

Sustainability report 2010



VASAKRONAN



Vasakronan's new property in the Riga block is situated in the center of Värtahamnen, part of the emerging Norra Djurgårdsstaden with its distinct environmental profile. Space and light greet visitors in the seven-story building where Tieto and its 1,400 employees is the largest tenant. The property has very little impact on the climate and is designed to meet Gold level standards in the LEED international environmental rating system. At the beginning of 2011, the building received the EU Green Building Award for its low energy consumption.

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GRI Sustainability Reporting

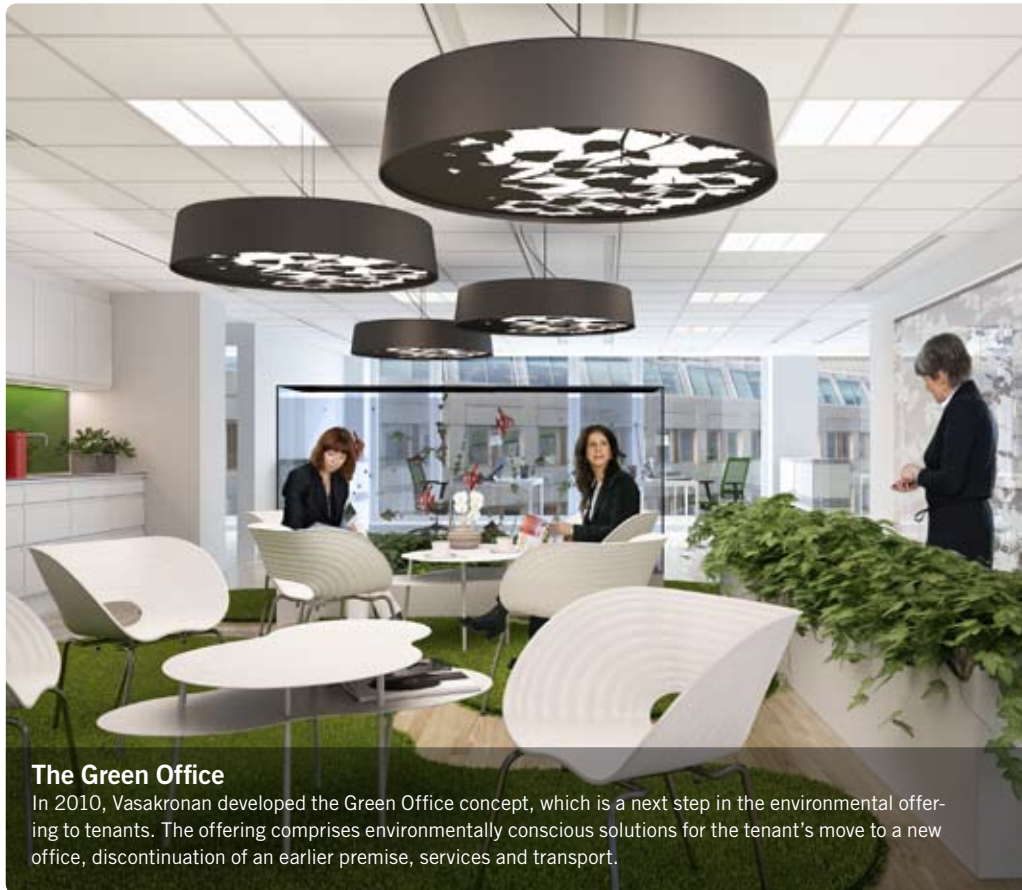
Sustainability reporting describes Vasakronan's sustainable development work and is submitted on an annual basis. The report is prepared according to guidelines from the international organization Global Reporting Initiative (GRI), with the ambition, in all materials respects, to satisfy the requirements of GRI Application Level B. For more information about the Global Reporting Initiative, see the organization's website at www.globalreporting.org.

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Green progress for environmental work

Solutions that lead to sustainable development will benefit both Vasakronan and the company's customers. The environment is one area where we can really make a difference and in 2010, this work was further developed. Some of our key progress during the year is described here.



The Green Office

In 2010, Vasakronan developed the Green Office concept, which is a next step in the environmental offering to tenants. The offering comprises environmentally conscious solutions for the tenant's move to a new office, discontinuation of an earlier premise, services and transport.

