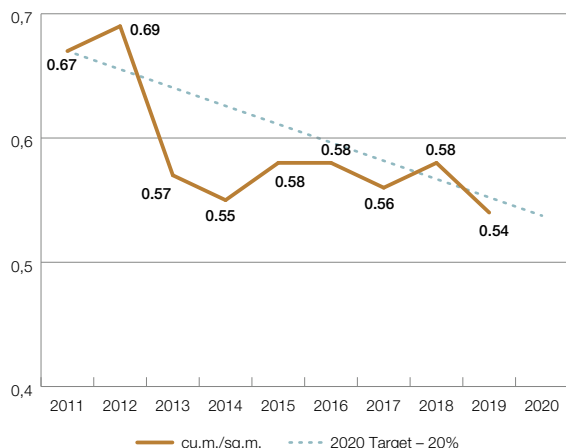
We are endeavouring to improve rainwater recovery at our various sites, when this is technically feasible and the costs do not outweigh the benefits. Currently, three buildings, 92 Champs-Élysées, Washington Plaza and #cloud.paris, have rainwater recovery systems.

All of our buildings are located in Paris or the Paris region, which means that they are not very exposed to water stress risk⁽¹⁾.

The buildings owned and managed by SFL used some 153,000 cu.m of water in 2019, representing barely more than 32 litres per user per day.

(1) Low-Medium Risk, according to the latest Aqueduct Water Risk Atlas published by the World Resources Institute.

ANNUAL CHANGE IN WATER USE INTENSITY BETWEEN 2011 AND 2019 LIKE-FOR-LIKE IN CU.M/SQ.M., ADJUSTED FOR OCCUPANCY RATES



5.2.3. Circular economy: managing building waste and reusing construction materials

In addition to reducing energy and water use, SFL's commitment to supporting the circular economy covers two main issues: the management of building waste and the reuse of construction materials in renovation and redevelopment projects.

Properly managing building waste involves offering tenants an increasing array of sorting solutions and ensuring that waste collected by service providers is recycled or otherwise recovered and reused as appropriately as possible.

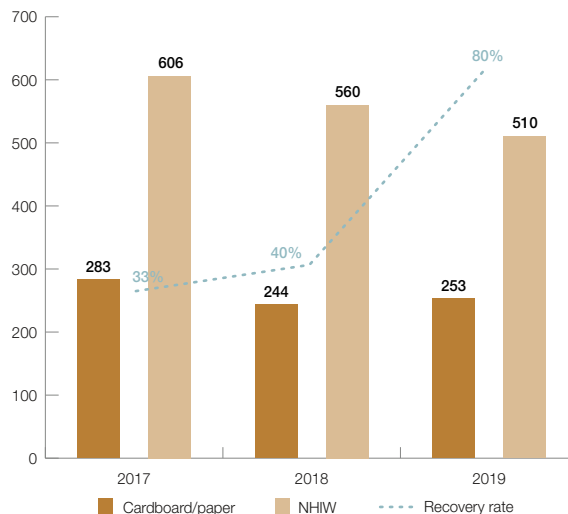
SFL also actively promotes the reuse of construction materials in its own redevelopment and renovation projects. In France, the construction industry generates some 50 million tonnes of waste every year, far more than the approximately 30 million tonnes produced by households⁽¹⁾. As a solution to this challenge, reusing building site materials is triply effective, in that it saves the raw materials that would have been used to make new materials, avoids the carbon emissions from the new materials production process and eliminates the need for disposal.

SFL has partnered with two platforms, Backacia and Cycle Up, to support the reuse of scrap materials from redevelopment projects and floor plate renovations.

In 2019, more than 763 tonnes of waste (NHIW, paper and cardboard) were produced by tenant activities in the eight buildings owned and managed by SFL whose waste is not collected directly by the City of Paris⁽²⁾.

On a like-for-like basis, the amount of waste has been reduced by 14% since 2017, to 28 kg per user per year.

BUILDING WASTE BY TYPE IN TONNES AND RECOVERY RATE IN % – LIKE-FOR-LIKE



Of total waste produced, 33% is directly sorted on-site and more than 80% is ultimately recovered and reused, mainly by being recycled or burned as fuel in waste to energy facilities. The recovery rate rose considerably in 2019, primarily due to the sharp increase in the percentage of non-hazardous industrial waste burned as fuel and the more effective collaboration with waste collection contractors, which improved their feedback on disposal methods.

(1) According to a study by the French Building Federation, *Étude de scénarii pour la mise en place d'une organisation permettant une gestion efficace des déchets du bâtiment dans le cadre d'une économie circulaire*, published in May 2019.

(2) Every SFL-managed building for which private waste management contracts have been signed is now included in the scope of reporting. Nevertheless, the overall coverage rate stands at 83% of the managed buildings, because waste from seven of them is collected directly by the City of Paris, leaving SFL without any data on the amount of waste or its disposal.

