

United Nations Global Compact
2015 Communication on Progress of Foncière des Régions



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact**.

We welcome feedback on its contents.

October 2015

Editorial by Christophe Kullmann

Renewal of strong commitment

By joining the United Nations Global Compact in October 2011, Foncière des Régions has asserted its commitment to 10 principles it strongly upholds and shares with its employees, customers and suppliers.

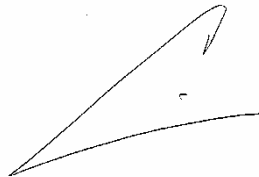
This new issue of our Communication on Progress is a concrete testimonial of our adherence to these principles in the performance of all of our business activities.

Our promotion of these principles is in line with and reflects our entire CSR policy, which is a fundamental part of our business model. Our commitment to defending the convictions upheld by the Global Compact reinforces our belief in our values and our approach focused on continuous improvement and encouragement.

This commitment, which we share with our employees and stakeholders, is becoming stronger year after year.

In 2015, the year in which France will host the UN Climate Change Conference at the beginning of December, I am happy to renew Foncière des Régions' commitment to abide by the Ten Principles of the Global Compact and promote their dissemination.

Christophe Kullmann
CEO and Member of the Board of Directors



Foreword by the Head of Sustainability

Foncière des Régions' new objectives and new ambitions

Foncière des Régions' sustainable development policy is based on four focus areas: sustainable construction, social, corporate responsibility and governance – which cover all aspects of the Global Compact commitments: environment, Human Rights, working conditions, and fight against corruption.

At the end of 2014, we defined a 2015/2020 CSR action plan whose objectives follow on from the 2010/2015 plan and give pride of place to issues relating to the environment, Human Rights, labour rights and the fight against corruption.

At all company levels, the staff is committed to building more responsible and sustainable growth, with the support of the Board of Directors and senior management.

In line with the Global Compact directives, our Communications on Progress are designed as a major means of demonstrating Foncière des Régions' commitment and a way of exerting influence, facilitating the acquisition of knowledge, encouraging dialogue and promoting action.¹

I hope that the following pages will provide you with all the expected details and I remain at your disposal for further exchanges,

Jean-Éric Fournier
Head of Sustainability



¹ http://www.unglobalcompact.org/Languages/french/cop_guidelines_french.pdf

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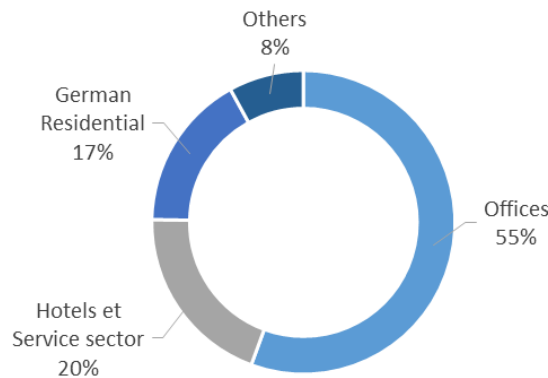
Foncière des Régions, Real Estate Partner

Partnership culture as a major asset

As a benchmark real estate player, Foncière des Régions has built its development and real estate assets on a distinctive key value, partnership. With real estate assets totalling €17 billion (€10 billion attributable to the group) by mid-2015, Foncière des Régions is now the recognised partner of companies and regional authorities, which it supports in their real estate strategies.

Operating in the Office market alongside Key Accounts, Foncière des Régions is present on the lucrative Ile de France market, in connection with the orientations of the Greater Paris area. It is also present in France’s major regional cities and in northern Italy (through its Beni Stabili subsidiary). Foncière des Régions also operates in two other sectors: the Hotels and Service sector in Europe and the Residential sector in Germany. With its pioneering, well-targeted approach, it rightly identified the potential of these two sectors. Through its expertise, it has become a reference player in these two markets.

Breakdown of European portfolio by type of asset
(in total share of value)



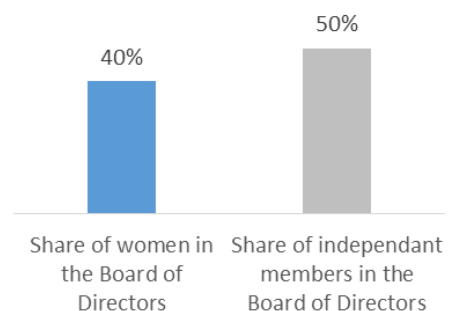
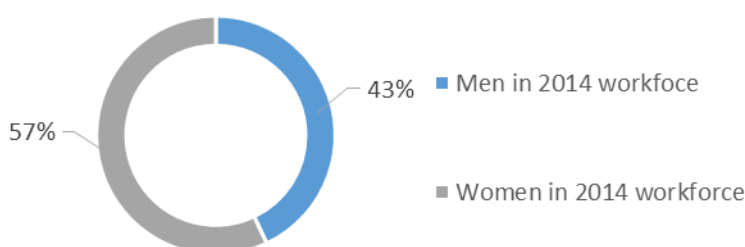
A “high-performance”, long-term strategy

As a listed REIT, Foncière des Régions has established close, long-term relationships with its various stakeholders - tenants, regional authorities, real estate players, investors and co-investors, suppliers, shareholders, etc.

Attuned to its partners’ needs, Foncière des Régions aims to create high-performance buildings tailored to user expectations, based on a controlled economic rationale for sustainable, responsible real estate.

Foncière des Régions does not build its own buildings; it has all the skills in-house to keep track of the developments and renovations it decides upon, but the construction is done by building companies under the control of the architects and design offices it commissions.

