

2022



NON-FINANCIAL
INFORMATION
STATEMENT

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1. Corporate social responsibility strategy

Since its founding, SFL has demonstrated its expertise as a property owner and developer to build, maintain and transform its assets and the surrounding city. 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.

The global health crisis that emerged in 2020 and persisted throughout 2021 and part of 2022 impacted the use of offices and continued to raise questions about their role, while spurring faster development of certain technologies and the recognition of rapidly shifting property user expectations.

In an environment that has accelerated a certain number of social and urban trends, SFL 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 and the well-being of its residents.

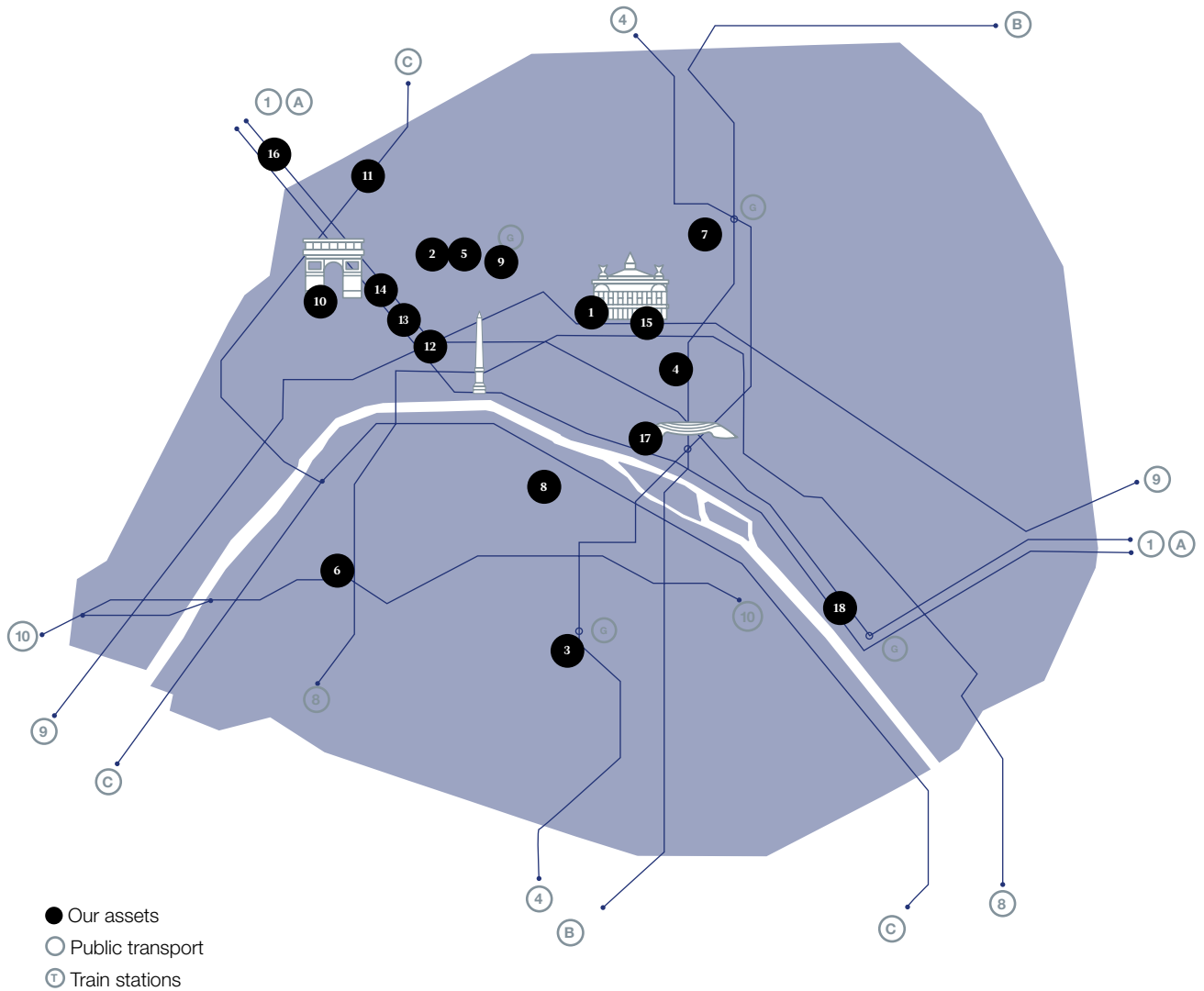
This clear positioning in the prime Parisian office property market and the organisation by core competency provide a robust foundation for the Group's value creation strategy. At 31 December 2022, the portfolio comprised 18 assets (81% offices, 18% retail units and a hotel and 1% residential units by value), whose physical occupancy ratio stood at 99.5%. SFL tenants represent the highest value-added per employee in their industries and are particularly demanding in their choice of workspaces.

All of SFL's buildings are located a few minutes walk from a train or public transport station, in the thriving business districts of Paris and Neuilly-sur-Seine. The renovations and developments all reflect the careful attention SFL pays to the functionality, architectural beauty and resilience of each property. SFL consistently focuses on the long term, addressing the entire life cycle of its assets and the future needs of its tenants.

Our portfolio assets are all characterised by very high occupation density, heavy user and visitor traffic, and extensive information technology and audiovisual facilities. This combination of high occupation density and low-carbon commuting positions these assets as the sector's most effective in helping to mitigate the city's climate impact and supporting its ability to adapt to climate change.

For more than a decade, SFL's corporate social responsibility (CSR) policies have ranked at the very top of its concerns. Defined around clear objectives, particularly for the 2030 timeframe, ambitious and assertive policy is also rooted in CSR issues that are material for its stakeholders and critical for its financial resilience in an uncertain environment.

By actively paying attention to the emerging expectations of its tenants, employees, shareholders and partners, SFL ensures that the policy is meaningful in each of the four core pillars that structure its pragmatic, highly effective action plans. Analysed in terms of risks and opportunities, 12 pathways are being addressed through the four pillars of the intangible value of the Group's assets. Everything the Group does daily reflects the true meaning of its business model in action, which is to foster the desire to work together.



THE SFL PORTFOLIO: 414,600 SQ.M.

Paris	Total surface area ⁽¹⁾
1 Édouard VII	54,600 sq.m.
2 Washington Plaza	48,200 sq.m.
3 Pasteur	39,600 sq.m.
4 #cloud.paris	35,000 sq.m.
5 Cézanne Saint-Honoré	29,100 sq.m.
6 Biome	25,000 sq.m.
7 Condorcet	24,900 sq.m.
8 103 Grenelle	18,900 sq.m.
9 106 Haussmann	13,400 sq.m.

10 83 Marceau	9,700 sq.m.
11 131 Wagram	9,200 sq.m.
12 90 Champs-Élysées	8,900 sq.m.
13 Galerie des Champs-Élysées	8,500 sq.m.
14 92 Champs-Élysées	7,700 sq.m.
15 6 Hanovre	4,600 sq.m.
16 176 Charles de Gaulle	6,900 sq.m.
17 Louvre Saint-Honoré	47,700 sq.m.
18 Rives de Seine	22,700 sq.m.
Total	414,600 sq.m.

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

1.1. Four pillars and twelve CSR issues

As Europe's oldest property company, with a rich history spanning more than 140 years, SFL has learned that real estate and its projects are a multi-year process, with timelines of up to five or ten years from design engineering to tenant delivery. While the immutable goal is to create spaces that embody the desire to work together, the ways to achieve this can be adjusted, enhanced and realigned in response to societal and sociological change.

This is why it is critically important to set up innovation and planning platforms that enable real estate industry professionals to identify emerging trends. One example is the annual Paris Workplace survey, which reveals that the office is no longer just a place to work, but rather a place to connect, share and create, where corporate culture and collective intelligence is nurtured, and where employee engagement is fostered.

While employees can now work almost anywhere, thanks to new technologies and the flexibility offered by more widespread work-from-home arrangements, only a physical office enables companies to project their image to customers and employees, thereby acting as a catalyst in creating employer appeal and a key asset for retaining talent.


While the younger generations are the most conscious of the matter, employees of all ages are becoming more demanding of their employers and want to see tangible proof of sustainable practices, particularly with regard to their offices. When employees are proud of their offices and of the commitments upheld, their engagement and well-being increase.

SFL has been working in this direction for many years, while creating a large community of like-minded stakeholders. By pursuing a responsible vision of the future in developing and managing its office buildings, SFL is deeply committed to working closely with its tenants, its external stakeholders (municipal and national authorities, local residents), its employees and its partners (prime contractors, construction companies, utilities and amenities operators) to foster the desire to work together around four pillars:

- **Low-carbon strategy**
- **Urban footprint**
- **User satisfaction**
- **Employee and partner engagement**

These pillars, each addressing three specific issues, cover all of the Group's most material environmental, social and governance (ESG) issues and are correlated with the main risks and opportunities impacting its business model.

They are also used to measure how its ESG processes help to meet the Sustainable Development Goals adopted by the United Nations in 2015. SFL considers that its initiatives and activities have an impact on 10 of those goals, as follows:





LOW-CARBON STRATEGY

The development and use of property assets is a significant source of greenhouse gas emissions.

It is the Group's responsibility to provide resilient properties demonstrating excellent real estate fundamentals, while promoting an ambitious low-carbon strategy and the judicious use of resources.

Operational sufficiency
Circular economy and embodied carbon emissions
Building resilience

<p>13 CLIMATE ACTION</p> 	<p>7 AFFORDABLE AND CLEAN ENERGY</p> 	<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 
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URBAN FOOTPRINT

SFL wants to do its part in defining the new geography of work.

The Group gets local stakeholders involved in the design and execution of its urban development projects and focuses its capital programs on buildings that are located in vibrant communities, respect local biodiversity and blend harmoniously into the urban landscape.

Architecture & design
Nature & landscaping
Mobility

<p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> 	<p>15 LIFE ON LAND</p> 
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USER SATISFACTION

The world of work is radically changing.

SFL wants its users to look forward to coming to the office and working together by offering comfortable, flexible spaces, serviced by prime amenities and meeting the highest standards of quality and performance.

Convenience & amenities
Certifications & labels
Tenant relations & satisfaction

<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> 



EMPLOYEE AND PARTNER ENGAGEMENT

Our commitment to working together is supported by a strong desire for transformation and bold thinking outside the box.

Our team, which is entirely in-house, comprises talented people who know how to address these demanding issues. The Group can also count on its partners, with whom it nurtures robust, enduring relationships.

Employer appeal, skills development & workplace equality
Health, safety & quality of worklife
Ethics in the value chain

<p>5 GENDER EQUALITY</p> 	<p>10 REDUCED INEQUALITIES</p> 
<p>3 GOOD HEALTH AND WELL-BEING</p> 	<p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p> 

1.2. Operating environment, SFL impacts and 2030 objectives

Analysing SFL's operating environment and the attendant risks and opportunities for its business model is a core component in the value creation process.

In 2022, the worldwide business environment was shaped by the same deep uncertainty as in 2020 and 2021, as well as by the quickening pace of change in building usage and municipal services. However, this environment also revealed the strengths of SFL's resilient property portfolio, capable of effectively responding to new expectations even as they emerged and evolved with increasing speed.

SFL's deep-rooted ties to the city, its constant efforts to deliver well-being and efficiency, and everyone's commitment to a responsible future have been expressed as 12 pathways to improvement, based on the above-mentioned four pillars. This holistic approach is presented and described in the sections below.

Divided among the four pillars of the Group's CSR commitment, these 12 main pathways for 2030 align SFL's initiatives with the global objectives being pursued by leading sustainability organisations. They are also the pragmatic yet ambitious goals that are guiding the management of the Group's initiatives over the shorter and medium terms.

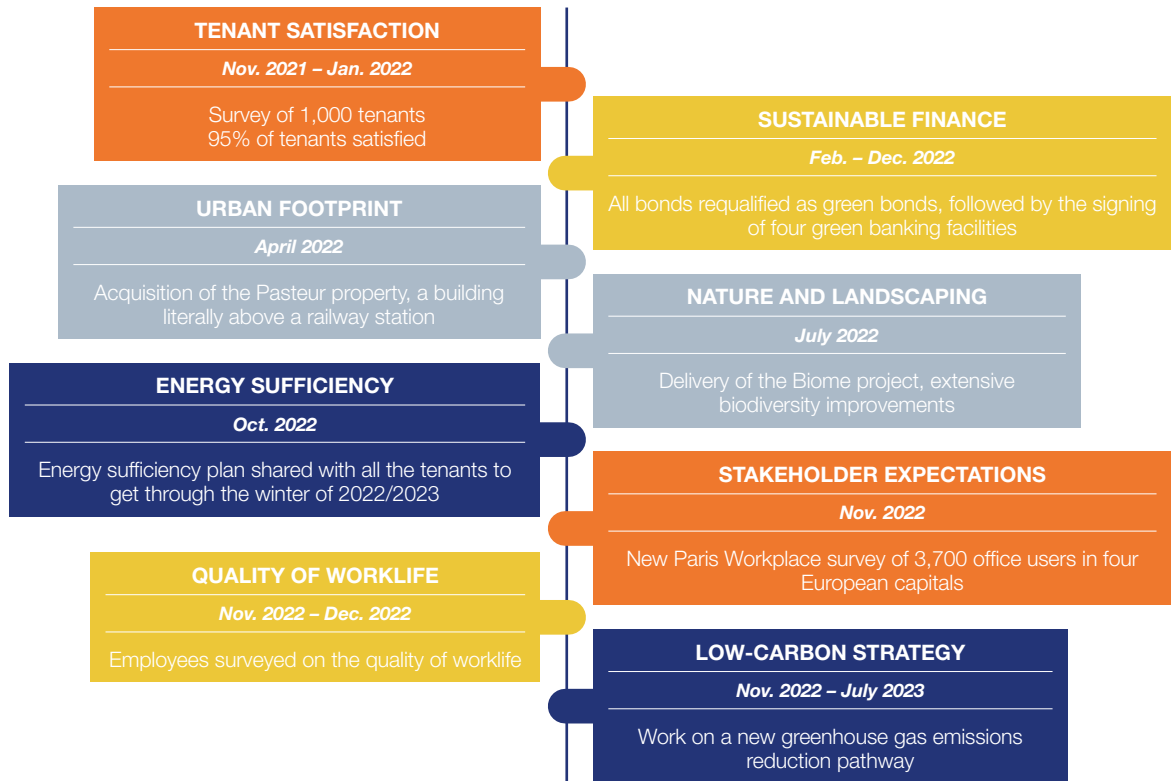
Performance towards these objectives is regularly monitored by the Management Committee and the Board of Directors and guided by dedicated action plans.

Pillar	Operating environment	SFL impacts	SFL response	Primary 2030 objective	2022 performance
Low-carbon strategy	<ul style="list-style-type: none"> Increasingly urgent goal of limiting the rise in global warming to 1.5°C. Far-reaching environmental legislation impacting the property and construction industry. Major environmental impact from overuse of natural resources. Very tight energy and materials markets in France and the rest of Europe. Increasing number of exceptional climate events, such as rising temperature anomalies in both summer and winter. 	<ul style="list-style-type: none"> 2,055 tCO₂e in Scope 1 & 2 emissions. 27,230 tCO₂e across the value chain. 59,250 MWh of energy used in assets in use, of which 69% in common areas and utilities. 98% of the nearly 27,000 tonnes of construction waste from the two projects delivered in 2022 recovered and reused. 124,355 cu.m of water. 	Operational sufficiency <ul style="list-style-type: none"> Improving energy efficiency. Transitioning to lower carbon energy sources. Extensively analysing each asset's usage profile. Sharing sufficiency commitments with partner building managers and office users. 	70% reduction in kgCO ₂ e/sq.m. (Scopes 1 & 2 in tCO ₂ e) in 2030 vs. 2017 40% reduction in kWh/sq.m. in 2030 vs. 2017	41% reduction since 2017. 21% reduction since 2017.
			Circular economy and embodied carbon emissions <ul style="list-style-type: none"> Ecodesign, reuse and judicious use of resources during the works phase. Recovering, reusing and recycling waste from redevelopment projects and building operations. Increasing rainwater harvesting and controlling water use. 	Zero final waste from buildings in-use or under development	Percentage of waste recovered <ul style="list-style-type: none"> Buildings in use: 69%. Redevelopment projects: 98%.
			Building resilience <ul style="list-style-type: none"> Investing in projects that are adaptable, flexible and upgradeable in response to tenant needs and demands. Thoroughly understanding the climate, environmental and health risks that could impact the portfolio. Deploying an accurate tracking system and the necessary prevention and adaptive response measures. 	100% of assets subject to vulnerability assessments and having the necessary prevention and compliance measures in place	<ul style="list-style-type: none"> Vulnerability studies completed in 2018 now being updated.
Urban footprint	<ul style="list-style-type: none"> Restrictive urban, heritage and architectural parameters specific to Paris. Need for mixed-use capabilities in each neighbourhood. Land take is rising sharply in France and biodiversity is in steep decline. Need to reconnect with nature. Need to invent a virtuous city that meets the business needs of companies while safeguarding the environment. Emergence of new forms of urban mobility. 	<ul style="list-style-type: none"> 18 assets with varied yet iconic architecture. More than 100,000 sq.m. of built-up land. Over 50% of assets redeveloped over the past 10 years. No land taken in the past 10 years. The equivalent of 10% of the portfolio's footprint is planted and landscaped. Only 15% of SFL office users commute in private motor vehicles (versus an average 45% in Greater Paris). 	Architecture and design <ul style="list-style-type: none"> Preserving existing structures to minimise demolition and new construction. Architecturally bold but heritage-friendly designs. Urban consolidation and mixed use. Addressing stakeholder expectations. 	All redeveloped buildings subject to historical heritage impact assessments	100%
			Nature and landscaping <ul style="list-style-type: none"> Limiting land take. Increasing planted and landscaped areas. Addressing the importance of landscaping for users. 	<i>To be redefined in 2023</i>	-
			Mobility <ul style="list-style-type: none"> Strategically investing in assets with top-quality transit access. Providing offices that are exceptionally well served by public transport. Listening to user needs for new forms of urban mobility. Rapidly deploying infrastructure to enable the use of these forms of mobility. 	100% of office assets located less than a ten-minute walk from a metro station	100%

