

**United Nations Global Compact**  
**2016 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 2016**



## Ban Ki-moon's plea

The Global Compact was initiated by The United Nations back in 2000; its aim is to encourage organisations throughout the world to be more socially responsible and to promote the UN's objectives. This initiative brings together organisations who believe that business practices based on universal principles shared by all will contribute to building stability, openness and fairness in the global economy and prosperity for societies.

The Global Compact decision makers met in June 2016 at the Annual Summit; Ban Ki-moon, the UN secretary general, urged both public and private sector organisations throughout the world to align their investment and infrastructure strategies with the Sustainable Development Goals (SDGs).

He highlighted that “governments and private sector organisations must make sure their investment and infrastructure strategies are aligned with the 17 SDGs by 2030, in order to hold the increase in global average temperature below 2 °C, nay 1.5 °C”<sup>1</sup>.

The Communication On Progress below will show how Foncières des Régions has already embedded and embraced all 17 goals in its sustainable development strategy. It will also provide details about its achievements.

## UN 17 SDGs to be achieved by 2030

These sustainable development goals are broken down into 169 targets; success will depend on multiple partnerships aiming to achieve peace and prosperity for mankind and our planet: these core principles helped build Foncières des Régions' CSR strategy. The illustrations below are used for clarity purposes throughout this report:



<sup>1</sup> <http://www.un.org/apps/newsFr/storyF.asp?NewsID=37518#.V3jsIeRHY4A>

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## Editorial by Christophe Kullmann

### Renewal of our strong commitment

The initiative launched in July 2010 by UN Secretary General Kofi Annan has been a formidable success: indeed, the Global Compact now has 12800 members, including 9000 organisations. It is unprecedented and is based on **voluntary commitment**: organisations, associations or NGOs are expected to demonstrate support of 10 universal principles shared by all and linked to Human Rights, working conditions, the environment and fighting corruption.

I decided to join this network as early as 2011 and aligned Foncières des Régions' commitment to the UN Global Compact principles through our CSR policy and our values, which we share with our clients and suppliers.

**In 2015, the French Global Compact was voted one of the best local networks within the Global Compact community** (out of 90 worldwide).

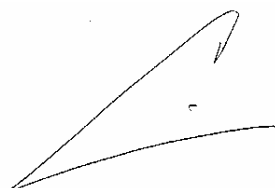
**In 2016 we were proud to receive the 2015 award for the best communication on progress** (in the under 500 employee organisation category): our sustainable development strategy was rewarded for the relevance of its approach to deal with the challenges in our industry. This trophy consolidates our commitment to the Global Compact and encourages us to go forward.

Year after year, our unique approach has received several awards and is highly rated by some of the most prestigious global non-financial indices. This allowed us to raise a bond worth €500 million called the *Green Bond* which when launched was more than 5 times oversubscribed! This shows that aligning our CSR strategy and our business model helps us secure success in the long run.

Our CSR 2015/2020 action plan is in line with the expectations set by COP21 and the 2015 energy transition law. It also incorporates the expectations set by the UN 17 Sustainable Development Goals to be achieved by 2030 and agreed by world leaders during the historic summit held in September 2015. Following the French Global Compact General Assembly on June 30<sup>th</sup>, 2016, members were encouraged to start their journey towards the 2030 agenda. Foncières des Régions will obviously contribute its share as our 2016 Communication on Progress Report will show!

In the light of our recent achievements and future goals, I am delighted to renew Foncières des Régions' commitment to the Global Compact 10 principles and to their dissemination within our sphere of influence.

Christophe Kullmann  
CEO



## Foreword by the Head of Sustainability

### Foncière des Régions: accelerating change

Foncière des Régions' sustainable development policy is based on four focus areas: sustainable construction, social and corporate responsibility and governance. They cover all aspects of the Global Compact commitments: Environment, Human Rights, Working Conditions, 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.

Following the 2010/2015 action plan, our 2015/2020 CSR action plan gives pride of place to issues relating to the environment, Human Rights, employment rights and the fight against corruption. It incorporates all UN 2030 Agenda goals, which are broken down into 17 Sustainable Development Goals that came into force as of 01 January 2016. Foncières des Régions is convinced that organisations have a key role in securing success.

The French Global Compact's 11th General Assembly took place in Paris on 30th June 2016. A survey was carried out among all members and it highlighted that two SDGs are considered by the members as high priority: SDG 5 (gender equality) and SDG 3 (health and well-being). The survey also showed that French members considered SDG 8 (decent work and economic growth), SDG 9 (industry, innovation and infrastructure) and SDG 12 (responsible consumption and production) are essential to achieve by 2021. The following report will show that Foncières des Régions' CSR objectives and results have exceeded expectations for all 5 SDGs.

In line with the Global Compact directives, our Communications on Progress are designed as an important means of demonstrating Foncière des Régions' commitment; they are also a way of exerting influence, facilitating the acquisition of knowledge, encouraging dialogue and promoting action<sup>2</sup>.