Using a proactive approach on issues concerning diversity, equality, gender mix, and the place of seniors within the company, Foncière des Régions ensures that the initiatives which improve its performance in these areas cover all levels of the organization (employees, management and the Board of Directors).



1. Foncière des Régions' Global Compact Progress Report

1.A. Human Rights

Foncière des Régions performs its activities in France, in Germany via its subsidiary Immeo AG, and in Italy via Beni Stabili, a listed real estate company that is aiming to publish its first COP in 2015.

In principle, these countries present little risk with regard to the violation of Human Rights. Nevertheless, Foncière des Régions remains vigilant and ensures that Human Rights are respected at all stages of its business activities.

Human Rights

Signatory companies are requested to:

Principle N°. 1

Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle N°. 2

...make sure that they are not complicit in human rights abuses.

Principles N°. 1 and N°. 2: Businesses should support and respect the protection of internationally proclaimed human rights; and make sure that they are not complicit in human rights abuses

Respect for fundamental human rights

Foncière des Régions is committed to applying the laws, agreements and regulations in force in the countries where it operates, respecting the principles of international reference texts, in particular:

- the Universal Declaration of Human Rights and its Additional Protocols
- the conventions of the International Labour Organization (ILO)
- the 10 Principles of the Global Compact
- the Diversity Charter.

The various entities' internal rules and the human resource policies of all Foncière des Régions businesses comply with the international conventions on Human Rights.

Every year since 2010, Foncière des Régions' Sustainable Development Report has been verified by an independent third party, which vouches for its commitments and declarations. No reservation was expressed following the five audits already conducted. Compliance with the GRI (guideline G3.1, then G4 since the 2014 report) and its Construction & Real Estate Sector Supplement was also audited by EY, along with adherence to EPRA's Best Practice Recommendations.

Foncière des Régions' commitments in favour of Human Rights are expressed in particular through the company's Code of Ethics and some of its internal procedures.

Ethics and transparency are promoted and supervised by the CEO and the Chief Operating Officer, Member of the Management Committee and Compliance Officer of Foncière des Régions. Initiatives

in this area are coordinated by the Internal Audit Department, in particular for the update of the Code of Ethics in 2014 and the training of employees in the implementation of the Code and a number of procedures concerning sensitive issues (corruption, etc.). These meetings, known as “Process Mornings” have so far made it possible to train 50% of our staff.

Foncière des Régions’ Code of Ethics is available on the following website:

http://www.en.foncieredesregions.fr/responsibility/ethical_governance2/ethical_principles

Additionally, Foncière des Régions helps to promote the 10 Principles of the Global Compact in its relations with its external stakeholders, and notably its suppliers.

Challenging and assisting suppliers

In its various activities, Foncière des Régions ensures that it is not complicit in Human Rights abuses, it being specified that Foncière des Régions has no suppliers in at-risk countries. Nevertheless, a Responsible Purchasing policy was initiated in 2010. The tools were finalised in 2011 and the measures were first deployed in 2011/2012.

Since then, suppliers accounting for expenditures in excess of €200,000 are requested to:

- fill out a survey questionnaire; 10 compliance audits are carried out each year by an independent consultant in order to ensure the quality of responses and identify the best means of improvement for suppliers
- enter into a commitment with Foncière des Régions by signing its Responsible Purchasing Charter, to which are appended the 10 Principles of the Global Compact, thus promoting its spread and adoption. The fundamental ILO conventions and the Diversity Charter are also appended to the document signed.

At the end of 2014, 245 suppliers (vs 207 at end-2012) had filled out the questionnaire and signed Foncière des Régions’ Responsible Purchasing Charter, out of a total of 377 suppliers surveyed (construction companies, consultants, etc.). This procedure provides Foncière des Régions with better knowledge of the “CSR profile” of its suppliers and their positioning with regard to the group’s key values. The survey responses are given a rating; the computer program created for this purpose adjusts the rating according to the size of the supplier based on two criteria: its annual revenue and its number of employees. The average rating of the top 245 suppliers who responded to the survey is 11.2/20.

The Charter and survey questionnaires cover the various aspects of CSR (environmental, social, corporate responsibility, etc.). The Charter is available on the Foncière des Régions website: http://www.en.foncieredesregions.fr/responsibility/tstakeholders/a_partnership_model

Human Rights: summary of 2014 results

Concerning Principles N°. 1 and 2

- ✓ **100% of Foncière des Régions’ activities respect Human Rights**
- ✓ **Forced labour and child labour are not a significant issue in the company’s euro-zone activities**
- ✓ **50% of employees have received training on the Code of Ethics**
- ✓ **245 suppliers accounting for 80% of 2013 expenditures responded to the CSR survey and signed Foncière des Régions’ Responsible Purchasing Charter**

1.B. Human Rights, working conditions – labour relations

Foncière des Régions is attentive to working conditions and has always made every effort to maintain good labour relations within the company.

Human resources management as practiced by Foncière des Régions and its subsidiaries complies with the fundamental ILO conventions as France and Italy have ratified the eight fundamental ILO conventions on forced work, freedom of association, the right to organise and bargain collectively, equal pay, abolition of forced labour, discrimination, the minimum age for employment and child labour. These fundamental principles are incorporated into French and Italian law. Human resources management and labour relations thus comply with them.

Foncière des Régions operates in France and has subsidiaries in Germany and Italy. These countries' labour codes guarantee respect for workers. Moreover, these countries have ratified the International Conventions including No. 87 concerning Freedom of Association and Protection of the Right to Organise and N°. 98 on the Right to Organise and Collective Bargaining.