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Pillar	Operating environment	SFL impacts	SFL response	Primary 2030 objective	2022 performance
User satisfaction	<ul style="list-style-type: none"> The new geography of work, with widespread work-from-home and a strong employee desire for more self-management. Socialising with co-workers is the main reason people come to the office. Office buildings have to be adaptable to a variety of ever-changing uses. Rising expectations of potential tenants regarding the environmental performance of their leased premises. Extensive interaction with tenants, particularly this year concerning the critical issue of energy sufficiency. 	<ul style="list-style-type: none"> 339,000 sq.m. of leased space. 85% office space. 290 tenants. 3,700 office users polled in the latest Paris Workplace survey. 28 construction and in-use certifications earned across the portfolio. 	Convenience and amenities <ul style="list-style-type: none"> Undertaking to design buildings that flow seamlessly between private and common areas, resulting in a sense of community. Instilling maximum flexibility and operational efficiency in the tenant areas. Offering an increasingly wide range of amenities based on a detailed analysis of each building. 	100% of business centres served by prime amenities	100%
			Certifications and labels <ul style="list-style-type: none"> Undertaking a certification campaign for all assets in-use. Early adoption of BREEAM In-Use certification. Choosing project-phase certifications and labels aligned as closely as possible with specific building features, to support its market positioning. 	100% of projects and office assets in-use certified	100%
			Tenant relations and satisfaction <ul style="list-style-type: none"> Focusing on understanding tenant expectations and factoring them into project programmes. Fostering close tenant relationships in SFL properties through a variety of dialogue methods and channels. Regularly measuring tenant satisfaction, with over 95% of tenants satisfied or very satisfied in the last survey. 	>85% of tenants satisfied	95%
Employee and partner engagement	<ul style="list-style-type: none"> Fostering employee commitment and engagement, improving social cohesion and workplace atmosphere, increasing recognition and appreciation. Developing employability and skills, maintaining employer appeal to attract and retain talent. Raising employee awareness of sustainability issues and the Group's CSR policy commitments. Developing ties with partners who are geographically close and sensitive to the same CSR issues. 	<ul style="list-style-type: none"> 74 employees at year-end 2022. Majority (62%) are women. Women account for 50% of the Board of Directors and 38% of the Executive Committee. 1 workplace accident in 2022 (commuting). 83% of employees received training in 2022. 790 suppliers and service providers. €179 million in purchases in 2022. 96% of purchases sourced from suppliers in Paris and the Greater Paris region. 	Employer appeal, skills development and workplace equality <ul style="list-style-type: none"> Individualised approach to career development, with annual performance reviews and biennial career reviews. Competitive, incentivising compensation aligned with workplace equality principles and commitments. Skills development and training objectives defined annually. Initiatives in place to foster workplace equality in hiring, pay and training. 	>2.5% of payroll spent on training	2.64%
			Health, safety and quality of worklife <ul style="list-style-type: none"> Regularly measuring the workplace atmosphere through the annual quality of worklife (QWL) survey. Assertively pursuing policies to protect employee health and safety. 	Quality of worklife survey conducted every year	Survey conducted in 2022
			Ethics in the value chain <ul style="list-style-type: none"> Identifying the most at-risk suppliers and deploying metrics to track their compliance. Sourcing extensively from local service providers and suppliers. Leading a continuous improvement process, particularly with maintenance providers operating the assets and contractors managing project worksites. 	100% of employees, contractors and suppliers covered by an Ethics Code of Conduct	Ethical commitments to be shared more formally with SFL partners

2. Significant events of the year



Closely tracked, widely recognised performance

SFL ensures that all its reporting processes are aligned with the strictest standards. In addition, it seeks to have its performance assessed transparently and regularly responds to surveys from GRESB and other ESG rating agencies. The recent distinctions and awards from GRESB and the EPRA offer compelling proof of this commitment to continuous improvement and transparent disclosure.

 GRESB In 2022, the Global Real Estate Sustainability Benchmark (GRESB) awarded SFL the Green Star designation for the tenth year in a row, with scores of: – 91/100 in the Standing Investments benchmark; – 95/100 in the Development benchmark.	 EPRA SFL complies with the recommendations issued by the European Public Real Estate Association (EPRA) for its CSR reporting. Two Gold Awards, in Sustainability and Finance Best Practices Recommendations, were received in 2022. Sustainability and Finance Best Practice Recommendations. EPRA-format indicators are presented in each of the relevant sections of this report and in section 7.5.	 Sustainable finance SFL has undertaken clear commitments with regards to its environmental performance. SFL converted all its bonds into green bonds in February 2022 and over the following months arranged four new green banking facilities in a total amount of €725 million. The interest rate on these facilities is in part indexed to the greenhouse gas emission reduction objective certified by the Science Based Targets initiative (SBTi). In all, 79.7% of SFL's debt at 31 December 2022 is linked to the company's environmental performance.
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3. Low-carbon strategy

Increasing greenhouse gas emissions are radically changing the Earth's climate. The latest findings from the Intergovernmental Panel on Climate Change (IPCC) show more than ever that the increase in global warming must be limited to 1.5°C above pre-industrial levels. The impacts of climate change are driving an increase in the number of unusual physical events, while heightening market sensitivity and spurring the introduction of more stringent environmental regulations. As a result, the risks arising from these impacts and the initiatives undertaken to address them are increasingly material for SFL's business.

Our approach to climate issues is aligned with the TCFD⁽¹⁾ recommendations and therefore comprises a dedicated governance structure, a granular analysis of physical and transition risks, a climate action strategy, and dedicated metrics and targets. These aspects are addressed throughout this report, as well as in a separate cross-reference table in section 7.6 below.

Our strategy for responding to the climate emergency and achieving a low-carbon future is two-pronged, with both a focus on reducing greenhouse gas emissions and on improving the resilience of the Group's assets.

1. Reducing greenhouse gas emissions

- The construction industry is responsible for more than a quarter of all greenhouse gas (GHG) emissions in France⁽²⁾, making it a major challenge in the fight against climate change.
- Baseline scenarios, such as France's revised national low-carbon strategy issued in late 2018, or the Science Based Targets initiative (SBTi), call for the real estate sector to be almost entirely carbon-free by 2050.
- SFL has taken responsibility for its part and devised a certified greenhouse gas emissions reduction objective, aligned with a 1.5°C pathway which has been validated by the SBTi.
- To meet it, the Group has begun by managing energy efficiency and transitioning to lower carbon energy sources.
- More broadly speaking, the emissions reduction strategy also involves using resources more judiciously, diligently managing waste and water use and continuously tackling environmental issues with architects, partner contractors during the works phase, building management partners and office users.

2. Improving resilience across the asset portfolio

- SFL's strategy consists in investing in sustainable properties whose quality is judged by their potential for upgrades.
- It extends the properties' useful lives and guarantees their alignment not only with tenant needs but also with the urban fabric, as well as with long-term challenges in terms of accessibility, the judicious use of resources and adaptability in the face of climate change.
- The strategy is supported by a precise analysis 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 adaptive response measures.
- It is also designed to strengthen the ability of the Group's assets to cope with the effects of climate change, particularly the gradual rise in temperatures and the resulting increase in the number of extreme weather events.

The first step in the emissions reduction strategy is to measure the carbon impact of SFL's entire value chain, thereby identifying the main sources of greenhouse gas emissions and helping the Group to understand their impacts.

This process is designed to be as broad and deep as possible, to clearly reveal the impact of SFL's operations in the three GHG Protocol Scopes and to define the most appropriate responses.

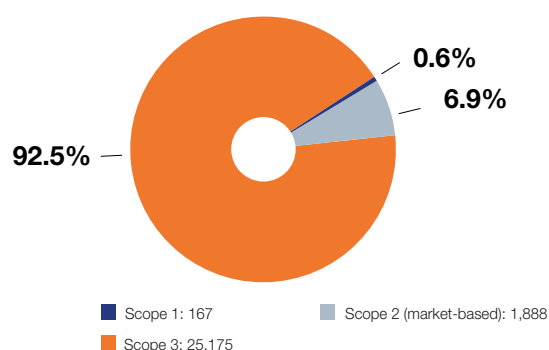
(1) Task Force on Climate-Related Financial Disclosures.

(2) The building sector released 90 million tCO₂e in 2017, or 19% of national Scope 1 emissions and 28% 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 in March 2020.

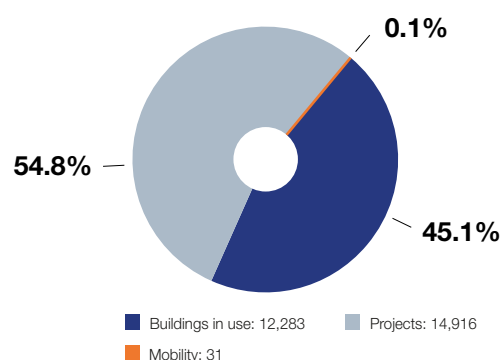
SFL'S BROADER CARBON FOOTPRINT IN TCO₂E (SCOPES 1, 2 AND 3 AS DEFINED IN THE GHG PROTOCOL)

		2022				2021	Change, YoY		
		Buildings in use	Projects	Mobility	Total	% of total	Total	in tonnes	in %
Scope 1		167	0	0	167	0.6%	183	(16)	-9%
Fossil fuels consumption	Natural gas	116			116	0.4%	148	(32)	-22%
Refrigerant gases	Refrigerant	51			51	0.2%	35	16	47%
Scope 2 (market-based)		1,888	0	0	1,888	6.9%	2,312	(424)	-18%
Purchased electricity	Electricity	777			777	2.9%	803	(26)	-3%
Purchased heating and cooling	Heating and cooling networks	1,111			1,111	4.1%	1,509	(399)	-26%
Scope 3		10,228	14,916	31	25,175	92.5%	29,716	(4,541)	-15%
1 - Purchased goods and services	Purchased goods and services (OpEx)	7,859			7,859	28.9%	7,453	407	5%
2 - Capital goods	Capital projects (CapEx)		14,916		14,916	54.8%	20,062	(5,146)	-26%
3 - Fuel- and energy-related activities	Production of energy and energy purchased and consumed	598			598	2.2%	660	(62)	-9%
5 - Waste generated in operations	Building waste	653	Included in cat. 2		653	2.4%	376	276	73%
6 - Business travel	Business travel			20	20	0.1%	7	13	179%
7 - Employee commuting	Employee commuting			11	11	0.0%	11	0	-2%
13 - Downstream leased assets	Energy used in tenant areas	1,118			1,118	4.1%	1,147	(29)	-2%
Total		12,283	14,916	31	27,230		32,211	(4,981)	-15%
% of total		45.1%	54.8%	0.1%					

GREENHOUSE GAS EMISSIONS IN TCO₂E BY GHG PROTOCOL SCOPE



GREENHOUSE GAS EMISSIONS IN TCO₂E BY TYPE OF ACTIVITY



The above table shows that SFL's total carbon footprint shrank by 15% year-on-year in 2022, with a significant reduction in greenhouse gas emissions from renovation and redevelopment projects, which, at 14,916 tCO₂e, represented less than 55% of the total, compared to 68% in 2021.

It also reveals three main pathways to progress in attenuating the Group's carbon impact:

- Practising operational sufficiency in both the common and tenant areas (see part 3.1).

- Developing a circular economy and reducing embodied carbon emissions on projects (see part 3.2).

- Supporting the deployment of new forms of mobility for employees as well as for asset users (see section 4.3).

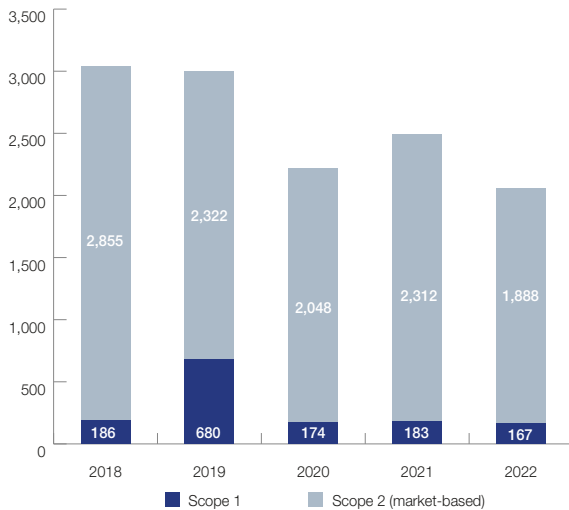
3.1. Operational sufficiency

Scopes 1 & 2 greenhouse gas emissions

Scope 1 and market-based Scope 2 carbon emissions from energy use and refrigerant leaks in SFL-managed assets represented 2,055 tCO₂e in 2022, of which:

- 167 tCO₂e in direct Scope 1 emissions;
- 1,888 tCO₂e in indirect market-based Scope 2 emissions.

CHANGE IN GREENHOUSE GAS EMISSIONS – SCOPES 1 & 2

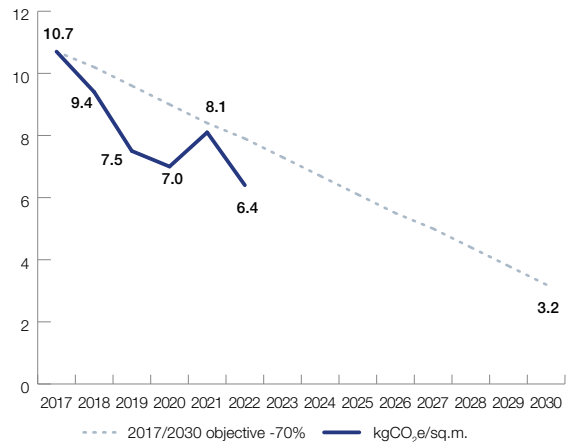


In absolute terms, Scopes 1 & 2 emissions fell sharply between 2018 and 2022, with a 985 tCO₂e reduction corresponding to a decline of 32% (10% in Scope 1 and 34% in Scope 2).

The 18% year-on-year decline in 2022 was primarily led by a steep drop in emissions from the use of heating energy (heating networks and, to a lesser extent, natural gas) due to the operational sufficiency initiatives under way and more favourable weather conditions.

SFL's new operating carbon target is to reduce energy-related greenhouse gas emissions⁽¹⁾ by 70% in kgCO₂e/sq.m. between 2017 and 2030. Emissions were reduced by 41% between 2017 and 2022.

CARBON INTENSITY IN KGCO₂E/SQ.M. – ABSOLUTE



3.1.1. Improving energy efficiency

Residential and commercial buildings are by far the largest energy users in France, accounting for 45% of the total energy consumed⁽²⁾. As a result, improving energy efficiency is certainly SFL's biggest challenge. Its importance was further confirmed by the decree mandating actions to improve the energy performance of commercial buildings, which stipulates that energy use must be reduced by 40% by 2030, 50% by 2040 and 60% by 2050.

Meeting these ambitious national objectives will require targeted investments and continuous improvement in building management systems. It will also involve addressing emerging tenant needs, which could impact intensity of use in buildings (digital technologies, amenities, food services, etc.).

In response, SFL has undertaken a broad-based dialogue and emulation process with its tenants to gain insight into energy use in its buildings and then to reduce overall consumption by integrating the energy used in the tenant areas, with energy sharing agreements, discussions on energy use profiles during tenant committee meetings, etc. This process took on new importance in the fall of 2022, when the French government encouraged everyone to practice energy sufficiency over the winter. After ten years of major capital investments in its buildings, SFL is also endeavouring to foster a holistic ecosystem of processes and partners to improve its energy efficiency.

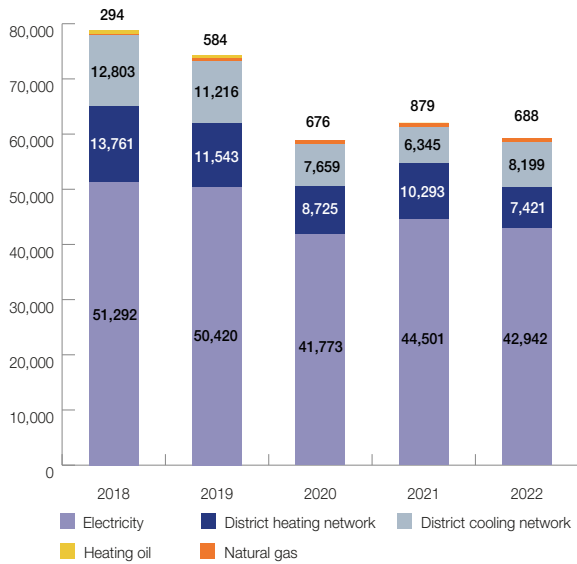
In particular, it has joined with two recognised, complementary partners to build a new strategic plan, which should drive a 40% reduction in energy use by the end of 2030. After an initial programme aimed at increasing the amount of collected data by installing more sub-metering systems, a comprehensive technical master plan was developed for the entire asset portfolio. In turn, this was broken down into dedicated energy and carbon pathways to 2030 for each asset, supported by a capital expenditure plan.

