

Summary of Vasakronan's 2016 sustainability data

Vasakronan's report on sustainability data has been prepared in accordance with the guidelines from the international organization, Global Reporting Initiative (GRI) version G4. It is possible to apply the guidelines at either the Core, or Comprehensive level. Vasakronan has prepared its report at the Core level. In some instances, it has not been possible to collect and report all of the information required by the framework. These deviations are specified in the GRI index.

Vasakronan strives to run its organization in a sustainable way, which is why reporting of sustainability efforts has, to the extent possible, been integrated into [Vasakronans årsredovisning](#). The information provided here serves as a supplement, with information on how we control, set goals and follow up on our sustainability efforts. Additional information, in Swedish, is available at [vasakronan.se](#) in the sections called [GRI-index](#) and [Our responsibility](#).

Planning, control and follow-up

It is essential for Vasakronan to run its organization in a sustainable way. Accordingly, planning, control and follow-up of sustainability efforts are in line with the organizational structure, where there is an explicit delegation of responsibilities and authorities, via a management system that consists of policies, guidelines, overall measurable goals and detailed action plans.

Regulatory framework for Vasakronan's sustainability efforts

EXTERNAL

Laws, including

- Swedish Companies Act
- Swedish Work Environment Act
- Swedish Environmental Code
- Other relevant laws and regulations

The UN Global Compact's ten principles

Environmental Certifications

- BREEAM
- ISO 14001
- LEED
- Miljöbyggnad

INTERNAL

Code of Conduct

Policies, including:

- Anti-corruption
- Work environment
- Environment
- Purchasing
- Equal treatment
- Taxian policy

Environmental Management System

Process descriptions

Framework for green bonds

Other applicable instructions

Global Compact

Global Compact is a UN initiative aimed at aligning the strategies and operations of companies with universal principles on human rights, labor, environment and anti-corruption and taking actions that advance societal goals. The Ten Principles of the UN Global Compact are:

1. Supporting and respecting the protection of internationally proclaimed human rights.
2. Ensuring that we are not complicit in human rights abuses.
3. Upholding the freedom of association and the effective recognition of the right to collective bargaining.
4. Eliminating all forms of forced and compulsory labor.
5. Abolishing child labor.
6. Eliminating discrimination in respect of employment and occupation.
7. Supporting a precautionary approach to environmental challenges.
8. Undertake initiatives to promote greater environmental responsibility.
9. Encouraging the development and diffusion of environmentally friendly technologies.
10. Working against corruption in all its forms, including extortion and bribery.

There are also a number of external laws, guidelines and regulations that govern our operations. During the year, the UN Sustainable Development Goals (SDGs) were added to the framework and efforts are underway to implement them into our strategy, goals and action plans.



The colored images above represent the UN Sustainable Development Goals, which Vasakronan considers to be important to its operations. Efforts are underway to implement them in strategies, goals and action plans.

Business planning is done each year throughout the company, with a focus on areas that could be developed and improved. Based on the business plans, goals are established in each of the following areas: financial, environmental and societal. The direction of such goals may change over time and monitoring is continual throughout the year.

For more information (in Swedish), please see pages 8-11 of [Vasakronan's Annual Report for 2016](#).


FINANCIAL GOALS

GOAL FULFILLMENT 2016


	Total yield at least 6.5 percent per year and on average over rolling ten-year period.	Total yield was 16.3 percent for 2016 and 9.0 percent over the last rolling ten-year period.
	Total yield at least 0.5 percentage points higher than the industry average.	Total yield for the industry was 13.6 percent for 2016 and 8.0 percent over the last rolling ten-year period.
	Increased net operating income of 2.5 percent compared to 2015, when comparing equivalent property holdings.	The increase in net operating income for equivalent property holdings was 2.6 percent.
	An occupancy rate of at least 93 percent at the end of 2016.	The occupancy rate was 94.2 percent at the end of the year.
	A decrease in the percentage of facilities with long-term vacancy by 20 percent.	The average vacancy time increased by around 20 percent, which corresponds to approximately 5 months.
	With new leases, the cost of fit outs should, on average, fall below the amount of the annual rent in the lease agreement.	For new leases in Stockholm, the cost of fit outs was below the amount of annual rent. For new leases in other sub-markets, the cost of fit outs was above the amount of annual rent.
	We will enter into leases at highest market rents.	In Stockholm and Gothenburg, leases for office facilities were signed at new, going market rates. In Gothenburg, Öresund and Uppsala, leases for retail facilities were signed at new, going market rates.
	Price change in conjunction with renegotiations should exceed the results for 2015.	Price change in conjunction with renegotiations amounted to almost 11 percent, which exceeds the results for 2015 by 5 percent.


FINANCIAL GOALS 2017

	<ul style="list-style-type: none"> • Total yield of at least 6.5 percent per year and on average over rolling ten-year period. • Total yield of at least 0.5 percentage points higher than the industry average. • An increase of net operating income when comparing equivalent property holdings of 5 percent compared to 2016. • An occupancy rate of at least 92 percent at the end of 2017. • A decrease in the percentage of long-term vacant facilities by 15 percent. • With new leases, the cost of fit outs should, on average, fall below the amount of annual rent. • Price change with renegotiations should exceed the results for 2016.
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ENVIRONMENTAL GOALS 2016		GOAL FULFILLMENT 2016
	Energy performance to be improved by 3 percent compared to the results for 2015	Energy performance improved by almost 2 percent.
	Increase the percentage of buildings with environmental certification.	The percentage of buildings with environmental certification increased to 77 (71) percent.
	50 percent of the buildings should have an energy performance below 100 kWh/sq. m. and year.	At the end of the period, 42 percent of the buildings had an energy performance below 100 kWh/sq. m. and year.
	Install 20 new PV systems.	10 new PV systems were installed in the property portfolio.
	Increase reuse of materials in project development activities.	In total, 5 reuse projects were completed.
	Decrease the amount of waste generated from project development activities.	The amount of waste generated from project development activities fell, which was primarily because fewer projects were completed compared to the prior year.
	Lower the climate impact from our own travel.	Emissions caused by our employees' commuting and air travel fell. However, emissions from the companies own fleet of vehicles increased.
	Better ranking in the global sustainability survey, GRESB.	Vasakronan improved its ranking and once again received the "Green Star" rating.

ENVIRONMENTAL GOALS 2017
 <ul style="list-style-type: none"> • Improvement in energy performance by 3 percent compared to the results for 2016. • Increase the percentage of buildings with environmental certification. • 50 percent of the buildings have energy performance below 100 kWh/sq. m. • By the end of the year, there should be 50 PV systems installed at properties. • Increase reuse of materials in project development activities. • Decrease the amount of waste generated from project development activities by 5 percent. • At all properties, food waste is sorted and collected separately. • In all projects, 100 percent renewable fuel is used for transports. • 10 percent lower emissions from commuting and business travel. • All new construction and redevelopment started in 2017 will report their use of materials. • Higher ranking from GRESB.

