

# ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

*We build and manage properties that are sustainable for people and businesses. We contribute to a better community by investing in safety and security in our areas and supporting vulnerable groups and youth activities.*

We demonstrate environmental, social and commercial commitment in everything we do. We constantly develop processes and procedures for more sustainable working methods. The work is a means of providing added value for the company and our stakeholders and contributes to progress in our regions.

As one of the larger property owners and a major housing producer in the regions where we operate, we contribute to employment when new properties and areas are developed. Our sustainability efforts focus on:

- taking active social responsibility
- helping to reduce energy consumption,
- investing in renewable energy sources, energy-efficient construction and
- continual improvements in the environmental status and performance of our properties.

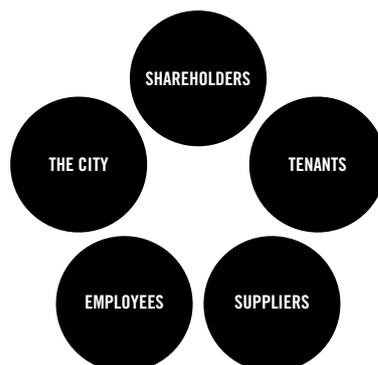
One of the guiding principles in our current business plan is to reduce the carbon dioxide footprint in the property holding by 15 per cent per sq m up until 2018, which will benefit both the environment and our net asset value growth goal for the company.

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## IMPORTANT STAKEHOLDERS IN OUR SUSTAINABILITY EFFORTS

Wallenstam develops areas people want to live, work and spend time in. Long-term development requires commitment to, and an understanding of, the three pillars of sustainability work – financial, environmental and social stability.

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## Global Reporting Initiative

In respect of sustainability issues, we report everything we do and how we do it each year according to Global Reporting Initiative (GRI) guidelines, where we apply level C, and in the survey Hållbart Värdeskapande (Sustainable Value Creation).

## Organization for environmental work

We base our new construction and our property management alike on the fact that buildings affect the environment throughout their life cycle. Group management bears overall responsibility for the company's sustainability issues. During the year we appointed an environmental director tasked with running and further developing Wallenstam's work on environmental and energy issues within both property management and new construction. Practical, day-to-day sustainability work is carried out in every part of the operation. Work with identifying the environmental impact and social demands that surround our operation is constantly in progress. In order to develop our sustainability work further, we remain open to influence from the outside world and maintain a dialogue with stakeholder groups, collaborative partners, business associations and other associations.

## Growth with an environmental focus

Daily operations are carried out by technical personnel in each region, and major attention is paid to lowering the energy consumption of our buildings. When we introduce energy efficiency improvements, we monitor the median use of heating, cooling, electricity and hot water in buildings as demand at the hourly level and energy consumption per month. This provides a good basis for identifying and planning energy efficiency measures. When embarking on energy-saving projects we first estimate the current energy status and a calculation of how much energy is consumed in relation to floor space. We then prepare an action plan.

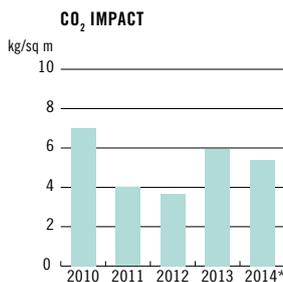
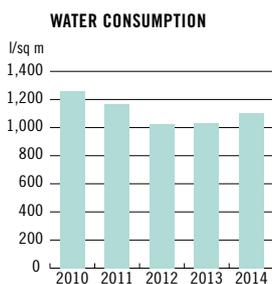
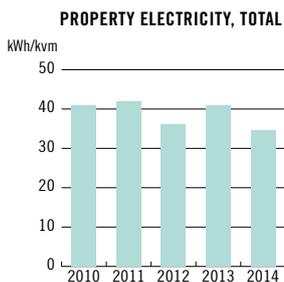
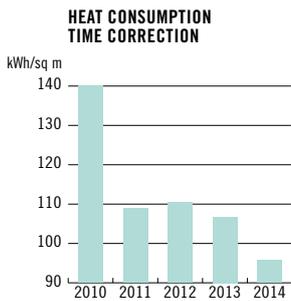
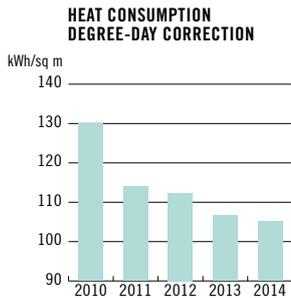
The proportion of properties heated by fossil fuel is marginal. There remain today only four properties which in some way use oil or gas as a supplement to more environmentally friendly heating. We are self-sufficient in renewable energy from our own wind farms and hydro stations, and we can also offer all of our tenants green electricity at advantageous prices.