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



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<sup>2</sup> [http://www.unglobalcompact.org/Languages/french/cop\\_guidelines\\_french.pdf](http://www.unglobalcompact.org/Languages/french/cop_guidelines_french.pdf)

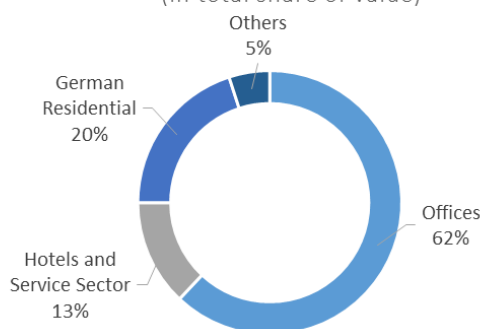
## Foncière des Régions, Real Estate partner

### 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 €18 billion (€11 billion attributable to the group) by end-2015, Foncière des Régions is now the recognised partner of companies and regional authorities and supports them with real estate strategies.

Operating in the Office market alongside Key Accounts, Foncière des Régions is present in the lucrative Ile de France market, linked to the Grand Paris development projects. 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 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 on these two markets.

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



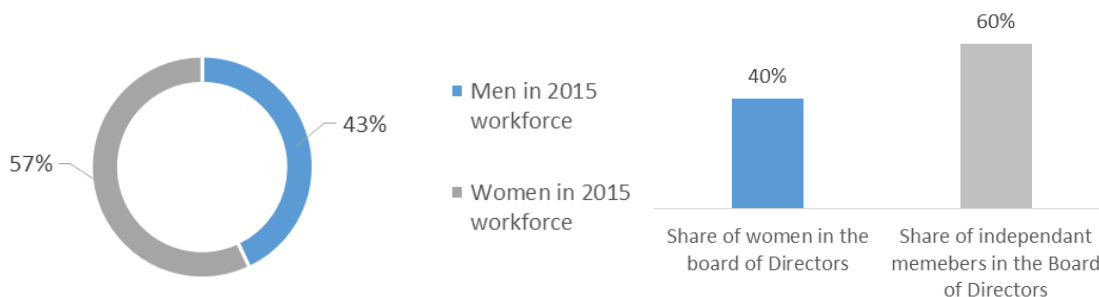
### A “high-performance”, long-term strategy

As a listed REIT, Foncière des Régions has established reliable, 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 organisation (employees, management and the board of directors).



# 1. Foncière des Régions' Communication on Progress


## 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 2016.


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:**

1  


**Principle No.1: Businesses should support and respect the protection of internationally proclaimed human rights within their circle of influence; and...**

2  


**Principle No.2: ... make sure that their own businesses are not complicit in human rights abuses.**

SDGs covered in this section:



**Principles No.1 et No.2: Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence; and make sure that their own 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 and 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 ten Principles of the Global Compact
- the Diversity Charter.

100% of Foncière des Régions' entities have internal rules and human resources policies that 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. Six audits have already been conducted with no reservations expressed. Compliance with the GRI (G3.1, 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' commitment to the protection and respect of Human Rights is demonstrated through its Code of Ethics and a number of internal procedures.

Ethics and transparency are promoted and supervised by the CEO and the Chief Operating Officer, who is also a member of Foncières des Régions' Management and Compliance Committee. Initiatives in this field are coordinated by the Internal Audit Department. This department is specifically responsible for the regular update of the Code of Ethics and coordinates staff training regarding the implementation of the Code and a number of procedures linked to sensitive issues (corruption, etc.). These meetings, known as "Process Mornings" have so far made it possible to train 75% of our staff.

Foncières des Régions' Code of Ethics is available on:

[http://www.en.foncieredesregions.fr/content/download/226/2108/version/4/file/CharteEthique\\_UK\\_2015.pdf](http://www.en.foncieredesregions.fr/content/download/226/2108/version/4/file/CharteEthique_UK_2015.pdf)

Additionally, Foncière des Régions promotes all 10 Global Compact principles while interacting with external stakeholders and suppliers.

### **Challenging and supporting suppliers**

Foncière des Régions makes sure it is not complicit in Human Rights abuses throughout all its activities; it must be said that Foncières des Régions has no operations in at-risk countries. However, a Responsible Purchasing Policy was designed back in 2010. The tools were finalised in 2011 and the measures were first deployed in 2011/2012.

Since then, suppliers accounting for expenditure in excess of €200,000 are expected to:

- fill out a survey questionnaire; 10 compliance audits are carried out each year by an independent consultant to verify the quality and accuracy of the suppliers' responses and identify areas of improvement;
- demonstrate commitment by signing Foncière des Régions' Responsible Purchasing Charter, to which are appended all 10 Global Compact principles, thus contributing to their promotion and dissemination. The ILO's fundamental conventions as well as the Diversity Charter are also appended to Foncières des Régions' Responsible Purchasing Charter.

