

# COVIVIO

## United Nations Global Compact 2018 Communication on Progress



COMMUNICATION ON  
PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.



## **Covivio, Foncière des Régions' new name**

On May 29th, 2018, Foncière des Régions and its subsidiaries changed name and became one entity: Covivio.

This initiative enabled the group to consolidate its European dynamic across all three of its areas of expertise (offices, hotels, residential buildings) thanks to a wide range of skills spread out across different countries. Several mergers and synergies took place involving both internal entities of the group as well as external stakeholders.

# Editorial by the CEO



## Renewal of our commitment

This 2018 communication on progress (COP) is a landmark for Covivio. It is our first COP with the ambition to achieve “GC Advanced” level: this is the highest standard, which only 8% of Global Compact members’ COP had achieved by end-2017.

This new COP is published as our strategy asserts a determined European ambition, embodied by a unique name, Covivio, and a CSR policy using common indicators in all our countries of operation.

Lastly, this COP is published the same year as Covivio’s 2030 carbon footprint targets are approved by the SBT (*Science Based Targets*). This confirms the relevance of our sustainable development policy and our ability to move forward while relying on a sustainable business model.

Covivio has been a Global Compact member since 2011. As early as our 2016 COP, we integrated all **17 Sustainable Development Goals (SDGs)** of the United Nations 2030 agenda for the planet adopted by global leaders at the UN Summit in September 2015.

As the 4th largest asset manager in Europe, Covivio is aware of its responsibilities as a market leader; we promote a low carbon and circular economy, an adaptable and diverse city where digital technologies generate new services and opportunities for the creation and sharing of value.

Our commitment and the results of our CSR actions are detailed in this document.

Throughout 2018, we have continued to build tighter partnerships, raising awareness about major challenges among our staff, customers and suppliers: climate and environment (carbon footprint, waste, biodiversity...) human (health, equality, education...) and economic (sustainable industry and consumption).

Confident in our coherent and structured approach, I am proud to renew Covivio’s commitment to respect the 10 Global Compact principles and to promote them within our sphere of influence.

Paris, September 12th, 2018.

**Christophe Kullmann**

**CEO**

A handwritten signature in black ink on a white background. The signature is stylized and appears to read 'CK'. It is positioned above a horizontal line.



## Table of contents

Editorial by the CEO.....	3
Preamble by the Head of Sustainable Development.....	5
17 Sustainable Development Goals to change the world.....	6
1. Covivio as a model player in sustainable real estate.....	8
2. Covivio’s Global Compact Progress report.....	15
2.A. Human Rights.....	15
<b>Principle No.2: make sure that their own businesses are not complicit in human rights abuses.....</b>	<b>16</b>
2.B. International Labour Standards.....	18
<b>Principle No. 3: respect freedom of association and the right to collective bargaining.....</b>	<b>19</b>
<b>Principles Nos.4 and 5: Elimination of all forms of forced or compulsory labour; effective abolition of child labour. ....</b>	<b>20</b>
<b>Principle No.6: Elimination of discrimination in respect of employment and occupation. ....</b>	<b>20</b>
2.C. Environment.....	22
<b>Principle No.7: Anticipate health and climate risks. ....</b>	<b>22</b>
<b>Principle No.8: Businesses should undertake initiatives to promote greater environmental responsibility. ....</b>	<b>24</b>
<b>Principle No.9: Businesses should encourage the development and diffusion of environmentally friendly technologies.....</b>	<b>27</b>
2.D. Fighting corruption.....	30
<b>Principle No.10: Businesses are expected to fight all forms of corruption including extortion and bribery. ....</b>	<b>30</b>
3. Sustainable development initiatives.....	33
4. "GC" Advanced concordance table .....	36
5. Useful links.....	37



# Preamble by the Head of Sustainable Development



## A European CSR approach

Humanity faces global challenges: climate, biodiversity, human rights... Beyond international agreements and formal declarations, people and organisations are the ones who can really contribute to make all 17 UN SDGs achievable and make sure all 10 Global Compact principles are respected. This is our approach here at Covivio. Our strong commitments and CSR performance are assessed by non-financial rating agencies and have received various trophies and awards.

The study we carried out in 2017 (details below) allowed us to design a unique SDG materialization matrix that helped us to identify six SDGs as major challenges for our organisation. However, Covivio's sustainable development policy is global: it encompasses all CSR pillars. Since 2010, this policy has been based on 4 lines of action – sustainable building, human capital, local integration and ethical governance. All Global Compact commitments are represented in these lines of action: environment, human rights, working conditions and the fight against corruption.

At all company levels, staff are committed to building more responsible and sustainable growth, with the support of the Board of Directors and senior management. By placing CSR and innovation at the heart of our economic model, we secure sustainable success.

The ambition to achieve the "GC Advanced" level has given us the opportunity to show how Covivio meets all "GC Advanced" level criteria and develops the best practices in terms of strategy, governance, stakeholders' commitment, contribution to UN objectives, and enforcement of the 10 principles in value chain and transparency.

Suggestions for further reading include our sustainable development report (available on [https://www.covivio.eu/app/uploads/2018/08/2017\\_Sustainable\\_Development\\_Report\\_UK.pdf](https://www.covivio.eu/app/uploads/2018/08/2017_Sustainable_Development_Report_UK.pdf)) and our previous COPs (available on the UN website: <https://www.unglobalcompact.org>).

Paris, September 12th, 2018.

**Jean-Eric Fournier**

**Head of Sustainable Development**

A handwritten signature in black ink, appearing to be 'J. Fournier'.

# 17 Sustainable Development Goals to change the world



At 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".

Launched in January 2016, this program contains 17 objectives broken down into 169 targets which aim to tackle extreme poverty, inequality, social exclusion and climate change and biodiversity erosion.

These new sustainability standards<sup>1</sup> apply to states as well organisations located in these states, as they carry most of the responsibility associated with these challenges.

Private sector companies have an important role to play in incorporating these objectives in their strategies. According to the study by KPMG "How to Report on SDGs" published in February 2018, only 4 out of 10 organisations worldwide include SDGs in their reporting. This figure goes up to 6 out of 10 in France, a third of which belong to the SBF 120 index<sup>2</sup>.

However, SDGs represent real job opportunities (\$12,000 billion per year by 2030 according to *Better Business, Better World*<sup>3</sup> and a \$5,000 to \$7,000 billion increase in investments according to UNEP-FI).

## A shared 2030 agenda

Covivio has been a Global Compact signatory since 2011. Therefore, as early as 2016, its CSR reporting started referring to the 17 UN SDGs in a clear manner via its action plan, COPs, reference documents, sustainable development reports and its website.

Covivio's multi-year CSR objectives described in the reference document and in Covivio's sustainable development report are consistent with the UN 2030 objectives, various regulations Covivio has to comply with as part of other objectives it has set itself and the Paris December 2015 two degrees agreement objectives.

All the actions carried out by the group and described in this COP have been assessed using both the SDGs and the 10 principles of the Global Compact.

The illustration below, available on the French Global Compact website shows the link between the 10 principles of the UN Global Compact and the 17 SDGs.

---

<sup>1</sup> <https://www.novethic.fr/actualite/entreprise-responsable/isr-rse/aucun-pays-n-est-sur-la-bonne-voie-pour-atteindre-les-odd-d-ici-2030-146078.html>

<sup>2</sup> <https://assets.kpmg.com/content/dam/kpmg/xx/pdf/2018/02/how-to-report-on-sdgs.pdf>

<sup>3</sup> <http://www.globalcompact-france.org/actualites/objectifs-de-developpement-durable-comment-aller-plus-loin-dans-leur-integration-par-les-entreprises-103>

# THE TEN PRINCIPLES

of the United Nations Global Compact



**HUMAN RIGHTS**

**LABOUR**

**ENVIRONMENT**

**ANTI-CORRUPTION**

- 1 Support and respect the protection of internationally proclaimed human rights.
- 2 Not be complicit in human rights abuses.
- 3 Uphold the freedom of association and the effective recognition of the right to collective bargaining.
- 4 Support the elimination of all forms of forced and compulsory labour.
- 5 Support the effective abolition of child labour.
- 6 Support the elimination of discrimination in respect of employment and occupation.
- 7 Support a precautionary approach to environmental challenges.
- 8 Undertake initiatives to promote greater environmental responsibility.
- 9 Encourage the development and diffusion of environmentally friendly technologies.
- 10 Work against corruption in all its forms, including extortion and bribery.



Source: UNGC

The value of sharing principles

## 6 key SDGs for Covivio

The internal analysis carried out in 2017 throughout the group and its activities helped identify the 6 most important SDGs for Covivio. This study relied on the materiality analysis mentioned above (and detailed on page 20 of the 2017 sustainable development report) by matching it with the UN SDGs. 6 major SDGs for Covivio were identified:



Beyond those 6 SDGs, the actions carried out by Covivio have contributed positively to most of the other SDGs in different ways as shown in the GRI/ SDG Concordance table (pages 163 to 168 in the 2017 sustainable development report).

