



# THE ART OF TRANSFORMATION OFFICE ENGINEERING

# 2020 NON-FINANCIAL INFORMATION STATEMENT



# **2020 Non-Financial Information Statement**

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The Non-Financial Information Statement is an extract from the 2020 Universal Registration Document, which can be found at [www.fonciere-lyonnaise.com](http://www.fonciere-lyonnaise.com)



## Introduction

Founded in 1879, Société Foncière Lyonnaise has demonstrated its expertise as a property owner and developer to build, maintain and transform its assets. Over those years, by combining a long-term vision with agile responsiveness, it has managed both times of growth and times of crisis with the same spirit of resilience and innovation.

2020 was shaped by a global pandemic that raised new questions about the role of offices, while spurring faster development of certain technologies and the recognition of rapidly shifting office user expectations.

Today, SFL is reaffirming its positioning in the prime segment of the Parisian office market and, in the current uncertain environment, is instilling its business with fresh meaning by setting it on an ambitious course, guided by a renewed commitment to high-quality, results-oriented performance.

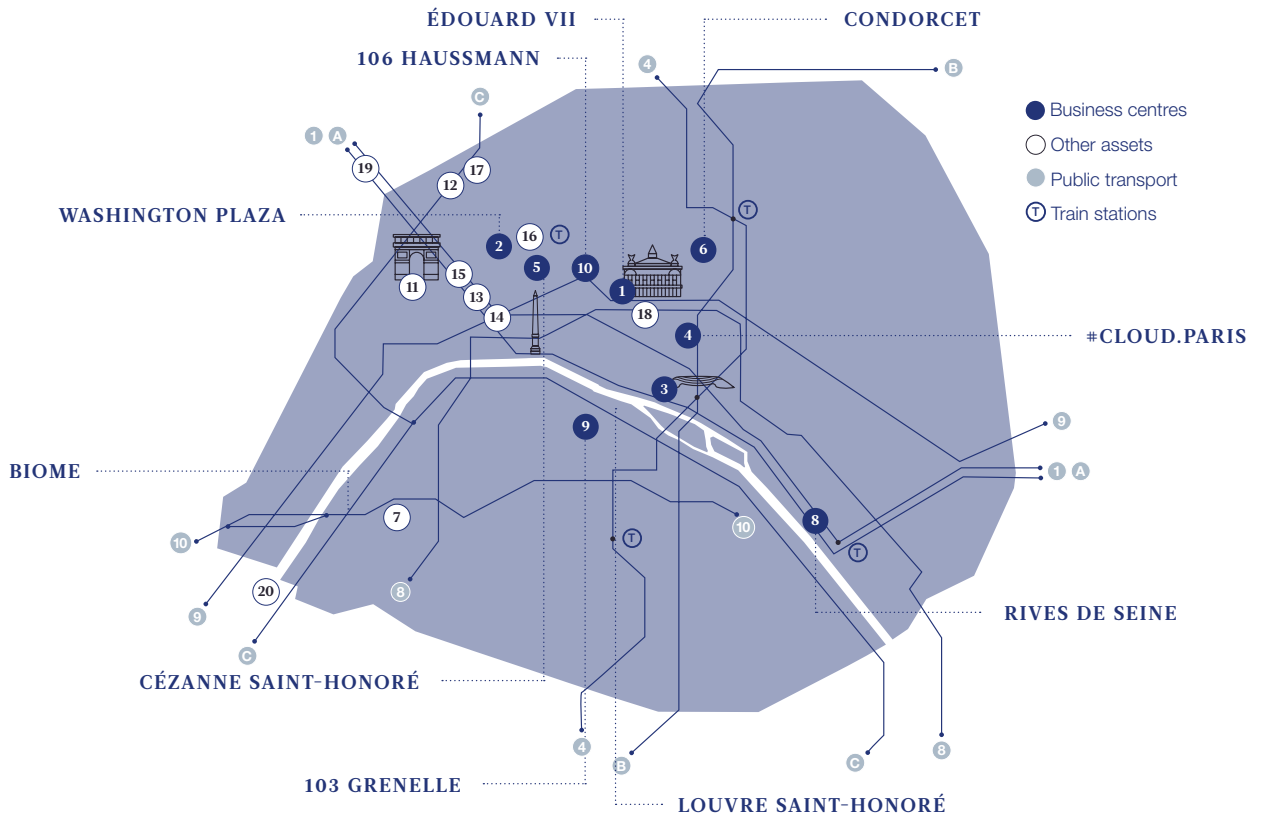
Faithful to its traditional core competencies and seasoned experience, SFL is strategically focusing on its role as an engaged artisan of the Paris cityscape, which is reflected in the assertive corporate social responsibility (CSR) policies that have been in place for almost ten years now. All of the targets set for that period were met in 2020.

Today, a new policy is being defined, active and attentive to the emerging expectations of our tenants, our employees, our shareholders and our partners. The policy is based on our commitment to fostering the desire to work together, around the four core pillars that structure our pragmatic, highly effective action plans.

SFL is a property company focused on prime office real estate. At 31 December 2020, our portfolio comprised 20 assets (80% offices, 19% retail units and a hotel and 1% residential units by value), whose physical occupancy ratio stood at 93.7%.

This clear positioning in the prime Parisian office property market and our organisation by core competency provide a robust foundation for our value creation strategy. Our tenants, totalling around 30,000 users across the portfolio, represent the highest value-added per employee 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, and the Western Crescent.

The consistently remarkable functionality and architectural beauty of these assets stems from the regular commitment of major capital investments, as evidenced by the renovations and redevelopments currently under way or completed over the past ten years. These works reflect the true meaning of our business model, which is to foster the desire to work together.



**THE SFL PORTFOLIO: 393,300 SQ.M.**

Paris	Total surface area <sup>(1)</sup>
1 Édouard VII	54,100 sq.m.
2 Washington Plaza	48,000 sq.m.
3 Louvre Saint-Honoré	47,700 sq.m.
4 #cloud.paris	35,000 sq.m.
5 Cézanne Saint-Honoré	29,000 sq.m.
6 Condorcet	24,900 sq.m.
7 Biome	24,500 sq.m.
8 Rives de Seine	22,700 sq.m.
9 103 Grenelle	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.
<b>TOTAL</b>	<b>379,600 sq.m.</b>

Western Crescent	Total surface area <sup>(1)</sup>
19 176 Charles de Gaulle Neuilly-sur-Seine	7,400 sq.m.
20 Le Vaisseau Issy-les-Moulineaux	6,300 sq.m.
<b>TOTAL</b>	<b>13,700 sq.m.</b>

- Paris Central Business District
- Rest of Paris
- Western Crescent
- Property in the process of being sold at 31 December 2020

(1) Including infrastructure and excluding car parks. Surface area rounded to the nearest hundred.

In pursuing our prime property strategy, CSR policies rank at the very top of our concerns. These policies are rooted in the CSR issues whose risks and opportunities have been deemed material to our stakeholders and critical to our profitability as a

property company. Analysed in terms of risks and opportunities, 12 issues are being addressed through the four pillars of the intangible value of our assets.

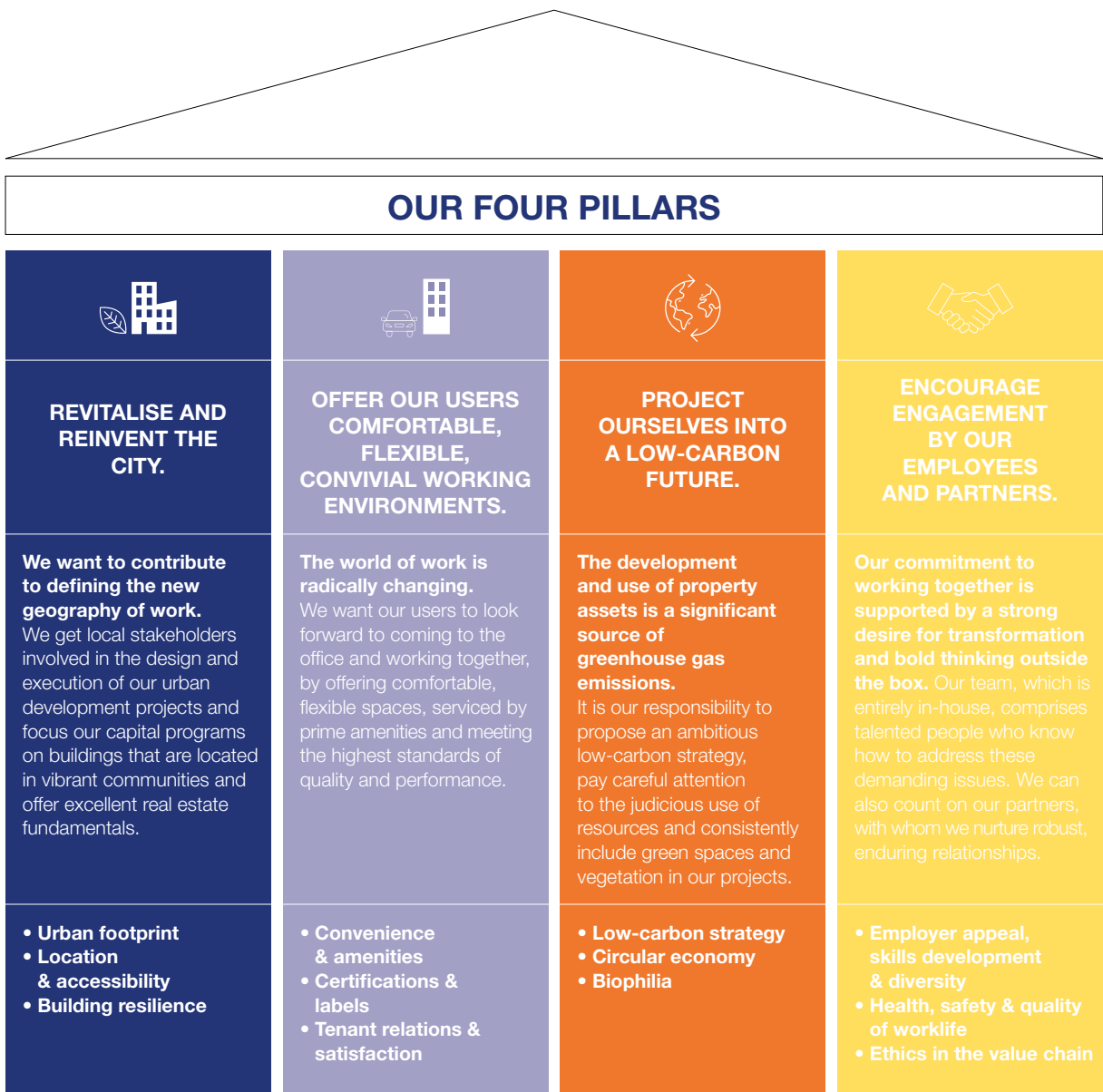
## 1. Our ambition: fostering the desire to work together

In liaison with its tenants, its external stakeholders (municipal and national authorities, residents), its employees and its shareholders, SFL is deeply committed to fostering the desire to work together, by adopting a responsible vision of the future in the development and management of its office buildings. In this way, we hope to:

- Revitalise and reinvent the city.
- Offer our users comfortable, flexible, convivial working environments.
- Project ourselves into a low-carbon future.
- Encourage engagement by our employees and partners.

### 1.1. Our four pillars

This ambition has been translated into four pillars, each addressing three specific issues. In this way, they cover all of our most material environmental, social and governance (ESG) issues and correlate them with the main risks and opportunities impacting our business model.





## 1.2. 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 these CSR issues. Analysing the risks and opportunities posed by the business model is a core component of our total value creation process.

The highly uncertain worldwide business environment that prevailed throughout 2020 also revealed the strengths of a resilient property sector, capable of effectively responding to future requirements even as they emerge and evolve with increasing speed. Our deep-rooted ties to the city, our constant efforts to deliver well-being and efficiency, and everyone's commitment to a responsible future have been expressed in 12 pathways to improvement, based on the above-mentioned four pillars. This holistic approach is presented and described in the sections below.

Pillar	Main risks	Value created	Find out more about our initiatives
Reinventing the city	Risks related to a building's integration into the urban landscape may arise from possible objections or obstacles to completing a development project or from delays in obtaining administrative permits. A property's location and accessibility could also have an impact on its attractiveness and occupancy rate. Lastly, a building's sustainability has to be improved to limit the physical risks that climate change and obsolescence may entail.	Our properties are located in a dense urban environment and in a city and a region that have made strong commitments to sustainability. As such, we must set an outstanding example. The high expectations expressed by our local stakeholders in terms of urban planning, building use, near-by convenience and environmental excellence are all powerful drivers, encouraging us to propose urban development projects that are seamlessly integrated into their neighbourhoods, perfectly accessible and resilient.	Urban footprint, in section 3.1. Location & accessibility, in section 3.2. Building resilience, in section 3.3.
Comfortable, flexible, convivial environment	In the highly competitive Paris office market, a property company has to deliver real value to attract the most prestigious tenants. This means constantly enhancing building amenities, flexibility and service levels to attenuate the risk of rising vacancy rates and gradual obsolescence of our buildings.	Carefully monitoring changes in the ever-evolving world of work, the latest innovations in amenities, flexibility and well-being, and shifting user expectations offers a myriad of opportunities to improve relationships with our tenants. In turn, this helps to increase tenant retention, facilitate tenant negotiations and secure our rental income stream by maintaining maximum occupancy in our properties.	Amenities & layout, in section 4.1. Certifications & labels, in section 4.2. Tenant relations & satisfaction, in section 4.3.
Low-carbon future	The risks posed by environmental issues are primarily transition risks, reflecting the possible tightening of industry regulations and the emergence of higher stakeholder expectations. This could lead to an increase in property operating and/or construction costs or, to a lesser extent, give rise to reputational and market risks.	Implementing a plan to drive continuous improvement in the environmental performance of our assets, constantly enhancing each building's environmental and health quality, and diligently keeping service charges and capital expenditure under control are all enabling us to pro-actively prepare for future regulations, while continuing to attract and retain our tenants. Similarly, digitizing building management systems (with Facility Management BIM, smart metering, etc.) makes our processes more efficient.	Low-carbon strategy, in section 5.1. Circular economy, in section 5.2. Biophilia, in section 5.3.
Engaged employees and partners	SFL could encounter difficulties hiring for strategic positions if its employer appeal were to decline. In the event of an ethics violation, it could face legal or financial consequences. Its reputation could be negatively impacted and its executives could be held liable.	Competitive, motivating compensation packages and policies governing skills development, quality of worklife and gender equality are helping to enhance our employer appeal. Similarly, the inclusion of social and environmental criteria across our value chain and the engagement and commitment of our stakeholders are helping to forge strong, healthy relationships and maximise the impact of our initiatives. Introducing good governance practices provides an additional guarantee of performance and stability.	Employer appeal, skills development & diversity, in section 6.1. Health, safety & quality of working environment, in section 6.2. Ethics in the value chain, in section 6.3.

