

SELECTIRENTE

Retail property investment company

A real estate company
invested in local retail

OUR SUSTAINABLE DEVELOPMENT COMMITMENTS

JANUARY 2023



Table of contents

EDITORIAL	3
INTRODUCTION	4
I/ PROMOTING ECONOMIC DEVELOPMENT IN CITY CENTRES	5
Working to develop dynamic urban centres	
Contributing to the diversification of local retail	
Developing activities that contribute to society	
Continuing to invest in assets close to environmentally-friendly mobility solutions	
II/ COMMITMENT TO AN ENVIRONMENTALLY-FRIENDLY ACTIVITY	9
Monitoring and reducing greenhouse gas (GHG) emissions and energy consumption of assets	
Working to improve the quality of waste sorting and sustainable water management	
Analysing the climate risks of assets to improve their resilience	
III/ MAKING ESG ISSUES INTRINSIC TO THE GOVERNANCE POLICY	12
Incorporating ESG issues into investment, tenant and voting choices within condominium associations	
Engaging stakeholders in our ESG approach	
Incorporating ESG issues into HR processes	
Maintaining an ESG risk management policy	



Editorial



"The diversity of local retail is recognised as essential to virtuous local economic development"

Jérôme Descamps, Chairperson of SELECTIRENTE GESTION SAS

E, S, G. Three pillars on which companies must now base their model. Three formidable challenges to be overcome, in a rapidly changing world in which multiple and often complementary requirements intersect.

Faced with the climate emergency and the need for a more humane and better organised workplace, we all have a role to play, a contribution to make. SELECTIRENTE has understood this and decided to deploy a strategy that is commensurate with the challenges.

At SELECTIRENTE, diversification of local retail is recognised as essential to virtuous local economic development. This diversification policy, which is an integral part of the Company's DNA, reflects a concrete approach to supporting retailers. Enabling local populations to obtain essential goods and services, it is the "S" pillar of the Company's ESG strategy.

From an environmental standpoint, SELECTIRENTE as a matter of principle invests almost exclusively in city-centre assets located less than 500 metres from a public transport station and, most often, from alternative soft mobility solutions. Plans to reduce CO₂ emissions are also being deployed on an increasing proportion of the Company's assets, and the Company is committed to monitoring and reducing the energy consumption of its real estate portfolio.

SELECTIRENTE's demanding strategy is spelled out and detailed in this roadmap, the result of considerable discussion and work, and which concerns all stakeholders: managers, investors, shareholders, tenants and all its service providers.

Introduction

SELECTIRENTE is a specialist real estate company, listed on the stock exchange in 2006. To date, SELECTIRENTE is one of the only listed real estate companies specialising in the purchase of local retail premises in city centres. With a real estate portfolio that is currently almost 60% located in inner-city Paris, the Company's strategic objective is the economic, and environmentally-friendly, development of city centres in the most dynamic French cities.

SELECTIRENTE pursues a strategy based on resilience and value creation, guided by ESG issues. These are integrated into its entire governance policy, whether at the time of acquisition of its assets, in their day-to-day management, in their long-term valuation or in the development of a close collaboration with stakeholders. Its ESG practices are part of a continuous improvement process, illustrated by the ESG objectives that SELECTIRENTE has set itself. As most of these objectives do not have a deadline to be achieved, their monitoring will be published annually in its Universal Registration Document (URD).



I/ PROMOTING ECONOMIC DEVELOPMENT IN CITY CENTRES



II/ COMMITMENT TO AN ENVIRONMENTALLY-FRIENDLY ACTIVITY



III/ MAKING ESG ISSUES INTRINSIC TO THE GOVERNANCE POLICY



I/ PROMOTING ECONOMIC DEVELOPMENT IN CITY CENTRES

CURRENT KEY FIGURES

- 335 RETAIL UNITS CARRYING OUT AN ACTIVITY THAT CONTRIBUTES TO SOCIETY*
- A VERY LARGE MAJORITY OF ASSETS LOCATED LESS THAN 500 METRES FROM PUBLIC TRANSPORT

As the only listed French property company to own a large majority of ground floor retail premises, SELECTIRENTE is committed to serving the needs of urban and neighbouring populations and, through the nature of its assets, to developing local shops in order to actively contribute to the diversity of the local economic fabric.