(1) Excluding refrigerant leaks.

(2) 2020 figures, from the French Ministry of Ecological Transition: <https://www.statistiques.developpement-durable.gouv.fr/edition-numerique/bilan-energetique-2020/25-51-consommation-finale-denergie->

In 2022, properties owned and managed by SFL used 59,250 MWh of final energy, of which 40,701 MWh (69%) in the common areas and for the heating and air-conditioning used in tenant areas.

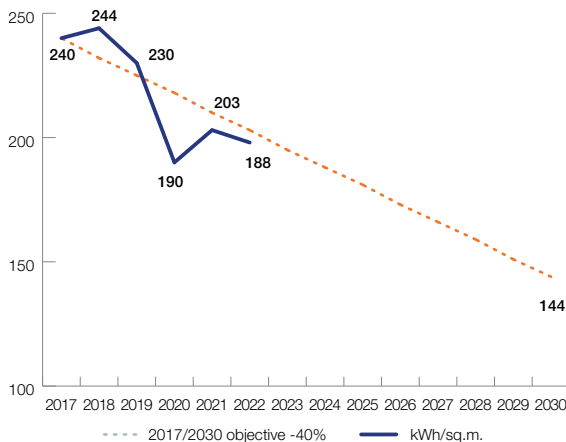
ENERGY USE BY TYPE, IN MWH



In absolute terms, total energy use from all sources declined by 25% from 2018 to 2022.

SFL’s operational energy objective is to reduce energy use intensity in kWh/sq.m. by 40% between 2017 and 2030, in full compliance with France’s commercial real estate energy savings decree. By the end of 2022, the reduction already stood at 21%.

ENERGY INTENSITY IN KWH – ABSOLUTE



3.1.2. Transitioning to lower carbon energy sources

Another way to reduce energy consumption and shrink the carbon footprint is to optimise the energy mix with less carbon-intensive energy sources.

Already, more than 72% 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 1.2% of the total energy mix. The remaining energy used comes from district heating (12.5%) and cooling (13.8%) systems, which account for diametrically opposed proportions of the related carbon impact, at 37.2% and 1.8% respectively.

ENERGY MIX AND RELATED CARBON IMPACT AS A % IN 2021 AND 2022⁽¹⁾

	Energy mix		Related carbon impact	
	2021	2022	2021	2022
Electricity	71.8%	72.4%	50.3%	56.9%
District cooling network	10.2%	13.8%	1.2%	1.8%
District heating network	16.6%	12.5%	44.0%	37.2%
Natural gas	1.4%	1.2%	4.4%	4.1%

(1) Energy used in and related carbon emissions from the common and the tenant areas of the 15 in-use buildings owned and managed by SFL in 2022.

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

- gradually reducing the use of the most carbon-intensive energy sources, particularly for heating:
 - replacing the last fuel oil-fired boiler with a natural gas-fired installation in the spring of 2019,
 - installing heat pumps, notably in the Galerie des Champs-Elysées in November 2020 (with a subsequent steep reduction in energy use) and in the Édouard VII complex in 2022;
- opting for energies with the lowest emission factors:
 - gradually connecting eligible assets to the district cooling network (which has a low emissions factor),
 - negotiating with suppliers to steadily increase the proportion of energy from renewable sources, particularly for electricity and district heating (CPCU).

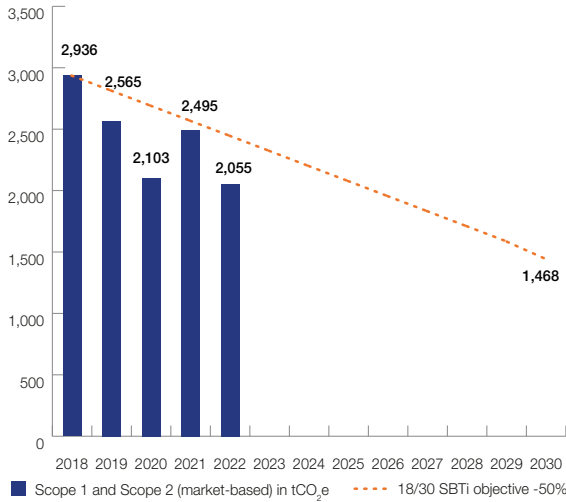
SCIENCE BASED TARGETS INITIATIVE (SBTI): CERTIFICATION OF THE CARBON PATHWAY

In August 2021, SBTi certified SFL’s carbon pathway as compatible with a 1.5°C target.

The pathway is based on a targeted 50% reduction in Scope 1 and market-based Scope 2 emissions, expressed in tCO₂e, between 2018 and 2030, as defined in SBTi’s streamlined route for small- and medium-sized businesses.

By the end of 2022, these emissions had been reduced by 30% since 2018 – 881 tCO₂e in absolute terms – in line with the target.

THE TARGET FOR SCOPE 1 AND MARKET-BASED SCOPE 2 EMISSIONS IN TCO₂E CERTIFIED BY THE SCIENCE BASED TARGETS INITIATIVE



3.2. Circular economy and embodied carbon emissions

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 covers three main levers that are helping to enhance the sufficiency of its footprint:

- judiciously using resources during the works phase, through the ecodesign, re-use and recycling of materials,
- recovering, reusing and recycling waste from redevelopment projects and building operations,
- managing water use in properties in-use.

These levers are having a major impact on our greenhouse gas emissions reduction strategy, as project-related emissions accounted for more than 45% of SFL’s overall carbon footprint in 2022.

It is reflected in the Group’s 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 also helps to limit the amount of demolition and therefore the use of natural resources when new structures are built. By nature, redeveloping or renovating an existing building is much more carbon efficient than putting up a new building, since most of the structure, and sometimes even the roof, windows and doors, are retained. Moreover, unlike new construction, redevelopment projects do not seal any additional soil space.

3.2.1. Ecodesign and the judicious use of resources

As France’s largest consumer of energy, the construction industry must also address the issue of how it uses natural resources and manages its environmental impacts.

In its redevelopment projects, SFL seeks to mitigate the impact of redevelopment work on the buildings it owns and renovates by implementing clearly defined policies to reduce the work-sites’ environmental footprints and by demanding and monitoring contractor compliance. These policies systematically cover three 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.

In the summer of 2022, SFL delivered two major projects, Cézanne Saint-Honoré, on a site that remained operational during the works, and Biome. Both were covered by clearly defined worksite guidelines, with a strong focus on materials reuse and disposal.

That’s why special efforts were made to reuse demolition and salvaged materials or materials from other worksites.

Reused materials	Cézanne Saint-Honoré	Biome
Worksite materials	Raised floor panels (60%)	Façade stone crushed and reused in terrazzo flooring (400 sq.m.)
Materials from other worksites	–	Raised floor panels (13,850 sq.m.) ⁽¹⁾

(1) The 13,850 sq.m. of reused raised floor panels represented a carbon saving of 49 kgCO₂e/sq.m.

To establish a robust framework for this process and track its initiatives more accurately, major renovation projects will systematically be certified as BBCA low-carbon buildings starting in 2023.

Already in 2018, the Biome project was one of the first in Paris to be certified to BBCA Rénovation standards as a low-carbon refurbishment, thanks in particular to the use of low-carbon concrete in 3,555 sq.m. of floor space.

A granular life cycle assessment identified the main sources of carbon emissions throughout the building’s life cycle.

Life cycle assessment and low carbon - the Biome project

Main sources of greenhouse gas emissions	In kg/CO ₂ e/sq.m. of floor area
Construction materials and fixtures	704
Recoverable construction materials and fixtures	184
Energy consumption in-use	333
Worksite	2
Water	10
Total	1,233

Based on this enriching experience, SFL is now extending the practice of life-cycle assessments to all its main projects.

Initial assessments of leading recent-year projects yielded the following results for the “construction materials and fixtures” source, according to the BBCA Rénovation calculation method (the figures are therefore comparable).

	#Cloud	83 Marceau	Biome	Cézanne Saint-Honoré
Construction-related emissions in kgCO ₂ e/sq.m. (corresponds to construction and materials fixtures in the BBCA standards)	858	881	704	538
Project start and end dates	2013 to 2015	2019 to 2021	2020 to 2022	2021 to 2022

These results show a gradual improvement in the ratio, illustrating the teams’ increasingly sharp focus on the carbon impact of SFL worksites. For future projects, the goal is to continue reducing the carbon intensity of construction materials and fixtures while carefully managing the impact of in-use energy consumption.

In 2022, 991 tonnes of waste were produced by in-use assets whose waste management is handled by SFL. In the redevelopment operations, nearly 27,000 tonnes of waste were produced over the entire works period of the two main projects delivered during the year. The recovery rates stood at 69% for building waste and 96% and 98% respectively for the two delivered projects.

3.2.2. Waste recycling, recovery and reuse

The French construction industry generated around 212 million tonnes of waste in 2020 (down 11.4% since 2018), representing 68% of all waste produced in France⁽¹⁾.

Amount of waste in tonnes and recovery in tonnes and %

Waste	Projects		Buildings in use
	Cézanne Saint-Honoré	Biome	10 assets
Total amount generated in tonnes	1,116	25,853	991
Amount recovered in tonnes	1,079	25,333	686
- Of which as materials	971	25,286	225
- Of which as energy	109	48	461
Recovery rate in %	97%	98%	69%

To attenuate its waste production impacts, SFL is exploring two avenues to improvement:

- Improving waste management metrics for tracking amounts produced and treatment methods.
- Reducing waste production, by limiting demolition/reconstruction works, using resources more judiciously, as explained in section 3.2.1. (Ecodesign and the judicious use of resources) below, and engaging with general contractors in the worksite phase and with tenants in the development phase. In addition, a growing variety of sorting solutions are being deployed for users and waste management contractors.
- Increasing the recovery rate, with the goal of producing zero final waste from both redevelopment projects and in-use assets.

(1) *Bilan 2020 de la production de déchets en France*, November 2022, Ministry of Ecological Transition and Territorial Cohesion data-lab.

Improving waste management metrics

In the in-use phase, tenant activities in the 10 buildings owned and managed by SFL produced 991 tonnes of waste during the year.

At the other five buildings in use, waste is directly collected by the City of Paris⁽¹⁾, which means that SFL has no access to data on the amount of waste or its treatment methods.

In a commitment to improving its control over this issue, SFL is gradually attempting to take back these waste management tasks for outsourcing to a private contractor capable of pursuing the identified avenues to improvement. In 2022, three new assets were transferred from municipal management to SFL via a private waste management contractor. This process will proceed apace in 2023 to rapidly bring all the portfolio assets back under the SFL umbrella.

In the case of redevelopment projects, SFL is seeking to improve tracking by broadening the metrics to smaller projects, in line with what was done in the large projects delivered in 2022.

Deploying more waste sorting solutions

To manage building waste more effectively a wider selection of sorting solutions has been deployed for tenants. As of year-end 2022, 16 different types of waste were collected at SFL properties, including cardboard, paper, plastics, wood, glass, metals and waste electrical and electronic equipment.

Using the most effective treatment methods

Effective management also includes ensuring that the waste collected by service providers is treated in the most appropriate way possible, depending on locally available recycling or reuse solutions.

In 2022, 98% of the waste from the two largest projects was recovered and reused.

In the assets in use, 69% of waste was recovered and reused, primarily through recycling or burning as fuel. Unfortunately, this recovery rate was lower than the 81% achieved in 2021, mainly because NHIW from a few assets was no longer incinerated with energy recovery, but instead simply incinerated or landfilled.

SFL is committed to continuing to work with waste collection service providers to improve their feedback on disposal methods and to ensure that no waste is landfilled, in line with the goal of zero final waste by 2030.

3.2.3. Managing water use

SFL buildings are all supplied exclusively by city water systems, which withdraw water from aquifers and rivers in the Greater Paris region, make it potable and then distribute it to the buildings' supply connections.

For now, water stress studies⁽²⁾ indicate that this risk only moderately concerns the areas where SFL assets are located, in Paris and its inner suburbs downstream from the confluence of the Seine and Marne rivers.

However, recent droughts, particularly the one that began in the summer of 2022, should prompt SFL to heighten vigilance in this regard.

The Group is therefore endeavouring to enable rainwater harvesting in its buildings, when such a solution is technically feasible, environmentally beneficial and cost effective. Currently, seven assets have rainwater harvesting systems.

Reviews are systematically performed on all redevelopment projects, and such systems have been installed in the main projects either recently delivered or still in progress (Biome, 83 Marceau, Rives de Seine, etc.).

Rainwater harvesting systems in operation in the portfolio, capacities and amounts harvested

Property	Capacity in cubic metres
Washington Plaza	18
92 CE	6
#cloud.paris	28
103 Grenelle	11
Biome	20
83 Marceau	23
Cézanne Saint-Honoré	12.5

SFL is also striving to reduce water use needs in its assets. The buildings owned and managed by SFL used some 124,355 cu.m. of water in 2022, or 0.39 cu.m. per sq.m.

On an absolute basis, water use intensity declined by 19% from 2017 to 2022, reflecting the initiatives under way, but also the impact of the reduced occupation intensity during the health crisis, particularly in 2020 and 2021.

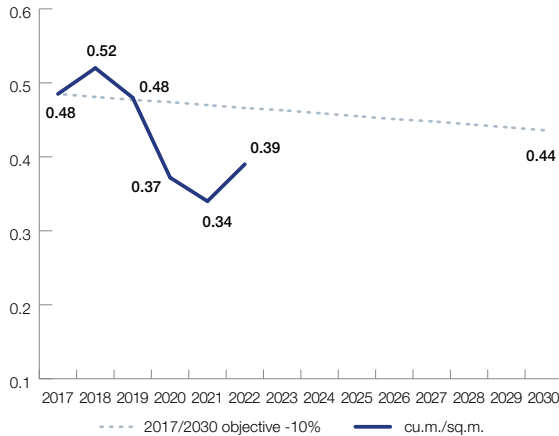
SFL is hoping to reduce this intensity by 10% in cu.m./sq.m. between 2017 and 2030, but this target may be reassessed in the years ahead.

(1) The ten SFL-managed buildings for which private waste management contracts have been signed are now included in the scope of reporting.

Nevertheless, the overall coverage rate stands at 89% of the managed buildings, because waste from five of them is still collected directly by the City of Paris, leaving SFL without any data on the amount of waste or its disposal.

(2) The Aqueduct Water Risk Atlas published by the World Resources Institute.

ANNUAL CHANGE IN WATER USE INTENSITY IN CU.M./SQ.M.



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.

The increasing prevalence of working from home one to two days a week is prompting companies to review their office organisation and facilities. Consequently, there is a critical need to invest in projects that are adaptable, flexible and scalable in response to the needs or demands of tenants and prospects, while also offering solutions to mobility issues.

More than ever, the strategy of consistently investing in sustainable buildings is proving its worth. The hierarchy of decision-making criteria among large tenants in the Paris office market has shifted towards more demanding standards, particularly for environmental and technical performance.

The quality of a building is increasingly judged by its ability to be upgraded to meet more demanding tenant requirements and tighter regulatory and environmental standards.

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 adaptive response measures.

3.3.1. Tracking physical climate change risks

The resilience of SFL’s assets also includes their ability to cope with the effects of climate change, particularly the gradual rise in temperatures and the resulting increase in the number of extreme climate events.

The weather anomalies in both summer and winter 2022 caused a growing number of people to realize that climate change is real.

Risk analysis

Adapting SFL buildings to climate change is a concern that has been studied since 2018, when the resilience of its properties to physical hazards was initially assessed according to ADEME recommendations. The findings enabled SFL to analyse possible vulnerabilities in the asset portfolio, proactively plan for the potential impacts on operations and, in this way, guarantee the quality of the tenant experience.

As part of this process, SFL’s 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.

Since then, the regulatory environment has evolved with the European Taxonomy, whose “substantial contribution” and “do no significant harm” screening criteria include sections on the identification of hazards and the analysis of short-, medium- and long-term climate risks according to three IPCC pathways (RCP 2.6, RCP 4.5 and RCP 8.5)

As a member of the Green Building Observatory (OID), SFL uses the Resilience For Real Estate (R4RE) platform developed specifically to address these issues. By helping to identify buildings exposed to significant risks over the more or less long term, R4RE supports the definition of initiatives to adapt to the risks over a given time frame.

Increased frequency and intensity of heat waves and flood risks

Rising temperatures, lifted by increasingly frequent heat waves, have been identified as one of the main risk factors. In particular, they could lead to higher energy use in HVAC systems and possible new capital projects to ensure that building utilities are appropriately sized.

The past few years have been the hottest on record in France. 2022 in particular broke every record, with very intense and persistent summer heatwaves in the Paris region.

In each asset, these events were technically managed in close collaboration with the building managers and tenants. This demonstrated the correct sizing and efficient operation of the utilities, particularly the HVAC systems, since no malfunctions were reported.