Building waste by type and by disposal method, in tonnes and % – absolute and like-for-like

EPRA code: Waste-Abs and Waste-LfL⁽¹⁾

Waste by type	2018					2019					EPRA code
	NHIW	Paper, cardboard	Total	Recycled waste	Recovered and reused waste	NHIW	Paper, cardboard	Total	Recycled waste	Recovered and reused waste	
in tonnes	560	244	804	240	319	510	253	763	284	612	Waste-Abs and Waste-LfL
(%)	70%	30%	100%	30%	40%	67%	33%	100%	37%	80%	
Details by type of disposal	Landfilled	Incinerated	Burned as fuel	Recycled	Other	Landfilled	Incinerated	Burned as fuel	Recycled	Other	Waste-Abs and Waste-LfL
in tonnes	88	183	80	240	214	34	107	328	284	11	
(%)	11%	23%	10%	30%	27%	4%	14%	43%	37%	1%	
Coverage rate	<i>Number of assets</i>		8/14				<i>8/15</i>				
	<i>% of sq.m.</i>		84%				83%				

Initiatives deployed in 2019 to recover and reuse construction materials mainly concerned the projects to redevelop 83 Marceau and to renovate three floor plates in the Washington Plaza building.

More than 11 tonnes of scrap material from these two assets were sold on the platforms managed by our partners, Backacia and Cycle Up, giving doors, partitions, plates and technical equipment a second life and avoiding the release of nearly 170 tCO₂e, which represents more than 6% of our Scope 1 & 2 greenhouse gas emissions⁽²⁾.

Outcomes of the materials recovery and reuse initiatives

	Tonnes of material recovered	Tonnes of CO ₂ e avoided	Types of material
83 Marceau	7.4	52.7	<ul style="list-style-type: none"> • Plant and flower boxes • Doors • Stair steps • Raised flooring • Lighting • Air extract units
Washington Plaza			<ul style="list-style-type: none"> • Doors and frames • Inverters • Mixer faucets
	<i>Third floor</i>	1.2	34.8
	<i>Eighth and ninth floors</i>	2.7	82.3
			<ul style="list-style-type: none"> • Doors • Partitions • Cabinets and racks

5.3. Carbon efficiency

The construction industry accounts for nearly one quarter of all greenhouse gas (GHG) emissions in France⁽³⁾, making it a major challenge in the fight against climate change.

This poses two types of risk for the real estate sector:

- Transition risks, requiring it to adjust to changes in the regulatory environment and public policies as governments transition to a low-carbon economy. For example, France's revised national low-carbon strategy, issued in late 2018, calls for the real estate sector to be almost entirely carbon-free by 2050.
- Physical risks, with buildings directly exposed to the impact of climate change and the looming increase in extreme weather events.

Very early on, SFL set a highly ambitious target for abating its GHG emissions, aiming for a 20% reduction in kgCO₂e/sq.m. between 2011 and 2020. Today, this target has already been met, with carbon intensity down by 46% as of the end of 2019.

Lastly, SFL also performed a detailed analysis of its buildings' resilience and ability to adapt to climate change, with a particular eye to limiting the physical impacts.

5.3.1. Reducing Scope 1 & 2 greenhouse gas emissions

SFL is simultaneously activating three levers to reduce its Scope 1 & 2 GHG emissions:

- Improving the energy efficiency of its buildings (see section 5.2.1 for more details).

(1) The absolute and like-for-like scopes of reporting are identical and therefore undifferentiated, since they apply to the same assets in 2018 and 2019.

(2) See page 28 below.

(3) The housing sector released 89 million tCO₂e in 2016, or 20% of national Scope 1 emissions and 26% of Scope 2 emissions (i.e., from the generation of purchased electricity used in the buildings). Cited in France's National Low Carbon Strategy, revised on 6 December 2018.

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- Gradually phasing out use of the most carbon-intensive energy sources:
 - Replacing the last fuel oil-fired boiler with a natural gas-fired installation in the spring of 2018 resulted in a 56% year-on-year reduction in Scope 1 emissions in 2019.
- Negotiating with suppliers to increase the proportion of energy from renewable sources:
 - The new power supply contract guaranteeing that 30% of the electricity purchased for our directly managed assets will come from renewable sources also had a significant impact on Scope 2 emissions.

- Lastly, the coming years will see even sharper reductions in these emissions now that eligible assets are being gradually connected to the district cooling network (which has a very low emissions factor).

Carbon emissions from energy used in SFL-managed buildings represented 2,771 tCO₂e in 2019, of which only 80 tonnes directly from Scope 1 sources and 2,691 tonnes indirectly from Scope 2 sources.