Commitments	Objectives
Working to develop dynamic urban centres	<ul style="list-style-type: none"> • Maintaining the share of local retail above 80% of the total number of assets
Participating in the diversification of local retail for activities that contribute to society	<ul style="list-style-type: none"> • Having the number of assets whose activity contributes to society reach 50%
Continuing to invest in assets close to environmentally-friendly mobility solutions	<ul style="list-style-type: none"> • Maintaining at more than 95% of the total portfolio the number of assets less than 500 metres from: <ul style="list-style-type: none"> – public transport and/or – access to soft mobility and/or – electric vehicle charging stations



* This definition comes from a specific pre-investment grid. Activities in the food sector, personal services, local services and temporary employment agencies are considered as contributing activities. Health, education, organic and/or local activities, nurseries, general interest associations, public and cultural services as well as social reintegration, ESS (vocational rehabilitation) and ESAT (sheltered employment services for the disabled) are considered as primarily contributing activities.

Working to develop dynamic urban centres

The social aspect of SELECTIRENTE’s commitment is at the heart of its activity. By choosing to become one of the few real estate companies to own a large majority of ground floor retail units, SELECTIRENTE has established itself as a player in the revitalisation of city centres. Thus, it makes the strong commitment to **maintain the share of local retail in its portfolio above 80% of the total number of assets.**

It finances the real economy for businesses that benefit local populations and create jobs locally, through the activity of tenants or indirectly as part of renovation work. By participating in the development of economic activity through their targeted investment ground floor retail units, commonly known as shops and stores, SELECTIRENTE **contributes substantially to the local economic fabric.**

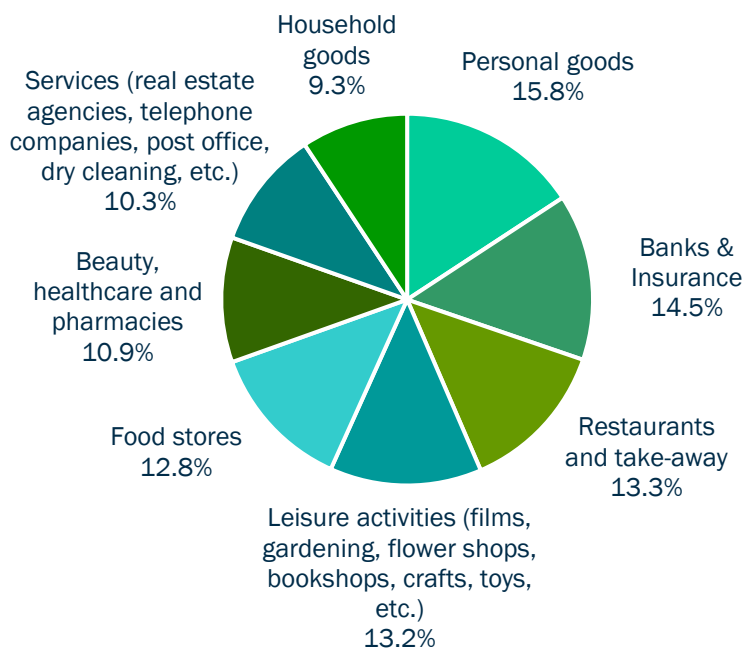
Contributing to the diversification of local retail

At SELECTIRENTE, diversification of local retail is recognised as essential to virtuous local economic development.

This objective is at the heart of its strategy, aiming to develop activities that primarily contribute to society (definition on page 5*).

This diversification policy illustrates a concrete approach to supporting the development of retailers and completes the local offer.

Sector breakdown of the direct real estate portfolio
(% of theoretical annual rents)





Retailers committed to a dynamic and sustainable neighbourhood

The tenants of SELECTIRENTE's assets are local retail units, commonly referred to as shops or stores, which aim to make a significant contribution to the city centre and society. Thus, the various shops not only provide essential goods and services to residents and customers, but most of them are also committed to an ESG approach.

The degree of contribution to society is a very decisive criterion for SELECTIRENTE in selecting a tenant. SELECTIRENTE defines an activities contributing to society* as those ensuring the distribution of essential goods and services to citizens and promoting local economic dynamism (health, culture, education, food, etc.). Thus, for example, SELECTIRENTE has 6% of tenants in the health and personal care sector, 13% are food stores contributing or primarily contributing, 15% of retailers offer local services and 18% are restaurants, brasseries and cafés. It should be noted that some retailers are committed along with their customers through their activity, such as retailers specialising in second-hand goods, craftspeople and shops selling organic products.