SOCIAL GOALS 2016		GOAL FULFILLMENT 2016	
	Increase the percentage of Vasakronan's work teams with a score of at least 80 for the "Contact" section of our customer survey called "Tell us what you think about Vasakronan"	For the "Contact" section of our 2016 customer survey called "Tell us what you think about Vasakronan", 64 percent of work teams received a score of at least 80.	
	Increase the percentage of "highly motivated employees" in the employee survey.	In the 2016 employee survey, the percentage of "highly motivated employees" increased to 54 (52) percent.	
	Increase the percentage of women in the organization.	The percentage of women in the organization increased to 40 (38) percent at the end of the year.	
	Increase the percentage of employees with a foreign background.	At year-end, the percentage of employees with a foreign background was 13 (12) percent.	

SOCIAL GOALS 2017
 <ul style="list-style-type: none"> • All employees act in accordance with our values and comply with Vasakronan's Code of Conduct. • All suppliers have accepted Vasakronan's Code of Conduct. • All employees know how to prevent discrimination and harassment. • All employees know how to prevent stress and create a good work environment. • Contribute to a successful launch of Safe Construction Council. • At least one WELL* project is implemented in each region. • Increase both the percentage of women and the percentage of employees with a foreign background.

*WELL is certification from the International WELL Building Institute. It assesses the impact of a building and its indoor environment on human health, well-being and productivity.

Stakeholder engagement (G4 24-27) and materiality analysis (G4 18-19)

Documenting and analyzing our stakeholders' expectations is necessary in order for Vasakronan to succeed in achieving its targets and run operations in the right way. It is also fundamental to our efforts of doing what we can to make society more sustainable. For this reason, we need to engage in an ongoing dialog with our most important stakeholders, which are:

- Our tenants
- Our owners
- Our employees
- Our lenders
- Our suppliers
- Influential members of society, such as government authorities and municipalities where we conduct business

Through dialog with our stakeholders, we have identified the sustainability issues that are most important to our business. In addition to our dialog with stakeholders, Vasakronan monitors overall sustainability trends. We also monitor other property companies and sectors to identify issues that could be essential to our ability to run our business in a sustainable way.

Stakeholder dialogue		
STAKEHOLDERS	TYPE OF DIALOGUE	WHAT STAKEHOLDER EXPECTS OF VASAKRONAN
Tenants	<ul style="list-style-type: none"> • Focus meetings with tenants. • Yearly customer satisfaction survey. • Customer service and ongoing dialog with technicians about maintenance issues and service. 	<ul style="list-style-type: none"> • Long-term property management efforts that offer affordable premises suitable for their intended use, with good service and work environment. • Enthusiasm and commitment behind initiatives and collaborations aimed at minimizing negative environmental impact.
Owner	<ul style="list-style-type: none"> • Board meetings, of which one each year is a strategy meeting. • Meetings with owner representatives for specific discussions on corporate governance. 	<ul style="list-style-type: none"> • Long-term stable return where consideration has been given to people, ethics and the environment.
Employees	<ul style="list-style-type: none"> • Performance appraisals (evaluation). • Yearly employee survey. 	<ul style="list-style-type: none"> • A stable, long-term employer with good employment terms • Good work environment and good development and career opportunities • Corporate social responsibility and opportunities for individuals to participate in different types of challenges in the society.
Lenders	<ul style="list-style-type: none"> • Meetings with individual banks. • Financial statements and capital market presentations. 	<ul style="list-style-type: none"> • Good financial management with clear, transparent reporting.
Suppliers	<ul style="list-style-type: none"> • During procurement processes for framework agreements, when ordering and in meetings with suppliers. • Regular reviews/audits. 	<ul style="list-style-type: none"> • Clear requirements in conjunction with signing agreements and follow-up on compliance with requirements. • Priority given to suppliers who fulfill requirements and termination of collaboration with those who do not.
Community	<ul style="list-style-type: none"> • Attending and participating in meetings with stakeholders and sector organizations, as well as other forums. 	<ul style="list-style-type: none"> • Proactive efforts for sustainable development of the property sector and urban development issues. • Efforts aimed at a positive development of society. • Contributing to efforts that minimize negative environmental impact.

Since 2014, we have been reporting our financial, environmental and societal impact in accordance with the GRI Guidelines, version G4. In version G4, the emphasis is on materiality. To ensure that we report the most important sustainability issues, we implemented a comprehensive engagement with stakeholders in 2014, with a focus on reporting the company's sustainability issues.

A wide variety of sustainability issues were covered in our discussions so that we could identify the issues that were most important to us and our stakeholders. Based on that selection, in-depth interviews were held with more than 20 representatives of our various stakeholder groups. The results of these interviews were analyzed and later discussed in a workshop that relevant employees of Vasakronan participated in.

During the workshop, a list was drawn up specifying the most important and prioritized sustainability issues that should be included in our sustainability report. The results of the materiality analysis are fully supported by the company's top management team.

In preparation for the 2016 report, we evaluated the materiality analysis to assess whether it was still relevant and up-to-date. The following were determined to be new areas of importance that we must report on: tax management, water and the health and safety of our customers. Accordingly, they will be included as of the 2016 report. It was otherwise concluded that it is still relevant to report on the sustainability issues identified earlier. The most important and prioritized sustainability issues that Vasakronan reports on are:

- Financial results
- Tax management
- Materials and phase-out of substances that are hazardous to the environment or health
- Energy
- Water
- Emissions
- Waste
- Marking of products and services
- Supplier environmental assessment, labor practices and human rights
- Grievance mechanisms for labor practices and human rights
- Diversity and equal opportunity
- Anti-corruption
- Health and safety of customers

It is necessary to point out that Vasakronan works in a structured, long-term way with many other sustainability issues besides the ones identified in the materiality analysis as essential for reporting purposes. One example of such an area is the prevention of child labor, where the risk and impact, both on and from the business has been assessed as low.

In 2017, there will be new efforts to engage with stakeholders and representatives from all of the stakeholder categories will be invited to participate in a workshop to discuss their expectations on Vasakronan's business.

Boundaries (G4 20-21)

Vasakronan's business has both a direct and indirect economic, environmental and societal impact on different parts of the value chain. The following boundaries have been set with the aim of making our reporting both clear and manageable.

Our economic impact is limited to Vasakronan's operations.