At the end of 2015, 302 suppliers (out of 377 surveyed - construction companies, self-employed workers, consultants, etc.) had filled out the questionnaire and signed Foncière des Régions' Responsible Purchasing Charter. This compares with 245 at end-2013. This procedure provides Foncière des Régions with better knowledge of its suppliers' CSR profiles and positioning with regard to the group's key values. A computer program rates each supplier based on their survey responses; it adjusts the rating according to the size of the supplier using annual revenue and staff numbers. The average rating of the first 245 suppliers who responded to the survey is 11.1/20.

Both the Charter and the survey questionnaires take into account the various CSR aspects (environmental, social, corporate responsibility, etc.). The Charter is available on: [http://www.en.foncieredesregions.fr/sustainability/stakeholders/a\\_partnership\\_model](http://www.en.foncieredesregions.fr/sustainability/stakeholders/a_partnership_model)

As a result of this mature policy, the Responsible Supplier Relations Charter (a government supported initiative) was signed in 2015. This reflects a general aspiration to improve client and supplier relationships and helps promote fair and responsible purchasing practices. An internal mediator has

been appointed at group level to help manage potential conflicts with suppliers. Additionally, Foncières des Régions' white paper on Supplier Relations was published on the day the Charter was signed. The document below, available on Foncières des Régions' website, explains the main phases in the design of the Responsible Purchasing Policy, the initiatives carried out as part of its enforcement and the benefits to the organisation. It also provides an overview of the results and future perspectives.

### Human rights: Summary of 2015 results

#### Progress against principles No.1 et 2

- ✓ **100% of Foncières des Régions' activities comply with Human Rights;**
- ✓ **European operations are not considered as at-risk areas in regards to forced labour or child labour;**
- ✓ **75% of staff attended the Code of Ethics training;**
- ✓ **302 suppliers answered the CSR survey and signed the Responsible Purchasing Policy, which represents 80% of 2014 expenditure.**
- ✓ **Signature of the Responsible Supplier Relations Charter**
- ✓ **Publication of Foncières des Régions' White Paper on Supplier Relations**

### 1.B. Employment 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 practices within Foncière des Régions and its subsidiaries comply with the fundamental ILO conventions. Indeed, France, Italy and Germany 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 therefore comply with them.

Foncière des Régions operates in France and has subsidiaries in Germany and Italy. These countries' labour legislation protects workers. Moreover, these countries have ratified the International Conventions including No. 87 regarding freedom of association and protection of the right to organise and N°. 98 on the right to organise and collective bargaining.

**Employment rights**

**Businesses are expected to:**

<b>3</b> 	<b>Principle No.3: respect freedom of association and the right to collective bargaining</b>
<b>4</b> 	<b>Principle No.4: eliminate all forms of forced or compulsory labour</b>
<b>5</b> 	<b>Principle No.5: support effective abolition of child labour</b>
<b>6</b> 	<b>Principle No.6: eliminate discrimination in respect of employment and occupation</b>

**SDGs covered in this section:**





### Principle No.3: Respect Freedom of association and the right to collective bargaining

Freedom of association and the right to collective bargaining are both legal rights in France: freedom of association has been part of French labour legislation since 01 July 1901 and the right to collective bargaining has been part of French labour legislation since 13 July 1971.

Additionally, Foncières des Régions and its subsidiaries do not operate in at-risk countries when it comes to employment or human rights abuse and are therefore not exposed to the challenges of having to enforce respect for these conventions in subsidiaries or suppliers.

Foncière des Régions cares for the development of constructive relations with all its stakeholders, in particular its employees, who are instrumental in creating wealth for the company. Various forms of employee representation are available within the company to facilitate dialogue: staff delegates, the Works Council, and the Health, Safety and Working Conditions Committee (*CHSCT*).

Additionally, 100% of our employees are covered by a collective bargaining agreement (excluding temporary employees).

#### **Promoting and supporting transparency in social dialogue**

An electronic voting system - used for the first time in March 2016 for the elections of the new employee representatives - allowed employees to vote from any computer or smartphone. The participation rate reached a satisfying 68.5%.

During these major organisational changes – involving the relocation of over half of the staff - the *CHSCT* had to manage complex information and heightened consultation about relocation issues. Foncières des Régions is very attentive to organisational restructure processes; right from the start of any process, Foncières des Régions adopts a transparent and constructive approach with all stakeholders: employees, employee representatives and the work council.

In addition to the work councils' regular monthly meetings, two extraordinary meetings were held in 2015. Commissions have continued the work started in 2012, in compliance with internal agreements within Foncières des Régions regarding equality and diversity, prospective employment, skills and senior skills management (*GPEC*), etc. Two new agreements were signed in 2015 as a result of constructive social dialogue: an annual salary review agreement and an annual compulsory negotiation agreement (as per clause No. 2 in the Equality and Diversity agreement). The Well-Being at Work agreement (signed in 2014) is an extension of the Stress at Work Prevention agreement signed in 2009 and now includes all psychosocial risks; a counselling unit is now available to all employees and the health, safety and working conditions committee (*CHSCT*) remit has been widened.