Tenants and users were reminded of the proper precautions and practices ahead of the heat waves, and there was no negative feedback over the summer.

Nevertheless, the higher temperatures fed through to an increase in energy consumption. A portfolio modelling exercise showed that each additional degree results in around a 4% increase in AC energy consumption.

SFL also assesses flood risks. Scheduled for completion in 2025, the riverfront Rives de Seine redevelopment project will offer an opportunity to implement adaptive response measures. The building utilities in the basement will be enclosed in a protective casing.

A bioclimatic approach

The latest delivered projects also included a bioclimatic design process, focused in particular on improving thermal comfort in both summer and winter.

By subtly reorienting the windows, the planned treatment of the Rives de Seine redevelopment project's southern exposed façade will capture more of the winter solar gains and delay the summertime solar gains until late in the day.

The new façade is expected to reduce heating needs by more than 35% and cooling needs in the summer by more than 13%.

3.3.2. Risk management systems and adaptive response measures

Every day, around 25,000 employees can come to work at SFL 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 SFL assets by attenuating the risks to the health and safety of their occupants. All the assets are carefully monitored for health and environmental risks.

Over the past three years, in response to the Covid-19 pandemic, SFL has 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.

Preventive actions were deployed and building operations were maintained in accordance with the strictest health standards without any difficulty, demonstrating the resilience of SFL assets in fast-evolving circumstances and the sound design and operation of their utilities.

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 supporting highly precise tracking and driving a steady improvement in outcomes. As part of this process, periodically and at least once a year, a technical review is conducted of the actions undertaken or planned in each asset, with the results reported to Executive Management.

A wide range of initiatives are under way to make SFL buildings healthier and mitigate the risks of pollution, in particular by:

- eliminating asbestos-containing materials and products whenever possible;
- testing for lead exposure before redevelopment 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;
- inspecting hot water installations every six months to analyse for legionnaires' disease.

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 development of risk management procedures, an online platform, called 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 2022, 14 of the 15 directly managed assets in-use, representing 92% of total square metres, were tracked via the platform.

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

4. Urban footprint

Revitalising and reinventing the city is a core driver of the strategy to increase the value of the Group portfolio. To create value at its properties, SFL must address the expectations of its stakeholders and the fact that its buildings are an integral part of the Parisian cityscape, home to almost all of its assets.

Addressing a building's urban footprint means (i) taking its location and accessibility into account, to protect the environment (passive footprint); (ii) paying careful attention to its design and appearance (to project it into the future while preserving its heritage); and (iii) envisioning its contribution to the landscape, by foregrounding green spaces and protecting biodiversity (two active footprints).

Half of the portfolio assets have been redeveloped over the past decade, with several iconic projects initiated or completed in recent years, attesting to the Group's deep commitment to offering products that are increasingly attuned to an ever-changing society.

4.1. Architecture and design

Given its strategic focus on Paris, SFL remains dedicated to keeping the quality of its portfolio closely aligned with tenant expectations, by reinventing its existing assets or developing new properties. Every refurbishment or redevelopment project is designed to embrace the building's history and original architecture, while encouraging the use of new architectural forms and contemporary design codes. All these projects are now deeply informed by a highly ambitious process to ensure their sustainability and reduce their carbon footprints.

When defining an asset redevelopment programme, in-house teams work closely with architects and stakeholders to preserve as much of the existing structure as possible, in a commitment to safeguarding the transformed building's surroundings by minimizing demolition and new construction. Retaining suitable structural works avoids the environmental impact of the demolition and new construction works that until recently were standard practice in Parisian real estate projects. In the same way, revealing the existing structure's underlying quality and ensuring that it can accommodate new uses enables SFL to minimise environmental impacts while enhancing the multi-use flexibility of the transformed buildings.

In particular, the Biome project partly consisted in a top-to-bottom refurbishing of a 1960s building that retained the existing floors and vertical structures by limiting demolition works mainly to infrastructure and some of the obsolete superstructure on the first floor.

SFL has long promoted mixed use in its properties, with both retail and office space in most of the buildings, residential units in Édouard VII, Condorcet and Biome, and theatres and a hotel in Édouard VII. Mixed-use capabilities, which will feature in all the Group's future projects, must meet identified neighbourhood needs and serve the objectives described above of optimally preserving both existing structures and the peaceful coexistence of various uses.

By engaging with local authorities and municipal 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 local cityscape.

4.1.1. Heritage and architectural quality

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. The Group's quality criteria are constantly being reaffirmed in its most iconic projects.

This is why before any redevelopment project gets under way, an in-depth heritage impact assessment is conducted in partnership with the Grahall consultancy 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, SFL's development teams, along with project architects and design engineers, interact with a 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.

SFL is also sensitive to all the urban planning and architectural issues arising from Paris's status as a city of the world, which is why it works with the biggest names in architecture and design, including Dominique Perrault, Ateliers Jean Nouvel, Jouin Manku, LAN and Ana Moussinet.

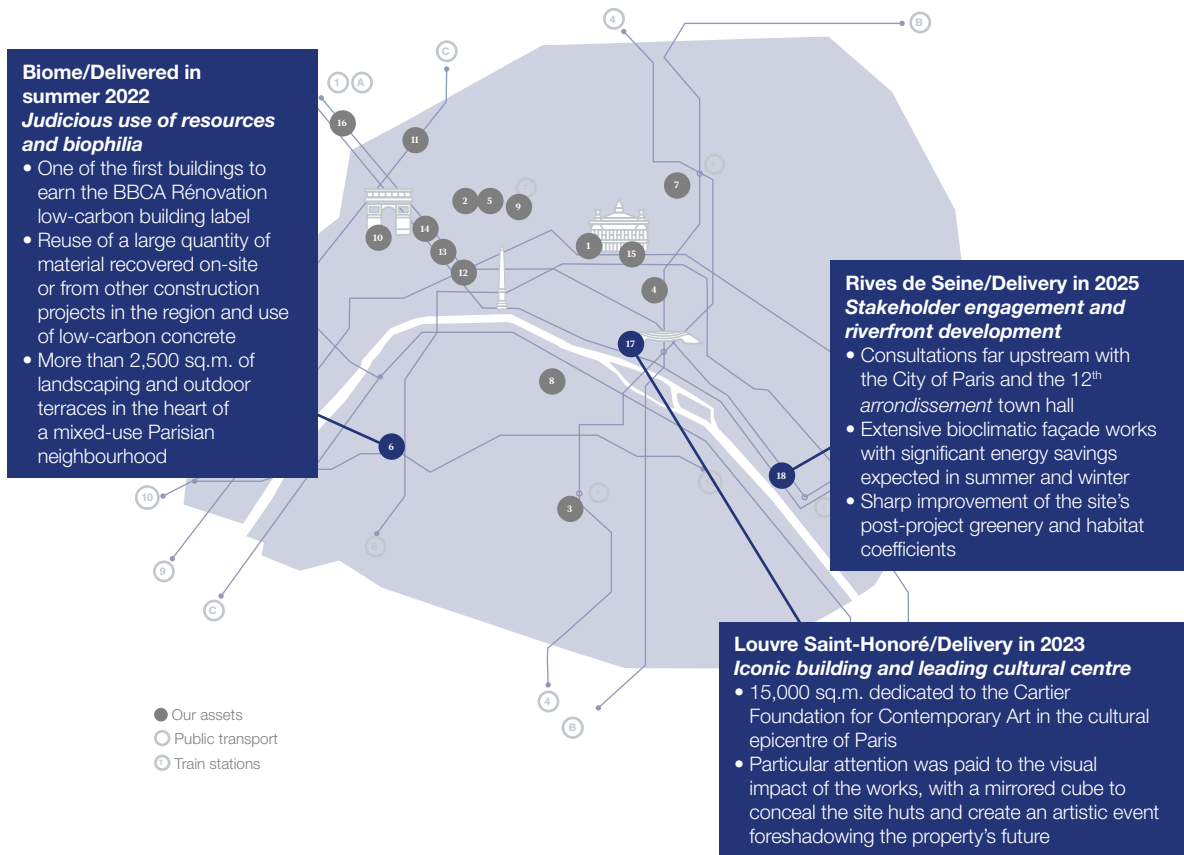
In this way, the Group strives to promote rewarding collaborations between renowned architects, engineers and designers, so that a distinctive aesthetic vision, resonant with each building's space, use and size can emerge from mutually enriching contributions. This collaborative interaction may be illustrated by the three leading SFL works projects currently under way:

- The reinvention of the Louvre Saint-Honoré building, a legendary Paris property that 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 the Louvre des Antiquaires mall. It will soon emerge in a new incarnation with the letting of 15,000 sq.m. (of which 7,000 sq.m. of exhibition space) to the Cartier Foundation for Contemporary Art. Designed by Ateliers Jean Nouvel, the 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 iconic Parisian building with clear, pure lines, enhanced by a contemporary canopy opening onto large, full-length bay windows. The outstanding Cartier Foundation project is also upgrading the building's office space, by refurbishing all the lobbies, delivering a new shared lounge area with a cafeteria and meeting rooms, and, in the coming months, opening a new company restaurant and revamping the other common areas.

- The comprehensive redevelopment and construction of a new building in the Biome project on avenue Émile Zola (Paris 15), was commissioned to a pair of designer-developers, Yrieix Martineau and Jouin Manku et Associés. The project created more than 2,500 sq.m. of green spaces and outdoor terraces in the heart of a mixed-use Parisian neighbourhood, earned BBCA certification as a low-carbon building and introduced new building programmes and uses, with 700 sq.m. of housing space, 400 sq.m. of co-working space and a 1,000 sq.m. business centre open to the public.
- This environmental sensitivity is being taken to the next level by the future Rives de Seine project, which is being reinvented by

the LAN agency for delivery in 2025. The building's façades, particularly the unobstructed main façade facing south-west, were selected in strict compliance with bioclimatic principles, which resulted in a highly innovative contemporary appearance. The tower's thoroughly reworked lower levels will allow for the creation and reopening to the public of landscaped gardens overlooking Paris. In consultation with the City of Paris and *arrondissement* authorities, SFL chose to open an additional gateway to the neighbourhood by creating a new public-access building in the gardens, for use by both office tower tenants and Paris residents.

Three redevelopment projects emblematic of SFL's urban planning expertise



4.1.2. An engaged citizen of the city

SFL is also committed to aligning its project development and execution strategy with the concept of “urban renewal,” by making a concerted, enlightened effort to increase the density of spaces and integrate green, landscaped areas into its building lots and projects. In this way, SFL is seeking to promote new uses for the underground floors or rooftops in its buildings, made possible by:

- The ability to bring natural light into previously artificially lit areas.

- The emergence of new mobility systems and the correlative decrease in the need for parking spaces.
- The creation of high-quality outdoor spaces whenever possible. Examples include (i) recovering and repurposing rooftops by landscaping sections and relocating or scaling back rooftop utility installations; (ii) creating ground-level open ground plots (Biome and Rives de Seine projects); and (iii) introducing accessible terraces on the upper floors.

Dialogue and engagement lie at the heart of SFL's strategy. SFL supports a project governance system involving elected officials and local authorities during the project design phase and neighbouring communities during the works phase.

Local residents can follow project updates and works progress through a variety of dedicated information and communication media, such as a website, an on-site project information office and regular communications such as newsletters.

SFL is also committed to creating local jobs, in particular through agreements with building contractors to maximise local hiring. 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.

These multifarious interactions enable SFL's projects to evolve naturally in increasingly harmonious alignment with their environment and the cityscape.

- Consultation with public authorities: for the Rives de Seine project, an architectural design competition based on mutually agreed specifications, was organised with the City of Paris, the 12th *arrondissement* authorities, the Urban Planning Department and the Pavillon de l'Arsenal association. These stakeholders chose the winning team together, ensuring that its design offered the best response to the expressed needs.
- Discussions with local residents: local residents and retailers were engaged far upstream in the Biome and Louvre Saint-Honoré projects, even before the administrative permits were obtained, to get them involved in the project, address their expectations and respond to their needs as effectively as possible. Neighbourhood meetings are regularly held as projects advance to help nurture close ties with all the stakeholders.
- Visual impact of works: on the Louvre Saint-Honoré site, SFL took particular care to attenuate the visual impact on the neighbourhood by installing moveable perimeter fences that can be rearranged for each phase and bold cladding to hide the site huts that take up part of the Place du Palais-Royal.

4.2. Nature and landscaping

Nature and landscaping are core concerns in both redevelopment projects and at in-use assets.

SFL properties are located in Paris or the inner suburbs, in a dense, built-up and often restrictive urban environment. As a result, the presence of landscaping, or waterscaping on the banks of the Seine, helps to improve the well-being of SFL users, especially when they can reconnect with their surroundings in quiet, peaceful, healthy spaces.

Among the preferred ways to deliver this experience is to increase the use of green walls and landscaped roofs, terraces and courtyards, which enable SFL to meet the rising expectations of its tenants and their employees, adapt its buildings to climate change and limit land take and biodiversity loss.

4.2.1 Limiting land take and biodiversity loss

Every year in France, 20,000 to 30,000 hectares of land are taken by urbanisation, at a rate that is increasing three to four times faster than the population⁽¹⁾. This land take is also spurring a loss of biodiversity and an increase in the number of heat islands in the country. The fight against land take is one of the major thrusts of the French government's Biodiversity Plan, which hopes to reach net-zero land take by 2030.

The location of SFL assets in Paris and Neuilly-sur-Seine, in a densely built-up urban environment, gives the Group's initiatives special meaning.

Its initial response is to increase occupation density at its assets, which will reduce land take 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. On the contrary, open-ground spaces have even been restored in the Biome project.

As part of its commitment to preserving and enhancing biodiversity in its buildings, SFL systematically applies City of Paris biodiversity recommendations and includes a "zero pesticides" clause in its groundskeeping contracts to ensure that these areas do not generate any health risk.

4.2.2. Increasing planted and landscaped areas

Landscaping and greenery are an essential part of every redevelopment project.

Greenery was a distinguishing feature of the Biome redevelopment project, whose weighted landscaped area had been almost doubled by the time it was delivered in 2022, to more than 2,500 sq.m., with more than 35 trees and 25 shrubs. In addition, the project obtained BiodiverCity® Excellent certification.

The same label and high quality features are being sought for the riverfront Rives de Seine project. By creating new contiguous green spaces and a generous tree layer, the selected landscape options are expected to increase the site's greenery coefficient to 42% from 14% and the habitat coefficient to 30% from 11%. The rooftops will be landscaped and a newly created garden set back from the avenue will offer occupants refreshing coolness and quiet.

(1) <https://www.ecologie.gouv.fr/artificialisation-des-sols>

Whenever possible, SFL also endeavours to extend planted and landscaped areas at its revenue generating assets. At the Cézanne Saint-Honoré complex, for example, two green walls had previously been installed in the interior courtyards and the latest renovation led to the creation of new landscaped terraces. That project was also awarded the BiodiverCity® Excellent label.

Offering more planted and landscaped amenities also resonates with the strongly held expectations of tenants, who can enjoy new outdoor spaces that are more pleasant, especially when they replace spaces previously used by utilities.

More generally, as of end-2022, green walls and other planted areas represented nearly 9,800 sq.m. or 10% of the portfolio's total footprint.

The equivalent of 10% of our footprint is planted and landscaped	0 sq.m. of land taken over the past 10 years	BiodiverCity® Excellent labels for Biome, Cézanne Saint-Honoré and the Rives de Seine project
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4.3. Mobility

Employees feel that the primary criterion for their well-being is the location of their workplace and with it their commute time. In fact, workplace location has increasingly become a criterion as important as salary when considering a job offer.

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. SFL's assets are located in the Central Business District, near the major Paris train stations and hubs (#cloud.paris and Rives de Seine, for example) and in the new mixed-use neighbourhoods such as the 9th *arrondissement* (Condorcet) the 7th *arrondissement* (103 Grenelle) and the 15th *arrondissement* (Biome). These neighbourhoods are highly mixed-use (shops, cultural venues, housing) and enjoy top-quality transit access via metro, RER or bus. A compelling illustration of this location strategy is the acquisition in late April 2022 of the Pasteur building, sitting literally on top of the Montparnasse train station.

SFL also takes great care to ensure that its buildings are accessible to everyone, with upgrades in recent years making 98% of in-use space wheelchair-accessible. In addition, every new redevelopment project is designed in compliance with the latest accessibility standards.

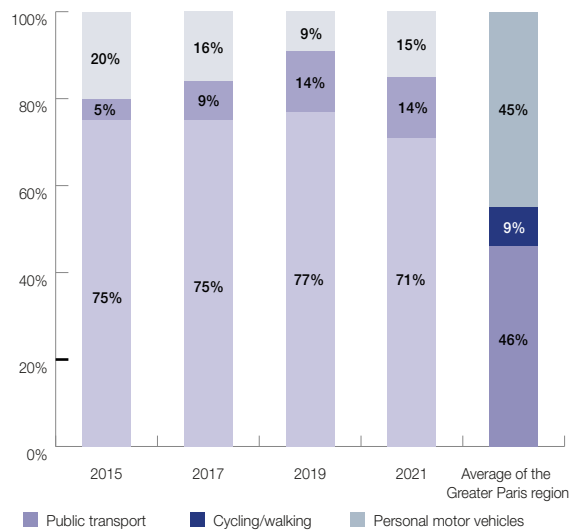
4.3.1. Offices that are exceptionally well served by public transport

All of SFL's assets are easily accessible by public and alternative transport, and in particular all are located less than a seven-minute walk from a metro station.