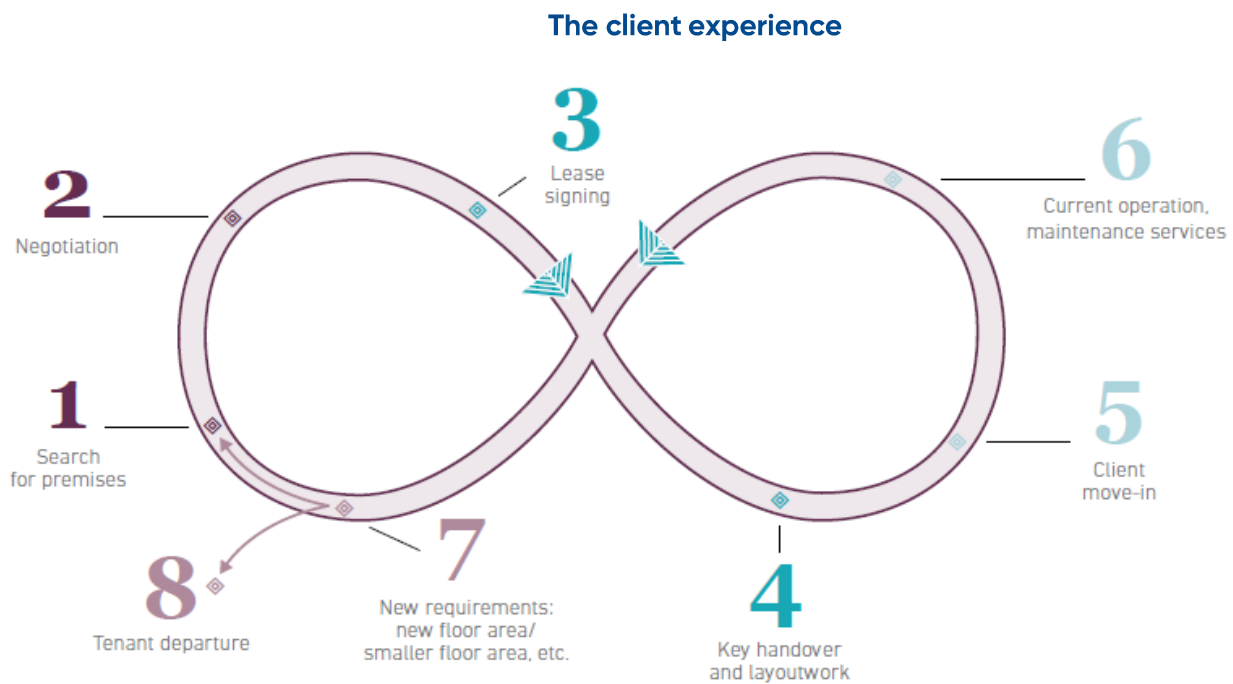
# 1. Covivio as a model player in sustainable real estate

## 1.A. A European strategy

With €23 Billion worth of assets in Europe and a €5.1 Billion development pipeline, Covivio (formerly Foncière des Régions) is the fourth largest asset manager in Europe. As a major player in the French and Italian office markets, the German residential market and the hotel market in Europe, Covivio helps organisations, hotel brands and local public bodies achieve their objectives in terms of attractiveness, transformation and responsible performance.

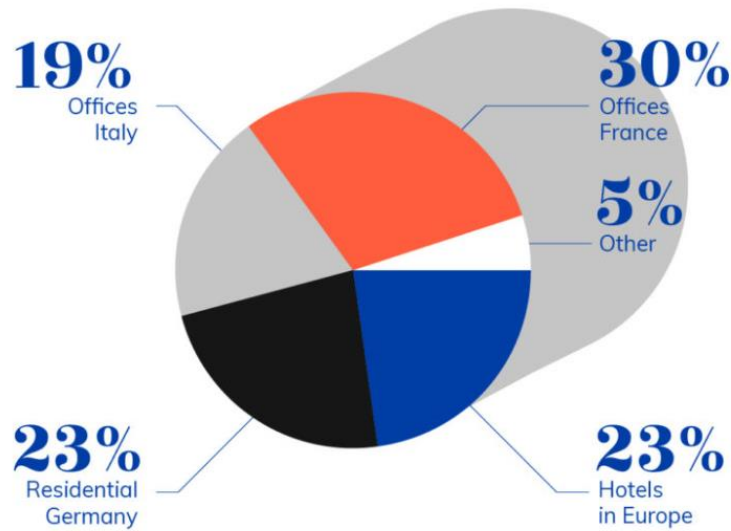
Covivio's approach to adaptable and "living" buildings is based on 3 principles:

- Harmonize work-travel-living uses in a world where they increasingly overlap
- Be involved at every single stage of the building chain from new building development to designing innovative services, such as co-working developed by Wellio or co-living initiated in Germany
- Always promote a customer-orientated culture which is inherent to Covivio's DNA.



Since its creation twenty years ago, Covivio has always had a customer orientated culture, putting real estate excellence and long-term commitment at the heart of its strategy. Historically focussed on French markets, Covivio is now present in big cities in Europe, knows local people's working, commuting and living habits and intervenes as a global operator at all stages of the real estate chain. To adapt to the changes in usage occurring in and challenging the real estate industry, Covivio has gradually widened its skillset while strengthening its client relationships, with decision makers and end users alike.

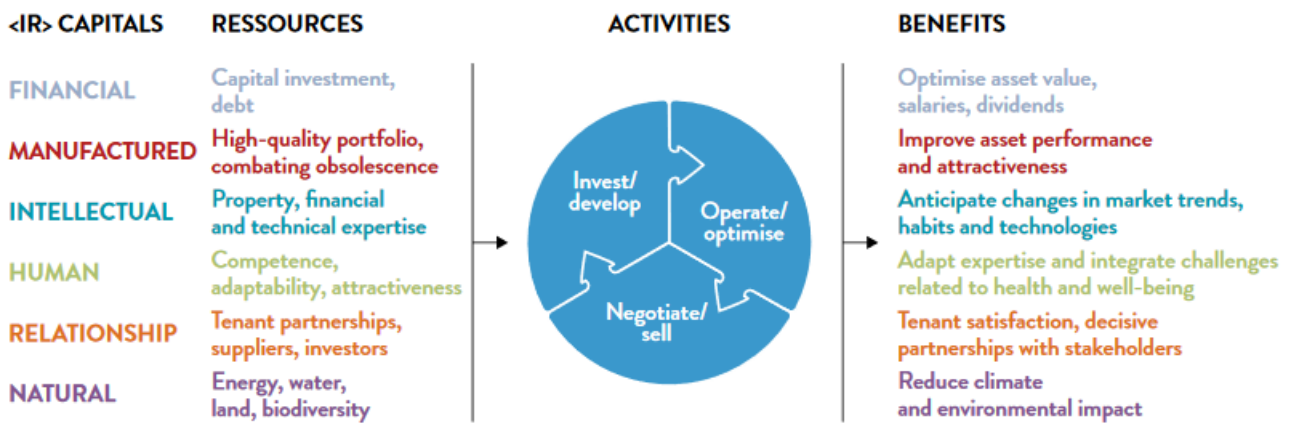
## Breakdown of Covivio's European portfolio by type of asset



### 1.B. A robust business model

Covivio's business model creates value throughout the whole real estate cycle. This value creation process is responsible, long-term and is beneficial to all parties involved.

#### Covivio's business model

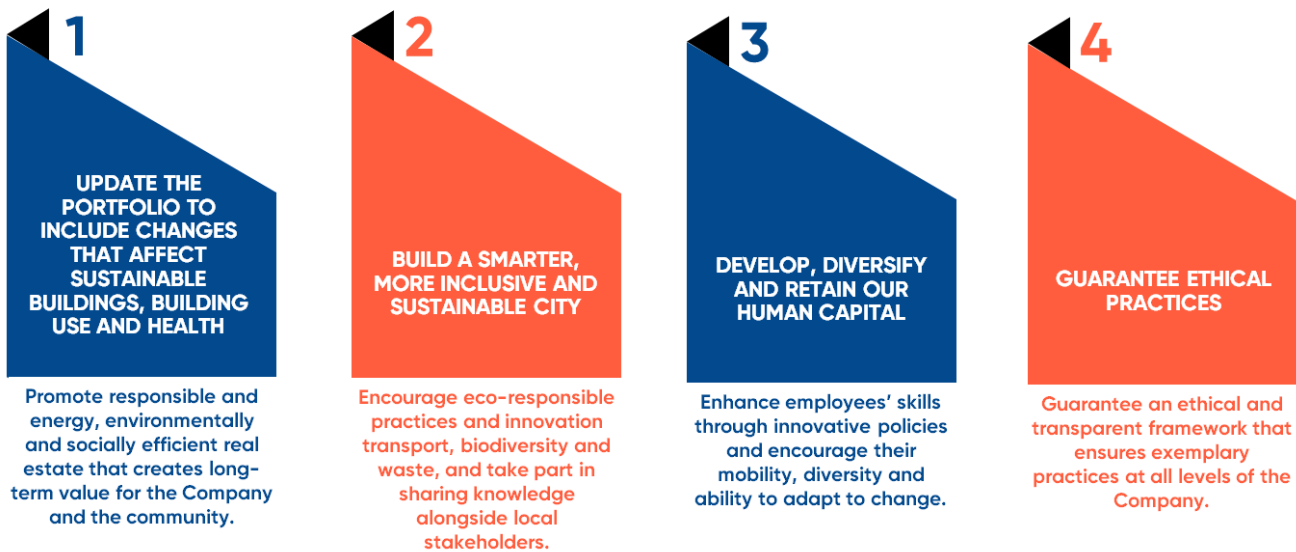


Since its creation, Covivio has been a pioneer in the way it operates and has demonstrated great agility to this day: it enables the organisation to seize opportunities and reduce its exposure to certain risks.

