

United Nations Global Compact

2014 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.

September 2014

Editorial by Christophe Kullmann

Foncière des Régions renews its commitment to the ten Principles of the Global Compact

The Global Compact was launched by the United Nations in 2000 with the purpose of urging companies and other organisations to support UN objectives and apply, within their sphere of influence, the nine universally accepted principles pertaining to human rights, labour conditions and the environment. In 2004, a tenth principle was added, concerning the fight against corruption in all its forms.

With over 10,000 members across the world including nearly 1,000 in France, the Global Compact is now supported by local networks, organisations and companies such as Foncière des Régions.

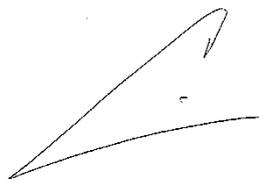
Foncière des Régions has chosen to promote more responsible growth in its business activities by developing strong partnerships with its clients and a number of stakeholders, basing the success of its business model on the joint development of innovative real estate solutions.

By becoming a member of the Global Compact in 2011, Foncière des Régions wanted to assert the convictions and achievements we share internally and with a number of our stakeholders. The construction industry is at the heart of sustainable development concerns, given the numerous stakes involved – energy consumption, water consumption, greenhouse gas emissions and waste production – at all stages of the buildings' life cycle. However, Foncière des Régions implements a comprehensive sustainable development policy on four fronts covering all CSR risks and opportunities. The impetus created in each of its businesses (development, asset and property management), involves respecting and promoting the 10 principles, by placing responsible growth at the heart of the company's strategy and business model.

Aware that the meetings organised by the Global Compact's Local Network and the annual publication of our Progress Report are ideal opportunities to exchange good practices, we are keen to continue along the path we have set ourselves, in order to continue to anticipate and adapt to the changes which are transforming our activities.

I am thus pleased to renew Foncière des Régions' commitment to comply with the 10 principles of the Global Compact and to continue to integrate them into our strategy to achieve sustainable and responsible growth.

Christophe Kullmann
CEO and Member of the Board of Directors



Foreword by the Sustainable Development Director

Foncière des Régions, a sustainable and responsible business model

As a responsible REIT having based its success on its ability to anticipate, adapt and innovate, Foncière des Régions has, for several years, made sustainable development an integral part of its growth model.

Our business model is based on a vision and know-how which integrate the various aspects of CSR, as, for us, innovation, the anticipation of regulations and respect for the ethical principles that are dear to us are all levers for value creation.

Each of our businesses plays an active role in the transformation of the company and in the changes that promote its development. Company-wide actions, some of which are described in the following pages, underpin every employee and every talent.

In 2014, we changed the presentation of our COP, to better convey the convictions, commitments and good practices we are developing within the company and in cooperation with our stakeholders, including tenants, suppliers and shareholders.

We are delighted by the support given to the Global Compact across the world, especially in France, which accounts for about one-tenth of signatories. At its own level, Foncière des Régions is committed to promoting the 10 Principles via an increasing number of ambitious, structural initiatives.

Jean-Eric Fournier
Sustainable Development Director



Contents

Editorial by Christophe Kullmann.....	2
Foreword by the Sustainable Development Director	3
Foncière des Régions, Real Estate Partner	5
Partnership culture as a major asset	5
A “high-performance” long- term strategy	5
1. Foncière des Régions’ Global Compact Progress Report	6
1.A. Human Rights	6
Principles No. 1 and No. 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	6
1.B. Working Conditions – Labour Relations	8
Principle No. 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	8
Principles No. 4 and 5: The elimination of all forms of forced or compulsory labour; the effective abolition of child labour	9
Principle No. 6: The elimination of discrimination in respect of employment and occupation	9
1.C. Environment	11
Principle No. 7: Businesses should support a precautionary approach to environmental challenges	11
Principle No. 8: Businesses should undertake initiatives to promote greater environmental responsibility	12
Principle No. 9: Businesses should encourage the development and diffusion of environmentally friendly technologies	15
1.D. Fighting corruption	18
Principle No. 10: Preventing the risk of fraud and corruption	18
2. Commitment to sustainable development initiatives	20
3. Useful links	21

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 €16 billion (€10 billion attributable to the group), 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 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 value)