Labour Standards

Companies are requested to:

Principle N°. 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

Principle N°. 4

The elimination of all forms of forced and compulsory labour

Principle N°. 5

The effective abolition of child labour

Principle N°. 6

The elimination of discrimination in respect of employment and occupation

Principle N°. 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

Concerning respect for freedom of association and the right to bargain collectively, these rights are recognised in France, as freedom of association comes under the Act of 1 July 1901. In France, the right to bargain collectively is an employee right enshrined in the Labour Code since 13 July 1971.

In addition, Foncière des Régions and its subsidiaries do not have any operations in “at risk” countries in terms of violations of workers' rights or Human Rights and are thus not faced with the issue of compliance with these agreements on the part of their subsidiaries or suppliers.

Foncière des Régions ensures the development of constructive relations with all its stakeholders, in particular its employees, who are instrumental in creating wealth for the company. Employee representative bodies include staff delegates, the Works Council, and the Health, Safety and Working Conditions Committee (CHSCT). Lastly, as a reminder, 100% of our employees are covered by a collective bargaining agreement (excluding temporary employees).

Guarantee of transparent social dialogue

For the first time, an electronic voting system allowed employees to vote from any computer or smartphone in the March 2013 personnel elections. The participation rate reached 73.7%.

In this environment of organisational changes involving the transfer of half of the company's employees, the CHSCT also experienced intensive activity in the area of information and consultation regarding establishments. In general terms, Foncière des Régions is particularly attentive to the corporate reorganisation process and adopts a transparent and constructive method upstream of projects with personnel representatives, especially within the Works Council.

In addition to the ordinary monthly meetings of the Works Council, four extraordinary meetings were held in 2014. The work carried out in commissions also continued in 2012 in compliance with Foncière des Régions' agreements concerning Prospective Employment and Skills Management (GPEC) and Senior employees' jobs, Professional Equality and Diversity, etc. Four new agreements coming out of this constructive social dialogue were signed in 2014, concerning the Mandatory Annual Negotiations Agreement, an Amendment to the Support for the Reduction of Working Time Agreement, the Quality of Working Conditions Agreement, and an Amendment to the Professional Equality and Diversity Agreement. The Quality of Working Conditions Agreement capitalises on the successes of the 2009 stress control and prevention agreement, while expanding its scope of application to all psycho-social risks and equipping the Group with new programmes (psychological counselling unit, expanded role of the Health, Safety and Working Conditions Committee – CHSCT).

Principles N° 4 and 5: The elimination of all forms of forced or compulsory labour; the effective abolition of child labour

Foncière des Régions applies ILO conventions

Foncière des Régions currently applies the eight International Labour Organisation (ILO) conventions, including those concerning the right to organise, effective recognition of collective bargaining, eliminating all forms of forced labour, ending child labour and suppressing discrimination in employment and professions.

Moreover, as Foncière des Régions operates in France, Germany and Italy, the company is not exposed to the risk of forced or compulsory work or child labour. Aware that its responsibility also extends to the practices of its suppliers, as part of its responsible purchasing policy (See page 7), Foncière des Régions has been collecting information on the practices of suppliers in order to avoid dealing with businesses that do not respect the ILO conventions.

Principle N° 6: The elimination of discrimination in respect of employment and occupation

Promoting diversity and equality

As a signatory of the Diversity Charter in 2010 and of the Global Compact in 2011, Foncière des Régions organised employee awareness events in Paris and Metz during the disabled employment week. Workshops were held on the “dys”-type disorders such as dyslexia, dysorthographia, dyspraxia, etc., and business theatre sessions were held on vocational integration of the disabled. This innovative event is used to approach issues practically.

In the area of recruitment, the monitoring of applications and invitations for job interviews has been under analysis since 2013 to ensure diversity amongst the profiles of those being considered for each job. The recruiting team received awareness training on this issue when the recruitment management computer resource was implemented.

In terms of compensation, the implementation of the Equality and Diversity agreement of 21 December 2011 was pursued in 2014, following the assertive action plan carried out in 2013 and 2012, which resulted in the long-term repositioning of the employees concerned. An analysis of compensation differences was again carried out in 2014, with only marginal corrections due to the significant adjustments implemented over the past two years.

Foncière des Régions is also committed regarding parenthood with 100% of men who were offered parental leave in 2014 accepting. The Flexi Crèche programme, which offers backup infant care solutions for up to 10 days per year, is available to each group employee (as either parent or grandparent).

A better balance of men and women

The percentage of women serving on the Board of Directors, which was 29% following the Combined General Shareholders' Meeting on 24 April 2014, increased to 36%, since the General Meeting of Shareholders in April 2015 which approved the appointment of Delphine Benchetrit as Board member. The Company's Board has set the objective of continuing to increase membership of women on the Board so as to rapidly achieve a better balance of men and women, with a view to achieving early compliance with legal provisions in this area.

Labour Standards: summary of 2014 results

Concerning principles N°. 3, 4, 5 and 6:

- ✓ **100% of our employees are covered by a collective bargaining agreement**
- ✓ **36% of the Members of the Board of Directors are women**
- ✓ **73.7% participation in the personnel elections of March 2013**
- ✓ **4 new agreements signed (Mandatory Annual Negotiations Agreement, an Amendment to the Support for the Reduction of Working Time Agreement, the Quality of Working Conditions Agreement, an Amendment to the Professional Equality and Diversity Agreement)**
- ✓ **Awareness-raising actions for the employment of disabled persons, analysis of candidacies and interviews to ensure the diversity of recruitments**
- ✓ **Roll-out of recruitment management computer resource. Continuation of the diversity agreement signed in 2012 with the amendment signed in 2014, adjustment of remuneration discrepancies.**

1.C. Environment

Aware of its impacts on the environment and its role as leader, Foncière des Régions has adopted a comprehensive environmental policy, which means that it strives to reduce the environmental footprint of the assets it develops, renovates and operates, as well as the offices in which its teams are located.