This outstanding proximity is directly reflected in the ways in which office users commute to and from work. In late 2021, for example, the latest satisfaction survey showed that 71% of them commute by metro, tram, train or RER, and 15% drive in by car, motorcycle or scooter, or take a taxi. Lastly, 14% of users cycle or walk to work, a percentage that has risen sharply since 2015.

The latest satisfaction survey shows that, thanks to the Group's strategic focus on asset location, its tenants and users have an average commute of 5 to 45 minutes, which is much shorter than the average in the Greater Paris region as a whole. More importantly, according to the 2021 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⁽¹⁾



(1) Averages in the Greater Paris region, from a 2021 INSEE study based on a 2017 survey <https://www.insee.fr/fr/statistiques/5425974#tableau-figure2>

Greenhouse gas emissions related to commuting by SFL office users (additional non-mandatory category outside the GHG Protocol Scope 3 categories) amounted to 6,073 tCO₂e in 2022.

This means that offering easy access via public transport and fostering the use of soft mobility are important issues in the

Group's low-carbon strategy. Note, however, that SFL office users have a lower carbon impact in their commutes than the average French worker, whether in the Greater Paris region or in Paris proper.

Comparison of the carbon impacts of commuting⁽¹⁾

	Paris	Inner Paris suburbs	Greater Paris	France	SFL
Average commuting distance in km	10.2	14.3	23.5	13.3	24
Carbon intensity in gCO ₂ e/km travelled	54.1	105.2	143.0	154.6	22
Annual carbon intensity per user in kgCO ₂ e/year	242.1	662	1,477.7	905.5	235

4.3.2. New forms of urban mobility

Driven by the growing awareness of the environmental impact of travel, the prevailing health situation, the expanding range of transport options and the transit-related policies being pursued by the City of Paris and the Greater Paris regional authorities, new forms of mobility have emerged in recent years, which are gradually changing the way office users commute and get around the city. SFL pays particular attention to these emerging forms of urban mobility and listens carefully to what tenants have to say about their mobility needs.

In the case of Biome, the biggest project delivered in 2022, outstanding public transit access meant that the number of car parking spaces could be reduced by a significant 60%, which in turn enabled the creation of up to 270 bicycle racks and the installation of EV charging stations.

This strategy is also being deployed in the in-use properties. Eight assets have already installed EV charging infrastructure, representing nearly 90 stations, and plans are under way to equip others in the future.

At Washington Plaza, 103 Grenelle and Edouard VII, works programmes has been undertaken to design service areas dedicated to soft mobility. In particular, several hundred bicycle racks are planned, along with all the facilities needed to encourage their use (showers, changing rooms, repair stations, etc.). Similar installations will be deployed in other properties in the future.

5. User satisfaction

The organisation of in-house teams and contractors is helping the Group to optimise its tenant intelligence and align its offering more closely with expectations, thereby validating its strategic focus on properties with a high utility value. 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 the Group manages its buildings in-use and designs new redevelopments and renovations.

The objective is to define just the right way to use the space, depending on the tenant and the specific features of the building and the surrounding neighbourhood. In addition to designing maximum floor plate flexibility compatible with a vast array of organisational layouts, SFL strives to develop highly user-friendly common spaces that foster creativity in its multi-tenant buildings so that it can serve a full range of tenant communities.

In 2020 and 2021, the series of lockdowns sparked significant debate about the role of workspaces. In response, SFL commissioned a number of 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. In particular, the Group's latest urban workplace survey covers more than 3,700 participants in four European countries.

These surveys reveal important information that is helping to shape how the Group looks at employee expectations. In the case of working practices, for example, it is clear that recent-year events have brought to the surface some deep-rooted employee demands, for empowerment and self-management first of all, but also for trust. There is also a demand for spaces that are more aligned with emerging workstyles and a real desire to connect after months of uncertainty and a hit and miss social life.

In this way, the office has a social impact, in that it is no longer just a place to work but rather a place with a much broader meaning. 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.

(1) Comparison data from the 2019 Enquête Mobilité des Personnes (EMP) survey, <https://www.statistiques.developpement-durable.gouv.fr/resultats-detailles-de-lenquete-mobilite-des-personnes-de-2019>.

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



5.1. Convenience and amenities

The office remains a major, direct contributor to an employer's brand, an observation that has been increasingly noted with every new survey. Whereas in 2017 only 30% of people surveyed said that the office was an important factor in their decision to join a given company, today 54% – almost twice as many – feel this way.

Clearly the office is becoming the new corporate manifesto, to the extent that, to paraphrase a well-known saying, “show me your offices and I'll tell you who you are” holds true.

Moreover, the health crisis has prompted the emergence of a number of underlying trends. After noticing that people brought their working habits home, we are now observing a movement in the opposite direction, as employees bring their personal beliefs and commitments (particularly societal and environmental convictions) back to the office. This is particularly true of the more engaged under-35 generation, which is often described as being “in search of meaning.” Because they lie at the heart of this “war for talent”, and their habits, expectations and demands will shape medium-term trends, these younger employees deserve special attention.

SFL endeavours to build and develop connections within its buildings by creating porous boundaries between tenant and common areas, which enables multi-tenant properties to offer the amenity spaces actively sought by the under-35s. In conclusion, during renovations and refurbishments, SFL invests to deliver maximum flexibility and operating efficiency in the tenant areas, so that tenants can then use these spaces as they see fit. SFL also revamps the common areas to foster user well-being and pave the way for the installation of new amenities.

5.1.1. High operating efficiency and maximum flexibility

SFL takes special care with the amenities, layout and organisational efficiency of its assets. Work time is not governed by a single, finite, compartmentalised space, but by the diversity of places, indoors and out, where people can go to work alone or to meet with colleagues. SFL addresses the container, so that companies can eloquently express the content. This organisational efficiency, which can be likened to a building's frame, is a primary objective in every major redevelopment project. Once it is in place, subsequent redevelopments can be completed using fewer resources, thereby improving the capital project's sustainability.

At Cézanne Saint Honoré, the floor plates already had these major structural advantages, so that the project could simply focus on upgrading the utilities and interior architecture twenty years after the previous renovation.

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. In addition to facilitating office floor plan layouts, this flexibility of use is also seamlessly aligned with new usage patterns and the needs of employees to work in the common areas.

With this in mind, all of the Group's buildings are renovated regularly. Evolving tenant expectations are accurately integrated into each renovation programme, thanks to the project scheduling process led by the Design Committee (Project Scheduling and Outcomes Definition Committee). Over the past 10 years, 60% of the floor spaces have been renovated or redeveloped.

Most of the Group's 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. The Biome and Cézanne Saint Honoré redevelopments top the ranking in this regard, with meeting space representing nearly 20% of their floor plates – and even up to 35% on certain Cézanne Saint-Honoré floors following the addition of a public access facility.

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). Indoor ventilation is also supported by the increasing installation of windows in every office, enabling occupants to adjust their comfort levels and ensure healthy air circulation.

Connection to outdoor spaces is a core aspect of both tenant well-being and the SFL project development process, as evidenced by the 300 sq.m. rooftop at Cézanne Saint-Honoré and the 1,600 sq.m. of landscaped grounds and 1,500 sq.m. of accessible terraces and balconies on every floor at Biome.

5.1.2. Occupant well-being and new amenities

The 2022 Paris Workplace survey, the first to be conducted both post-Covid and across four European capitals, identified a number of trends that seem universal, or at least pan-European.

Three of the most noteworthy are as follows:

- Three years after the pandemic spurred its abrupt emergence, working from home appears to have become a widely accepted practice in companies in every surveyed country. But while it has structurally changed the relationship to work and the use of offices, WFH has also heightened the impression that offices are still needed, both to socialise with co-workers and, above all, to work more efficiently and as a team.
- One result of this new geographical division of labour is that the competition between home and office now has a referee: the employees. Whereas in 2017 only a third of employees in Paris felt that their future offices were a determining factor in their decision to join a company, today more than half consider this to be a critical issue.
- Lastly, the survey indicates that the big winner of this competition is not so much a city as social interaction in the workplace. In both the Latin and northern European countries, this was the primary reason cited for going to the office. This aspect is in sync with high added-value offices with extensive amenities (see below), located in neighbourhoods that offer the possibility of socialising with co-workers. A perfect example of this trend, which SFL fully embraces, is Paris, where the appeal of mixed-use neighbourhoods has gained ten points over the past five years.

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 the Group to create compelling new uses for common areas that make life easier for employees and nurture closer relationships.

Amenity installations and upgrades are scheduled based on a thorough knowledge of the buildings and how they are used by tenants. When the decision is made to invest in a new building amenity, the space, its design and the operator who will optimise its use are all carefully selected. Users want amenities that deliver the right benefits for everyone. The range of amenities is being expanded from an increasingly well-understood foundation of core services. For example, the following new amenities have been or are being installed in SFL's buildings:

- food services, which are still the number one expectation in user surveys;
- 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 SFL tenants;
- new digital and print media, with an application and a newsletter to facilitate communication and dialogue with users.

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

Prime amenities by business centre as of end-2022

	Staffed security command centre	Building manager	Auditorium	Shared meeting rooms	Cafeteria	Restaurant	Wellness/fitness rooms	Application	Electric charging stations	Bike parking	Outside spaces
Washington Plaza	x	x	x	x	x	x	x	in progress	x	in progress	x
103 Grenelle	x	x	x	x	x	x	x	x	in progress	in progress	x
#cloud.paris	x	x	x	x	x	x	x		x	x	x
Édouard VII	x	x	x	x	x	x	x				x
Louvre St-H.	x	x	x	x	x	x		in progress	in progress	in progress	
Cézanne Saint-H.	x	x	x	x	x				in progress	x	x
83 Marceau	x	x	x	x	x				x	x	x
Biome	x	x	x	x	x	x	x	x	x	x	x

5.2. Certifications and labels

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

For them, environmental certification is now a critical prerequisite, and an effective, third-party-validated way for SFL to guar-

antee tenants, investors and other stakeholders that superior performance will be delivered.

To proactively address this major challenge, since 2012, SFL has ambitiously sought very high level environmental certification for all of its assets in-use and for each refurbishment and development project.

5.2.1. All properties in-use certified

All the certifiable⁽¹⁾ revenue generating properties in the portfolio, i.e., 14 assets representing more than 290,000 sq.m. of leasing area at year-end 2022, have been certified to BREEAM In-Use or HQE Exploitation standards.

BREEAM In-Use certification has been widely deployed since 2012, making SFL the benchmark among European property companies in pioneering early adoption of the standard for in-use assets. Our objective is for each successive audit to result in a rating upgrade. All new BREEAM In-Use certifications are carried out using the V6 version, with increasingly stricter assessment criteria.

By the end of 2022, 95% of the portfolio's surface area had earned at least a Very Good rating, under either BREEAM In-USE or HQE Exploitation standards.

5.2.2. Systematically earning certification and/or labelling for redevelopments

All the major redevelopment projects have earned certification.

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

One prime example is Biome, delivered in 2022, which has been 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	Louvre Saint-Honoré	Rives de Seine
<ul style="list-style-type: none"> – BREEAM Refurbishment Excellent – LEED Core and Shell Gold – HQE Rénovation Exceptionnel – BBC Effinergie Rénovation – BBCA Rénovation – BiodiverCity® Excellent – Wired score Gold 	<ul style="list-style-type: none"> – BREEAM Refurbishment Very Good 	<ul style="list-style-type: none"> – BREEAM Refurbishment Excellent – HQE Rénovation Exceptionnel – BBC Effinergie Rénovation – BBCA Rénovation – BiodiverCity® Excellent – Wired score Gold

5.3. Tenant relations and satisfaction

With a portfolio that is highly consistent in terms of quality and location, it is essential for all of the Group's teams to gain a thorough understanding of the expectations of SFL's tenants and their employees (100 to 200 employee per tenant on average), so that the Group can address their needs by designing just the right products and solutions.

5.3.1. Constant dialogue with tenants

Dialogue is an integral part of the Group's corporate DNA. It plays a critical role in the Group's ability to satisfy tenants, meet their expectations and capture their feedback and perceptions of SFL properties, amenities and services.

Our 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.

(1) "Certifiable" buildings, excluding major redevelopments and tenant work in progress, but including buildings whose renewal applications are being reviewed by the BRE.

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

Examples of dialogue channels	
Leasing	<p>Green leases: Every new office lease signed since 2016 has included an environmental appendix, even for spaces of less than 2,000 sq.m.</p> <p>User guides: Every SFL building now has a user guide providing a wealth of information on its amenities, services and operations. Topics covered include building history, opening hours, accessibility (pedestrians, persons with reduced mobility, vehicles, public transport, etc.), safety and security, utilities (energy, water and waste management, etc.), and food services, among others.</p>
Buildings in use	<p>Tenant committees: Tenant committees are aligned with the size of the building and how it is used, with particular attention focused on business centres. In the case of “major users”, meetings are organised at least once a year to discuss such issues as usage patterns, accessibility, capital improvements and environmental impacts (certifications, energy and water use, waste treatment, etc.).</p> <p>Energy sufficiency: Three levers for action are being activated to get tenants directly involved in meeting the challenges of energy sufficiency:</p> <ul style="list-style-type: none"> - A detailed audit of how SFL's buildings are used. - Direct communication with employees via information boards reminding them of the proper way to use the premises. - Direct communication with tenants to encourage them to discuss their own energy use and possible pathways of reduction. <p>Tenant newsletters: 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.</p> <p>Events: To nurture long-term relationships between SFL and its contacts, the Group brings tenants together twice a year in a different setting, preferably to one of SFL's properties, to share progress on the Group's projects and demonstrate the expertise of its teams.</p> <p>Activities: SFL supports tenant initiatives in the buildings (blood drives, donation drives, etc.) and donates temporary use of premises to recognised public-interest associations (partnership with the Emmaüs charity in the Galerie des Champs).</p>
Renovation	<p>Special worksite media: During major renovation projects, SFL publishes a variety of media carefully adapted to each situation. For the Louvre Saint-Honoré renovation, for example, employees using the building are being kept regularly informed of the works through a variety of purpose-designed resources, including a team of communication officers and dedicated communication systems and media. The most common impacts are addressed through a proactive commitment to minimising any inconvenience during the works phase.</p>

5.3.2. User satisfaction, at the crux of everything SFL does

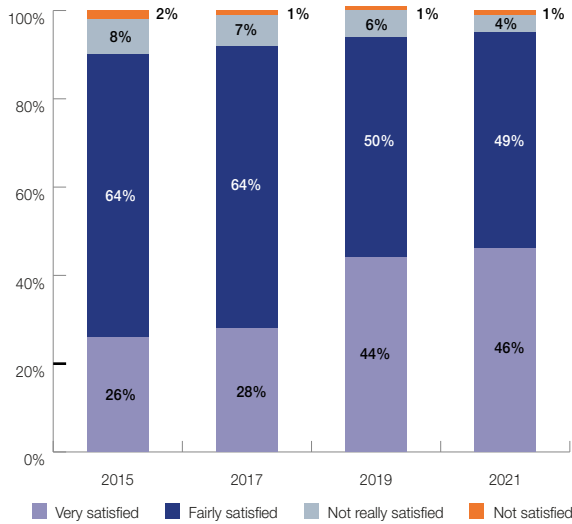
Every two years, SFL carries out a survey of all its tenant employees to measure their satisfaction and expectations in terms of work styles, amenities and environmental performance.

In all, nearly 1,000 people responded to the latest satisfaction survey conducted at end-2021.

The typical employee working in an SFL building is a 40-something manager who lives in central Paris, has a 30 minute commute by public transport and gives their well-being at work a score of 8/10 (compared to 6.9/10 for the managers in the Greater Paris region surveyed in the Group's 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 95% of survey respondents said that they were satisfied with their offices, amply exceeding the targeted 85%, while the percentage of highly satisfied users rose to 46% from 26% in 2015.

TENANT SATISFACTION



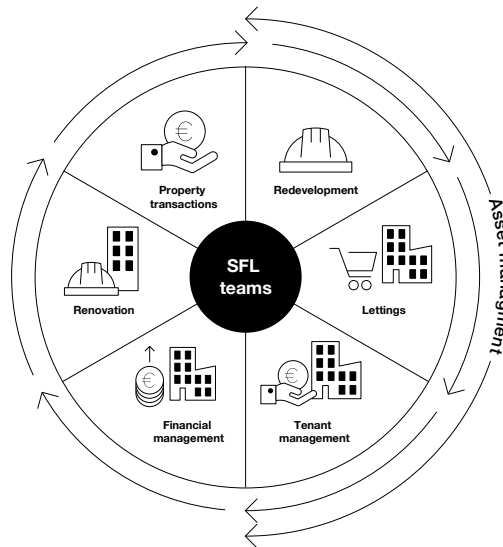
6. Employee and partner engagement

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.

SFL is therefore constantly striving to deepen employee and partner engagement across the value chain to thereby foster a desire to work together.