New and emerging environment network

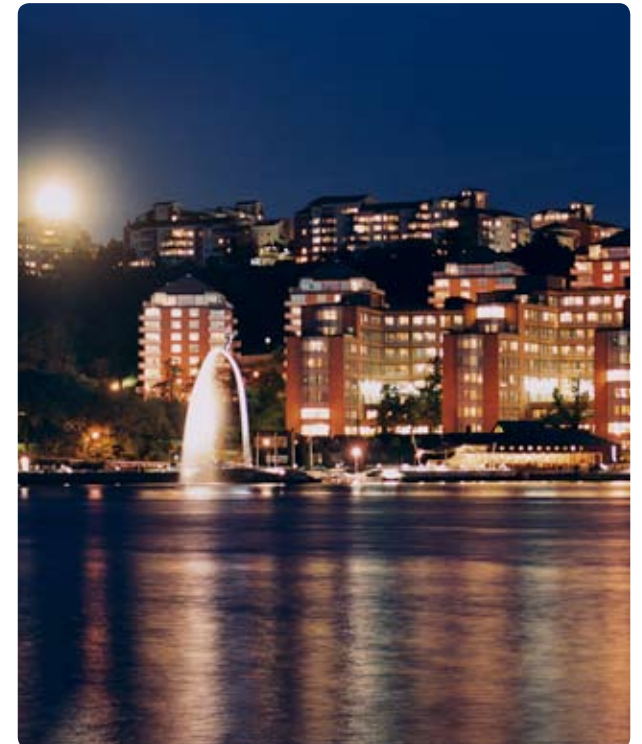
At the end of 2010, the Sweden Green Building Council, which was initiated by Vasakronan, had grown to 116 member companies that work jointly to develop and promote environmental and sustainability work in the industry. In 2010, Vasakronan contributed to the formation of the Haga Initiative, another climate action network.

The industry's most attractive employer

In Universum's FöretagsBarometern survey, Vasakronan was once again rated the most attractive employer in the property industry.

Success for green leases

Lower resource and energy consumption, good waste management and a high recycling rate. These are some of the features in Vasakronan's new green leases, which Vasakronan – as the first company in the industry – launched in 2010. The green leases entail that both landlords and tenants commit to a variety of practical measures, such as source separation of garbage and the choice of materials for renovation. The tenant also undertakes to use only electricity labeled "Good Environmental Choice" in its premises. The green leases have proved a major success. The first tenant to sign a green lease was Logica in Nacka Strand. In 2010, 223 green leases were signed.



The Green Office – an important step

Vasakronan's ambition is to be the leading property company in Sweden and a role model for Swedish business. Thus, our aim is also to claim a pioneering role in the industry when it comes to sustainability development activities. In 2010, we took a number of key steps to consolidate our leading position, including the continued reduction of energy consumption in our properties. The introduction of green leases – which for the first time gives tenants a real incentive for saving energy – has proved a great success. We are now strengthening our collaboration with customers by launching the Green Office.

Vasakronan's vision is to help create the good city with buildings where people feel comfortable and businesses evolve. Having the most attractive properties and thereby becoming the natural choice for customers who seek offices and retail space is not sufficient for realizing this vision. We must also work for long-term sustainable development, which entails taking responsibility for the environment and climate, for the indoor environment in buildings and for the city landscape. Vasakronan does not have a separate agenda for sustainability issues; we have one agenda for all employees, which is an integrated and natural part of our daily operations.

For our sustainability work, Vasakronan has chosen to embrace the UN Global Compact's ten principles in the areas of human rights, labor, environment and anti-corruption. In everyday practice, our sustainability work is governed by a number of guidelines and policies that are continually monitored. We also notice how sustainability work is gaining significance for our tenants, owners, suppliers, financiers and other social stakeholders. We maintain an active dialog with our key stakeholders in a variety of contexts, to find a focus for work that promotes our shared interests.