## Principles No.4 et 5: Elimination of all forms of forced or compulsory labour; effective abolition of child labour

### Foncière des Régions applies ILO conventions

Foncière des Régions applies all 8 ILO conventions: freedom of association, respect of the right to collective bargaining, elimination of all forms of forced or compulsory labour, effective abolition of child labour and elimination of all forms of employment and occupational discrimination.

Considering 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 its suppliers' practices, as part of its responsible purchasing policy (see page 8), 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 No.6: 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 awareness events in both Paris and Metz as part of the "employment opportunities for people with disabilities" week; workshops around the "dys"-type of disorders (such as dyslexia, dysgraphia, dyspraxia, etc..) and business "role play" sessions were held to reflect on the challenges faced by people with disabilities in the world of work. This innovative approach helped raise awareness about challenges in a practical manner.

As far as recruitment is concerned, internal practices and processes (applications, interviews) have been reviewed and assessed since 2013 to ensure diversity in the range of candidates' profiles considered. The recruitment team has received awareness training in the matter and a recruitment management system has been implemented.

Work around equal pay issues has been progressing steadily since 21st December 2011, when the diversity and equality agreement was signed. This agreement was reviewed in 2015 and now includes more systematic and thorough pay monitoring: the aim is to identify any pay discrepancies that are 5% below average within a given employee group (formerly 10% under the previous agreement). As a result, 13 people had their pay reviewed and adjustments were made to ensure fairness.

Foncière des Régions is also committed to offering flexible family and parenthood options to their staff: 100% of male staff who were offered parental leave took it in 2015. The Flexi Crèche programme offers backup infant care solutions for up to 10 days per year and is available to all employees (whether they are parents or grandparents).

### Skills patronage initiatives

As part of their constantly growing commitment to solidarity and equal opportunities for all, Foncière des Régions and Frateli have launched a new skills patronage initiative. The Frateli Association facilitates a patronage arrangement allowing scholarship students with high potential to be coached by professionals. Students from poorer social backgrounds are given access to the tools, methods, networks and support they need to give them a better chance of success.

Foncières des Régions will also subsidise the construction of the Frateli student halls which will provide modern accommodation facilities to students sponsored under the patronage arrangement as well as CROUS\* students. This will encourage cooperation and promote apprenticeship.

### **A better gender balance**

The percentage of women sitting at board level was 36% following the Combined General Shareholders' Meeting on 24th April 2015: it has increased to 40% since the General Meeting of Shareholders in April 2016 which saw Patricia Savin and Catherine Soubi appointed as board members. The Company's Board has committed to increasing the number of women at board level so as to rapidly achieve a better balance between men and women and anticipate legal requirements in this area.

*\*CROUS is a public organisation that provides students with accommodation and financial support*

### **Employment rights: Summary of 2015 results**

#### **Progress against principles No.3, 4, 5 et 6:**

- ✓ **100 % of our staff is protected by a collective agreement;**
- ✓ **40% of board members are women;**
- ✓ **68.5% of our staff voted during the employee representatives elections back in March 2015;**
- ✓ **2 new agreements were signed in 2015 (compulsory annual negotiations agreement, clause No.2 in the Equality and Diversity agreement);**
- ✓ **Awareness events around employability issues for disabled people, recruitment practices monitoring to ensure diversity in profiles of candidates interviewed;**
- ✓ **new recruitment management system implementation. Further developments to diversity agreement with additional clause agreed in 2015 and pay adjustments to ensure fairness.**

## 1.C. Environment

Conscious of its impact on the environment and its role as a leader, Foncière des Régions has adopted a comprehensive environmental policy by which it strives to reduce the carbon footprint of its assets during development, renovation or management, as well as for its own offices.

Following an analysis of both environmental risks and opportunities in its field, Foncière des Régions has adopted a new sustainable development strategy based not on the usual 3 lines of action - Environment, Economics and Social - but on 4: Sustainable building, Corporate, Social and Governance.



**1 Develop asset so as to incorporate latest changes in Sustainable building practices as well as health and usage considerations:**

⇒ Promote responsible and high performance real estate practices in terms of energy, environmental and social impacts in order to create real value for the organisation as well as the community

**2 Build a sustainable, friendly and smarter city**

• support the dissemination of eco-responsible and innovative practices in transport, biodiversity, waste management; promote knowledge sharing among local stakeholders

**3 Develop and retain diversity among our people**

⇒ Enhance our staff's skillset thanks to innovative policies, and support mobility, diversity and adaptability to reflect changes in the industry

**4 Promote ethical practices**

⇒ Provide an ethical framework and support transparency to ensure exemplary practices are used at all levels of the Company.

### Respect for the environment



**Principle No.7: Organisations are expected to use caution when dealing with environmental issues.**



**Principle No.8: Organisations are expected to undertake initiatives to promote even more responsible environmental practices**



**Principle No.9: Organisations are expected to design and promote environmentally friendly technologies**

**SDGs covered in this section:**



**Principle No.7: Anticipate health and climate risks**

Property acquisition and management require carrying out a certain number of diagnostic tests which can be made mandatory depending on the construction date and the location of the property: asbestos, pest reporting depending on the municipality (termites), mining and technological risks (risks of flood, landslide, coastal submersion, Seveso risks, etc.), energy performance certificates, as well as lead, electricity and gas diagnoses for residential units.