On a like-for-like basis, emissions declined sharply, with a year-on-year reduction of almost 550 tCO₂e in 2019 and declines of 56% in Scope 1 emissions and 15% in Scope 2 emissions.

Scope 1 and Scope 2 GHG emissions, in tCO₂e – absolute and like-for-like

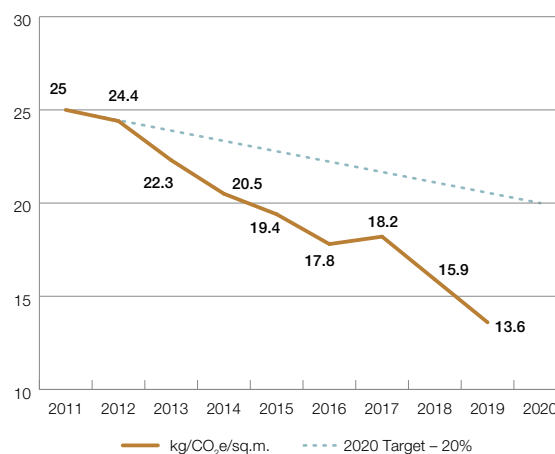
EPRA code: GHG-Dir-Abs, GHG-Indir-Abs

		2017	2018	2019	% 18/19	% 17/19	EPRA code
Absolute	Scope 1	166	183	80	-56.3%	-51.8%	GHG-Dir-Abs
	Scope 2	3,537	3,061	2,691	-12.1%	-23.9%	GHG-Indir-Abs
	Total in tCO₂e	3,703	3,244	2,771	-14.6%	-25.2%	
	Coverage rate	<i>Number of assets</i> <i>% of sq.m.</i>	15/15 100%	14/14 100%	15/15 100%		
Like-for-like	Scope 1	166	183	80	-56.3%	-51.8%	GHG-Dir-LfL
	Scope 2	3,364	3,061	2,614	-14.6%	-22.3%	GHG-Indir-LfL
	Total in tCO₂e	3,530	3,244	2,694	-17.0%	-23.7%	
	Coverage rate	<i>Number of assets</i> <i>% of sq.m.</i>	14/14 100%				

Carbon emissions intensity down 46% since 2011

Carbon emissions intensity in kgCO₂e/sq.m. (adjusted for occupancy rates and climate) was down by 45.7% in 2019 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 2019, like-for-like, in kgCO₂e/sq.m., adjusted for occupancy rates and climate

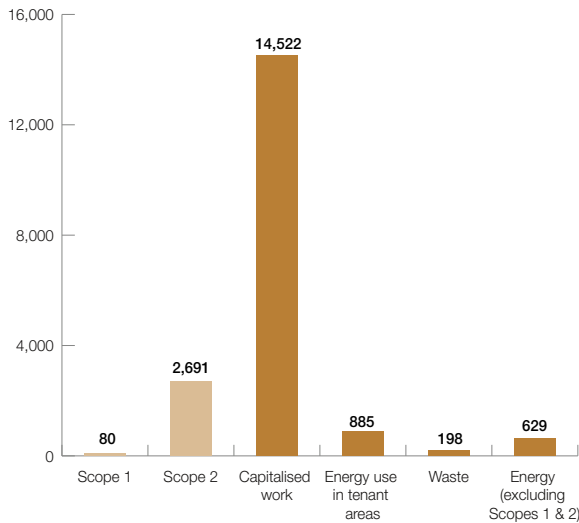


5.3.2. Measuring and managing the broader carbon footprint

SFL is also extending its carbon footprint measurements to include the main Scope 3 sources by estimating the emissions from:

- Capitalised work: renovation and redevelopment projects;
- Waste: end-of-life disposal of building waste;
- Energy use in tenant areas: energy used by tenants;
- Energy (excluding Scopes 1 & 2): line losses on energy use included in Scope 1 & 2.

MAIN SCOPE 3 SOURCES, IN TCO₂E



5.3.3. Making properties more climate resistant

SFL assets are exposed to the effects of climate change and the foreseeable increase in the number of resulting extreme weather events. 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 SFL-owned 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.

Weather-wise, 2018 and 2019 were two of the three warmest years on record in France, and in 2019, the Paris area experienced two unusually intense summer heat waves. During these events, tenants did not report any technical malfunctions or give any negative feedback, indicating that building utilities were properly sized and efficiently operated, and that the proactive information and alerts had proven effective.

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. Increasing planted and landscaped areas in properties

Landscaping is 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 35 trees and 25 shrubs of diverse species. 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.

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

As of end-2019, green walls and other planted areas represented some 8,500 sq.m. or more than 9% of the portfolio's total footprint.

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.