## Active waste management

As far as possible, waste must be handled according to the ecocycle principle. Accordingly, reducing the amount of waste from our own operation and from our tenants, businesses and suppliers is an important matter. We have developed waste management and created more opportunities for tenants to recover and handle dangerous or bulky waste and confidential material, etc. – efforts that will continue in the years ahead.

## Environmental risk management

In connection with acquisitions we analyse previous and current operations in the property from the standpoint



\* Estimated value for actual impact.

of any environmental risks, and where necessary we investigate the occurrence of chemicals. Energy consumption is reviewed and an action plan drawn up to reduce environmental impact. In the case of new construction we carry out soil surveys and any soil decontamination necessary is performed very thoroughly. We systematically inspect our existing holding and draw up action plans based on any environmental risks in connection with conversion.

### Environmental responsibility, new construction and reconstruction

Our new construction is under constant development to become more energy efficient. In the case of new construction we incorporate buildings with an energy consumption of around 60 kWh/sq m/year, which is lower than both National Board of Housing requirements and energy consumption for low energy buildings. We often add energy-smart technology to reduce energy consumption further. Individual electricity and water metering has been standard in our new constructions since 2006. Such metering contributes to a reduction in consumption of 10–25 per cent following a running-in period. When we renovate a property we investigate how it can be developed to become more eco-friendly.

### Green programmes as control tool

There are a number of environmental programmes in the marketplace such as GreenBuilding and Miljöbyggnad. We use them as requirement specifications in new construction and reconstruction to achieve high quality and reduce environmental impact. During 2014, one

of our properties earned a GreenBuilding certificate and a further twelve properties in our commercial holding meet certification standards. The certification requirement for an existing property is that the building must consume 25 per cent less energy than before. In the case of new construction, the standard is 25 per cent lower than energy requirements in National Board of Housing building regulations.

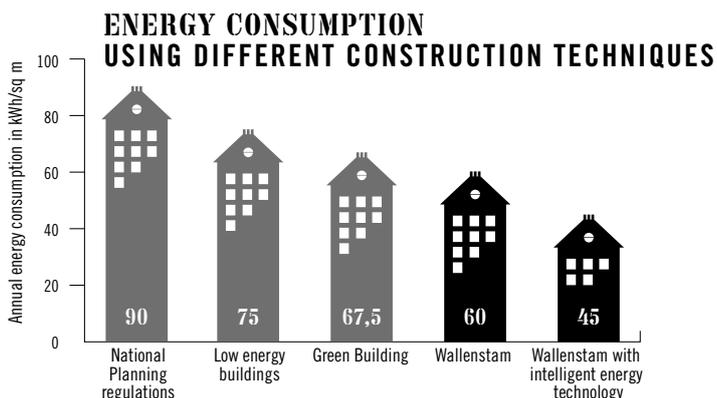
Miljöbyggnad is a certification system with three levels – bronze, silver and gold – that can be applied to both new production and existing buildings. Miljöbyggnad standards provide a testament to important qualities in the building in respect of energy, indoor environment and materials.