Our environmental impact comes from our own operations, the supply chain and from our tenants. Use of materials pertains to the materials purchased by our suppliers for our new construction and redevelopment projects. Our reporting of energy consumption is the energy used at our properties in the form of electricity for running the buildings, heating and cooling, along with the energy consumption at our own offices. Water use is our tenants' water consumption. Greenhouse gas emissions are the emissions from our own operations in the form of energy consumption and transports. We also estimate emissions from our tenants' energy consumption and waste, and from material usage, waste and transports that occur in the supply chain associated with our new construction and redevelopment projects. For waste, we report on tenant waste that we are responsible for managing. We also report on the waste generated in the supply chain from project activities.

Evaluation of suppliers occurs in our own operations and our reporting covers Vasakronan's work methods along with our conclusions from the evaluations and visits to suppliers. Our reporting does not cover suppliers' own reporting on sustainability.

Our social impact is primarily on our own employees. However, we also impact the people who use our properties and employees working for our suppliers. Our reporting on diversity only covers our own organization. Grievance mechanisms for labor practices and human rights covers our routine for collecting and managing any grievances. Anti-corruption reporting only covers our routine for collecting and managing any verified incidents of corruption. The results from customer surveys cover our own evaluation of tenant satisfaction. The percentage of environmental certifications only covers environmental certification of our own buildings.

Financial responsibility

Ownership of Vasakronan is equally shared by the First, Second, Third and Fourth Swedish National Pension Funds. Accordingly, the company contributes to financing of the public pension system. Our mandate from the company's owners is to generate a high, risk-balanced return, where sustainability efforts are an integral part of operations.

Economic performance (EC1)

Succeeding with our mission requires that we take financial responsibility for our business and have stable, sound finances. This is also critical to our ability to maintain a long-term perspective and meet the financial expectations of other stakeholders.

Vasakronan's CEO and management team have overall responsibility for ensuring corporate governance that is in line with the company's financial targets. Results are followed up quarterly in conjunction with preparation of the interim reports. This is done via follow up on the internal governance parameters that have been established for the company.

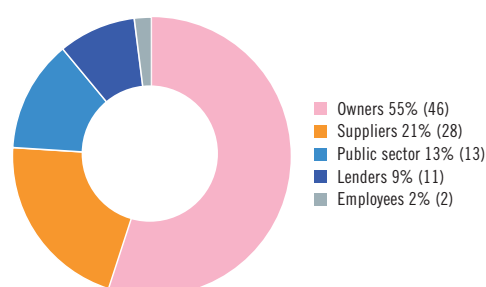
The overall financial goal is to deliver a return that, in relation to the associated risks, is higher than the return owners could obtain from other, comparable investment alternatives. The overall financial return target is to achieve a total yield of at least 6.5 percent per year. Total yield should also be at least 0.5 percentage points higher than the average for our sector, in accordance with IPD Sweden Annual Property Index (not including Vasakronan).

Evaluation is on the average outcome over rolling ten-year periods, along with follow-up and analysis on the outcome for each individual year. For more information (in Swedish), please see pages 10-11 and 33 of [Vasakronan's Annual Report for 2016](#).

Vasakronan AB (publ) is an unlisted company. Operations are partly financed through the capital market, via bonds that are registered on Nasdaq OMX Nordic Exchange Stockholm. Accordingly, we comply with those rules for disclosure, as well as other applicable laws and regulations that apply to public limited companies in Sweden. Vasakronan must provide information that is relevant, reliable, correct and current to all stakeholders. Information relevant to the company's valuation must be made public without delay.

EC1

Distributed Economic Value



Value is created via the management and development of properties, along with explicit transaction activities. Economic value created by Vasakronan is primarily in the form of rental revenue, investments and changes in the value of properties. Detailed information (in Swedish) on Vasakronan's financial position is available on pages 67-79 in [Vasakronan's Annual Report for 2016](#). The components of economic value generated in 2016 are shown in the diagram, above.

Value generated to owners is comprised of dividends paid to owners, which should also be regarded as value generated to the public. In the diagram above, "Public sector" consists of such things as property tax, site leasehold fees and VAT. In 2016, property tax totaled SEK -544 (-474) million, of which SEK 487 (429) million was invoiced to tenants.

Taxes

Tax is a legal cost of the business. It not only affects the return, but is also a question of responsibility, which can impact the company's reputation and image. Taxation is comprised of income tax, VAT, property tax, stamp duty, advertising tax and tax at source.

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- Tax management practices must be in accordance with applicable laws and regulations.
- Taxes must be checked, reported and paid correctly.
- Taxes are a cost, which should be minimized in accordance with current tax legislation. However, management of tax issues should not be based on an aggressive tax planning strategy.
- Taxes result from business decisions that have been made. Evaluation of tax management must therefore occur as an integral part of the company's decision making process and overall risk management practices. Such evaluation must also take brand and reputation risks into consideration.
- Interaction with the Swedish Tax Agency and other authorities must be open and transparent.
- Vasakronan must require that its suppliers and contractors comply with applicable tax legislation.
- Vasakronan must make information available to its stakeholders on the principles that govern its tax management practices, along with the amount of tax paid by the company.

Vasakronan's operations only occur in Sweden, which is why country-by-country reporting on taxes paid is not applicable. Vasakronan is not currently involved in any tax litigation.

For more information on reported taxes see Note 17 on page 89 of [Vasakronan's Annual Report for 2016 \(only available in Swedish\)](#).

Donations and sponsoring

During the year, voluntary contributions to, and investments in, society were made in the form of gifts and donations to various organizations. The two largest contributions in 2016, totaling SEK 650 thousand, were to Löparakademin and Mitt Liv. Löparakademin is a non-profit organization that helps children and youth in underprivileged areas. Mitt Liv is a social service organization that strives to realize a more inclusive society and a labor market that values diversity.

Environmental responsibility

Properties have an impact on the environment throughout their life cycle, i.e. from project planning, construction and management to redevelopment and demolition. Our environmental efforts are based on the Prudence concept and they are carried out within the scope of the company's environmental management system, which has been set up in accordance with the ISO 14001 standard. The company's processes have been designed so that environmental aspects are dealt with during all stages of a building's life cycle. The environmental management system

has been integrated into the company's overall quality system and coordinated with the business planning process. Both internal and external audits are performed to ensure compliance with the environmental management system.

Materials and phase-out of hazardous substances (EN1)

Large quantities of materials are used during new construction, redevelopment and fit outs. There is a large environmental impact from the materials used in our project activities stemming from their manufacturing and transports. Accordingly, it is important that we lower the amount of materials used. We must also use renewable raw materials and reclaimed or recycled building materials to a greater extent. We also need to ensure that the materials we use do not contain any hazardous substances that spread to the indoor environments or ecosystems surrounding our buildings. For this reason, all of the materials used in our buildings are always evaluated and documented. To do this, we use the BVB system for assessing building products.