5.4.2. Avoiding excessive urbanisation and loss of biodiversity

Rising occupation density in SFL assets is helping us to resist creeping urbanisation by concentrating new uses and amenities in previously built-up spaces. SFL is also committed to preserving and enhancing biodiversity in its buildings, in particular by using their landscaped areas to create 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.

No additional soil space has been sealed during the redevelopment projects completed over the past five years. 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 involves taking a compassionate approach to 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 2019, 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

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 2019 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

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.

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 2019, 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. This exercise revealed that for SFL, the most exposed sectors were construction and public works, cleaning and security services, and IT services.

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, SFL's objective is to 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

Fourteen new employees joined the SFL corporate community in 2019, of whom 12 under permanent contracts and two under fixed-term contracts, while eight people left during the year (nine including the termination of one of the two fixed-term contracts signed with the same employee during the year)⁽¹⁾.

As part of its commitment to employee skills development, in 2018 SFL revamped its annual performance and career development review process. Deployed in 2019 for the second consecutive time, the new module was supported with training for managers in charge of leading reviews, which expanded on the course organised last year. The two half-day sessions focused on the review process (conditions for success, conducting the review and following up) and how to communicate during the review itself (verbal, paraverbal and non-verbal communication, listening, assertiveness).

Based on the average number of employees in 2019 (70.3) and the number of employees under permanent contracts who were hired or left during the period, the turnover rate was 14.2%, versus 12.8% in 2018⁽²⁾.

On the same basis, the average seniority of employees on the payroll at 31 December 2019 was 11 years, unchanged from the year before.

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. In 2019, the target bonus represented on average 17% of the employee's base salary (excluding Management Committee members).

For employees on payroll at 31 December 2019, total remuneration for the year (salary and bonus) averaged €70,150, again excluding Management Committee members.

Indirect remuneration

A total of €1,068,035 was paid out to employees in 2019 under discretionary and non-discretionary profit-sharing plans, including €388,233 in residual discretionary profit shares resulting from the disposal of a strategic real estate asset in 2017.

To encourage people to save for retirement, SFL matches employee investments in the Group Pension Savings Plan (PERCO) in an amount of up to €4,500 a year per employee. In 2019, every employee invested in the plan also received an additional employer matching contribution of €400.

Similarly, in accordance with France's PACTE Law, on 1 October 2019, SFL converted the PERCO into a PERECO plan, which allows employees to deduct their annual investment from their taxable income for the year. Under this system, 75 employees invested in the new plan in 2019, entitling them to an average matching contribution of €2,964 from SFL.

All told, SFL's financial support for employees seeking to save for retirement amounted to €222,307 in 2019, versus €204,350 the year before.

In 2019, for the seventh consecutive year, bonus shares were granted to employees, this time to 54 people (of whom 52 employees) representing 72% 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 PERECO plan, service vouchers fully financed by the Company and the Works Council, and subsidised food services (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).

(1) Excluding seasonal employees under fixed-term contracts. Hiring, separation and workforce data at 31 December 2019 are presented in detail in the table of EPRA employee indicators, pages 39 to 40.

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

6.2.3. Training and skills development

Every year, SFL defines objectives for its employee training programmes, in a constant commitment to:

- create and nurture conditions in which every employee has access to training and skills development,
- prepare for emerging technical, legal, environmental and other changes in the industry, in order to improve the professionalism of our employees and enable them to do their jobs effectively in the best possible conditions.

Every year, during the annual and/or career development reviews, the actions specified in the skills development plan are discussed by managers and employees, who mutually agree on the best solutions for meeting both the employee's aspirations and the needs expressed by the department and/or the Company.

In 2019, for example, training sessions primarily focused on asset management, financial management, law, business management, office technology, languages, security and safety.

In 2019, SFL invested the equivalent of 3.3% of the total payroll in training and skills development. As in 2018, this exceeded the 2.50% target set to support employee skills acquisition and/or development.

In all, more than 1,500 hours of training were offered to 66 employees, representing an average of 24 hours per trainee⁽¹⁾.

Raising employee awareness of biodiversity and the environment

Four environmental awareness workshops were again organised for employees in 2019, supported by the partnership formed in 2018 with environmental education association Graine Île-de-France. They covered such issues as waste management, the impact of plastics, biodiversity and the mechanisms of climate change and their implications for SFL employees and their jobs.

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.

As part of this process, for the second consecutive year, a new quality of worklife survey was conducted in 2019 using an online questionnaire sent to every employee and covering seven issues: the sense of corporate community, management, job fulfilment, working conditions, corporate discourse, authority as support and team projects.

Presented to the Social and Economic Committee and employees, the findings showed an improvement in certain parameters, such as the protective nature of the organisation, taking initiative, empowerment and the prioritisation of assignments.

6.3.1. Health and safety

In 2019, our employee health and safety policies were actively pursued, with:

- the participation of five 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;
- deployment of a programme to assess the risks of exposure to electromagnetic fields.

