

**United Nations Global Compact**  
**2017 Communication on Progress**  
**of Beni Stabili**



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

We welcome feedback on its contents.

**November 2017**



## 17 SDGs to change the world

During the sustainable development summit held in New York in September 2015, the 193 UN State Members officially ratified a new sustainable development program called “Transforming the world: the sustainable development program to be achieved by 2030”. This program contains 17 objectives broken down into 169 targets.

Over the next 15 years and thanks to new objectives to be achieved by all, countries will combine forces to tackle climate change, end all forms of poverty and fight inequality. This program has been enforced since January 1<sup>st</sup>, 2016.



Like his predecessor, M. Ban Ki-moon, M. António Guterres, the UN General Secretary, is an ardent defender of the 2030 sustainable development program: its 17 sustainable development objectives open a window on an universal and embedded vision encouraging transformation towards a better world.

Source: <http://www.un.org/en/index.html>

The 17 SDGs are part of an ambitious sustainable development program based on the three complementary elements to sustainable development: economic growth, social inclusion and the protection of the environment. Progress towards all 17 objectives and 169 targets in the new program will be monitored and assessed using international indicators.

### A shared 2030 agenda

Beni Stabili's CSR policy is aligned with the impetus of the UN 2030 agenda. The information described in this Communication on Progress (COP) will show how Beni Stabili' sustainable development policy accounts for all 17 objectives and will provide concrete results for every single one of them.

The UN illustrations below are used for clarity purposes throughout the report:



Source : <https://www.unglobalcompact.org/sdgs/17-global-goals>

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## **Editorial by Christophe Kullmann**

### **Renewal of our commitment**

Beni Stabili has been a signatory of the United Nations Global Compact since 2016, and this document represents the first of our annual Communications On Progress.

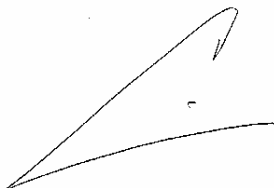
I am delighted to confirm our commitment to respect, uphold and promote the ten principles that underpin the Global Compact. It represents a challenging commitment, but we have already begun to embed the ten principles into our strategy, culture and day-to-day operations; and to engaging in collaborative projects that advance the broader development goals of the UN.

This Communication on Progress provides a summary of the practical actions we are taking toward each of the Compact's ten principles. It is intended to be read in conjunction with our 2016 Sustainability Report which provides further information on our approach and outcomes in relation to the main issue areas identified by the Compact.

I look forward to updating you on our progress in 2018.

This approach is part of the dynamic drive of Beni Stabili, around the values it shares and defends with the Global Compact, especially the 17 UN Sustainable Development Goals to transform our world.



Christophe Kullmann  
Chief Executive Officer

A handwritten signature in black ink, consisting of a series of fluid, connected strokes that form a stylized, elongated shape.

## 1.A. Human rights

Beni Stabili is a listed real estate company that has been a Global Compact member since 2016.

Italy presents little risk regarding the violation of human rights. Nevertheless, it remains vigilant and committed, ensuring that human rights are respected at all stages of its business activities.

Human Rights	
<b>Signatory companies are requested to:</b>	
	<b>Principle No.1: support and respect the protection of internationally proclaimed human rights within their circle of influence and...</b>
	<b>Principle No.2: ... make sure that their own businesses are not complicit in human rights abuses.</b>

SDGs covered in this section:



**Principles Nos.1 and 2: support and respect the protection of internationally proclaimed human rights within their circle of influence and make sure that their own businesses are not complicit in human rights abuses.**

**Respect Businesses should support and respect the protection of internationally proclaimed human rights.**

Beni Stabili 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 (UDHR) and its additional protocols
- the conventions of the International Labour Organization (ILO)
- the ten Principles of the Global Compact

Beni Stabili's internal rules and human resources policies govern 100% of all Beni Stabili's activities and comply with the international conventions on human rights.

Every year since 2015, Beni Stabili' sustainable development report has been verified by an independent third party, which vouches for its commitments and declarations. **Businesses should support and respect** the protection of internationally proclaimed human rights.

Beni Stabili fully supports and respects the protection of internationally proclaimed Human Rights.

Our Code of Ethics and Conduct sets out the values that form Beni Stabili with policies and procedures that guide supplier relationships and the expectations of both suppliers and employees. These include the commitment of the company to support, uphold and respect the rights and dignity of its employees and the people that it engages with. We aim to embrace diversity within the workplace whilst taking any form of discrimination seriously to prevent any form of Human Right abuse.