Following an analysis of the risks and opportunities represented by the environment in its business activities, Foncière des Régions has adopted a sustainable development strategy based on four lines of action:

- combating climate change by reducing the environmental footprint of the portfolio, maintaining the attractiveness of assets and protecting their value, through a green value creation model
- contributing to the dissemination of eco-responsible and innovative practices in construction, especially through the promotion of health and safety and customer satisfaction, and supporting the emergence of sustainable cities as an economic actor engaged with local stakeholders
- enhancing employees' skills, mobility, diversity and ability to adapt to a changing environment through innovative policies
- guaranteeing an ethical and transparent framework that ensures exemplary practices at all levels of the Company.

Respect for the environment

Principle N°. 7

Businesses should support a precautionary approach to environmental challenges

Principle N°. 8

Businesses should undertake initiatives to promote greater environmental responsibility

Principle N°. 9

Businesses should encourage the development and diffusion of environmentally friendly technologies

Principle N°. 7: Businesses should support a precautionary approach to environmental challenges

Property acquisition and management require the performance of a number of diagnostic tests which may be mandatory depending on the date of construction of the property: asbestos, pest report depending on the municipality (termites), mining and technological risks report (risks of flood, subsidence, coastal submersion, Seveso risks, etc.), energy performance certificate, as well as lead, electricity and gas diagnoses for residential units.

At Foncière des Régions, a dedicated team is responsible for environmental safety matters, starting from the analysis of acquisitions, then during the management period, on up to setting up data rooms. These risks may be subjected to additional investigations (ground contamination, etc.), periodic monitoring (asbestos, for example) or specific analysis (legionella, etc.).

As at 31 December 2014, the main risks for the Foncière des Régions Offices portfolio related to 375 sites (vs 423 at 31 December 2013 – a difference due to disposals), were as follows:

Area	Diagnostic procedures in place			
	2013		2014	
Technological and natural risks – number of cases surveyed:	423 (1)	100%	375	100%
Polluted sites and ground: pollution risks – number of sensitive sites:	125 (2)	100%	121	100%
Cooling towers – number of sites concerned:	2 (3)	100%	2	100%

(1) Status of risk surveys in place

(2) Sites where the history and use suggest a ground pollution problem.

(3) Sites where the operator of the tower is the owner

Foncière des Régions strives to control health and environmental risks for all its buildings. The group is particularly concerned about the compliance of ICPE (Installations Classées pour la Protection de l'Environnement – Establishments Classified for Environmental Protection) when it is the operator (monitoring of maintenance agreements and periodic inspections), and about the presence of asbestos, ground pollution, legionella and the existence of natural and technological risks. Thus, for the entire portfolio of real estate assets, all the necessary diagnostic procedures were established in compliance with applicable regulations.

As in previous years, in 2014 Foncière des Régions was not convicted of any failure to comply with environmental laws or regulations. Foncière des Régions has therefore never had to book provisions or guarantees for contingencies in the environmental domain.

Interactive risk management

To assist its staff in the assessment of asbestos risk, Foncière des Régions has been working with Provexi since 2007. This company's secure online tool enables Foncière des Régions, and all its stakeholders, to provide an analysis of asbestos risk and to easily meet disclosure and availability obligations.

Risks associated with asset management

With its operating portfolio, Foncière des Régions anticipates regulations and manages the various building-related risks. These may concern human health (indoor air quality, asbestos, Legionnaire's disease, lead, etc.), the environment (energy, greenhouse gas emissions, water, waste, etc.), mining and technological risks (risks of flood, landslide, coastal submersion, Seveso risk, etc.) or systems compliance (electricity and gas for residential units, etc.).

Beyond these regulatory compliance challenges, the Building Scientific and Technical Centre (CSTB) has developed a tool for Foncière des Régions to rate its assets. Designed as a decision-making aid for its portfolio modification and works policies, or during the acquisition of new properties, it is based on 20 to 24 indicators depending on the type of property. These indicators are used to evaluate an asset's overall environmental performance in relation to the risks mentioned above. All office buildings of over €10 million are thus rated.

Principle N°. 8: Businesses should undertake initiatives to promote greater environmental responsibility

The description of each asset, summarising its main characteristics, includes its rating derived from the tool described above.

In addition, Foncière des Régions conducts studies that allow it to better take into account, within its multi-year works plans, the potential incidence of emerging issues, such as air quality, climate change, impacts on biodiversity, etc.

100% “green” developments

For its developments and renovations, Foncière des Régions seeks HQE and BREEAM certifications, as well as energy labels (BBC, BBC Renovation, etc.), considering them relevant tools for standardising the environmental performance of its projects on a transparent and comparable basis.

Foncière des Régions generally opts for HQE certification (HQE Renovation for restructuring operations). It increasingly targets double certification (HQE-BREEAM).