No occupational diseases were reported in 2019.

The only work-related accident recorded during the year occurred during a business trip. In addition, five commuting accidents were reported during the year.

6.3.2. Quality of working environment

Renewed in 2019, the programme to help prevent psychosocial risks and improve the quality of worklife was attended by 73% of employees during the year. Meetings organised in every department offered participants the opportunity to recommend possible action plans, which primarily concerned communication and information sharing.

Results of the survey helped to shape the new gender equality in the workplace and quality of worklife agreement signed in December 2019 as part of the statutory annual pay round, which also endorsed a telecommuting option that will be trialled in 2020.

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 2019, the rate stood at 0.67%, down from 0.70% in 2018.

(1) Training data at 31 December 2019 are presented in detail in the table of EPRA employee indicators, pages 39 and 40.

6.3.3. Work/life balance

In December 2019, SFL management and employee representatives agreed to explore new ways of organising work in the Company by testing a telecommuting system.

The agreement reflected their commitment to proposing arrangements that would improve both job performance and quality of worklife by encouraging a more fulfilling work-life balance, while preserving the current work organisation and sense of corporate community.

As of 31 December 2019, SFL had 68 full-time employees and six part-time employees. The six part-time contracts correspond to employees who have chosen to work fewer hours, as opposed to being forced 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 2017, we undertook a certain number of initiatives to:

- fulfil the undertakings in the gender equality in the workplace agreement (described in more detail below),
- secure our support for the disabled, which includes the grant made to the ADAPT non-profit organisation, the agreement with the ARPEJEH (which supports students with disabilities in their studies), 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 three-year 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 male and female candidates;
- To drive greater gender balance in the job classification grid.

At 31 December 2019, 54% of SFL managers were women.

Seven of the 14 employees hired under permanent or fixed term contracts during the year were women.

Four of the five people promoted as of 1 January 2019 were women.

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 2019, 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 22 hours in training (27 hours for men). Out of the average number of employees in 2019, 95% of men and 93% 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 2019, 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) of women employees rose by 3.7% year-on-year in 2019, versus 2.6% for men⁽¹⁾.

(1) Gender equality in the workplace data at 31 December 2019 (number of employees, training, remuneration) are presented in detail in the table of EPRA employee indicators, page 39.

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 44. As of 31 December 2019, employees aged 45 or older represented 51% of the workforce and people under 35 represented 23%.

People with disabilities

As part of its policy of supporting employment opportunities for people with disabilities, in 2019 SFL once again 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.

In 2019, SFL also joined the ARPEJEH association, which promotes the training, qualification and employment of people with disabilities by supporting students between 15 and 30 in their studies and career development.

6.5. Corporate sponsorship and philanthropy

6.5.1. Community engagement

Fondation Palladio: Building the City of Tomorrow

For the sixth straight year, SFL was a sponsoring partner of Fondation Palladio, which 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.

By comparing the perspectives of business and political decision-makers, managers and experts, students and professionals, academics and people working in the field, each of the Foundation's initiatives helps to nurture a process of challenging preconceived ideas, embracing new ones and learning from one another. SFL supports the Foundation's commitment to creating the conditions that will further improve every property and urban development stakeholder's ability to respond to the major economic, environmental, human and societal challenges facing our world today and far into the future.

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.

SFL also organises employee-only tours of the Pavillon de l'Arsenal.

City of Paris – Nuit Blanche

SFL supports the City of Paris' Nuit Blanche all-night performance festival organised for the 18th time in 2019, 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' cultural outreach, sometimes by organising events in our own properties, while supporting the creative arts and making them accessible to everyone.

Foulées de l'Immobilier race

A team of SFL runners participated in the 2019 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 master's 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, which took place last year from 18 to 24 November. 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 2016, 2017, 2018 and 2019.

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.