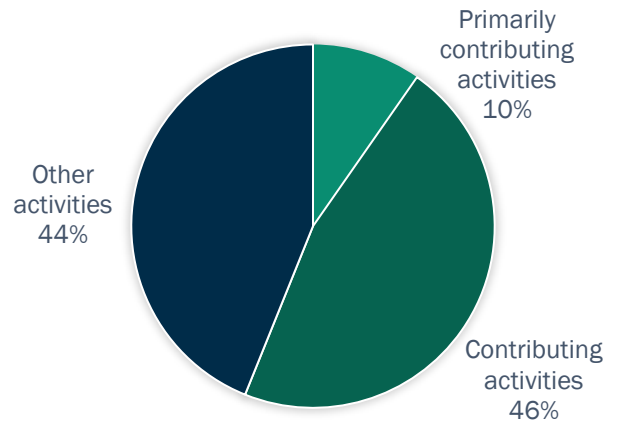


* This definition comes from a specific pre-investment grid. Activities in the food sector, personal services, local services and temporary employment agencies are considered as contributing activities. Health, education, organic and/or local activities, nurseries, general interest associations, public and cultural services as well as social reintegration, ESS (vocational rehabilitation) and ESAT (sheltered employment services for the disabled) are considered as primarily contributing activities.

Developing activities that contribute to society

SELECTIRENTE monitors the share of tenant activities that are primarily contributing to society (definition on page 5*) in its asset portfolio, consisting of local retail units operating in very diversified sectors: beauty and health, food, culture, household and personal goods, catering or services.

Proportion of contributing activities
(% of the number of tenants with a contributing activity)



Continuing to invest in assets close to environmentally-friendly mobility solutions

SELECTIRENTE considers the overall impact of its activity, both positive and negative.

In doing so, it works to mitigate climate change and reduce air pollution at the local level by continuing to invest in city-centre assets in close proximity to environmentally-friendly mobility solutions.



Thus, the vast majority of SELECTIRENTE's assets are within walking distance, and located less than 500 metres from a public transport station and/or access to soft mobility and/or an electric vehicle charging station.



II/ COMMITMENT TO AN ENVIRONMENTALLY-FRIENDLY ACTIVITY

CURRENT KEY FIGURES

- 1 CARBON ASSESSMENT CARRIED OUT ANNUALLY (20 kg eq CO₂ / m² in 2022)
- CLIMATE RISKS ANALYSED FOR 100% OF ASSETS

Aware of environmental issues, SELECTIRENTE regularly monitors its energy consumption, greenhouse gas (GHG) emissions and the effects of climate change in order to implement appropriate action plans.

Commitments	Objectives
Monitoring and reducing greenhouse gas (GHG) emissions and energy consumption of assets	<ul style="list-style-type: none"> • Carrying out an annual carbon assessment and defining a plan to reduce emissions • Monitoring energy consumption on 100% of assets and defining a reduction plan
Working to improve the quality of waste sorting and sustainable water management	<ul style="list-style-type: none"> • 100% of tenants made aware via eco-guides annexed to leases
Analysing the climate risks of assets to improve their resilience	<ul style="list-style-type: none"> • Analysis of climate risks on 100% of assets: <ul style="list-style-type: none"> – at acquisition – annually on the existing portfolio



Monitoring and reducing greenhouse gas (GHG) emissions and energy consumption of assets

SELECTIRENTE wants to reduce the energy consumption and carbon footprint of its real estate portfolio. To this end, SELECTIRENTE monitors the energy consumption of its assets and, in 2022, it carried out energy audits on typical buildings. In addition, a carbon assessment is carried out each year on the three scopes, taking into account the direct energy-related emissions produced on the premises of SELECTIRENTE GESTION, the manager of SELECTIRENTE, (scope 1, e.g. gas consumed on the premises), the imported indirect energy-related emissions consumed within SELECTIRENTE GESTION's premises (scope 2, e.g. electricity produced by non-renewable energy sources) as well as the energy-related emissions produced by its tenants (scope 3). This monitoring enables a plan to be prepared to reduce its emissions.

Similarly, SELECTIRENTE is committed to monitoring and reducing the energy consumption of its real estate portfolio. For this, SELECTIRENTE has partnered with three players:



Deepki, which brings to SELECTIRENTE its expertise in building energy data analysis and optimisation, with a view to improving energy performance.



CBRE / Green Soluce, an independent consultancy firm specialising in sustainable real estate, which carries out standard energy audits on buildings with a view to implementing energy reduction plans.



Wild Trees, a consulting firm specialising in ecological and climate issues, supports SELECTIRENTE in defining and implementing the ESG strategy.