CORE COMPETENCIES

Redevelopment
Technical and development team

Lettings
Lettings and asset management teams

Tenant management
Rental management and technical teams

Financial management
Financial team

Renovation
Technical and development team

Property transactions
Strategy and portfolio management team

Asset management

Our 2020-2030 commitments

>2.5% of payroll spent on training



Quality of worklife survey conducted every year



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



6.1. Employer appeal, skills development and workplace equality

Developing employee skills, attracting and retaining talent and promoting 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).

SFL had 74 employees at 31 December 2022, of whom 72 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 62% of the total, and 77% of employees are classified as managers.

With this in mind, the Group's 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 gender equality principles and commitments.

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

Ten new employees, including two work-study trainees, joined the SFL corporate community in 2022 and five people left during the year. Four of the five people who left were replaced through new hires or transfers.

Working from home, an important aspect of employer appeal and work-life balance, was introduced in January 2020, first on a trial basis and then formally instated by a charter introduced in September 2021, giving employees the opportunity to work from home for five days a month. During the statutory annual pay round in December 2022, it was agreed to sign a new agreement in early 2023 to optimise procedures and make them more flexible.

As part of the employee skills development commitment, performance reviews are conducted with each employee every year to assess their achievements and abilities and to identify their training needs. In addition, every two years, a career development review helps employees map out a more personal growth path, with milestones and outcomes assessed every six years.

The review process has been facilitated by digitalisation, which also ensures the traceability of these discussions and their follow-up.

Based on the average number of employees in 2022 (68.83) and the number of employees under permanent contracts who were hired or left during the period, the turnover rate was 7.99%, *versus* 10.61% in 2021⁽¹⁾.

On the same basis, the average seniority of employees on payroll remained stable, at 9.60 years *versus* 10.8 in 2021.

Remuneration and benefits

To encourage the professional advancement and engagement of SFL employees, policies are in place to offer fair, attractive and incentive-based remuneration, whose competitiveness is tracked through an industry review in which the Company participates every two years.

Direct remuneration

Each employee is paid a salary and a variable performance-based bonus. In 2022, the target bonus represented on average 16.65% of the employee's base salary (excluding Management Committee members).

For employees on payroll at 31 December 2022, total remuneration for the year (salary and bonus) averaged €69,975, again excluding Management Committee members.

Indirect remuneration

A total of €7,619,490 in entitlements accrued to employees in 2022 under discretionary and non-discretionary profit-sharing plans, of which more than 90% came from the special statutory profit-sharing reserve set aside in respect to 2021. Most of these non-recurring profit shares resulted from asset disposals in 2021 and the asset swap carried out as part of the change in ownership structure that year.

To optimise their savings and pension schemes, employees can invest in a wide range of securities through two successful vehicles, an Employee Sharesave Plan (PEE) and a Group Pension Savings Plan (PERECO). To further encourage employees to save for retirement, their personal investments in the PERECO plan are matched by a company contribution, whose maximum amount was raised to €5,310 from €4,860 on 1 January 2022.

As a result, SFL's financial support for employees saving for retirement amounted to €270,385 in 2022, *versus* €260,742 the year before, with 58 employees receiving an average matching contribution of €4,662.

In 2022, bonus shares were again granted to officers and employees, this time to 53 people (of whom 51 employees) representing 69% of the workforce on payroll at year-end.

(1) 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 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 Social and Economic Committee, and subsidised food services (meal vouchers and/or intercompany staff restaurants).

In addition to these benefits, during the 2022 statutory pay round, it was agreed to introduce a sustainable mobility package in 2023 to encourage SFL employees to use cleaner modes of transport and to drive sustained progress in the Company's assertive environmental stewardship commitment. 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 its 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 2022, for example, training sessions primarily focused on asset management, financial management, law, business management, office technology and improving language skills in English and Spanish.

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 2022, the total training expenditure rose by 9.67% to represent 2.17% of total payroll, or 2.64% after adjustment for special bonuses.

More than 1,493 hours of training were offered to 57 employees, representing an average of 26 hours per trainee.

6.1.3. Gender equality in the workplace and equal opportunity

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

The Group has therefore reaffirmed both its pledge to reject any and all forms of discrimination and its commitment to fostering gender equality and equal opportunity in the workplace.

In 2017, SFL undertook a certain number of initiatives to:

- fulfil the undertakings in the gender equality in the workplace agreement (described in more detail below);
- secure support for the disabled, which includes the grant made to the LADAPT non-profit organisation, the agreement with the ARPEJEH (which supports students with disabilities in their studies), and the practice of buying goods and services from companies specialised in employing people with disabilities.

Gender equality in the workplace

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 three areas:

- hiring and job opportunities;
- promotion opportunities thanks to ongoing skills development;
- actual remuneration packages.

Process	Objectives	2022 performance
Hiring and job opportunities:	<ul style="list-style-type: none"> – endeavour to obtain, as far as possible, an equal number of male and female candidates – drive greater gender balance in the job classification grid 	<ul style="list-style-type: none"> – At year-end 2022, 62% of SFL managers were women. – Five of the ten people hired during the year were women.
Promotion opportunities thanks to ongoing skills development:	<ul style="list-style-type: none"> – ensure that men and women have equal access to training opportunities – define with each employee returning from maternity, adoption or parental leave training courses to ease their transition back into the workforce – identify and address any family-related issues employees may face while in training 	<ul style="list-style-type: none"> – In 2022, women who participated in at least one training session or event during the year accounted for 65% of trainees and spent an average 25 hours in training (29 hours for men). – Out of the average number of employees in 2022, 76% of men and 86% of women attended training sessions during the year.
Gender-neutral remuneration:	<ul style="list-style-type: none"> – 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 – eliminate any distortions in remuneration resulting from parental-related leave 	<ul style="list-style-type: none"> – As part of the statutory annual pay round in 2022, the opening of negotiations on the gender pay gap was duly minuted. – At their conclusion, the parties noted that there was no form of gender discrimination and reaffirmed the need to apply the principle of equal pay when individual salary increases are awarded.

Released in February 2022, the gender equality index for the 2021 calendar year showed an overall score of 87/100 points, or a 21-point improvement over the prior year.

Other workplace equality indicators

• Seniors and young people

SFL also attaches particular importance to combating age-based discrimination. The average age of employees is 44. As of 31 December 2022, employees aged 45 or older represented 51% of the workforce and people under 35 represented 27%.

• People with disabilities

As part of its policy of supporting employment opportunities for people with disabilities, in 2022 SFL once again helped to finance the operating budget of LADAPT, 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.

In 2022, SFL also renewed its membership of the ARPEJEH association, which promotes the training, qualification and employment of people with disabilities by supporting students aged between 15 and 30 in their studies and career development. To help finance these programmes, SFL allocated a portion of its apprenticeship tax due for the year to ARPEJEH.

In association with the Kialatok company, a “cooking and disability” sensitivity workshop was organised, enabling around 15 employees to raise their awareness of a number of disability situations.

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 the Group’s human resources policies, independently of any legal obligations. In addition, the workplace atmosphere is regularly measured with a quality of worklife and working conditions survey, in line with SFL’s goal of complying with the obligation to regularly assess workplace risks, while laying the foundation for the continuous improvement in the working environment.

6.2.1. Health and safety

In 2022, the Group’s 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 2022 and only one commuting accident, with two days lost time, was reported.

6.2.2. Quality of worklife

As stipulated in the gender equality in the workplace and quality of worklife agreement signed on 1 December 2021, a new quality of worklife survey was carried out in 2022.

Undertaken as part of a new approach, the survey was designed to get employees involved in a collective change dynamic and to support them as they help to improve the quality of worklife and working conditions (QWL).

To this end, a joint steering committee was formed with representatives from Senior Management, the Human Resources Department, the Economic and Social Committee and the occupational health office. Exploratory interviews were also conducted with steering committee members and managers to get an initial diagnosis of any possible workplace issues or QWL challenges.

This process will be pursued in 2023 with the creation of working groups tasked with identifying the main workplace issues and protective factors and then recommending action plans to foster employee engagement and well-being. Based on the working group discussions and recommendations, a final action plan will be drafted by the joint steering committee and deployed across the organisation.

Separately, a recent functional and technical analysis of the office spaces used by SFL employees revealed the need to think about redesigning and upgrading them to make workspaces more appealing and better suited to new working practices and user needs. In response, a project committee of employees was set up in 2022 and work began on the design of the future offices and common areas. Once the design and upgrade works are completed, SFL expects to have a functionally optimised office layout with high-quality technical services in 2023.

For the purposes of this report, SFL has chosen to measure employee well-being and engagement primarily by tracking the short-term absenteeism rate, which is based on the number of days lost to unauthorised absences of up to four days. In 2022, the rate stood at 0.61%, versus 0.40% in 2021.

The 2021 agreement instating a work-from-home option reflects the commitment of SFL management and employee representatives to propose arrangements capable of improving both job performance and quality of worklife by encouraging a more fulfilling work-life balance, while preserving the current work organisation and sense of corporate community.

With this in mind, the parties to the December 2022 pay round agreed to improve the flexibility of work-from-home procedures in a new agreement to be signed in early 2023, providing in particular for shorter advance notice for each request and the possibility of working more days from home.

6.3. Ethics in the value chain

6.3.1. Ethical principles

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 their business activities, in such areas as transparency, professional integrity, fraud prevention, non-discrimination and legal and regulatory compliance.

If they have any questions about these issues or about professional ethics or conduct in general, employees may contact the Internal Control Department. In compliance with current legislation, a whistleblower procedure is now being deployed in the organisation. In addition, the whistleblower protection system was included in the updated internal rules and regulations approved by the Economic and Social Committee.

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

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

- freedom of association and collective bargaining;
- eliminating discrimination in respect of employment and occupation;
- eliminating forced and compulsory labour;
- effectively abolishing child labour;
- fighting clandestine and undeclared 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 the Group's 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 its 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 the Group to check compliance at any time, both of existing suppliers and potential new suppliers if they are included in the database. Control systems are also in place to ensure that the submitted documents are updated every six months.

Over the past few years, SFL has 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.

In recent years, SFL has commissioned a number of audits of its supplier selection process:

- From June to September 2021, an audit was performed with KPMG to assess the contract tendering procedure for the purchase of works, supplies or services, and to check the reliability of the existing process. It found that there is a clear, written procedure, updated in June 2019, and that the controls were appropriate [see section 8.3.2. of the Management Report].
- In first-half 2022, suppliers who are not subject to the tender procedure were audited to verify that the reasons they were not required to bid were valid (e.g., contracts worth less than certain amounts or other exemptions provided for in the procedure) and to verify the concentration of such suppliers.

No cases of bribery came to light in 2022 and the Group was not subject to any disciplinary measures. The Group does not make any political donations.

In addition, members of the Board of Directors and senior executives, as well as any persons with regular or occasional access to insider information, are prohibited from trading in SFL shares, directly or indirectly, on their own behalf or on behalf of third parties, during periods designated as black-out periods. These persons are sent a reminder of the black-out by an email from the Legal Director a few days before the beginning of each period (30 days before the publication of the annual and interim financial statements).

6.3.2. Engaging with SFL partners and continuous improvement programmes

The Group pays 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 societal 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.

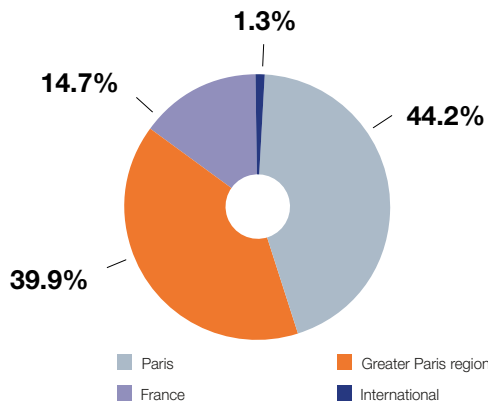
Delivering best-in-class selection and tracking performance across the value chain

Strict rules apply to the selection and approval of suppliers. Standard service procurement contracts, for example, include a variety of environmental and labour clauses.

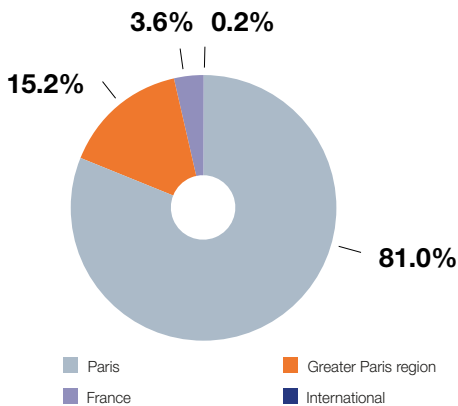
SFL also combats abusive subcontracting by limiting the sub-contracting pyramid to a maximum of two levels, thereby maintaining tighter control over the companies that work on its projects and assets.

Special attention is also paid to a supplier's country of origin, with priority given to local contractors when commissioning work. In 2022, for example, 84% of suppliers accounting for 96% of the procurement spend were based in Paris or the Greater Paris region, within around 100 kilometres of the city centre.

SUPPLIERS BY LOCATION, IN %



PROCUREMENT SPEND BY LOCATION, IN %



These two factors – limiting the sub-contracting pyramid and sourcing locally – should help to ensure that the delivered service quality meets SFL standards.

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.

Examples of a continuous improvement initiative in managing a building in-use

As key partners in fulfilling the environmental commitments in SFL assets, multi-technical maintenance contractors and building managers have fully embraced the Group’s 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. This particular contract expired during the year, but was renewed in light of its positive impact on environmental performance and cost savings.

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.

In particular, after the Biome project was delivered in summer 2022, a review showed that more than 36,000 hours of work had been performed by people hired under social inclusion programmes.

Social inclusion on projects – the Biome project

Property	Biome
Total inclusion hours	36,592 hours
% of total project hours	5.1%
Number of full time equivalent months	226 months
Full-time equivalent jobs	10 people

On every project, enhanced communication channels are deployed to ensure that the works are carried out smoothly and safely for everyone. 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. Materiality of issues

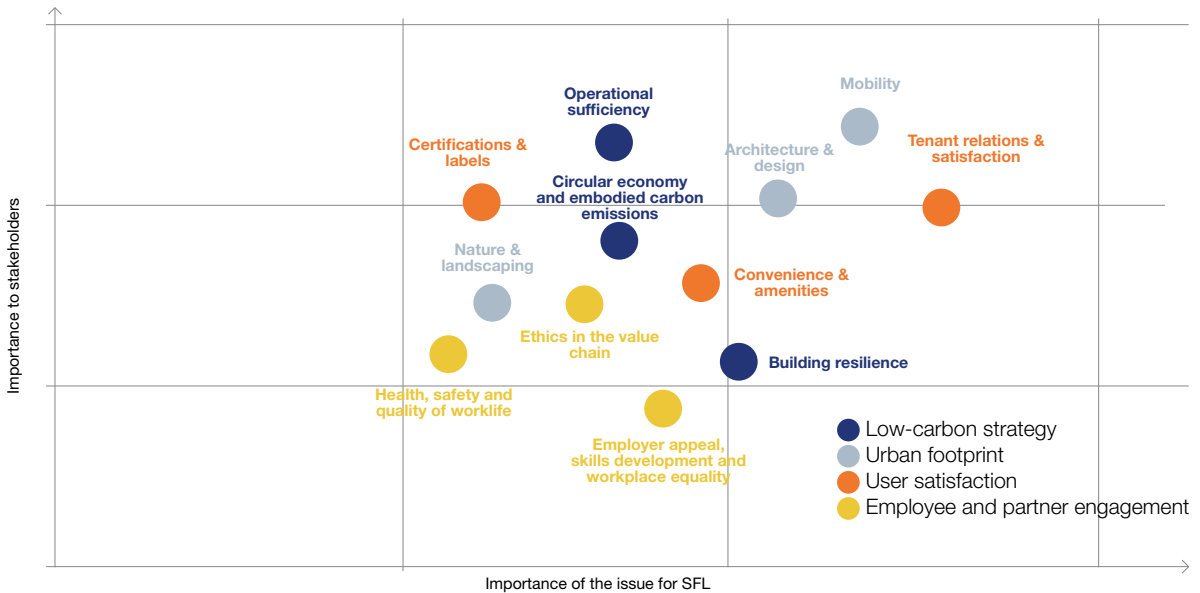
SFL has analysed the materiality of its CSR issues in accordance with international standards and industry best practices, as set out in the G4 Sustainability Reporting Guidelines issued by the Global Reporting Initiative and recommended by the European Public Real Estate Association (EPRA).

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 the CSR policies, objectives and action plans. In 2017 and 2020, these issues and their materiality were updated by the CSR Committee and reviewed in light of the new regulatory framework concerning non-financial information statements.

The analysis revealed 12 material issues for SFL's business and its stakeholders, which were consolidated into four pillars and used to structure the Group's CSR approach as well as this non-financial information statement.

Materiality matrix of CSR issues



7.2. ESG governance

An ESG process embedded in the heart of every core competency

Execution of the ESG strategy is supported by the following governance structure:

- Senior management holds final responsibility over all environmental, employee relations, social and good governance issues. ESG strategy is defined by Jérôme Lacombe, who joined SFL as Deputy Managing Director in 2022.
- The ESG Committee comprises the Management Committee and the Chief Sustainable Development Officer. Meeting four times a year, it issues an action plan for each issue to the departments concerned (for example, the Technical and Development Department for environmental issues and the Human Resources Department for training issues).