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	Type of asset			Type of energy					GLA Gross Leasing Area
				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	Yes	Fuel oil -> 04/18 05/18 -> Natural gas	Not applicable				7,381
Washington Plaza	Offices	Multi-tenant	Yes	Not applicable	Not applicable				47,214
Édouard VII	Offices	Multi-tenant	Yes	CPCU	Climespace				49,615
Rives de Seine	Offices	Multi-tenant	Yes	Not applicable	Not applicable			Not applicable	22,671
Cézanne Saint-Honoré	Offices	Multi-tenant	Yes	CPCU	Climespace				29,047
Louvre Saint-Honoré	Offices	Multi-tenant	Yes	CPCU	Not applicable				47,645
103 Grenelle	Offices	Multi-tenant	Yes	CPCU	Not applicable				18,865
112 Wagram	Offices	Multi-tenant	Yes	CPCU	Not applicable				5,998
92 Champs-Élysées	Offices	Multi-tenant	Yes	CPCU	Climespace				7,692
Galerie des Champs-Élysées	Retail	Multi-tenant	Yes	CPCU	Climespace		Not applicable		8,652
#cloud.paris	Offices	Multi-tenant	Yes	CPCU	Climespace			Not applicable	35,004
131 Wagram	Offices	Multi-tenant	Yes	Not applicable	Not applicable			Not applicable	9,185
9 Percier	Offices	Multi-tenant	Yes	CPCU	Not applicable			Not applicable	6,689
90 Champs-Élysées	Offices	Multi-tenant	No	CPCU	Climespace			Not applicable	8,861
6 Hanovre	Offices	Single tenant	Yes	CPCU	Climespace				4,608
104/110 Haussmann	Offices	Single tenant	Yes	CPCU	Climespace				13,434
Le Vaisseau	Offices	Single tenant	Yes	Not applicable	Not applicable				6,332
Marceau	Offices	Multi-tenant	Yes	CPCU	Not applicable				8,918
Condorcet	Offices	Single tenant	No	Natural gas					23,432
Biome	Offices			CPCU	Climespace				24,500

Current scope of reporting for 2019
 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
Indirectly managed portfolio

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.

GHG emissions

GHG emissions are calculated based on the actual use of each energy source and its related emissions factor, as found in the ADEME's BEGES carbon audit database.

The factors can change from year to year, depending on updates to the database, which are applied to all of the factors used.

7.2. EPRA indicators

7.2.1. Environmental indicators – Buildings in-use

Topic	Indicator	EPRA code	Unit	2018	2019	Change, YoY	Coverage rate
Certifications							
	Number of assets BREEAM In-Use-certified assets		Number of assets	18	18	-	100%
	% of portfolio certified by value	Cert-Tot	% of portfolio certified by value	100%	100%	-	100%
Energy							
	Total use of electricity from renewable sources	Elec-Abs	MWh	9,065	11,172	+23%	100%
	Total use of electricity from non-renewable sources	Elec-Abs	MWh	18,935	16,717	-12%	100%
	Total use of electricity from renewable sources – like-for-like	Elec-LfL	MWh	9,065	11,146	+23%	100%
	Total use of electricity from non-renewable sources – like-for-like	Elec-LfL	MWh	18,935	16,453	-13%	100%
	Total energy use, district heating and cooling networks	DH&C-Abs	MWh	25,060	21,843		100%
	Total energy use, district heating and cooling networks – like-for-like	DH&C-LfL	MWh	25,060	21,101	-16%	100%
	Total natural gas and fuel use	Fuels-Abs	MWh	674	474	-	100%
	Total natural gas and fuel use – like-for-like	Fuels-LfL	MWh	674	474	-30%	100%
	Energy use intensity	Energy-Int	kWh/sq.m.	266	248.9	-6%	100%
	Energy use intensity – like-for-like	Energy-Int	kWh/sq.m.	266	249.3	-6%	100%
Greenhouse gas emissions							
	Total direct greenhouse gas (GHG) emissions (Scope 1)	GHG-Dir-Abs	tCO ₂ e	183	80	-56%	100%
	Total indirect greenhouse gas (GHG) emissions (Scope 2)	GHG-Indir-Abs	tCO ₂ e	3,061	2,691	-15%	100%
	Carbon intensity	GHG-Int	kgCO ₂ e/sq.m.	11.7	9.8	-16%	100%
Water							
	Total water use	Water-Abs	cu.m.	157,809	153,061	-	100%
	Total water use – like-for-like	Water-LfL	cu.m.	157,809	151,887	-4%	100%
	Water use intensity	Water-Int	cu.m./sq.m.	0.57	0.54	-5%	100%
	Water use intensity – like-for-like	Water-Int	cu.m./sq.m.	0.57	0.55	-4%	100%
Waste							
	Total waste produced, by disposal method	Waste-Abs	tonnes	804	763	-5%	83%
			% landfilled	11%	4%	-60%	
			% incinerated	23%	14%	-38%	
			% incinerated with energy recovery	10%	43%	335%	
			% recycled	30%	37%	25%	
			% other	27%	1%	-95%	
	Total waste produced, by disposal method – like-for-like	Waste-LfL	tonnes	804	763	-5%	84%
			% landfilled	11%	4%	-60%	
			% incinerated	23%	14%	-38%	
			% incinerated with energy recovery	10%	43%	335%	
			% recycled	30%	37%	25%	
			% other	27%	1%	-95%	

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.
- 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 29.

For 2019, given the lack of accurate information, the 2018 emissions factors have been used.

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 30 to 40 above. Further details may also be found in the comments column in the EPRA indicators table on pages 39 and 40.