Most of the materials that we use are in connection with new construction, major d and fit outs. Each regional manager is responsible for the projects in his or her region, which includes the amount and type of materials used and ensuring that the BVB system is used for all construction projects. Environmental performance of a project is based on the type of environmental certification that it has, along with the internal control document and the environmental program for either large or small projects. All project managers and contractors are required to comply with the environmental program. It states that each supplier is expected to use resources conservatively and choose eco-friendly materials and building products (ones that can be reused/recycled). To the extent possible, they should also prioritize flexibility in order to lower the need for future redevelopments. The environmental program requires that suppliers use BVB for selecting and documenting building products. This requirement is also stated in most of our leases, which is important since tenants are increasingly doing more renovations themselves.

In conjunction with internal audits and audits of suppliers, confirmation is obtained that BVB is used in all projects. The results from audits carried out during the year confirm that BVB has been used in all major projects.

The amount of material used in operations has not, in the past, been regarded as a key sustainability issue, which is why it has not been followed up. In 2016, an assessment was made of material usage based on the total investment in new construction, redevelopment and fit outs that were completed during the year. The result of the assessment is that, in 2016, Vasakronan purchased building materials for SEK 475 (1,148*) million. The results for 2016 cover an assessment of the materials used in the redevelopment of Kompassen shopping center in Gothenburg, which was completed during the year. Also included is an assessment of the amount of materials used in fit outs that were completed during the year.

One of the organizational goals for 2017 is that all new construction and redevelopment projects that are started must report their usage of materials. The reporting on that will occur in conjunction with project completion.

**) The results from 2015 have been corrected based on new information that became available,*

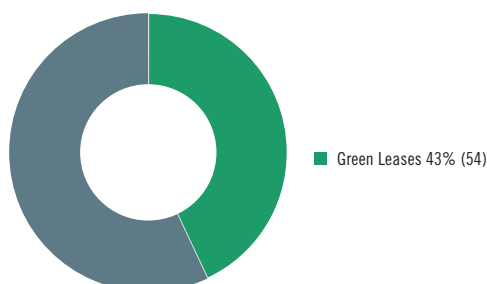
Energy consumption (EN3 and CRE1)

Nearly 40 percent of the energy consumed by society is associated with the property sector. Efforts to lower our energy consumption and only use renewable energy sources is therefore an important environmental issue. Low energy consumption is a prerequisite for obtaining environmental certification, with a high rating, for a building. It is also something that many tenants request.

Our facilities management team (engineering, service and development) has primary responsibility for energy consumption at existing buildings, along with the choice of energy source. Energy-related efforts are governed by the company's energy strategy and environmental policy. Vasakronan's business plan also contains annual targets on how much we should reduce energy consumption.

There is close collaboration with tenants aimed at identifying other ways to lower energy consumptions. An example of this is Green Leases, which were introduced in 2010. As of 2017, all leases will contain the main items contained in Green Leases, which includes requirements on purchasing renewable energy. As such, follow-up on the number of Green Leases will become irrelevant.

Green Leases



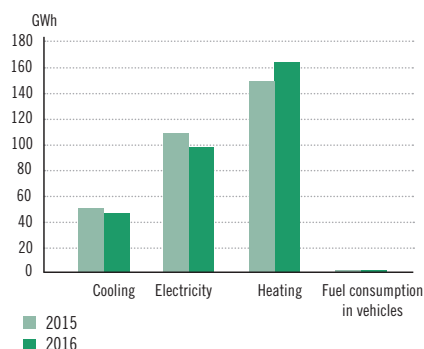
Percentage of newly signed leases in 2016 that were Green Leases, based on area.

Project activities are delegated across regions and this is where the energy consumption of new and renovated buildings is determined. For major new construction projects, the goal is to be at least 25 percent below BBR's (the Swedish National Board of Housing, Building and Planning) requirements. For redevelopment projects not covered by BBR's requirements, the goal is to reduce energy consumption by 50 percent compared to what it was before. During 2016, no projects covered by the BBR requirements were completed. Energy consumption is monitored monthly at the property, regional and company levels via an energy monitoring system in which all measured values are recorded and processed. For new construction and redevelopment projects, a comparison is made between the forecast and actual values upon completion of the project.

In 2016, efforts continued to improve energy performance and at year-end it was, on average, 110 kWh/sq.m. This corresponds to an improvement of almost 2 percent compared to the same period last year. The definitions of energy performance and temperate area are provided on page 111 of [Vasakronan's Annual Report for 2016](#).

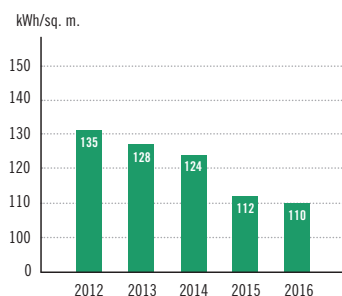
EN3

Energy consumption



CRE1

Energy performance



Our efforts to reduce our climate impact include increasing the percentage of renewable energy. In 2016, 10 additional PV systems were installed at the property holdings and in total, 940 MWh (610) of electrical energy is produced by our PV systems. At the end of the year, there were 37 PV systems in place generating a total of approximately 2,400 MWh per year, which corresponds to the annual energy consumption of approximately 5 Hötorget high-rise buildings. These systems are installed throughout the entire holding of properties. At 19, Stockholm has the highest number, followed by Uppsala with 10, Öresund with 5 and Gothenburg with 3 PV systems.

For more information (in Swedish) on Vasakronan's energy performance and its PV systems, please see pages 10 and 18 of [Vasakronan's Annual Report for 2016](#).

Water consumption (EN8 and CRE2)

Water consumption is an important issue from a global perspective. In fact, during recent years, even the supply of drinking water in certain parts of Sweden has become limited. Vasakronan uses water from the municipal systems and although there have not been any shortages in the regions where we operate, we nevertheless continually monitor and implement cost effective measures to reduce consumption. Low water consumption is a prerequisite for obtaining environmental certification at a high rating for a building.

Our facilities management team (engineering, service and development) has primary responsibility for the water consumption of existing buildings and the regions are responsible for ensuring that new construction and redevelopment projects are designed with a requirement of low water consumption. Water-saving solutions are implemented into all project activities. Examples are low-flow toilets and taps. Furthermore, any landscaping at buildings is designed such that it doesn't need to be watered.

Water consumption is monitored monthly at the property, regional and company levels via our operations monitoring system in which all measured values are recorded and processed.