### Surroundings and security for our tenants

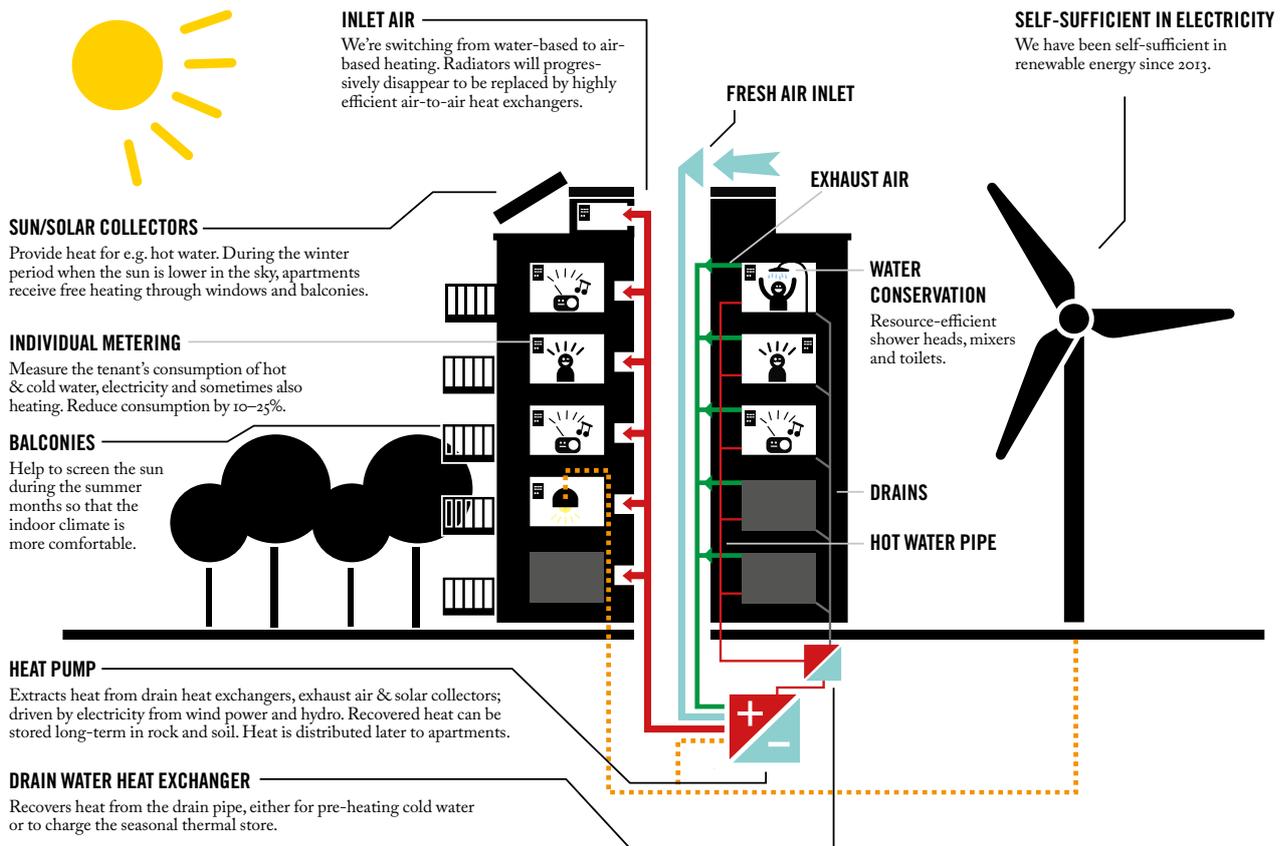
We continued modernization, improvement and security-enhancing renovation work on our properties in 2014, e.g. through new access control systems and better lighting. We also continued work on improving the outdoor environment with new play areas, BBQ grills and green spaces.

In the *Wallenstam Drive* project we offer our tenants, in collaboration with Hertz and Sunfleet, advantageous prices on rental cars and pool cars, something which benefits the environment and makes life easier for our tenants.

As a step towards improving peace of mind and security for our residential tenants, we have begun a collaboration with the Huskurage neighbourhood watch organization. It works proactively to prevent violence in close relationships through neighbourly cooperation.



## HOW WE BUILD AND DEVELOP PROPERTIES WITH A FOCUS ON THE ENVIRONMENT



### ENERGY-RELATED SAVINGS OF 57 PER CENT

In the Stampgatan 14 office building we have installed heat pumps instead of district heating and cooling, something which provides energy-related savings of 57 per cent compared to the previous year. The efficiency of this new energy equipment is higher and is powered by our own carbon-neutral electricity from wind turbines and hydro stations.