## 2. Key performance indicators

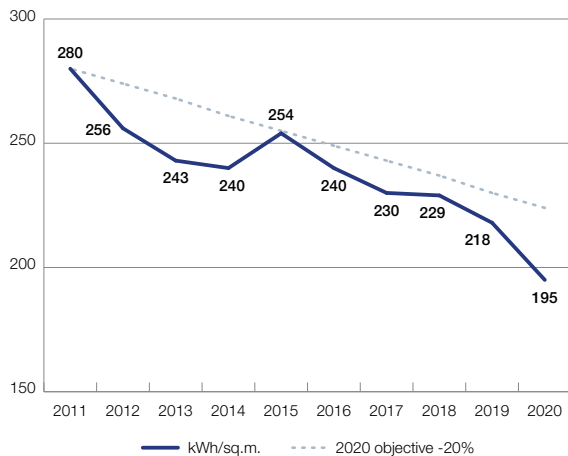
2020 was shaped by an unprecedented health crisis, and we are still feeling its effects. Far from being neglected during the year, ESG issues struck a particularly resonant note with SFL teams, who steadfastly focused on offering increasingly sustainable offices aligned with tenant needs and the evolving health situation, and emitting fewer greenhouse gases.

The year was also an opportunity for SFL to renew its commitment by setting 12 new objectives for 2030. In response to each CSR issue's related risks and opportunities, a corresponding objective has been defined in a detailed roadmap, with clearly identified responsibilities and performance metrics.

### 2.1. Main outcomes in 2020

As part of the momentum generated by the Non-Financial Information Statement, which SFL is not required to file but whose approach it embraces, programmes were continued in 2020 to further reduce our greenhouse gas emissions, improve building energy efficiency and strengthen the resilience of our tenant promise concerning climate and societal issues.

#### ENERGY USE INTENSITY IN KWH/SQ.M., 2011 TO 2020, LIKE-FOR-LIKE (ADJUSTED FOR CLIMATE CONDITIONS AND THE OCCUPANCY RATE)



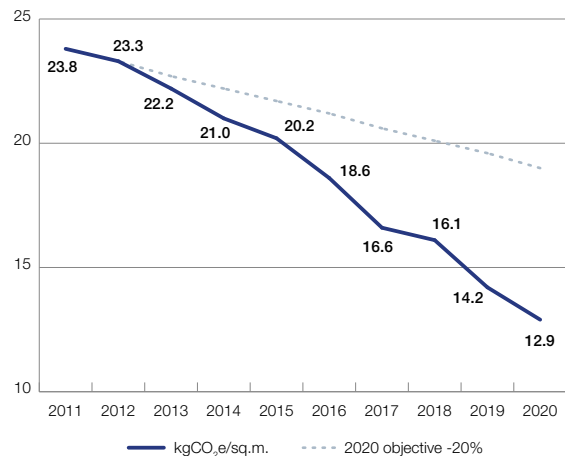
The dedicated efforts were reflected in the progress recorded on the main objectives during the year.

- Like-for-like reductions in energy use intensity and carbon intensity amply exceeded their targets, with declines of 31% and 46% respectively from 2011 to 2020. The new target of reducing carbon intensity by 70% between 2017 and 2030, this time in absolute terms, is a compelling example of SFL's bold ambition.
- SFL office user satisfaction has improved steadily since 2013, with 94% of users satisfied or very satisfied with their experience in an SFL office.
- Lastly, the percentage of payroll dedicated to training exceeded the target from 2015 to 2019, attesting to the attention paid to developing the skills of all our employees, as well as their taste for innovation. Due to the health crisis, the percentage was 2.4% in 2020, as certain sessions had to be cancelled while others were held online.

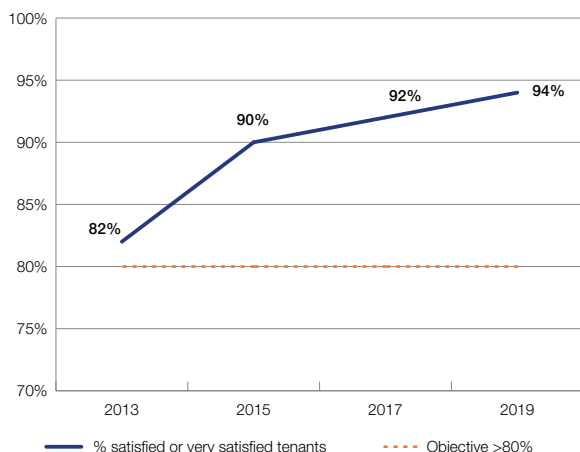
Significant events of the year included:

- In the unprecedented environment created by the health crisis, the SFL business continuity plan kept our buildings running with uninterrupted user access in optimal sanitary conditions certified under Bureau Veritas' Restart label.

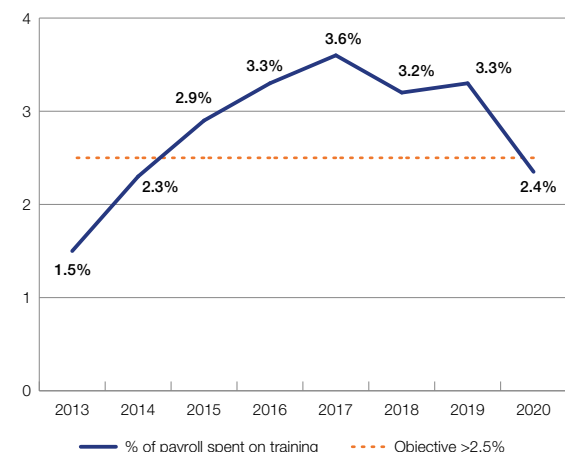
#### CARBON INTENSITY IN KGCO<sub>2</sub>E/SQ.M, 2011 TO 2020, LIKE-FOR-LIKE (ADJUSTED FOR CLIMATE CONDITIONS AND THE OCCUPANCY RATE)



#### TENANT SATISFACTION



#### % OF PAYROLL DEDICATED TO TRAINING



## 2020 Non-Financial Information Statement

- Resources were also deployed to continue our property development projects – particularly the top-to-bottom redevelopments of the Biome and 83 Marceau buildings – as part of a responsive, communication-intensive partnership with our construction and renovation contractors.
- Lastly, work-from-home arrangements for SFL employees were up and running in less than 48 hours.
- Site clearance and asbestos removal works have begun in the Louvre des Antiquaires building on Place du Palais-Royal, the first stage in the rebirth of an obsolete asset.
- The digital environmental data processing platform, where the digital transition converges with the real estate business, was finalised and successfully used to collect data on water and energy usage.

- Led by its long-term vision for its business, SFL also laid the foundations for managing its energy and low-carbon action plan for the coming decade.

### 2.2. Recognised performance

SFL ensures that all its reporting processes are aligned with the strictest standards. In addition, we seek assessments of our performance to be carried out transparently and regularly respond to surveys from GRESB and other ESG rating agencies. The recent distinctions and awards from BREEAM, GRESB and the EPRA offer compelling proof of this commitment to continuous improvement and transparent disclosure.

BREEAM	GRESB	EPRA
<p>SFL's very early adoption of the Building Research Establishment Environmental Assessment Method (BREEAM) certification for redevelopment projects and BREEAM In-Use International certification for properties in-use, plus the unprecedented certification of every asset in the portfolio since 2012, have been honoured by the presentation of several BREEAM Awards:</p> <ul style="list-style-type: none"> <li>– The Office Refurbishment &amp; Fit-Out Award for Washington Plaza in 2015;</li> <li>– The Corporate Investment in Responsible Real Estate Award in 2017.</li> </ul>	<p>In 2020, the Global Real Estate Sustainability Benchmark (GRESB) awarded SFL the Green Star designation for the ninth year in a row. The overall score of 91/100 confirmed our position among the top performers, while a perfect 100/100 in seven of the 14 subcategories assessed by the GRESB demonstrated the validity of our ESG policy. SFL also earned a score of 90/100 in the Development benchmark.</p>	<p>SFL complies with the recommendations issued by the European Public Real Estate Association (EPRA) for its CSR reporting. EPRA-format indicators are presented at the end of this report. Two Gold Awards, in Sustainability and Finance Best Practices Recommendations, were received in 2020.</p>

### 2.3. Our 2020-2030 targets

Following on from the targets set for 2020, ambitious new objectives have been defined for the next decade.

Divided among the four pillars of our 2020-2030 issues, these 12 objectives align our initiatives with the global objectives being pursued by leading sustainability organisations. They are also the pragmatic, yet ambitious objectives that are guiding the management of our initiatives and our engagement over the shorter and medium terms.

Pillar	Issue	Primary objective
Revitalise and reinvent the city.	Urban footprint	100% of projects subject to in-depth historical heritage impact assessments
	Location & accessibility	100% of office assets located less than a ten-minute walk from a metro/ tram station
	Building resilience	100% of assets subject to vulnerability assessments and having the necessary prevention and compliance measures in place
Offer our users comfortable, flexible, convivial working environments.	Convenience & amenities	100% of business centres served by prime amenities
	Certifications & labels	100% of projects and office assets in-use certified
	Tenant relations & satisfaction	>85% of tenants satisfied
Project ourselves into a low-carbon future.	Low-carbon strategy	70% reduction in kgCO <sub>2</sub> e/sq.m. (Scopes 1 & 2 in tCO <sub>2</sub> e) in 2030 vs. 2017
	Circular economy	40% reduction in kWh/sq.m. in 2030 vs. 2017
Encourage engagement by our employees and partners.	Employer appeal, skills development & diversity	Zero final waste from buildings in-use or under development
	Health, safety and quality of worklife	>2.5% of payroll spent on training
	Ethics in the value chain	100% of employees surveyed on the quality of worklife every year
		100% of employees, contractors and suppliers covered by an Ethics Code of Conduct

### 3. Revitalise and reinvent the city

Revitalising and reinventing the city is a core driver of the strategy to increase the value of our portfolio.

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.

#### Our 2020-2030 commitments

100% of projects subject to in-depth historical heritage impact assessments



100% of office assets located less than a ten-minute walk from a metro/tram station



100% of assets subject to vulnerability assessments and having the necessary prevention and compliance measures in place



#### 3.1. Urban footprint

Given its strategic positioning in Paris and the inner suburbs, SFL is committed to reinventing its existing assets and developing new properties by, on the one hand, embracing their history and original architecture, and on the other, by taking a very ambitious approach to improving their sustainability and reducing their carbon footprint, while encouraging the use of new architectural forms and contemporary design codes.

By engaging with local authorities and stakeholders, SFL gets local residents and public officials involved in the design and execution of its urban projects in ways that build buy-in and foster the project's successful integration into the neighbourhood and the cityscape.

##### 3.1.1. Heritage and architectural quality

Before any project gets under way, a heritage impact assessment is conducted in partnership with historical research consultancy Grahal. This in-depth review, performed by historians, helps to reveal the building's architectural history, determine its heritage or monumental importance and offer a clearer picture of the asset to the project owner and prime contractor.

To properly design an architecturally ambitious yet heritage-sensitive project, our development teams and project architects begin by working closely with a wide variety of public stakeholders, such as the French government heritage preservation architects (*architectes des bâtiments de France* – ABFs), municipal building permit and landscaping departments, *arrondissement* elected officials, and neighbourhood and community associations.

In this same spirit of collaboration, SFL is a long-standing member of France's Architects & Owners Association (*Architecture et maîtres d'ouvrage* – AMO), which promotes constructive relations between architects and building owners.

We are also sensitive to all the urban planning and architectural issues arising from Paris's status as a city of the world, which is why we work with the biggest names in architecture and design, including Perrault, AJN, Jouin Manku, Ana Moussinet and PCA. In this way, we strive to promote rewarding collaborations between renowned architects, engineers and designers, so that a distinctive aesthetic vision, resonant with each building's space, use and size can emerge from their mutually enriching contributions. SFL is committed to aligning its project development and execution strategy with the concept of "urban renewal," by making a concerted, enlightened effort to increase

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. One of the value creation strategy's fundamental strengths is the ability to capitalise on each asset's urban footprint, derived from its history, location, easy access and resilience.

the density of spaces and integrate green, landscaped areas into its building lots and projects.

Given its unique history with Paris, spanning more than 140 years, SFL is proud to uphold the highest standards in preserving and showcasing the city's architectural heritage. What's more, these demanding standards are constantly being reaffirmed in our most iconic projects, such as:

- The reinvention of the **Louvre des Antiquaires**, the lower-level retail space in the **Louvre Saint-Honoré** building. This legendary property has been successively home to the Grand Hôtel du Louvre, built for the Paris Exposition Universelle in 1855, then the Grands Magasins du Louvre department store and soon the 7,000 sq.m. Cartier Foundation for Contemporary Art. Designed by Ateliers Jean Nouvel, our project is rejuvenating the entire lower part of the building and the 70s-era concrete pillars with a new cut-stone façade that reinterprets the façades of an emblematic Parisian building with clear, pure lines, enhanced by a contemporary canopy opening onto large, full-length bay windows.
- The revival of **83 Marceau** near Place de l'Étoile, led by the highly meticulous vision of French architect Dominique Perrault, in association with French designer Ana Moussinet for the interior design of the amenity spaces. Together, they are recreating a contemporary façade decorated in light-toned Burgundy stone, typical of so many Parisian properties, that surrounds large shadow windows projecting a new image of an iconic building.
- The comprehensive redevelopment and construction of a new building in the **Biome** project on avenue Émile Zola (Paris 15), has been commissioned to a pair of designer-developers, Yriex Martineau and Jouin Manku et Associés. The project notably includes the landscaping of 3,100 sq.m. of green spaces and outdoor terraces, BBCA certification as a low-carbon building and the introduction of new building programmes and uses, with the creation of 700 sq.m. of housing space, 400 sq.m. of coworking space and a 1,000 sq.m. business centre open to the public.

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 (65% fewer spaces at 83 Marceau),
- the ability to bring natural light into previously artificially lit areas (92% more naturally lit space in Biome).