In recent years, climate change and the rising temperature in the earth's atmosphere has been the center of social debate all over the world. Since properties account for about 40% of Swedish energy consumption, reducing energy consumption and negative climate impact are key issues for the property industry. We have taken our indus-

try leadership seriously in this area and formulated very ambitious objectives. Our long-term vision is that our buildings contribute greater extent to their own energy supply. In the shorter term, our objective is that energy consumption in our portfolio shall be 50% lower than the average consumption in the industry. For renovations, consumption shall fall 50% compared with the preceding remodeling and in new builds, the energy consumption of the new buildings shall be 50% below the Swedish Board of Housing, Building and Planning's building regulations. The new properties that are constructed on behalf of Vasakronan are already very energy-efficient and, in pace with technological advancements, energy performance will continue to improve. By virtue of our size, we can make tough demands on construction firms in regard to the choice of technical solutions and other features that affect energy consumption.

However, the most important work must take place in our existing buildings. Through energy-saving investments, older properties can become almost as energy-efficient as new-builds.

Major energy savings are also made by optimizing operation and ensuring that the properties' technical systems are running as intended.

Overall, we see that energy consumption in our properties lies substantially below the industry average and that our carbon emissions fell to 1,600 ton in 2010 – a reduction of more than 90% compared with 2006. We had already achieved climate neutrality in the operation of our properties in 2007 through reduced energy consumption and con-

sistent use of green electricity and carbon-neutral produced district heating.

A clear manifestation of our high ambitions in the environmental field is our green leases – one of the services in our Green Office concept. The large influx of interested tenants shows clearly that green leases are a welcome innovation. This also means that we share the financial gains generated by energy savings with our customers. At the end of 2010, nearly 10% of our leases were green, corresponding to approximately 200 customers. The objective for 2011 is to double that figure. As we now introduce a number of green services in collaboration with some of our partners, we expect continued strong interest from our customers. Cleaning, office supplies, reception and janitorial services, car sharing, moving services, postal and courier services are some examples of the green services that are now becoming available to our customers.

A prerequisite for being able to achieve our ambitious objective is that all employees in Vasakronan's organization are committed to sustainability work. We work constantly and actively to clarify the company's values and objectives, and try to create good opportunities for individual training and other professional development. Our overall objective is to be the most attractive employer among Swedish property companies. The results of our employee survey in 2010 show that we are on track towards that objective. The outcome was 92, compared with a benchmark of 83. Vasakronan was once again rated the industry's most attractive employer in Unversum's business survey (FöretagsBarometer).



The prospects for achieving our ambitious objectives for sustainable development activities are good. This is important work that takes place through close collaboration and dialog with our employees, tenants, suppliers and other stakeholders.

Fredrik Wirdenius
CEO

Governance for sustainable development

Sustainability work is strategically significant for Vasakronan's achievement of the overall objective of generating long-term high yield. These activities shall be an integral part of the business and meet the expectations of company stakeholders.

Overall governance

The overall objective for Vasakronan is to generate high total yield. The operations shall be conducted with respect for ethics and the environment without compromising the objective of a high yield.

Vasakronan's vision is to be "the good city with buildings where people can feel comfortable and businesses evolve". The ambition is to be the leading property company in Sweden and a role model for Swedish business. This shall be achieved by:

- Generating a higher yield than the rest of the industry.
- Being the first choice for people seeking premises.
- Being the most attractive employer in the industry.
- Taking social responsibility and striving for long-term sustainable development.

To achieve this ambition, management and the Board have identified strategies and objectives for the operations. When working to define these strategies and objectives, ethics and the environment must always be respected.

Long-term considerations for people and the environment shall underlie Vasakronan's environmental work, which shall be pursued actively and focus on a society with sustainable growth. Environmental work shall be based on the knowledge that properties impact the environment throughout their entire lifecycle, from the project planning and construction stage through management and renovation to demolition. Respect for

the environment must therefore be an integral part of the operations and a natural part of both the design of processes and employee behavior.

The overall governance structure of Vasakronan and risk management activities are described in the 2010 Annual Report on pages 30–33 and 52–53.

How we work with sustainability issues

Working with sustainability issues is an

integral and natural part of our operating activities. This means that the ultimate responsibility for Vasakronan's sustainability work lies with the Board and the CEO. The CEO has delegated practical sustainability work to Vasakronan's central environmental units and personnel and is conducted together with the rest of the organization. Sustainability objectives are defined in conjunction with the annual business planning, both centrally and locally within the various units.