Foncière des Régions has appointed a dedicated team responsible for “environmental safety” matters at all stages: from pre-acquisition, to management, through to the sale stage (called “data room”). Some risks may require further investigation (e.g. ground contamination, etc.), periodic monitoring (e.g. asbestos) or specific analysis (e.g. legionella, etc.).

As at 31 December 2015, the main risks for the Foncière des Régions Offices portfolio related to 355 sites (vs 375 at 31 December 2014 – the difference is due to disposals), were as follows:

Area	Established Diagnostics			
	2014		2015	
Technological and natural risks - number of cases surveyed:	375 (1)	100%	355	100%
Cooling towers - number of sites concerned:	2 (2)	100%	2	100%

(1) Status of risk surveys in place

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

Foncière des Régions strives to control health and environmental risks in all its buildings. The group is particularly attentive to compliance with ICPE\* legislation (when it is the operator e.g. maintenance agreements and periodic inspections monitoring) and to cases of asbestos, ground pollution, legionella and natural and technological risk. Thus all the necessary diagnostic procedures were established in compliance with applicable regulations for the entire portfolio.

As in previous years, in 2015 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**

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

(\*ICPE: Installations Classées pour la Protection de l’Environnement – Buildings Classified for Environment Protection)



## 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 arbitration 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 over €10 million are rated accordingly.



### 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 most frequently holds the HQE certification (HQE Renovation for restructuring operations) and more and more often the double certification (HQE-BREEAM).

### 61.2% of “green” assets by end-2015

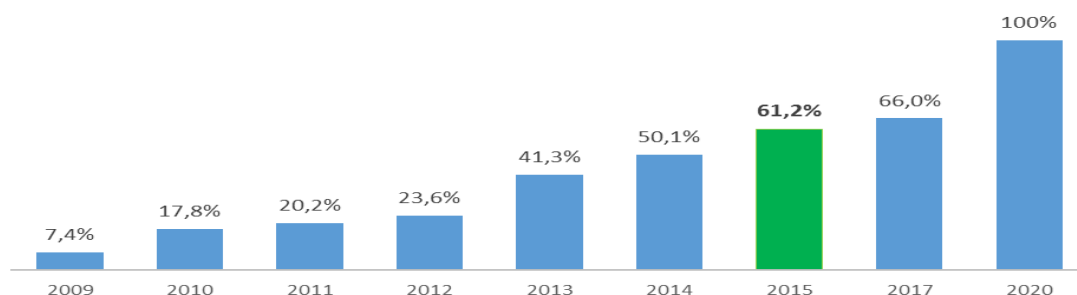
Foncières des Régions set itself a major objective in 2010: to make half (by value) of its French office assets “green” by end-2015.

According to IPD (Investment Property Databank) “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.

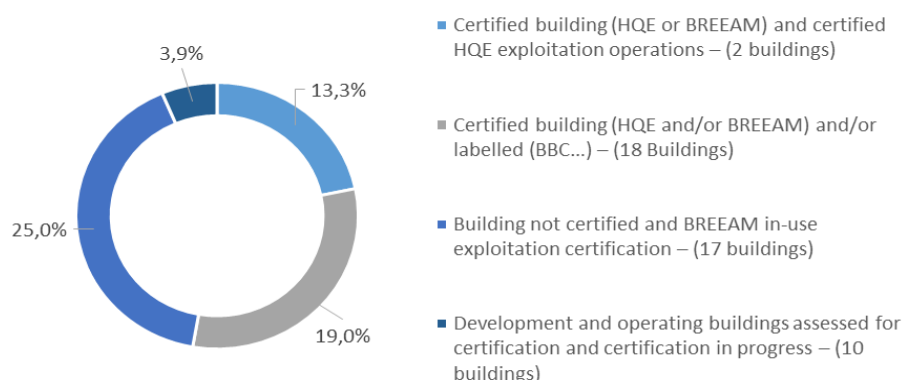
As of 31 December 2015, this objective had been considerably exceeded with 61.2% of the offices certified "green". 57.3% had already earned one of the above-mentioned certifications and/or energy performance labels. Added to these are the 3.9% of buildings under construction and certification and subject to appraisal.

Foncières des Régions has set itself even more ambitious “green” buildings objectives: 66% “green” by 2017 and 100% “green” by 2020.

Percentage of green assets (Offices France) in the portfolio



Breakdown of certifications (in value)



The proportion of “green” buildings among “core” buildings (i.e. those intended to be kept in the portfolio for the long term) was 76.7% by end 2015.