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.

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.

### 3.1.2. An engaged citizen of the city

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.

Dialogue and engagement lie at the heart of our strategy. To demonstrate this process, SFL got local residents involved far upstream in the Biome redevelopment project, even before obtaining the administrative permits. Following on from the eight meetings held in 2019, four new neighbourhood meetings were organised in 2020, despite the health crisis, in conjunction with local council members, Paris City Hall and community associations. During each one, our architects and development teams presented the project and the changes made in response to the clearly expressed expectations of residents.

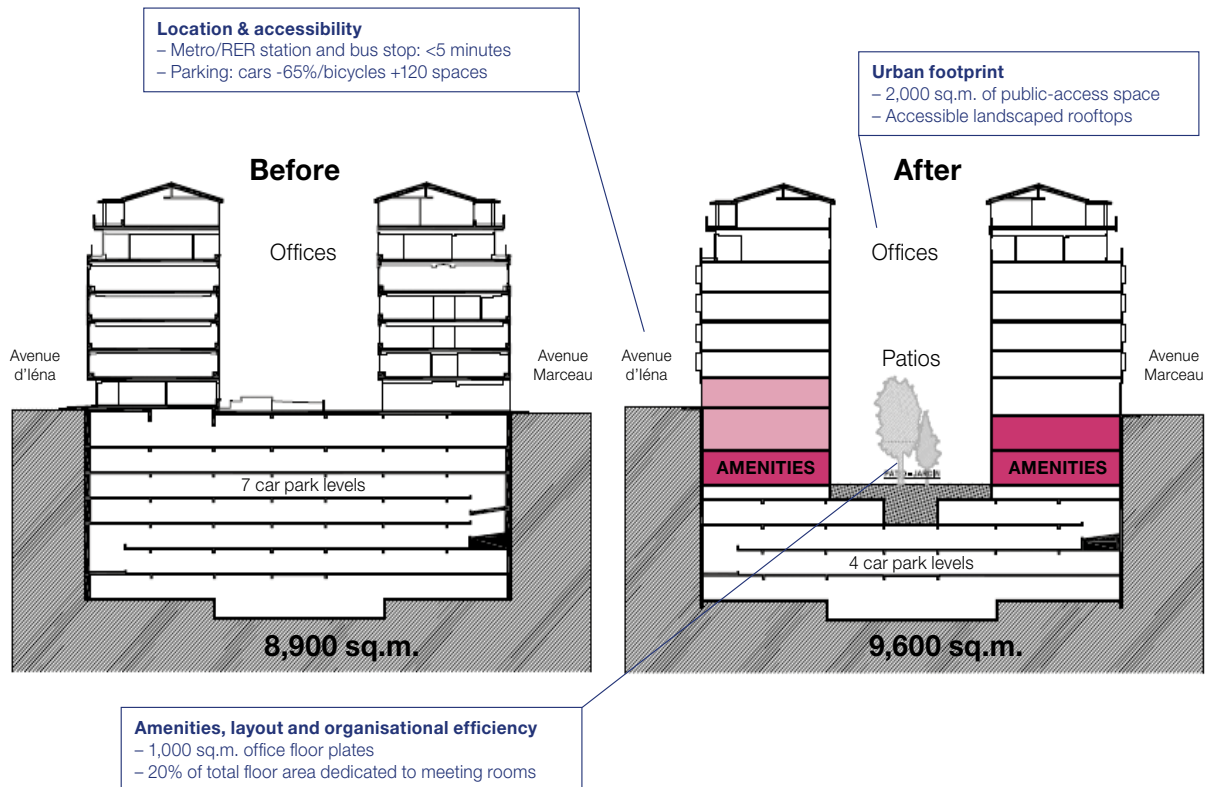
For the Louvre Saint-Honoré project, SFL and the town hall of the first *arrondissement* organised an initial neighbourhood meeting to discuss construction-related impacts with local residents.

To enable residents to follow project updates and works progress, dedicated information and communication media have been deployed, including a website, an on-site project information office and a newsletter for building occupants and neighbours (three issues in 2020).

The local community is primarily represented by their council members. This collaborative process has driven a number of project revisions. At Biome, for example, stakeholder input led to the creation of 700 sq.m. of housing space and a larger number of landscaped areas. The environmental aspects have also been upgraded to make the redevelopment one of the first BBKA-certified low-carbon projects in Paris.

SFL projects are also designed to encourage neighbouring residents to use the building in new ways or to create local jobs (construction work, hiring the underprivileged, charter signed with contractors in favour of hiring locally).

In 2020, 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 2,000 sq.m. of brand new conference space and public-access meeting rooms managed by Sodexo Sports et Loisirs, while a fitness club and user lounge will be created in the centre of the Édouard VII complex. The 176 Charles-de-Gaulle building will offer a new user lounge overlooking the garden and the Washington Plaza complex will have a business centre with a 100-seat auditorium, a central foyer and shared meeting rooms, as well as an *E-bike* station and an *E-park* lot.



### 3.2. 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 equipped with a diversified array of high-quality amenities and are within walking or cycling distance, or else accessible via the widest possible range of public transport options.

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 9<sup>th</sup> *arrondissement* (Condorcet) or the 7<sup>th</sup> *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.

SFL also takes great care to ensure that its buildings are accessible to everyone, with upgrades in recent years making 96% of in-use space wheelchair-accessible. In addition, every new redevelopment project is designed in compliance with the latest accessibility standards.

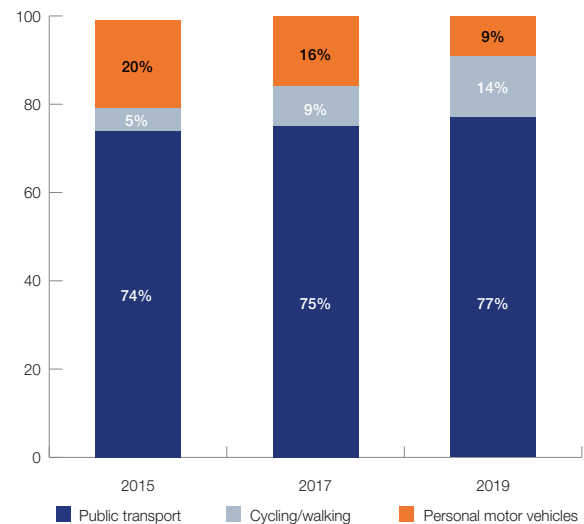
#### 3.2.1. Offices that are exceptionally well served by public transport

Every SFL asset is easily accessible by public and alternative transport, and are all less than a 10-minute walk from a metro or tram station.

This outstanding proximity is directly reflected in the ways in which our office users commute to and from work. In late 2019, for example, the latest satisfaction survey showed that 77% of office users commute to work by metro, tram, train or RER, and 9% drive in by car, motorcycle or scooter, or take a taxi. However, since 2015, we have seen a growing percentage of people cycling or walking (14% in 2019).

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 much shorter than the average in the Greater Paris region 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.

### HOW SFL OFFICE USERS COMMUTE TO AND FROM WORK



#### 3.2.2. New forms of urban mobility

The development of new ways of getting around the city and the current health environment are prompting a gradual shift in office users' commuting habits. SFL pays particular attention to these emerging forms of urban mobility and listens carefully to what tenants have to say about their mobility needs.

The Biome and 83 Marceau redevelopment projects are meeting these new mobility needs by reducing the number of parking spaces for cars (by 60% at Biome and 65% at 83 Marceau), systematically adding charging points for electric vehicles and responding to tenant requests for more soft mobility-friendly spaces (with 120 more bike racks at 83 Marceau and 284 at Biome).

In response to tenant needs and aspirations, we are also significantly increasing bike rack capacity and surveying tenant needs for charging points for electrical vehicles in our revenue-generating properties.

At Washington Plaza, a shared mobility zone has been created with 20 shared park & charge spaces to accommodate the growing preference of building tenants and users for electric vehicles. In all, five new assets will be equipped with charging points in 2021.

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

To further improve facilities for employees who enjoy riding their own bikes to work, in May 2020 more than 200 new bicycle parking spots were added across the portfolio, including 60 at Washington Plaza and 50 at Édouard VII.

### 3.3. Building resilience

As a leading property company with a long-term vision, SFL uses its sustainable capital expenditure strategy to improve the resilience of its assets to ensure their sustainability.

Resilience 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.

This process demands granular understanding of the physical, environmental and health risks that can impact the assets and the deployment of carefully calibrated tracking systems and any necessary prevention and response measures.

#### 3.3.1. Sustainable capital expenditure

2020 strikingly revealed the need to invest in projects that are adaptable, flexible and upgradeable in response to tenant needs and demands.

These tend to focus on two issues:

- highly efficient floor plate design, capable of offering more space to accommodate more employees as the company grows,
- flexible layouts and facilities, to enable staggered starting and quitting times and optimised air flows to comply with the precautionary measures imposed in response to the health crisis. These demands concern both tenant and common areas.

More than ever, our strategy of consistently investing in sustainable buildings is proving its worth.

Recent economic conditions have not fundamentally altered the hierarchy of decision-making criteria among large tenants in the Paris office market. Location and easy access via public transport (good quality metro and bus lines) remain by far the most important criteria, especially since the health crisis has shown that employees no longer accept overly long or unpleasant commutes. Companies also need to adjust as more and more employees work from home, which gives them more flexibility in organising their work<sup>(1)</sup>.

The quality of a building is increasingly judged by (i) its technical features and amenities, which is one of the transformation vectors analysed in all of our acquisition projects, and (ii) the medium-term possibility of earning the environmental certifications that now underpin most relocation decisions by large companies based in the greater Paris region. 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.

#### 3.3.2. Monitoring climate risks

SFL assets are exposed to the effects of climate change and the foreseeable increase in the number of resulting extreme weather events. 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. This vulnerability assessment, which was performed on all our assets, may lead to the implementation of additional measures to respond to identified impacts.

The recent summer heat waves enabled us to measure the climate resilience of our buildings. 2020 was the hottest year on record in France, with an average temperature of 14°C, and the Paris region experienced severe heat waves in both 2018 and 2019. Managing these weather events demonstrated that building utilities were appropriately sized and efficiently operated, with no reported malfunctions. Tenants and users were warned of the heat waves beforehand and reminded of the proper precautions and practices. This process was clearly a success, as no negative feedback was reported.

#### 3.3.3. Risk management systems and response measures

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 their occupants.

In 2020, SFL obviously focused on the health and sanitary quality of its buildings, with strong initiatives to ensure a safe, healthy working environment by, for example, differentiating cross-ventilation airflows and optimising air change rates. The Bureau Veritas certification firm was commissioned to audit these health and sanitary initiatives. Nine properties in particular were awarded RESTART certification without requiring any material changes in the buildings, demonstrating the resilience of our assets in rapidly evolving circumstances.

More generally, SFL has long pursued a policy of managing environmental and health risks.

This process is organised around the following steps:

- identifying the risks and issues to address;
- recording inventory for all the utility installations;
- defining measurable targets;
- preparing a methodology to track and meet these targets;
- recording the results.

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.

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;

(1) 2020 Paris Workplace survey, parisworkplace.fr.

– inspecting hot water installations every six months to analyse for legionnaires’ disease.

In particular, the last fuel oil-fired boiler, PCB transformers and equipment containing HCFC-type refrigerants have all been eliminated in recent years.

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.

In recent years, systems have also 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 by degree of criticality, along with any remedial actions taken. As of 31 December 2020, 15 of the 17 assets in use and 14 of the 15 operationally managed assets were tracked via the platform.

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

#### **4. Offer our users comfortable, flexible, convivial working environments**

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 organisation of our teams and contractors is helping us to optimise our tenant intelligence, align our offering more closely with expectations and validate our strategic focus on properties with a high utility value.

Every two years, a satisfaction survey assesses the quality and consistency of our assets across the portfolio. In addition, every year SFL conducts the Paris Workplace survey of 3,000 managers in the greater Paris region, to find out more about their office experience and expectations ([www.parisworkplace.fr](http://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.

In 2020, the lockdowns sparked significant debate about the role of workspaces. In response, we commissioned two surveys as part of the Paris Workplace campaign to specifically assess the impact of lockdown on office users and their expectations for working from home. Involving a total of 2,000 respondents, these urban workplace surveys were conducted in February before the lockdown and again in September. They revealed important information that is helping to shape how we look at employee expectations.

In addressing the trends and data found in these surveys and studies, SFL is endeavouring to make people and their satisfaction the true focus of its investments, in addition to constantly improving building performance, amenities and features.

**Our 2020-2030 commitments**

100% of business centres served by prime amenities		100% of projects and office assets in-use certified		>85% of tenants satisfied	
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## 4.1. Amenities, layout and organisational efficiency

SFL strives to offer superior quality space and amenities in line with tenant expectations, such as landscaped gardens, shared meeting rooms, accessible terraces or rooftops, business centres, public-access areas, a variety of foodservice options, fitness centres, park & charge spaces for electric vehicles, high-quality bicycle storage and coworking spaces.

### 4.1.1. High operating efficiency and maximum flexibility

We take special care over the amenities, layout and organisational efficiency of our assets. Work time is not governed by a single, finite, compartmentalised space, but by the diversity of places, indoors and out, where we go to work alone or to meet with colleagues. SFL addresses the container, so that companies can eloquently express the content.

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. In the Biome complex, for example, the size and variety of the floor plates support all types of workstyles, from the most collaborative to the most reflective.

With this in mind, all of our buildings are renovated regularly. 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.

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. On the renovated floor plates in the Cézanne Saint-Honoré complex, for example, direct sunlight reaches more than 75% of the surface area, including hallways and restrooms.

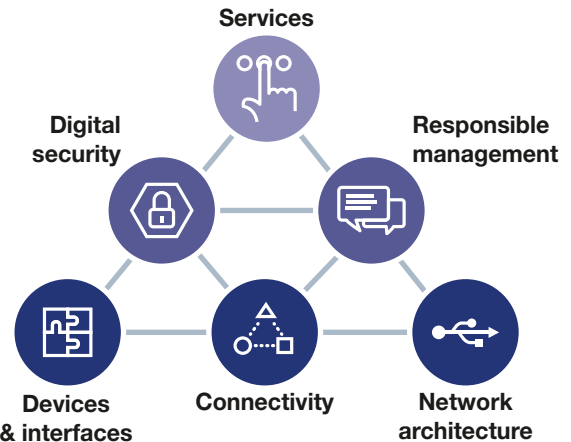
Utility installations are sized so that meeting rooms can be positioned anywhere on the floor plate, including in areas exposed to direct sunlight. On average, these rooms account for between 10% and 20% of total floor plate space, with the 83 Marceau, Biome and Cézanne Saint Honoré redevelopments topping the list with meeting space representing nearly 20% of their floor plates.