Thus, SELECTIRENTE will implement an action plan to reduce energy consumption for 100% of its assets by 2023. In addition to reducing energy consumption, SELECTIRENTE also wants to improve the environmental footprint of the energy used by promoting renewable energies.

Working to improve the quality of waste sorting and sustainable water management

SELECTIRENTE works with tenants to manage their waste. The Company encourages tenants to sort their waste as well as possible and to install water-saving equipment. These recommendations are contained in the "Good Practice Guide" sent to 100% of new tenants.

Analysing the climate risks of assets to improve their resilience

Faced with climate change, it is essential to adapt its real estate portfolio to withstand the increasingly frequent climatic hazards. For this, a **climate risk analysis is carried out for each asset on acquisition**. In addition, **100% of the portfolio's existing assets are analysed annually to gain an accurate understanding of the regulatory, physical, transition and liability risks to which they are subject.**



Heat wave



Hurricane



Flooding



Submersion



Fire



Drought



To do this, SELECTIRENTE uses the Bat'adapt tool, which provides information on the vulnerability of each asset to various climate hazards. This analysis is necessary to carry out adaptation plans for each asset, in order to improve the resilience of SELECTIRENTE's real estate portfolio through concrete actions.



III/ MAKING ESG ISSUES INTRINSIC TO THE GOVERNANCE POLICY

CURRENT KEY FIGURES

- 100% OF NEWLY ACQUIRED ASSETS ARE ANALYSED ACCORDING TO AN ESG GRID
- SELECTIRENTE DISTRIBUTES AN ECO-GUIDE TO 100% OF NEW TENANTS

As a listed company, SELECTIRENTE already follows a strict governance and business ethics framework. It has adopted the MIDDLENEXT Code and strives to follow best practice in corporate governance. ESG issues are an integral part of SELECTIRENTE's governance policy and break down into various commitments. Employees and stakeholders are fully involved in the process and continuously trained on these issues. Transparency is at the heart of its approach, with its financial communication even receiving the EPRA BPR Gold Award in September 2022.

Commitments	Objectives
Incorporating ESG issues into investment and tenant choices	<ul style="list-style-type: none"> • Analysing 100% of pre-investment phase and existing assets according to an ESG grid incorporating an exclusion policy in the choice of tenants
Engaging stakeholders in our ESG approach	<ul style="list-style-type: none"> • Adding an environmental annex to 100% of new leases signed and providing an eco-guide to 100% of tenants
Incorporating ESG issues into HR processes	<ul style="list-style-type: none"> • 100% of employees trained in ESG issues • Systematic indexation of a portion of the variable compensation of 100% of employees to ESG criteria
Maintaining an ESG risk management policy	<ul style="list-style-type: none"> • Conducting and updating the ESG risk mapping annually

Incorporating ESG issues into investment, tenant and voting choices within condominium associations

SELECTIRENTE takes ESG criteria fully into account in its decision-making process, whether in the acquisition of new assets, in the selection of tenants or in its positioning within condominium associations.

SELECTIRENTE cross-functionally analyses the ESG score of each of its acquisitions using two grids, one in the pre-investment phase (11 criteria) and one in the acquisition phase (46 criteria), taking into account a set of detailed E, S and G criteria. 100% of assets are analysed at investment.

This pre-acquisition study phase enables SELECTIRENTE to assess the assets against the ESG criteria and issues it has identified. Once the assets have been acquired, SELECTIRENTE is committed to a continuous improvement process by implementing concrete actions on its assets (energy consumption and GHG emissions), in partnership with Deepki and Green Soluce. Some examples of criteria taken into account:



- Classification of the Energy Performance Assessment
- Proximity to public transport or alternative mobility options
- Contribution of the lessee's activity to society

This ESG assessment also applies to the choice of potential tenants and the risks of controversy related to their activity. Thus, SELECTIRENTE has a **leasing exclusion policy in place if the tenant's activity does not meet its ESG criteria**. Among these exclusion criteria:



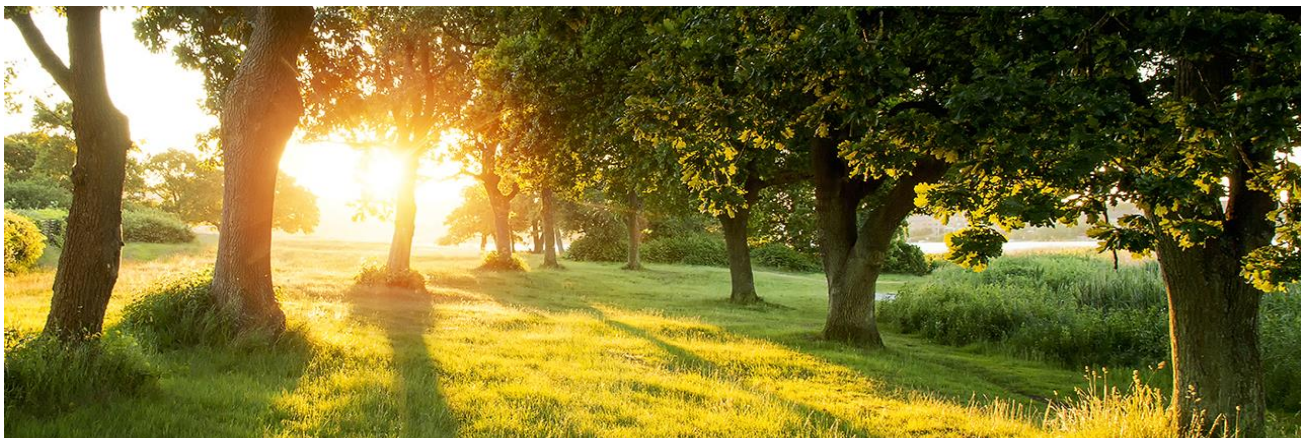
- Controversial arms trade
- Prostitution, pornography
- Marijuana and other illicit substances
- Thermal coal, assets used in extraction, storage, transport or manufacturing of fossil fuels (petrol stations, for example)

Lastly, SELECTIRENTE established a **common voting policy** for its participation in the general meetings of condominiums, aiming to respond favourably to any resolution whose main objective is to reduce the environmental footprint of the building, to strengthen the well-being and safety of tenants, to promote soft mobility, and to develop the collaboration between tenants, the syndic and the owners.

Engaging stakeholders in our ESG approach

SELECTIRENTE includes all of its stakeholders in its ESG approach. Firstly, it is committed to **communicating its sustainable development commitments to its stakeholders** so that they are fully aware of SELECTIRENTE's commitments.

In addition to its sustainable development commitments, SELECTIRENTE has a **Responsible Suppliers Charter and a Stakeholders' Engagement Policy**, which it makes sure to forward to the relevant players. The purpose of the Suppliers Charter is to set out SELECTIRENTE's expectations concerning suppliers, but also to implement a continuous improvement approach for its suppliers and in particular SMEs. The Stakeholders' Engagement Policy aims to describe SELECTIRENTE's policy of engagement with its stakeholders, based on interaction, aiming to achieve general and specific objectives for its assets under management. SELECTIRENTE also has a concrete objective of raising awareness among the tenants of its stores or shops, through eco-guides and the inclusion of environmental annexes when signing new leases. **SELECTIRENTE is committed that 100% of new contracts signed have an environmental annex and that 100% of tenants have received an eco-guide.**



Incorporating ESG issues into HR processes

SELECTIRENTE employees are involved in the ESG approach on a daily basis, in particular by taking part in a continuous training programme. ESG issues are also reflected in its **remuneration policy**, in which the variable portion of salaries is indexed to the ESG performance of 100% of employees, in order to involve them in the Company's ESG approach.

The Human Resources indicators, taken from EPRA standards (European association of listed real estate companies), are monitored by SELECTIRENTE GESTION, which is the Manager and General Partner of SELECTIRENTE.

Maintaining an ESG risk management policy

In order to take into account the risks (particularly environmental) of its assets, SELECTIRENTE performs a **risk mapping** that it updates and publishes each year as part of its **Universal Registration Document**. This enables it to identify and document potential risks, as well as to assess major risks.



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In this ESG Charter, SELECTIRENTE has used its best efforts to provide, in clear and understandable language, up-to-date information deemed accurate and reliable by SELECTIRENTE GESTION, Manager and General Partner of SELECTIRENTE, so that investors may better understand how ESG issues are taken into account in its investment policy. However, SELECTIRENTE cannot be held liable for a decision based on this information. In fact, the information, opinions and assessments contained in this document reflect the convictions of SELECTIRENTE at the time of its publication and are subject to change at any time and without notice.

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SELECTIRENTE | Société en Commandite par Actions (partnership limited by shares) with capital of €66,767,008

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Non-contractual photos.



Manager and General Partner of SELECTIRENTE

SELECTIRENTE GESTION is a subsidiary of SOFIDY.

SELECTIRENTE GESTION SAS

Simplified joint-stock company with a share capital of €100,000

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