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7.2.2. Environmental indicators – Head office occupied by SFL

Topic	Indicator	EPRA code	Unit	2018	2019	Change, YoY
Certifications						
	% of head office certified	Cert-Tot	% of head office	100%	100%	
Energy						
	Total use of electricity from renewable sources	Elec-Abs	MWh	49.1	55.9	
	Total use of electricity from non-renewable sources	Elec-Abs	MWh	113.4	93.1	
	Total use of electricity from renewable sources – like-for-like	Elec-LfL	MWh	49.1	55.9	
	Total use of electricity from non-renewable sources – like-for-like	Elec-LfL	MWh	113.4	93.1	
	Total energy use, district heating and cooling networks	DH&C-Abs	MWh	0	0	
	Total energy use, district heating and cooling networks – like-for-like	DH&C-LfL	MWh	0	0	
	Total fuel use	Fuels-Abs	MWh	0	0	
	Total fuel use – like-for-like	Fuels-LfL	MWh	0	0	
	Energy use intensity	Energy-Int	kWh/sq.m.	80	73.3	
	Energy use intensity – like-for-like	Energy-Int	kWh/sq.m.	80	73.3	
Greenhouse gas emissions						
	Total direct greenhouse gas (GHG) emissions (Scope 1)	GHG-Dir-Abs	tCO ₂ e	0	0	
	Total indirect greenhouse gas (GHG) emissions (Scope 2)	GHG-Indir-Abs	tCO ₂ e	5	4.27	
	Carbon intensity	GHG-Int	kgCO ₂ e/sq.m.	2.6	2.1	
Water						
	Total water use	Water-Abs	m ³	441.3	415.8	
	Total water use – like-for-like	Water-LfL	m ³	441.3	415.8	
	Water use intensity	Water-Int	m ³ /sq.m.	0.215	0.202	
	Water use intensity – like-for-like	Water-Int	m ³ /sq.m.	0.215	0.202	
Waste						
	Total waste produced, by disposal method	Waste-Abs	tonnes	2.22	2.50	
			% recycled	100%	100%	
			% re-used	0%	0%	
			% composted	0%	0%	
			% incinerated	0%	0%	
			% disposed of by another method	0%	0%	
			% landfilled	0%	0%	
			tonnes	2.22	2.50	
			% recycled	100%	100%	
			% re-used	0%	0%	
	% composted	0%	0%			
	% incinerated	0%	0%			
	% disposed of by another method	0%	0%			
	% landfilled	0%	0%			
	Total waste produced, by disposal method – like-for-like	Waste-LfL	tonnes	2.22	2.50	
			% recycled	100%	100%	
			% re-used	0%	0%	
			% composted	0%	0%	
			% incinerated	0%	0%	
			% disposed of by another method	0%	0%	
			% landfilled	0%	0%	
			tonnes	2.22	2.50	
			% recycled	100%	100%	
			% re-used	0%	0%	
	% composted	0%	0%			
	% incinerated	0%	0%			
	% disposed of by another method	0%	0%			
	% landfilled	0%	0%			

7.2.3. Employee, societal and governance indicators

Topic	EPRA code	Indicator	Unit	2017	2018	2019	Comments
Diversity							
			Number of women	6	6	6	
		Percentage of men and women on the Board of Directors	% of women	40	43	43	exactly 42.86% at 31 December 2019
			Number of men	9	8	8	
			% of men	60	57	57	exactly 57.14% at 31 December 2019
		Percentage of men and women on the Management Committee	Number of women	2	2	2	Number of Management Board members at 31 December, including the Chief Executive Officer
			% of women	22%	25%	25%	
			Number of men	7	6	6	
			% of men	78%	75%	75%	
Diversity-Emp		Percentage of men and women managers, excluding the Management Committee	Number of women	29	29	30	Number of managers at 31 December
			% of women	60%	63%	58%	
			Number of men	19	17	22	
			% of men	40%	37%	42%	
		Percentage of men and women among other employees	Number of women	15	13	13	Number of other employees at 31 December
			% of women	88%	87%	87%	
			Number of men	2	2	2	
			% of men	12%	13%	13%	
		Percentage of men and women among all employees	Number of women	46	44	45	Total number of employees at 31 December, excluding the Chief Executive Officer
			% of women	63%	65%	61%	
			Number of men	27	24	29	
			% of men	37%	35%	39%	
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%	3%	Theoretic gross base salary, excluding long-service pay and bonuses at 31 December, CEO and MD compensation and work-study contracts 1- (average woman's salary/ average man's salary)
		The ratio of the total compensation of men to women managers (excluding Management Committee members)	%	14%	16%	16%	
		The ratio of the total compensation of men to women in other categories	%	-8%	-6%	-4%	
		The ratio of the total compensation of men to women in the entire workforce	%	30%	35%	29%	
Training							
		Total number of training hours	Number	1,870	1,307	1,575	
		Number of employees trained	Number	69	56	66	
Emp-Training		Average number of hours per trainee	Number	27	23	24	
		% of employees trained	%	96%	79%	94%	Number of employees trained/ average number of employees
		% of payroll allocated to training	%	3.60%	3.20%	3.31%	
Assessment							
Emp-Dev		% of employees who received performance reviews during the year	%	93%	90%	90%	Number of reviews/number of eligible employees