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

Foncière des Régions delivered nine certified and/or labelled operations in 2015: 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 Centre in Marseille (14 000 sq. m for the first building “Astrolabe”), Dassault Systems Campus extension in Vélizy-Villacoublay (12 800 sq. m), etc. They contribute to making Foncières des Régions’ assets greener. Many more developments with delivery dates throughout 2016 have contributed to the greening of the assets: Dassault Campus extension (6 500 sq. m), Silex1 (10 500 sq. m) or Calypso (4 880 sq. m).

The value of the green (certified) new or renovated office operations in the pipeline exceeded €1.2 billion by mid-2016.

### Foster biodiversity

Foncière des Régions aims to manage its sites 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.

During development or renovation operations, environmentalists are called upon to perform impact studies that identify plant and animal species on site and in the surrounding areas. This approach

takes into account the “greenbelt” ensuring the survival of species and enabling ecosystems to continue providing their services to mankind.

Advanced environmental studies have been carried out by a specialised firm as part of the BREEAM In-Use certification procedures conducted within the operating portfolio since 2013. These studies highlighted the main directions for progress for each site and helped create a biodiversity map for the portfolio. The results of these procedures included 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 Foncière des Régions’ biodiversity policy, which is structured around five themes and takes into account the various stages in a building’s lifecycle:

- Eco-development and sustainable renovation practices that take into account, very early on, biodiversity and interactions with the urban setting, stakeholders and green corridors, planting native species and preserving birds and butterflies,
- promoting the benefits of green spaces for users; carrying out surveys among users
- adapting green spaces maintenance to meet eco-responsible criteria (adjust lawn mowing frequency, reduce use of chemical products, ...)
- contributing to research and to the creation of a biodiversity map of the tertiary properties in the “Grand Paris” area.

Foncière des Régions, in cooperation with the HQE and Orée associations, is working on biodiversity indicators in order to flesh out its reporting in this field; it also took part in experiments carried out at the end of 2015 as part of the HQE performance programme.

Biodiversity is also one of the topics discussed during civic initiatives conducted by Foncière des Régions: the Passerelle project is an initiative carried out for the benefit of two secondary schools located in deprived 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; these databases are used by researchers at the National Museum of Natural History (MNHN).

Consequently, “biodiversity in the city” was the theme Foncières des Régions chose for its 2016 European Sustainable Development Week. This event promoted various initiatives and helped raise biodiversity awareness among staff.

### **Study of the impact of activities on Biodiversity**

Studies on 16 of the 20 office sites (for which the green spaces are managed directly by Foncière des Régions teams since the green spaces of single-tenant sites are managed by the tenants themselves) were conducted in 2014 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 GRI 4 indicators:

- Impact assessment for sites located near areas of ecological importance
- Impact assessment for sites located on areas of ecological importance
- Impact assessment for sites located near protected or restored areas
- Impact assessment for sites sheltering IUCN red listed species.

### **Two company Biodiversity Charters**

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

- The first charter deals with green space conception and is used to provide guidelines during green space development or renovation projects in order to secure the BiodiverCity© label. This was achieved during the rehabilitation of the gardens of the Carré Suffren Building in Paris (15<sup>th</sup> arrondissement). It was the first time an occupied building received this certification. An exhibition dedicated to garden regeneration was organised in the gardens as part of the Sustainable Development Week in Paris.
- The second charter deals with green space management and has been designed for sites in operation; these guidelines are designed to secure the Eve or EcoJardins labels.

Both charters provide details on how Foncières des Régions intends to manage biodiversity and landscape matters during both creation and management phases. These two important documents make tangible connections between development and management; beyond the attention butterflies deserve as biodiversity indicators, the charters provide a framework for sensible maintenance and attentive management of soils and green waste: they promote a more adapted approach respectful of plant species, ecological watering and an elimination of the use of chemical products.

### **The environmental annex: partnership and greening booster**

Foncière des Régions has co-developed innovative real estate solutions following the purchase of asset portfolios outsourced by Key Accounts (e.g., Accor, B&B Hotels, EDF, Orange, etc.) who have then become lessees. Since 2009, Partnership Committees for sustainable development have been set up in connection with the group's energy and environmental mapping activities, resulting in the signing of environmental annexes.

The 12 July 2010 Grenelle Law and the 30 December 2011 Decree made the environmental annex mandatory for new office or retail leases of more than 2,000 sq. m, as of 1 January 2012 and for leases already in effect as of 13 July 2013.

Foncière des Régions anticipated the publication of this decree by agreeing on environmental annexes; indeed, it considers them to be a useful tool to bring fresh momentum to its relationship with clients. Since 2010, Foncières des Régions' green annex model has focused on the subjects mentioned by the implementation decree: information sharing around systems and consumption linked to assets' environmental performance and annual CSR reporting (energy, carbon, water and waste data). It even goes beyond that by adding subjects such as transport and biodiversity, as well as specific adaptations for the hotel and catering businesses.

On its own initiative, and although not required by the decree, Foncières des Régions started organising periodic meetings where participants get to share on CSR actions and objectives. This approach led to the certification of office building operations in 2013 and 2014, in coordination with companies including Cisco, GDF-Dégrémont and Orange.