50% green assets by the end of 2015

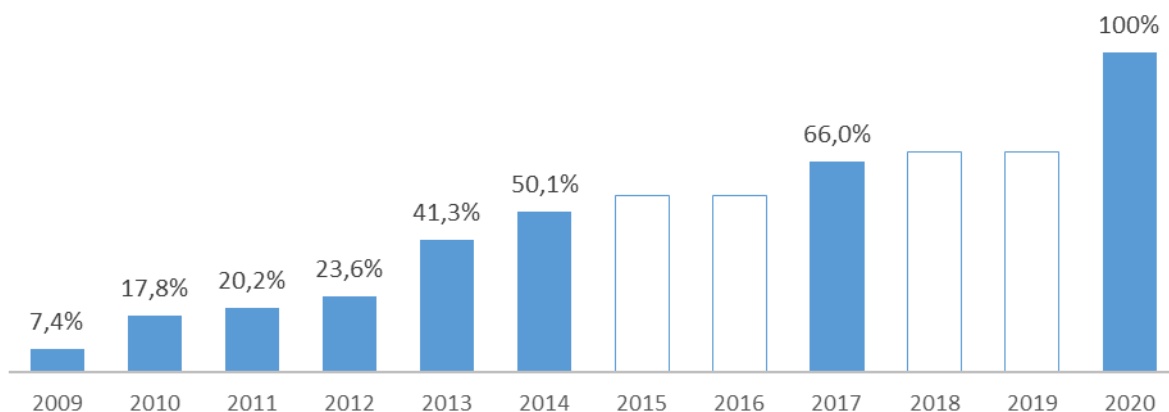
A decisive major objective that Foncière des Régions set itself in 2010 was for its France Office assets to be 50% “green” by the end of 2015.

According to IPD, “green” buildings are those where the building and/or its operating status are certified as HQE, BREEAM, LEED, etc. and/or which have a recognised level of energy performance confirmed by a certification such as BBC-effinergie®, HPE, THPE or RT Global.

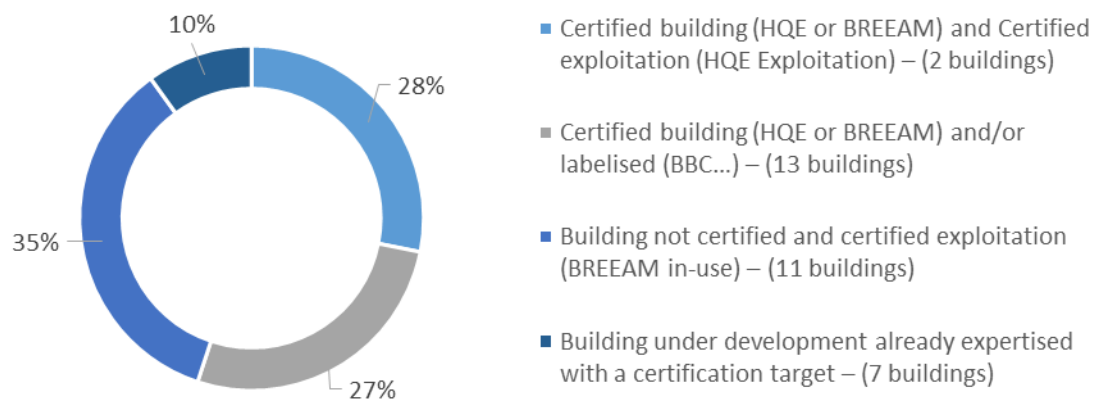
At 31 December 2014, the objective had been achieved, one year ahead of schedule, with 50.1% of the offices being "green". Based on the appraised values as at 31 December 2014, the percentage of green buildings is 50.1%: 45.1% have already earned one of the above-mentioned certifications and/or energy performance labels. Added to these are the 5% of buildings under construction and certification and subject to appraisal.

This ambition was renewed with the setting of new objectives for 2015/2020, raising the green ratio to 66% in 2017 and 100% in 2020.

Percentage of green assets (Offices France) in the portfolio:
Greening our assets one year ahead of our goal



Breakdown of certifications in value



Comparing the percentage of “green” buildings to “core” buildings, i.e. those intended to be kept in the portfolio for the long term, the greening rate reached 68.6% at the end of 2014.

The increased “greening” of the portfolio since 2013 was due both to the delivery of new or renovated projects and the certification of the operation practices of occupied sites.

In 2014, Foncière des Régions continued the execution of certified and/or labelled operations already undertaken and which will contribute to the greening of the portfolio, such as Respiro in Nanterre (11,506 sq. m), Steel Paris Trocadéro (7,380 sq.m.), Cœur d’Orly (18,660 sq. m), Green Corner in Saint Denis (18,500 sq. m) Euromed Center in Marseille (14,000 sq. m for the first building: “Astrolabe”), the expansion of the Dassault Système campus in Vélizy-Villacoublay (12,800 sq. m), etc.

Promoting biodiversity

Foncière des Régions aims to manage the sites that it holds in such a manner as to make them true drivers of biodiversity. To this end, its biodiversity policy is in keeping with the guidelines of the 2011-2020 National Biodiversity Strategy. Broken down into 20 objectives, its goal is to preserve, restore, and value biodiversity, taking user expectations into account and ensuring that each player in the building life cycle chain is committed to this approach.

As part of development or renovation operations, environmentalists are called upon to perform impact studies that allow for identifying on-site plant and animal species, and those living in surrounding areas. This approach allows taking into account the “greenbelt” (coherent ecological network), ensuring the survival of species and enabling ecosystems to continue providing their services to man.

With the operating portfolio, the BREEAM In-Use certification procedures carried out in 2013 and 2014 led to the performance of advanced environmental studies by a specialised firm. These allow for defining areas of progress for each site concerned and for progressively creating a biodiversity map for the portfolio. The results of these procedures include the following: the nesting box installed on the Tower rented to EDF in Villeurbanne was used by a couple of peregrine falcons which produced four offspring in 2014.

