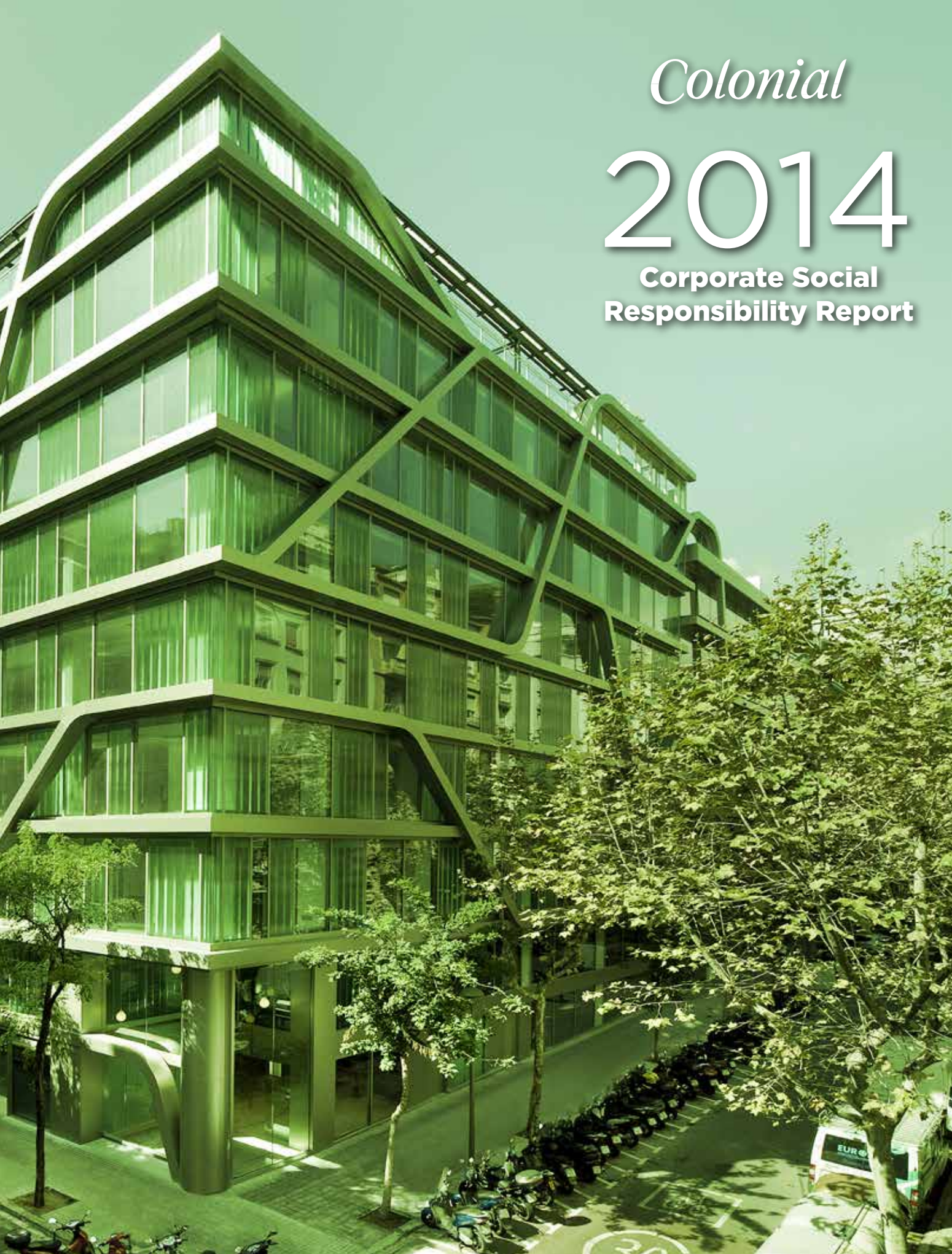


Colonial

2014

**Corporate Social
Responsibility Report**



Colonial
2014

**Corporate Social
Responsibility
Report**

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1. Chairman's letter

We consider that sustainable corporate development and stringent ethical criteria are responsible ways of doing business. The report sets out our efforts to meet our stakeholders' expectations and how we are generating more income without comprising our corporate values, reducing the quality of life for our employees and clients alike or wasting natural resources.

We are pleased to present our Corporate Social Responsibility Report for 2014. This report is the final piece of information provided by the Colonial Group in its annual report, corporate governance report and financial statements on social responsibility and, in particular, sustainable development and explains how our business model adds value for all our stakeholders (i.e. our shareholders and investors, employees, clients, suppliers and the society).

Doing business responsibly

We consider that sustainable corporate development and stringent ethical criteria are responsible ways of doing business. The report sets out our efforts to meet our stakeholders' expectations and how we are generating more income without comprising our corporate values, reducing the quality of life for our employees and clients alike or wasting natural resources. Society, clients and investors are becoming increasingly important for companies committed to sustainable development. It represents a substantial and recognised part of Colonial's group strategy.

Laying the foundations for growth

Social Responsibility requires a strategy founded on long-lasting evolving relationships with our stakeholders. In 2014 we laid the foundations for sustainable financial growth and a sustainable rise in asset quality and efficiency thanks to an experienced team of highly-qualified professionals.

Colonial's has a large free float that accounts for around 50% and its remaining investors are well-known highly-solvent institutions. Our recapitalisation process reduced consolidated net debt by 53%, bringing it down to €2,545 million



by the end of 2014 and making debt levels prudent. The debt's diversification is satisfactory. It is spread across first rate lenders and matures at long term. In short, the recapitalised Colonial has an adequate capital structure that will enable it to make the most of future opportunities for growth.

In 2014 the active management of our real estate portfolio has enabled us to reposition properties and increase added value.

Committed to eco-efficiency

One of our goals is to guarantee an efficient first-rate service that will add value to our clients. Our commitment to developing the professional competencies of our teams is the foundation of the organisation's performance model.

Colonial carries out its activities by respecting the environment and by minimising year adverse effects that these activities might cause. It calls for lifelong learning with an impetus on identifying new opportunities that will promote and create efficiency, logic and innovation.



Leadership and transparency

This report has been prepared in accordance with the new G4 Global Reporting Initiative (GRI), which is an international corporate social responsibility reporting standard, and it has taken into due consideration the indicators of the European Public Real Estate Association (EPRA), a group of listed European real estate companies that sets standards for best practices in the real estate industry and, accordingly, gives transparent information on our performances across all areas of the business using the highest international standards as a reference.

Our vision to be the number one listed real-estate company in Europe keeps us on track. By identifying new targets, providing solutions and reporting our achievements, we aim to increase the added value for all our stakeholders.

Juan José Brugera Clavero
Chairman



2. THE COLONIAL GROUP

2.1. KEY INDICATORS IN 2014

The Colonial Group has been one of the main operators in the Spanish real estate market since 1946. **It has a clear and ambitious real estate strategy which is based on the development and use of buildings to be leased as offices.** The Colonial Group has been listed on the Spanish securities market since 1999. In 2014 the Group earned €211 million from a portfolio of buildings valued at €5,757 million and an attributable net profit of €492 million which includes the extraordinary gain of €701 million on the derecognition of Asentia.

ECONOMIC DATA COLONIAL GROUP

Rental income (€M)	211
EBITDA from rentals (€M)	191
Recurring EBITDA (€M)	161
Investment in remodelling and projects (€M)	135
Investment in new acquisitions (€M)	234
Number of assets	51
Assets (m ²)(above grade)	725,341
Offices	638,535
Other	86,806
Commercial premises (m ²)	107,881
Total EPRA occupancy rate (%), (1) (annual average)	87

(1) EPRA occupancy: Financial occupancy as per calculation recommended by EPRA (occupied areas multiplied by market rental prices/surface areas leased at market rental prices)

EMPLOYMENT DATA

Number of employees (31 December)	145
Women	88
Men	57
Average number of years at the Colonial Group	12
Number of accidents	0
Turnover (%)	6.2

ENVIRONMENTAL INFORMATION

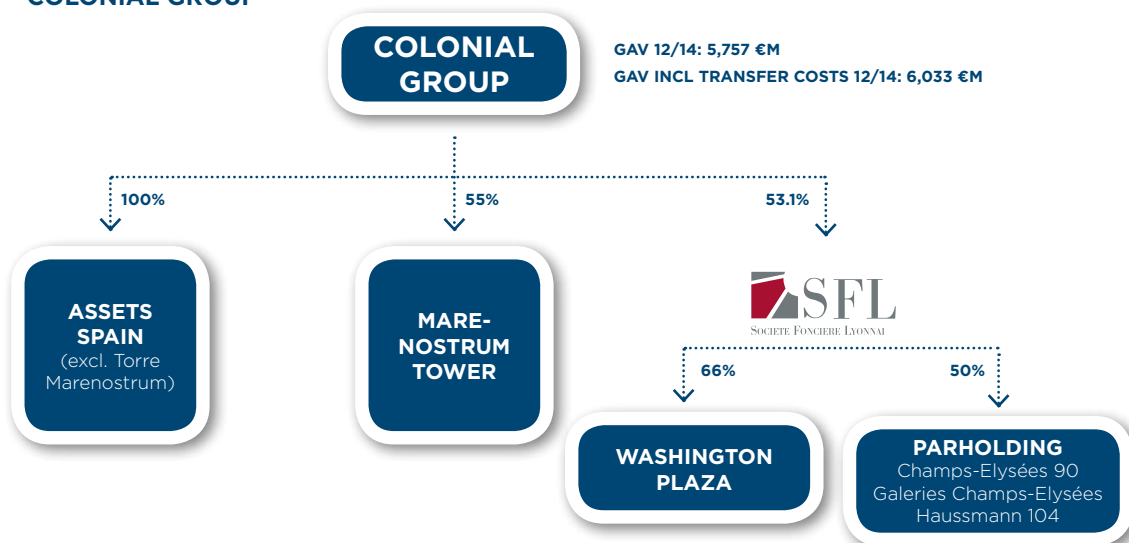
Environmental certification awarded	27
Total buildings awarded environmental certification (%)	81.8
Sustainable like-for-like energy consumption(MWh) (electricity and fuel)	77,303
Energy intensity (kW per m ² per year)	280.95
CO ₂ emissions (tn CO ₂ eqv.)*	11,234

*The scope of CO₂ emissions refers to sustainable like-for-like buildings. See detail in section 8. Eco-efficiency.

STRUCTURE OF THE COLONIAL GROUP

Today, the Colonial Group is an established business with a significant presence in the office rental business in prime locations in Barcelona and Madrid and, in Paris, through the Group headed by Société Foncière Lyonnaise, S.A. (SFL). The Group's current structure is as follows:

CORPORATE STRUCTURE OF THE COLONIAL GROUP

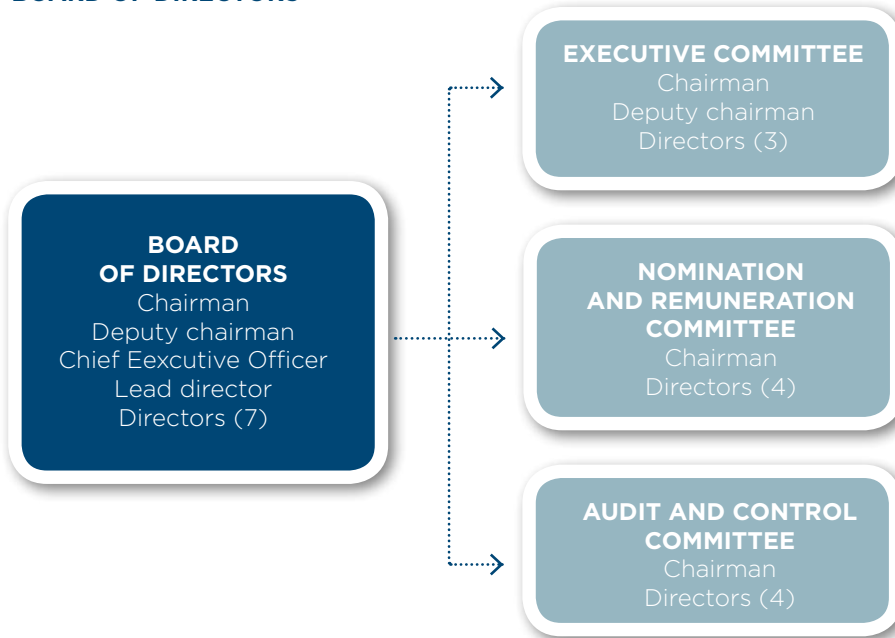


BUSINESS STRUCTURE

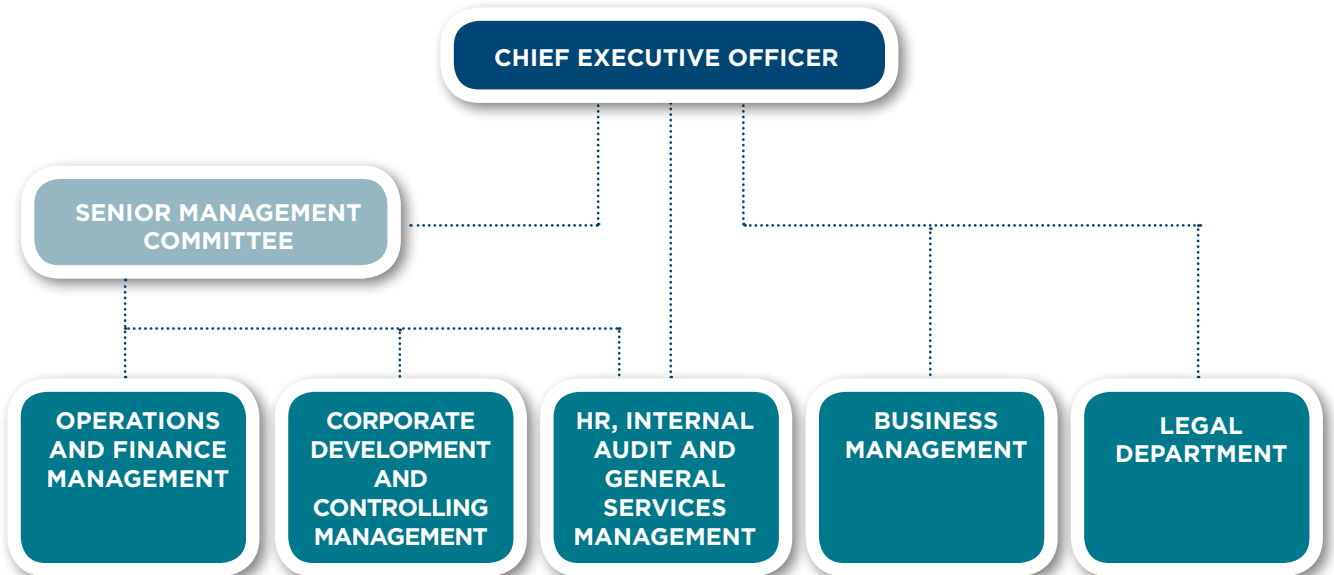


GOVERNANCE AT INMOBILIARIA COLONIAL

BOARD OF DIRECTORS



SENIOR MANAGEMENT COMMITTEE



Real Estate Portfolio

The Colonial Group operates a portfolio of prime-location properties in Barcelona, Madrid and Paris.

The table below shows the above-grade surface areas of the properties owned by the Colonial Group, by square metres of office space and other usage. The data for above-grade surface areas includes occupied square meters, and it includes metres under construction and metres under renovation.

At the end of 2014 the Colonial Group had assets of €5,757m (€6,033m including transfer costs), a like-for-like increase of 9.6% on the previous year.

THE COLONIAL GROUP'S BUILDINGS		Above-grade surface area (m ²)	
		Offices	Other
Spain			
1.	Av. Diagonal, 409	4,531	--
2.	Av. Diagonal, 530	11,783	--
3.	Av. Diagonal, 609-615 (Dau)	21,996	--
4.	Av. Diagonal, 682	8,622	--
5.	Pedralbes Centre	--	5,558
6.	Ausias Marc	6,430	--
7.	Berlin, 38-48/Numància, 46	12,817	--
8.	Glories - Diagonal	11,672	--
9.	Glories - Llacuna	20,451	--
10.	Tilos	5,143	--
11.	Via Augusta, 21-23	4,838	--
12.	Travessera de Gracia, 11	4,515	--
13.	Amigó	3,580	--
14.	Plaza Europa 42-44	4,869	--
15.	Torre BCN	9,835	--
16.	Torre Marenostrum	22,750	--
17.	Sant Cugat Nord	27,904	--
18.	Castellana, 52	7,523	--
19.	Recoletos, 37	17,202	--
20.	Castellana, 43	5,998	--
21.	Miguel Angel, 11	6,300	--
22.	Jose Abascal, 56	12,337	--
23.	Alcala, 30-32	9,088	--
24.	Alfonso Xii, 62	13,135	--
25.	Francisco Silvela, 42	5,725	--
26.	Ortega y Gasset, 100	7,792	--
27.	Capitan Haya	16,015	--
28.	Lopez De Hoyos, 35	7,140	--
29.	Agustín De Foxá, 29	7,233	--
30.	Centro Norte Hotel	--	8,458
31.	Martinez Villergas, 49	24,135	--
32.	Ramirez de Arellano, 37	5,988	--
33.	Orense 46-48	--	5,010
34.	Hotel Marina de la Torre	--	11,519
35.	Parc Central	14,737	--
36.	Other Premises	--	969
France			
37.	Call-Lda	28,502	8,815
38.	Edouard 7	27,730	24,744
39.	Hanovre LB	3,325	--
40.	Condorcet	20,376	1,301
41.	C. Elysees 82-88	--	4,599
42.	C. Elysees 90	8,752	981
43.	C. Elysees 92 (OZONE)	4,110	3,089
44.	Cezanne Saint Honore	24,412	1,849
45.	Prony-Wagram	7,100	449
46.	Iena	7,505	--
47.	108-112 Wagram	4,470	892
48.	Washington Plaza	39,205	2,701
49.	Hauss. 104-110	11,683	791
50.	Neuilly	5,749	389
51.	Quai Le Gallo (IN/OUT)	28,873	--
52.	Issy Les Moulineaux	6,026	--
53.	Rives de Seine	20,270	1,760
54.	Grenelle, 103	15,176	1,310
55.	Saint Denis	--	60
56.	Ilot Richelieu (#CLOUD)	33,187	--
THE COLONIAL GROUP, TOTAL		638,535	86,806

OUR VISION AND VALUES

The Colonial Group's vision represents its commitment to its stakeholders to act sustainably.