Tenants overall adhere to the approach promoted by Foncière des Régions, finding it enhances occupant comfort and reduces operating costs. This environmental annex facilitates the implementation and renewal of operating certifications. As well as construction certifications and labelling, this approach increases the proportion of "green assets" in the portfolio and therefore increases its value.



## Principle No.9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

### **Innovation, a value-creation driver**

Foncière des Régions adapts its construction standards rationally, constantly seeking reliable and economical solutions for the long term, while keeping tenant and market expectations in mind. The European directive on buildings energy performance promotes the construction of “passive” buildings. “Passive” buildings, also known as “BEPAS”, are “*nearly zero energy*” buildings.

The French Grenelle 1 Law of 3 August 2009 (Article 4) provides that from 2020, new buildings must be “energy positive” called “BEPOS”, meaning that they produce more energy than they consume: this will be a significant change to achieve. This will probably involve block or district-wide pooling of energy production methods. This change of paradigm will require new building design, management and reporting tools.

### **Foncière des Régions, an LCA pioneer**

Foncière des Régions started carrying out LCAs (Life Cycle Analysis) as early as 2010; they worked alongside CSTB teams to perfect ÉLODIE, the software enabling such analysis. As a signatory of the HQE Performance Charter, Foncières des Régions makes its own studies available to be used in the software.

In 2013, Foncière des Régions extended the scope of its research beyond office development studies and carried out some of the first LCAs: one on a hotel in France and another one on a building renovation site (Steel in Paris’s 16th arrondissement); this confirmed once again its pioneering attitude.

LCAs involve 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 the beneficial effects of thermal building regulations, this innovative approach allows 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.

LCA is a decision-making tool that allows for the consideration of environmental restrictions, especially in respect of materials and equipment selection, taking into account the actual manufacture of materials and their impact in terms of energy (grey energy) and biodiversity (grey biodiversity).

### **Foncière des Régions leads the way with BIM.**

Since 2012, Foncière des Régions has again demonstrated an innovative approach with the new Vélizy project: it is one of the very first French buildings where BIM (*Building Information Modelling*) was used during construction and will soon be used during the operation phase.

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 both an HQE and a “Very Good” BREEAM certification.

BIM enables project players to construct and go live with a complete and coherent 3D building database throughout the project life-cycle, from design through to operation. This database allows all project players to collaborate on the same basis, at each stage of the project. Thanks to 3D tools, precise plans and metrics can be prepared. The database is used during all phases of a project, from design to construction, through to operation and even deconstruction.

## **Implementing Green IT solutions**

By choosing the Cloud, mobility and collaborative tools to improve its IT systems, Foncières des Régions again demonstrates its strong commitment towards innovation and sustainable development.

The control of its own infrastructure and the implementation of high performance tools improve consumption levels (electricity, data) and reduce carbon footprint.

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 2015 results**

#### **Progress against principle No.7**

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

#### **Progress against principle No.8**

- ✓ **61.2% green buildings by 31 December 2015 (vs 50.1% by end-2014).**
- ✓ **100% of development and renovation operations are green**
- ✓ **100% signature rate on environmental annexes**
- ✓ **Working with Orée association and HQE on biodiversity indicators.**

#### **Progress against principle No.9**

- ✓ **LCA on the Green Corner building in S<sup>t</sup>-Denis.**
- ✓ **BIM used for the new Vélizy building**

## 1.D. Fighting corruption

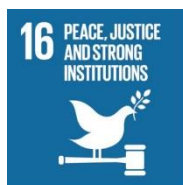
One of the four lines of action of Foncière des Régions' sustainable development policy is governance. Like the other three, it involves various action plans which are reviewed each year. Fighting the risks of fraud and corruption remains a priority even though no wrongdoing has been recorded at Foncière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

### ANTI-CORRUPTION



**Principle n°10: Businesses are expected to fight all forms of corruption including extortion and bribery.**

**SDG covered in this section:**



Foncières des Régions' actions in this field are embodied by the Code of Ethics, shared among all employees through regular training sessions and awareness campaigns.



**Principle No.10: Preventing the risks of fraud and corruption**

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

According to the 2016 Global Transparency index, France is among the top 10 countries in the world for the transparency of its practices. Virginie Houzé, Head of R&D Department at JLL, commented that "France has achieved rank 5 against all other countries in the world, but has been ranked first among non-English speaking countries in Europe two years in a row for its transparency levels, ahead of the Netherlands (7<sup>th</sup>) Ireland (8<sup>th</sup>) Germany (9<sup>th</sup>) and Finland (10<sup>th</sup>)."

*The Global Transparency Index* assesses a number of elements that help create a transparent and safe environment for real estate players. Results show that the top 10 most transparent countries secure 75% of global investments in office real estate operations.

In view of the findings of the risk mapping process carried out in 2012, the Board of Directors considered that, given its business activities and organisation, the potential risk of fraud and corruption was under control. Sensitive transactions, such as property or company sales, major construction or renovation works or calls for tender are guided by appropriate 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 provided training for employees managing transactions that could lead to fraud during the “Process Morning” sessions. “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 whose positions are exposed to fraud risk was updated and these employees attended “Preventing insider trading risk” training sessions throughout 2014 and 2015.