HVAC and lighting installations are generally sized to offer an occupancy ratio of 10 to 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 usually 2.70 metres. Air flows are also carefully calibrated to run at peak capacity and exceed regulatory requirements (by 50% in Biome, for example). Interior ventilation is also supported by the increasing installation of windows and other openings in every office, enabling occupants to adjust their comfort levels.

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 kept significantly below regulatory limits<sup>(1)</sup>.

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.



### 4.1.2. Occupants' well-being

Our 2020 Paris Workplace survey of a representative sample of office users in the greater Paris region explored where people think they will work in a post-Covid world.

The survey was conducted before and after the first lockdown, so the findings give an idea of future trends and how society has changed. One might have expected the spring 2020 lockdown to have dramatically changed people's relationship with the office and working from home. Surprisingly, this was not the case. The number one reason why Parisian employees come to the office is to socialise with co-workers, ahead of working more efficiently or being able to work as a team. In fact, the proportion of respondents saying that socialising with co-workers was their main reason for coming to the office actually rose over the period, from 42% in March 2019 to 55% in September 2020.

Across every generation, an overwhelming majority of employees prefer to talk to their co-workers face-to-face, including 81% of 25-30 year olds and 83% of all employees as a whole.

(1) European Directive 2013-35 of 26 June 2013

This confirms the 2019 finding that by enabling people to move around and outside the workplace, the office produced a series of benefits, such as:

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

To feel good at work, people need to see each other in person, to nurture the positive workplace relationships that are the most decisive factor in fostering well-being and performance.

Nevertheless, a new geography of work is emerging. Younger generations prefer workplaces with the shortest possible commute, to the extent that many would accept a cut in salary to work closer to home (59% of the under 35s).

An office building has to be a locus of identity, events and togetherness, an interface with society, in which its full meaning is expressed.

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 5.3. Biophilia for more details).

These spaces and amenities are also being developed on the 83 Marceau project, which features a business centre which is open to the public, with an auditorium and shared meeting rooms, a staff cafeteria, a garden and other common areas.

#### 4.1.3. New amenities and services

SFL's approach to amenities and services is informed by a granular analysis of each building, according to its size, location and tenant base. This enables us to create compelling new uses for common areas that make life easier for employees and nurture closer relationships.

For example, the following new amenities services have been or are being introduced in our buildings:

- Community managers, who play a key role in communicating with tenant employees and facilitating a wide range of services.
- Café areas, which are beautifully and functionally designed by interior architects to offer a variety of spaces for convivial interaction.
- Sports facilities, either through multi-purpose health and fitness rooms, or when possible, full sports clubs managed by a dedicated service provider.
- Large shared meeting spaces and auditoriums, enabling tenants to free up space in their own areas.
- Spaces dedicated to new forms of mobility, such as bike racks and charging stations for electric vehicles, in response to emerging expectations of both the Paris municipality and our tenants.
- New digital and print media, with an application and a newsletter to facilitate communication and dialogue with users.

At the same time, scheduled expenditure on buildings in-use has included solutions developed by SFL\_le\_studio to enhance the value of underground levels. These include the creation of:

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

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

- a welcome manager offering concierge and events management services;
- a fitness centre with cardio/workout machines and classes (boxing, abs, dance, step aerobics, yoga, stretch, pilates, sophrology, etc.);
- a wellness area (massages, osteopathy, relaxation, beautician, etc.);
- meeting rooms 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 83 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.

### 4.2. Certifications and labels

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, since 2012, we have ambitiously sought very high level environmental certification for all of our assets in-use and for each refurbishment and development project.

#### 4.2.1 All properties in-use certified to the BREEAM In-Use standard

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

for 17 properties representing nearly 360,000 sq.m. of leasing area as of end-2020.

Since 11 May 2020, the BREEAM In-Use certification process comprises two parts that help to holistically assess an asset's total environmental performance in-use:

- Part 1 – Asset: the performance of the asset 17 assets certified.
- Part 2 – Building Management: the management of the asset: 13 assets certified.

Our objective is for each successive audit to result in a rating upgrade. Since 2016, all of the certifications, in both parts 1 and 2, have been rated Very Good or higher.

100% of assets in-use certified since 2012

>50% of square metres in-use rated Excellent

#### 4.2.2. Earning triple certification and/or labelling for redevelopments

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

SFL's major redevelopment projects on empty buildings (Biome and 83 Marceau as of end-2020) 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 has also earned the BBCA Rénovation low-carbon building label, reflecting the ambitious vision that guided the SFL greenhouse gas emissions experts when working on the project.

#### Biome

- BREEAM Refurbishment: Excellent
- LEED Core and Shell: Gold
- HQE Rénovation: Exceptional
- BBC-Effinergie: Renovation
- BBCA: Renovation
- Biodiversity: Excellent
- Wired score: Gold



#### 83 Marceau

- BREEAM Refurbishment: Excellent
- LEED Core and Shell: Gold
- HQE Rénovation: Exceptional
- BBC-Effinergie: Renovation
- Ready 2: Amenities



### 4.3. Tenant relations and satisfaction

With a portfolio that is highly consistent in terms of quality and location, it is essential for all our teams to gain a thorough understanding of the expectations of our tenants and their employees, so that we can address their needs by designing just the right products and solutions.

#### 4.3.1 Constant dialogue with tenants

Dialogue is an integral part of our corporate DNA, it plays a critical role in our ability to satisfy our tenants, meet their expectations and capture their feedback and perceptions of our properties, amenities and services.

Our Asset Management and Tenant Management Department interacts with tenants every day and, through a variety of initiatives, gets them involved in:

- our environmental initiatives,
- expressing their feedback and their service and amenity needs,
- and more recently the health measures.

This can be seen in the following examples of ongoing initiatives.

	Examples of dialogue channels
Leasing	<b>Green leases:</b> Every new office lease signed since 2016 has included an environmental appendix, even for spaces of less than 2,000 sq.m.
	<b>User guides:</b> 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.
Buildings in use	<b>Tenant committees:</b> 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 month to discuss such issues as usage patterns, accessibility, capital improvements and environmental impacts (certifications, energy and water use, waste treatment, etc.)
	<b>Tenant newsletters:</b> SFL fosters a sense of community in a number of its buildings by publishing building-specific tenant and user newsletters, such as <i>Le journal le 42</i> for the Washington Plaza building. With each issue focused on a single over-arching theme, these newsletters offer tenant employees the latest news about the building and the neighbourhood, including cultural events, new restaurant openings and shopping opportunities. They also keep users informed of the green initiatives being undertaken in the building.
	<b>Events:</b> To nurture long-term relationships with our contacts, we bring tenants together twice a year in a different setting, with a preference for one of our properties to share progress on our projects and demonstrate the expertise of our teams
	<b>Activities:</b> Activities are increasingly popular and widely attended by building users. Examples include tailored suit fittings, inter-company fitness and sports competitions, <i>pétanque</i> tournaments in the outdoor areas and green food tastings.
Renovation	<b>Special worksite media:</b> 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. The most common impacts are addressed in a proactive commitment to minimising any inconvenience during the works phase.

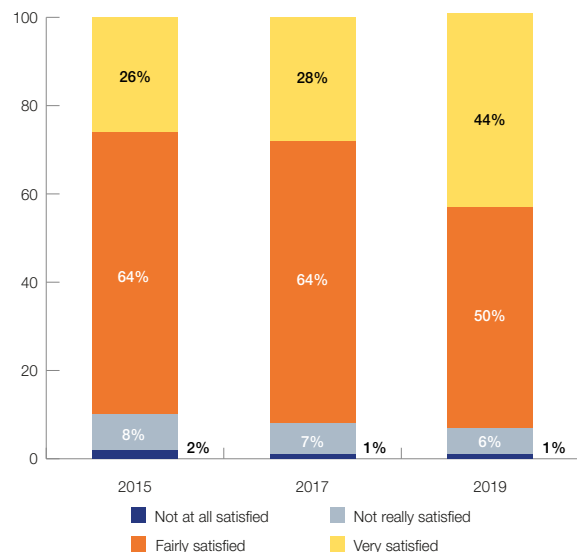
#### 4.3.2. Tenant satisfaction, the cardinal direction of everything we do

Every two years, SFL carries out a survey of all its tenant employees to measure their satisfaction and expectations in terms of workstyles, amenities and environmental performance with HEC Junior Conseil.

In all, 750 people responded to the last satisfaction survey conducted in 2019. 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 their well-being at work a score of 7.6/10 (compared to 6.8/10 for the managers in the greater Paris region surveyed in our Paris Workplace benchmark). They work in an open space office, consider on-site amenities to be fundamental and would opt for better waste management if they had to choose an environmental or social programme.

More than 94% of satisfaction survey respondents said that they were satisfied with their offices, amply exceeding the targeted 80%, while the percentage of highly satisfied users rose to 44% from 28%.

#### TENANT SATISFACTION



## 5. Projecting ourselves into a low-carbon future.

Rising greenhouse gas emissions are radically changing the Earth's climate. The latest findings from the Intergovernmental Panel on Climate Change (IPCC) shows that the increase in global warming must be limited to 1.5°C above pre-industrial levels. We are almost there, which means that we have to commit to an ambitious low-carbon policy.

The construction industry accounts for nearly one quarter of all greenhouse gas (GHG) emissions in France<sup>(1)</sup>, making it a

major challenge in the fight against climate change. 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. SFL has embraced its active role in this national strategy and has pledged to further reduce its carbon intensity by 70% between 2017 and 2030.

Sustainably operating our assets also requires using resources more judiciously, diligently managing our energy and water use and constantly engaging on environmental issues with partner contractors during the works phase and building management partners and tenants during in-use operation.

### Our 2020-2030 commitments

70% reduction in kgCO<sub>2</sub>e/sq.m. (Scopes 1 & 2 in tCO<sub>2</sub>e) in 2030 vs. 2017



40% reduction in kWh/sq.m. in 2030 vs. 2017



Zero final waste from buildings in-use or under development



### 5.1 Low-carbon strategy

Early on, SFL set a highly ambitious target to reduce its greenhouse gas emissions, aiming for a 20% reduction in kgCO<sub>2</sub>e/sq.m. between 2011 and 2020. This objective was amply exceeded, with a 46% reduction by end-2020.

Our new target takes this ambition to the next level, with an objective of reducing kgCO<sub>2</sub>e/sq.m. by 70% between 2017 and 2030.

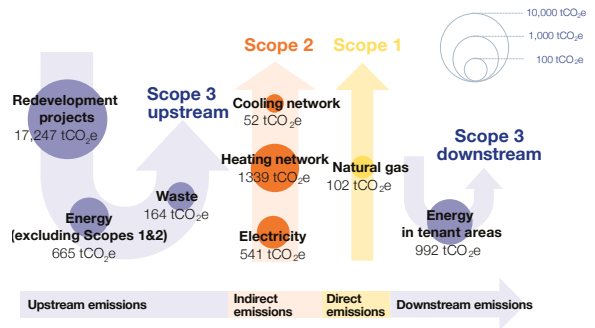
Our carbon roadmap also reflects our commitment to:

- Measuring our Scope 3 emissions more accurately and reducing them.
- Improving our energy efficiency.
- Using increasingly lower carbon energy sources.
- Earning validation by the Science Based Targets initiative of our pathway to limiting warming to less than 1.5 °C.
- Continuing to embed carbon considerations more deeply into our investment decisions.

#### 5.1.1. Measuring and managing the broader carbon footprint

Carbon emissions from energy used in SFL-managed buildings represented 2,033 tCO<sub>2</sub>e in 2020, of which 102 tCO<sub>2</sub>e directly from Scope 1 sources and 1,932 tCO<sub>2</sub>e indirectly from market-based Scope 2 sources. SFL is also extending its carbon footprint measurements to include the main Scope 3 sources.

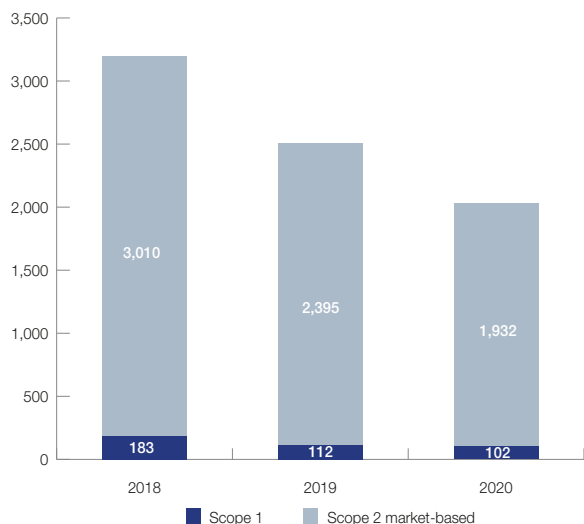
### MARKET-BASED SCOPES 1 & 2 EMISSIONS AND MAIN SCOPE 3 SOURCES, IN TCO<sub>2</sub>E



On a like-for-like basis, market-based Scopes 1 & 2 emissions fell sharply between 2018 and 2020, with an almost 1,160 tCO<sub>2</sub>e reduction corresponding to declines of 44% in Scope 1 emissions and of 36% in Scope 2 emissions.

(1) The housing sector released 89 million tCO<sub>2</sub>e 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.

## REDUCTION IN GHG EMISSIONS – SCOPES 1 & 2 ABSOLUTE, IN TCO<sub>2</sub>E



### 5.1.2. Improving energy efficiency

Residential and commercial buildings are by far the largest energy users in France, accounting for 44% of the total energy consumed<sup>(1)</sup>. 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 ambitious national objectives will require targeted investments and continuous improvement in building management systems.