“We strive to generate long-term value for our shareholders by consolidating Inmobiliaria Colonial, S.A. as the flagship listed company in the European office rental market, maintaining a firm and constant commitment to the well-being and development of employees, clients, shareholders and partners around the world and to society as a whole, too.”

In line with its vision, the Colonial Group has committed to a number of values, which will define its identity as an organisation:

Corporate responsibility and ethics

The Colonial Group has an obligation to follow the applicable generally accepted good governance recommendations in international markets and the principles

of business ethics and transparency in all areas of its business.

Economic results

The Colonial Group's commitment to its targets for growth and returns will guarantee the success of the business plan and meet the demands and expectations of all the Company's current and future stakeholders.

Relationships with the environment and its employees

The Colonial Group strives to establish firm long-lasting links with its stakeholders, thereby forging a bond with a leading company and benchmark projects. By maintaining ongoing dialogue with the public, the Colonial Group wants to be known for instilling confidence in its investors and other stakeholders.

OUR SUSTAINABILITY MODEL

A sustainable Corporate Social Responsibility (CSR) model puts health and safety and environmental issues at the centre of the business and adds

long-term value. The Colonial Group's sustainability model is based on the following:

The Colonial Group's Sustainability Model

1. A clear strategy of generating cash flows through proactive real estate management.
2. Attractive low-risk returns.
3. Premium portfolio of top-quality energy-efficient buildings.
4. Excellent service provision.
5. Transparent and immediate relationship with all stakeholders.

The Colonial Group’s Chain of Value

To bring the Colonial Group’s Sustainability Model into line with its business processes, a review of the organisation’s value chain was conducted to identify the main material issues for each value.



Material Issues for the Colonial Group					
1. Location and accessibility	✓	✓	✓	✓	
2. Company service efficiency		✓	✓	✓	✓
3. Client satisfaction and communication			✓	✓	✓
4. Certification and labelling		✓	✓	✓	
5. Generating value for shareholders	✓	✓	✓	✓	✓
6. Relevance of CSR investment (capex/opex)	✓	✓	✓	✓	
7. Responsible consumption (energy, raw materials, water and waste)		✓	✓	✓	✓
8. Emissions management and eco-efficiency		✓	✓	✓	✓
9. Safety and environmental risk management		✓	✓	✓	✓
10. Purchases and supplier relationships		✓	✓	✓	✓
11. Attracting talent and training					✓
12. Diversity and equal opportunities			✓		✓
13. Health and safety		✓	✓	✓	✓
14. Quality of life		✓	✓		✓
15. Governance and Transparency	✓	✓	✓	✓	✓
16. Corporate ethics	✓	✓	✓	✓	✓
17. Commitment to the local community	✓	✓	✓	✓	✓

*See 10.1 Process for determining Material Issues for the Colonial Group.

OUR STAKEHOLDERS

The Colonial Group is composed of more than just the company and its subsidiaries. It also includes everyone that has made a contribution to the Company's progress. Accordingly, the business model considers its shareholders and investors, financial backers and clients, employees, suppliers and society as a whole.

The Colonial Group feels that trust in its stakeholders, communicating with them and understanding them are crucial to the success of its business. It is therefore essential to identify every single one of its stakeholders.

Stakeholders	Communication Channels
Shareholders/ Investors	Shareholder Office (e-mail and telephone), Investor Office (e-mail and telephone) and our website ("Information for Shareholders and Investors" tab).
Clients	Building Manager, Colonial Group Client Home (Inmobiliaria Colonial intranet and ServicebySFL) and client points of contact (telephone, mail or online).
Financial backers	Points of contact with management (telephone, post or e-mail).
Employees	Intranet, points of contact (telephone, post and online) and informal horizontal and vertical channels of communication (in situ).
Suppliers	Supplier management platform and points of contact with procurement managers (telephone, post and online).
Society	General points of contact (telephone, post or e-mail).





3. CORPORATE GOVERNANCE MODEL

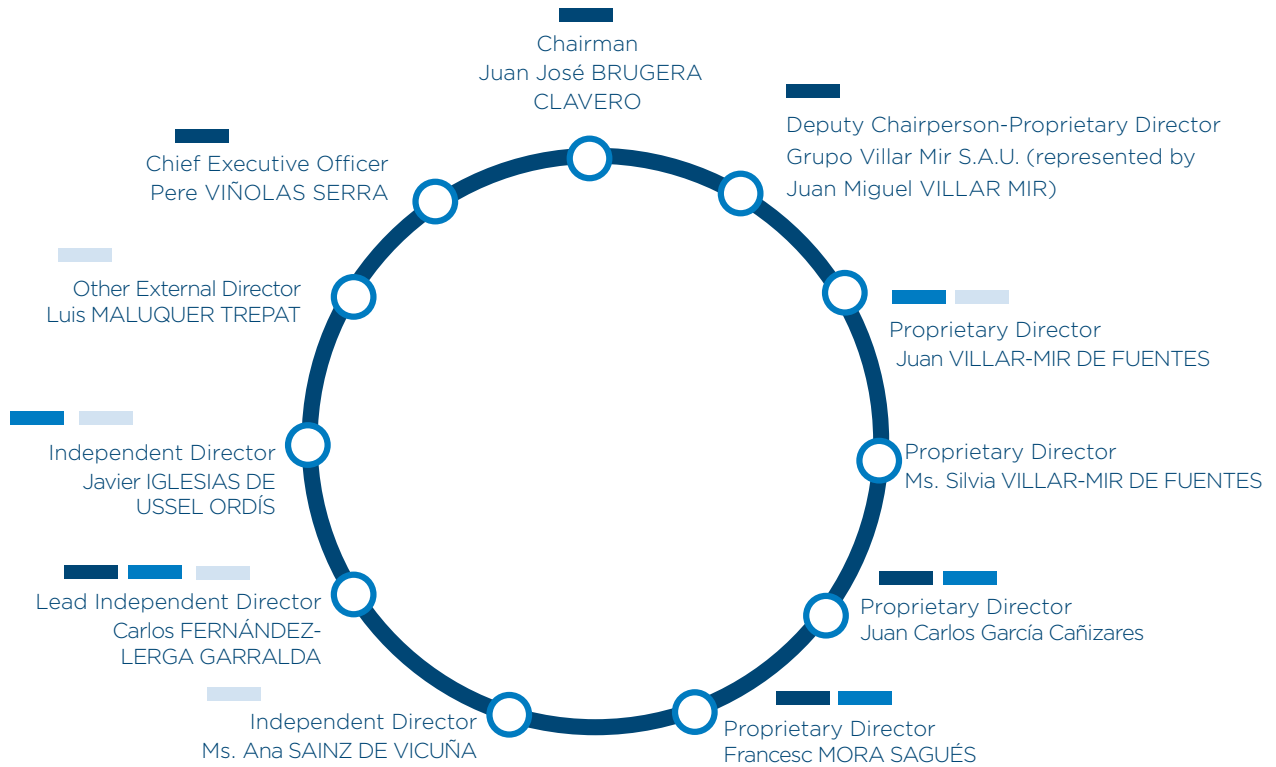
GOVERNANCE STRUCTURE

The Colonial Group is aware of the importance of devising and implementing a corporate governance model based on the principles of efficiency, regulatory compliance and transparency. The Group has designed its corporate

governance model in keeping with the main international regulations and standards, good governance practices proposed by the Spanish Securities Market Commission (“CNMV”) for listed companies and the applicable legislation.

BOARD OF DIRECTORS

The Board of the Colonial Group currently has eleven directors and three committees: Executive Committee, Nomination and Remuneration Committee and Audit and Control Committee. The composition of these governing bodies is as follows:



Non-Director Secretary: Francisco PALÁ LAGUNA
Deputy Non-Director Secretary: Ms. Nuria Oferil Coll

- Executive Committee
- Nominations & Remunerations Committee
- Audit & Control Committee

Only two of the eleven directors are executive directors. Three of the external directors are independent directors who sit on the Audit and Control Committee. The Independent Lead Director is Carlos Fernández-Lerga Garralda. He is the chairperson of the Nomination and Remuneration Committee and he also sits on the two other committees.

For further information, see Annual Corporate Governance Report for 2014 for Listed Companies (section C).

RISK MANAGEMENT

The Colonial Group has a large number of risk factors as a result of the countries in which it operates and the nature of its activities.

The Colonial Group's Board of Directors is responsible for setting the risk management and control policy, identifying the Group's main risks, and implementing and overseeing the internal control and risk management system ("ICRMS") that the Colonial Group has developed to establish the basis for efficient and effective risk management throughout the organisation.

Risk management is key to the Colonial Group's corporate culture and, therefore, every risk to which the Group is exposed is identified, analysed, assessed, managed, controlled and reviewed.

The Internal Audit Area analyses the corporate risk map and proposes which processes, risks and controls should be included for review in the annual Audit Plan. The corporate risk map is reviewed and updated every two years to maintain an efficient and up-to-date ICRMS. The Group's ICRMS classifies risk into the five categories below. These categories make up the Colonial Group's corporate risk map:

- **Strategic Risk:** risks in connection with the industry and/or the environment in which the business activities are carried out. The most significant strategic risks are country risk, market risk and risk relating to the value of its assets.
- **Corporate Risk:** risks arising from the organisational structure, corporate culture, corporate policies and key decision-making processes by the governing bodies. Corporate risk includes company obligations and risk related to medium and long-term business plans and financial risk.
- **Operational Risk:** risk arising from losses due to non-payment and insufficient management of transactions. The main risks in this category are the risks relating to asset management and risk of damage and impairment of property assets.
- **Compliance Risk:** risks arising from failure to comply with contractual obligations and regulations.
- **Reporting Risk:** risks in compiling relevant and complete information for internal and external reports.



For further information, see 2014 Corporate Governance Report (section E) and Colonial Group's Annual Report for 2014

ETHICS AND INTEGRITY

To ensure ethical behaviour and integrity across the whole organisation, the Colonial Group's governing bodies have defined, approved and released a set of principles in its Code of Ethics, and the Internal Conduct Regulations for the Securities Market.

The **Code of Ethics** of Inmobiliaria Colonial, S.A. has been approved under the framework of generally accepted good governance recommendations in international markets and the principles of social responsibility advocated by the Company.

This Code of Ethics embodies Colonial's commitment to the principles of corporate ethics and transparency, and establishes a number of basic principles which must be adhered to

at all times by the professionals of the Colonial Group and its partners and suppliers, whose behaviour may affect the reputation of the Group. The Code of Ethics is part of the Company's corporate governance standards, which have a duty to ensure that it is being followed as well as being implemented through the channels that it considers the most effective to maintaining the excellence that the Colonial Group brand stands for.

The Code is supplemented by recommendations for conduct which aim to maintain the secrecy, exclusivity and confidentiality of the internal information and transmit confidence with respect to the Company's operations. The content of the Code is aimed at defining the Company's

AUSIAS MARC, BARCELONA



limitations with regards to professional secrecy, third party relations, utilisation of the resources provided for its employees, intellectual property and protecting Inmobiliaria Colonial's image.

The Company's **Regulatory Compliance Unit** is primarily responsible for ensuring compliance with the regulations and laws applicable to Inmobiliaria Colonial, ensuring that they are identified, interpreted and followed properly. Compliance with the code of ethics is one of its functions. Since 2011 Inmobiliaria Colonial has had a whistle blowing mechanism which company employees can use to report incidents and make suggestions. No complaints, official queries or suggestions were received in 2014.

The purpose of SFL's "**Charte de Deontologie Groupe Société Foncière Lyonnaise**" code of ethics is to protect clients' interests, prevent irregular operations, and increase the regulation and supervision of transactions on the financial markets and within the business. It also aims to promote trust in the company among external partners such as suppliers, service providers, intermediaries, clients and personnel. The Code also contains the principles that govern the functions at SFL, i.e. integrity in anti-fraud investigations, non-discrimination and compliance with tax obligations.

The code consists of the following areas: Professionalism, Conflicts of Interests, Confidentiality, Integrity and Stock Market Operations.

Also, to ensure that all personnel are informed and aware of the corporate code of ethics, it is included in staff's employment contracts. SFL employees may also report to the internal control division via a corporate communication channel. It is important to point out that no claims or complaints of year kind were received in 2014.

The **Internal Code of Conduct for Stock Market Transactions** aims to help protect investors and other members of the financial system, increasing the quality and the transparency of the mandatory disclosures provided by Inmobiliaria Colonial S.A. to the market and, accordingly, ensuring that all parties involved can form a reasonable, well-founded opinion on which to base their decisions to buy or sell. This code of conduct lays down rules that will affect the parties bound by it.

4. INVESTORS AND SHAREHOLDERS

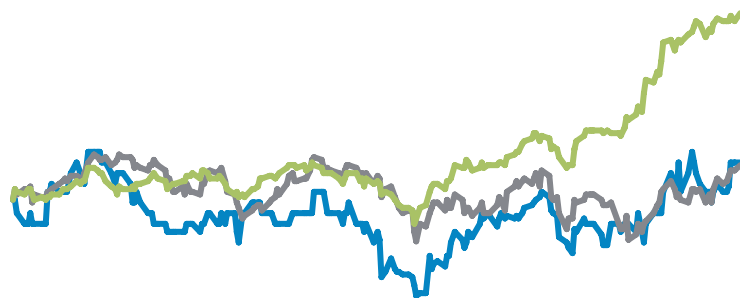
CHANGES TO THE CAPITAL STRUCTURE

On 6 May 2014 Inmobiliaria Colonial completed its recapitalisation process, ushering in a new phase in the company's history. At 31 December 2014, therefore, the new capital structure featured a loan-to-value (LTV) ratio of 38.4% for the Holding, an appropriate level of debt to carry through a long-term asset strategy with the backing of first-rate internationally acknowledged shareholders. The milestones in the recapitalisation process were as follows:

- **A new syndicated loan:** the company secured a new syndicated loan of €1,040 million, with bullet maturity on 31 December 2018, to replace the Holding's previous debt from internationally renowned lenders.
- **Share capital increase:** a capital increase of €1,236 million, which made it possible for investments from internationally renowned shareholders

and a large free float. The increased interest in joining the Colonial Group project also led to a change to the shareholder structure of SFL, whereby departing shareholders were replaced by long-term investors with strategies compatible with those of the Colonial Group on the Paris market.

Following the recapitalisation process, the Colonial Group became the largest listed real estate company in terms of capitalisation. The share price and trading levels were as follows:

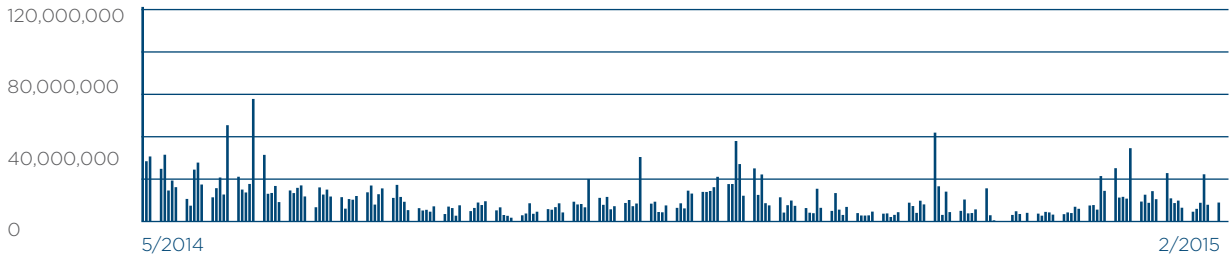


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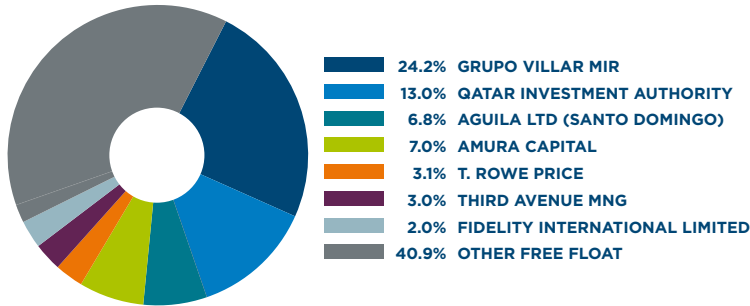


DAILY TRADED VOLUME (SHARES)



The shareholding structures of Inmobiliaria Colonial and SFL at the end of 2014 were as follows:

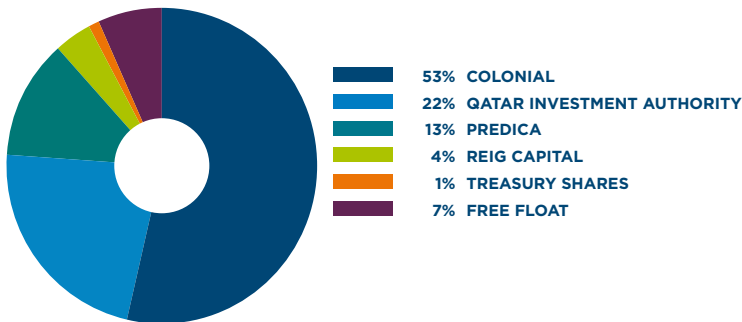
INMOBILIARIA COLONIAL SHAREHOLDER STRUCTURE



Grupo Villar Mir and the Qatar Investment Authority are Inmobiliaria Colonial's two largest shareholders. The Qatar Investment Authority is present in both companies (Colonial and SFL).