A “high-performance”, long-term strategy

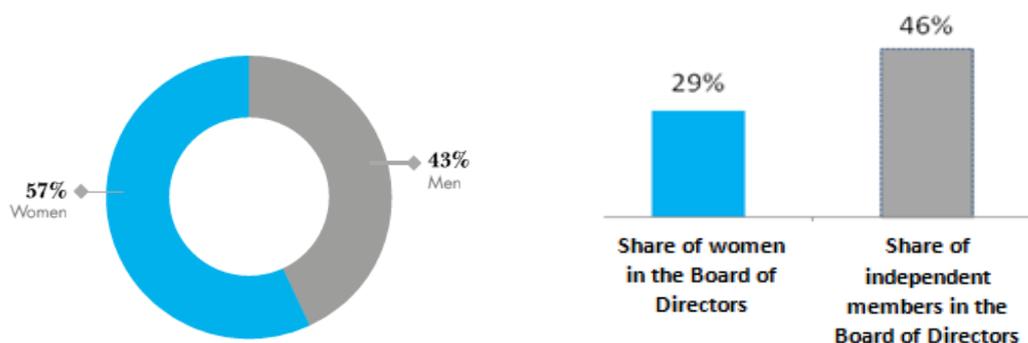
As a listed REIT, Foncière des Régions has established close, long-term relationships with its various stakeholders - tenants, regional authorities, real estate players, investors and co-investors, suppliers, shareholders, etc.

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).

Breakdown of workforce by gender (2013)



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 Wohnen, and in Italy via Beni Stabili.

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 No. 1

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

Principle No. 2

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

Principles No. 1 and No. 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 reservations were made concerning the four verifications conducted.

Foncière des Régions' commitments in favour of Human Rights are fully implemented in-house, 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. The actions 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/our_ethical_governance/the_ethical_principles

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

Challenging and assisting suppliers

In its various activities, Foncière des Régions ensures that it is not complicit in Human Rights abuses. 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 2013, 207 suppliers (vs 107 at end-2012) had filled out the questionnaire and signed Foncière des Régions’ Responsible Purchasing Charter, out of a total of 327 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 207 suppliers who responded to the survey is 11.3/20.

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/our_priorities_for_the_creation_of_sustainable_sets/a_relevant_partnership_model

Human Rights: summary of 2013 results

Concerning Principles No. 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**
- ✓ **207 suppliers accounting for 80% of 2012 expenditures responded to the CSR survey and signed Foncière des Régions’ Responsible Purchasing Charter**

1.B. Working Conditions – Labour Relations

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

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 No. 98 on the Right to Organise and Collective Bargaining.

Labour Standards

Companies are requested to:

Principle No. 3

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

Principle No. 4

The elimination of all forms of forced and compulsory labour

Principle No. 5

The effective abolition of child labour

Principle No. 6

The elimination of discrimination in respect of employment and occupation

Principle No. 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). It should be noted that 100% of our employees are covered by a collective bargaining agreement.

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%.

Issues discussed with new representatives were numerous in 2013, especially with relation to the CHORUS project, which was approved by the Works Council. A specific CHORUS commission was set up in 2013, with weekly meetings involving all project leaders and employee representatives in order to share information on objectives, ways of implementing projects and expected results of the new organisation, as well as to bring all projects requiring corrections or additional support to the attention of Management. 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 2013, especially prior to the public exchange offer by Foncière des Régions on the shares of Foncière Développement Logements. 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. Six new agreements coming out of this constructive social dialogue were signed in 2013 concerning the Generation Contract, Profit Sharing, the Group Savings Plan, and electronic voting for personnel elections. The Internal Regulations were updated to include revised sexual harassment measures under the law of 6 August 2012 and also now include the recommendations of the CNIL (Commission Nationale Informatique et Libertés) relating to the protection of employees in the area of new information and communications technologies (NICT).

Principles No. 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, Foncière des Régions has, since 2012, been collecting information on the practices of suppliers accounting for expenditures of more than €200,000 in order to avoid dealing with businesses that do not respect the ILO conventions.

Principle No. 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, dysorthographie, dyspraxia, etc., and business theatre sessions were held on vocational integration of the disabled. This innovative event is used to approach issues practically and to challenge preconceived ideas.