During 2016, the total amount of water consumed was 1,159,000 cubic meters, which corresponds to water intensity of 0.5 m³/sq. m. and year. Comparison figures are not available because 2016 is the first year that water consumption has been reported.

Emission (EN15-17)

During the management stage, buildings use a great deal energy, which can give rise to greenhouse gas emissions. Furthermore, operations are responsible for emissions from own vehicles, business travel and commuting. We are also indirectly responsible for a large share of indirect emissions stemming from material usage, waste and transports associated with project development.

Each year, Vasakronan estimates its greenhouse gas emissions in accordance with the Greenhouse Gas (GHG) Protocol. The calculations for 2016 were provided by the consulting company, 2050 AB.

Thanks to continuous efforts to lower energy consumption and by purchasing renewable energy, we have managed to lower our direct emissions by approximately 97 percent since 2006. For its remaining direct emissions, and a portion of the indirect emissions,

Vasakronan engages in climate compensation by purchasing shares in compensation projects. Compensation is done on an annual basis, retrospectively. Vasakronan's long-term ambition is to be climate neutral, without the need for any compensation.

EN15, 16 and 17

Report on total greenhouse gas emissions 2006 and 2012-2015

Vasakronan has calculated its climate emissions since 2006 and therefore, this is also the base year used for calculations. For comparison purposes, emissions for 2006 have been adjusted so that they also include emissions of AP Fastigheters. Since the base year, emissions have fallen by around 99% (comparable emissions). This large decline resulted from lower energy consumption and transition to renewable or climate neutral energy sources. During the years that have elapsed, the scope of emissions included in the calculations has increased due to continual improvement of input data and revised calculation principles. Since 2012, the calculations not only include carbon emissions, but also all greenhouse gases.

	Basår 2006 ¹⁾	2012	2013	2014	2015	2016
Scope 1						
Oil	3 335	32	19	14	0	0
Own fleet	67	25	13	19	11	21
Privately owned vehicles used for work and company cars	236	40	23	21	2	16
Refrigerants	-	874	944	555	371	165
Total Scope 1	3 638	971	998	608	384	202
Scope 2						
District heating	25 740	313	183	267	187	189
District cooling	606	311	232	229	179	121
Electricity ²⁾	30	766	863	2 404	626	416
Total Scope 2	26 377	1 390	1 278	2 900	991	726
Climate compensated Scope 3 emissions						
Air	303	121	120	92	201	118
Train	-	0	0	0	0	0
Taxi	-	8	8	6	0	6
Hotel accommodation	-	3	3	4	4	7
Commuting	-	240	221	232	181	157
Production and distribution of vehicle fuels (in scope 1)	-	15	9	12	3	9
Production and distribution of energy fuels (in scope 1 and 2) ³⁾	-	1 748	1 261	1 282	1 131	1 451
Total Climate compensated Scope 3 emissions	303	2 135	1 622	1 629	1 521	1 748
Other Scope 3-emissions ⁴⁾						
Waste from tenants	-	-	-	880	2 523	1 727
Waste from construction projects ⁵⁾	-	-	-	670	598	1 157
Transports for construction projects ⁵⁾	-	-	-	1 279	1 853	1 013
Materials for construction projects ^{5) 7)}	-	-	-	40 321	59 031	30 175
Electricity use of tenants ⁶⁾	-	-	-	-	85 576	54 621
Total (Scope 1, 2 och 3)	-	-	-	43 150	149 581	88 693
Total emissions used in climate compensation	-	4 496	3 898	5 137	2 896	2 676
Comparable emissions with 2006 ⁷⁾	30 318	4 496	3 898	48 287	152 477	91 369
Emissions intensity, Scope 1 and 2 (kg per leasable sq. m.)	8,14	0,91	0,89	1,40	0,55	0,38
Emissions intensity, Scope 1 and 2 (after climate compensation)	8,14	0	0	0	0	0

¹⁾ Including AP Fastigheter's emissions before merger with Vasakronan. Only scope 1, 2 and flights and only CO₂.

²⁾ As of 2012 only included are temporary agreements that are not origin-marked.

³⁾ This category includes emissions upstream in the production process, from hydropower, wind power, biomass power, additional power, district heating and cooling, as well as oil extraction, refining and distribution.

⁴⁾ New categories since 2014 for waste, materials and transports and since 2015 for electricity use of tenants.

⁵⁾ Entire construction project emissions for projects concluded during the reporting year.

⁶⁾ Electricity purchased directly by tenants.

⁷⁾ As of 2016, a new method has been used to calculate emissions from fit out projects. The corresponding emissions for 2015 have been recalculated using the new method. However, no adjustments have been made to figures further back in time.

Waste (EN23)

Large amounts of waste are generated from new construction and redevelopment projects. At present, much of that waste is sent to landfills or incineration plants. There is also a national goal for 70 percent of all construction and demolition waste to be recycled, or for the materials to be reused, by 2020.

We also manage large amounts of waste generated from our tenants' activities. We thus have a great deal of influence in how that waste is sorted, since we are responsible for the waste sorting stations at our buildings.

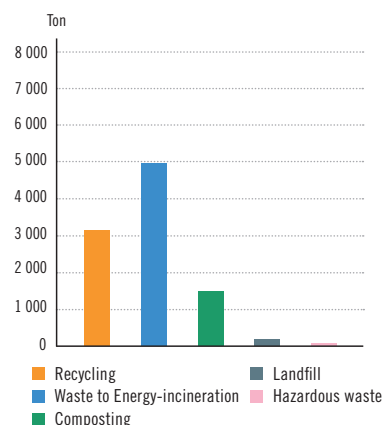
For each type of waste, we use the EU waste hierarchy as the basis for our working method and the goal is to minimize the amount of waste that is sent to landfills or incineration plants, while increasing the percentage of waste that is recycled or reused. Vasakronan's long-term goal is for neither our own, nor our tenants' operations to generate waste that cannot be recycled or reused. To realize that, we must collaborate with customers and suppliers to;

1. Lower the amount of waste through an efficient use of resources.
2. Create the conditions for being able to reuse waste.
3. Manage waste in such a way that it is no longer considered waste, but as new resources.
4. Any hazardous waste that is generated must be disposed of correctly.

At existing buildings, our facilities management team (engineering, service and development) is responsible for ensuring that we meet the waste targets. In all leases, for example, there is a requirement that tenants must sort the waste generated from their operations. For project activities, regional managers are responsible for ensuring that we achieve our goals. As of 2016, waste workshops will be held for all major new construction and redevelopment projects with the aim of identifying the biggest opportunities for reducing the amount of waste and setting a concrete efficiency target for the project. During the year, several redevelopment projects were run where materials were reused.