Covivio is also well known for its ability to establish strong partnerships with organisations and communities and support them to achieve their real estate goals.



As early as 2010, Covivio adopted a sustainable development strategy organised around the following 4 lines of action:

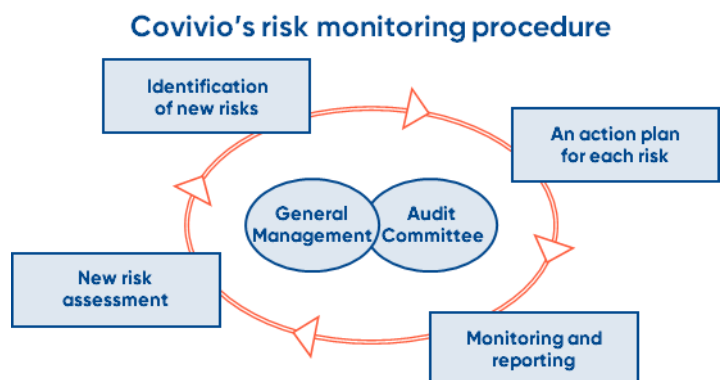


### 1.C. Understand risk for better risk management

The risks our organisation is exposed to are monitored by the executive board and the audit committee.

New risk mapping charts – accounting for the risks from subsidiaries and new activities – were set up back in September 2017.

In terms of governance, risk mapping, audits, staff training and a warning system help to prevent fraud and corruption risks as advocated by the December 9<sup>th</sup>, 2016 Sapin II legislation as well as the requirements set by the Global Compact's 10<sup>th</sup> principle concerning the elimination of corruption in all its forms.



This alert system helps detect any risk of human rights or employment legislation transgression etc.

Internal procedures and training sessions (called "Process Mornings") dealing with topics such as unfair competition, terrorism financing and money laundering have been organised in all Covivio's departments (investments, sales, acquisition, rental, etc....).

There is a wide variety of environmental risks; the main ones are climate change related risks and most particularly the necessity for buildings to be resilient enough to resist the most frequent extreme events. That's why Covivio supervises every single stage of the building's life cycle to reduce impact as much as possible and closely monitors health and climate related risks for the French office operations.

The Audit and Internal Control management team is responsible for monitoring compliance with all 10 Global Compact principles, whether it is about human rights, employment rights, business or environmental ethics.

The main risks related to Covivio's activities are detailed under the "material interests" category in the chart below:

### Summary of stakes and opportunities for Covivio

	MATERIAL ISSUES	OPPORTUNITIES / VALUE CREATION DRIVERS	STAKEHOLDERS INVOLVED	PERFORMANCE / INDICATORS
FINANCIAL	<ul style="list-style-type: none"> <li>Markets/economic models</li> <li>Treasury</li> <li>Tax regime</li> </ul>	<ul style="list-style-type: none"> <li>Long-term partnerships</li> <li>Security of cash flows</li> <li>Geographic diversification</li> <li>Product diversification</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders/directors</li> <li>Buyers</li> <li>Employees</li> <li>Banks and rating agencies (analysts, investors)</li> </ul>	<ul style="list-style-type: none"> <li>Dividends</li> <li>EPRA NAV per share/Loan to Value ratio</li> <li>RNI</li> <li>Rental income</li> </ul>
MANUFACTURED	<ul style="list-style-type: none"> <li>Obsolescence</li> <li>Location of assets</li> <li>Attractiveness/liquidity</li> </ul>	<ul style="list-style-type: none"> <li>Development of higher performance and more innovative and sustainable buildings</li> <li>Meet the changing needs of tenants/changing working practices</li> <li>Rent/value optimisation</li> </ul>	<ul style="list-style-type: none"> <li>Tenants</li> <li>Insurance</li> <li>Regulators</li> <li>Local authorities/Civil society</li> <li>Industry bodies</li> </ul>	<ul style="list-style-type: none"> <li>Total value of portfolio</li> <li>Occupation rate</li> <li>% of "green" assets</li> <li>Investments in renovation/certifying the portfolio</li> </ul>
INTELLECTUAL	<ul style="list-style-type: none"> <li>Regulatory changes</li> <li>Technological development</li> <li>Connected building</li> <li>Cyber security</li> </ul>	<ul style="list-style-type: none"> <li>Innovation and anticipating change</li> <li>Learning/sharing experiences</li> </ul>	<ul style="list-style-type: none"> <li>Competition</li> <li>Suppliers</li> <li>Employees</li> <li>Education and research community (patents)</li> </ul>	<ul style="list-style-type: none"> <li>R&amp;D investment</li> <li>Participation in working groups</li> <li>Start-ups incubator/accelerator (Immowell Lab)</li> </ul>
HUMAN	<ul style="list-style-type: none"> <li>Health/Safety</li> <li>Productivity/Attracting and retaining talents</li> <li>Social climate/ Psychosocial risks</li> </ul>	<ul style="list-style-type: none"> <li>Talent retention and development</li> <li>Diversity</li> <li>Dialogue</li> </ul>	<ul style="list-style-type: none"> <li>Competition</li> <li>Shareholders</li> <li>Non-financial rating agencies</li> <li>NGOs, Global Compact</li> </ul>	<ul style="list-style-type: none"> <li>Employee turnover</li> <li>Rate of absenteeism</li> <li>Average number of hours of training</li> <li>Workplace accidents and occupational illnesses</li> </ul>
RELATIONSHIP	<ul style="list-style-type: none"> <li>Key Accounts Relations</li> <li>Supply Chain</li> <li>Relations with local authorities</li> </ul>	<ul style="list-style-type: none"> <li>Long-term tenant partnerships</li> <li>Responsible purchasing policy</li> <li>Identification as a major player in urban renewal</li> </ul>	<ul style="list-style-type: none"> <li>Tenant/buyers</li> <li>Suppliers</li> <li>Local authorities/Civil society</li> <li>Employees/Representatives</li> <li>Non-financial rating agencies</li> </ul>	<ul style="list-style-type: none"> <li>Residual term leases</li> <li>Environmental annexes</li> <li>Number of suppliers signing the responsible purchasing charter</li> <li>Regional economic impact</li> </ul>
NATURAL	<ul style="list-style-type: none"> <li>Natural resources/energy/water</li> <li>Climate</li> <li>Pollution/waste</li> </ul>	<ul style="list-style-type: none"> <li>"Green" building offering</li> <li>Comprehensive sustainable development policy</li> <li>Sustainable business model</li> </ul>	<ul style="list-style-type: none"> <li>Tenant/buyers</li> <li>Local authorities</li> <li>Shareholders</li> <li>Non-financial rating agencies</li> <li>Environmental NGOs</li> </ul>	<ul style="list-style-type: none"> <li>Energy and carbon performance</li> <li>Environmental safety</li> <li>Biodiversity policy</li> <li>Water consumption</li> </ul>

In 2018, the risk mapping tool was updated to comply with the principles of the performance declaration as per the 2017 new directive.

1.D. A governance structure based on the global compact's principles and integrating sustainable development goals across all group activities.