- Various working groups (asset management committees, ESG workshops) are addressing ESG aspects by developing operating procedures, issues of interest and outcomes and then discussing them with tenants, service providers, suppliers, banks and other stakeholders.
- Also engaged in the process are SFL employees, notably through issue awareness-building sessions, and the Economic and Social Committee, thanks to its access to social and environmental information in the BDESE data base.
- Lastly, the Board of Directors coordinates on ESG issues with representatives of its main shareholder, Colonial.



7.3. 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 ten 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 2022, SFL once again received two EPRA Gold Awards for optimal compliance with disclosure best practices.

Science Based Targets initiative

The Science Based Targets initiative (SBTi) seeks to encourage companies to help limit the increase in global warming by setting greenhouse gas emissions reduction objectives based on the latest scientific findings.

Launched in June 2015, the initiative is a partnership between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF).

SFL has been pursuing an SBTi-certified greenhouse gas emissions reduction objective since August 2021.

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.

C3D

The Sustainability and CSR Officers play a key role in the transformation of the Group's organisations and ultimately the Company as a whole.

To accelerate, facilitate and promote this transformation in the public sphere, the C3D association brings together 200 of France's leading sustainability and CSR officers of private and public-sector companies and non-profit organisations into a single network.

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 the Group's 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 the Biome project, which was delivered in summer 2022 in the 15th *arrondissement* of Paris.

"Booster du réemploi" alliance

A4MT designs and implements a variety of engagement programmes for its clients, in particular to encourage the reuse of materials from construction worksites. SFL has joined the "Booster" community, affirming its commitment to recovering and reusing materials.

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 21st century, that of developing urban areas and building communities. For the 11th 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 19th century. SFL also organises employee-only tours of the Pavillon de l'Arsenal.

Emmaüs

Premises in the Galerie des Champs-Élysées (Paris 8th *arrondissement*) were offered free of charge to the Emmaüs charitable association for use as a training centre.

City of Paris – Nuit Blanche

SFL supports the City of Paris' *Nuit Blanche* all-night performance festival organised for the 20th time in 2022, which offers the public free access to an array of artistic events in the capital, for one night only.

In this way, SFL contributes to promoting Paris' cultural outreach, sometimes by organising events at its own properties, while supporting the creative arts and making them accessible to everyone.

The Jeanne Garnier Institute

As part of the Biome project in the 15th *arrondissement* of Paris, SFL supported the Jeanne Garnier Institute, an adjacent medical centre that provides palliative care to more than 1,000 patients a year, primarily people in the advanced or terminal stages of their illness.

The support reaffirmed SFL's deep engagement in the host communities around its assets.

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

The Group has been supporting ADAPT for many years as part of its policy of promoting employment opportunities for people with disabilities.

For example, it has contributed to the European Disability Employment Week organised by ADAPT since 1997, which took place from 14 to 18 November 2022. The annual event aims to raise awareness among recruiters and facilitate access to jobs for people with disabilities.

7.4. Methodological note

7.4.1. Methodology for calculating environmental and societal indicators

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

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

Lastly, it defines the scope of reporting.

Scopes of reporting

SFL's portfolio comprises 18 buildings, representing a total surface area of 401,136 sq.m.

Societal and environmental indicators and their related objectives may cover different scopes of reporting. In all cases, however, the scopes have been defined in line with industry best practices, particularly the guidelines for implementing the EPRA Sustainability Best Practice Recommendations. They are organised according to two main features:

- the fact that the buildings are operationally managed by SFL;
- the fact that the assets have been acquired, sold or are under development.

Main 2022 environmental indicator scopes of reporting

At end-2022, there were separate scopes for reporting data on carbon emissions, energy use, water use, waste production and certifications. The table below shows the inclusion of each asset in the various scopes and explains why when they are not.

Asset	Energy/Carbon		Water	Waste	In-use certifications (HQE Exploitation or BREEAM In-Use)
	Tenant areas/Scope 3	Common areas and shared services/ Scopes 1 & 2			
Washington Plaza	•	•	•	•	•
Édouard VII	•	•	•	•	•
103 Grenelle	•	•	•	•	•
#cloud.paris	•	•	•	•	•
Rives de Seine	•	•	•	•	•
Galerie des Champs-Élysées	•	•	•	•	•
90 Champs-Élysées	•	•	•	•	•
Louvre Saint-Honoré	•	•	•	•	Redevelopment in progress
Cézanne Saint-Honoré	•	•	•	•	Lessee work still in progress at year-end 2022 after redevelopment
83 Marceau	•	•	•	•	Certification in progress after redevelopment
176 Charles de Gaulle	•	•	•	Waste directly collected by the City of Paris, with no data on amounts or disposal methods	•
92 Champs-Élysées	•	•	•		•
131 Wagram	•	•	•		•
6 Hanovre	•	•	•		•
106 Haussmann	•	•	•		•
Condorcet	•	Single-tenant buildings whose in-use energy, water and waste operations are not managed by SFL			•
Pasteur	Single-tenant building whose in-use energy, water and waste operations are not managed by SFL, acquired in April 2022				•
Biome	Redevelopment in progress over most of the year. Lessee work still in progress at year-end 2022				

Reporting period

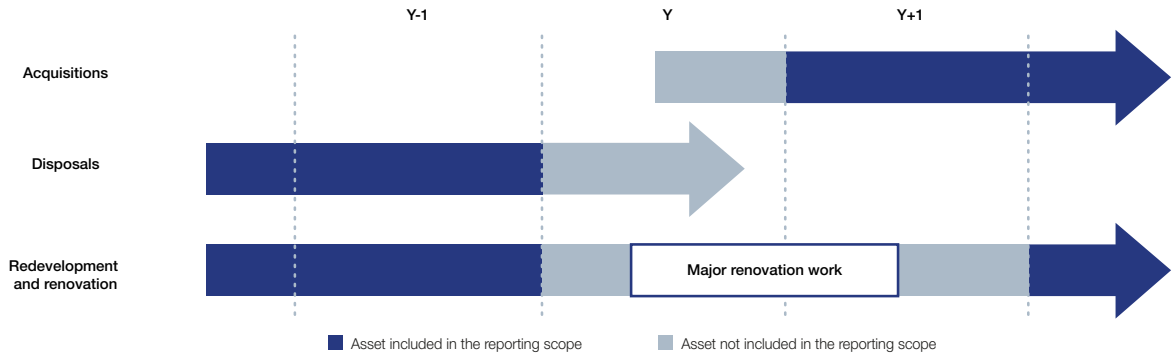
Data for all the environmental and societal indicators are reported for the calendar year.

Changes in scope of reporting

Scopes of reporting may change as a result of:

- acquisitions: properties acquired are included in the scope only after a full year in use;

- disposals: buildings sold during the year are removed from that year's scope of reporting;
- redevelopments or renovations: major projects are included in the scope of reporting once they have been delivered, are at least 60% let and have been in use for at least a year.



These events account for the differences between the like-for-like and absolute scopes of reporting as defined by the European Public Real Estate Association (EPRA), which are presented in section 7.5 below.

The absolute scope includes all the assets held in each of the reported years.

The like-for-like scope includes only those assets held over the entire period under review, i.e., a comparable asset base.

Special SBTi target scope of reporting: in line with the GHG Protocol and SBTi guidelines, the scope of reporting for data related to the SBTi-certified greenhouse gas reduction objective differs slightly from the two above-mentioned scopes. The target runs from 2018 to 2030. Assets divested in a given year over this period are also removed from all prior-year scopes of reporting. Conversely, assets acquired over the period must be added back to the scope from the beginning and, to the extent possible, their emissions in the years prior to acquisition will be reported. These two cases could therefore lead to the recalculation of baseline and other prior-year emissions. The new development projects will be factored in upon delivery, but will not impact prior-year emissions. This methodology will maintain a consistent target in absolute value over a long period, which is the only way to support an ambitious emissions reduction commitment.

Standardized surface areas

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

Energy

Energy data are collected from:

- 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.

Energy data are expressed in units of final energy.

SFL differentiates between energy used in common areas and shared services, which are managed and metered by SFL, and energy used in tenant areas, for which SFL works with tenants to collect and discuss usage data.

When the tenant areas' energy use is unknown, energy use 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.

ENERGY USE BY ASSET IN THE 2022 ENERGY DATA SCOPE OF REPORTING

Type of energy by asset and use

	Common areas and shared services				Tenant areas				
	Natural gas	District heating network	District cooling network	Electricity	Electricity		District heating network	District cooling network	Natural gas
					Offices	Retail			
176 Charles de Gaulle	■			■	■				
Washington Plaza				■	■				
Édouard VII		■							
Rives de Seine		■			■				
Cézanne Saint-Honoré		■			■	■			
Louvre Saint-Honoré		■			■				
103 Grenelle		■			■	■			
92 Champs-Élysées		■			■	■			
Galerie des Champs-Élysées		■			■	■			
#cloud.paris		■			■				
131 Wagram		■			■				
90 Champs-Élysées		■			■				
83 Marceau		■			■	■			
6 Hanovre		■		■	■				
106 Haussmann		■		■	■				
Biome (lessee work in progress)		■		■					
Pasteur					■		■	■	
Condorcet					■				■

- Common areas and shared services
- Tenant areas
- ▬ Energy use managed and paid by SFL and then rebilled to tenants
- 2022 energy indicator scope of reporting

GHG emissions

GHG emissions are calculated using the GHG Protocol methodology.

Scopes 1 & 2 emissions are calculated based on energy use and refrigerant leak data from the managed assets. Scope 2 emissions are primarily calculated using the market-based method, to reflect SFL's energy mix.

Scope 3 emissions are calculated for the categories relevant to SFL's business activities, namely:

- Category 1: Purchased goods and services (OpEx).
- Category 2: Capital goods: redevelopment, renovation and tenant area works (CapEx).
- Category 3: Fuel- and energy-related activities (not included in Scope 1 or Scope 2): production of fuels and energy purchased and consumed.
- Category 5: Waste generated in operations: amount and treatment of waste produced by assets in-use.
- Category 6: Employee business travel.
- Category 7: Employee commuting.
- Category 9: Downstream transportation and distribution: commuting by SFL office users.

- Category 13: Downstream leased assets: energy used in the tenant areas.

Data from SFL activities are converted into greenhouse gas emissions using emissions factors from suppliers and the ADEME carbon database and global warming potentials from IPCC reports. These sources are consulted regularly and emissions factors are updated in the event of any changes.

Greenhouse gas emissions indicators are expressed in tCO₂e or in kgCO₂e/sq.m.

In reducing its greenhouse gas emissions, SFL is pursuing two targets:

- An operating target, expressed in kgCO₂e/sq.m., to reduce Scopes 1 & 2 emissions by 70%. Note that to focus solely on operating management performance, the target excludes emissions from refrigerant leaks.
- An SBTi-certified target, expressed in tCO₂e, to reduce Scopes 1 & 2 emissions by 50% between 2018 and 2030. This target has its own scope of reporting (see the explanation in the paragraph on changes in scope of reporting).

Water use

Water use data are collected from:

- water meters read by the multi-technical maintenance providers;
- property managers' databases, extracted via their client interface.

They are expressed in cubic meters and include water used in the common areas, by the shared services and in the tenant areas.

Waste

From assets in use

SFL-managed buildings handle their waste in one of two ways:

- in ten assets, representing 89% of managed surface area, waste is managed by private companies who report their data to SFL;
- in five assets, representing 11% of managed surface area, waste is managed directly by the City of Paris, which does not report any information to SFL concerning amounts and treatment methods.

Sixteen types of waste are collected across the assets managed by SFL.

In the ten assets served by private contractors, two types of data are tracked:

- amounts, based on weighed tonnages reported by the service providers;
- treatment methods, which are also reported by the service providers using the EU statistical nomenclature.

SFL has set a target for the percentage of building waste recovered and reused. Waste is considered to be recovered if the treatment methods correspond to codes R1 to R13 in the European nomenclature.

From redevelopment projects

SFL closely tracks waste management during both the clearance/demolition and construction phases of its redevelopment operations.

Data on waste tonnages and treatment methods are reported, compiled and communicated to SFL by each project's environmental manager.

Certifications

The percentage of certified assets in the portfolio is calculated based on BREEAM In-Use and HQE Exploitation certifications. The denominator is the aggregate usable surface area of certifiable buildings, i.e., excluding buildings that are vacant or being redeveloped or renovated and therefore not eligible for certification. The numerator is the aggregate usable surface area of the certified buildings.

The score used for the percentage of certified assets indicators is the score for Part 1, the only one available for all certified assets.

When BREEAM In-Use or HQE Exploitation recertification is in progress or being prepared, or when SFL is waiting for the BRE to issue the final results, the asset is still considered certified and the previous certificate score is used pending the new score.

When a building reopens after a period of redevelopment or major works that prevented it from being certified, it only becomes certifiable after 80% of its space has been occupied for one year and SFL has access to an entire year's energy and water use data.

7.4.2. Methodology for calculating employee relations indicators

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

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 7.5.3.

7.5. EPRA Indicators

7.5.1. EPRA 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 codes: 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
	2020	2021	2022	2020	2021	2022	2020	2021	2022	% 21/22	% 20/22	
Absolute												
Electricity	23,888	25,197	24,393	17,885	19,303	18,549	41,773	44,500	42,942			Elec-Abs
District heating systems	8,725	10,293	7,421				8,725	10,293	7,421			DH&C-Abs
District cooling systems	7,659	6,345	8,199				7,659	6,345	8,199			
Natural gas	676	879	688				676	879	688			Fuels-Abs
Total energy use in MWh	40,948	42,714	40,700	17,885	19,303	18,549	58,833	62,017	59,249			
Energy intensity in kWh/sq.m.							189.7	203.2	188.2	-7.4%	-0.8%	Energy-Int
Cover- age rate	Number of assets						15/15	14/14	15/15			
	% of sur- face area (sq.m.)						100%	100%	100%			
Like-for-like												
Electricity	23,381	25,197	23,545	17,285	17,504	16,555	40,666	42,701	40,100	-6.1%	-1.4%	Elec.-LfL
District heating systems	8,252	9,890	6,779				8,252	9,890	6,779	-31.5%	-17.9%	District H&C - LfL
District cooling systems	7,659	5,994	6,984				7,659	5,994	6,984	16.5%	-8.8%	
Natural gas	676	879	688				676	879	688	-21.7%	1.8%	Fuels-LfL
Total energy use in MWh	39,968	41,960	37,996	17,285	17,504	16,555	57,253	59,464	54,551	-8.3%	-4.7%	
Energy intensity in kWh/sq.m.							192.5	203.8	187.0	-8.2%	-2.8%	Energy-Int
Cover- age rate	Number of assets						13/13					
	% of sq.m.						100%					

SCOPE 1⁽¹⁾ AND SCOPE 2 GHG EMISSIONS FROM ENERGY USE, IN TCO₂E – ABSOLUTE AND LIKE-FOR-LIKE

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

	2020	2021	2022	% 21/22	% 20/22	EPRA code
Absolute						
Scope 1	114	148	116	-21.7%	1.8%	GHG-Dir-Abs
Scope 2 (market-based)	2,048	2,312	1,888	-18.4%	-7.8%	GHG-Indir-Abs
Scope 2 (location-based)	2,338	2,467	2,038	-17.4%	-12.8%	
Total market-based, in tCO₂e	2,162	2,461	2,004	-18.6%	-7.3%	
Total location-based, in tCO₂e	2,452	2,615	2,154	-17.6%	-12.2%	
Carbon intensity	7.0	8.1	6.4	-21.0%	-8.7%	GHG-Int
Coverage rate	Number of assets	15/15	14/14	15/15		
	% of sq.m.	100%	100%	100%		
Like-for-like						
Scope 1	114	148	116	-21.7%	1.8%	
Scope 2 (market-based)	1,962	2,253	1,762	-21.8%	-10.2%	
Scope 2 (location-based)	2,246	2,407	1,906	-20.8%	-15.1%	
Total market-based, in tCO₂e	2,076	2,401	1,878	-21.8%	-9.5%	
Total location-based, in tCO₂e	2,360	2,556	2,022	-20.9%	-14.3%	
Coverage rate	Number of assets	13/13				
	% 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)

	2020	2021	2022	%21/22	%20/22	EPRA code	
Absolute							
Total municipal water use in cu.m.	115,223	102,289	124,355	21.6%	7.9%	Water-Abs	
Intensity	in cu.m./sq.m.	0.372	0.335	0.395	17.9%	6.3%	Water-Int
	in litres/user	25.2	24.2	28.5	17.8%	13.1%	
Coverage rate	Number of assets	15/15	14/14	15/15			
	% of surface area (sq.m.)	100%	100%	100%			
Like-for-like							
Total municipal water use in cu.m.	112,702	97,484	116,996	20.0%	3.8%	Water-LfL	
Intensity	in cu.m./sq.m.	0.438	0.406	0.470	15.8%	7.3%	Water-Int
	in litres/user	26.5	24.3	28.9	18.9%	9.1%	
Coverage rate	Number of assets	13/13					
	% of sq.m.	100%					

(1) Excluding refrigerant leaks

WASTE MANAGEMENT BY DISPOSAL METHOD, IN TONNES AND % – ABSOLUTE AND LIKE-FOR-LIKE (EPRA codes: Waste-Abs and Waste-LfL)