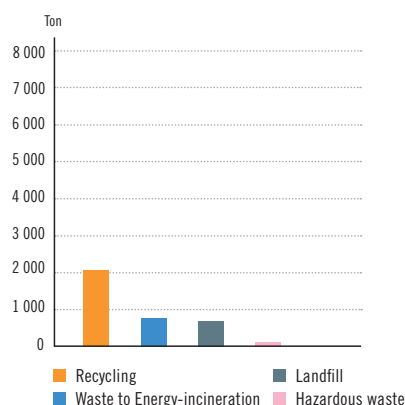
EN23

Tenant waste 2016

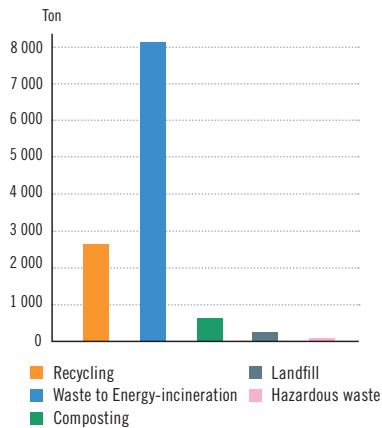


EN23

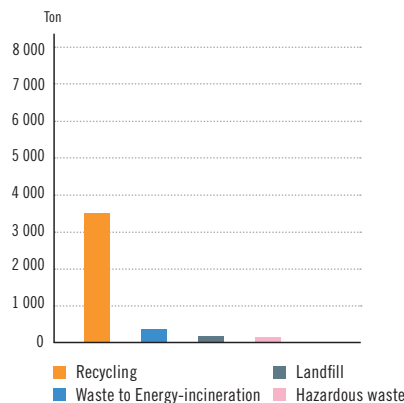
Project waste 2016



EN23

Tenant waste 2015

EN23

Project waste 2015

Subsequent to submitting the 2015 report, new information became available that impacts the reporting of the amount of waste from project activities of prior years. The information provided here shows the adjusted values.

Our reporting on the amount of waste that Vasakronan and our tenants generate is partly based on estimates. Some of the waste generated by tenants is collected by contractors employed by the municipalities across Sweden. It is often difficult, and sometimes impossible, to obtain information from the municipalities on the amount of waste collected at each property. For this reason, a portion of the amount of waste has been estimated using key figures per square meter on the basis of actual information that was obtained.

For project waste, detailed statistics are available for major projects. For fit outs however, there typically is no information available about waste. The waste generated from these types of projects has therefore been estimated by creating key figures that are based on actual expenses in a reference project.

Supplier environmental assessments (G4-12 and EN32)

In order to successfully run the business, it is necessary to rely on different types of suppliers. Purchasing must be in accordance with Vasakronan's values, which include high ethics, a holistic view and a humanistic perspective. With each purchase, there must be commercial correctness, objectivity and honesty with due observance of good business practice. Purchasing must also be based on competitive bidding processes, where suppliers and their bids are assessed and prioritized based on how well they meet the stated requirements and having considered the supplier's expertise, quality, sustainability and work environment efforts, along with the associated risks, function, execution, design and price.

Our procurement department is responsible for entering into agreements with our suppliers. The Head of Procurement reports to the CTO (head of facilities management). The procurement department is responsible for ensuring that purchases meet high quality and sustainability requirements, at the lowest possible cost. It is also responsible for approval of new suppliers. With each procurement, there is an evaluation of all potential suppliers based on several criteria. Agreements with new suppliers always include the Code of Conduct for Vasakronan's Suppliers and as of 2017, all new suppliers to framework agreements and service agreements will be evaluated on environment, working conditions and human rights.

In total, Vasakronan collaborates with around 2,800 different suppliers. These suppliers typically also rely on their own suppliers as well. For this reason, it is difficult to assess the total number of sub-suppliers, as the number can vary considerably between each of Vasakronan's suppliers.

The main types of suppliers engaged by Vasakronan are:

- Contractors (primarily building contractors)
- Consultants (such as technical consultants and architects)
- Energy suppliers (for electricity, district heating and district cooling)
- Service suppliers

Because Vasakronan only has operations in Sweden, its suppliers are also primarily located in Sweden.

For more information (in Swedish) on Vasakronan's procurement activities and code of conduct for suppliers, please see page 20 of [Vasakronan's Annual Report for 2016](#).

Environmental requirements for our suppliers are stated in specific attachments to agreements, such as the environmental program for both large and small projects. General environmental requirements are summarized in our environmental policy and (in Swedish) in our Code of Conduct for Suppliers that was created in 2013. It applies to all new supplier agreements and is now included in 100 percent of the supplier agreements signed by the procurement department. There are instances, however, where agreements are entered into without involvement from the procurement department. Accordingly, it is difficult to assess how many agreements and suppliers have relevant environmental requirements in their agreements. At Vasakronan, continual efforts are directed at lowering the total number of suppliers and ensuring that all supplier agreements are managed directly by the procurement department.

Supplier audits are carried out to ensure compliance with the code of conduct and any other items specified in the supplier's contract. When we select which suppliers to audit, we consider how much we purchase from the supplier, along with the particular risks and focus areas. In 2016, 10 (13) major supplier audits were carried out. Besides that, 7 (13) supplier audits on a smaller scale were done in conjunction with contract meetings as well as a review our cleaning contractors focusing on labor practices and human rights. The results of these audits show that our suppliers are meeting our environmental requirements in a satisfactory way.

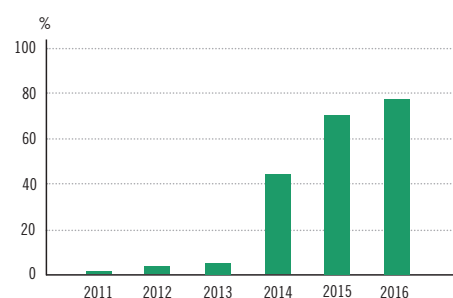
Environmental certification of buildings (CRE 8)

Obtaining environmental certification for both existing and newly constructed buildings is important from several perspectives. It provides a third-party confirmation that our properties have a low environmental impact and it helps us meet the growing environmental requirements of our tenants. Our financing efforts using Green Bonds rely on our buildings having environmental certification.

Regional managers are responsible for environmental certification on our new construction and redevelopment projects and our CTO (head of facilities management) has that responsibility for our existing buildings. At the end of 2016, 77 (71) percent of the portfolio had environmental certification. Vasakronan only reports certification obtained through the following schemes: BREEAM, LEED and Miljöbyggnad. Of the remaining properties, approximately half will obtain certification in 2017. Other properties are buildings where some sort of project is underway. They will become certified over the course of the project, which is why certification will not be obtained until the project has been completed. Our long-term goal is to obtain environmental certification for all of our buildings.