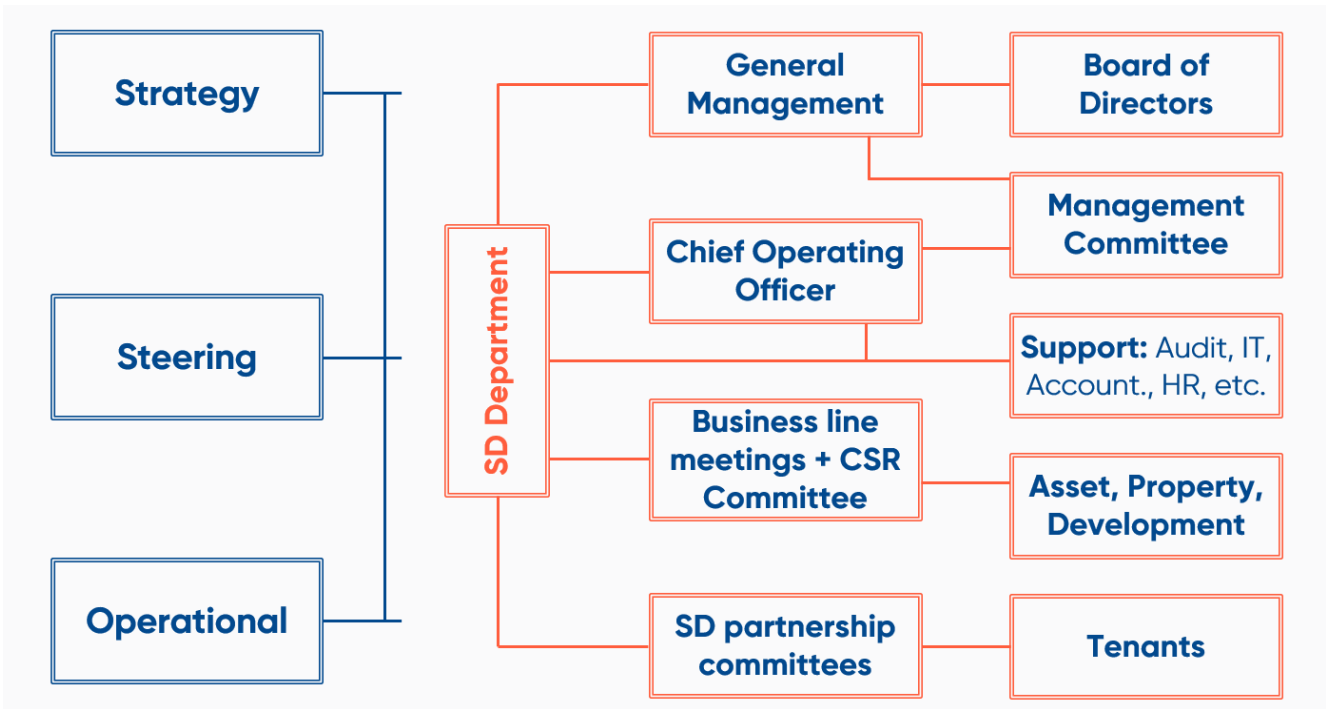
Covivio's CSR strategy is broken down into action plans which are improved and adapted regularly using risk and opportunity analysis and cross referencing this with stakeholders' CSR goals.

Sustainable Development management, with support from the General Management and the board of Directors, makes suggestions for and supervises CSR initiatives across the group's different activities. This dedicated team works across the group, providing technical expertise to different departments and promoting innovation, awareness and reporting.

The board of Directors monitors organisational performance in terms of environmental, social and corporate responsibility and progress towards set objectives. It decides on the areas where CSR performance needs improvement and compares the group's achievements against peer organisations in Europe.

Sustainable development results are now systematically integrated in the set of criteria used to determine the committee members' bonuses.

**Sustainable development steering at Covivio**







**Patricia Savin - Legal Partner: co-heads the environment and sustainable development department at DS Lawyers, sits on Covivio's board as an independent administrator and is the president of Orée.**



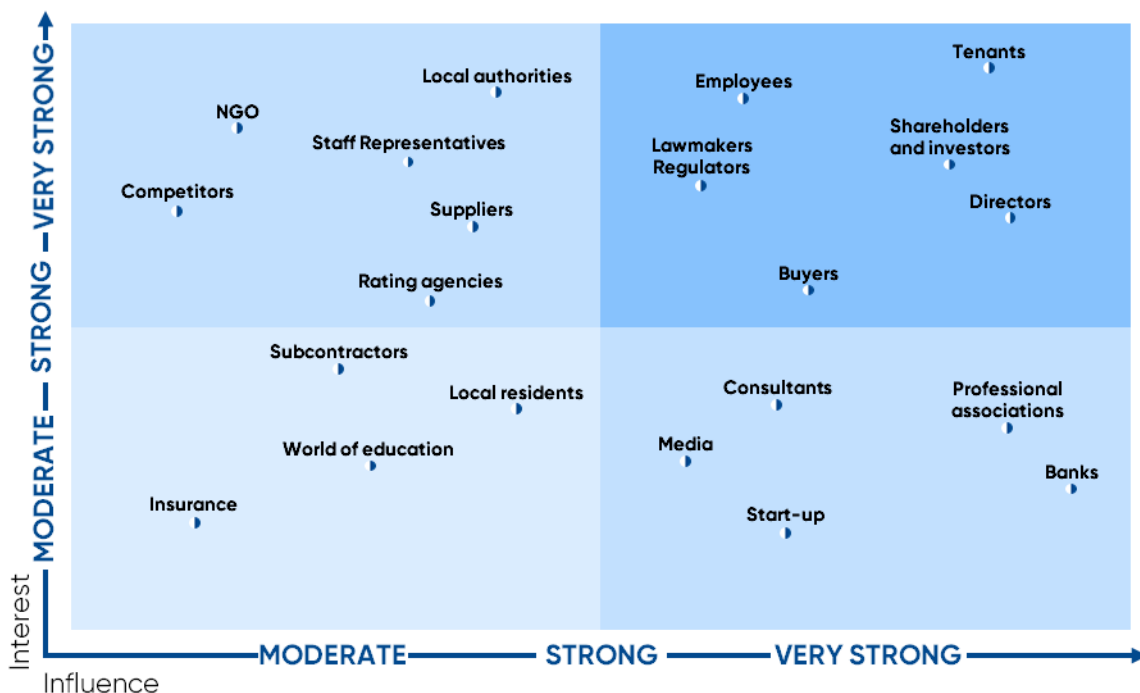
"Board members have become gradually more attentive to Covivio's sustainable development policy and progression towards the achievement of its objectives. I personally feel deeply involved in CSR and I am delighted to see that Covivio is aware of the importance of sustainable development related questions and sees the value creation potential. With an ambitious CSR strategy and coherent objectives, the Group proves its leading position in this domain."



## 1.E. Long-term commitment from stakeholders

To achieve shared high CSR and financial performance levels, working closely with stakeholders is key. As early as 2012, Covivio carried out a materiality analysis. It has been regularly updated since and is based on a deep understanding of stakeholders and their challenges.

**Mapping of Covivio's stakeholders**



## Adapting communication channels to each stakeholder

Main Stakeholders	Expectations of stakeholders	Communication methods
<b>Tenants</b>	Co-construction of innovative, tailored solutions to support each stakeholder's real estate strategy in the best possible way	Partnership Committees and Sustainable Development Committees
<b>Shareholders</b>	Visibility and longevity of the business model and its profitability	Activity Report, press releases, financial press releases, road shows, investor days, website, etc.
<b>Ratings agencies</b>	Transparency of financial and non-financial communications	Reference document and Sustainable Development Report
<b>Employees</b>	Follow-up support for professional development, training	Intranet site, internal communication tools
<b>Local authorities and non-profit organisations</b>	Awareness of their socio-economic challenges	Sustainable Development Report Involvement in various collaborative projects
<b>Suppliers</b>	Fair business practices	White Paper on tenant relations + Charter

As a real estate player working for the city, Covivio has incorporated the challenges of the city of the future into its buildings to make sure they blend in the urban landscape (in terms of accessibility, mobility and bio-diversity).

With its suppliers, Covivio has adopted a dedicated policy that covers the entire supply chain life cycle of its office activities in France.

Since 2008, Covivio has developed a partnership and collaboration policy with the education sector via skills patronage with the Palladio foundation and Article 1.

Staff considerations are central to Covivio's strategy: an ambitious HR policy based on skill development and well-being secures staff loyalty and enhances their performance.

### 1.F. A recognised CSR policy

The company has been rated by the following indices: Euronext-Vigeo Eiris France 20, Europe 120, Eurozone 120 and World 120, DJSI Europe and World indices, FTSE4Good, Stoxx® Global ESG Leaders, Gaïa (Ethifinance), Ethibel, Sustainalytics and Oekom's Prime Universe. Covivio and Beni Stabili were rated A - by the CDP (Carbon Disclosure Project) in 2017 and received a Green Star in the GRESB category (79/100), an EPRA Gold Award for their CSR reporting and another one for their financial reporting.

The latest is EcoVadis, which rated Covivio 78/100 (Gold level). The group now belongs to the small proportion of companies (5%) with the best grades and has reached "Exceptional" status!

CSR data published by Covivio in its various reports (annual, CSR, COP etc.) are verified by an independent third party every year. A copy of the verification letter is available on page 172 to page 173 in the 2018 Sustainable Development Report:

[https://www.covivio.eu/app/uploads/2018/08/2017\\_Sustainable\\_Development\\_Report\\_UK.pdf](https://www.covivio.eu/app/uploads/2018/08/2017_Sustainable_Development_Report_UK.pdf)

## 2. Covivio's Global Compact Progress report





### 2.A. Human Rights

Covivio carries out its activities in Europe, mainly in France, Germany and Italy; in principle, these countries present little risk regarding the violation of human rights. Nevertheless, Covivio remains vigilant and committed, ensuring that human rights are respected at all stages of its business activities.