We are conscious of our responsibility to promote respect for Human Rights throughout the entirety of the business and we engage with all of our employees through the roll out of our Code of Ethics and Conduct training programme. It is required that all our employees follow the principles outlined in the Code of Ethics and Conduct in every circumstance regardless of the business, the individual's role and their stakeholders. In addition, Beni Stabili requires that contractors follow not just the applicable regulations but also the company's Code of Ethics and Conduct.

**Businesses should make sure that they are not complicit in Human Rights abuses.**

Beni Stabili ensures no complicit in Human Right abuses. Although the company does not come into direct contact with regions that need significant legislation to protect Human Rights the company still acknowledges its responsibility to address this throughout the whole supply chain. Directors and senior members of staff at Beni Stabili are required to ensure that the Code of Ethics and Conduct is implemented across the whole company, whilst all employees are required to monitor their own behaviour and keep colleagues accountable. Before commencing their position each employee must sign a document that confirms they accept and will abide by the Code of Ethics and Conduct. For any person within the company that does not comply with the legislations, including the Human Rights legislations, serious action will be taken by Beni Stabili to discipline the individual or group appropriately.

## 1.B. Employment rights, working conditions, labour relations

Beni Stabili is attentive to working conditions and, since its creation, has always made every effort to maintain good labour relations within the company.

Human resources practices within Beni Stabili comply with the fundamental ILO conventions. Indeed, Italy has ratified the eight fundamental ILO conventions on forced labour, 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 Italian law. Human resources management and labour relations therefore comply with them.

Beni Stabili operates in Italy. In this country, labour legislation protects workers and had ratified the International Conventions including No. 87 regarding freedom of association and protection of the right to organise and No. 98 on the right to organise and collective bargaining.

### Employment rights

**Businesses are expected to :**



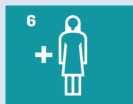
**Principle No.3 : respect freedom of association and the right to collective bargaining**



**Principle No.4 : eliminate all forms of forced or compulsory labour**



**Principle No.5 : support effective abolition of child labour**



**Principle No.6 : eliminate discrimination in respect of employment and occupation**

**SDGs covered in this section:**



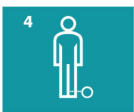




### **Principle No.3 : Respect Freedom of association and the right to collective bargaining**

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

Beni Stabili supports freedom of association and we are open to our employees joining existing unions of their choices. Beni Stabili strives for equality across the whole business and we take our employees' views, rights and concerns seriously and with the upmost importance. We aim to provide the opportunity for our employees to be a part of corporate decision making.



### **Principles Nos.4 and 5 : Elimination of all forms of forced or compulsory labour; effective abolition of child labour**

**Beni Stabili applies ILO conventions**

Beni Stabili 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 Beni Stabili operates in Italy, the company is not exposed to the risk of forced or compulsory work or child labour.

**Businesses should uphold the elimination of all forms of forced and compulsory labour.**

**Businesses should uphold the effective abolition of child labour.**

Beni Stabili business does not support or practice any form of forced or compulsory labour. In addition, Beni Stabili ensures no complicit in Human Rights abuses. Although the company does not come into direct contact with regions that need significant legislation to protect Human Rights the company still acknowledges its responsibility to address this throughout the whole supply chain.



### **Principle No.6 : Elimination of discrimination in respect of employment and occupation**

**Businesses should uphold the elimination of discrimination in respect of employment and occupation.**


Beni Stabili is committed to diversity and equality throughout the whole company and does not support or tolerate any form of discrimination. The Code of Ethics and Conduct outlines behaviours that the company will not tolerate and the appropriate penalties if the code is not kept. It also includes practical suggestions to support employees who encounter behaviors that are not in line with the Code

of Ethics and Conduct. Once a year the Code of Ethics and Conduct is reviewed in a meeting which is open to all members of staff to attend.

In 2017 Beni Stabili decide to be proactive on promotion of equality between gender. To raise awareness, all employees have been asked to participate in a survey focusing on the issue of equal opportunities between men and women in the company. This is part of a European program that aims at promoting a balance between professional and private life amongst all employees. The program has implemented tools to ensure equality between men and women is maintained particularly within the recruitment process and in the development of career pathways. The program also encompasses a wide range of events, conferences and seminars to raise the awareness of equal opportunities. In addition, a mentoring program has been established at a European level within France, Germany and Italy involving 22 employees. This mentoring scheme aims to help women develop in their professional careers with mentors being members of the Foncière des Régions European Executive Committee, including Executives of Beni Stabili (subsidiary of Foncière des Régions).