These initiatives are part of the Foncière des Régions biodiversity policy, which is structured around five themes and takes into account the various stages in the useful life of a building:

- development and renovation eco-design very early on, taking into account biodiversity and interactions with the urban fabric as a whole, stakeholders and green corridors, involving planting native plant species and preserving birds and butterflies
- enhancing the functions of green spaces for users according to comments gathered from user surveys
- adapting the upkeep of green spaces to meet eco-responsible criteria, such as modifying maintenance schedules, limiting use of chemicals, etc.

- participating in research, especially in the creation of biodiversity mapping for the tertiary properties in the “Greater Paris” region.

In cooperation with the HQE and Orée associations, Foncière des Régions works on perfecting biodiversity indicators in order to flesh out its reporting in this field and participate in their experiments at the end of 2015 as part of the HQE Performance programme.

Biodiversity is also one of the topics discussed during civic actions conducted by Foncière des Régions, such as the Passerelle project for the benefit of two secondary schools located in sensitive areas. With the support of Foncière des Régions and one of its biodiversity consultants, secondary school students are conducting a study which will feed national biodiversity databases used by researchers at the National Museum of Natural History (MNHN).

Study of the impact of activities on biodiversity

An analysis was conducted in 2014 on 16 of the 20 Office sites for which the green spaces are managed directly by Foncière des Régions teams (the green spaces of single-tenant sites are managed by the tenants), to assess the impact of activities on biodiversity. Most of these sites are located in the Paris region, while the rest are spread across France.

The analysis was conducted in respect of the four Biodiversity indicators of GRI 4:

- sensitivity of sites due to their proximity to areas of high biodiversity value
- impact of sites on areas of high biodiversity value
- presence of sites in protected or restored habitat areas
- impact of sites on IUCN red list species.

Two company charters to promote biodiversity

To ensure that biodiversity aspects are taken into account and to obtain certifications in this respect, two company charters were drafted in 2014, in collaboration with the operational teams, providing Foncière des Régions with a support tool in all phases of its real estate management chain:

- One charter concerning the creation of green spaces, aimed at the development or complete renovation of green spaces. Abiding by these provisions will support the company's efforts to obtain the BiodiverCity label
- A second charter concerning the management of green spaces, intended for operations on existing sites. Abiding by these provisions will make it possible to obtain the Eve or EcoJardins labels.

These two charters describe the way in which Foncière des Régions intends to address biodiversity and landscaping issues, firstly on the creation of the green spaces, then in their management. These two documents ensure consistency between the development and management phases. Beyond the special attention paid to butterflies – which are biodiversity indicators – the charters establish procedures for the sustainable maintenance and careful management of soils and green waste, promoting the appropriate choice of plant species, environment-friendly watering and the avoidance of agrochemicals.

The environmental annex, boosting partnerships and the greening of the portfolio

In purchasing asset portfolios outsourced by Key Accounts, under which users have become lessees (e.g., Accor, B&B Hôtels, EDF, Orange, etc.), Foncière des Régions has co-developed innovative real estate solutions with them. Since 2009, the implementation of Partnership Committees for sustainable development in connection with the group's energy and environmental mapping activities, has facilitated the signing of environmental annexes.

The Grenelle 2 Law of 12 July 2010 and the Decree of 30 December 2011 made the environmental annex mandatory for new leases of more than 2,000 sq. m of offices or retail space as of 1 January

2012 and as of 13 July 2013 for leases already in effect. Foncière des Régions anticipated the publication of that decree by agreeing on environmental annexes, which it considers to be a useful tool for bringing new momentum to relationships with its clients. Since 2010, Foncière des Régions' environmental annex model has focused on the subjects mentioned by the implementing decree: information exchanges on systems and consumption relevant for environmental performance of assets and annual CSR reporting of energy, carbon, water and waste data. It even goes beyond that by adding subjects such as transport and biodiversity, as well as specific adaptations to the hotel and catering businesses.

At the initiative of Foncière des Régions, the implementation of periodic meetings, not mentioned by the decree, also encourages the emergence of shared CSR actions and objectives. In 2013 and 2014, this approach led to the certification of office building operations, in coordination with companies including Cisco, GDF-Dégremont and Orange.

Tenants overall adhere to the approach promoted by Foncière des Régions, finding in it a means for enhancing occupant comfort and reducing operating costs. Thus, by 31 December 2014, nearly all leases affected by the environmental annex were regularised for Offices (95.9% in number) and for the Hotels and Service sector (100%). This environmental annex facilitates the implementation and renewal of operating certifications. Like construction certifications and labels, this approach furthers the portfolio's "greening" and increases its value.

Principle N°. 9: Businesses should encourage the development and diffusion of environmentally friendly technologies

Innovation, a value-creation driver

Foncière des Régions makes changes to its construction standards in a lucid manner, seeking solutions that are reliable and economical in the long run, in keeping with tenant expectations and the market. The European directive on building energy performance is aimed at the construction of buildings referred to as "passive" ("BEPAS") ("nearly zero energy"). In France, the so-called Grenelle 1 Law of 3 August 2009 provides (Article 4) that starting in 2020, new buildings must be "energy positive" ("BEPOS"), meaning that they produce more energy than they consume, which is a significant change to be accomplished. Achieving this objective will probably involve block- or district-wide pooling of energy production methods. This change of paradigm requires resorting to new tools, in terms of building design, management and reporting.

Foncière des Régions, an LCA pioneer

Foncière des Régions began to rely on life cycle analysis (LCA) in 2010, working with the CSTB teams to perfect the ÉLODIE software enabling such analysis. A signatory of the HQE Performance Charter, Foncière des Régions makes the studies it performs available to this programme.