### Human Rights

Signatory companies are requested to:

-  **Principle No.1:** support and respect the protection of internationally proclaimed human rights within their circle of influence and...
-  **Principle No.2:** ensure that their own businesses are not complicit in human rights abuses.

SDGs covered in this section:



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

### Respect fundamental human rights

Covivio 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
- The Diversity Charter.

Internal rules and 100% of all human resources policies in each Covivio entity comply with the international conventions on human rights.

Every year since 2010, Covivio's 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 then GRI *Standards* since the 2017 report) and its Construction & Real Estate Sector Supplement is also audited by EY, along with adherence to EPRA's Best Practice Recommendations. Covivio's

commitment to the protection and respect of human rights is demonstrated through its Code of Ethics and several internal procedures. Ethics and transparency are promoted and supervised by the CEO and the Chief Operating Officer, who are also members of Covivio's Management and Compliance Committee. Initiatives in this field are coordinated by the Audit and Internal Control Department which is responsible for the 2018 update of the Code of Ethics; new regulations and good real estate sector practices have been added since the update and employees can now be disciplined for failing to comply.

This department is also responsible for staff charter training and training regarding procedures linked to sensitive issues such as corruption. These meetings, known as "Process Mornings" have made it possible to train new and existing staff and make them aware of the procedures in place and the Group's Code of Ethics.

Covivio's Code of Ethics is available on:

[https://www.covivio.eu/app/uploads/2018/08/2017\\_CharteEthique\\_FR.pdf](https://www.covivio.eu/app/uploads/2018/08/2017_CharteEthique_FR.pdf)



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

### **Challenging and supporting suppliers**

Covivio ensures it is not complicit in human rights abuses throughout all its activities. It must be said that Covivio has no supplier 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 more than €200,000 of expenditure are expected to:

- fill out a survey questionnaire; 10 compliance audits are carried out each year by an independent consultant to verify the quality of the suppliers' responses and identify areas of improvement;
- demonstrate commitment by signing Covivio's Responsible Purchasing Charter (last updated in 2018), 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.

By the end of 2017, 371 out of 512 suppliers (construction companies, self-employed workers, consultants, etc) had filled out the questionnaire and signed Covivio's Responsible Purchasing Charter (vs 342 at end-2016).

This procedure provides Covivio with a true picture of its suppliers' CSR profiles and positioning against the group's core values. Each supplier is rated based on their survey responses; the computer program designed to provide the rating adjusts it according to the size of the supplier. Two criteria are used to determine the size: annual revenue and staff numbers. The average rating of the suppliers who responded was 10.6/20.

Both the Charter and the survey questionnaires consider the various CSR aspects (environmental, social, corporate responsibility, etc.). The Charter, currently under review, is available on:

[https://www.covivio.eu/app/uploads/2018/08/2017\\_CharteAchatsResp\\_UK.pdf](https://www.covivio.eu/app/uploads/2018/08/2017_CharteAchatsResp_UK.pdf)

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. Additionally, Covivio published the white paper on supplier relations – also currently being reviewed – to explain the changes in 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.



**Fanny Bénard – Partner**  
**Responsible purchasing consultant at BuyYourWay**



“The audit campaign carried out in 2017 indicated an increase in suppliers’ consideration of social and environmental issues. They put in place CSR measures to protect staff security and employability using targeted training. They contributed to helping vulnerable people get back into work thanks to a hiring policy encouraging individual initiative. Most suppliers now have plans in place to reduce their environmental impact, whether it is through promoting daily eco-friendly behaviours, buying hybrid vehicles, adopting a certified environment management system or using certified products and raw materials.”

## Human Rights: summary of 2017 results

### Progress against principles Nos. 1 and 2:

- ✓ 100% of Covivio’s activities comply with human rights;
- ✓ European operations are not considered as at-risk areas regarding forced or child labour;
- ✓ 100% of staff members attended Code of Ethics training;
- ✓ 371 suppliers answered the CSR survey and signed Covivio’s Responsible Purchasing Policy, which represents 83% of S2-2016/S1-2017 expenditure.
- ✓ The White Paper on Supplier Relations was updated in 2018 / 2019.

## 2.B. International Labour Standards

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

Human resources management within Covivio and its subsidiaries comply with the fundamental ILO conventions on freedom of association, the right to organise and bargain collectively, equal pay, abolition of forced and child labour, discrimination and the minimum age for employment.

These fundamental principles are incorporated into French and Italian law. Human resources management and labour relations therefore comply with them.

Covivio operates in France, Germany and Italy. Labour legislation in these countries 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 No. 98 on the right to organise and collective bargaining.

**International Labour Standards**

**Organisations are expected to:**

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

### SDGs covered in this section:





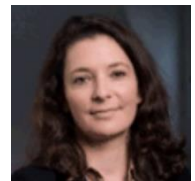
### **Principle No. 3: respect freedom of association and the right to collective bargaining.**

Covivio 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.

Covivio cares to maintain and develop constructive relations with all its stakeholders, most importantly 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). 100% of our staff are protected by a collective agreement (excluding temporary staff).



**Elsa Canetti**  
**HR Director - Covivio**



"In 2017, Covivio offered an opportunity for staff willing to try a new way of working: home working. Using recommendations from a cross-functional working group, an experimentation charter was drawn up: it set conditions and requirements for home working at Covivio. 61% of staff got to experience home working on a regular basis, for up to 5 days per month; this represents 100% of all applications. The outcome was very positive and Covivio decided to bring in a collective agreement on home working which was signed in early 2018."

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

Three work council meetings took place in 2017 during which social partners were informed and consulted on the group's social policy, the financial and economic situation as well as business decisions and their impact in terms of jobs and skills.

The work council was also involved and consulted on the deployment of a home working experimentation charter which resulted in the signing of a collective agreement.

Two work council extraordinary meetings also took place to discuss changes happening within Covivio: one regarding a merger and involving the arrival of three new staff members and another regarding the decision to delist Foncière Housing Development.

Six items of collective agreement were signed in line with previous years' collective agreements: profit sharing, revenue sharing, employee savings, the use of the electronic voting system for professional elections and the "contrat de génération"<sup>4</sup> agreement.

Since an agreement reached on January 1st, 2018, Covivio has contributed 75% of private health care costs for all staff in non-managerial positions and 65% for staff in managerial positions (vs respectively 70% and 60% in the past).

<sup>4</sup> The "Contrat de génération" is designed to help young people access employment and maintain senior people in employment.



Additionally, for several consecutive years, Covivio has secured unions' agreement on salaries as part of the compulsory annual negotiations (CAN). In 2017, several measures, such as the granting of free collective shares, were renewed as part of the CAN.

Since January 1<sup>st</sup>, 2017 and as part of a more comprehensive sustainable development policy, all employees in the group can now get an 80% refund on their public transport commuting costs (instead of 50% required by law). An agreement was also signed to financially compensate staff who cycle to work.



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

### **Covivio applies ILO conventions**

Covivio 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 Covivio 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 "challenging and supporting suppliers" page 17), Covivio has been collecting information on its suppliers' practices 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**

Regarding recruitment practices and in line with the 2010 Diversity Charter as well as the 2011 Global Compact, Covivio renewed the 21st December 2011 Diversity and Professional equality agreement in 2014. In 2015, some aspects of this agreement were reviewed, resulting in a broader and more systematic pay monitoring exercise to identify pay discrepancies that are 5% below average within an employee group of the same occupation. It used to be 10% under the previous agreement. Following the 2017 review, five people were identified and pay adjustments were made accordingly.

Gender distribution among staff in the group is currently 51.9% women and 48.1% men and remains stable compared with 2016 (respectively 51.4% and 48.6%). The proportion of female managers has increased by 4 % since 2016 (from 34% in 2016 to 38% in 2017). With 51% men and 49% women, near parity is reached in the French entity.

Since 2013, applications and interview practices have been reviewed to ensure diversity in the range of candidate profiles considered for each position. Every year, the human resources department provides the members of the Equality and Diversity Commission with a report that shows the number of applications reviewed at each stage of the recruitment process (CV selection, feedback following interviews and final hiring decision) split by gender, age and



disability. The implementation of these procedures has been extended to all Covivio's activities in Europe as part of the "ex-aequo" program to support gender equality.

To support older staff, Covivio organises systematic interviews with the human resources department for each staff member when they turn 55; this interview can take place every year at the employee's request and is used to review different aspects of their role, discuss potential changes and plans of action (such as office ergonomics). In 2017, 100% of senior staff members were invited to these meetings and 30% attended. Additionally, the group offers the possibility for all staff aged 55 or more to work part time with pension contributions equivalent to full time. So far, four staff members have gone part time and benefited from this scheme, which represents 15% of all senior staff in 2017.

### Skills patronage initiatives

As part of their constantly growing commitment to solidarity and equal opportunities for all, Covivio and Article 1 (former Frateli) launched a new skills patronage initiative in 2015. Article 1 develops and supports patronage arrangements, allowing scholarship students with high potential to be coached by professionals. The idea is to give students from poorer social backgrounds access to the tools, methods, networks and the confidence they need to succeed. Covivio also subsidized the construction of the Article 1 house: student accommodation for Article 1 students sponsored under the patronage arrangement, as well as CROUS students. This initiative is designed to encourage cooperation and promote apprenticeships.