## 1.C. Environment

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

Respect for the environment	
	<b>Principle No.7 : Organisations are expected to use caution when dealing with environmental issues.</b>
	<b>Principle No.8 : Organisations are expected to undertake initiatives to promote even more responsible environmental practices</b>
	<b>Principle No.9 : Organisations are expected to design and promote environmentally friendly technologies</b>

**SDGs covered in this section:**



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

**Businesses should support a precautionary approach to environmental challenges.**

Our Control and Risks Committee governs the implementation of risk management systems and ensure the effective and efficient running of all related controls throughout the business. The company's integrated risk management model (Internal Control System and Risk Management) was based on international enterprise risk management principles. Risks identified by our Corporate Business Model are run through the company's risk management system which assesses the requirements that the organisation needs to limit the consequences of any risk. The main aim of the company's risk management system is to ensure corporate strategic and operational objectives are met within the boundaries of laws and legislations.

We are ensuring that all legal environmental assessments are fully completed across all assets. The Italian equivalent of EPC, APE (originally ACE), has been run across the company's portfolio and work has been planned to ensure assets exceed the minimum requirements of the APE assessment. As property owner, Beni Stabili is committed to ensuring that the company goes above and beyond the expectations of these risk assessments. In addition, it will soon be unlawful for properties to be let with a poor energy efficiency rating. We are therefore taking steps to develop a strategy to

immediately meet these new legislations. By taking these necessary steps Beni Stabili seeks to build a comprehensive understanding of the key risks to assets with the aim to develop and implement strategies to minimise risk, protect asset value and ensure environmental damage is limited. To date 93% of the company's buildings have APE ratings with design plans in place to increase the level of these ratings. Significant investment into the company's portfolio over the coming years will increase APE ratings with the aim to meet a minimum of APE rating B on all new builds.

In addition, Beni Stabili is currently undergoing the process of greening the real estate portfolio. Over the past couple of years this process has accelerated at a great pace. A clear example of this is within the construction of the Symbiosis regeneration project in Milan which will develop and build 12 sustainable offices. Within this project one of the buildings has already achieved LEED-CS Gold certification. Green certifications now cover 37% of our real estate portfolio. The long term plan is to increase the coverage of buildings with green certificates to 50% by 2020 with BRaVe or equivalent rating systems, and embed green certificates within future developments.

We recognise our responsibility and role in mitigating against environmental risks and managing the risks we as a company have influence on, aiming to have as much of a positive impact on this sector as a whole. We are committed to taking action against climate change by embedding sustainability strategies throughout the whole business as we strive to become a sustainable business. Our sustainability strategy identifies the most critical risks that face the whole business and how responses to these risks need to be prioritised and integrated into our business model. Energy, carbon, and water waste were identified as the main environmental risks following consultation with stakeholders and investors, and after an assessment of the industry as a whole was completed. The company has an embedded data management system developed by the property management business line. This database contains information on the utilities consumption of managed assets.

In 2016, we established baseline data for annual energy consumption and as a result developed a set targets to help improve overall performance. 2016 also marked the first year for Beni Stabili to use 100% renewable electricity in directly managed portfolio via a contract with a new utility provider. As a result, the business saw emissions associated with electricity consumption fall from 11,492 tonnes CO2e in 2015 to 0 in 2016. A bold set of targets for 2020 underpin our commitment to protecting and conserving the environment. Energy consumption is to be reduced by 15%, and Beni Stabili aims to carry out pilot tests to introduce systems to monitor the consumption of energy across all assets by 2020. In addition, we have set asset-specific targets. For example, at Milano Montebello we aim to use less than 200kWh/m2 of electricity per year, and to cut overall waste production by 15%.



**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.**

**Businesses should undertake initiatives to promote greater environmental responsibility. Businesses should encourage the development and diffusion of environmentally friendly technologies.**

Beni Stabili actively encourages the development and employment of environmentally friendly technologies whilst undertaking initiatives to promote greater environmental responsibility and to meet the needs of society. Over the past couple of years we have sought to challenge ourselves by stretching our creative and innovative limits to develop and implement environmental technologies into our business. Innovation is embedded within the company's Sustainability Strategy and was one

of the three main objectives of the Sustainability report produced in 2016. We continue to strive to improve energy efficiency across our whole portfolio through the installation of LED lighting, systems to monitor heating consumption and internal improvements to thermal power plants. Our focus for innovation is set specifically on; product labelling, energy, water, waste, tenants, enhancement of the public realm, community well-being and procurement. Beni Stabili's Product Innovation Team focuses on incorporating innovative ways to meet the company's objectives into design, planning and operations. Research underpins the work of the Product Innovation Team with a collaboration with the Polytechnic University di Milano producing a database of sustainable construction materials. This list can be found on our website.