CRE8

Environmental certifications



	Area, Sqm	Share, %
BREEAM Excellent	8 100	0,4%
LEED Platinum	33 784	2%
LEED Gold	1 527 237	82%
LEED Silver	237 267	13%
LEED Certified	55 026	3%
Miljöbyggnad Brons	12 194	1%
	1 873 608	

Some buildings have more than one type of environmental certification. However, in the table above, they are only represented once, in the LEED certification category.

*) For more information (in Swedish) on Vasakronan's environmental certifications, please see page 18 and the listing of properties in [Vasakronan's Annual Report for 2016](#).

Social responsibility

We must take responsibility for the people affected by our operations in order to achieve our vision of future-proof cities, with buildings where both individuals and companies can thrive. Our main impact is on our employees and our suppliers' employees, our tenants and others who in some way use or benefit from our properties.

We also want to influence current issues and help solve important challenges in society that are beyond our direct control, but where we can help make a difference. This is possible through our own direct efforts or by supporting and collaborating with existing organizations. Any such collaboration must have local support and be linked in some way to Vasakronan's operations. It must also enable our employees to directly become involved.

Diversity and equal opportunity (G4-10 and LA12)

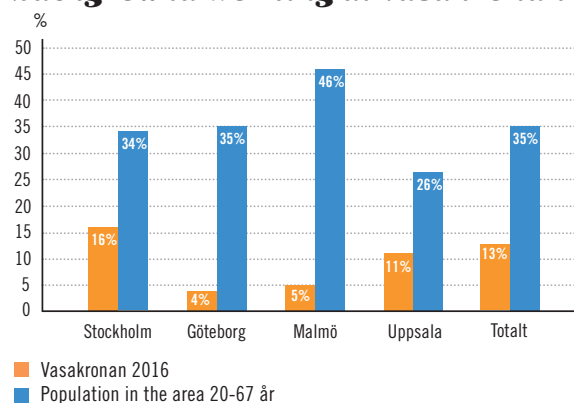
We strive to be a company that reflects the society in which we do business. We believe that success and diversity go hand-in-hand because it makes us more innovative and better at solving problems more efficiently.

All employees and job applicants are treated equally and we do not allow any form of discrimination. Women and men are given equal opportunities for development and promotion, as well as equal pay for equal work.

Diversity and equality efforts are led by the company's Head of HR. However, each manager is responsible for promoting group diversity and ensuring that no employee encounters discrimination. The company's equal opportunity policy summarizes the purpose and goals for equality and it clearly states that all areas of operation must be free from discrimination and harassment. The company also has its own [Code of Conduct](#) (information in Swedish) for employees and the board of directors. In 2016, no suspected incidents of discrimination nor other violations to our code of conduct were reported or investigated.

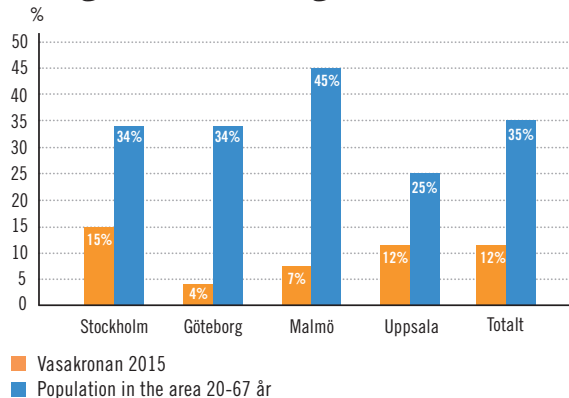
LA12

Percentage of employees with a foreign background working at Vasakronan 2016



The percentage of employees with a foreign background working at Vasakronan in 2016 compared to the population (20-67 years old) in the same area.
 Källa: SCB

Percentage of employees with a foreign background working at Vasakronan 2015



The percentage of employees with a foreign background working at Vasakronan in 2015 compared to the population (20-67 years old) in the same area.
Källa: SCB

Any cases of discrimination are reported via: employee surveys, closest supervisor, HR department, union representatives, Compliance Officer, or our external whistleblower function. Salary surveys are conducted regularly to ensure that there are no unfounded salary discrepancies at Vasakronan. This is done with the help of external consultants to ensure the highest possible level of objectivity. In the most recent salary survey, it was determined that men's salaries are 0.6 percent higher (unmotivated salary discrepancy). This will be monitored and adjusted as part of the 2017 salary review.

As of 31 December 2016, Vasakronan had 339 (346) employees, of which 334 (340) were permanent and the remainder were temporary employees. One employee at the organization had a part-time contract. All employees are covered by union agreements. Of the total number of employees, 262 (270) were salaried employees and 77 (83) were employed under a collective agreement.

At year-end, the company was using the services of 105 consultants in its operations. Of that number, 60 percent had been brought in as external project managers for new construction and redevelopment projects. Other consultants are primarily used as replacements for own employees who, for example, are on parental or sick leave. Besides these, contractors were also used in project activities. Since the number of contractors can vary considerably over time, an assessment of the number used has not been made.

For more information (in Swedish) on the number of employees, please see Note 8 on page 85 of [Vasakronan's Annual Report for 2016](#). For more information (in Swedish) on the Board of Directors and Management, please see pages 64-65 of [Vasakronan's Annual Report for 2016](#).

LA12

Gender distribution

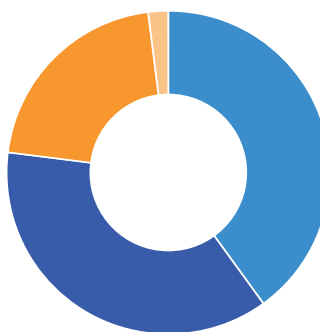


-29 år 7% (8)
30-49 år 54% (53)
50- år 39% (39)

Employee gender distribution.

G4-10

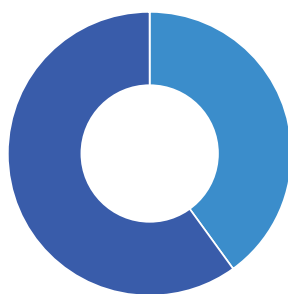
Type of employment



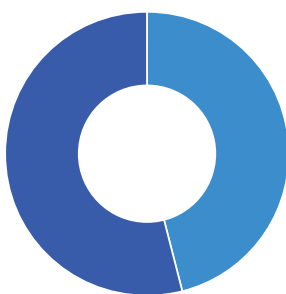
Salaried employees, Women 40% (40)
Salaried employees, Men 37% (36)
Employment via a collective agreement, Women 21% (22)
Employment via a collective agreement, Men 2% (2)

All employees.