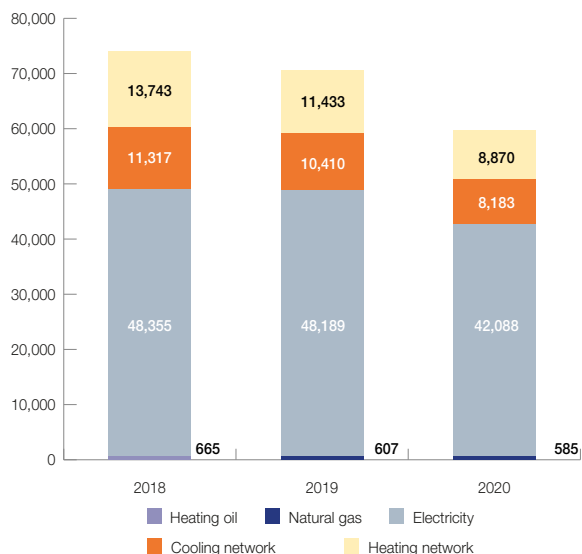
Another parameter concerns the evolving ways our buildings are used, in as much as occupation intensity is rising across the portfolio. Recent renovations and redevelopments show that tenant energy and other needs are trending upwards, which could drive an increase in floor plate density and the introduction 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.

Supported by two recognised experts, SFL has prepared a new strategic plan to improve energy efficiency, which is aimed at reducing energy intensity by 40% between 2017 and 2030. The plan got under way with an initiative to increase the amount of collected consumption data and improve its quality. At the same time, we began designing a technical master plan covering the entire portfolio.

Final energy use by the properties owned and managed by SFL in 2020 represented some 60 GWh, of which 44 GWh (74%) concerned common areas and heating and air-conditioning delivered to tenant areas.

(1) 2015 figures from ADEME.

## CHANGE IN ENERGY USE BY TYPE, IN MWH



On a like-for-like basis, total energy use from all sources fell by 20% from 2018 to 2020.

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 31% like-for-like from 2011 to 2020. Climate-adjusted energy use fell for all seven properties owned since 2011 that constitute the comparable portfolio. These reductions in each asset attest to the effectiveness of the measures taken by our team to optimise energy use.

The 2020 target of a 20% like-for-like reduction was amply exceeded. The new target aims to deliver another 40% improvement in energy efficiency in kWh/sq.m. between 2017 and 2030, this time in absolute terms, in line with the provisions of France's commercial real estate energy savings decree.

### 5.1.3. Transitioning to lower carbon energy sources

SFL is also committed to increasing the proportion of low-carbon sources in the energy mix. Already, more than 70% of the energy used across the portfolio is from electricity, which is very low-carbon in France. The use of fossil fuels, on the other hand, is marginal, with the only such fuel, natural gas, representing less than 1% of the total energy mix. The remaining energy used comes from district heating (15%) and cooling (14%) systems.

SFL is striving to further improve this energy mix, led by the following initiatives:

- Gradually phasing out use of the most carbon-intensive fossil fuels:
  - Replacing the last fuel oil-fired boiler with a natural gas-fired installation in the spring of 2018 contributed to a 44% year-on-year reduction in Scope 1 emissions in 2020.
- Selecting energy solutions with smaller carbon footprints:

- Installing a heat pump in the Galerie des Champs in November 2020 is expected to significantly reduce the asset's CO<sub>2</sub> emissions.
  - 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 low emissions factor).
- 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 SFL's directly managed assets will come from renewable sources also had a significant impact on Scope 2 emissions.

### 5.2. Circular economy

SFL supports the circular economy by developing and managing real estate assets in ways that limit the use of natural resources and the production of waste.

This commitment addresses three main issues:

- Building materials, particularly their reuse in renovation and redevelopment projects.
- The recovery, recycling and reuse of building waste.
- Managing water use in properties in-use.

It is also reflected in our approach to redevelopment projects, which are shaped by in-depth historical heritage impact assessments, reuse of existing structures and close attention to the original building architecture. This helps to limit the amount of demolition and therefore the use of natural resources when new structures are built.

#### 5.2.1. Using resources judiciously

The French construction industry produces some 50 million tonnes of waste a year, far more than the approximately 30 million tonnes thrown away by households<sup>(1)</sup>.

In its redevelopment projects, SFL seeks to mitigate this impact by implementing clearly defined policies to reduce its worksites' environmental footprint and by demanding and monitoring contractor compliance. These policies cover four main solutions:

- reusing materials from the existing building on-site,
- reusing salvaged materials on-site or selling them for reuse via online marketplaces when they cannot be used on-site,
- using bio-sourced materials or less carbon-intensive alternatives,
- recycling and/or diverting demolition waste.

**400 sq.m.** of stonework and **6,400 sq.m.** of raised access floors reused on Biome

**4,000 cu.m.** of low-carbon concrete used on Biome

**More than 99.5%** of demolition waste from the Biome and 83 Marceau projects was diverted from landfill

The two redevelopment projects currently under way, Biome and 83 Marceau, are both covered by clearly defined worksite guidelines designed to earn certification according to the industry's standards, with a strong focus on materials reuse and disposal.

Biome, in the 15<sup>th</sup> *arrondissement* of Paris, has been awarded the Bâtiment Bas Carbone renovation label for low-carbon buildings. In designing its redevelopment, particular attention was paid to the possibility of reusing materials from the existing building on-site. More than 400 sq.m. of stonework will be cleaned and reused, and salvaged marble will be reused as terrazzo in the new restrooms. More than 60% (4,000 cu.m.) of the poured concrete will come from less carbon-intensive alternatives and half of the raised access floor slabs (more than 6,400 sq.m.) will be reused. These two initiatives alone represent nearly 2,500 tCO<sub>2</sub>e of avoided emissions.

On the 83 Marceau project, more than 7.4 tonnes of salvaged materials were recovered in 2019 and sold on online marketplaces, giving plant and flower boxes, doors, stair steps, raised flooring, air extract units and lighting fixtures a second life.

In addition, kitchen equipment from the former Louvre des Entreprises staff restaurant was donated to the Coop'Cit association, which runs a participatory co-op grocery store in the Créteil suburb of Paris.

Disposal of end-of-life demolition waste was also explored, with the result that 99.9% of site clearance waste from 83 Marceau (nearly 9,840 tonnes) and 99.5% from Biome was reused as materials or burned as fuel. The ultimate goal is to produce zero final waste during both the development and in-use phases by 2030. A detailed review will be conducted when each of these projects are delivered in 2021 and 2022, respectively.

#### 5.2.2. Waste recycling, recovery and reuse

In 2020, some 580 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<sup>(2)</sup>.

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.

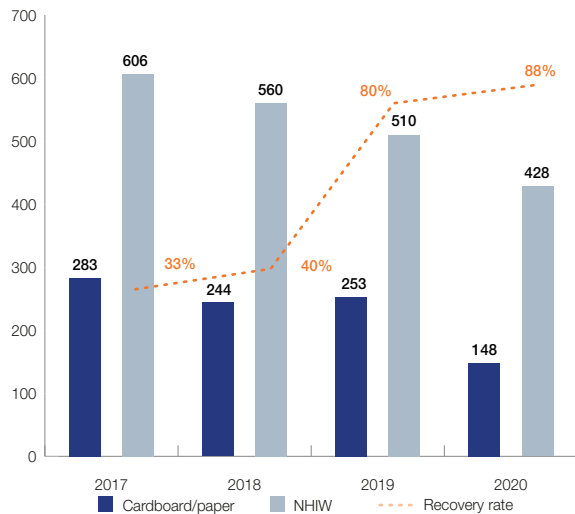
(1) According to a study by the French Building Federation, *Étude de scénarii pour la mise en place d'une organisation permettant une gestion efficace des déchets du bâtiment dans le cadre d'une économie circulaire*, published in May 2019.

(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.

On a like-for-like basis, the amount of waste has been reduced by 28% since 2018, to 24kg per user per year.

The amount of waste produced has been steadily declining in recent years, led by heightened tenant sensitivity and the gradual digitization of our working practices. The reduction was even more pronounced in 2020 due to the health crisis and the steep fall-off in office use during the year.

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



Of total waste produced, 26% is directly sorted on-site and 88% is ultimately recovered and reused, mainly by being recycled or burned as fuel in waste to energy facilities. The recovery rate has risen sharply year after year since 2018, 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.

#### 5.2.3. Managing water use

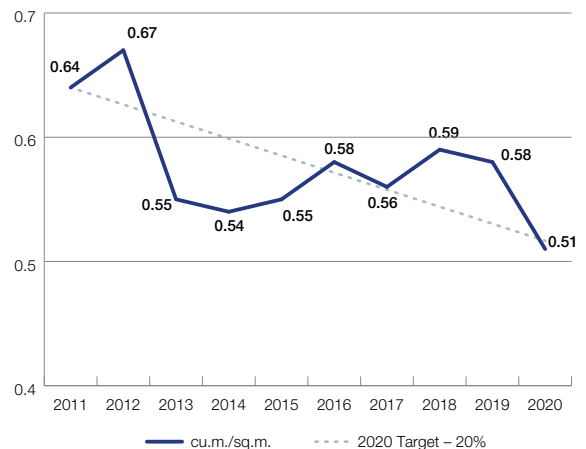
SFL buildings are supplied by the city water system, which sources water from aquifers and rivers, makes it potable and then distributes it to the buildings' water supply connections. All of our buildings are located in Paris or the Paris region, which means that they are not very exposed to water stress risk<sup>(1)</sup>.

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

The buildings owned and managed by SFL used some 13,300 cu.m. of water in 2020, representing around 29 litres per user per day. On a like-for-like basis, water use declined by 17% from 2018 to 2020.

The objective of reducing water use intensity across the portfolio by 20% like-for-like between 2011 and 2020 has also been met, with a total 20.2% decline over the period.

### ANNUAL CHANGE IN WATER USE INTENSITY BETWEEN 2011 AND 2020 LIKE-FOR-LIKE IN CU.M./SQ.M., ADJUSTED FOR OCCUPANCY RATES



### 5.3. 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.

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



### 5.3.1. Increasing planted and landscaped areas in properties

Landscaping is an essential part of every redevelopment project. As of end-2020, green walls and other planted areas represented some 8,500 sq.m. or more than 9% of the portfolio's total footprint.

SFL wants to further extend the planted and landscaped areas across its portfolio. 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.

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.

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

#### **The equivalent of 9%**

of the portfolio's footprint is planted and landscaped

#### **Biodivercity**

Excellent certification for the Biome project

#### **0 sq.m.**

of additional soil space sealed over the past 10 years

### 5.3.2. 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. No additional soil space has been sealed during the redevelopment projects completed over the past 10 years.

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. Lastly, our green space operating contracts include a "zero pesticides" approach to ensure that these areas do not generate any health risk.

## 6. Encouraging employee engagement across the value chain

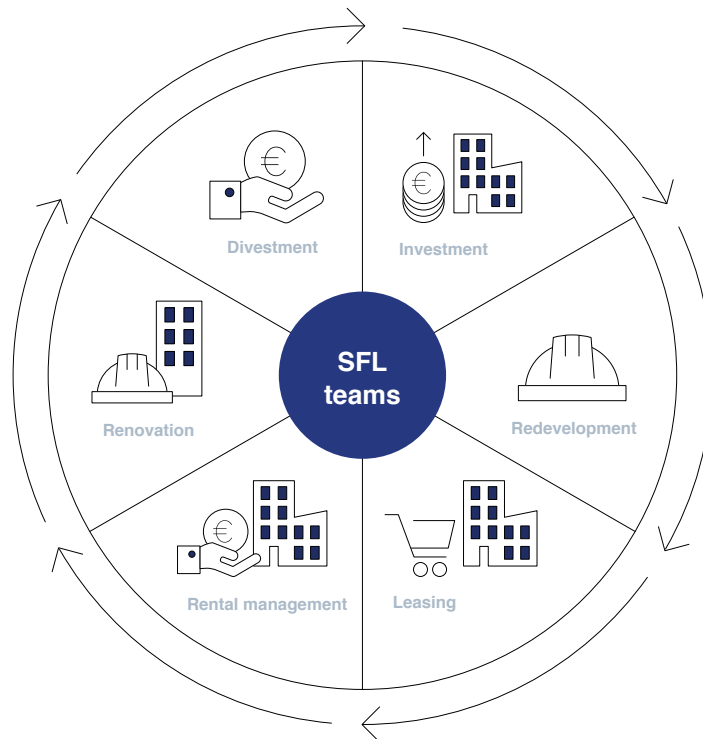
The value chain covering a property asset's life cycle comprises six links: investment, redevelopment, leasing, rental management, renovation and, where applicable, sale.

SFL has fully integrated, in-house capabilities across the value chain, giving it a significant competitive advantage in a commercial property market where such an approach is far from systematic. By bringing all the necessary expertise and

capabilities in-house, SFL is not only more agile and responsive, it can also take a holistic view of each project.

Our property development and management businesses require close coordination in a spirit of cooperation with a wide variety of stakeholders, including local residents, public authorities, prime contractors, architects, multi-technical contractors and shareholders.

That is why we constantly strive to deepen engagement among all our employees and partners across the value chain, thereby fostering a desire to work together.



	Investment	Redevelopment	Leasing	Rental management	Renovation	Portfolio management
SFL teams	<ul style="list-style-type: none"> <li>• Strategy, investments and transactions team</li> </ul>	<ul style="list-style-type: none"> <li>• Technical and development team</li> </ul>	<ul style="list-style-type: none"> <li>• Leasing and asset management teams</li> </ul>	<ul style="list-style-type: none"> <li>• Rental management and technical teams</li> </ul>	<ul style="list-style-type: none"> <li>• Technical and development team</li> </ul>	<ul style="list-style-type: none"> <li>• Strategy, investments and transactions team</li> </ul>
Leading stakeholders	<ul style="list-style-type: none"> <li>• Shareholders</li> <li>• Financial community</li> </ul>	<ul style="list-style-type: none"> <li>• Local residents</li> <li>• Elected officials</li> <li>• Prime contractors</li> <li>• Construction contractors</li> </ul>	<ul style="list-style-type: none"> <li>• Tenants</li> <li>• Brokers</li> </ul>	<ul style="list-style-type: none"> <li>• Tenants</li> <li>• Building managers and multi-technical service providers</li> </ul>	<ul style="list-style-type: none"> <li>• Prime contractors</li> <li>• Construction contractors</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholders</li> <li>• Financial community</li> </ul>

### Our 2020-2030 commitments

>2.5% of payroll spent on training



100% of employees surveyed on the quality of worklife every year



100% of employees, contractors and suppliers covered by an Ethics Code of Conduct



### 6.1. Employer appeal, skills development & diversity

Developing employee skills, attracting and retaining talent and promoting diversity and gender equality in the workplace are real challenges for SFL, given the size and structure of its workforce (fewer than 100 employees, mainly managers) and internal organisation (based on integrated teams interacting with each other and active across the value creation chain).