### A better gender balance

Following the General Meeting of Shareholders in April 2016, the board was 40% of female. The Company's Board has committed to increasing the number of women at board level to rapidly achieve a better balance between men and women and anticipate legal requirements in this area.

#### International Labour Standards: summary of 2017 results

##### Progress against principles Nos 3, 4, 5 and 6:

- ✓ 100% of Covivio's staff is protected by a collective agreement in France, Germany and Italy;
- ✓ 40% of board members are women;
- ✓ The male/female ratio among managerial staff is 51.5% against 48.5%.
- ✓ 68.5% of our staff voted during the employee representative elections back in March 2015 (these elections are run every four years);
- ✓ Awareness events around employability issues for people with disability, monitoring of recruitment practices to ensure diversity in profiles of candidates interviewed;
- ✓ Implementation of a new recruitment management system. Further developments to 2012 diversity agreement with an additional clause agreed in 2015, regular monitoring and pay adjustments to ensure fairness...
- ✓ Home working is now available to 61% of staff.

## 2.C. Environment

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

Respect for the environment

7

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

8

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

9

**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.**

#### Risks associated with asset management

Within its operating portfolio, Covivio 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.). All the necessary diagnostic tests have been carried out across the entire portfolio in accordance with existing regulations.

Covivio 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.).

Beyond these regulatory compliance challenges, the Building Scientific and Technical Centre (CSTB) has developed a tool for Covivio 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.

As in previous years, in 2017 Covivio was not convicted of any failure to comply with environmental laws or regulations. Covivio has therefore never had to book provisions or guarantees for contingencies in the environmental domain.

As at 31 December 2017, the main risks for Covivio's office portfolio related to 284 sites (vs 348 at 31 December 2016 – the difference is due to disposals), were as follows:

Domain	Diagnostics					
	2015		2016		2017	
Technological and natural risks - number of cases surveyed	355 (1)	100%	348	100%	284	100%
Cooling towers – number of sites concerned	2 (2)	100%	1	100%	0	100%

(1) Status of risk surveys in place

(2) Operator/owner sites

### Interactive risk management

Covivio has been working with Provexi in France since 2007 to assist its staff in the assessment of asbestos risk. Provexi's secure online tool enables Covivio and all stakeholders to provide asbestos risk analysis and to meet disclosure and availability obligations. Italian teams also use a risk management tool for all the buildings they manage directly.



**Caroline Allingri**  
Environment Director – Covivio



"For optimal "polluted sites and grounds" management, we are setting up a tool that complements our estate risk management platform, which has been designed by Provexi. This collaborative tool gives us a simplified and exhaustive reading of all the information gathered from the diagnoses and highlights sites where specific monitoring may be necessary. Diagnoses and syntheses (such as identification of potential sources of pollution, overview of the analysis results, interactive maps displaying data) are available online and all stages of risk management are thus improved."



## **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, Covivio conducts studies within its multi-year work plans that allow it to better consider the potential consequences of emerging issues, such as air quality, climate change, impacts on biodiversity, etc....

### **100% of tertiary developments are "green"**

Covivio seeks HQE and BREEAM certifications for its developments and renovations, 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. Covivio usually holds the HQE certification (HQE Renovation for restructuring operations) in France, and more and more often the double certification (HQE-BREEAM). In Italy, the main certifications held are LEED Italia or BREEAM.

### **72.8% of French office "green" by end-2017**

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.

Covivio set itself an ambitious objective: to make 50% of its French office assets "green" by end-2015. This was achieved a year early and since then further ambitious objectives were set: to make 66% of the French office assets "green" by 2017 and 100% by 2020.

As of 31 December 2017, 72.8% of French office assets were "green". The increased "greening" of the portfolio was due both to the delivery of new or renovation projects and the certification of the operation practices of occupied sites.

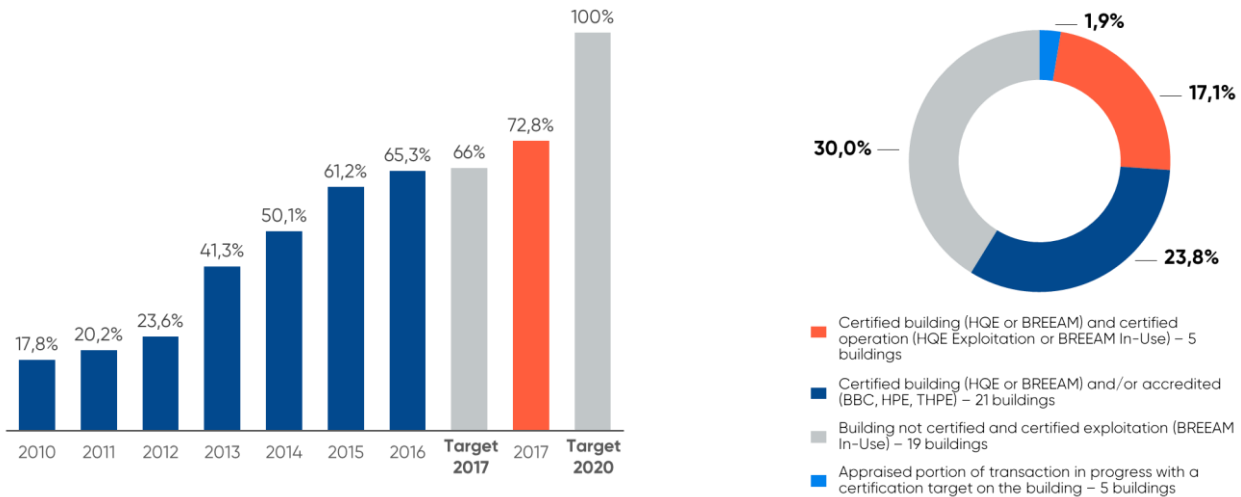


**Didier Guion**  
**Technical Director - Covivio**



"HQE and other certification standards have been gradually changing to account for new considerations. New labels are created to highlight buildings' performance against these new criteria. Covivio considers different labels (such as well-being at work (OsmoZ), connectivity (R2S), energy and carbon (Effinergie+, E+C-, BBCA), bio-diversity (BiodiverCity, Ecojardin...) before deploying the most relevant one, based on strategy and customers' expectations."

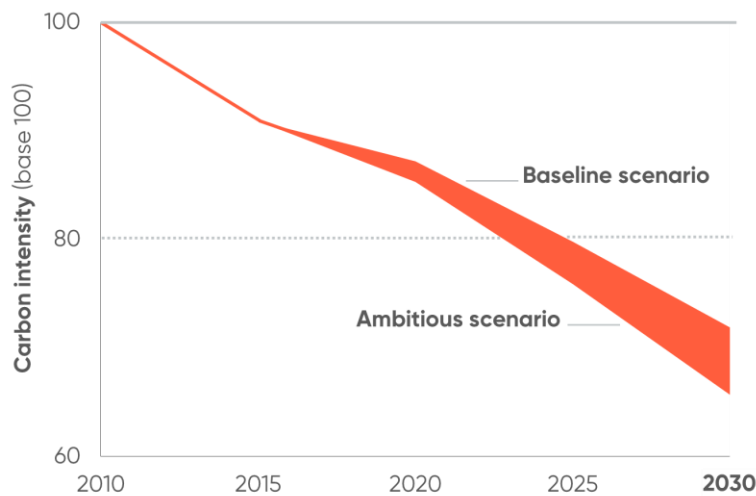
## Proportion of Covivio's "green" French office portfolio



## An ambitious SBT approved 2030 Carbon projection

In terms of its environmental footprint, Covivio develops its assets in compliance with the Paris 2015 two degrees international agreement. Covivio started modelling work across its European assets with the Building Scientific and Technical Centre (CSTB) in 2017 to identify its 2030 carbon projection.

### Average carbon weight per square metre



This projection was approved in 2018 by the SBT initiative's technical commission. As of 31 July 2018, only 7 real estate organisations have secured this approval worldwide.

## Promoting biodiversity

Covivio is aware its activities have direct and indirect impacts on biodiversity, making it a major consideration, although most of its assets are in urban areas.

Biodiversity erosion is a major concern in the real estate sector; the 5 main causes are: overexploitation of natural resources, destruction and disruption of species' natural habitats, pollution, introduction and proliferation of invasive non-native species and climate change.

Covivio 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 and the August 2016 Biodiversity law. Its biodiversity policy was initiated in 2010 and structured around 5 themes:

- Eco-development and sustainable renovation practices that consider, very early on, biodiversity and interactions with the urban setting, stakeholders and green corridors, planting native species and preserving birds and butterflies,
- Promoting circular economy (raw material selection, end of life re-use and recycling, good raw material extraction and production practices ...)
- promoting the benefits of green spaces for users;
- adapting green space maintenance to meet eco-responsible criteria (adjust lawn mowing frequency, reduce use of chemical products ...)
- In 2017 a biodiversity mapping exercise was carried out by Gondwana consultancy. This study was conducted on 157 sites in Europe, using 4 biodiversity indicators from the GRI Standards.
- Working along with Pic Vert association, rehabilitation of an old quarry to make it a bird watching site.