SFL paid out a total dividend of €45,363 million to non-controlling interests in 2014.

SFL SHAREHOLDER STRUCTURE



**A LARGE DIVERSIFIED
FREE FLOAT WITH A
HIGH NUMBER OF TOP
INTERNATIONAL FUNDS**

INVESTOR AND SHAREHOLDER RELATIONS

In accordance with the Internal Code of Conduct for Stock Market Operations, the Colonial Group provides its investors with clear information on the Group's financial position and results on a regular basis. Accordingly, the Group has communication channels available for investors where they can voice their suggestions, concerns and queries.

There are two communication channels - one for investors (i.e. institutional investors) and another for minority shareholders. Both channels have a telephone help-line and an e-mail address.

Shareholder Relations

E-mail:
accionistas@inmocolonial.com

Telephone: 93 404 79 10

Investor Relations

E-mail:
inversores@inmocolonial.com

Telephone: 93 404 78 98

Address: Av. Diagonal, 532 08006
Barcelona

The Colonial Group also provides daily financial information on its website under "Information for shareholders and investors".

Link: <http://www.inmocolonial.com/informaciones-para-accionistas-inversores/>



5. PROFESSIONAL TEAM

The purpose of HR management is to foster the professional and human potential by developing the employees of the organization. The Group seeks to offer stable beneficial employment to achieve the targets of the Group's strategic plan and guarantee the satisfaction of its employees. The action taken to date by Human Resources reflects the Group's commitment to a customer-orientated growth strategy which has the full support of its employees.

The Colonial Group has established the following commitments which reflect its values and the guidelines for HR management:

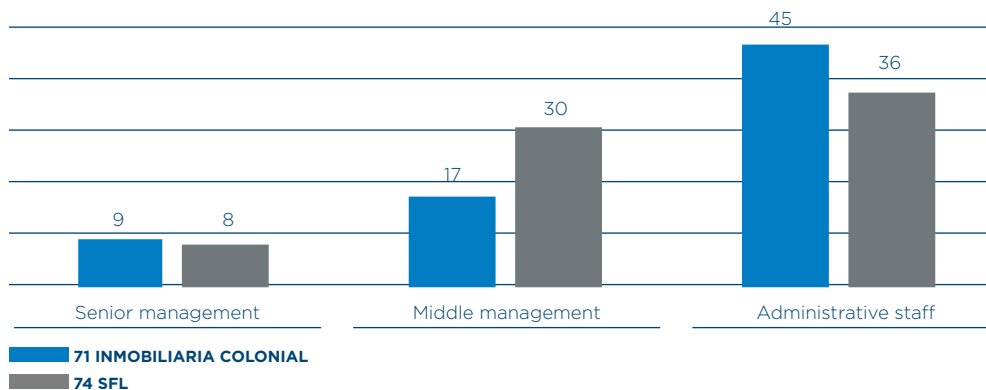
- Creation of an attractive working environment to stimulate the personal and professional development of its employees.
- Flexible working conditions to create a balance between work and family life.
- Equality and equal opportunities. Promoting employee welfare and health.

The organisation is in continual dialogue with its employees. A communication channel is available on a continual basis and it encourages sincere and straightforward relationships among its team members. The aim of the Colonial Group's dialogue with its employees is to achieve consistent improvements which will align its business objectives with its people's professional development.

The Colonial Group has implemented a HR management policy that aligns its employees' performance with the location and the situation of the business. In response to this commitment, each organization has designed its own management model.

At the end of 2014 the Group had 145 employees, 51% of which worked at SFL and the other 49% at Inmobiliaria Colonial.

COLONIAL GROUP HEADCOUNT BY PROFESSIONAL CATEGORY



THE COLONIAL GROUP'S HUMAN CAPITAL

The Colonial Group has identified its employees as one of its main assets and a key stakeholder. The Group has a firm commitment to foster a stable, fair environment that offers professional development and growth that meet its employees' expectations and concerns. These commitments are noticeable in the headcount.

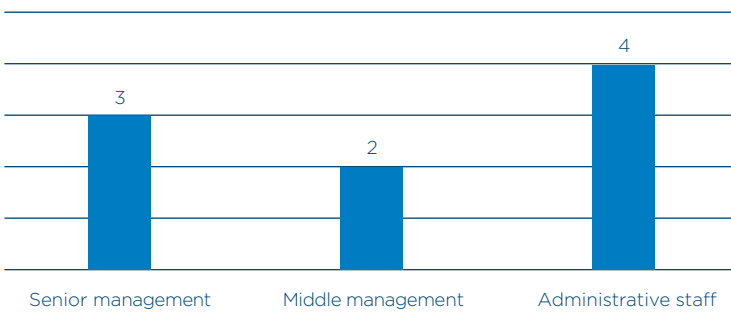
HEADCOUNT AT THE COLONIAL GROUP AT 31/12/2014

Category	Women	Men
Management	5	12
Middle management	19	28
Administrative staff	64	17
Age (years)		
Under 30	2	3
30-50	60	39
Over 50	26	15
Total headcount	88	57
Employees at the Colonial Group, total	145	

Collective Labour Agreement

Employees included in the industry-specific Collective Labour Agreement	143
--	------------

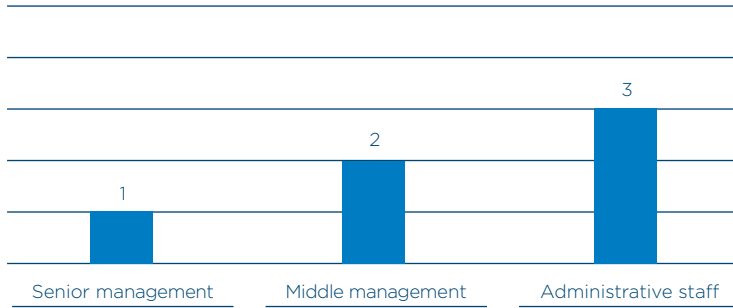
NEW HIRES BY EMPLOYEE CATEGORY



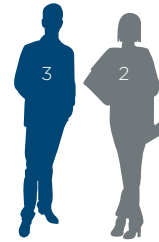
GENDER



VOLUNTARILY STEPPED DOWN/LEFT BY EMPLOYEE CATEGORY



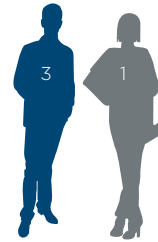
GENDER



DISMISSALS BY EMPLOYEE CATEGORY



GENDER



12

YEARS / AVERAGE LENGTH OF SERVICE

6.2%

TURNOVER*

*Turnover rate calculated considering ((New Employees + Former employees/2*100)/number of total employees)

In 2014, the Colonial Group's turnover was extremely low, demonstrating its commitment to its employees and employees' loyalty. The Group also has a commitment to maintain equal opportunities for older employees, as reflected by the average length of service of its workforce at 31 December 2014, and the fact that 25% of employees at SFL and 15% at Inmobiliaria Colonial are in the 40-50 age group.

This data is in line with the agreement entered into in 2009 between SFL and the industry leaders in France, which made older employees a priority by establishing a minimum number of over 55s of 8% -12%.

TRAINING MANAGEMENT

Training and professional development is part of the Colonial Group's corporate values. The Group has introduced the following initiatives to meet its commitments to its employees:

knowledge management, identifying and attracting talent and developing employees in general.

Every year employee training programmes are created to achieve the following objectives:

- Create and foster scenarios to ensure that each and every employee has access to continual training.
- Offer employees the tools and knowledge they need to carry out their work effectively and efficiently within the industry and in a market that is experiencing rapid legal, technical and environmental and health and safety changes.

TOTAL TRAINING IN 2014

Category	INMOBILIARIA COLONIAL		SFL		TOTAL Colonial Group	
	Participants	Hours of training	Participants	Hours of training	Participants	Hours of training
Management	2	86	3	99	5	185
Middle management	16	725	12	275	28	900
Administrative staff	40	1,936	37	906	77	2,842
Gender						
Female	38	1,807	33	766	71	2,573
Male	20	940	19	514	39	1,454
Total	58	2,747	52	1,280	110	4,027

In 2014, 4,027 total hours of training were provided, which means an average of 28 hours per employee.

Training programmes

In 2014 training programmes were developed on the basis of the training needs identified within the organisation, and their relevance to the Colonial Group's business and its performance. The following training programmes were a result of this process:

Area Training

Area training focuses on achieving the objective of developing the knowledge and skills needed to perform a job, including year updates and improvements that are required to perform the job. Training is a clear way of acquiring or developing skills.

Skills Training

Skills training focuses on goal-orientated action and initiatives and will depend on the individual ability of the employees that hold the post.

Motivational Training

Motivational training targets people that have the biggest influence on the company's strategic activities within the organisation and individual career plans.

In addition to the needs-based training, the Colonial Group helps employees to boost their language skills: defined as an employee benefit, the grants are defined in accordance with the specific needs of the job.

The process of classifying and assessing training needs has made the company more effective in terms of its training programmes and professional development.

In 2014 language training received a very high uptake, both for in-house courses and language-training grants offered by Inmobiliaria Colonial.

Investment in training

In 2014 investment in training totalled €251,436 (€74,011 at Inmobiliaria Colonial and €177,425 at SFL). Investment includes only external training costs, without taking into consideration internal costs (considered to be the outlay for courses given by staff at the Group and the cost of the facilities and technological resources used).

In 2014 the Colonial Group allocated more than **2% of the total payroll to training programmes** as part of the initiatives set up to speed up employees' development and new skills.

The HR department is currently hard at work defining and designing a new training plan for 2015. This plan aims to meet present and future business needs, providing the tools and training required to give employees the chance to continue to develop within the company and make a contribution to the growth strategy of the business.

DIVERSITY, EQUALITY AND EQUAL OPPORTUNITIES

Another commitment of the Colonial Group to its employees, which is also an integrated section of the management model, and included in the Code of Ethics, is its commitment to diversity and **equal opportunities for men and women**. To guarantee ethical behaviour and respect for equal opportunities, the organisation ensures that it is complying with the law and human rights.

In accordance with the Colonial Group's corporate management criteria, management plans have been deployed to **reconcile professional and family life**. Therefore, the Group has implemented flexible working hours which enable employees to start and finish work at different times.

On 16 December 2011 SFL reaffirmed its commitment to non-discrimination of men and women and the promotion of equal employment opportunities. 2014 is the third consecutive year of this agreement which was designed to guarantee equal recruitment opportunities and equal opportunities for promotion and support training. Based on this management model, recruitment companies with which SFL works with regularly are aware of the agreement and of the need to comply with its provisions for the selection and identification of candidates.

DIAGONAL 609-615, BARCELONA



HEALTH AND SAFETY

Adequate facilities for proper personal and professional development, making sure that all employees are aware of safety regulations and having the necessary training on occupational risk prevention, is a fundamental part of the Colonial Group's staff management. The Colonial Group's efforts in this area reduced the number of accidents among its own employees to zero in 2014.

To meet the established target, the Colonial Group has a Safety, **Health and Hygiene Committee** for all its employees which is composed of management representatives (2) and representatives of the Employee Representatives Committee (2 in Spain and 3 in France).

The issues addressed and the responsibilities of the Committee include risk assessment reviews, ensuring adherence to employee health and safety measures, and other issues such as Occupational Risk Prevention, employee comfort based on ergonomics and, in general, year aspects guaranteeing a healthy working environment for all employees at the company.

Inmobiliaria Colonial and SFL have implemented specific plans in response to Group commitments and legislation.

In 2014 SFL concluded the implementation of the recommendations made during the risk report update in 2013. As required

by the law, the report identifies health and safety issues at the company and preventative measures that need to be improved or updated. Following the initial identification process, the main initiatives carried out afterwards consist of an information session on work station ergonomics and a work group in charge of implementing a process to prevent psychosocial risk factors, in conjunction with the French Occupational Health Association.

Furthermore, employees responsible for coordinating emergency fire evacuation procedures received theoretical and practical fire-prevention training.

COMPENSATION AND REMUNERATION

The Colonial Group's remuneration policy is founded on equality and equal opportunities and it is restricted by changes in the market.

Remuneration composes a fixed and variable component commensurate with an employee's job and category. There is also a third contribution component which consists of the employee benefits made available to all of the Colonial Group employees.

In January 2014, the Parent's Extraordinary General Shareholders' Meeting approved a long-term bonus scheme for the Chairman and Chief Executive Officer of Inmobiliaria Colonial, S.A. and for members of the Group's Executive Committee which will run from 2015 to 2019. SFL also operates two share option plans for executive directors and senior leadership at the company.

The basis of remuneration guarantees an attractive, competitive and balanced model to attract new talent and to motivate and retain people that are part of the team at the Colonial Group. This remuneration model also seeks to bring the remuneration policy into line with the strategy for growth and enable employees to share in the performance of the organisation.

Remuneration map

Since 2002 Inmobiliaria Colonial has been using a category-salary band map which extends to all members of staff and establishes three salary levels linked to the performance and skills of each employee. The purposes of this map are to keep salaries competitive while ensuring equality and equal opportunities within Inmobiliaria Colonial. The three bands are:

DEVELOPMENT,
COMPETENCE
and CONTROL.

Once the remuneration map was drawn up, the wage bands and the internal situation of the company were reviewed to guarantee competitive salaries with respect to the market and equality and equal opportunities in terms of employee remuneration.

The salary review policy is jointly managed by the HR Department and the management of the various areas, based on a review of the pay situation of each employee in due consideration of the following aspects:

- Comparison of responsibilities among the various positions.
- Equal pay for men and women principle.
- Market wage data from national and/or industry-specific surveys.

Variable remuneration

The purpose of the variable component is to promote participation and foster a culture of team work as well as strengthen the skills of its employees. It is a win-win system that aligns employees' **expectations and corporate objectives, and the remuneration policy and the growth strategy.**

All Group employees opt for bonuses calculated on the basis of annual performance assessments and the degree of compliance with targets, which aim to up continual improvement and measure the attainment of qualitative results. Excluding members of the Executive Committee, the variable component can account for between 6% and 25% of an employee's salary depending on each individual's responsibilities.

Extraordinary and contingent remuneration

In 2013, upon the proposal of the Nomination and Remuneration Committee, the Board of Directors approved extraordinary remuneration of up to €4 million for members of the Executive Committee of Inmobiliaria Colonial, and another extraordinary item payable to the Parent company's employees. This bonus was subject to the restructuring of the Colonial Group's syndicated borrowings which matured on 31 December 2014.

Once the borrowings had been successfully restructured, and following a report from the Nomination and Remuneration Committee, the Board of Directors set the exact amounts of the extraordinary items and the method of distribution in 2014. The extraordinary item, totalling €247 thousand, was paid to employees.

Employee benefits

The main employee benefits are subsidised medical insurance and the possibility of joining another life insurance scheme in addition to the mandatory scheme stipulated in the collective labour agreement.

General employee benefits (Spain and France)	No. of employees in the scheme	Cost of the programme (thousands of euros)
Medical insurance For all employees at the company + one	143	208
Life and Accidental death insurance Voluntary insurance and mandatory insurance stipulated in the collective labour agreement	143	97
Meal vouchers Nominal vouchers (€9)	130	121
Employee benefits in Spain		
Car park Free parking	71	31
Christmas gifts All employees + collaborative partners	71	7
Christmas meal All employees + collaborative partners	71	11
Births Mini-hampers on the birth of employees' children	3	0.3
Employee benefits in France		
Business savings benefit All employees (after voluntary payment)	58	158
General services discounted cheques All employees (on request)	69	28

COMMUNICATION CHANNELS

Internal communication is key to achieving corporate objectives. **The basic objective is to secure a level of cooperation among the departments and areas to achieve the Colonial Group's business objectives.**

The structure of the Colonial Group means that **direct face-to-face communication** is carried out in company spaces and offices. It continues to be the primary channel of communication within the organisation.

The Group has other channels of communication such as the **intranet and traditional means of contact** (e-mail, telephone and the website).