With this in mind, our ongoing objective is to dedicate more than 2.5% of total payroll to training each year and to offer competitive, incentive-based compensation packages that uphold our gender equality principles and commitments.

SFL had 72 employees at 31 December 2020, of whom 70 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 60% of the total, and 79% 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.

#### 6.1.1. Attracting and retaining talent

Six new employees joined the SFL corporate community in 2020, of whom five under permanent contracts and one under a seasonal fixed-term contract, while eight people left during the year (including one at the end of a seasonal fixed-term contract signed over the period<sup>(1)</sup>).

Working from home, an important aspect of employer appeal and work-life balance, was introduced in January 2020 in accordance with the agreement signed on an experimental basis in December 2019.

After being expanded in response to the health crisis, these arrangements enabled SFL to complete the hiring process for two employees during the lockdown and to ensure business continuity without resorting to furloughs.

Similarly, there were no health crisis-related redundancies during the period, and each employee departure during the year was offset by external recruitment.

As part of its commitment to employee skills development, in 2018 SFL revamped its annual performance and career development review process. Deployed in 2020 for the third year in a row, the new digital module supported the broader roll-out of annual performance and career development reviews, including remotely for employees working from home. In addition, the two half-day managerial training sessions were refreshed, with a special focus on three management modes: face-to-face, online and cross-functional.

Based on the average number of employees in 2020 (72) and the number of employees under permanent contracts who were hired or left during the period, the turnover rate was 6.24%, versus 14.23% in 2019<sup>(2)</sup>.

On the same basis, the average seniority of employees on payroll at 31 December 2020 was 10.5 years, versus 11 years in 2019.

(1) Excluding five employees hired under seasonal fixed-term contracts and seven departures. Hiring, separation and workforce data at 31 December 2020 are presented in detail in the table of EPRA employee indicators in section 7.6.3. below.

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

### Remuneration and benefits

To encourage our employees' professional advancement and engagement, policies are in place to offer them fair, attractive and incentive-based remuneration.

#### Direct remuneration

Each employee is paid a salary and a variable performance-based bonus. In 2020, the target bonus represented on average 17% of the employee's base salary (excluding Management Committee members).

The amount of this target bonus was not reduced in 2020, despite the impact of the health crisis during the year.

For employees on payroll at 31 December 2020, total remuneration for the year (salary and bonus) averaged €70,350, again excluding Management Committee members.

#### Indirect remuneration

A total of €1,021,865 was paid out to employees in 2020 under discretionary and non-discretionary profit-sharing plans.

To optimise the employee savings and pension plans, in 2020 it was decided to change the fund manager and expand the range of investments offered to employees under the Employee Sharesave Plan (PEE) and the Group Pension Savings Plan (PERECO), set up in 2019 as an extension of the similar PERCO plan.

Following the conversion of the PERCO plan into a PERECO plan in October 2019 in accordance with France's PACTE Law, the maximum matching contribution added to an employee's personal investment was raised from €4,500 to €4,860 in 2020 to further encourage employees to save for retirement.

As a result, SFL's financial support for employees saving for retirement amounted to €223,310 in 2020, versus €222,307 the year before, with 58 employees receiving an average matching contribution of €3,850.

In 2020, bonus shares were again granted to officers and employees, this time to 56 people (of whom 53 employees) representing 74% 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).

### 6.1.2. 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 2020, for example, training sessions primarily focused on asset management, financial management, law, business management, office technology, languages, security and safety.

To encourage employees to develop their existing skills and acquire new ones, SFL has set a target of dedicating 2.5% of payroll to training and skills development.

In line with this goal, training expenditure amounted to 3.2% of payroll in 2018 and 3.3% in 2019, but declined to 2.4% in 2020 after the health crisis forced certain sessions to be cancelled and others to move online.

Nevertheless, more than 1,250 hours of training were offered to 58 employees, representing an average of 22 hours per trainee<sup>(1)</sup>.

### 6.1.3. 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.

### Gender equality

After the previous agreement expired in December 2020, a new three-year gender equality in the workplace agreement was negotiated and 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 2020, 53% of SFL managers were women.

Five of the six employees hired under permanent or fixed term contracts during the year were women.

Similarly, four of the five people promoted as of 1 January 2020 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 2020, 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 21 hours in training (24 hours for men). Out of the average number of employees in 2020, 77% of men and 83% 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 2020, 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

(1) Training data at 31 December 2020 are presented in detail in the table of EPRA employee indicators, section 7.6.3. of this report.

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 3.3% year-on-year in 2020, versus 3% for men<sup>(1)</sup>.

### Other diversity indicators

#### Seniors and young people

SFL also attaches particular importance to combating age-based discrimination. The average age of employees is 45. As of 31 December 2020, employees aged 45 or older represented 53% of the workforce and people under 35 represented less than 20%.

#### People with disabilities

As part of its policy of supporting employment opportunities for people with disabilities, in 2020 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 2020, 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. To help finance these programs, SFL allocated a portion of its apprenticeship tax due for the year to ARPEJEH.

## 6.2. 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.

The survey is conducted using an online questionnaire sent to every employee and covers seven issues: the sense of corporate community, management, job fulfilment, working conditions, corporate discourse, authority as support and team projects. It may be supported by personal interviews with employees who request one, and the findings are reported in full.

Due to the lockdown and the health crisis, the survey could not be carried out in 2020 but will be conducted again in 2021.

### 6.2.1. Health and safety

In 2020, our employee health and safety policies were actively pursued, with:

- 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.

No occupational diseases or workplace accidents were reported in 2020 and only two commuting accidents were reported during the year.

### 6.2.2. Quality of working environment

The 2020 statutory annual pay round also led to the signing of a new gender equality in the workplace and quality of worklife agreement in December, which endorsed the continued option to work from home in line with the trial agreement signed in 2019. After the latter agreement expired in December 2020, it was agreed to initiate talks in 2021 with the goal of signing a new agreement in compliance with the provisions of the November 2020 national cross-industry agreement (ANI).

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 2020, the rate stood at 0.78%, down from 0.67% in 2019.

### 6.2.3. Work/life balance

The trial work-from-home agreement signed in 2019 and the commitment to opening talks to extend it in 2021 reflected the desire of SFL management and employee representatives to offer arrangements that would improve both job performance and the quality of worklife by encouraging a more fulfilling work-life balance, while preserving the current work organisation and sense of corporate community.

(1) Gender equality in the workplace data at 31 December 2020 (number of employees, training, remuneration) are presented in detail in the table of EPRA employee indicators, section 7.6.3. of this report.

When work-from-home options were expanded in response to the health crisis, particular attention was paid to preventing the psychosocial risks related to these practices, with internal guidelines prepared and issued to employees and their managers. Similarly, during this same period, the configuration and location of SFL's offices facilitated a gradual return to in-person work for willing employees, which helped to sustain their ties to the company and the corporate community.

As of 31 December 2020, SFL had 68 full-time employees and four part-time employees. Three of the four part-time contracts correspond to employees who have chosen to work fewer hours, as opposed to being forced to for organisational or operational reasons.

### 6.3. Ethics in the value chain

SFL strives to ensure that its ethical commitments are shared, not just by employees, but by every stakeholder in its business.

It further believes that compliance with these principles provides a solid bedrock for fostering healthy and sustainable relationships. It is therefore on that basis that SFL is assertively instilling an ethical approach into every link in the value chain.

#### 6.3.1. Ethical principles

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.

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.

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

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.

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 2020, 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.

No cases of bribery came to light in 2020 and the Group was not subject to any disciplinary measures. No political donations were made, in accordance with French legislation, which bans such practices.

#### 6.3.2. Engaging with our partners and continuous improvement programmes

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

Our continuous improvement strategy is led by the Environment and Sustainable Procurement Manager and includes measuring the total cost of purchases and managing environmental and social impacts across the value chain.

Key aspects of the strategy include:

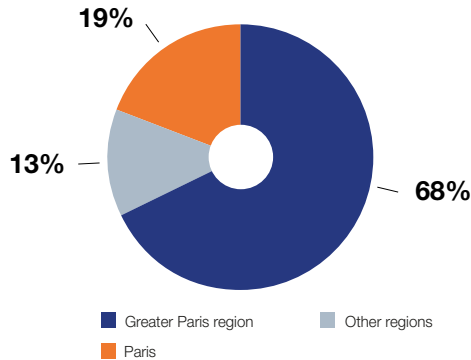
- Integrating CSR criteria into the supplier selection process;
- Updating operator and contractor specifications to include CSR performance indicators;
- Fostering best-in-class supplier relationships;
- Analysing opportunities for improvement;
- Tracking overall CSR performance;
- Monitoring technical 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. In 2020, for example, 87% of suppliers were based in the Paris region, within 100 kilometres of the city centre.

### SUPPLIER LOCATION



SFL contractors and suppliers play an extensive role in processes and initiatives to drive continuous improvement in both the management of buildings in-use and in redevelopment projects.

### Example of a continuous improvement initiative in managing a building in-use

As key partners in fulfilling our environmental commitments in our properties, multi-technical maintenance contractors have fully embraced our CSR policies and 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.

### Example of a continuous improvement initiative in a project

For new projects, clauses to encourage local hiring are included 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 these 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.

## 7. Additional information

### 7.1. Summary table of performance against objectives as of end-2020

The 18 targets for 2020 presented below were first defined in 2014, then slightly updated in 2017. In the end, 15 of them were met, attesting to the dedication and hard work of all of our teams.

However, three were not fully met by year-end.

- The first, concerning the percentage of in-use space accessible to wheelchair users, was 96% met. There is still one building that structurally is not fully accessible because there are stairways in various locations.
- The second objective, which set a target of planting and landscaping 11% of the portfolio's footprint, was not fully met either. The percentage of planted and landscaped space increased over the period, but not fast enough. There is still some room to improve in our redevelopment projects – particularly Biome, whose landscaped area will double by 2022 – but very little in the assets in-use in highly built-up urban neighbourhoods.
- Lastly, the health crisis prevented us from meeting the target of dedicating 2.5% of payroll to training in 2020, after exceeding the figure from 2015 to 2019. The majority of training sessions could be held online, but some had to be postponed.

In late 2020, a new set of targets, impelled by fresh momentum, was set for 2030. They may be found in section 2.3. above. Beginning in 2021, SFL will report on its performance against these targets every year.

Issue		2020 target	2020 performance
Tenant relations and satisfaction	% of satisfied or very satisfied tenants	>80%	94%
	% 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	100%	96%
Certifications and labels	% of buildings certified BREEAM In-Use with a Very Good or higher level (excluding redevelopment projects)	>90%	100%
	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	>80%	93%
Sustainable Building Operation	Change in energy use intensity in kWh/sq.m. since 2011, like-for-like	-20%	-31%
	Change in water intensity in cu.m./sq.m. since 2011, like-for-like	-20%	-20%
Carbon efficiency	Number of fuel oil-fired boilers in the portfolio	0/20	0
	Change in carbon efficiency in kgCO <sub>2</sub> e/sq.m. since 2011, like-for-like	-20%	-46%
	% of energy used from renewable sources	30%	35%
Sustainable capital expenditure and procurement	% of new redevelopments using BIM software	>90%	100%
	Set maximum energy use, carbon emissions and water use targets for new acquisition redevelopment projects, in line with corporate targets. 20% below RT2012 energy efficiency standards, Effnergie	100%	100%
Biophilia	% of green spaces on built-up land	11%	9%
Attracting talent and developing skills	% of payroll spent on training	>2.5%	2.4%
Health, safety and quality of worklife	% of employees surveyed every two years to measure the quality of worklife	100%	100%

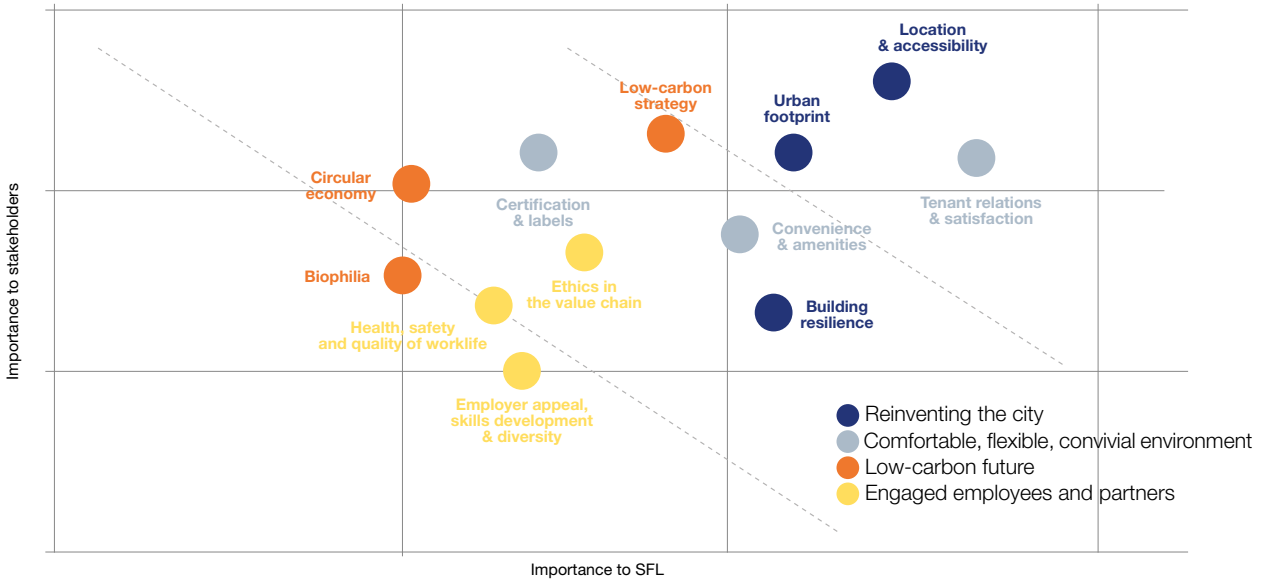
## 7.2. Materiality of issues

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 and 2020, these issues and their materiality were updated by the ESG Committee and reviewed in light of the new regulatory framework concerning non-financial information statements.