		Absolute						Like-for-like					
		2020		2021		2022		2020		2021		2022	
		in tonnes	in %	in tonnes	in %	in tonnes	in %	in tonnes	in %	in tonnes	in %	in tonnes	in %
Reused	0	0.0%	0	0.0%	0	0.0%		0.0%		0.0%	0	0.0%	
Recycled	80	15.1%	34	4.3%	51	5.2%	80	15.9%	33	5.8%	49	6.6%	
Composted	0	0.0%	0	0.0%	0	0.0%		0.0%		0.0%	0	0.0%	
Incinerated with energy recovery	379	71.8%	388	49.9%	461	46.5%	366	72.9%	189	33.0%	214	28.9%	
Other form of reuse	22	4.1%	207	26.6%	174	17.6%	22	4.3%	207	36.1%	174	23.5%	
Incinerated without energy recovery	10	1.9%	3	0.4%	0	0.0%		0.0%	3	0.5%	0	0.0%	
Other	5	0.9%	8	1.0%	5	0.5%	3	0.7%	4	0.6%	4	0.6%	
Landfilled	32	6.1%	138	17.8%	300	30.3%	31	6.3%	137	24.0%	300	40.5%	
Total	527	–	778	–	991	–	502	–	573	–	741	–	
Coverage rate	Number of assets	8/15		7/13		10/15		7/13					
	% of total sq.m.	83%		84%		89%		84%					
EPRA code	Waste-Abs						Waste-LfL						

NUMBER OF BUILDINGS-IN-USE AND PERCENTAGE OF PORTFOLIO CERTIFIED BY TYPE AND LEVEL OF CERTIFICATION (EPRA code: Cert-Tot)

		2020		2021		2022		
		Number of assets	% of sq.m.	Number of assets	% of sq.m.	Number of assets	% of sq.m.	
Buildings in-use	Total (at least one certification)	17	100%	13	100%	14	100%	
	BREEAM In-Use	≥ Good	0	0%	0	0%	14	100%
		≥Very Good	17	100%	13	100%	13	95%
		≥Excellent	6	54%	1	14%	1	12%
	HQE	≥Very Good	0	0%	0	0%	1	13%
≥Excellent		0	0%	0	0%	1	13%	
Properties being redeveloped	Total (at least one certification)	5	22%	4	27%	5	38%	
	BREEAM New Construction	2	13%	2	17%	3	28%	
	LEED	1	10%	1	14%	2	12%	
	HQE	4	20%	3	24%	4	34%	
Coverage rate	Number of assets	17/17		13/13		14/14		
	Coverage rate (in sq.m.)	100%		100%		100%		

SUMMARY TABLE OF EPRA INDICATORS FOR PROPERTIES IN-USE

Topic	Indicator	EPRA code	Unit	2020	2021	2022	Change 20/22	Coverage rate
Certifications								
	Number of assets certified BREEAM In-Use or HQE Exploitation		Number of assets	17	13	14	-	100%
	% of portfolio certified by value	Cert-Tot	% of portfolio certified by value	100%	100%	100%	0.0%	100%
Energy								
	Total use of electricity from renewable sources – absolute	Elec-Abs	MWh	10,026	8,975	8,689	-13.3%	100%
	Total use of electricity from non-renewable sources – absolute	Elec-Abs	MWh	13,862	16,222	15,704	13.3%	100%
	Total use of electricity from renewable sources – like-for-like	Elec-LfL	MWh	9,813	8,975	8,387	-14.5%	100%
	Total use of electricity from non-renewable sources – like-for-like	Elec-LfL	MWh	13,568	16,222	15,158	11.7%	100%
	Total energy use, district heating and cooling networks – absolute	DH&C-Abs	MWh	16,384	16,638	15,620	-4.7%	100%
	Total energy use, district heating and cooling networks – like-for-like	DH&C-LfL	MWh	15,911	15,884	13,763	-13.5%	100%
	Total fuel use – absolute	Fuels-Abs	MWh	676	879	688	1.8%	100%
	Total fuel use – like-for-like	Fuels-LfL	MWh	676	879	688	1.8%	100%
	Energy use intensity – absolute	Energy-Int	kWh/sq.m.	190	203	198	4.4%	100%
	Energy use intensity – like-for-like	Energy-Int	kWh/sq.m.	192	204	198	2.7%	100%
Greenhouse gas emissions								
	Total direct greenhouse gas (GHG) emissions (Scope 1) excluding refrigerant leaks – absolute	GHG-Dir-Abs	tCO ₂ e	114	148	116	1.8%	100%
	Total indirect greenhouse gas emissions (location-based Scope 2) – absolute	GHG-Indir-Abs	tCO ₂ e	2,338	2,467	2,038	-12.8%	100%
	Total indirect greenhouse gas emissions (market-based Scope 2) – absolute	GHG-Indir-Abs	tCO ₂ e	2,048	2,312	1,888	-7.8%	100%
	Carbon intensity (location-based)	GHG-Int	kgCO ₂ e/sq.m.	7.9	8.6	6.8	-13.5%	100%
Water								
	Total water use – absolute	Water-Abs	cu.m.	115,223	102,289	124,355	7.9%	100%
	Total water use – like-for-like	Water-LfL	cu.m.	112,702	97,484	116,996	3.8%	100%
	Water use intensity – absolute	Water-Int	cu.m./sq.m.	0.37	0.34	0.40	6.2%	100%
	Water use intensity – like-for-like	Water-Int	cu.m./sq.m.	0.44	0.41	0.47	7.3%	100%
Waste								
			tonnes	527	778	991	88%	
			% reused	0%	0%	0%	-	
			% recycled	15%	4%	5%	-66%	
			% composted	0%	0%	0%	-	
			% incinerated with energy recovery	72%	50%	46%	-35%	
	Total waste produced, by disposal method – absolute	Waste-Abs	% other form of reuse	4%	27%	18%	326%	89%
			% incinerated without energy recovery	2%	0%	0%	-100%	
			% other	1%	1%	0%	-46%	
			% landfilled	6%	18%	30%	393%	
			tonnes	502	573	741	47%	
			% reused	0%	0%	0%	-	
			% recycled	16%	6%	7%	-59%	
			% composted	0%	0%	0%	-	
			% incinerated with energy recovery	73%	33%	29%	-60%	
	Total waste produced, by disposal method – like-for-like	Waste-LfL	% other form of reuse	4%	36%	23%	443%	84%
			% incinerated without energy recovery	0%	0%	0%	-	
			% other	1%	1%	1%	-	
			% landfilled	6%	24%	41%	546%	

EPRA methodological note (in addition to the methodological information presented in section 7.4.)

- 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 3.1. and 3.2.

7.5.2. EPRA environmental indicators – Head office occupied by SFL

Topic	Indicator	EPRA code	Unit	2020	2021	2022
Certifications						
	% of head office certified	Cert-Tot	% of head office	100%	100%	100%
Energy						
	Total use of electricity from renewable sources	Elec-Abs &	MWh	79.4	68.0	58.9
	Total use of electricity from non-renewable sources	Elec-LfL	MWh	130.4	122.8	106.4
	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.	103.2	93.8	81.3
Greenhouse gas emissions						
	Total direct greenhouse gas (GHG) emissions (Scope 1)	GHG-Dir-Abs	tCO ₂ e	0	0	0
	Total indirect greenhouse gas (GHG) emissions (Scope 2)	GHG-Indir-Abs	tCO ₂ e	6.3	6.4	5.5
	Carbon intensity	GHG-Int	kgCO ₂ e/sq.m.	3.1	3.1	2.7
Water						
	Total water use	Water-Abs & Water-LfL	cu.m.	321.0	328.0	365.0
	Water use intensity	Water-Int	cu.m./sq.m.	0.158	0.161	0.180
Waste						
			% recycled	32.7%	68.9%	30.4%
			% reused	30.6%	0.0%	0.0%
			% composted	0.0%	0.0%	0.0%
		Waste-Abs	% incinerated	0.0%	0.0%	0.0%
		Waste-LfL	% disposed			
			of by another method	0.0%	5.7%	0.0%
			% landfilled	36.7%	25.4%	69.6%

EPRA methodological note (in addition to the methodological information presented in section 7.4.)

- 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.

7.5.3. EPRA employee, societal and governance indicators

Topic	EPRA code	Indicator	Unit	2020	2021	2022	Comments
Diversity							
		Number of women		6	5	3	
		Percentage of men and women on the Board of Directors	% of women	43%	42%	50%	
		Number of men		8	7	3	
		% of men		57%	58%	50%	
		Number of women		3	3	3	Number of Management Board members at 31 December, including the Chief Executive Officer
		Percentage of men and women on the Management Committee	% of women	33%	38%	37.5%	
		Number of men		6	5	5	
		% of men		67%	62%	62.5%	
		Number of women		27	27	29	Number of employees at 31 December
Diversity-Emp		Percentage of men and women managers, excluding the Management Committee	% of women	55%	57%	58%	
		Number of men		22	20	21	
		% of men		45%	43%	42%	
		Number of women		13	13	14	Number of employees at 31 December
		Percentage of men and women among other employees	% of women	87%	87%	82%	
		Number of men		2	2	3	
		% of men		13%	13%	18%	
		Number of women		43	43	46	Total number of employees at 31 December, excluding the Chief Executive Officer
		Percentage of men and women among all employees	% of women	60%	62%	62%	
		Number of men		29	26	28	
		% of men		40%	38%	38%	
		The ratio of the total compensation of men to women on the Management Committee (excluding the Chief Executive Officer and the Managing Director)	%	13%	-4%	12%	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)	%	18%	16%	18%	
		The ratio of the total compensation of men to women in other categories	%	-6%	-8%	-10%	
		The ratio of the total compensation of men to women in the entire workforce	%	29%	23%	32%	
Training							
		Total number of training hours	Number	1,269	1,323	1493	
		Number of employees trained	Number	58	51	57	
		Average number of hours per trainee	Number	22	26	26	
Emp-Training		% of employees trained	%	80%	71%	83%	Number of employees trained/average number of employees
		% of payroll allocated to training	%	2.35%	2.28%	2.17%	2.64% after adjustment for special bonuses
Assessment							
Emp-Dev		% of employees who received performance reviews during the year	%	96%	94%	96%	Number of reviews/ number of eligible employees

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Topic	EPRA code	Indicator	Unit	2020	2021	2022	Comments
Attracting and retaining talent							
		New employee hires under permanent contracts	Number	5	6	6	
		New employee hires under fixed-term contracts	Number	1	0	4	
		Total new hires	Number	6	6	10	
		Terminations by mutual agreement	Number	3	3	1	
		Expiries of fixed-term contracts	Number	3	0	0	
		Resignation	Number	1	3	3	
		Dismissal	Number	0	2	0	
Emp-Turnover		Total departures	Number	8	9	5	<i>Including 1 retirement (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>
		Turnover	%	6.24%	10.61%	7.99%	
Health and safety							
		Number of fatal accidents	Number	0	0	0	
		Number of cases of occupational illness	Number	0	0	0	
		Number of occupational accidents	Number	0	2	1	2 commuting accidents without lost time (Number of accidents with initial benefit payment reported per one million hours worked)
H&S-Emp		Accident frequency rate	Rate	0	0	8.36	
		Accident severity rate	Rate	0	0	0.01	(Number of days lost due to temporary disability per 1,000 hours worked)
		Short-term absenteeism rate	Rate	0.8%	0.4%	0.61%	One to three days
H&S-Asset		Percentage of assets covered by health and safety risk management system	% of assets covered	93%	93%	92%	Assets operationally managed by SFL
H&S-Comp		Number of health and safety-related incidents of non-compliance	Number of incidents	0	0	0	No health and safety-related incidents of non-compliance were recorded in 2019, 2020 or 2021
Community engagement							
Comty-Eng		Community engagement initiatives	% of assets or description	-	-	-	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 7.3.
GOVERNANCE INDICATORS							
Topic	EPRA code	Indicator					Explanation
Governance							
Gov-Board		Composition of the Board of Directors	Description				Page 97
Gov-Select		Nomination and selection process for the Board of Directors	Description				Page 99
Gov-Col		Procedure for managing possible conflicts of interest	Description				Page 104

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

7.6. TCFD Cross-Reference Table

TCFD recommendation	Report section
Governance	Board oversight of climate-related risks and opportunities
	Management’s role in assessing and managing climate-related risks and opportunities
Strategy	Climate-related risks and opportunities identified in the short, medium and long term
	Impact of climate-related risks and opportunities on businesses, strategy and financial planning
	Resilience of the strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario
Risk management	Processes for identifying and assessing climate-related risks
	Processes for managing climate-related risks
	How processes for managing climate-related risks are integrated into the organisation’s overall risk management
Metrics and targets	Metrics used to assess climate-related risks and opportunities in line with the organisation’s strategy and risk management process
	Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions and the related risks
	Targets used to manage climate-related risks and opportunities and performance against targets

7.7. Data verification/Statutory Auditor

While it is not required to issue a non-financial statement under the provisions of Article L. 225-102-1 I of the French Commercial Code, SFL has chosen to disclose its CSR information on a voluntary basis.

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

Limited assurance report by one of the Statutory Auditors on the verification of selected environmental information

Year ended 31 December 2022

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,

In our capacity as Statutory Auditors of Société Foncière Lyonnaise ("the Company") and in response to your request, we conducted a review for the purpose of expressing limited assurance in relation to the environmental information selected by the Company, prepared in accordance with the Company's procedures (the "Guidelines") and presented in the non-financial information statement (the "Statement") for the year ended 31 December 2022 (the "Information").

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

Quantitative information

- 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 – absolute values (common and tenant areas combined);
- Energy use by type of energy and energy use intensity – absolute values (not climate adjusted);
- 2022 market-based Scope 1 and 2 greenhouse gas (GHG) emissions – absolute values (not climate adjusted);
- Planted and landscaped surface (horizontal or vertical) in sq.m. and % of the portfolio's total footprint.

Quantitative information

- Scope 1 and 2 carbon trajectory certified by the Science Based Targets initiative (SBTi).

Conclusion

Based on the procedures we performed, as described in the "Nature and scope of our work" section, and the audit evidence we obtained, we did not identify any material anomaly likely to call into question the fact that the Information, taken as a whole, is presented fairly, in accordance with the Reporting Guidelines.

Preparation of the Information

The lack of any generally accepted and commonly used reference frameworks or established practices available to assess and measure the Information means that a variety of different, but equally acceptable, measurement techniques may be used, which may affect comparability between entities and over time.

As a result, the Information should be read and understood with reference to the Reporting Guidelines, whose material aspects are presented in the Statement and available upon request from the Company's head office.

Limitations inherent in the preparation of the Information

The Information may be subject to inherent uncertainty because of incomplete scientific and economic knowledge and due to the quality of the external data used. Some information is sensitive to the choice of metrics, assumptions or estimates used in its preparation and disclosed in the Statement.

Responsibility of the Company

The Company is responsible for:

- selecting or establishing suitable criteria and procedures for preparing the Guidelines;
- preparing the Information in accordance with the Guidelines;
- implementing the internal control procedures it deems necessary for the disclosure of Information free of material misstatement, whether due to fraud or error.

Responsibility of the Statutory Auditor

The conclusion presented in this report relates to the Information only and not to all the information presented in the Statement.

On the basis of our work, our responsibility is to:

- express a limited assurance conclusion that the Information has been prepared in accordance with the Guidelines and is free from material misstatement, whether due to fraud or error;
- form an independent conclusion based on the evidence we have obtained; and
- share our conclusion with the Company's management.

Moreover, given that our responsibility is also to express an independent conclusion on the information, as prepared by the Company, we are not authorized to participate in any way in its preparation, as this could compromise our independence.

Regulatory provisions and applicable professional standards

Our work described below was performed in accordance with the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) relating to this non-audit engagement and with ISAE 3000 Revised "Assurance Engagements other than Audits and Reviews of Historical Financial Information" of the IAASB (International Auditing and Assurance Standards Board).

Independence and quality control

Our independence is defined by Article L. 822-11 of the French Commercial Code and the French Code of Ethics (*Code de Déontologie*) of our profession. In addition, we implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, ethical standards and the professional guidance issued by the French Institute of Statutory Auditors concerning this engagement.

Nature and scope of our work

We planned and performed our work with a view to expressing a limited assurance conclusion in relation to the Information.

The nature, timing and extent of the procedures performed on this information are based on our professional judgement, including the assessment of the risks of material misstatement, whether due to fraud or error.

– We assessed the appropriateness of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability;

- verified the implementation of a data collection, compilation, processing and control process to ensure that the Information was complete and prepared on a consistent basis;
- conducted interviews with the relevant departments at the Company's headquarters and with a selection of contributing entities to analyse the implementation and application of the Guidelines;
- implemented analytical procedures to verify the calculations made and the proper consolidation of the data collected and the consistency of any changes in those data;
- conducted substantive tests, using sampling methods on a set of representative entities⁽¹⁾ that we selected, to verify the proper application of definitions and procedures and reconcile the data with the supporting documents. The selected sample covered between 8% and 29% of the consolidated data related to the Information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. The procedures performed in a limited assurance engagement are less extensive than those required in a reasonable assurance engagement performed in accordance with the professional guidance issued by the French Institute of Statutory Auditors; a higher level of assurance would have required us to carry out more extensive procedures.

Paris-La Défense, 14 March 2023
French original signed by one of the Statutory Auditors

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