### **Creation of a whistleblowing system**

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

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

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

The compliance officer systematically reviews any cases brought to their attention 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 imposed on the whistle-blower.

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 that relates to them, provided that the identity of the whistle-blower is kept confidential.

### **A Code of Ethics leverage of responsibility**

Foncière des Régions introduced the Code of Ethics in 2011 as part of its *compliance and ethics promotion* campaign: it is intended for all employees of the Economic and Social Unit (ESU). Local ethical charters 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/>

The Code describes the ethical principles any Foncières des Régions’ employee must observe while carrying out their job and also when interacting with internal or external contacts. The ethical charter describes ethical governance, as implemented in the company’s various business lines.

The fundamental principles detailed in the charter 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 regarding insider dealing
- prevention of conflicts of interest (relations 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 100% of Foncière des Régions' ESU employees are made aware of the code of ethics. When new hires join, they have to attend individual meetings with the Audit and Internal Control and the Human Resources Departments, during which they are made aware of the code. Training on the code's procedures is also provided to employees during "Process Mornings" (see section 4.1.2.2.1.3 of the 2015 text reference). These meetings focus on the main principles of the code, the role of the compliance officer, etc. Nearly all employees have taken part in these meetings.

The secretary general was appointed compliance officer. He is involved in defining rules and duties in terms of professional ethics and ensures compliance across the company. The compliance officer provides assistance and advice on ethics to any employee who asks for it and helps in adopting and deploying the code of ethics. He received 12 requests in 2015 mainly from employees who needed his assistance with invitations they had received from the group's partners, purchasing group shares outside of black-out dates or personal relationships with employees of the group's partners.

Foncières des Régions started a thorough updating process of the Code of Ethics to ensure every relevant topic is covered and completely assimilated throughout the business: an updated code was published at the end of 2015. Work is currently underway to clarify certain issues such as insider trading, referring issues to the compliance officer and conflicts of interest. This work was completed in 2015 and will be followed by a communications and training campaign for all employees.

## 2. Sustainable development initiatives

Foncière des Régions conducts a number of initiatives to promote sustainable development: they are based on the four pillars of its CSR strategy and often involve 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 discussion forums 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, Foncière des Régions’ CEO, has been the Chairman of FSIF since 2011.

**EPRA:** The European Public Real Estate Association promotes, develops and represents listed real estate companies.

**Association Apogée:** Association Apogée brings together real estate development, ownership and management organisations wishing to improve their real estate management skills through specific tools (job descriptions, statistics on operating expenses, and committee work).

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

**Association HQE:** HQE focuses on developing and promoting HQE (High Environmental Quality) certification in cooperation with industry players.

**SBA (*Smart Building Alliance*):** SBA is working on the development of a common platform for the various certifications and labels across the world; the idea is not to create a single certification, but to get players to agree on a common language, shared indicators, etc.

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

**Pacte Mondial (*Global Compact* - signed in 2011):** embodies the commitment to the 10 universally accepted principles pertaining to human rights, the environment, working conditions and corruption. Every year we publish a COP report (Communication on Progress) describing our initiatives and results in these areas.

**Diversity Charter** (signed in 2010): The charter encourages businesses to promote and respect 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 world, including Foncière des Régions, it aims to bring together real estate players to raise the industry’s profile through the development of training, research and dialogue.

Foncière des Régions and its subsidiaries contribute no funds and provide no services to any political party whatsoever, nor to any government incumbent or candidate for any public position.

### 3. Useful links

Foncière des Régions' CSR Reporting is available to the public every year in Chapter 2 of the Reference Text, the sustainable development report, the activities report (integrated) and Foncières des Régions' website, etc. Following the green bond issue in May 2016, specific reporting will be available in 2017 (in the 2016 activities report) and will be verified by an independent third party, as will Chapter 2 (CSR), as well as the financial chapters. These documents are available on:

<http://www.en.foncieredesregions.fr/>

#### **2015 Sustainable Development report**

[http://www.en.foncieredesregions.fr/content/download/3560/32623/version/7/file/V1\\_RADD\\_UK.pdf](http://www.en.foncieredesregions.fr/content/download/3560/32623/version/7/file/V1_RADD_UK.pdf)

#### **2015 Activity report**

<http://www.en.foncieredesregions.fr/content/download/3557/32093/version/2/file/Activity%20Report%202015%20%28BD%29.pdf>

#### **2015 Reference document**

<http://www.en.foncieredesregions.fr/content/download/3496/32135/version/3/file/Document%20de%20Reference%202015%20-%20EN.pdf>

#### **Other publications**

[http://www.en.foncieredesregions.fr/media\\_en/publications\\_en](http://www.en.foncieredesregions.fr/media_en/publications_en)



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

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

**and Foncière des Régions' website:**

<http://www.en.foncieredesregions.fr/>

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