**MATERIALITY MATRIX OF CSR ISSUES**



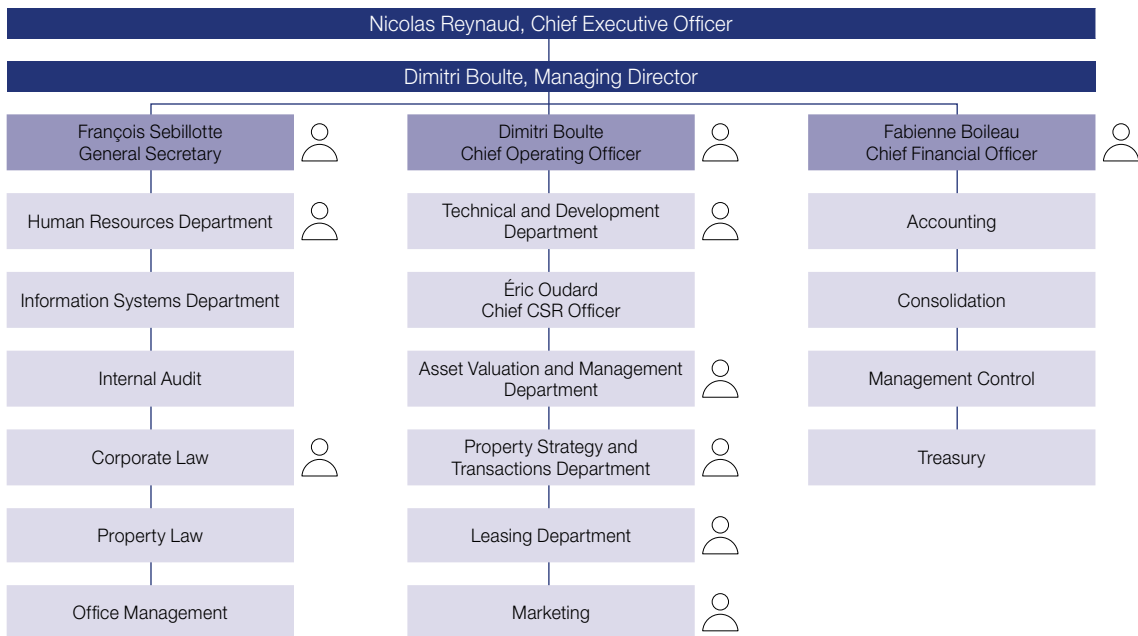
**7.3. ESG governance**

**An ESG 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 ESG issues;
- The ESG 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 ESG 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, ESG 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

## 7.4. Initiatives supported by SFL

### **GRESB**

The Global Real Estate Sustainability Benchmark (GRESB) is the leading source of assessment benchmarks for the environmental, social and governance performance of real estate companies.

SFL has participated in GRESB assessments since the organisation was founded nine years ago and has been awarded the Green Star designation every year.

### **EPRA**

The European Public Real Estate Association (EPRA) is the voice of nearly 200 publicly traded real estate companies in Europe. It seeks to harmonise the financial and non-financial communications of its members, in line with its Best Practice Recommendations and Sustainability Best Practice Recommendations.

In 2020, SFL received two EPRA Golds Awards for optimal compliance with disclosure best practices.

### **OID**

The *Observatoire de l'Immobilier Durable* (OID) is an independent forum where stakeholders in the French commercial real estate industry can discuss sustainable development and innovation issues. Created in 2012, it is committed to supporting the environmental and social performance of French property companies and to sharing all the practices that help move it forward.

It comprises around 60 members and partners, including leaders across the French commercial real estate value chain.

### **BBCA Association**

Created in 2015, the Association for the Development of Low-Carbon Buildings (BBCA) brings together the leading players in the construction process, including property developers, investors, local authorities, urban planners, renowned architects, design offices and builders.

It is dedicated to deepening our knowledge of low-carbon buildings, promoting best practices with the BBCA label and encouraging low-carbon construction.

The first BBCA label was introduced in 2016, followed by the BBCA Rénovation label in 2018. SFL was awarded the BBCA Rénovation label for Biome, the first BBCA Rénovation project in Paris.

### **AMO**

SFL is a member of AMO, an association that promotes effective, inspired cooperation between project owners and prime contractors, as well as between all the other stakeholders in the construction process.

### **Fondation Palladio: Building the City of Tomorrow**

Fondation Palladio was set up in 2008 under the aegis of the Fondation de France to address a major challenge of the 21<sup>st</sup> century, that of developing urban areas and building communities. For the seventh straight year, SFL was a sponsoring partner of Fondation Palladio.

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 19<sup>th</sup> 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 which was organised for the 19<sup>th</sup> time in 2020 with the theme "Nature in the City". Once again, it offered 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.

### 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 from 16 to 22 November 2020. This annual event aims to raise awareness among companies and the public about the lack of work opportunities for people with disabilities.

### 7.5. Methodological note

#### 7.5.1. Scope

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 2020, 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;
- 2 single-tenant assets whose in-use operations are not directly managed by SFL;
- 3 assets being redeveloped and/or vacant and not in use in 2020.

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 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	Buildings being redeveloped and/or vacant			
83 Marceau				
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 section 7.5.2.

#### 7.5.2. 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 386,290 sq.m.

Each indicator's scope of reporting is described in section 7.5.1. of this report. 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 data to be collected 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 2018 to 2020.

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 by property managers and on-site submeter readings by facilities maintenance contractors,
- 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), taken from [www.infoclimat.fr](http://www.infoclimat.fr).

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

				Type of energy				
				Heating (district heating network or natural gas/fuel oil-fired boilers)	District cooling network	Building utilities/ Common areas	Electricity	
							Tenant areas Offices	Tenant areas Retail
Type of asset		Building managed						
176 Charles de Gaulle	Offices	Multi-tenant	Yes	Fuel oil -> 04/18 05/18 -> Natural gas	Stand-alone cooling unit			
Washington Plaza	Offices	Multi-tenant	Yes	Not applicable	Stand-alone cooling unit			
Édouard VII	Offices	Multi-tenant	Yes	CPCU	Climespace			
Rives de Seine	Offices	Single tenant	Yes	Not applicable	Stand-alone cooling unit			Not applicable
Cézanne Saint-Honoré	Offices	Multi-tenant	Yes	CPCU	Climespace			
Louvre Saint-Honoré	Offices	Multi-tenant	Yes	CPCU	Stand-alone cooling unit + dry cooler			
103 Grenelle	Offices	Multi-tenant	Yes	CPCU	Stand-alone cooling unit			
112 Wagram	Offices	Multi-tenant	Yes	CPCU	Stand-alone VRF on each floor			
92 Champs-Élysées	Offices	Multi-tenant	Yes	CPCU	Climespace			
Galerie des Champs-Élysées	Retail	Multi-tenant	Yes	CPCU	Climespace		Not applicable	
#cloud.paris	Offices	Multi-tenant	Yes	CPCU	Climespace			Not applicable
131 Wagram	Offices	Multi-tenant	Yes	Not applicable	Stand-alone cooling unit			Not applicable
9 Percier	Offices	Multi-tenant	Yes	CPCU	Stand-alone cooling unit			Not applicable
90 Champs-Élysées	Offices	Multi-tenant	No	CPCU	Climespace			Not applicable
6 Hanovre	Offices	Single tenant	Yes	CPCU	Climespace			Not applicable
104/110 Haussmann	Offices	Single tenant	Yes	CPCU	Climespace			
Le Vaisseau	Offices	Single tenant	Yes	Not applicable	Stand-alone cooling unit			Not applicable
Marceau	Offices	Multi-tenant	Yes	CPCU	Not applicable			
Condorcet	Offices			CPCU	Climespace			
Biome	Offices	Single tenant	No	Natural gas				Not applicable

  Current scope of reporting for 2020  
 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):  
  known/estimated  
  Indirectly managed portfolio/under redevelopment

## 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.

For 2020, given the lack of accurate information, the 2019 emissions factors have been used.

### 7.3.3 Methodology for calculating employee relations indicators

Details of the method used to calculate the employee relations indicators are provided as needed following the description of the indicators in sections 6.1. and 6.2. above. Further details may also be found in the comments column in the EPRA indicators table in section 7.6.3.

## 7.6. EPRA indicators

### 7.6.1. Environmental indicators – Buildings in-use

#### 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
	2018	2019	2020	2018	2019	2020	2018	2019	2020	%19/20	%18/20	
<b>Absolute</b>												
Electricity	27,885	27,119	26,326	20,471	21,070	15,762	48,355	48,189	42,088			Elec-Abs
District heating systems	13,743	11,433	8,870	0	0	0	13,743	11,433	8,870			DH&C-Abs
District cooling systems	11,317	10,410	8,183	0	0	0	11,317	10,410	8,183			
Natural gas	12	607	585	0	0	0	12	607	585			Fuels-Abs
Heating oil	665	0	0	0	0	0	665	0	0			
<b>Total energy use in MWh</b>	<b>53,621</b>	<b>49,569</b>	<b>43,964</b>	<b>20,471</b>	<b>21,070</b>	<b>15,762</b>	<b>74,092</b>	<b>70,639</b>	<b>59,725</b>			
Energy intensity in kWh/sq.m.							<b>267.5</b>	<b>250.9</b>	<b>218.3</b>	-13.0%	-18.4%	Energy-Int
Number of buildings							14/14	15/15	15/15			
% of sq.m.							100%	100%	100%			
<b>Like-for-like</b>												
Electricity	27,885	27,119	26,326	20,471	20,781	15,523	48,355	47,900	41,849	-12.6%	-13.5%	Elec-LfL
District heating systems	13,743	11,433	8,870	0	0	0	13,743	11,433	8,870	-22.4%	-35.5%	District H&C - LfL
District cooling systems	11,317	10,410	8,183	0	0	0	11,317	10,410	8,183	-21.4%	-27.7%	
Natural gas	12	607	585	0	0	0	12	607	585	-3.6%	-13.6%	Fuels-LfL
Heating oil	665	0	0	0	0	0	665	0	0			
<b>Total energy use in MWh</b>	<b>53,621</b>	<b>49,569</b>	<b>43,964</b>	<b>20,471</b>	<b>20,781</b>	<b>15,523</b>	<b>74,092</b>	<b>70,350</b>	<b>59,487</b>			
Energy intensity in kWh/sq.m.							267.5	254.1	221.1	-13.0%	-17.4%	Energy-Int
Number of buildings							14/14					
% of sq.m.							100%					

## 2020 Non-Financial Information Statement

### SCOPE 1 AND SCOPE 2 GHG EMISSIONS FROM ENERGY USE, IN TCO<sub>2</sub>E – ABSOLUTE AND LIKE-FOR-LIKE

(EPRA codes: GHG-Dir-Abs, GHG-Indir-Abs)

	2018	2019	2020	%19/20	%18/20	EPRA code
<b>Absolute</b>						
Scope 1	183	112	102	-8.8%	-44.4%	GHG-Dir-Abs
Market-based Scope 2	3,010	2,395	1,932	-19.4%	-35.8%	GHG-Indir-Abs
Location-based Scope 2	3,318	2,931	2,470	-15.7%	-25.6%	
Total market-based, in tCO <sub>2</sub> e	3,193	2,507	2,033	-18.9%	-36.3%	
Total location-based, in tCO <sub>2</sub> e	3,501	3,042	2,572	-15.5%	-26.6%	
Carbon intensity	12.6	10.8	9.4	-13.0%	-25.7%	GHG-Int
Coverage rate	Number of assets	14/14	15/15			
	% of sq.m.	100%	100%	100%		
<b>Like-for-like</b>						
Scope 1	183	112	102	-8.8%	-44.4%	
Market-based Scope 2	3,010	2,329	1,873	-19.6%	-37.8%	
Location-based Scope 2	3,318	2,864	2,411	-15.8%	-27.3%	
Total market-based, in tCO <sub>2</sub> e	3,193	2,440	1,975	-19.1%	-38.1%	
Total location-based, in tCO <sub>2</sub> e	3,501	2,976	2,513	-15.5%	-28.2%	
Coverage rate	Number of assets	14/14				
	% of sq.m.	100%				

### WATER USE IN CU.M, WATER USE INTENSITY IN CU.M./SQ.M. AND LITRES/USER/DAY, ABSOLUTE AND LIKE-FOR-LIKE (EPRA codes: Water-Abs, Water-LfL, Water-Int)

	2018	2019	2020	%19/20	%18/20	EPRA code	
<b>Absolute</b>							
<b>Total municipal water use in cu.m</b>	<b>157,391</b>	<b>157,351</b>	<b>132,905</b>	<b>-15.5%</b>	<b>-15.6%</b>	<b>Water-Abs</b>	
Intensity	in cu.m/sq.m.	0.568	0.559	0.486	-13.1%	-14.4%	Water-Int
	in litres/user	33.5	33.2	28.8	-13.3%	-14.0%	
Coverage rate	Number of assets	14/14	15/15	15/15			
	% of surface area (sq.m.)	100%	100%	100%			
<b>Like-for-like</b>							
<b>Total municipal water use in cu.m</b>	<b>157,391</b>	<b>156,177</b>	<b>132,364</b>	<b>-15.2%</b>	<b>-15.9%</b>	<b>Water-LfL</b>	
Intensity	in cu.m/sq.m.	0.568	0.564	0.492	-12.8%	-13.4%	Water-Int
	in litres/user	33.5	33.2	28.9	-13.0%	-13.7%	
Coverage rate	Number of assets	14/14					
	% of sq.m.	100%					

**CERTIFICATIONS: NUMBER OF ASSETS IN USE AND PERCENTAGE OF PORTFOLIO (IN SQ.M.) CERTIFIED BY TYPE AND LEVEL OF CERTIFICATION** (EPRA code: Cert-Tot)

			2019		2020	
			Number of assets	% of sq.m.	Number of assets	% of sq.m.
Buildings in use	BREEAM In-Use	<b>Total</b>	<b>18</b>	<b>100%</b>	<b>17</b>	<b>100%</b>
		Good	0	0%	0	0%
		≥Very Good	18	100%	17	100%
		≥Excellent	7	55%	6	54%
Properties being redeveloped	<b>At least one certification</b>		<b>5</b>	<b>22%</b>	<b>5</b>	<b>22%</b>
	BREEAM New Construction		2	12%	2	13%
	LEED		1	10%	1	10%
	HQE		4	19%	4	20%
Coverage rate	Number of assets		18/18		17/17	
	Coverage rate (in % of sq.m.)		100%		100%	

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

(EPRA codes: Waste-Abs and Waste-LfL<sup>(1)</sup>)

Waste by type		2019				2020				EPRA code		
		NHIW	Paper, cardboard	Total	Recovered and reused waste	NHIW	Paper, cardboard	Total	Recovered and reused waste			
in tonnes		510	253	763	612	428	148	577	510	Waste-Abs and Waste-LfL		
in %		67%	33%	100%	80%	74%	26%	100%	88%			
Details by type of disposal		Landfilled	Incinerated	Burned as fuel	Recycled	Other	Landfilled	Incinerated	Burned as fuel	Recycled	Other	
in tonnes		34	107	328	284	11	36	27	375	135	4	Waste-Abs and Waste-LfL
in %		4%	14%	43%	37%	1%	6%	5%	65%	23%	1%	
Coverage rate	Number of assets	8/15				8/15						
	% of sq.m.	83%				83%						

(1) The absolute and like-for-like scopes of reporting are identical and therefore undifferentiated, since they apply to the same assets in 2019 and 2020.