In 2013, in addition to studies on office developments, Foncière des Régions expanded the scope of its studies by being a pioneer once again in the execution of one of the first LCAs performed in France on a hotel and one of the first on a building renovation (Steel in Paris's 16th *arrondissement*).

An LCA involves the analysis of six modules (materials, energy, water, travel, work site and waste), on the basis of nine environmental indicators: consumption of total primary energy, climate change, water consumption, waste, etc.

In addition to optimising impacts associated with thermal building regulations, these innovative approaches allow Foncière des Régions to identify drivers on which it is presently advisable to concentrate efforts: energy and water consumption in the work site stage, CO₂ emissions, and transport.

Life cycle analysis is a decision-making tool that allows for the consideration of environmental restrictions, especially in the choice of materials and equipment, taking into account the manufacture

of materials and their impacts in terms of energy (embodied energy) and biodiversity (embodied biodiversity).

Foncière des Régions shows the way with BIM

Since 2012, Foncière des Régions has also innovated with the New Vélizy project, which is one of the very first French buildings whose construction and soon operation involve the use of BIM (Building Information Modelling).

The New Vélizy campus consists of three office buildings totalling 49,000 sq. m. Since autumn 2014, this turn-key project has hosted Thalès staff and has received HQE and BREEAM Very Good certifications.

Building information modelling (BIM) enables to construct and go live with a complete and coherent 3D building database, throughout the life of the project, from its design through to its operation. This database allows all project players to collaborate on the same basis, at each stage of the project. With 3D tools, precise plans and metrics can be prepared.

The database is used for all phases of an operation, from building design through to execution and commissioning, up until its operation and even its deconstruction.

Implementing green IT solutions

By rolling out the last phase of its paperless project, Foncière des Régions firmly asserts its intention to reduce the use of paper documents within the Group. The roll-out of Office 365, initially for e-mail, then for all functionalities, is a significant step towards cloud computing solutions, mobility and greater security. These functionalities are accessible at all times from a tablet, smartphone or any workstation via the internet. All sensitive business data is managed and secured within a dedicated data centre. Its reliability is ensured through a regularly tested business continuity plan.

Respect for the environment: summary of 2014 results

Principle N°. 7

- ✓ **Broadening of pre-acquisition diagnoses for land and buildings (diagnoses covering asbestos, pests, mining and technological risks, energy performance, etc.)**

Principle N°. 8

- ✓ **50.1% green buildings by 31 December 2014 (vs 41.3% at end-2013)**
- ✓ **100% of new developments and renovations are green**
- ✓ **100% of environmental annexes signed**
- ✓ **Work with Orée and HQE associations to create Biodiversity indicators.**

Principle N°. 9

- ✓ **Life Cycle Analysis conducted on the Green Corner building (St-Denis)**
- ✓ **Use of Building Information Modelling on the New Vélizy building.**

1.D. Anti-corruption

One of the four lines of action of Foncière des Régions' sustainable development policy concerns Governance. Like the other three, it involves various action plans which are reviewed each year. Fighting the risks of fraud and corruption remains a priority even though no wrongdoings have been recorded at Foncière des Régions since its creation.

Anti-corruption

Principle N°. 10

Companies should work against corruption in all its forms, including extortion and bribery.

The Group's initiatives in this area include its Code of Ethics, disseminated to employees, in particular via regular awareness-raising actions and training.

Principle N°. 10: Preventing the risk of fraud and corruption

In compliance with the 10th Principle of the Global Compact, which urges companies to act against corruption in all its forms, including extortion of funds and bribes, Foncière des Régions has increased its vigilance on these matters.

In view of the findings of the risk mapping process in December 2012, the Board of Directors determined that, given its business activities and organisation, the potential risk of fraud and corruption was under control. Transactions that are deemed sensitive, such as sales of properties or companies, major construction or renovation works or calls for tender are guided by stringent procedures, especially regarding contact with intermediaries, which is subject to regular monitoring. Moreover, the separation between orders and payments reduces the risk of fraud.

Since 2011, the company has also implemented, during the Process Morning sessions, training for employees managing transactions that involve a risk of fraud. Anti-fraud audits are carried out regularly within the group and have revealed no significant issues. At the beginning of 2014, the list of employees considered as being exposed to risks will be updated and the employees concerned will be trained in preventing insider trading risks during the year.

Set-up of a whistleblowing system

To bolster its risk prevention tool, Foncière des Régions set up a whistleblowing system at the end of 2014. It is reserved for specific cases of serious, intentional acts that can have a negative impact on the company, exclusively in the following areas:

- accounting
- banking
- finance
- anti-corruption
- breach of competition law
- discrimination and harassment in the workplace
- protection of the environment.

Any group employee can thus report a risk they may have identified in these concerns by contacting the Compliance Officer by any means, including via a dedicated e-mail address.

The Compliance Officer regularly examines all such reports and implements all required measures to deal with them. Anonymous reports are disregarded. However, the whistleblower's identity is kept strictly confidential. If the facts reported are not confirmed, the related data is immediately destroyed, without any sanction being imposed on the whistleblower.

The reported data which requires an audit is kept for a maximum of two months following the completion of the audit procedures, except in the event of disciplinary or legal proceedings against the person under suspicion or the author of a false report. Until the data is destroyed, the persons identified within the procedure have the right to access and rectify the data concerning them, provided the identity of the whistleblower is preserved.