Vasakronan's operations are naturally associated with both risks and ability. To gain an overall view of risk exposure, significant risks are identified each year and graded on the basis of probability and impact. Some of the identified risks are connected to sustainability factors that can affect Vasakronan's operations and brand. Based on the risk analysis, action plans are produced for changing the risk exposure, if required.

The action plans define activities

and the person responsible for their implementation, with continuous monitoring throughout the year.

Our internal work is governed by policies and guidelines for processes such as purchasing, communication, diversity, gender equality and the environment. All policies are available to employees on our intranet and continuous monitoring takes place to ensure compliance throughout the organization. Based on the overall policies and guidelines, internal proc-



esses are produced with instructions for ongoing work. Planning, implementation and monitoring in the environmental area are based on the ISO 14001 environmental management system, and comprise objectives, procedures and processes. The processes are designed for handling the environmental aspects in each stage of a building's lifecycle. An audit is carried out each year to ensure compliance with the environmental management system. This is integrated with the company's overall quality system and coordinated with the business planning.

In order to focus sustainability work on the right things, it must be based on what our stakeholders expect of us. Stakeholder expectations, stakeholder

dialog and the reasons for prioritizing and defining our activities are presented in more detail on page 21.

Prioritized areas

Vasakronan has prioritized the following six areas in our sustainability work:

Energy consumption and climate impact

Energy consumption is the greatest single environmental impact factor for Vasakronan. Reducing energy consumption helps to lower the climate impact as well as the company's costs.

Materials and chemical restrictions

Materials for new builds, renovation, tenant customization and maintenance shall be eco-friendly and used

as resource efficiently as possible in order to create healthy buildings with good indoor environments. We also work actively with recycling to promote sound resource management.

Residue and waste

In the operation and management area, Vasakronan works consistently to reduce the volume of waste, the amount of unsorted waste, and enhance the efficiency of residue management.

Indoor environments and surrounding areas

Vasakronan strives to contribute positively to good indoor environments and surrounding areas. Vasakronan's ambition is also to make it easier for

tenants to make environmentally wise decisions.

Employees

Dedicated and skilled employees are crucial to the achievement of Vasakronan's objectives. Strong values based on ethics, a holistic approach and humanistic philosophy shall therefore permeate the company.

Social responsibility

Vasakronan has both a responsibility and the prerequisites for playing an active role in sustainable development by participating in urban development, committing to sustainable partnerships and conducting business with high ethical standards.

About Vasakronan

Vasakronan is owned equally by the First, Second, Third and Fourth Swedish National Pension Funds. The owners' aim with this shareholding is to generate a long-term high and risk-balanced yield from Swedish property assets. The business shall be conducted with respect for ethics and the environment, without compromising the overall objective of a high yield.

Vasakronan is Sweden's largest property company with just over 220 properties and 2.7 million m² of leasable area. The properties are located in Stockholm, Gothenburg, Uppsala, Malmö and Lund and mainly comprise centrally located office and retail properties. Vasakronan also pursues construction and development projects and participates in the planning and development of new office areas and districts. Property management is performed by in-house personnel and Vasakronan has more than 360 employees.

Vasakronan's organization and operations are described in more detail in the 2010 Annual Report

Global Compact principles

The UN Global Compact is a strategic policy initiative for companies that are committed to aligning their operations with ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption.

- Businesses should support and respect the protection of internationally proclaimed human rights, and
- Make sure that they are not complicit in human rights abuses
- Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
- The elimination of all forms of forced and compulsory labor
- The effective abolition of child labor
- The elimination of discrimination in respect of employment and occupation
- Businesses should support a precautionary approach to environmental challenges
- Undertake initiatives to promote greater environmental responsibility
- Encourage the development and diffusion of eco-friendly technologies
- Businesses should work against corruption in all its forms, including extortion and bribery

How our work is governed

External frameworks

- Laws, including
 - The Environmental Code
 - The Work Environment Act
 - The Swedish Companies Act
- Environmental certifications
 - ISO 14001
 - LEED
 - Miljöbyggnad
 - Green Building
- Other existing laws and regulations

Internal frameworks

- Policies, including
 - Environment
 - Purchasing
 - Diversity and gender equality
 - Gifts and hospitality
 - Work environment
- Environmental management system
- Process descriptions
- Other existing instructions

Vasakronan's sustainability objectives

The responsibility to contribute to the long-term sustainable development of society has become an integral part of Vasakronan's business concept, strategies and operations. To promote the development of our sustainability work, we have defined a number of overall environment and social objectives, which have been specified in this matrix together with the outcomes for 2010. Vasakronan's objectives for the financial area are described on page 9.