To ensure that biodiversity aspects are considered, two internal charters were designed in 2014:

- The first charter deals with green space conception and is used to provide guidelines during green space development or renovation projects. It helped secure the BiodiverCity label for the Carré Suffren building in Paris in 2016.
- 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 Covivio intends to manage biodiversity and landscape matters during both creation and management phases.

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

Covivio 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 of its portfolio, 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 operation as of 13 July 2013.

Tenants overall adhere to the approach promoted by Covivio, 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 know-how driver**

Innovation has always been instrumental to Covivio's success, whether it involves co-developing real estate solutions with its tenants or using new technologies and tools (such as BIM, ACV, C2C, environmental annexes, etc....)

To be in tune with new trends that support its markets (digital revolution, urbanisation, resource restraints, new ways of thinking about real estate, working, travelling and living) Covivio intends to develop a new and flexible real estate offer relying on innovation to increase its operational performance. This requires Covivio to strengthen its position in the innovation ecosystems and more particularly in the emerging Proptech sector as well as promoting an innovation culture among staff.

Covivio's approach to research and development is structured around 3 principles:

#### **a. The real estate sector is impacted by different kinds of long-term transformation**

To provide relevant support to its customers, Covivio anticipates changes in its markets: digital, ecological, carbon, energy. Beyond ambitious certification objectives (HQE and/or BREEAM) for new developments and operating sites, Covivio is experimenting with new techniques and skills: BIM, ACV, C2C, digital technology, in-door air quality, new services available inside buildings, environmental annexes, etc....

#### **b. Designing a sustainable, inclusive and digital city**

Covivio designs and manages buildings like true social inclusion drivers and considers all aspects of urban ecosystems (social and cultural but also in terms of climate, connectivity, mobility, and biodiversity). Covivio is involved in many projects relying on different kinds of partnership (with associations, peers, independent consultants, suppliers, local authorities....)

#### **c. Re-thinking value-creation**

All types of performance (energy, environmental, social, well-being, services, culture, accessibility...) create added-value for a building: it is called "green" value. It is not yet assessed by experts, but it is implicitly accounted for during the valuation process:

- Real time cash-flow assessment method: the rent amount, the reduction of the length of the tenancy, rent-free periods, the cost of improvement work for compliance purposes can all generate "green value" and have a positive impact on cash-flow;
- Income capitalization method: the green building's risk premium is reduced to account for increased cash-flow and functional obsolescence reduction, tenant's departure....

In situations where the lessee is an organisation, the benefits will be the improved comfort, well-being (thanks to good material and indoor air quality) and health among staff and will show in a reduction of sickness absence. Concentration and creativity levels will also increase which will result in higher productivity. This is called usage or non-material value.

In 2017, the workgroup took on another mission: to carry out an analysis of the link between productivity and new themes such as biophilia, new space arrangements, arts & architecture...



**Alexandra Bourreau**  
**Asset Manager – Covivio**



“The end user’s well-being is at the heart of our projects – from design to use, since the design phase of our projects. Improved performance in terms of sound, light, air quality, access to nature, accessibility or services increases our buildings’ usage value. Thanks to the VIBEO (Valeur Immatérielle du bâtiment et Bien-Etre des Occupants) project, we have identified the best drivers to increase usage value and have improved our ability to analyse and quantify it.”

### **Covivio, an LCA pioneer**

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

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

In addition to the beneficial effects of thermal building regulations, this innovative approach allows Covivio 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.

### **Promote a more circular economy**

In 2016, Covivio carried out research on the impact of circular economy on jobs in its field. Several significant studies have been launched to determine the importance of the building material chosen, how it reduces the impact on the environment and most importantly on biodiversity (in terms of raw material extraction and material production) and greenhouse gas emissions at all stages of the building life cycle.

To preserve natural resources, one should think about re-using materials and how buildings will, soon, be part of a recycling process like cars (for example). Covivio is using this approach, called “Cradle to Cradle” (C2C) in research carried out as part of the construction of the Motel One Porte Dorée Hotel during which a material specifications document was written.

### **Covivio leads the way with BIM**

BIM (Building Information Modelling) 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.

Both the Eiffage Campus and Thales' Head office in Vélizy-Villacoublay belong to Covivio and have received a Gold BIM prize in 2014 and 2016 respectively. At the end of 2017, Covivio launched six development operations in which BIM will be used at all stages.

### New management and steering tools

Covivio has set up new building management and steering tools: GTB (Building Technical Management) is being used in all new construction and renovation operations to manage equipment (e.g. temperature...); GTB specifications are written and used in new operations to assess how "open" they are and if they are "adaptable" enough to operate with other independent systems; a platform has been created to collect and analyse energy and water consumption....

Covivio signed the "connected buildings, human and inclusive buildings" charter initiated by the ministry for Cohesion and Local Territories on December 7<sup>th</sup>, 2017. The charter was supported by the HQE-GBC Alliance and the SBA (Smart Building Alliance) where Covivio sits as an active member. This Charter defines digital building. It promotes proactive deployment of connected and "communicating" buildings in France. Environmental reporting carried out every year makes it possible to monitor energy and water consumption as well as waste production in accordance with EPRA recommendations.

## Respect for the environment: summary of 2017 results

### Principle No.7

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

### Principle No.8

- ✓ Increased "greening": 72.8% of offices in France now "green", 54% in Italy and 47.7% of hotels as at end- 2017
- ✓ 100% of tertiary development and renovation operations are green.
- ✓ 100% of environmental annexes in France are signed.
- ✓ Work with Orée Association and HQE to create biodiversity indicators.

### Principle No.9


- ✓ BIM used
- ✓ C2C study carried out as part of the Motel One - Porte Dorée operation.

## 2.D. Fighting corruption

One of the four action lines of Covivio’s 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 Covivio since its creation.

Integrity, loyalty and respect for others and compliance with regulations are the behaviours Covivio promotes and expects among all staff, but also from stakeholders and more specifically from its suppliers through the Responsible Purchasing Charter.


FIGHTING CORRUPTION



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

### SDGs covered in this section:





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

Group initiatives in this field are embodied by the Code of Ethics, shared among all employees through regular training sessions and awareness campaigns.

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, Covivio has increased its vigilance.

According to the 2018 Global Transparency Index, France is among the top 10 countries in the world for the transparency of its practices – now ranked 5th from 4th in 2016<sup>5</sup>.

In view of the findings of the risk mapping process carried out in 2012, and the increasing regulation against fraud and corruption (such as the Sapin II Law on June 1<sup>st</sup>, 2017 and recommendations by the French anti-corruption agency), Covivio’s 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.

<sup>5</sup> <http://www.jll.com/greti/rankings>

Regular awareness events called "Process Mornings" have been organised for all staff since 2011; topics such as the RGPD (set of rules and regulations around the protection of personal data), gifts, fair competition, online fraud and money laundering are covered in detail during these events.

Anti-fraud audits are carried out regularly within the group and no issue has been detected.

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

To bolster its risk prevention toolset, Covivio 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 via a dedicated e-mail address or any other means.

### **A Code of Ethics to relay responsibility across the business**

Covivio's Code of Ethics was introduced in 2011: it provides solid foundations that reflects the legal and regulatory specificities of each country and covers all French, German and Italian staff. It can be viewed on Covivio's website:

[https://www.covivio.eu/app/uploads/2018/08/2017\\_CharteEthique\\_UK.pdf](https://www.covivio.eu/app/uploads/2018/08/2017_CharteEthique_UK.pdf)

The Code describes the ethical principles any Covivio employee must observe while carrying out their job and 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 insider trading rules
- prevention of conflicts of interest (relations with competitors, customers or suppliers, compliance with anti-corruption rules)
- protection of Covivio's activities (protection of information, assets and resources)
- transparency and integrity of information.



**Marjolaine Alquier**  
**Audit and Internal Control Director - Covivio**



"The Audit and Internal Control Department makes sure the code of ethics is communicated to all French, German and Italian staff. Each new member of staff is given a copy of the code on their first day. Additionally, regular training sessions about internal procedures called "Process Mornings" take place and, every two to three years, the main principles of the code and the role of the compliance officer are reinforced during refresher sessions."

The Code of Ethics was reviewed in 2015. The latest recommendations and adaptations (such as the whistle blowing system) were added to reinforce expectations in terms of appropriate behaviours with regards to potential conflict of interest situations. Further review has been carried out since the end of 2017 following Sapin II. Relevant communication to staff is scheduled to take place and Covivio's website will be updated. 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 help and advice on ethics to any employee who requests it, as well as assistance with adopting and deploying the code of ethics.