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 2013, following the assertive action plan carried out in 2012, which resulted in the long-term repositioning of the employees concerned. An analysis of compensation differences was again carried out in 2013, with only marginal corrections due to the significant adjustments implemented the previous year.

Foncière des Régions is also committed regarding parenthood with 100% of men who were offered parental leave in 2013 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, which was 23% following the Combined General Shareholders' Meeting on 24 April 2013, increased to 29%, since the General Meeting of Shareholders of April 2014 which approved the appointment of Sylvie Ouziel 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 2013 results

Concerning principles No. 3, 4, 5 and 6:

- ✓ **100% of our employees are covered by a collective bargaining agreement**
- ✓ **In 2014, 29% of the Members of the Board of Directors were women (vs 23% in 2012)**
- ✓ **73.7% participation in the personnel elections of March 2013**
- ✓ **Intensive activity to inform and consult employees concerning the CHORUS project**
- ✓ **6 new agreements signed in 2013 (Generation Contract agreement, Profit Share agreement, Group Savings Plan agreement and agreement on electronic voting for personnel elections...)**
- ✓ **Update of internal regulations: measures concerning sexual harassment and the protection of electronic employee data**
- ✓ **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 and 2013, 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 premises in which its teams work.

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 No. 7

Businesses should support a precautionary approach to environmental challenges

Principle No. 8

Businesses should undertake initiatives to promote greater environmental responsibility

Principle No. 9

Businesses should encourage the development and diffusion of environmentally friendly technologies

Principle No. 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 these 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.).

Survey of risks for the Foncière des Régions offices portfolio at 31 December 2013, concerning 423 sites
(vs. 454 at 31 December 2012 – a difference due to disposals)

Area		Diagnostic procedures in place			
		2012	2013	2012	2013
Technological and natural risks	Number of cases monitored:	454	423	99.8% ⁽¹⁾	100%
Polluted sites and ground: pollution risks	Number of sensitive sites	132 ⁽²⁾	125	100%	100%
Cooling towers	Number of sites concerned:	2 ⁽³⁾	2	100%	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. Foncière des Régions 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 2013 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 No. 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.

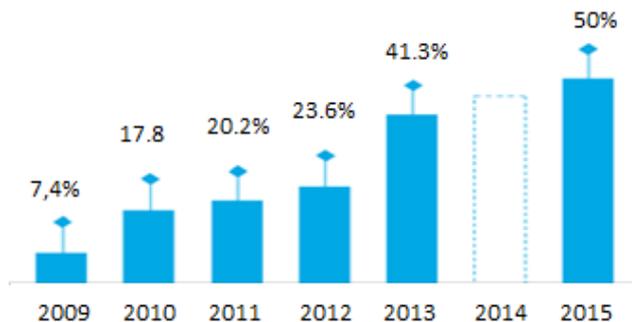
Foncière des Régions generally opts for HQE certification (HQE Renovation for restructuring operations). It increasingly targets double certification (HQE-BREEAM).

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. As of 31 December 2013, green buildings breached the 40% threshold, in line with the final target.

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.

Based on the appraised values as at 31 December 2013, the percentage of green buildings is 41.3%: 37.2% have already earned one of the above-mentioned certifications and/or energy performance labels. Added to these are the 4.1% of buildings under construction and certification and subject to appraisal.



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 58.7% at the end of 2013.

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

A highly ambitious environmental portfolio

Among the new operations, Le Pégase, located in Clichy-la-Garenne and dedicated to the staff of Eiffage Construction Île-de-France Tertiaire, was delivered in 2013 by Foncière des Régions. This building earned the HQE environmental certification “NF Tertiary Buildings – HQE® Approach” and BBC-effinergie® certification. The building envelope boasts thermal break bridge aluminium joinery and solar protection on all façades by electric blind systems incorporated into the framework or by electrical tilt angle solar shading. To the traditional control and information analysis functions of the different technical networks (heating, ventilation, elevators, fire protection, etc.), Technical Building Management (GTB) has added office platform ambient control (air conditioning, lighting and blinds) *via* multi-application control switches located in traffic areas.

Any modification to partitions can be made *via* automatic reassignment by the supervisor without changing the wiring. Lastly, the terrace is planted with vegetation, and the exterior garden is landscaped with non-allergenic and non-invasive species.

