

Foncière des Régions' 2013 Communication on Progress



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

We welcome feedback on its contents.

2013 Communication on Progress

Paris, October, 2, 2013

Foncière des Régions renews its commitment to the ten principles of the United Nations Global Compact


The Global Compact was launched by the United Nations in 2000 with the purpose of convening companies together with UN agencies, labour and civil society, to support nine universally accepted principles pertaining to human rights, labour conditions and the environment and, since 2004, a tenth principle concerning the fight against corruption in all its forms.

Foncière des Régions has long been committed to adhering to values in line with the ten principles of the Global Compact and confirmed this engagement by ratifying the Global Compact on October 11, 2011. This initiative has opened up new perspectives for us, and over the last two years, has encouraged our efforts to share this type of commitment with our stakeholders, including clients, through environmental annexes; employees and unions through various agreements and charters signed; suppliers, with the Responsible Purchasing Charter; shareholders; etc.

Our 2013 Communication on Progress (COP) demonstrates our initiatives in all of the aspects of CSR, furthering the ten principles regarding the protection of the environment, respect for human rights and improvement of working conditions in our sphere of influence, i.e. within our company, and with regard to our clients and suppliers.

I am pleased to renew Foncière des Régions' commitment to respect the ten principles of the Global Compact and to integrate them in its strategy for achieving sustainable and responsible growth.

Christophe Kullmann
CEO and Member of the Board of Directors



HUMAN RIGHTS

Foncière des Régions operates in France with subsidiary holdings in Italy and Germany, countries that adopted the Universal Declaration of Human Rights in 1948.

Foncière des Régions, due to its line of business, has not identified any risk of human rights abuses, but has moved to act preventively with regard to its suppliers.

Companies are requested to:

Principle No.1

Support and respect the protection of internationally proclaimed human rights within their spheres of influence

Principle No.2

...and ensure that their businesses 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 the Universal Declaration of Human Rights and of the International Labour Organisation (ILO). The internal regulations of the various entities and the human resources policies of all businesses constituting Foncière des Régions, respect international agreements in the area of Human Rights.

Foncière des Régions' Sustainable Development Report is verified by an independent consultant to guarantee adherence to its commitments and statements.

A suppliers' support policy

Foncière des Régions ensures that it does not become complicit in human rights abuses in its different businesses. Foncière des Régions has no suppliers at-risk in emerging countries. Despite this, a Responsible Purchasing Policy was initiated in 2010. The tools for this policy were finalised in 2011 and put into operation from 2011 to 2012.

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

- Fill out a survey questionnaire. Six compliance audits and four progress audits are carried out each year by an independent consultant in order to ensure quality responses and to identify the most promising modes of improvement for suppliers
- Commit to the ten Global Compact principles and the fundamental conventions of the International Labour Organisation by signing the Responsible Purchasing Charter with Foncière des Régions.

The Charter and survey questionnaires take into account the various CSR aspects (environmental, social, corporate, etc.). (See charter: <http://www.en.foncieredesregions.fr/Sustainable-development/Societal/Responsible-suppliers>)

This process reflects the resolve of Foncière des Régions to expand the influence of the Global Compact.

2012 results:

100% of FDR's scope of consolidation respects human rights

2012 results:

107 out of 159 suppliers, accounting for 80% of 2011 expenditures, completed the CSR survey and signed the Responsible Purchasing Charter (including human rights - GRI HR2)

Global Compact principles	Primary activities in 2012	Results
LABOUR STANDARDS		
<p>Foncière des Régions operates in France and has subsidiaries in Germany and Italy. Labour Codes protect employees in these nations, all of which have ratified the ILO Conventions, including n° 87 concerning Freedom of Association and Protection of the Right to Organise and n° 98 on the Right to Organise and Collective Agreement.</p>		
<p>Companies are requested to:</p> <p><u>Principle No.3</u></p> <p>Respect freedom of association and the right to bargain collectively</p>	<p>Social dialogue</p> <p>100% of our employees are covered by collective bargaining agreements (GRI : LA4)</p> <p>During this period of economic stress, dialogue with our social partners has been fertile and has led to several agreements:</p> <ul style="list-style-type: none"> • The "Diversity-Equality" agreement, signed in 2011 and implemented in 2012, fights against discrimination. • The "Equal Opportunity" agreement, signed in 2011, is an affirmative action plan for equal pay that was implemented in 2012-2013. • The 2009 agreement on prospective employment and skills management was renewed at the end of 2012. • An agreement was signed in 2013 relating to the inter-generational contract mechanism and jobs for senior employees. 	<p>2012 results:</p> <p>New agreements and their implementation</p>
<p><u>Principle No.4</u></p> <p>The elimination of all forms of forced or obligatory work</p> <hr/> <p><u>Principle No.5</u></p> <p>The effective abolition of child labour</p>	<p>The fight against forced labour and child labour</p> <p>Foncière des Régions has no suppliers in at-risk countries.</p> <ul style="list-style-type: none"> • Foncière des Régions considers that it has no direct or indirect risk with regard to these principles. These two principles are also included in the Responsible Purchasing Policy of the company. 	<p>2012 results:</p> <p>Responsible Purchasing Charter:</p> <p>Suppliers commit to respecting the 8 fundamental conventions of the ILO</p>

Principle No.6

The elimination of discrimination in respect of employment and occupation

Diversity and equal opportunity

- The Group is a signatory of the Diversity Charter since 2010 and prepares a report annually.
- The "Diversity-Equality" agreement prohibits all discrimination barred by law, to include age, gender, origin, family status, sexual orientation, customs, genetic characteristics, physical appearance, handicaps, health status, real or supposed ethnic identity, national affiliation, etc.
- The "Equal Opportunity" agreement takes up three themes put forward by the law: hiring, compensation and balance between work and personal life. An Equal Opportunity Commission was tasked with monitoring this agreement and analysing the results of its implementation, particularly with regard to changes in compensation for 2013.
- A Senior Employees' agreement promote recruiting and assistance at career end, renewed with the implementation of the Inter-Generational Contract mechanism.
- In November 2012, an awareness campaign for employees was organised targeting handicaps and dealing with deafness, physical handicaps, introduction to Braille and new technologies for disabled persons.
- Action plans to improve accessibility to Foncière des Régions' buildings.