The Inmobiliaria Colonial intranet provides its employees with all the information on day-to-day business, as well as details of medical insurance, and a direct e-mail to contact HR with opinions and suggestions.

The same services are available at SFL where monthly employee barometers are available through the intranet to gauge their level of satisfaction and their main concerns and needs.

UNION REPRESENTATIVES

A further example of the Colonial Group's commitment to dialogue with its employees is the creation of staff committees at both Inmobiliaria Colonial and SFL.

The Staff Committee at Inmobiliaria Colonial is composed of 5 members at the Barcelona site and 1 union representative at the Madrid site. All of the Colonial employees are represented on the staff committee. In 2014 Inmobiliaria Colonial held six meetings, two of which were attended by the Chief Executive Officer.

A number of informal meetings were also arranged between the Company and the Committee to address and resolve year issues that may have arisen.

The SFL representative is the "Unified Delegation of Employees". Its members are regularly updated and consulted on matters of interest relating to the Group's structure and operations.

6. CLIENT SATISFACTION

The Colonial Group is one of the main operators in the Spanish and European property markets, and leads the office rentals sector thanks to the trust that its clients place in it.

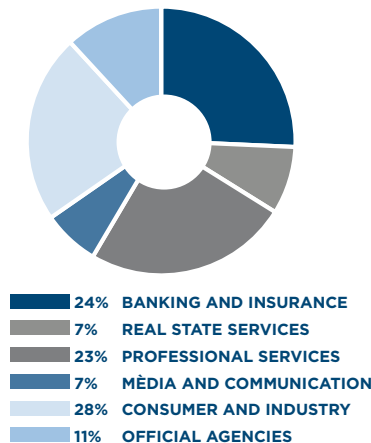
The Group is well aware of this relationship and focuses on each of its clients, striving to maintain an efficient personal relationship where both parties work on continual improvement. This strategy aims to provide a service that meets all of their expectations and needs in order to win their trust and guarantee satisfaction. To meet these commitments, the Colonial Group has carried out projects with two clear aims: (i) to boost client dialogue channels and (ii) offer the best quality and service in the real estate portfolio.

To respond to its commitment to its clients, the Colonial Group has designed and put in place a number of channels for communication and property management through which it can maintain consistent dialogue with its clients. These mechanisms also enable the alignment of the Colonial Group's work and its clients' needs.

In 2014 more than €135 million were invested in Group refurbishments and projects in a bid to optimise the position of the property portfolio and improve the service and portfolio offered to clients. Property remodelling and improvements were based on environmental management certificates and improved features and services in the buildings.

The Group portfolio now consists of a total of **206 clients at Inmobiliaria Colonial and 185 clients at SFL** across 6 key industries (see table below). In 2014 the Colonial Group's rate of occupancy was 87%, an improvement on the rate of occupancy observed in 2013.

**COLONIAL GROUP CLIENTS*
BY INDUSTRY**

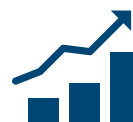


*It includes clients accounting for 80% of the Group's total turnover (Colonial and SFL) across 6 industries.

CHARACTERISATION OF THE COLONIAL GROUP'S CLIENTS

**PROFESSIONAL SERVICES**ADVISORY / AUDIT
/ LEGAL / HR /
MARKETING**CONSUMER SERVICES AND INDUSTRY**RETAIL COMMERCIAL
SERVICES /
HOSPITALITY /
LEISURE**MEDIA AND COMMUNICATION**IT / ENGINEERING /
TELECOMMUNICATIONS**OFFICIAL AGENCIES**

PUBLIC AGENCIES

**REAL ESTATE SERVICES**DEVELOPERS
/ AGENTS /
CONSULTANTS**BANKING AND INSURANCE**BANKING / FINANCE /
INSURANCE

ACTIVE PROPERTY PORTFOLIO MANAGEMENT

In 2014 the Colonial Group drew up rental contracts, which covered a surface area of 107,881m². Sixty-seven per cent of this area (71,914m²) comprised new contracts. This almost triples the volume of new contracts entered into during 2013 (28,041m²). The largest contracts in Spain were for refurbished/recently delivered buildings while in France most contracts were for the most sought after buildings in the central business district which were at the higher end of the price range for this area.

The table below shows the commercial business in 2014:

The high number of renovations reflects the number of years that clients have been with the company - **60% of Top 20 lessees in terms of rental income have been Group clients for over 5 years.** The average contract term for Top 20 clients is 8 years. Occupancy data for EPRA indicate an increase of 3 percentage points in the total portfolio compared to 2013.

On 23 July 2014, SFL sold its non-controlling interest in SIIC de Paris. The transaction represented the disposal of a mature asset at the maximum price less costs.

COMMERCIAL BUSINESS IN 2014 (SQUARE METRES)

	Total	Barcelona	Madrid	Paris
New contracts	71,914	20,110	26,988	24,816
Remodelling and renovations	35,967	12,554	17,020	6,393
Total commercial units	107,881	32,664	44,008	31,209
Renovations as a percentage of commercial business	33.3%	38.4%	38.7%	20.5%
EPRA rate of occupancy, total ⁽¹⁾	87%	79%	88%	88%

(1) EPRA occupancy: Financial occupancy as per calculation recommended by EPRA (occupied areas multiplied by market rental prices/surface areas leased at market rental prices).

IMPROVING CLIENT SATISFACTION

At the end of 2011 Inmobiliaria Colonial's Business Area created the **strategic plan to improve competitiveness**.

Its main objectives in terms of client service were based on action aimed at optimising the property portfolio in terms of client service and at technical and environmental levels.

The Colonial Group has made a continual effort to build a genuine effective relationship with the client in this regard, conducting analyses and working to understand the needs and expectations of users of the buildings in its property portfolio. The Group conducts satisfaction surveys every two years at SFL, and every 3 years at Inmobiliaria Colonial as part of its commitment to improving communication. The purpose of the surveys is to measure client satisfaction and identify the real expectations of the companies that carry on their business in the Group's buildings on a daily basis. Once the surveys have been completed, the processes of integrating the results make it possible to design solutions in accordance with clients' requirements and situations.

In recent years both Inmobiliaria Colonial and SFL have carried out surveys to find out the expectations, needs and levels of satisfaction of their clients or end users. The main surveys and subsequent action plans are described below.

INMOBILIARIA COLONIAL CLIENT SATISFACTION SURVEY

Date: 2012

Scope: 28 companies (representing 20% of lessees, 36% of turnover and 22% of leased surface area).

Result: 88% of respondents claimed they were satisfied or very satisfied with Inmobiliaria Colonial's services.

When the results of the satisfaction survey had been consolidated and analysed, an action plan was drawn up to make improvements to client service. This plan led to the implementation of three key elements:

- (i) A client intranet for each multi-user building in 2013.
- (ii) Creation of new services and communal facilities (games and sports areas in the buildings, an approved defibrillator in the lobby of all multi-user buildings etc.).
- (iii) Installation of corporate screens displaying general information and information on the building itself in the lobby of the multi-user buildings (2013-2015).

SFL ENVIRONMENTAL SURVEY

Date: 2013

Scope: 492 employees at 47 companies (lessees of 12 buildings, 52% of which are female and 48% male, and 79% of the total management respondents).

Result: identify specific sustainability issues.

The premise of the survey was to identify environmental issues relating to the client portfolio. The survey results revealed a particular interest in improving energy efficiency and in selective waste collection at buildings as well as the importance of having buildings certified to environmental standards.

SFL offers its clients the following services:

- **Restaurant Service.** Most SFL buildings have a company restaurant, which is the most appreciated service by clients. The catering services are first class - chefs adapt menus to customer comments and opinions and endeavour to offer healthy choices at all times.
- **User guide.** Publication of user guides for the buildings, containing all kinds of information on the functioning of the building, managing visits, access to facilities and building security and protection services. Users also have access to a list of sustainable practices for water and energy usage, waste separation and recycling and sustainable mobility (public transport and bicycles). This serves a dual purpose: firstly, it creates a service that is high in added value and it meets the requirements of environmental certifications for buildings.

SFL SURVEY OF VALUE-IN-USE OF BUILDINGS

Date: 2014

Methodology and scope of the survey: conducted in conjunction with Paris City Council, it surveyed some thirty companies across a range of industries (luxury goods, professional consultants, banking and insurance, technology, communication, personal services, industry, etc.) and 20 executives in the Paris region.

Result: 82% of building users claimed they were satisfied or very satisfied with the services received from SFL.

The survey was based on three areas aimed at creating intangible value: maximisation of production time, occupational welfare and company efficiency. The main strong points for the respondents were the location (88%), quality of the working environment (35%) and the quality of the building's architecture (35%).

Following the surveys, in response to clients' needs, SFL sought to meet and anticipate their needs by no longer being a building provider and instead becoming a creator of solutions. On this premise, the company strives to offer top-quality facilities that will maximise the productivity for clients in the buildings.

MANAGEMENT AND COMMUNICATION CHANNELS

The Colonial Group consolidates its commitment to clients through a number of different communication channels designed to ensure constant direct personal communication with clients to obtain benefits for both parties.

The Group uses these communication channels to find out clients' needs and opinions, enable it to follow up year incidents or management issues that may arise at buildings in real time, and guarantee a genuine long-lasting relationship with clients. The following channels are also used in addition to client satisfaction surveys:

Building Manager

In addition to the action in place, to offer clients a high-quality service based on long-lasting relationships and partnership, the Colonial Group has devised the concept of the Building Manager. Each building will have a single point of contact. **A Building Manager has three main functions:**

- **Client service.** The Building Manager is the Colonial Group's direct client contact.
- **Control of operations.** The Building Manager carries out the same tasks as the manager of year business. The building generates revenue and the manager analyses its economic feasibility and implementation.
- **Maintenance and upkeep.** In addition to dealing with year ad hoc client requests, the Building Manager is responsible for year legally-required maintenance and other pro-active upkeep needed to maintain a building portfolio in keeping with market needs.



The Colonial Group client intranet

SFL and Inmobiliaria Colonial have online platforms enabling the company to effectively manage the leased buildings, supply relevant information and provide clients with new services. Both platforms provide common services as well as bespoke services that respond to differing needs and requirements of clients.

Client intranet plays a key role in two-way, direct, personal communication between the company and the various lessees.

Although this tool was originally designed to address the needs of multi-user buildings, the service is also considered important for buildings leased by single-user lessees. This is why the objectives for 2015 include consolidation of the intranet in buildings occupied by a single-user lessee. The service provides access to 21 of the company's buildings. From June to December 2014, Inmobiliaria Colonial's intranet was visited 509 times.

The application is personalised for each building.

INTRANET SERVICES

Managing notifications (Inmobiliaria Colonial)	Clients and their Building Managers can use this service to issue notifications. Requests/ notifications are received and appropriate action is taken to deal with year incidents.
Correspondence (Inmobiliaria Colonial)	Correspondence offers a concierge system, a channel for suggestions and complaints and records of past communications which can be used for the purpose of monitoring claims and complaints. Management is ultimately responsible for the complaints registration process. It will issue an e-mail response with proof of delivery and contact clients in less than 24 hours of them having received the complaint.
Building Services (SFL and Inmobiliaria Colonial)	A space where clients will find contact information for the company, suppliers, the services offered in the building, etc. They may also use the application to manage visitors' badges and book communal areas and services (this is currently available at the Sant Cugat and Martinez Villergas complexes for paddle courts, golf sets and changing rooms).
Newsletter (SFL and Inmobiliaria Colonial)	The newsletter notifies clients of year new public legislation that may be of interest in connection with the office space leased.
Surveys (Inmobiliaria Colonial)	Management at Colonial uses this application for making all kinds of queries, surveys or proposals to clients for matters of common interest in the building or in the corporate interest of Colonial. Client satisfaction at the Colonial Group is key to its business model.
Documents and Manuals (SFL and Inmobiliaria Colonial)	Clients have access to the following documentation: User guide for the building, emergency evacuation plan, building certificates, drill certificates, risk assessment reports and permits.
Information concerning access and transport (SFL)	The service provides information on the main transport options nearest to the properties. Detailed information on building access is also provided.
APP (SFL)	The platform was designed as an app to make it more user-friendly and to fit in with client lifestyles.

“A Coffee with the Building Manager”, conversations with clients at Inmobiliaria Colonial

In 2013, the “A Coffee with the Building Manager” initiative was implemented as part of property department’s own processes, in which clients chatted with the Building Manager. The aim is to find out clients’ concerns and opinions of the services provided, and give daily information on the Business Area in a pleasant and informal manner, providing clients with an insight into the business.

The initiative also predicts the new trends on the market in connection with use and facilities to make services more efficient and to continually improve the features offered to clients.

During the implementation of “A Coffee with the Building Manager” a lot of work went into ensuring that chats took place in a relaxed environment away from the client’s office, respecting the Group’s intention to create a space that fostered informal and honest dialogue.

During the second round of the programme in 2014, 84 clients were interviewed of a total 126 single-user clients (67% of the current portfolio).

After the second round of “A Coffee with the Building Manager”, the results obtained were rated very positively by the organisation and its clients. Twelve respondents felt the tool was “very necessary”, and the other 71 found the

interviews “useful” and, accordingly, none of the lessees considered the initiative ineffective. As in 2013, clients were comfortable and pleased with the facilities and services available in the buildings and the offices.

Client appraisal

Eighty clients evaluated the three main lines of action taken by Inmobiliaria Colonial. The results were as follows:



*Score: 5 Very good / 4 Good / 3 Adequate / 2 Poor / 1 Very poor.

Points of contact

In addition to these communication channels, Group companies also have traditional points of contact such as the corporate website, telephone and e-mail. Since the introduction of the client intranet, there has been a substantial reduction in the number of enquiries made via traditional methods.

7. SUPPLIER RELATIONSHIP MANAGEMENT

The Colonial Group considers its contractors, suppliers and general partners as essential for the group to achieve its objectives and, therefore, it uses impartial and objective criteria in its selection processes to prevent year conflicts of interests or preferential treatment.

It also puts into practice its principles in its relationship with partners and it proactively seeks to transfer its principles and values which can be found in the Group's code of ethics. The Group also promotes and offers partnerships with suppliers and contractors that approve social, environmental and ethical standards in keeping with its own.

Suppliers of the Colonial Group

The Group is responsible for and committed to meeting its clients' needs quickly and efficiently. The commitment requires the co-operation of service providers ("maintenance staff") to take on commitments with the Group by establishing efficient honest relationships that will guarantee client satisfaction.

In addition to its maintenance staff, the Group works with construction service providers during remodelling and renovation projects and other building improvements. Along with these suppliers and the maintenance staff, the Colonial Group maintains a firm objective to meet the legally-stipulated health and safety and recruitment conditions and human rights as part of its contractual relationships. **In 2014 Inmobiliaria Colonial worked with a total of 720 suppliers and SFL worked with 994.**

In 2014 a significant portion of non-recurrent professional services billed in total supplier billing consisted of fees paid to the professionals that were part of the debt restructuring programme.

Also important in 2014 was the reduction in the average period for payments with respect to 2013. In 2013 the average period for payments to Inmobiliaria Colonial's suppliers was 59 days which was brought down to 53 days in 2014. Similarly, the average past-due period fell from 94 days to 84 days.

Supplier Approval Processes

The Group is committed to ensuring that the contractual relations are lawful and that suppliers adhere to the organisation's Code of Ethics and, accordingly, an approval process was established to guarantee that the requirements envisaged in the Conditions of Supply are complied with at all times. **The process ensures that suppliers adhere to the agreements made by the United Nations International Labour Organization (ILO) in terms of freedom of association and collective bargaining, non-discrimination at work, forced or compulsory labour and child labour.**

The following procedure is employed for approval processes:

- **Definition of initial criteria.** This includes a definition of the services to be provided and the requirements that will be included in the conditions of supply.
- **Preliminary meetings.** During meetings the services are explained and an initial approach is made to the bidding company.
- **Delivery of conditions of supply.** The conditions are delivered to applicants along with the contractual conditions and requirements.
- **Contracting.** Once applicants have been assessed and the conditions have been met, the supplier is accepted. Only suppliers that meet the requirements established by the Colonial Group may work with Group companies.
- **Follow-up assessments.** Regular assessments are carried out via the supplier platform to ensure that suppliers are continuing to meet the conditions of supply. SFL conducts audits to assess whether the conditions of supply are still being met.

The Conditions of Supply delivered to suppliers

set out the mandatory conditions and a breakdown of the services that will be provided. The conditions envisage the technical, health and safety, environmental and compliance issues as well as certifications, organisation of services and administrative matters.

In addition to the approval processes, SFL conducts **audits** on its suppliers to apply to its partners the same stringent health and safety and environmental and safety criteria that applies to its own employees. The audit processes also act as a reminder of expiring certifications and regulations and are used to implement improvements based on the observations and inconsistencies reported after the verification process. In 2012 the system used to oversee compliance audits was renewed through the AMADEO facility, a customised external application covering aspects of

environmental safety and sustainable development.

The Colonial Group has the same health and safety requirements for its suppliers as it does for its own employees. Requirements were put in place and a health and safety audit process was defined for Group suppliers. This audit is limited to company rules and a procedure manual which is updated on a regular basis to take account of changes in health and safety legislation.