**SUMMARY TABLE OF EPRA INDICATORS FOR PROPERTIES IN-USE**

Topic	Indicator	EPRA code	Unit	2018	2019	2020	Change 18/20	Coverage rate
<b>Certifications</b>								
	Number of assets BREEAM In-Use-certified assets		Number of assets	18	18	17	-5.6%	100%
	% of portfolio certified by value	Cert-Tot	% of portfolio certified by value	100%	100%	100%	0.0%	100%
<b>Energy</b>								
	Total use of electricity from renewable sources – absolute	Elec-Abs	MWh	10,025	9,484	9,206	-8.2%	100%
	Total use of electricity from non-renewable sources – absolute	Elec-Abs	MWh	17,860	17,636	17,120	-4.1%	100%
	Total use of electricity from renewable sources – like-for-like	Elec-LfL	MWh	10,025	9,484	9,206	-8.2%	100%
	Total use of electricity from non-renewable sources – like-for-like	Elec-LfL	MWh	17,860	17,636	17,120	-4.1%	200%
	Total energy use, district heating and cooling networks – absolute	DH&C-Abs	MWh	25,060	21,843	17,053	-32.0%	100%
	Total energy use, district heating and cooling networks – like-for-like	DH&C-LfL	MWh	25,060	21,843	17,053	-32.0%	100%
	Total fuel use	Fuels-Abs	MWh	677	607	585	-13.6%	100%
	Total fuel use – like-for-like	Fuels-LfL	MWh	677	607	585	-13.6%	100%
	Energy use intensity	Energy-Int	kWh/sq.m.	268	251	218	-18.4%	100%
	Energy use intensity – like-for-like	Energy-Int	kWh/sq.m.	268	254	221	-17.4%	100%
<b>Greenhouse gas emissions</b>								
	Total direct greenhouse gas (GHG) emissions (Scope 1) – absolute	GHG-Dir-Abs	tCO <sub>2</sub> e	183	112	102	-44.4%	100%
	Total indirect greenhouse gas emissions (location-based Scope 2) – absolute	GHG-Indir-Abs	tCO <sub>2</sub> e	3,318	2,931	2,470	-25.6%	100%
	Total indirect greenhouse gas emissions (market-based Scope 2) – absolute	GHG-Indir-Abs	tCO <sub>2</sub> e	3,010	2,395	1,932	-35.8%	100%
	Carbon intensity	GHG-Int	kgCO <sub>2</sub> e/sq.m.	12.6	10.8	9.4	-25.7%	100%
<b>Water</b>								
	Total water use – absolute	Water-Abs	cu.m	157,391	157,351	132,905	-15.6%	100%
	Total water use – like-for-like	Water-LfL	cu.m	157,391	156,177	132,364	-15.9%	100%
	Water use intensity	Water-Int	cu.m/sq.m.	0.57	0.56	0.49	-14.4%	100%
	Water use intensity – like-for-like	Water-Int	cu.m/sq.m.	0.57	0.56	0.49	-13.4%	100%
<b>Waste</b>								
	Total waste produced, by disposal method – absolute	Waste-Abs	tonnes	804	763	577	-28%	83%
			% recycled	30%	37%	16%	-45%	
			% incinerated with energy recovery	10%	43%	72%	619%	
			% incinerated	23%	14%	5%	-79%	
			% disposed of by another method	27%	1%	0.7%	-98%	
			% landfilled	11%	4%	6%	-44%	
			Total waste produced, by disposal method – like-for-like	Waste-LfL	tonnes	804	763	
	% recycled	30%			37%	16%	-45%	
	% incinerated with energy recovery	10%			43%	72%	619%	
	% incinerated	23%			14%	5%	-79%	
	% disposed of by another method	27%			1%	0.7%	-98%	
	% landfilled	11%			4%	6%	-44%	

EPRA methodological note (in addition to the methodological information presented in section 7.5.)

- Scope of reporting: the data entered in the above table 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 table is 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 in parts 5.1. and 5.2.

## 7.6.2. Environmental indicators – Head office occupied by SFL

Topic	Indicator	EPRA code	Unit	2018	2019	2020
<b>Certifications</b>						
	% of head office certified	Cert-Tot	%	100%	100%	100%
<b>Energy</b>						
	Total use of electricity from renewable sources	Elec-Abs &	MWh	64.7	82.8	73.4
	Total use of electricity from non-renewable sources	Elec-LfL	MWh	156.8	152.5	136.4
	Total energy use, district heating and cooling networks	DH&C-Abs & DH&C-LfL	MWh	0	0	0
	Total fuel use	Fuels-Abs & Fuels-LfL	MWh	0	0	0
	Energy use intensity	Energy-Int	kWh/sq.m.	109.0	115.8	103.2
<b>Greenhouse gas emissions</b>						
	Total direct greenhouse gas (GHG) emissions (Scope 1)	GHG-Dir-Abs	tCO <sub>2</sub> e	0	0	0
	Total indirect greenhouse gas (GHG) emissions (Scope 2)	GHG-Indir-Abs	tCO <sub>2</sub> e	6.2	5.0	4.3
	Carbon intensity	GHG-Int	kgCO <sub>2</sub> e/sq.m.	3.1	2.5	2.1
<b>Water</b>						
	Total water use	Water-Abs & Water-LfL	cu.m	441.2	401.1	334.3
	Water use intensity	Water-Int	cu.m/sq.m.	0.217	0.197	0.165
<b>Waste</b>						
			tonnes	2.2	2.5	
			% recycled	100%	100%	63.5%
			% re-used	0%	0%	0%
			% composted	0%	0%	0%
			% incinerated	0%	0%	0%
			% disposed of by another method	0%	0%	0%
			% landfilled	0%	0%	36.5%
	Total waste produced, by disposal method	Waste-Abs and Waste-LfL				

EPRA methodological note (in addition to the methodological information presented in section 7.5.)

– Coverage rate: 100% for all head-office indicators.

– The absolute and like-for-like scopes of reporting are identical and therefore undifferentiated, since they apply to the same head office over the 2018-2020 period.

## 2020 Non-Financial Information Statement

### 7.6.3. Employee, societal and governance indicators

Topic	EPRA code	Indicator	Unit	2018	2019	2020	Comments
<b>Diversity</b>							
			Number of women	6	6	6	
		Percentage of men and women on the Board of Directors	% of women	43%	43%	43%	exactly 42.86% at 31 December 2020
			Number of men	8	8	8	
			% of men	57%	57%	57%	exactly 57.14% at 31 December 2020
		Percentage of men and women on the Management Committee	Number of women	2	2	3	Number of Management Board members at 31 December, including the Chief Executive Officer
			% of women	25%	25%	33%	
			Number of men	6	6	6	
			% of men	75%	75%	67%	
Diversity-Emp		Percentage of men and women managers, excluding the Management Committee	Number of women	29	30	27	Number of employees at 31 December
			% of women	63%	58%	55%	
			Number of men	17	22	22	
			% of men	37%	42%	45%	
		Percentage of men and women among other employees	Number of women	13	13	13	Number of employees at 31 December
			% of women	87%	87%	87%	
			Number of men	2	2	2	
			% of men	13%	13%	13%	
		Percentage of men and women among all employees	Number of women	44	45	43	Total number of employees at 31 December, excluding the Chief Executive Officer
			% of women	65%	61%	60%	
			Number of men	24	29	29	
			% of men	35%	39%	40%	
		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%	13%	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)
Diversity-Pay		The ratio of the total compensation of men to women managers (excluding Management Committee members)	%	16%	16%	18%	
		The ratio of the total compensation of men to women in other categories	%	-6%	-4%	-6%	
		The ratio of the total compensation of men to women in the entire workforce	%	35%	29%	29%	
<b>Training</b>							
		Total number of training hours	Number	1,307	1,575	1,269	
		Number of employees trained	Number	56	66	58	
Emp-Training		Average number of hours per trainee	Number	23	24	22	
		% of employees trained	%	79%	94%	80%	Number of employees trained/ average number of employees
		% of payroll allocated to training	%	3.20%	3.31%	2.35%	
<b>Assessment</b>							
Emp-Dev		% of employees who received performance reviews during the year	%	90%	90%	96%	Number of reviews/number of eligible employees

Topic	EPRA code	Indicator	Unit	2018	2019	2020	Comments
<b>Attracting and retaining talent</b>							
Emp-Turnover		New employee hires under permanent contracts	Number	8	12	5	
		New employee hires under fixed-term contracts	Number	3	3	1	
		Total new hires	Number	11	15	6	
		Terminations by mutual agreement	Number	5	2	3	
		Expiries of fixed-term contracts	Number	5	1	3	
		Resignation	Number	2	3	1	
		Dismissal	Number	0	0	0	
		Total departures	Number	15	9	8	<i>Including one death</i>
	Turnover	%	12.81%	14.23%	6.24%	<i>(Number of departures of employees under permanent contracts, except for death + number of new employee hires under permanent contracts/2/ average number of employees)</i>	
<b>Health and safety</b>							
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	1	0	2 commuting accidents without lost time
		Accident frequency rate	Rate	0.00	40.34	0	<i>(No. of accidents with initial benefit payment reported per one million hours worked)</i>
		Accident severity rate	Rate	0.00	0.29	0	<i>(No. of days lost due to temporary disability per 1,000 hours worked)</i>
	Short-term absenteeism rate	Rate	0.70%	0.67%	0.78%	One to three days	
H&S-Asset		Percentage of assets covered by health and safety risk management system	% of assets covered	93%	93%	93%	Assets operationally managed by SFL
H&S-Comp		Number of health and safety-related incidents of non-compliance	Number of incidents	0	0	0	<i>No health and safety-related incidents of non-compliance were recorded in 2018, 2019 or 2020</i>
<b>Community engagement</b>							
Comty-Eng		Community engagement initiatives	% of assets or description	-	-	-	<i>Given that SFL assets are concentrated exclusively in Paris and the inner suburbs, community engagement initiatives are undertaken directly at Group level, as described in section 7.4.</i>











<b>GOVERNANCE INDICATORS</b>							
Topic	EPRA code	Indicator					Explanation
<b>Governance</b>							
Gov-Board		Composition of the Board of Directors	Description				<i>Cross-reference to other parts of the report</i>
Gov-Select		Nomination and selection process for the Board of Directors	Description				<i>Cross-reference to other parts of the report</i>
Gov-Col		Procedure for managing possible conflicts of interest	Description				<i>Cross-reference to other parts of the report</i>

The coverage rate was 100% for all of the reported social and governance indicators

## 7.7. Cross-reference with SDGs

This table summarises the contribution of SFL's ESG process to achieving the 17 Sustainable Development Goals for 2030 adopted by the United Nations in 2015.

SFL considers that its initiatives are having an impact on ten of these goals through the following issues:

Pillar	12 new issues	Contribution to the Sustainable Development Goals
Revitalise and reinvent the city	Urban footprint	
	Location & accessibility	
	Building resilience	
Offer comfortable, flexible, convivial environments	Convenience & amenities	
	Certifications & labels	
	Tenant relations & satisfaction	
Project ourselves into a low-carbon future	Low-carbon strategy	   
	Circular economy	
	Biophilia	
Encourage engagement by our employees and partners	Employer appeal, development & diversity	   
	Health, safety & quality of worklife	
	Ethics in the value chain	

Sustainable Development Goals:

- 3 Good health and well-being
- 5 Gender equality
- 7 Affordable and clean energy
- 9 Industry, innovation and infrastructure
- 10 Reduced inequalities
- 11 Sustainable cities and communities
- 12 Responsible consumption and production
- 13 Climate action
- 15 Life on land
- 16 Peace, justice and strong institutions

## 7.8. Data verification

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

## 7.9 Report by one of the Statutory Auditors on a selection of non-financial information disclosed in the management report. For the year ended 31 December 2020

*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") disclosed in the non-financial information statement for the year ended 31 December 2020 (hereinafter the "Statement"), as presented in the Group Management Report.

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

- Occupied 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 (*Code de Déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements.

### Responsibility of the Statutory Auditor

On the basis of our work, our responsibility is to provide a reasoned opinion expressing a limited assurance conclusion on the fairness of the selected information.

However, it is not our responsibility to comment on the Company's compliance with other applicable legal and regulatory provisions, in particular the prevention of corruption, and taxation, or on the compliance of products and services with applicable regulations.

### Nature and scope of our work

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).

Our procedures allowed us to assess the consistency of the Statement with regulatory provisions and the fairness of the Information:

- We obtained an understanding of the Group's activities, the report on the main non-financial risks associated with this activity, and the related policies and their results.
- We assessed the appropriateness of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate.
- We verified that the Information covers the scope of consolidation, i.e., all the companies included in the scope of consolidation in accordance with Article L. 233-16, within the limitations set out in the Statement.
- We assessed the data collection process set up by the Company to ensure the completeness and fairness of the Information.
- For the Information, we carried out:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
  - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities<sup>(1)</sup> and covered between 12% and 27% of the Information selected for these tests;
- We referred to documentary sources and conducted interviews to corroborate the Information.
- We assessed the overall consistency of the Statement based on our knowledge of the company.

(1) The Louvre Saint-Honoré and Washington Plaza buildings.

## 2020 Non-Financial Information Statement

Our work was carried out by a team of four people in February 2021.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for a limited 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 affecting the conclusion expressed above, we draw your attention to the fact that the energy and water use indicators, greenhouse gas emissions indicators and waste production indicators cover the rolling 12-month period from 1 October to 30 September in order facilitate the collection of data at the end of the financial year. This reporting period is specified in the methodological note included in the Statement.

Paris-La Défense, 25 February 2021  
French original signed by one of the Statutory Auditors

Deloitte & Associés

Laure Silvestre-Siaz  
Partner

Julien Rivals  
Partner, Sustainable Services





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