A Code of Ethics for greater responsibility

The Foncière des Régions Code of Ethics introduced in 2011 is intended for all employees of the Economic and Social Unit as part of its ethics and compliance policies. Codes of ethics have also been implemented for staff in Germany and Italy. Foncière des Régions' Code of Ethics can be viewed on its website: <http://www.en.fonciere-des-regions.fr/>

It defines the ethical principles that all Foncière des Régions employees must apply to their professional practices and behaviour vis-à-vis all their outside contacts. Lastly, the Code of Ethics describes ethical governance, as implemented in the Company's various business lines. The basic principles contained in this Code of Ethics are as follows:

- compliance with laws and regulations
- respect for individuals (health and safety at work, prevention of discrimination, respect for third parties)
- respect for the environment
- compliance with rules concerning insider dealing
- prevention of conflicts of interest (ties with competitors, customers or suppliers, compliance with anti-corruption rules)
- protection of Foncière des Régions' activities (protection of information, assets and resources)
- transparency and integrity of information.

The Audit and Internal Control department ensures that the Code of Ethics is distributed to all employees of the ESU² of Foncière des Régions. When new hires join Foncière des Régions, individual interviews are set up with the Audit and Internal Control and Human Resources departments to familiarise new employees with this Code. Furthermore, training on the procedures is dispensed to employees during "Process Mornings" (cf. Section 4.1.2 of the 2013 Reference Document). These meetings focus on the major principles of the Code of Ethics, the role of the Compliance Officer, etc. At the end of 2014, more than 50% of employees had participated in these information meetings.

The Chief Operating Officer was appointed as the Compliance Officer. He is involved in determining rules and duties in terms of professional ethics and ensures compliance across the company. This person provides assistance and advice on ethics to any employee who asks for it and helps in adopting and deploying this Code of Ethics. The Chief Operating Officer was consulted on some twelve occasions in 2014, primarily by staff who wished to clarify their situation regarding invitations received from group partners, the purchase of group shares outside of black-out date periods or regarding a personal relationship with one of the group's partners.

² Economic and Social Unit

At the end of 2013, Foncière des Régions launched an update of the Code of Ethics, primarily to ensure that issues were dealt with in their entirety and that it is being assimilated throughout the group. Work is currently underway to clarify certain issues such as insider trading, referring issues to the Compliance Officer and conflicts of interest. This work will be completed in 2015 and will be followed by a communications and training campaign for all employees.

Anti-corruption: summary of 2014 results

Principle N°. 10

- ✓ **Set-up of a whistleblowing system**
- ✓ **Update and dissemination of the Code of Ethics**
- ✓ **Update of the risk mapping concerning fraud and corruption**
- ✓ **Update of the list of employees deemed as exposed to risks of fraud or corruption**
- ✓ **Employees training in the prevention of insider trading.**

2. Commitment to sustainable development initiatives

Foncière des Régions conducts a number of initiatives to promote sustainable development, based on the four pillars of its CSR strategy, often in cooperation with external players: tenants, suppliers, research bodies (CSTB, MNHN, Palladio, etc.), associations, etc. The main bodies and associations are listed below:

ADI: The Association of Real Estate Directors organises events, activities and exchange/reflection platforms in collaboration with its partners (including Foncière des Régions).

FSIF: The main mission of the “Fédération des Sociétés Immobilières et Foncières” is to examine, promote and represent the collective and professional interests of REITs. Christophe Kullmann, CEO of Foncière des Régions, has been the Chairman of FSIF since 2011.

EPRA: The mission of the European Public Real Estate Association is to promote, develop and represent public companies in the real estate sector.

Association Apogée: brings together organisations focused on real estate development, ownership and management and wishing to improve their Real Estate Management skills through specific tools (data sheets, statistics on operating expenses, and committee work).

France GBC: As the French offshoot of the World Green Building Council, FGBC is focused on bringing together, promoting and representing France’s green building players.

Association HQE: focused on developing and promoting HQE (High Environmental Quality) certification in cooperation with the players concerned.

SB Alliance: The Sustainable Building Alliance is working on developing a common platform for the various certifications and labels across the world, not to create a single certification, but to get players to agree on a common language, shared indicators, etc.

Orée: brings together businesses, regional authorities, professional and environmental associations, academic bodies and institutions for joint reflection on the best environmental practices and to make use of practical tools for integrated management of the environment.

Global Compact (signed in 2011): commitment to the 10 universally accepted principles pertaining to Human Rights, the environment, labour conditions and corruption. Every year, we produce a COP (Communication on Progress) describing our initiatives and results in these areas.

Diversity Charter (signed in 2010): incites businesses to guarantee the promotion and respect of diversity within their workforce. By signing this charter, these businesses undertake to combat all forms of discrimination and set up measures to promote diversity.

Institut Palladio: created in 2008 with 5 patrons from the real estate sector (including FDR) in the aim of bringing real estate players together to raise the industry’s profile through the development of training, research and concerted action.

Foncière des Régions and its subsidiaries contribute no funds and provide no services to any political party whatsoever, or to any government incumbent or candidate for any public position.

3. Useful links

2014 Sustainable Development Report

<http://www.en.foncieredesregions.fr/content/download/2722/26913/version/4/file/2014%20-%20Sustainable%20Development%20Report.pdf>

2014 Activity Report

<http://www.en.foncieredesregions.fr/content/download/2721/25794/version/2/file/2014%20-%20Activity%20Report.pdf>

2014 Reference Document

<http://www.en.foncieredesregions.fr/content/download/2562/26090/version/2/file/2014%20-%20Reference%20Document.pdf>



Foncière des Régions' COPs are available on the Global Compact website

<https://www.unglobalcompact.org/what-is-gc/participants/15495-Fonciere-des-Regions>

and on Foncière des Régions' website

http://www.en.foncieredesregions.fr/responsibility/ethical_governance2/ethical_principles

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