All of the Group's business suppliers (defined as providers of services to its buildings) are subject to approval, and also undergo an assessment -

audits in the case of SFL - to guarantee that all the requirements that were met during the approval process are still valid. SFL also capped the level of subcontracting allowed to guarantee the service provided and ensure that suppliers could be traced.

Hiring locally

The specific nature of the Colonial Group business model dictates that suppliers are hired locally in Spain and France and, accordingly, ensures service efficiency and contributions to the local community. **Eighty-three per cent of Inmobiliaria Colonial's suppliers are domiciled in Spanish for tax purposes while 98.8% of SFL's suppliers are domiciled in France for tax purposes.**

SUPPLIER MANAGEMENT PLATFORM

Both Inmobiliaria Colonial and SFL have supplier management platforms to ensure compliance with employment regulations, health and safety procedures, environmental and sustainable development policies and legislation, and to guarantee efficient communication and carry out the relevant administrative tasks.

The platforms operate as online applications that can be accessed by all staff at Inmobiliaria Colonial and SFL in charge of managing and coordinating services offered in the buildings. All service providers have their own access to the platform, giving them detailed information of the services to be provided and the conditions of supply. The platform is also used to contact suppliers, making it a fast

efficient means of communicating with service providers.

The platform manages the documentation pertaining to contract specifications that is required of service providers by the Colonial Group companies. Once the information has been uploaded on to the platform, an alert service monitors the validity of the documentation, and this ensures that the documentation is always valid at the date the service is provided.

SUSTAINABLE PROCUREMENT

The Group endeavours to establish a **procurement strategy that meets Corporate Social Responsibility criteria in selection processes and definition of services**. The aim is to have exemplary supplier management that will increase the purchase trail.

SFL appointed a person in charge of environmental issues and sustainable purchases. This person delivers action plans that reduce the environmental impact of the organisation, particularly in the context of the tasks of the technical division and the CSR performance objectives.

The main responsibilities of the environmental manager are as follows:

- Supervising the product trail.
- Evaluating materials.
- Introducing technical and environmental innovation.
- Monitoring and following up overall CSR results.

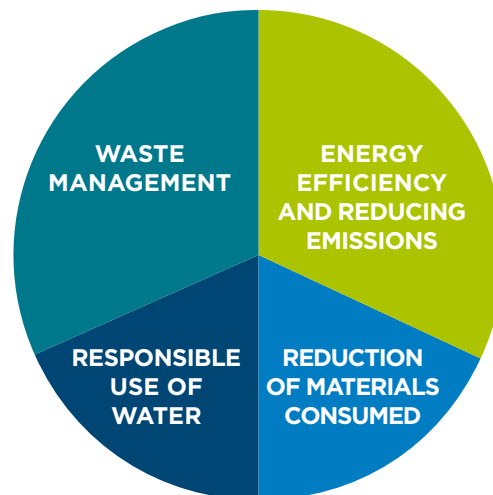
The Group is now at the stage at which the sustainable procurement strategy is being designed and implemented.

8. ECO-EFFICIENCY

The Colonial Group has a commitment to be as environmentally friendly as possible in the course of its business, and to minimise environmentally adverse impacts that might be caused by Group companies. It seeks to establish best practices, involving clients, employees and suppliers to obtain maximum efficiency in the buildings and reduce their impact on the environment. The objective is to produce a portfolio of high-efficiency buildings that consume fewer resources, reducing emissions of CO₂, as well as bringing down consumption of materials, the amount of waste produced and the quantity of water used.

The Colonial Group also assists with the conservation of natural resources and areas of ecological, scenic, scientific or cultural interest. It has a firm commitment to carrying on its business in strict adherence to the applicable environmental legislation, which is also extended to its relationships with contractors, suppliers and external partners.

As the Group operates in the real estate sector, management of sustainability and work to secure a respectful, efficient, sustainable approach to the environment is based on a continual improvement process through the implementation of internationally recognised certification of environmental management systems and efficient and sustainable construction. There are also systems in place to monitor consumption levels at buildings to support this objective of continual improvement. **The Colonial Group therefore faces four main sustainability challenges:**



The real estate industry has witnessed an increase in the importance placed on energy efficiency by its competitors and its clients. The Colonial Group has therefore established the efficient **satisfaction of energy demands at the lowest possible environmental and economic cost**. The Group is working on a building portfolio certified to international standards of energy efficiency and sustainable management systems. **At present 50.9% of buildings have some form of certification, and a certification target has been set for 2015 to certify a further 17 properties, bringing the number of certified buildings to 83% by 2015.**



TRAVESSERA/AMIGÓ, BARCELONA

Property portfolio	Certifications (EPRA Cert-Tot)						Supply management at the Colonial Group				Sustainable like-for-like
	HGE	Etiqueta energética	LEED	BREEAM	ISO 50001	ISO 14001	Energy	Water	Materials	DEXCELL	
1. Sant Cugat Nord		√		(2015)	√*		√ T	√		√	√
2. Martínez Villergas, 49		√		(2015)			√ T	√		√	
3. Torre Marenostrom		√		(2015)							
4. Diagonal, 609-615 (DAU)		√		(2015)	√*		√	√		√	
5. I Llacuna		√		(2015)	√*		√	√		√	
6. Recoletos, 37		√		(2015)			√ T	√		√	√
7. Capitán Haya, 53		√					√ T GN	√		√	√
8. Berlín 38-48/ Numància 46		√		(2015)	√*		√	√		√	
9. Alfonso XII, 62		√		√			√ T			√	
10. José Abascal, 56		√		(2015)			√ GN	√		√	
11. C. Norte Hotel		√									
12. Diagonal, 530		√		(2015)	√	√	√ T	√	√	√	√
13. Glorias-Diagonal		√		(2015)							
14. Hotel Marina de la Torre		√									
15. Torre BCN		√		(2015)	(2015)		√ T GN	√		√	√
16. Alcalá, 30-32		√					√				
17. Diagonal, 682		√		(2015)	(2015)		√ GN	√		√	
18. Ortega y Gasset, 100		√									
19. Castellana, 52		√		(2015)	√		√	√		√	
20. López de Hoyos, 35		√					√	√		√	
21. C. Norte-Agustín de Foxá, 29		√		(2015)			√	√		(2015)	
22. Ausias March, 148-150		√		(2015)			√ T	√		√	
23. Miguel Angel, 11		√		(2015)			√ T	√		√	√
24. Ramirez Arellano, 37		√		(2015)							
25. Castellana, 43		√	√								
26. Pedralbes Centre		√			√*						
27. Francisco Silvela, 42		√		(2015)			√ T	√		√	

Property portfolio	Certifications (EPRA Cert-Tot)						Supply management at the Colonial Group				Sustainable like-for-like
	HGE	Etiqueta energètica	LEED	BREEAM	ISO 50001	ISO 14001	Energy	Water	Materials	DEXCELL	
28. Paseo Tilos, 2-6		√	Pre-certification								
29. Trav. de Gracia, 11		√	√				√ T			(2015)	
30. Orense, 46-48		√									
31. Pza. Europa, 42-44		√									
32. Vía Augusta, 21-23		√		(2015)			√ T	√		√	√
33. Diagonal, 409		√	√				√	√		√	
34. Amigó		√	√				√			(2015)	
35. Hanovre LB				√						N/A	
36. C. Elysées, 90 - OZONE				√						N/A	
37. C. Elysées, 92	√			√			√ CR	√		N/A	√
38. 96 léna				√			√ CR	√	√	N/A	√
39. Grenelle, 103	√			√			√ CR	√	√	N/A	√
40. Haussmann 104- 110				√						N/A	
41. 108-112 Wagram	√			√			√ CR	√		N/A	√
42. Prony-Wagram				√						N/A	
43. Neully				√			√ CR	√		N/A	√
44. Ilot Richelieu - #CLOUD			√	√						N/A	
45. Edouard VII				√			√ CR	√		N/A	√
46. C. Elysées 82-88	√			√			√ CR	√		N/A	√
47. Quai Le Gallo - IN/OUT			√	√						N/A	
48. Call-Lda				√			√ CR	√	√	N/A	√
49. Issy Les Moulineaux				√						N/A	
50. Cézanne Saint-Honoré	√			√			√ CR	√		N/A	√
51. Rives de Seine				√			√ CR	√	√	N/A	√
52. Washington Plaza				√			√ CR	√	√	N/A	√
53. Condorcet				√						N/A	

*ISO 50001 implemented, not certified.

GN: Natural gas used at the building.

T: Buildings where Colonial controls the total level of energy consumed in the building.

CR: Buildings with separate electricity consumption for heating, cooling and other purposes.

DEXCELL: Inmobiliaria Colonial's energy consumption management system (not available at SFL buildings).

See 8.7 Certification for details and descriptions.

GENERAL POLICY

The Colonial Group has always been fully committed to the environment and the society.

In response to challenges posed to the industry such as the sustainable management of resources and, in particular, energy, **the decision was taken to introduce a strategy and action plans for the management of environmental issues and energy consumed in the business.** The project has two aims: (i) to continue to monitor energy-related issues within the organisation and (ii) to monitor direct and indirect issues affecting environmental management.

Management approved a **general policy** which would contribute the resources required to achieve the objectives and targets required to meet the strategy for continual improvements to environmental management and energy efficiency at the facilities.

The policy sets out the environmental initiatives that will form the basis of the Group's policy:

- Continual improvement of environmental and energy-related performances and prevention of pollution.
- Availability of information and communication to the organisation as a whole and to stakeholders.
- Fulfilment of all legal requirements or company requirements in connection with environmental issues, utilisation and consumption of energy and energy efficiency.

- Selection of services and equipment and design of processes to make facilities and services energy efficient.

- Securing tangible results, i.e. a significant reduction in the amount of energy used based on objectives and targets.

The policy is available on the intranet and to all employees and other parties interested in environmental management and energy efficiency in the buildings. In accordance with ISO 14001, the full policy is also available to the general public on the website.

Group companies have adapted the policy to the situation in Spain and France and to the laws in both countries.

ENERGY EFFICIENCY AND EMISSIONS REDUCTION

Energy and Emissions

The Colonial Group manages energy efficiency at its properties on the basis of the amount of control that it has at each one. There are three different scenarios:

- a) Wholly-owned offices.** The company directly manages energy efficiency at its buildings.
- b) Leased offices, with control over management of energy consumption.** The portfolio contains 32 buildings with leased offices, where the Group manages consumption in some or all of their facilities. In other words, at some buildings controlled by the Group, it does not have full control of all consumptions at the building. Where there is no full control of consumption at the building, the lessees are responsible for managing consumption.
- c) Leased offices, with control over energy management in the whole building.** The Colonial Group has full control over energy efficiency at some buildings in the portfolio such as the buildings included in the **sustainable like-for-like** category.

The GRI (Global Reporting Initiative) sets out guidelines for the type of resources consumed and how to manage them. There are currently no Scope 1 Consumption or Emissions since some of the fuel consumed is managed by third parties. However, the energy consumption and emissions disclosed in Scopes 2 and 3 and their **intensity are included**. In the case of Inmobiliaria Colonial, the below adjusted intensity is for average annual office occupancy in 2014 and, in the case of SFL, the average annual occupancy of all of its buildings.

Regarding the categories of energy consumption, there are: electricity used for general purpose, fuels (natural gas and diesel) and electricity consumed by the heating and cooling systems. However, not all of the buildings have more than one source of energy.

A) CONSUMPTION AND EMISSIONS. WHOLLY-OWNED OFFICES

Sustainability indicators	Measurement unit	Consumption		Measurement unit	Intensity		Adjusted intensity (for occupancy) (EPRA Energy-Int, GHG-Int)
		Buildings	Value		Square metres	Intensity (EPRA Energy-Int, GHG-Int)	
Consumption and Emissions in wholly-owned offices of the Colonial Group* (Diagonal 530, Castellana 52 and Washington Plaza) Scope 2							
Electricity consumed (G4-EN3, EN5, CRE1) (EPRA Elec-Abs)	MWh	3	1,069	Kwh/m ² /year	4,575	233.7	283.0
CO₂ emissions (G4-EN15, CRE3) (EPRA GHG-Dir-Abs)	TeqCO ₂	3	330.8	TeqCO ₂ m ² /year	4,575	0.072	0.067

*Consumption at the office on Diagonal 530 was estimated on the basis of the surface area of the wholly owned office as a percentage of the total building, by applying it to the total amount consumed in 2014. The calculation at Castellana 52 took into consideration the office's surface area because energy consumed by other offices is controlled by the lessees.

Communal surface areas were not taken into consideration in the intensity data.

See sources and emission factors in 10.3 Report parameters.

B) ENERGY CONSUMED AND EMISSIONS AT LEASED OFFICES

Sustainability indicators	Energy consumed		
	Measurement unit	Number of buildings*	Energy consumed/Emissions **
Fuel consumed (natural gas and diesel) (G4-EN4) (EPRA Fuels-Abs)	MWh	16	2,835
Electricity consumed (G4-EN4) (EPRA Elec-Abs)	MWh	32	68,056
Heating and cooling used (G4-EN4) (EPRA DH&C-Abs)	MWh	11	18,438
Total energy consumed (G4-EN4) (EPRA Fuels-Abs, Elec-Abs, DH&C-Abs)	MWh	32	89,329
CO₂ emissions (G4-EN16) (EPRA GHG-Indir-Abs)	TeqCO ₂	32	15,484

*Section 8. Eco-efficiency lists the buildings included in the data presented on group consumption.

**Consumption at the office on Diagonal 530 was estimated by considering the surface area of the leased offices as a percentage of the total building, and applying it to the total amount consumed in 2014.

See sources and emission factors in 10.3 Report parameters.

C) ENERGY CONSUMED AND EMISSIONS AT LEASED OFFICES WITH CONTROL OF TOTAL ENERGY CONSUMED IN THE BUILDINGS

Sustainability indicators	Consumption			Intensity			
	Measurement unit	Number of buildings	Value	Measurement unit	Square metres	Intensity (EPRA Energy-Int, GHG-Int)	Adjusted intensity (for occupancy) (EPRA Energy-Int, GHG-Int)
Fuel consumed (natural gas and diesel) (G4-EN4) (EPRA Fuels-Abs)	MWh	13	1,582	Kwh/m ² /year	240,267	6.6	7.5
Electricity consumed (G4-EN4) (EPRA Elec-Abs)	MWh	23	62,317	Kwh/m ² /year	363,967	171.21	206.98
Heating and cooling used (G4-EN4) (EPRA DH&C-Abs)	MWh	11	18,438	Kwh/m ² /year	214,417	86.0	97.8
Total energy consumed (G4-EN4) (EPRA Fuels-Abs, Elec-Abs, DH&C-Abs)	MWh	23	82,337	Kwh/m ² /year	363,967	226.22	273.48
CO₂ emissions (G4-EN16) (EPRA GHG-Indir-Abs)	TeqCO ₂	23	13,100	Tn eq CO ₂ m ² /year	363,967	0.050	0.059

*Section 8. Eco-efficiency lists the buildings included in the data presented on group consumption.

See sources and emission factors in 10.3 Report parameters.

INMOBILIARIA COLONIAL

Inmobiliaria Colonial is working to obtain high energy efficiency levels, especially at buildings where the organisation has control via supply management. Through its annual tenders for “green” suppliers (energy providers), the organisation also works alongside firms that have renewable sources among their energy mix.

As a guarantee of continual improvement, Inmobiliaria Colonial has implemented DEXcell, an operating system that monitors consumption in real time, establishes limits and receives alerts if the energy consumed exceeds thresholds. The system has been implemented at the buildings stated in 8. Eco-efficiency.

Solar energy panels were also fitted on the buildings at Diagonal 409, Passes Silos and Llacuna, generating an estimated 4,550 kWh, 8,676.62 kWh and 37,750 kWh of energy per year, respectively. The energy produced is transferred to the national grid in Spain.

SFL

SFL’s energy strategy is based on buildings that have the lowest possible carbon footprint, demonstrating the organisation’s commitment and efforts to guarantee quality of life for present and future generations.

The energy efficiency strategy employed at buildings is also applied to the two main lines of business: renovation refurbishment and leases.

In 2013 an energy analysis firm was engaged to audit and enhance the performance of 10 SFL properties based on the energy consumed in prior years to reduce the carbon footprint in the buildings. The audit was designed to:

- Establish the energy efficiency and carbon footprints of the buildings.
- Define short- and medium-term courses of action to improve their footprints.



ENERGY AUDITS

As part of the process to develop and implement environmental management programmes at the Colonial Group (SGI at Inmobiliaria Colonial and sustainable action plans at SFL), energy audits were used as the basis of the initial energy review (under the terms of ISO 50001), establishing areas where there is significant energy use and identifying opportunities to improve energy efficiency.

A first and second energy audit were conducted to gauge the potential for increased energy efficiency based on the conditions of the buildings. The purposes of the audits are to detect and assess the possibilities of increasing energy efficiency in buildings to introduce measures and criteria to promote rational use and obtain energy savings.

Energy Management System - Inmobiliaria Colonial

In 2012 Inmobiliaria Colonial introduced an energy management system. The results were satisfactory and in 2014 work began to develop an environmental management system out of the initial management system. Since ISO provides integrated standards, the organisation is committed to working towards standardising its processes and to make them an integral part of Colonial's daily business.