2012 results:

Human Resources personnel and employee representatives all received training on anti-discriminatory practices

The Equal Opportunity Commission found no incident involving discrimination in 2012.
(GRI : HR4)

The 2012-2013 plan for changes to individual compensation, implemented the measures of the Diversity-Equality agreement and corrected imbalances in pay. The Equality Commission's action plan was restored.

Global Compact principles	Primary activities in 2012	Results
ENVIRONMENT		
<p>In view of its core business of developing buildings, managing and increasing the value of assets, Foncière des Régions has made controlling and reducing environmental impacts, the core of its corporate strategy. Foncière des Régions set ambitious objectives in 2010, which have been monitored through a detailed reporting effort. Foncière des Régions' Sustainable Development Policy takes into account the various environmental aspects, including energy, greenhouse gases, water, waste, biodiversity, air quality, pollution, etc. This strategy is broken down into action plans for the operating portfolio and the company's own establishments. Eco-performance criteria for buildings are present at each stage of development of our operations.</p> <p>Foncière des Régions' environmental policy is based on two principal objectives:</p> <ul style="list-style-type: none"> - Sustainable buildings: achieving a 50% portfolio base of green buildings by the end of 2015, with a 23.6% achievement rate at the end of 2012. - Eco-performance criteria: a 25% reduction in energy use by the end of 2015, with a drop of 14% achieved at the end of 2012. 		
<p><u>Principle No.7</u></p> <p>Apply the precautionary approach to environmental challenges</p>	<p>Controlling health and environmental risks concerning all of our assets</p> <ul style="list-style-type: none"> • Pre-acquisition process for land and buildings: Analysis of audits and diagnoses to include asbestos, soil pollution, ICPE¹, ERNT² and study of seismic risk, flood risk, etc. • Impact studies prior to the start of every development project • During the operation of its sites: monitoring and steering of all environmental risks cited above • Participation in research and development studies on air quality within office buildings 	<p>2012 results:</p> <p>No penalty for failure to comply with environmental laws and regulations (GRI : EN28)</p>

¹ Installations classified for the protection of the environment

² Report on natural and technological risks

Principle No.8

Undertake initiatives to promote greater environmental responsibility;

Measure and reduce the environment footprint of the portfolio in terms of energy, CO₂, waste and water

- Signing environmental annexes with our tenants and setting up a regular Partnership Committee with tenants
- Completing an energy mapping programme covering 74% of the Offices France portfolio
- 15 to 20% of the construction budgets for the existing portfolio are allocated to procuring higher performance equipment and materials.

Reduce the footprint left by our businesses

- The first greenhouse gas report based on 2010 energy use was completed in 2011.
- Energy used was reduced in our buildings through:
 - Renewal of the HVAC system in our Paris headquarters at 30 Avenue Kléber
 - Lighting using motion detectors, replacement of light bulbs by LED systems, etc.
- Selective collection of paper, cardboard, toner cartridges, aluminium cans, plastic cups, batteries, etc. A total of seven collection types for recycling
- Employee awareness efforts: every month, events are held such as eco-gesture campaigns, information meetings with experts such as Green Meetings, etc.

2012 results:

Offices portfolio: environmental annexes signed for 80% in 2012

Service Sector portfolio: 91%

Greenhouse gas emissions report: 2.75 teqCO₂ per employee on average

Principle No.9

... and encourage the development and dissemination of environmentally friendly technologies

Involvement in R&D studies

- Completion of an energy mapping system for the portfolio with the *Centre Technique et Scientifique du Bâtiment*.
- Life Cycle Assessments on buildings under development Consideration of environmental impacts in all project phases, from materials production to demolition.
- Biodiversity: participation in mapping to identify flora and fauna in corporate landscaped areas.

2012 results:

Participation in the HQE Performance charter by completing Life Cycle Assessments for new developments

Global Compact principles	Primary activities in 2012	Results
FIGHTING CORRUPTION		
Foncière des Régions is committed to fighting all forms of corruption.		
<p><u>Principle No.10</u></p> <p>Businesses are requested to work against corruption in all its forms, including extortion and bribery</p>	<p>Foncière des Régions’ Code of Ethics</p> <p>The code was implemented in 2011 and concerns all employees. The basic principles contained in this Code of Ethics are as follows:</p> <ul style="list-style-type: none"> - compliance with laws and regulations - compliance with rules concerning insider dealing - prevention of conflicts of interest - fighting money laundering, the financing of terrorism and tax fraud - fighting corruption <p>Risk management</p> <p>The risks of fraud, corruption, money laundering and the financing of terrorism are covered by stringent procedures imparted to all employees. These risks are monitored regularly by the Audit and Internal Control Department.</p>	<p>2012 results:</p> <p>No incidents of corruption (GRI : SO4)</p> <p>Foncière des Régions’ Code of Ethics is communicated to all employees and is available on Foncière des Régions’ website.</p> <p>Training in 2012-2013</p> <p>Scope of application of the anti-money laundering procedure was set out in 2012 and training was provided to employees.</p>