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Topic	EPRA code	Indicator	Unit	2017	2018	2019	Comments
Attracting and retaining talent							
Emp-Turnover		New employee hires under permanent contracts	Number	4	8	12	
		New employee hires under fixed-term contracts	Number	2	3	3	Of which two fixed-term contracts signed with the same employee
		Total new hires	Number	6	11	15	14 considering that one employee was hired twice under two successive fixed-term contracts
		Terminations by mutual agreement	Number	6	5	2	
		Expiries of fixed-term contracts	Number	2	5	1	Concerns one of the fixed-term contracts signed with the same employee
		Resignation	Number	1	2	3	
		Dismissal	Number	0	0	0	
		Total separations	Number	9	15	9	Including two after the trial period and one retirement (Number of separations of employees under permanent contracts + number of new employee hires under permanent contracts/2/average number of employees
	Turnover	%	7.38%	12.81%	14.23%		
Health and safety							
H&S-Emp		Number of fatal accidents	Number	0	0	0	
		Number of cases of occupational illness	Number	0	0	0	
		Number of occupational accidents	Number	0	0	1	Excluding commuting accidents: 5
		Accident frequency rate	Rate	0.00	0.00	40.34	(No. of accidents with initial benefit payment reported per one million hours worked)
		Accident severity rate	Rate	0.00	0.00	0.29	(No. of days lost due to temporary disability per 1,000 hours worked)
		Short-term absenteeism rate	Rate	0.98%	0.70%	0.67%	One to three days
H&S-Asset		Percentage of assets covered by health and safety risk management system	% of assets covered	80%	93%	93%	–
H&S-Comp		Number of health and safety-related incidents of non-compliance	Number of incidents	0	0	0	–
Community engagement							
Comty-Eng		Community engagement initiatives	% of assets or description	–	–	–	Given that SFL's assets are concentrated in Paris and the inner suburbs, community engagement initiatives are undertaken directly at Group level and disclosed in Chapter 6.5.

GOVERNANCE INDICATORS

Topic	EPRA code	Indicator	Explanation
Governance			
Gov-Board		Composition of the Board of Directors	Description <i>Please see pages 79 to 100 of the Financial and Legal Report</i>
Gov-Select		Nomination and selection process for the Board of Directors	Description <i>Please see pages 79 to 100 of the Financial and Legal Report</i>
Gov-Col		Procedure for managing possible conflicts of interest	Description <i>Please see pages 79 to 100 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 by one of the Statutory Auditors on a selection of non-financial information disclosed in the management report Year ended 31 December 2019

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 selected non-financial information (hereinafter the "Information") from the statement of non-financial performance for the year ended 31 December 2019 (hereinafter the "Statement"), as presented in the Group Management Report.

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

- Occupation surface areas and occupation density;
- Number of assets in use that have been certified and percentage of the portfolio, by surface area, with a Very Good or higher rating;
- Waste generated in tonnes (paper, cardboard and non-hazardous industrial waste);
- Total municipal water use in cu.m and water use intensity in cu.m/sq.m. at constant scope of reporting (common and tenant areas combined);
- Energy use by type of energy and energy use intensity at constant scope of reporting (not climate adjusted);
- Greenhouse gas (GHG) emissions from energy use at constant scope of reporting (not climate adjusted);
- Planted and landscaped surface in sq.m. and % of the portfolio's total footprint.

Responsibility of the Company

The Board of Directors of Société Foncière Lyonnaise is responsible for preparing the selected information, pursuant to the company's procedures and guidelines (hereinafter the "Guidelines"), as summarised in the Management Report and available on request from 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*). Furthermore, we have set up a quality control system that includes the documented policies and procedures designed to ensure compliance with rules of ethics, professional auditing standards and the applicable legal texts and regulations.

Responsibility of the Statutory Auditor

Based on our work, our responsibility is to 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 anti-corruption and taxation, or on the compliance of products and services with 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 familiarised 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 Reporting Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, taking into consideration, when relevant, the sector's best practices
- 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 11% and 23% 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.

(1) The Louvre Saint-Honoré and Rives de Seine buildings.

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Our work engaged the skills of four people in February 2020.

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

We believe that the procedures we have performed, based on our professional judgement, 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 causes 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 year-on-year from 1 October to 30 September, and not during the financial year, to facilitate data collection.

Paris-La Défense, 26 February 2020
French original signed by one of the Statutory Auditors

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