The benchmarks in place to implement the integrated environmental and energy management system are ISO 50001 and ISO 14001 certified which provide the company with a proper framework with which to develop an integrated policy and structure energy and environmental aspects.

The scope of the integrated environmental and energy management system covers activities related to maintenance of the proper technical operation of the building to guarantee client satisfaction and comfortable working conditions for employees working from the corporate headquarters. The scope of the

integrated management system does not extend to the operations of offices leased to clients, because their energy consumption and environmental issues will depend largely on the specific use of the buildings. However, Colonial is aware of its indirect influence and, accordingly, the environmental system takes it into consideration to gradually address any indirect environmental issues relating to the private use of leased offices. This approach attempts to improve environmental performance as far as possible without damaging our client relationships.

The terminology of ISO 50001 and ISO 14001 dictates that senior management is responsible for the integrated management system. For Colonial, the Building Manager is ultimately responsible for the control and management of the building.

The system currently includes management of the company's head office buildings: Diagonal, 530 (Barcelona) and Castellana 52 (Madrid). Both buildings have ISO 50001 certification and Colonial's head office also has ISO 14001 certification.

Improvements

In 2014 action was taken to improve energy efficiency at a number of buildings as part of the strategy envisaged in the Energy Management System.

The following action was taken:

- Replacement of the lighting system with LEDs at certain buildings. It increased the energy efficiency of these lighting systems.

- Modernisation of HVAC units replacing older units with newer equipment. Energy savings were up as a result of this measure.

Improvements were also made to buildings at the following locations:

- Castellana 52
- López de Hoyos 35
- Alcalá 30
- BCN Tower
- Vía Augusta 21
- Diagonal 682

The Energy Action Plan envisages an estimated total energy saving of 51% at Castellana 52, which is a reduction of 312,385 KWh/year.

CASTELLANA 52, MADRID



Sustainable Management System - SFL

Beyond the Group's policy, SFL made a firm commitment to integrate the guidelines of the **Grenelle II** Plan aimed at reducing the energy consumed at all of the buildings managed by the company. **The company has established an action plan setting out its own energy and water reduction objectives and key performance indicators (KPIs).**

By 2017 SFL will attempt to take further measures by including the consumption at client managed buildings.

The objective is directly related to the Group's wish to produce buildings with systems that are wholly energy and resource efficient. At present management of supplies at buildings run by clients is unrelated to SFL, and therefore the company can do little to optimise or reduce usage.

SFL is gradually scheduling annual follow-up of energy consumed by property assets run by clients (single-user buildings).

The Action Plan includes the following KPIs:

- 2017: A 20% reduction in energy consumed by buildings managed by SFL (basis of reference: 2011).
- 2017: A 20% reduction in water consumed (basis of reference: 2011).

Action Plan

The organisation faces the challenge of designing and implementing systems to achieve the objectives established. It is busy training employees, implementing new technology to monitor energy efficiency and usage and obtaining certification at its buildings to achieve the above challenge.

Energy. The organisation has devised two main courses of action to reduce and optimise usage in the buildings.

A. Lines of action in place across all of the buildings:

1. All buildings to achieve BREEAM certification.
2. Additional HQE certification and high LEED ratings.
3. Integration of specific performance requirements for lessees.
4. Energy optimisation training and information for operators.

B. Local lines of action:

1. Energy audits on buildings.
2. Redesign and functional analysis of technical building management.
3. Processes optimisation of rates of air flow.
4. Improved efficiency for lighting in communal areas.
5. Installation of pressure sensors in communal and private areas using LED technology.
6. Raising energy efficiency awareness among users of the buildings.

REDUCTION OF MATERIALS CONSUMED

The Colonial Group operates a flexible business model based on client satisfaction. The organisation offers clients the option of a Building Manager to manage the energy consumed or, alternatively, the client may measure it.

The table below shows the materials consumed, monitored by the Inmobiliaria Colonial wholly owned office in Barcelona in 2014.

MATERIALS CONSUMED IN 2014

Sustainability indicators	Measurement unit	Consumption		Measurement unit	Intensity	
		Number of buildings	Consumption		Number of people	Intensity
Paper (G4-ENI)	Kg	1 (Diagonal 530)	2,291	Units/ people	65	35.2
Toner (G4-ENI)	Units	1 (Diagonal 530)	116	Units/ people	65	1.17
Fluorescent tube bulbs (G4-ENI)	Units	1 (Diagonal 530)	153	Units/ people*	509	0.30
PL bulbs (G4-ENI)	Units	1 (Diagonal 530)	176	Units/ people*	509	0.35

Section 8. Eco-efficiency lists the buildings included in the data presented on group consumption.

* The number of people considered for the purposes of this calculation refers to employees at our offices and employees at other offices in the building on Diagonal 530.

WASTE MANAGEMENT

The Colonial Group's waste management is outsourced to waste management and recycling specialists. The table below shows the waste produced and managed at our Barcelona and Paris wholly owned offices in 2014. SFL has also introduced a waste management system at 5 buildings in its portfolio.

WASTE GENERATION AND MANAGEMENT 2014

Sustainability indicators	Measurement unit	Consumption		Intensity		
		Number of buildings	Consumption	Measurement unit	Square metres	Intensity
Waste managed/recycled at our offices						
Paper (G4-EN23) (EPRA Waste-Abs)	Kg	2 (The Colonial Group offices in Barcelona and Paris)	4,370	Kg / m ²	3,647	1.198
Toner (G4-EN23) (EPRA Waste-Abs)	Kg	2 (The Colonial Group offices in Barcelona and Paris)	91.27	Kg / m ²	3,647	0.025
Containers (G4-EN23) (EPRA Waste-Abs)	Kg	1 (The Colonial Group office in Barcelona)	10	Kg / m ²	1,847	0.005
Batteries (G4-EN23) (EPRA Waste-Abs)	Kg	1 (The Colonial Group office in Paris)	5	Kg / m ²	1,800	0.002
Waste managed/recycled in leased offices						
Paper and cardboard (G4-EN23) (EPRA Waste-Abs)	T	5 (leased buildings in Paris)*	179	Kg/ m ²	116,437	1.53
Non-hazardous waste (G4-EN23) (EPRA Waste-Abs)	T	5 (leased buildings in Paris)*	239	Kg/ m ²	116,437	2.05

Section 8. Eco-efficiency lists the buildings included in the data presented on group consumption.

* Leased buildings considered: 96 Iéna, Washington Plaza, 103 Grenelle, Louvre St- Honoré, Rives de Seine.

INMOBILIARIA COLONIAL

Toner and paper waste produced by Inmobiliaria Colonial's printing facilities is managed by a third party.

Waste separation and disposal systems are established for construction, renovation and maintenance work at buildings managed by Colonial.

At present Colonial controls the materials consumed and waste produced at the company's head offices in Barcelona. It has no control over waste generated by clients.

In 2014 asbestos was removed from the building on Passes Silos, 2-6 under the health and safety procedures stipulated for the handling of this substance.

SFL

All buildings managed by SFL are fully equipped to separate and recycle waste. Some clients are using the initiative to create systems to separate waste on disposal. However, the process varies from one lessee to another. It is still difficult to ascertain the total amount of waste produced, by type and disposal method, at leased buildings. SFL is currently monitoring the amount of waste produced at the above 5 buildings. Other buildings are expected to follow in 2015.



RESPONSIBLE USE OF WATER

Water is a vital but limited resource and, therefore, the Colonial Group has set a target for a substantial short-term saving by monitoring usage in buildings and taking action to improve efficiency.

Inmobiliaria Colonial manages water at 19 buildings and SFL manages water at 11 buildings in Paris. (For building details see 8 Eco-efficiency)

WATER CONSUMED IN 2014

Sustainability indicators	Consumption			Intensity			Adjusted intensity (for occupancy)
	Measurement unit	Number of buildings*	Value	Measurement unit	Square metres	Intensity	
Water consumed (G4-EN8, CRE2) (EPRA Water-Abs, Water-Int)	m ³	30	244,305	m ³ /m ² /year	449,034	0.54	0.65

Section 8. Eco-efficiency lists the buildings included in the data presented on group consumption.

SFL has implemented action plans to reduce the level of water consumed in its buildings based on a strategy that fits water-saving devices to all water outlets in communal areas: aerators to optimise tap flow and limit flushing. SFL buildings are supplied exclusively by mains water. It comes from groundwater and the river. No SFL

facilities are supplied from sensitive at-risk sources. In 2014 the land law led the group to recover rainwater at two buildings (Ozone and In/Out). The water, which reached 2,598 m³ was used to maintain green areas in 2014. The system will be fitted to the Washington Plaza and Cloud facilities in 2015.

SUSTAINABLE LIKE-FOR-LIKE (EPRA BPRS)

The table below shows the levels consumed and emissions at company buildings in terms of indicators included in the EPRA Best Practices on Sustainability Reporting (EPRA BPR's Guidance). **Buildings included in the sustainable like-for-like category** are buildings which have the most stable occupancy, where the Group has control over all the resources consumed at the building. This category enables a historical record of emissions and levels of resources consumed at buildings.

The main purpose of the data in this table is to compare the company's performance with its emissions and levels of resources consumed year after year. The 18 buildings included in the sustainable like-for-like scope are presented in 8. Eco-efficiency.

The years considered are 2013 and 2014 - one particularly positive point is the downward trend across total level consumed in many areas. The increase in total emissions in absolute terms compared to the fall in consumption was due to the rise in diesel consumed in 2014.

96 IENA, PARÍS



LIKE-FOR-LIKE EMISSIONS AND RESOURCES CONSUMED IN 2014

Sustainability indicators	Consumption			Intensity				
	Measurement unit	Measurement unit Intensity	Number of buildings*	2013	Adjusted intensity (for occupancy)	2014	Adjusted intensity (for occupancy) (EPRA Energy-Int, GHG-Int)	% 2013-14
Energy consumption and emissions								
Electricity consumed (EPRA Elec-LfL)	MWh	Kwh/m ² /year	18	57,975	239.05	57,283	208.20	-1
Fuel consumption (natural gas and diesel) (EPRA Fuels-LfL)	MWh	Kwh/m ² /year	13	1,594	8.60	1,582	7.5	-0.7
Heating and cooling used (EPRA DH&C-LfL)	MWh	Kwh/m ² /year	11	20,956	127.17	18,438	97.8	-12
Total energy consumed (EPRA Elec-LfL, Fuels-LfL, DH&C-LfL)	MWh	Kwh/m²/year	18	80,526	374.82	77,303	311.63	-4
CO₂ emissions (EPRA GHG-Indir-LfL)	MWh	Tn eq CO ₂ m ² /year	18	10,981	0.030	11,234	0.043	2
Water consumed								
Water consumed (EPRA Water-LfL, Water-Int)	m ³	m ³ /m ² /year	18	183,514	0.76	193,355	0.70	5

*Section 8. Eco-efficiency lists the buildings included in the like-for-like category.

See sources and emission factors in 10.3 Report parameters.

CERTIFICATION

TRAVESSERA/AMIGÓ, BARCELONA



In line with its commitments, the Colonial Group is working to increase energy efficiency by obtaining energy certification and, subsequently, implement schemes for continual improvement in its buildings. The portfolio has buildings which have obtained certification from five different organisations: **ISO 50001, ISO 14001, BREEAM, LEED** and **HQE** and mandatory energy efficiency certification in Spain.

Energy certification in Spain

In Spain energy certification is regulated by Royal Decree 47/2007 of 19 January,[] introducing a basic energy efficiency certification process for new builds, and by Royal Decree 235/2013, of 5 April, introducing a basic energy efficiency certification process for existing buildings.

Colonial has obtained energy efficiency certification for all of its buildings:

NUMBER OF INMOBILIARIA COLONIAL'S BUILDINGS / EFFICIENCY CLASSIFICATION

Category A	1
Category B	15
Category C	11
Category D	5
Category E	-
Category F	1
Category G	1

BREEAM

In accordance with the Colonial Group's energy policy, the Group is working on implementing new international certification to support continual improvements to its environmental and energy performance. BREEAM (BRE Environmental Assessment Method) certification is the standard for best sustainable design quality, and is the main benchmark used to appraise a building's environmental performance.

In 2014 all of the Group's buildings in France had BREEAM certification to varying extents and with different score. In 2014, work began on implementing BREEAM certification at a building in Alfonso XII in Spain. At the end of 2014 the **Colonial Group had a total BREEAM-certified surface area of 364,878 m² of which 86% was graded either "Very Good" or "Excellent"**.

Plans have been made to obtain certification for all Inmobiliaria Colonial's properties as part of the objective to achieve certification for all of the Group's buildings. The process of BREEAM certification has been designed for all buildings in 2015, representing a surface area of 251,309 m². As a result, the portfolio will include 39 buildings with BREEAM certification.

2014	Certification: Alfonso XII
2015	19 properties expected to receive certification
2016	1 property expected to receive certification
2017	1 property expected to receive certification
2019	1 property expected to receive certification

*For properties expected to receive certification see 8. Eco-efficiency.

ALFONSO XII, MADRID



LEED

A number of the Colonial Group’s buildings also have LEED sustainable construction certification. This voluntary certification was created by the US Green Building Council. It is composed of standards concerning the usage of sustainability strategies for all types of buildings, by including the following criteria in designs:

- Sustainable location
- Water savings
- Energy efficiency
- Selection of materials and resources
- Indoor environmental quality
- Innovation and design

There are four levels of certification. The level awarded depends on the fulfilment of the building’s specifications and materials with the highest standards of product quality, management and sustainability: Certification (40-49 points), Silver (50-59 points), Gold (60-79 points) and Platinum (80+ points).

LEED CATEGORY

Inmobiliaria Colonial	
Diagonal, 409	Gold
Castellana, 43	Gold
Travessera de Gràcia, 11	Gold
Amigó, 11-17	Gold
Paseo Tilos, 2-6	Pre-certification Silver
SFL	
In/Out	Platinum
Cloud	Gold

HQE

The HQE building certification system was created by “WAS” (a non-governmental HQE association), based in Paris, France. The HQE association works on research and development, as well as development.

The assessment categories considered during the certification process are as follows: Energy, Environment, Health and Comfort. The four main categories comprise a total of 14 specific objectives.

SFL currently has five HQE-certified buildings, which account for 33% of the Group portfolio in France.

CSR RECOGNITION IN THE INDUSTRY

In 2014 SFL's CSR efforts were acknowledged by internationally recognised organisations and agencies.

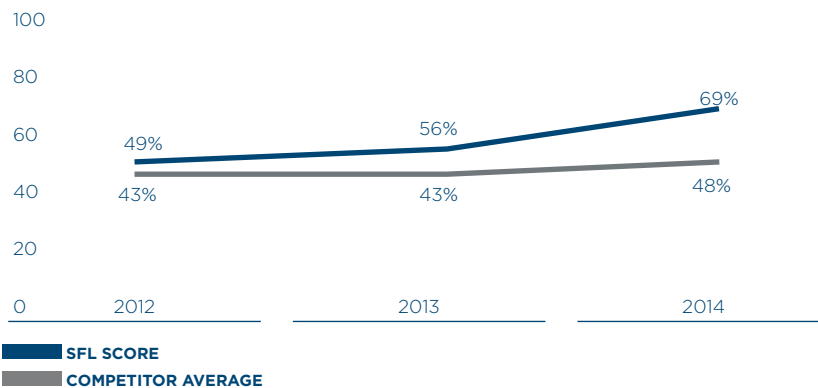
GRESB

The private organisation GRESB (Global Real Estate Sustainability Benchmark) is now a genuine CSR benchmark in the property industry. Every year it assesses CSR strategy and performance at major investment funds and real estate companies all over the world. In 2014

SFL was the industry runner up having taken part in the initiative for three consecutive years now. The criteria considered in the analysis are:

- Policy and transparency
- General performance
- Certification
- Commitment to stakeholders

GRESB INDUSTRY ASSESSMENTS



Novethic

Novethic, a media company specialising in responsible economics, has published the French rankings of environmental strategies and results every year

since 2012. SFL was among the top 6 committed real estate companies in 2014.

BEGINNERS GOOD PERFORMANCE PROMISING COMMITTED

FONCIÈRE DE PARÍS
TERREIS
AFFINE
ARGAN
FOCIÈRE 6^e ET 7^e

FDL
MERCIALYS
ANF IMMOBILIER

EUROSIC
CEGEREAL
STE
FDM
ICADE
SIIC DE PARÍS

GECINA
UNIBAIL-
RODAMCO
KLÉPIERRE
ALTAREA COGEDIM
FDR
SFL

9. RELATIONSHIP WITH THE COMMUNITY PARTNERS AND SPONSORSHIP

The Colonial Group's has a firm objective to contribute to society's general wellbeing. It participates in and supports community projects, promotes employment among groups at risk of being socially excluded through sponsorship and donations to not-for-profit organisations and associations in the industry, and makes a positive contribution to the community by fulfilling its fiscal responsibilities as a business.

The Colonial Inmobiliaria Group looks for stakeholders, trustees and beneficiaries that, on the one hand, have the same interests as the Group and, on the other, are able to meet the needs of company stakeholders and

allay any concerns they might have. The Group is now hard at work in this endeavour.

The Colonial Group provides support to **educational schemes**, the main objectives of which are to make a contribution to the overall training of university students by taking part in study programmes that have a practical component and, therefore, making it easier for them to make the transition into the world of work. The Group is in partnership on cooperation programmes with Universidad Autónoma de Barcelona.