Objectives	Our responsibility	Objective 2010	Objective 2011	Long-term objective
Overall environmental objectives	As Sweden's largest property owner, Vasakronan has a major responsibility to contribute to sustainable development and reduced climate impact.	Buildings corresponding to 10% of the total area shall be environmentally certified. <i>Outcome:</i> Buildings corresponding to nearly 8% of the total area were environmentally certified by the end of 2010, which is why the objective is not considered fully achieved. At least 200 green leases shall be signed. <i>Outcome:</i> 223 green leases were signed in 2010 which is why the objective is considered achieved.	Buildings corresponding to 20% of the total area shall be environmentally certified. Total 400 green leases shall be signed by the end of 2011.	Vasakronan is the industry leader in regard to environment and sustainability work.

Environment	Our responsibility	Objective 2010	Objective 2011	Long-term objective
Energy consumption and climate impact	Properties consume large amounts of energy. Vasakronan's most significant environmental impact comes from energy consumption, which also constitutes the largest portion of operating costs. Vasakronan works to reduce energy consumption, and to meet energy needs with carbon-neutral alternatives.	A 3% improvement of the property portfolio's energy performance, compared with 2009. <i>Outcome:</i> The property portfolio's energy performance improved 4.6%, which is why the objective is considered achieved with a margin.	A 6% improvement of the property portfolio's energy performance compared with 2010.	50% lower total energy consumption than the rest of the industry.
Materials and chemical restrictions	The use of materials and chemicals has major significance for a property's environmental impact. Working properly from the beginning is fundamental, with knowledge of and control over the materials that are used in new builds, renovation, tenant customization, maintenance and repairs, as well as the chemicals and pollutants that can occur in materials.	The Building Material Assessment (BVB) system is applied in projects. <i>Outcome:</i> Completed audits show that the system has been applied and the objective is thus considered achieved.	Prepare a strategy for material flow in properties, aimed at further reducing Vasakronan's environmental impact.	All materials and construction products used by Vasakronan shall be an environmentally conscious choice. Where possible, recycling shall take place.

Environment	Our responsibility	Objective 2010	Objective 2011	Long-term objective
Residue and waste	Vasakronan works consistently to develop the management of residue generated by the property operations and to enhance the efficiency of waste management. Regardless of source, all residue must be handled from an environmental perspective and all hazardous waste disposed of in accordance with existing regulations.	There shall be recycling sorting facilities in all properties. <i>Outcome:</i> There are recycling sorting facilities in all large properties, which is why the objective in all materials respects is considered achieved.	Introduce procedures for identifying, measuring and reducing waste in properties.	Reduce both the total amount of waste and the unsorted amount of waste.
Indoor environments and surrounding areas	Vasakronan is responsible for creating and developing good work environments and surrounding areas, where environmentally-wise decisions are easy to make. This creates environments and areas where people can feel happy and comfortable.	Identify ability for further collaboration with tenants in the environmental field. <i>Outcome:</i> The Green Office concept was developed to expand environmental collaboration with tenants, and the objective is thus considered achieved.	The Green Office tenant offering becomes a natural choice for both existing and new tenants.	Long-term management of our properties where people are comfortable and businesses evolve.