In terms of renovation, Le Patio, located in Lyon-Villeurbanne and delivered in early 2013, illustrates the policy applied by Foncière des Régions to its assets. This 12,821 sq. m property was vacated by EDF in mid-2011. Its renovation was highly ambitious: the creation of a two-story hall looking out on the central patio, replacement of all elevators, heating, cooling, lighting and other systems to meet the latest-generation standards (GTB, etc.). In the case of air conditioning, new equipment (4-pipe fan coils) produces cooling in ventilation shafts. Skylight replacement was accompanied by the installation of solar shading. All of these advances together contribute to the asset's increase in value.

In 2013, 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 New Vélizy (49,000 sq. m) and Respiro in Nanterre (11,506 sq. m), in addition to launching new operations: Cœur d'Orly (18,660 sq. m), Euromed Center in Marseille (14,000 sq. m for the first building: "Astrolabe"), Green Corner in Saint-Denis (18,500 sq. m), 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, strengthen and value biodiversity, taking user expectations into account and ensuring that each player in the building life cycle chain is committed to this approach.

Whether the sites are new or renovated, development teams rely on environmentalists 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 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.

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).

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, 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 2013, nearly all leases affected by the environmental annex were regularised for Offices (95.9% in number) and for the Hotels and Service sector (100%). The 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 No. 9: Businesses should encourage the development and diffusion of environmentally friendly technologies

Innovation, a greening 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. Upon its delivery, scheduled for autumn 2014, this turn-key project will host Thalès staff and will then receive 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

Initiatives in the area of Green IT are part of Foncière des Régions' comprehensive sustainable development policy.

The 2013 implementation of the unified and centralised Electronic and Computer Document Management solution accompanied by a paperless initiative concerning all documents is a new and effective tool for Foncière des Régions personnel that features reliable archiving, less time in searching for documents, the setting up of data rooms, etc. The project, baptised "GedSet", is part of the overall policy in the area of sustainable development that promotes better allocation of equipment requirements, such as servers and air conditioning, leading reduced levels of energy consumption and greenhouse gas emissions. GedSet contributes to achieving the objective of a significant reduction in printing and paper document storing within the group (printing was reduced by 28% between 2012 and 2013).

The move toward cloud computing will continue in the coming years, for example with the 2014 project to change the messaging system to an outsourced solution.

Respect for the environment: summary of 2013 results

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

- ✓ **41.3% green buildings by 31 December 2013 (vs 23.6% at end-2012)**
- ✓ **100% of new developments and renovations are green**
- ✓ **100% of environmental annexes signed**
- ✓ **Work with Orée and HQE associations to create Biodiversity indicators**
- ✓ **Implementing green IT solutions**

- ✓ **Life Cycle Analysis of a hotel (Foncière des Régions is a pioneer in the use of this technology)**
- ✓ **Use of Building Information Modelling on the New Vélizy building**

1.D. Fighting 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.

Fighting Corruption

Principle No. 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 No. 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.

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.foncieredesregions.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 ESU¹ 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 2013, nearly 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 fifteen occasions in 2013, 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.

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 2014 and will be followed by a communications and training campaign for all employees.

Fighting corruption: summary of 2013 results

Principle No. 10

- ✓ **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**

¹ Economic and Social Unit

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

2013 Sustainable Development Report

<http://www.en.foncieredesregions.fr/content/download/1640/18540/version/4/file/2013%20-%20Sustainable%20Development%20Report.pdf>

2013 Activity Report

<http://www.en.foncieredesregions.fr/content/download/1638/17806/version/3/file/2013%20-%20ActivityReport.pdf>

2013 Reference Document

<http://www.en.foncieredesregions.fr/content/download/1501/19721/version/4/file/DDR%202013%20EN.pdf>

FONCIERE DES REGIONS

30 avenue Kléber, 75016 Paris, France
Tel.: + 33 (0)1 58 97 50 00
Fax: + 33 (0)8 21 20 23 75

18, avenue François Mitterrand – 57000 Metz
Tel.: + 33 (0)3 87 39 55 00
Fax: + 33 (0)8 21 20 03 57

www.fonciere-des-regions.fr

contactdd@fdr.fr