COMMUNITY PROJECTS

PEDRALBES SHOPPING CENTRE

Most of the Colonial Group's community projects are carried out through the Pedralbes shopping centre. There is a large range of activities, but the focus is on projects and initiatives that add value to society and, therefore, stay faithful to the Group's social commitment.

In 2014 the Group was involved in **12 projects/initiatives** across three different fields: promoting culture, helping new businesses and supporting social causes.



CULTURAL SUPPORT INITIATIVES

- Maria Canals international piano competition.
- Annual show by students at the ESDI Design School.
- "Ciudad de Barcelona" international dance contest.

COMMUNITY PROJECTS

- Charity ice skating with the TV3 television channel's La Marató, Pere Tarrés Foundation, Soñar Despierto (Living Dreams) Foundation, Acción Contra el Hambre (the End World Hunger initiative) and Sonrisas de Bombay (Bombay Smiles).
- The "Write to the Three Wise men" campaign with the Living the Dream Foundation.
- Campaign acknowledged by AECC (Spanish Association for an end to Cancer) as the best Corporate Social Responsibility initiative.
- Partnership with the SOS Foundation in the annual children's event and the "Ping Pong for Food" campaign.
- Partnership with the Fero Foundation for International Breast Cancer Awareness Day (19 October 2014).
- Charity race in support of cerebral palsy, with the "Ipsen Pharma" Foundation and the Catalan Cerebral Palsy Foundation (FEPCCAT).

ACTIVITIES TO HELP START-UP BUSINESSES

- The "Rising Stars" project in conjunction with BCN Activa (Barcelona City Council).
- "The Box" project, a monthly pop-up for innovative fashion products and designers.
- The Catalan second Mini-enterprise Junior Achievement Competition.

Charity ice skating

The charity ice rink is a traditional annual event when the shopping centre opens its ice rink to the public. The Pedralbes shopping centre decided to donate a day's total takings from the ice rink to a number of NGOs. In 2014 they were donated to the Pere Tarrés Foundation, the Soñar Despierto Foundation, Acción Contra el Hambre and Sonrisas de Bombay. The event also acts as a platform for these NGOs over the Christmas season, which have the option to organise events at the shopping centre to raise awareness.

In 2014 the ice rink was twinned with the annual December marathon organised by the TV3 television channel. On 14 December 2014 the Pedralbes shopping centre donated the day's ice rink takings to research into heart-related diseases.

25th Anniversary of the Pedralbes Shopping Centre

A special event was held to celebrate 25 years of the Pedralbes Shopping Centre and its contribution to the community and to thank the lessees for their ongoing support to the shopping centre's initiatives and business. On 14 May 2014 an official event took place, attended by representatives of the Catalan public institutions, to honour 13 traders as a thank you for all their help at the Pedralbes Centre Shopping Precinct since it first opened on 23 April 1989. The traders concerned were Furest, Ítems d'Ho, Mango, L'Òptica del Bulevard, Majoral, Lindsey, New Look, Primer Plano, Sacha, Simorra, Tascón and Tous.

Other events and activities were held to thank all the visitors for their support over the last 25 years.

SOCIAL INTEGRATION

The Colonial Group takes on the responsibility of helping groups at risk of being socially excluded who have difficulties finding employment to find work.

Accordingly, Inmobiliaria Colonial has two different processes in place based on the “LISMI” Social Inclusion Law. Firstly, it employs people with disabilities and works with a special unit that is responsible for collecting paper from offices. It also has an Exception Certificate which it uses to make donations. Colonial has been supporting

the Multiple Sclerosis Foundation for some years.

As part of SFL’s policy to support people with disabilities in finding employment, each year the organisation allocates a significant portion of its apprenticeship allowance to “ADAPT”, a not-for-profit organisation that works in this area. It made a contribution of €5,092 in 2014.

ACCESSIBILITY

Accessibility is a key factor in boosting employment among the disabled. The Group has a firm commitment to **providing access for everyone at all of its buildings** by making them accessible for the disabled, as stipulated by current legislation in Spain and France.

As part of this commitment of offering accessible services, SFL has designed a work program for improving disabled access to buildings. Although the French Labor Code sets the accessibility requirements at workplace, SFL has the will to improve such requirements. To this end, a comprehensive study on accessibility has been performed on the properties of the organization, as a basis for the design of the accessibility improvements map.

For SFL, accessibility is defined as the possibility that persons with disabilities enjoy the same experience as the rest, allowing easy access to buildings, favoring the complete freedom of movement in buildings and ensuring the viability of evacuation at SFL facilities.

The survey took account of motor disabilities (people with reduced mobility), visual or hearing impairments and psychiatric conditions.

Following the survey, the objective was to fit equipment that would enable people with special needs to use the buildings - for example, lift cars with visual and audio information, call buttons in Braille and flashing alarms.

10. ABOUT THE REPORT

The Colonial Group followed the G4 Global Reporting Initiative (GRI) in preparing this report to ensure that it presented matters that are truly significant to its business and influence the decision-making of stakeholders as well as defining the developments within the industry.

The GRI (G4) reporting guidelines require an analysis of materiality to identify the aspects that have a material effect on the group socially, economically and environmentally. The identification exercise enables the company, its stakeholders and the market in general to share the critical business milestones achieved in 2014, and to present the performance within the context of issues that may have a significant social, economic and environmental impact.

In addition to the G4 GRI guide and consideration of general and industry-specific matters within the process to define the contents of this report, the Best Practices included in the 2014 report drafted by the European Public Real Estate Association (EPRA) were taken into consideration.

The process of defining the contents of the report also considered the GRI principles laid down in the G4 GRI reporting guidelines. The 4 principles are: Materiality, Completeness, Stakeholder Inclusiveness and Sustainability Context.

DIAGONAL-GLORIAS, BARCELONA



PROCESS OF DETERMINING THE COLONIAL GROUP'S MATERIAL ISSUES

The methodology used to identify the company's material Aspects is based on 4 main stages.

- Identification
- Prioritisation
- Validation
- Elaboration

1. Identifying the issues

Material issues were identified by analysing the G4 GRI guidelines and the industry-specific supplement of "GRI Construction and Real Estate Sector Disclosure". The main issues presented by EPRA in "Best Practices for Sustainability Reporting (EPRA BPR's)" was also given consideration.

The Colonial Group's strategy, business model, the main risks, opportunities and requirements of the sector were also taken into consideration to complete an analysis and, therefore, identify the main issues. The concerns and needs of stakeholders were also taken into account.

Once issues had been identified, an initial list of 16 items was grouped into 4 categories.

Categories	Issues identified
Adding value	1. Location and accessibility
	2. Company service efficiency
	3. Client satisfaction and communication
	4. Certification and labelling
	5. Generating value for shareholders
Strategy and Sustainability	6. Relevance of CSR investment (capex/opex)
	7. Responsible consumption (energy, raw materials, water and waste)
	8. Emissions management and eco-efficiency
	9. Safety and environmental risk management
	10. Purchases and supplier relationships
Attracting and retaining employees and employee satisfaction	11. Attracting talent and training
	12. Diversity and equal opportunities
	13. Health and safety
	14. Quality of life
Governance and ethics	15. Governance and Transparency
	16. Corporate ethics
	17. Commitment to the local community

2. Prioritisation of the issues identified

Once issues had been identified for the organisation and its stakeholders, priority was given to issues with the greatest impact on the business model and company activities and issues that affect the decision-making process of the Colonial Group's stakeholders were also considered.

The process consisted of an analysis of the issue within the organisation and the industry and an assessment of the importance placed on them by stakeholders and the real estate industry.

A benchmark survey was conducted which took into consideration the main industry agents, along with an assessment of parties that have a direct influence on the sector, to analyse the importance of each issue for the industry.

Once the impact and relevance had been analysed, the issues were weighed and a definitive list of material issues was created. The analysis was used to define the contents of this report, detailing each issue included in the chapters of the Colonial Group's Corporate Social Responsibility Report.

3. Validation

The material issues were validated by performing an internal comparison and an analysis of links between the issues and the Colonial Group's business model during meetings with the following corporate divisions: Human Resources, Business Area, Internal Audit, Legal Advice, Corporate Development and Controlling.

After the validation phase, no modifications on the identified issues were performed.

4. Elaboration

This is the first time that the Group has submitted a report of this nature and, accordingly, it is the first year that it has provided this level of transparency for key sustainability issues. The company will publish an annual corporate social responsibility report and improve the available information and, therefore, establish its position and develop its corporate social responsibility strategy.



MATERIAL ISSUES

The table below sets out the material Aspects identified and their correspondence to the GRI G4 guidelines (general and industry-specific) and the EPRA's Best Practices

for Sustainability Reporting. Answers are given for a total of 98 GRI G4 indicators (general and specific), and 17 EPRA Sustainability BPR indicators.

Material Issues	Stakeholder	Specific GRI G4 Indicators	EPRA BPRs Sustainability	Inside/Outside Organisation	Relevant chapter of the report
1. Location and accessibility	Clients	G4-PR1		In and Out	6. Client Satisfaction
2. Company service efficiency	Clients Society	G4-EC8, G4-EC7, G4-EN29, G4-EN30.		In and Out	2. The Colonial Group 9. Relationship with the Community
3. Client satisfaction and communication	Clients	G4-PR5		In and Out	6. Client Satisfaction
4. Certification and labelling	Clients	G4-EN7, G4-EN27, G4-PR3, G4-CRE8.	EPRA Cert-Tot,	In and Out	6. Client Satisfaction 9. Relationship with the Community
5. Generating value for shareholders	Clients Society	G4-EC1, G4-EC3.		In and Out	2. The Colonial Group
6. Relevance of CSR investment (capex/opex)	Clients Society Shareholders and investors			In and Out	2. The Colonial Group
7. Responsible consumption (energy, raw materials, water and waste)	Clients Society	G4-EN1, G4-EN3, G4-EN4, G4-EN5, G4-EN6, G4-EN7, G4-EN8, G4-EN23, G4-CRE1, G4-CRE2, G4-CRE3.	EPRA Elec-Abs, EPRA Elec-LfL, EPRA DH&C-Abs, EPRA DH&C-LfL, EPRA Fuels-Abs, EPRA Fuels-LfL, EPRA Energy-Int, EPRA Water-Abs, EPRA Water-LfL, EPRA Water-Int, EPRA Waste-Abs,	In	8. Eco-efficiency
8. Emissions management and eco-efficiency	Clients Society	G4-EN16, G4-EN17, G4-EN18, G4-EN19, G4-EN29, G4-EN30, G4-CRE3.	EPRA GHG-Dir-Abs, EPRA GHG-Dir-LfL, EPRA GHG-Indi-Abs, EPRA GHG-Indir-LfL, EPRA GHG-Int	In	8. Eco-efficiency

Material Issues	Stakeholder	Specific GRI G4 Indicators	EPRA BPRs Sustainability	Inside/Outside Organisation	Relevant chapter of the report
9. Safety and environmental risk management	Society Clients Suppliers Employees	G4-CRE8	EPRA Cert-Tot	In and Out	7. Supplier Relationship Management 8. Eco-efficiency
10. Purchases and supplier relationships	Suppliers	G4-EC9, G4-EN31, G4-EN32.		In and Out	7. Supplier Relationship Management
11. Attracting talent and training	Employees	G4-LA1, G4-LA2, G4-LA3, G4-LA9, G4-LA10, G4-LA11, G4-LA12		In	5. Professional team
12. Diversity and equal opportunities	Employees	G4-LA1, G4-LA2, G4-LA3, G4-LA4, G4-LA12.		In	5. Professional team
13. Health and safety	Employees	G4-LA5, G4-LA6, G4-LA8.		In and Out	5. Professional team
14. Quality of life	Employees Clients	G4-LA12, G4-PR1, G4-PR3, G4-PR5.		In and Out	5. Professional team 6. Client Satisfaction
15. Governance and transparency	Society Clients Employees Shareholders and investors	G4-SO3, G4-SO4, G4-SO5.		In	3. The Colonial Group's Corporate Governance Model
16. Corporate ethics	Society Clients Employees Shareholders and investors	G4-SO4, G4-SO5, G4-SO8, G4-EN29.		In	3. The Colonial Group's Corporate Governance Model
17. Commitment to the local community	Society	G4-EC7		In and Out	9. Relación con la comunidad

REPORT PARAMETERS

Standards considered in drafting the CSR report for 2014

The Colonial Group's 2014 Corporate Social Responsibility Report is its first CSR publication as a Group.

It was prepared in accordance with the principles and content included in version 4 of the Global Reporting Initiative(GRI) and the Industry-specific guide GRI Construction and Real Estate (with core conformity), in accordance with the principles of the AA1000 Accountability Principles Standard, and the recommendations of the European Public Real Estate Association (EPRA) (Best Practice Recommendations for Sustainability Reporting).

Corporate Publications

This report is an exercise of transparency carried out by the Colonial Group in order to report on the Group's sustainability initiatives. It is accompanied by a further four reports for 2014 published by the company in connection with the Group's economic results and corporate governance.

- 2014 The Colonial Group Annual Report. See "Information for Shareholders and Investors"
<http://www.inmocolonial.com>
- The Colonial Group Corporate Governance Report for 2014
<http://www.inmocolonial.com/2014-8/>
- Annual Results 2014 - SFL
<http://www.fonciere-lyonnaise.com/fr>
- SFL - CSR Report
<http://www.fonciere-lyonnaise.com/fr>

Calculation methods

The references used to calculate the Group's CO₂ emissions used the calculation methodology and emission rates established by the International Energy Agency (CO₂ Highlights 2013), the French "Base Carbone" (data base (2012-2014) and IPCC guidelines.

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11. GRI INDEX & EPRA BPR'S

GENERAL STANDARD DISCLOSURES		
General Standard Disclosures	Description / Page	Page
STRATEGY AND ANALYSIS		
G4-1	Declaration by the organisation's main decision-maker in relation to the importance of sustainability to the organisation and the organisation's strategy to address this issue.	Page 1
G4-2	Description of key impacts, risks, and opportunities.	Page 19, IAGC (Section E)
ORGANISATIONAL PROFILE		
G4-3	Organisation	Page 10-11
G4-4	Primary brands, products, and services of the organisation.	Page 10-11
G4-5	Location of the organisation's headquarters.	Page 83
G4-6	Number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report.	Page 11-13
G4-7	Nature of ownership and legal form.	Page 10-11
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	Page 11-13, Page 36-37.
G4-9	Scale of the organisation, including number of employees, number of operations, net sales, capitalisation broken down in terms of debt and equity and quantity of products or services provided.	Page 10
G4-10	Number of employees by employment contract and gender; Number of permanent employees by employment type and gender; Total workforce by employees and supervised workers and by gender; Report whether a substantial portion of the organisation's work is performed by workers who are legally recognised as self-employed, or by individuals other than employees or supervised workers; Report any significant variations in employment numbers.	Page 26-27
G4-11	Percentage of total employees covered by collective bargaining agreements.	Page 27
G4-12	Describe the organisation's supply chain.	Page 15 Page 44-46
G4-13	Report any significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain.	Page 10 Page 22
G4-14	Report whether and how the precautionary approach or principle is addressed by the organisation.	Page 7-9 Page 19
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses.	Page 69 Page 76
G4-16	List memberships of associations and national or international advocacy organisations in which the organisation holds a position on the governance body, participates in projects or committees, provides substantive funding beyond routine membership dues and view membership as strategic.	9. Relationship with the Community
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
G4-17	List all entities included in the organisation's consolidated financial statements or equivalent documents. Report whether any entity included in the organisation's consolidated financial statements or equivalent documents is not covered by the report.	Page 11
G4-18	Explain the process for defining the report content and the Aspect Boundaries. Explain how the organisation has implemented the Reporting Principles for Defining Report Content.	Page 77-78
G4-19	List all the material Aspects identified in the process for defining report content.	Page 15 Page 77 Page 80-81
G4-20	For each material Aspect, report the Aspect Boundary within the organisation.	Page 80-81
G4-21	For each material Aspect, report the Aspect Boundary outside the organisation.	3. The Colonial Group's Corporate Governance Model, 4. Investors and Shareholders, 5. Professional team, 6. Client Satisfaction, 7. Supplier Relationship Management, 8. Eco-efficiency, 9. Relationship with the Community.