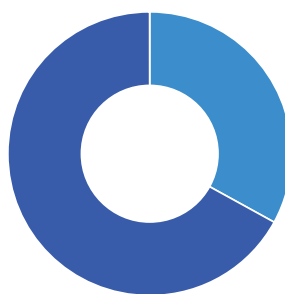
LA12

Gender distribution**All employees**

Women 40% (38)
Men 60% (62)

Management

Women 46% (38)
Men 54% (62)

Board of Directors

Women 33% (33)
Men 67% (67)

Supplier assessments for labor practices and human rights (G4-12, LA14 and HR10)

In order to successfully run the business, it is necessary to rely on different types of suppliers. Purchasing must be in accordance with Vasakronan's values, which include high ethics, a holistic view and a humanistic perspective. With each purchase, there must be commercial correctness, objectivity and honesty with due observance of good business practice. Purchasing must also be based on competitive bidding processes, where suppliers and their bids are assessed and prioritized based on how well they meet the stated requirements and having considered the supplier's expertise, quality, sustainability and work environment efforts, along with the associated risks, function, execution, design and price. We want all employees working on behalf of Vasakronan, regardless of their direct employer, to have decent working conditions, and be treated with respect and regard for their health and safety.

Our procurement department is responsible for entering into agreements with our suppliers. The Head of Procurement reports to the CTO (head of facilities management). The procurement department is responsible for ensuring that purchases meet high quality and sustainability requirements, at the lowest possible cost. It is also responsible for approval of new suppliers. With each procurement, there is an evaluation of all potential suppliers based on several criteria. Agreements with new suppliers always include the Code of Conduct for Vasakronan's Suppliers and as of 2017, all new suppliers to framework agreements and service agreements will be evaluated on environment, working conditions and human rights.

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Requirements on suppliers concerning labor practices and human rights are stated in, among others, attachments to agreements, such as work environment regulations. General requirements (in Swedish) on labor practices and human rights are summarized in our Code of Conduct for Suppliers. It applies to all new supplier agreements and is now included in 100 percent of the supplier agreements signed by the procurement department. Supplier audits are carried out to ensure compliance with the code of conduct and any other items specified in the supplier's contract. When we select which suppliers to audit, we consider how much we purchase from the supplier, along with the particular risks and focus areas.

In 2016, 10 (13) major supplier audits were carried out. Besides that, 7 (13) supplier audits on a smaller scale were done in conjunction with contract meetings as well as a review of our cleaning contractors focusing on labor practices and human rights. The results of these audits show that our suppliers are meeting our requirements on labor practices and human rights in a satisfactory manner.

The percentage of agreements not entered into by the procurement department is difficult to estimate and it is therefore difficult to assess how many agreements and suppliers have relevant requirements on labor practices and human rights included in their contract. At Vasakronan, continual efforts are directed at lowering the total number of suppliers and ensuring that all supplier agreements are managed by the procurement department.

Grievance mechanisms for labor practices and human rights (LA16 and HR12)

The company has established a whistleblower system so that employees and others are able to anonymously report any suspected incidents where there is lack of compliance with laws, rules or policies. Vasakronan's General Counsel/Compliance Officer is responsible for receiving and investigating any such complaints. An external whistleblower function has been in place since 2015 so that it is possible to bring any suspected incidents to the attention of external parties.

The Compliance Officer is bound by professional secrecy and therefore must keep the identity of anyone reporting incidents of suspected misconduct confidential. Specific instructions also exist on how reported incidents (via the whistleblower function) are to be dealt with. The number of reported incidents, their nature and the number resulting in further action is monitored by the steering committee for internal control, which consists of the company's CEO, CFO, General Counsel and one Controller. A summary of this is included in the annual report each year. In 2016, there were no reports of suspected non-compliance with laws or regulations pertaining to labor practices or human rights.

Anti-corruption (S05)

Corruption occurring within the Swedish construction and property sector, where the sale of products and services each year is substantial, is assessed as widespread and extensive. For this reason, we must have working methods directed at eliminating the risk of corruption in all situations.

Daily operations are governed by policies and guidelines on such things as purchasing, communication, diversity, equality and the environment. Together with the code of conduct, our policies, routines and training all contribute towards discouraging all forms of corruption and all of Vasakronan's employees and suppliers are expected to comply with existing laws. Efforts to combat corruption and bribery are led by the company's General Counsel in her role as Compliance Officer. Violations will not be tolerated and may result in disciplinary action, dismissal or prosecution. All policies are available on our intranet and there is regular follow-up to ensure compliance throughout the organization.

In 2016, a total of four suspected incidents of corruption were reported. However, subsequent investigation ruled out the existence of corruption in each case. During the year, two incidents were reported to the whistleblower function. Neither incident had to do with suspected corruption. Rather, they were issues dealt with within the scope of reporting problems at properties.

Health and safety of customers (PR1)

Many of our tenants' employees spend a great deal of time indoors at their facilities and research shows that there is a high correlation between the design of facilities and human health. For this reason, it is important that we design and manage our buildings in a way that promotes the health and well-being of the people staying there. Employee health is an important success factor for our tenants, and accordingly, also for us.

Regional managers are responsible for considering health and safety aspects in new construction and redevelopment projects. Furthermore, with environmental certification of buildings, there is an evaluation of the most essential indoor environment issues, such as air, light and sound conditions, as well as avoidance of hazardous substances. The goal is for all projects to obtain environmental certification.

The facilities management team (engineering, service and development) is responsible for running our buildings so that there are no risks to customer health and safety. For existing buildings as well, environmental certification is a good way of evaluating whether we meet our requirements on health and safety. The goal is for all buildings to obtain environmental certification. A report on the percentage of buildings with environmental certification can be found in the section on the environment, under the heading, "Environmental certification of buildings".

Health and safety for those working with our construction projects is also very important since construction involves a high level of risk. Regional managers are responsible for project activities, along with ensuring that we procure construction services from contractors who systematically work with work environment and safety issues. The goal is for no person to become injured when working for Vasakronan.

In 2016, Vasakronan participated in efforts to set up the Safe Construction Council in Sweden.

Customer satisfaction (PR5)

A high level of customer satisfaction is intrinsic to success in delivering a high, long-term return. When customers are satisfied, they are also more loyal to us.

Overall responsibility for customer satisfaction lies with the regional manager at each of the company's four regions. Customer surveys are carried out regularly to monitor the results of our efforts and identify areas for improvement. Vasakronan conducts a customer survey at the beginning of each year. It also surveys customers in conjunction with specific events.

For more information (in Swedish) on Vasakronan's customer surveys, please see page 20 of the [Annual Report for 2016](#).