Taken together, this has resulted in reduced energy consumption, lower operating expenses and a smaller environmental footprint. The property also meets GreenBuilding certification standards.

### MILJÖBYGGNAD SILVER LEVEL

We have installed heat pumps and waste-water heat exchangers to recover heat from waste pipes in our newly constructed apartment building Knölnaten in Kvillebäcken, which also houses a preschool and retail stores in addition to the 120 rental apartments. By using this technology we have halved the energy consumption in the building compared to National Board of Housing regulations.

What's more, the energy equipment is driven by carbon-neutral electricity from wind turbines and hydro stations. The building meets the City of Gothenburg's Miljöanpassat Byggnade environmental program whose standards not only concern the indoor environment and materials but also energy consumption. The building is also certified to silver level Miljöbyggnad standards.

## Youth housing and homeless housing

We provided transitional accommodation in Stockholm during 2014 to help rehabilitate homeless people as part of our fight against homelessness. We also participate in projects such as Vägvalet Väst and Ungdomsstegen, which work in various ways to provide apartments for youths. At year-end we had just over 170 active contracts of a social or medical nature, or apartments earmarked for students.

## Sponsorships and support

Our CSR (corporate social responsibility) is linked clearly to our core values – progress, respect, commitment – and governed by our sponsoring guidelines.

We focus our efforts primarily on the areas where we operate and the ambition here is also to create added value for our tenants.

We support several organizations that combat social exclusion, as well as organizations that help children who are vulnerable in various ways. Examples include Barn i Nöd (Swedish International Help for Children), Children's Rights in Society, Mitt Liv (My Life – diversity and integration), the Refugee Mission in Gothenburg, Gothenburg City Mission and Stockholm City Mission. What's more, we support a Pub Pastor who ministers to the Gothenburg nightlife.

Through our support to e.g. the Läxhjälp foundation, Barnens Ö and Majornas Samverkansförening, we contribute to pre-emptive social initiatives for children and youth. We offer summer employment to youths under the auspices of Majornas Samverkansförening, where they work together with our building caretakers.

We consider active, meaningful leisure activities to be very important, and we sponsor primarily popular sports, athletics and youth activities; among them are Frölunda Hockey, Älta IF, Nacka Wallenstam IBK and Pixbo Wallenstam.

We also support organizations and functions that contribute to urban development and R&D in sustainability. These include Julstaden Göteborg, Go To Sea, Gunnebo Slott & Trädgårdar, Universeum and Chalmers CMB – a social structure forum – and the institution of a professorial chair in property management at KTH Royal Institute of Technology.

### A BETTER ENVIRONMENT FOR CHILDREN AND YOUTHS AT SUMMER CAMP

On Barnens Ö we renovate the old and build the new to create a wonderful, fun-filled environment for children attending summer camp on the island. Wallenstam is renovating a part of the island known as Östergården, and among other things we have washed façades, repaired roofs, painted buildings, built a volleyball court and cleared away brush from the surroundings.

During 2015, we will concentrate our efforts on the windows and the insides of the buildings. Barnens Ö is located in the Stockholm archipelago and summer camps are held there every year for children and youths between the ages of 9 and 16.



### GINGERBREAD HOUSES FOR THE HOMELESS

The Refugee Mission in Gothenburg works with socially vulnerable people in many different areas. Wallenstam has been a support partner since the 1950s and participates in activities in various ways.

Just before Christmas 2014, around ten Wallenstam employees manned one of the mission's sales booths in Liseberg and sold gingerbread houses with the theme Houses for the Homeless.



### CLOSER INTEGRATION IN THE LABOUR MARKET

Mitt Liv is a community company that works for increased diversity and integration in the Swedish labour market through mentoring, education and wider contact networks.

Wallenstam is in partnership with Mitt Liv and for several years some of our employees have acted as mentors for Mitt Liv participants. Wallenstam also offers work experience opportunities for Mitt Liv participants.