### **Ensure fair competition and fight money laundering**

Covivio complies with fair competition regulations in each country (for France, relevant legislation is in articles L. 410-1 and the following ones from Commerce Law) while carrying out its activities and during any type of transactions (sale, acquisition or during operations). New internal procedures have therefore been introduced to manage this risk: indeed, depending on the value of the transaction, calls for tender can be made compulsory. The procedures have been approved by the board of Directors and they describe how calls for tender should be managed.

Covivio and its French subsidiaries put in place a system to fight money laundering and terrorism financing (LAB/LFT). This procedure describes all the actions that should be carried out by the staff members involved.

The introduction of LAB has been supported by several training sessions: they started back in 2010 and approximatively 60 French employees were involved. The training material was designed by the Legal Department and they are responsible for updating it regularly.

Training sessions especially designed for asset managers took place in 2012 and refresher sessions were included in the "Process Mornings" in 2014 and 2015 and will be again in 2018.

## **Fighting corruption: summary of 2017 results**

### **Principle No.10**

- ✓ Review of the Code of Ethics to reflect Sapin II Law and RGPD regulations
- ✓ Appointment of an internal Compliance Officer

### 3. Sustainable development initiatives



Covivio is carrying out a number of initiatives promoting sustainable development. They are based around Covivio's CSR strategy and often involve external parties (associations, tenants, research organisations such as CSTB, IFPEB, Palladio, suppliers, etc); the main ones are:

**ADI:** The Association of Real Estate Directors organises events, activities and discussion forums for the real estate professionals in collaboration with its partners, including Covivio.

**Alliance HQE-GBC France:** develops and promotes the HQE (Haute Qualité Environnementale) Certification as well as good CSR practices in cooperation with industry players. As a member of the World Green Building Council, its mission is to promote French Green Building by bringing together its players. Covivio's Head of Sustainable Development, Jean-Eric Fournier, is Alliance HQE-GBC France's Vice president.

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

**Article 1** (created following a merger between Frateli and Passeport Avenir associations): Covivio has been involved since 2015 in a financial and skill patronage initiative based on solidarity and equal opportunities.

**The Diversity Charter** (signed by Covivio in 2010): encourages organisations to promote and respect diversity among their staff. By signing the charter, organisations commit to fight all forms of discrimination and to promote diversity through various initiatives.

**Paris Climate Action Charter:** Covivio signed the Paris Climate Action Charter in 2016. Improving building design is key as it can help manage and reduce climate change but also prepare for more frequent extreme climate events such as heat waves, storms, torrential rain, water levels rising, etc...

**CSTB:** The mission of the technical and scientific building centre (Le Centre Scientifique et Technique du Bâtiment) is to vouch for quality and security in buildings. It harnesses a wide range of skills to provide players with support during the innovation cycle (from the original idea to getting it on the market) and with the changes – digital, energy, environmental – occurring in the building world.

**EPRA:** The role of the European Public Real Estate Association is to promote, develop and represent listed real estate organisations.

**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, Covivio's CEO, has been the Chairman of the FSIF since 2011.

**IFPEB:** The French Institute for Building Performance (l'Institut Français pour la performance du bâtiment) is an alliance between economic players with operational knowledge who want to promote and drive an ambitious and efficient energy and environmental transformation for the real estate and construction industries in line with market demands. Their activities are organised around four themes: energy, circular economy, portfolio renovation and ISR (Responsible Social Investment) real estate.

**Immowell Lab** (start-up incubator): It is an ambition of the group to support innovative start-ups who specialise in quality of life and well-being at work; this helps Covivio to stay ahead of new ideas and techniques which allow the organisation to be better prepared for the future of real estate.

**SBA (*Smart Building Alliance for Smart Cities*):** brings together the building world and industrial players, service providers, structural design offices, innovative start-ups, architecture offices, builders, developers, etc...The R2S Label (ready to service) is being trialled on one of Covivio's projects and has been created by SBA in cooperation with Alliance HQE-GBC and Certivéa.

**"Connected building, inclusive and human building" Charter:** This charter was launched and signed by Covivio on December 7th, 2018 during the SIMI initiated by SBA, Alliance HQE-GBC, Certivéa and with Julien Denormandie's help (the State secretary in the Ministry for Cohesion and Local Territories).

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

**Global Compact:** embodies the commitment to the 10 universally accepted principles pertaining to human rights, the environment, labour legislation and the fight against corruption. Every year Covivio publishes a COP report (Communication on Progress) on the UN Global Compact website describing our initiatives and results in these areas.

**Palladio Institute:** created in 2008 with 5 patrons from the real estate world, including Covivio. It aims to bring together real estate players to raise the industry's profile through the development of training, research and dialogue.

**RICS France's Sustainable Development professional group:** Jean-Eric Fournier chairs this workgroup which is part of RICS France. Works and publications by this institution (such as the Real Estate Assessment Valuation Charter and the *Red Book*) play a major role in the building and real estate sector in France and worldwide.

**CSR initiative:** 90 staff members spent a day with *Les Grands Voisins* to offer concrete help to four associations and discover alternative and inspiring ways to demonstrate and share commitment.

**Collecting occupational clothing with *La cravate solidaire*:** nearly 47 kilos of second-hand occupational clothes were collected to help vulnerable people get back into work.

**No Impact Week:** launching of MOOCS designed by PR agency *Mieux* and covering various CSR aspects as part of the sustainable development week.

Covivio 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.



## 4. "GC" Advanced concordance table

Themes and criteria	Chapters
<b>Implement the 10 Principles into corporate functions and business units</b>	
C1 – The COP describes how principles are integrated into corporate functions and business units	1.B. A robust business model
C2 – The COP describes value chain implementation	1.C. Understand risk for better risk management
<b>Reliable policies and procedures regarding Human rights</b>	
C3 – The COP describes robust commitments, strategies or policies in the area of human rights	2.A. Human Rights
C4 – The COP describes effective management systems to integrate the human rights principles	2.A. Human Rights
C5 – The COP describes effective monitoring and evaluation mechanisms of human rights integration	2.A. Human Rights
<b>Reliable policies and procedures regarding ILO</b>	
C6 – The COP describes robust commitments, strategies or policies in the area of labour	2.B. International Labour Standards
C7 – The COP describes effective management systems to integrate the labour principles	2.B. International Labour Standards
C8 – The COP describes effective monitoring and evaluation mechanisms of labour principles integration	2.B. International Labour Standards
<b>Reliable policies and procedures regarding environment protection</b>	
C9 – The COP describes robust commitments, strategies or policies in the area of environmental stewardship	2.C. Environment
C10 – The COP describes effective management systems to integrate the environmental principles	2.C. Environment
C11 – The COP describes effective monitoring and evaluation mechanisms for environmental stewardship	2.C. Environment
<b>Reliable policies and procedures regarding anti-corruption</b>	
C12 – The COP describes robust commitments, strategies or policies in the area of anti-corruption	2.D. Fighting corruption
C13 – The COP describes effective management systems to integrate the anti-corruption principle	2.D. Fighting corruption
C14 – The COP describes effective monitoring and evaluation mechanisms for the integration of anti-corruption	2.D. Fighting corruption
<b>Support broader UN objectives</b>	
C15 – The COP describes core business contributions to UN goals and issues	17 Sustainable Development Goals to change the world
C16 – The COP describes strategic social investments and philanthropy	3. Sustainable Development initiatives
C17 – The COP describes advocacy and public policy engagement	3. Sustainable Development initiatives
C18 – The COP describes partnerships and collective action	3. Sustainable Development initiatives
<b>Governance and CSR leadership</b>	
C19 – The COP describes CEO commitment and leadership	Editorial by the CEO
C20 – The COP describes Board adoption and oversight	1.D. A governance structure based on the global compact's principles
C21 – The COP describes stakeholder engagement	1.E. Long-term commitment from stakeholders



## 5. Useful links

Covivio's CSR reporting is published every year in the reference document (see chapter 2), the sustainable development report, the financial report and Covivio's website. The audits carried out by an independent consultancy (EY) are published in the reference document, the sustainable development report and Covivio's website (CSR reporting as well as Green Bond).

These documents are available on:

<https://www.covivio.eu/fr/profil/strategie/publications/> (under "Publications RSE").

2017 Sustainable Development Report

[https://www.covivio.eu/app/uploads/2018/08/2017\\_Rapport\\_Developpement\\_Durable\\_FR.pdf](https://www.covivio.eu/app/uploads/2018/08/2017_Rapport_Developpement_Durable_FR.pdf)

2017 Financial Report

<https://www.covivio.eu/app/uploads/2018/05/2017-Rapport-dactivite.pdf>

2017 Reference Document

<https://www.covivio.eu/app/uploads/2018/05/2017-Document-de-reference.pdf>



Covivio's COPs are available on the Global Compact website

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

and Covivio's website:

<https://www.covivio.eu/en/profil/strategy/publication/>

# COVIVIO

30 avenue Kléber – 75016 Paris

Tél. : + 33 (0)1 58 97 50 00

[contactdd@covivio.fr](mailto:contactdd@covivio.fr)

[www.covivio.eu](http://www.covivio.eu)

Follow us on  @covivio\_

And on   