Social	Our responsibility	Objective 2010	Objective 2011	Long-term objective
Employees	As an employer, Vasakronan is responsible for creating motivated, dedicated and satisfied employees. Vasakronan thus works consistently with professional development, career planning and other initiatives for creating employee participation.	Develop and implement procedures for employee surveys and achieve a passing score. <i>Outcome:</i> An employee survey was conducted with an Employee Satisfaction Index (ESI) of 92, compared with a benchmark of 83. This result is considered "very good" and the objective is thus achieved.	Maintain an ESI of at least 92 through active and committed work.	Be the most attractive employer among Swedish property companies.
Social responsibility	Vasakronan has both a responsibility and the prerequisites for playing an active role in sustainable development, participating in urban development, committing to sustainable partnerships and conducting operations with high ethical standards.	Participate actively in networks and associations to promote development in the sustainability area. <i>Outcome:</i> In 2010, Vasakronan has contributed to the development of the Sweden Green Building Council and initiated the Haga initiative, a climate action network. Development in the sustainability area has thus continued and the objective is considered achieved.	Continue to be active and participate in networks and associations to promote development in the sustainability area.	Contribute to the creation of a physical environment that promotes growth and prosperity in society and for citizens.

Sustainable transactions for better total yield

A sustainable approach to business benefits not only Vasakronan's owners. Surrounding areas and other stakeholders can also gain from the value that is created.

Vasakronan's assignment from the owners is to generate a long-term, high and risk-balanced yield from investments in properties. A sustainable approach to business contributes to achieving this objective. We operate in a fully competitive market where investments in energy efficiency and pleasant environments, for example, can provide key competitive advantages. Well-planned sustainability work also helps to strengthen the company's brand in the long-term toward the company's stakeholders,

which creates another competitive advantage.

The measures that are taken benefit not only Vasakronan. We also work actively with various stakeholders to take joint measures that benefit all parties. The Green Office concept now offered to tenants is one example of this type of collaboration.

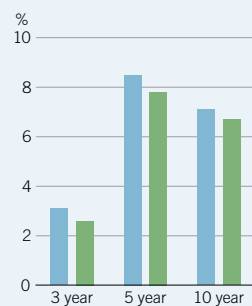
In order to meet our stakeholders' expectations, Vasakronan must have a high total yield and a stable financial position. In combination with the owners' long-term perspective for the

holding, this creates the scope and ability for having a sustainable approach to business. The Board defines objectives for yield and financial key data each year. The level of the dividend distributed to owners and the amount that is retained in the business is determined annually, based on estimates of future earnings and transaction activities.

Information about Vasakronan's financial position with comments on the results for 2010 can be found in the Annual Report on pages 36–71.

Vasakronan's long-term work has been very successful, which is evident from the results of the IPD Swedish Property Index. During the latest ten-year period, Vasakronan's total yield, including projects and transactions, amounts to 7.1%. The industry's average yield in the corresponding period was 6.7%. The forward-looking objective over rolling ten-year periods is to generate a total yield amounting to at least 9%.

**Total yield
IPD Swedish Property Index**



■ Vasakronan
■ IPD Swedish Property Index

Source: IPD Swedish Property Index

Over the past ten-year period, Vasakronan has generated a total yield of 7.1%, which exceeds the industry average by 6.7%.

Created and distributed economic value

Direct economic value		2010	2009	Comments
	Revenues	5,508	5,367	Rental revenues
	Changes in value	4,407	-4,464	Properties, derivatives and goodwill
	Other revenues	502	422	Income from discontinued operations
Total direct economic value		10,417	1,325	
Distributed economic value				
	Employees	-348	-425	Salaries, social security contributions and employee benefits
	Lenders	-1,274	-1,320	Interest expense
	Society	-545	-542	Property tax and site leaseholds
	Suppliers	-1,016	-994	
	Owners	-3,965	-1,656	Dividend and Group contributions before tax
	Recognized taxes	-1,335	1,088	
	Retained by the business	-1,934	2,524	
Total distributed value		-10,417	-1,325	

Energy consumption and climate impact

Reduced energy consumption is a crucial issue for both Vasakronan and the property industry as a whole. Properties and the activities conducted in them account for nearly 40% of the country's energy consumption. We endeavor to use energy as efficiently and smartly as possible through customized technical solutions, an efficient and competent organization and close collaboration with our tenants. As Sweden's largest property owner, we are also responsible for actively promoting work for sustainable social development and reduced climate impact from a broader perspective.

Reduced energy consumption has many positive effects

Our most significant environmental impact comes from the energy that is used by and in our buildings. The largest portion goes to heating, cooling and electric power (property and operational electricity). Conserving energy reduces not only our environmental impact but also our operating expenses, which are mainly attributable to energy consumption.