In 2016 we chose 22 of our assets to be put through the 'BREEAM In-Use' system making us the first company in Italy to help pilot the system. The aim of this scheme is to drive down energy costs, improve the resilience of our assets and to continue to support environmental technologies and platforms of innovation. Further projects involving environmental technologies aimed at enhancing the current design of the buildings include the Messina 38 building in Milan. This renovation project involved a number of elements including a polyvalent unit which has the ability to generate both hot and cold water at the same time. This was installed in preference to using the conventional separate boiler and chiller plants, thus resulting in savings of approximately 40%.

In a variety of our assets we seek to drive down environmental pollution and our carbon footprints by employing environmentally friendly technologies to counteract current procedures to produce a cleaner and healthier environment. Last year saw the start of two major projects within Milan with the focus on technology within building infrastructure to drive down overall carbon emissions. Our Montebello asset, tenanted by Intesa Sanpaolo, will see significant investments by Beni Stabili and the bank to increase the sustainability performance of the building with the aim to achieve a minimum of LEED 'Gold' certification. Part of this project involves the installation of a thermal power plant with a high efficiency air to air heat pump that will replace all diesel – based technology. The second project to begin in 2016 in Milan was the Symbiosis project with a specific focus on sustainability, wellbeing and smart – working. This 125,000 square metres business district encompasses 15 buildings including offices and retail outlets that aim to demonstrate the latest technologies within a popular historical area of Milan. The vision for the area is focused on connections, with free Wi-Fi at all times and pedestrian paths fitted with LED lighting to be installed. In relation to the aim of sustainability, the buildings within this area will have 50% of their energy supplemented through renewable sources including rooftop photovoltaic plants, with the remaining supply of electricity coming from green certified sources.

Through our Community Engagement Program we aim to use innovation to create inspirational places with the latest environmental design solutions. As a leader in real estate we aim to place ourselves as a leader within the sector, differentiating ourselves from our competitors through our commitment to protecting our environment and investing in our local communities. An element of infrastructure and construction that we wanted to focus on in 2016 was creativity. As a result, public enhancement projects that have been implemented include the commissioning of public art at the tenants hall at Garibaldi Tower. In 2016 Beni Stabili invested in upgrading paving stones in an area of Milan which we own property in. Within the afore mentioned Symbiosis project a 13,000 m<sup>2</sup> community plaza built complete with a main stage, fountains and outdoor work spaces will be included in designs. This highlights our commitment to investing and researching into technologies with innovative designs at their heart that have the aim to improve environmental and social conditions. In addition, to further show our commitment to meet the needs of the surrounding communities, projects based on embedding a mutual cooperation methodology for sustainability issues will be introduced. An example of this is within a pre-let project with Fastweb where both parties involved will be committed to supporting the health and wellbeing of the employees.

## 1.D. Fighting corruption

One of the four lines of action of Beni Stabili' 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 Beni Stabili Régions since its creation.

### FIGHTING CORRUPTION



**Principle No.10: Businesses are expected to fight all forms of corruption including extortion and bribery.**

**SDG covered in this section:**



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



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

Beni Stabili actively works against corruption in all its forms. We address issues including, but not limited to, bribery and corruption within their policies across the whole of the supply chain and organisation. We are committed to respecting all national and international legislations regarding money laundering.

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

Within the Code of Ethics and Conduct we state that it is strictly forbidden to propose and pay for, as well as receive and accept bribes. It is also strictly forbidden for any Beni Stabili employee to benefit from and/or offer advantages from and/or to any third party with the aim of taking advantage or influencing businesses. We have a strict set of guidelines that must be followed when establishing any new partnership. These include; verifying the moral reputation and integrity of the potential partner, and gathering and auditing all available evidence. In addition, within the Code of Ethics and Conduct we have included practical suggestions to give further guidance to our employees about bribery and extortion.





**Beni Stabili Società per Azioni Società di Investimento Immobiliare Quotata**

Via Piemonte 38 - 00187 Roma - Italia - Tel +39 06 36222.1 Fax +39 06 36222.365 - sede legale

Via Carlo Ottavio Cornaggia, 10 - 20123 Milano - Italia - Tel +39 02.36664.100 Fax +39 02.36664.645

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Cod. Fisc. e Registro Imprese di Roma n. 00380210302 - Partita IVA 04962831006 - R.E.A. 821225

[benistabilispasiiq@legalmail.it](mailto:benistabilispasiiq@legalmail.it)

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