General Standard Disclosures	Description / Page	Page
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	Not applicable since this is the first corporate social responsibility report.
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	This is the first year in respect of which the Colonial Group has produced a CSR Report.
STAKEHOLDER ENGAGEMENT		
G4-24	Provide a list of stakeholder groups engaged by the organisation.	Page 16
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	Page 16
G4-26	Report the organisation's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	4. Investors and Shareholders, 5. Professional team, 6. Client Satisfaction, 7. Supplier Relationship Management, 8. Eco-eficiència, 9. Relationship with the Community.
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	4. Investors and Shareholders, 5. Professional team, 6. Client Satisfaction, 7. Supplier Relationship Management, 8. Eco-eficiència, 9. Relationship with the Community.
REPORT PROFILE		
G4-28	Reporting period.	Year natural 2014
G4-29	Date of most recent previous report.	This is the first year in respect of which the Colonial Group has produced a CSR Report.
G4-30	Reporting cycle.	Annual
G4-31	Provide the contact point for questions regarding the report or its contents.	Page 83
G4-32	Report the 'in accordance' option the organisation has chosen. Report the GRI Content Index for the chosen option and the reference to the External Assurance Report, if the report has been externally assured.	In accordance: Core
G4-33	Describe the organisation's current policies and practices with respect to external assurance of the report, and the relationship between the organisation and the parties charged with assurance. State whether the senior governance body or senior management were party to the request for external assurance for the organisation's sustainability report.	No assurance

General Standard Disclosures	Description / Page	Page
GOVERNANCE		
G4-34	Report the governance structure of the organisation, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	Page 18 IAGC (Section C)
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	Information not available
G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	Information not available
G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body	Information not available
G4-38	Report the composition of the highest governance body and its committees by executives or non-executives; independence; tenure on the governance body; number of each individual's other significant positions and commitments; and the nature of the commitments; gender; membership of under-represented social groups; competences relating to economic, environmental and social impacts; and stakeholder representation.	Page 18, IAGC (Section C)
G4-39	Report whether the Chair of the highest governance body is also an executive officer. If so, describe his or her function within the organisation's management and the reasons for this arrangement.	Page 18, IAGC (Section C)
G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members.	IAGC (Section C)
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders.	IAGC (Section D)
G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	IAGC (Section C)
G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	Page 18, IAGC (Section E)
G4-44	a. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.	IAGC (Section G)
G4-45	Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.	Page 19, IAGC (Section E)
G4-46	Report the highest governance body's role in reviewing the effectiveness of the organisation's risk management processes for economic, environmental and social topics.	Page 19, IAGC (Section E)
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	IAGC (Section E)
G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	Audit Committee
G4-49	Report the process for communicating critical concerns to the highest governance body	IAGC (Section C y G)
G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanisms used to address and resolve them	IAGC(Section E)
G4-51	a. Report the remuneration policies for the highest governance body and senior executives. b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives	Annual Remuneration Report
G4-52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.	Annual Remuneration Report
G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	Annual Remuneration Report
G4-54	Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	There are no available procedures for reporting this information

General Standard Disclosures	Description / Page	Page
G4-55	Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	There are no available procedures for reporting this information
ETHICS AND INTEGRITY		
G4-56	Describe the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics.	Page 20-21
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behaviour, and matters related to organizational integrity, such as helplines or advice lines.	Page 20-21
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organisational integrity, such as escalation through line management, whistle blowing mechanisms or hot lines.	Page 20-21

SPECIFIC STANDARD DISCLOSURES				
Material aspects identified from the list of aspects	Indicator		Page / Direct reference	Scope
CATEGORY - ECONOMIC				
ECONOMIC PERFORMANCE				
Generating value for shareholders	Management approach		Page 7-9, Page 10 Colonial 2014 Annual Report	Colonial Group
	G4-EC1	Direct economic value generated and distributed.	Page 10	Colonial Group
	G4-EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	There are no available procedures for reporting this information	
	G4-EC3	Limit of the organisation's obligations in connection with employee benefit schemes.	Page 75	Colonial Group
	G4-EC4	Financial assistance received from government.	No significant assistance has been received.	
MARKET PRESENCE				
Not material	G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations or operation.		-
	G4-EC6	Proportion of senior management hired from the local community at significant locations of operation.		-

INDIRECT ECONOMIC IMPACTS				
Company service efficiency and commitment to the local community	Management approach		9. Relationship with the Community, Colonial 2014 Annual Report	Colonial Group
	G4-EC7	Development and impact of infrastructure investments and services supported.	Page 10, Page 36, 9. Relationship with the Community	Colonial Group
	G4-EC8	Significant indirect economic impacts, including the extent of impacts.	Page 10, Colonial 2014 Annual Report	Colonial Group
PROCUREMENT PRACTICES				
Purchases and supplier relationships	Management approach		7. Supplier Relationship Management	Colonial Group
	G4-EC9	Proportion of spending on local suppliers at significant locations of operation.	Page 46	Colonial Group
CATEGORY - ENVIRONMENTAL				
MATERIALS				
Responsible consumption (energy, raw materials, water and waste)	Management approach		8. Eco-efficiency	Colonial Group
	G4-EN1	Materials used by weight or volume.	Page 60	Colonial Group
	G4-EN2	Percentage of materials used that are recycled input materials.	There are no available procedures for reporting this information.	
ENERGY				
Responsible consumption (energy, water and produced waste), and certification and labelling	Management approach		8. Eco-efficiency	Colonial Group
	G4-EN3	Energy consumption within the organisation.	Page 53-55 Page 64-65	Colonial Group's own offices
	EPRA - Elec-Abs	Total energy consumption.	Page 53-55 Page 64-65	Own offices and leased offices where the organisation has control over consumption.
	EPRA - Elec-LfL	<i>Energy consumption (like-for-like)</i>	Page 64-65	Buildings included in the sustainable like-for-like category.
	EPRA - DH&C-Abs	Total heating and cooling energy consumption.	Page 53-55, Page 64-65	Own offices and leased offices where the organisation has control over consumption.
	EPRA - DH&C-LfL	<i>Heating and cooling energy consumption (like-for-like)</i>	Page 64-65	Buildings included in the sustainable like-for-like category.
	EPRA - Fuels-Abs	Total fuel consumption.	Page 53-55, Page 64-65	Own offices and leased offices where the organisation has control over consumption.
	EPRA - Fuels-LfL	Total fuel consumption (like-for-like)	Page 64-65	Buildings included in the sustainable like-for-like category.
	G4-EN4	Energy consumption outside of the organisation.	Page 53-55, Page 64-65	Own offices and leased offices where the organisation has control over consumption.
G4-EN5	Energy intensity	Page 53-55, Page 64-65	Own offices and leased offices where the organisation has control over consumption and buildings classified in the sustainable like-for-like category.	

Responsible consumption (energy, raw materials, water and waste)	<u>G4-EN6</u>	Reducing energy consumption.	8.2 Energy efficiency and emissions reduction 8.6 Sustainable like-for-like	The Colonial Group's buildings: Castellana 52, López de Hoyos 35, Alcalá 30, BCN Tower, Via Augusta 21, Diagonal 682. SFL Properties: Louvre Saint-Honoré, 96 Léna, 176 Charles de Gaulle, Washington Plaza, Edouard 7, Rives de Seine, Cézanne Saint-Honoré, 103 Grenelle, 112 Wagram, Ozone - 92 Champs Elysées, Galerie Champs Elysées.
	<u>G4-EN7</u>	Reductions in energy requirements of products and services.	8.7 Certifications	Colonial Group
	<u>CRE1 / EPRA - Energy-Int</u>	Energy intensity in buildings.	Page 53-55, Page 64-65	Own offices and leased offices where the organisation has control over consumption of the entire building.
WATER				
Responsible consumption (energy, raw materials, water and waste)	Management approach		8. Eco-efficiency	Colonial Group
	<u>G4-EN8 / EPRA - Water-Abs</u>	Total water withdrawal by source.	Page 63	Own offices and leased offices where the organisation has control over consumption.
	<u>EPRA - Water-LfL</u>	<i>Water consumption (like-for-like).</i>	Page 64-65	Buildings included in the sustainable like-for-like category.
	<u>CRE2 / EPRA - Water-Int</u>	Water intensity in buildings.	Page 63	Own offices and leased offices where the organisation has control over consumption.
	<u>G4-EN9</u>	Water sources significantly affected by withdrawal of water.	Not material	
	<u>G4-EN10</u>	Percentage and total volume of water recycled and reused.	Currently, there is no installation for water recycling	
BIODIVERSITY				
Not material	<u>G4-EN11</u>	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.		-
	<u>G4-EN12</u>	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.		-
	<u>G4-EN13</u>	Habitats protected or restored.		-
	<u>G4-EN14</u>	Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.		-
EMISSIONS				
Emissions management and efficiency, and responsible consumption (energy, raw materials, water and waste)	Management approach		8. Eco-efficiency	Colonial Group
	<u>G4-EN15</u>	Direct greenhouse gas (GHG) emissions (Scope 1).	There are no significant Scope 1 emissions at the Colonial offices.	
	<u>EPRA - GHG-Dir-LfL</u>	<i>Like-for-like direct greenhouse gas emissions.</i>	Page 64-65	Buildings included in the sustainable like-for-like category.
	<u>G4-EN16 / EPRA - GHG-Indir-Abs</u>	Indirect greenhouse gas emissions on generating energy (Scope 2).	Page 53-55	Own offices and leased offices where the organisation has control over consumption.
	<u>CRE3 / EPRA - GHG-Indir-LfL</u>	<i>Like-for-like indirect greenhouse gas emissions.</i>	Page 64-65	Buildings included in the sustainable like-for-like category.
	<u>G4-EN17</u>	Other indirect greenhouse gas (GHG) emissions (Scope 3).	Page 53-55, Page 64-65	
	<u>G4-EN18</u>	Greenhouse gas (GHG) emissions intensity.	Page 53-55, Page 64-65	
	<u>G4-EN19</u>	Reduction of greenhouse gas (GHG) emissions.	Page 53-55, Page 64-65	
	<u>G4-EN20</u>	Emissions of ozone-depleting substances (OD).	Not material	
	<u>G4-EN21</u>	NO _x , SO _x , and other significant air emissions.	Not material	

EFFLUENTS AND WASTE				
Responsible consumption (energy, water and waste management)	Management approach		8. Eco-efficiency	Colonial Group
	G4-EN22	Total water discharge by quality and destination.	Not material	
	G4-EN23/ EPRA Waste- Abs	Waste by type	Page 61-62	Own offices and leased properties considered: 96 Iéna, Washington Plaza, 103 Grenelle, Louvre St- Honoré, Rives de Seine.
	EPRA Waste- Lfl	Like-for-like by type of waste	Page 64-65	Buildings included in the sustainable like-for-like category.
	G4-EN24	Total number and volume of significant spills.	Not material	
	G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex i, ii, iii, and viii, and percentage of transported waste shipped internationally.	Not material	
	G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and run-off.	Not material	
PRODUCTS AND SERVICES				
Certification and labelling	Management approach		8. Eco-efficiency	Colonial Group
	G4-EN27	Extent of impact mitigation of environmental impacts of products and services.	8.7. Certificacions	Colonial Group
	G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category.	Not material	
COMPLIANCE				
Company service efficiency, Emissions management and eco-efficiency and Corporate ethics	Management approach		8. Eco-efficiency	Colonial Group
	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	No significant sanctions have been received.	
TRANSPORT				
Company service efficiency, Emissions management and eco-efficiency	Management approach		8. Eco-efficiency	Colonial Group
	G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce.	No information is available regarding the movement of personnel.	
ENVIRONMENTAL ASSESSMENT OF SUPPLIERS				
Purchases and supplier relationships	Management approach		7. Supplier Relationship Management	Colonial Group
	G4-EN31	Total environmental protection expenditures and investments by type.	Informe Anual (Comptes Anuals)	Colonial Group
	G4-EN32	Percentage of new suppliers that were screened using environmental criteria.	7. Supplier Relationship Management	Colonial Group
	G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken.	Information not available.	
	G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms.	No grievances received.	

CATEGORY - SOCIAL				
SUBCATEGORY - LABOUR PRACTICES AND DECENT WORK				
EMPLOYMENT				
Attracting and retaining talent Diversity and equal opportunities	Management approach		5. Professional team	Colonial Group
	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region.	Page 26-28	Colonial Group
	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	Page 34	Colonial Group
	G4-LA3	Return to work and retention rates after maternity/paternity leave, by gender.	All employees returned after maternity/paternity leave.	Colonial Group
LABOUR/MANAGEMENT RELATIONS				
Diversity and equal opportunities	Management approach		5. Professional team	Colonial Group
	G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements.	Page 35	Colonial Group
OCCUPATIONAL HEALTH AND SAFETY				
Health and safety	Management approach		5. Professional team	Colonial Group
	G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes.	Page 32	Colonial Group
	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism and total number of work-related fatalities, by region and by gender.	Page 32	Colonial Group
	G4-LA7	Workers with high incidence or high risk of diseases related to their occupation.	No professionals at high risk of disease have been identified in the Colonial Group.	
	G4-LA8	Health and safety topics covered in formal agreements with trade unions.	Page 32	Colonial Group
TRAINING AND EDUCATION				
Attracting talent and training	Management approach		5. Professional team	Colonial Group
	G4-LA9	Average hours of training per year per employee, by gender and by employee category.	Page 29-30	Colonial Group
	G4-LA10	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Page.29-30	Colonial Group
	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	Page.29-30, Page 33-34	Colonial Group
DIVERSITY AND EQUAL OPPORTUNITIES				
Attracting talent and training, Quality of life Diversity and equal opportunities	Management approach		5. Professional team	Colonial Group
	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Page 12, Page 18, Page 26-28	Colonial Group

EQUAL REMUNERATION FOR WOMEN AND MEN				
Attracting talent and training,	Management approach		5. Professional team	Colonial Group
Quality of life, Diversity and equal opportunities	G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	Information not included at the Group reporting	
SUPPLIER ASSESSMENT FOR LABOUR PRACTICES				
Not material	G4-LA14	Percentage of new suppliers that were screened using labour practices criteria.		-
	G4-LA15	Significant actual and potential negative impacts for labour practices in the supply chain and actions taken.		-
LABOUR PRACTICE GRIEVANCE MECHANISMS				
Not material	G4-LA16	Number of grievances about labour practices filed, addressed, and resolved through formal grievance mechanisms.		-
SUB-CATEGORY - HUMAN RIGHTS				
INVESTMENT				
Not material	Management approach			-
	G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.		-
	G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.		-
NON-DISCRIMINATION				
Not material	Management approach			-
	G4-HR3	Total number of incidents of discrimination and corrective action taken.		-
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING				
Not material	Management approach			-
	G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights.		-
CHILD LABOUR				
Not material	Management approach			-
	G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour.		-
FORCED OR COMPULSORY LABOUR				
Not Material	Management approach			-
	G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour.		-

SECURITY PRACTICES				
Not Material	Management approach			-
	G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations.		-
INDIGENOUS RIGHTS				
Not Material	Management approach			-
	G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken.		-
ASSESSMENT				
Not Material	Management approach			-
	G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments.		-
SUPPLIER HUMAN RIGHTS ASSESSMENT				
Not Material	Management approach			-
	G4-HR10	Percentage of new suppliers that were screened using human rights criteria.		-
	G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken.		-
HUMAN RIGHTS GRIEVANCE MECHANISMS				
Not Material	Management approach			-
	G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms.		-
SUBCATEGORY - SOCIETY				
LOCAL COMMUNITIES				
Not Material	Management approach			-
	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programmes.		-
	G4-SO2	Operations with significant actual and potential negative impacts on local communities.		-
ANTI-CORRUPTION				
Governance and transparency, and corporate ethics	Management approach		2.2 Structure of the Colonial Group	Colonial Group
	G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	Page 19	Colonial Group
	G4-SO4	Communication and training on anti-corruption policies and procedures.	See the 2014 Annual Corporate Governance Report.	Colonial Group
	G4-SO5	Confirmed incidents of corruption and action taken.	No cases have been identified	Colonial Group

PUBLIC POLICY				
Not Material	Management approach			-
	G4-SO6	Total value of political contributions by country and recipient/beneficiary.		-
ANTI-COMPETITIVE BEHAVIOUR				
Not Material	Management approach			-
	G4-SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.		-
COMPLIANCE				
Corporate ethics	Management approach		2.2 Structure of the Colonial Group	Colonial Group
	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	No significant sanctions have been received about this matter	Colonial Group
SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY				
Not Material	Management approach			-
	G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society.		-
	G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken.		-
GRIEVANCE MECHANISMS FOR IMPACTS ON SOCIETY				
Not Material	Management approach			-
	G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms.		-
SUBCATEGORY - PRODUCT RESPONSIBILITY				
CUSTOMER HEALTH AND SAFETY				
Location and accessibility, Quality of life	Management approach		6. Client Satisfaction	Colonial Group
	G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	Page 39-40, Page 75	Colonial Group
	G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes.	No incidents of this nature have arisen.	
PRODUCT AND SERVICE LABELLING				
Client satisfaction and communication, Certification and labelling, Quality of life, and Safety and environmental risk management	Management approach		6. Client Satisfaction	Colonial Group
	G4-PR3	Type of product and service information required by the organisation's procedures for product and service information and labelling, and percentage of significant product and service categories subject to such information requirements.	6. Client Satisfaction	Colonial Group
	G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.	No incidents of this nature have arisen	
	G4-PR5	Results of surveys measuring customer satisfaction	Page 39-40	Colonial Group
	CRE8 / Cert-Tot	Type and number of formats for certification of sustainability, classification and labelling of formats for new builds, management and occupancy.	8.7. Certification	Colonial Group

MARKETING COMMUNICATIONS			
Not Material	<u>Management approach</u>		-
	<u>G4-PR6</u>	Sale of banned or disputed products.	-
	<u>G4-PR7</u>	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.	-
CUSTOMER PRIVACY			
Not Material	<u>Management approach</u>		-
	<u>G4-PR8</u>	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	-
COMPLIANCE			
Not Material	<u>Management approach</u>		-
	<u>G4-PR9</u>	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	-

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