Pursuing goal-oriented work to reduce and improve energy efficiency applies for the entire operation. An important part of this effort is collaborating with our tenants to jointly conserve energy.

Tools for governance

Vasakronan's management formulates and defines the long-term and year-specific objectives that are announced and established further down in the organization and monitored regularly. The most important tool for consistently reducing energy consumption is our ISO 14001-certified management system, a comprehensive system that covers all of our environmental activities.

As of 2009, all buildings in Sweden must have an Energy Performance Certificate. The energy performance of each building is measured, which demonstrates the building's basic and customized requirements for heating, hot water and ventilation. Operating energy, such as the electricity used in a tenant's premises, is not included. The Certificate also includes benchmarks, mandatory



ventilation inspections and radon measurements, as well as suggestions for improvements that will reduce energy consumption.

Vasakronan displays the issued certificates in the entrance to each property.

Overall objectives and outcomes

Our overall and long-term objective is that energy consumption per m² for heating, cooling and electricity, including the tenants' energy consumption, shall be 50% lower than the industry average. This objective applies for our entire property portfolio.

There are no comprehensive statistics for the industry to compare its objective today. However, based on

SCB's energy statistics for heating consumption in Swedish buildings, Vasakronan lies 30% lower than the industry average.

The possibility of using data in Energy Performance Certificates more methodically presents ability for monitoring our objective more effectively in the future. Even though the objective is difficult to measure today, the objective itself spurs a variety of initiatives that point us in the right direction in regard to constantly improving our work.

To ensure that we gradually move toward the long-term objective, we also define year-specific objectives. The objective for 2010 was to improve the SCB energy performance by 3%, com-

pared with 2009, throughout the entire property portfolio. The outcome for the year shows a 4.6% improvement, which means that the objective was achieved with a margin. One explanation for the positive outcome is the impact of our efforts for continuous improvements in every aspect, and to trim and refine the technology. Another reason is that many of the investments in new energy solutions are now beginning to take effect. To accelerate the achievement of our overall objective, we are further refining our objectives.

The objective for 2011 is to improve energy performance by 6% compared with the outcome for 2010.

Our objective for all new builds is

that the energy performance shall be 50% higher than the Swedish Board of Housing, Building and Planning's building regulations (BBR). For renovations, energy consumption shall decrease 50% compared with the preceding renovation. Forecasts for ongoing projects show that we are achieving our objectives for both new builds and renovation projects.

At the end of 2010, properties corresponding to 7.4% of the total area held an Energy Performance Certificate. A new EU directive becomes effective in 2011, which also affects the Swedish Board of Housing, Building and Planning's building regulations. The directive is part of an effort to achieve the vision of zero net



The overall strategy for achieving our energy objectives has three parts:



Reduce – Vasakronan shall reduce the amount of input energy by conserving and using energy efficiently.



Organize – Input energy shall be organized in a way that maximizes the energy's quality. In other words, district heating, own biomass burning, hot water from sun panels and geothermal heating is used for heating in the first instance, while electricity is limited to lighting and the operation of appliances, fixtures and office equipment.



Select – By reducing fossil-dependent energy and increasing the proportion of renewable energy sources, we reduce our greenhouse gas emissions. The strategy is implemented at various levels of the organization and the operation. It includes the day-to-day management, tenant customization, new builds and renovation. This work is increasingly carried out in collaboration with tenants.

energy (ZNE) buildings. At national level, this will entail a tightening of the requirements by 20%.

Vasakronan already lies an average 50% below the current requirement. As such, we are well placed to satisfy the new legal requirements.

Minimize our climate impact

Our property management has been carbon-neutral since 2007. This has been achieved by continuously reducing energy consumption, and purchasing green electricity and carbon-neutral district heating and cooling. The purchased electricity consists of 75% hydro power, 15% wind power and 10% biofuel. In addition, we have completely phased out the burning of fossil fuels in the operation of our properties. The volume of oil

that we do use is very small, and only comprises reserve capacity during extreme weather conditions.

We offset the actual carbon emissions that remain in our operations, from travel for example. In 2010, we reduced our carbon emissions to 1,600 ton, down more than 90% since 2006.

In many respects, a joint effort

As a property owner, there are several measures that can be taken to reduce energy consumption.

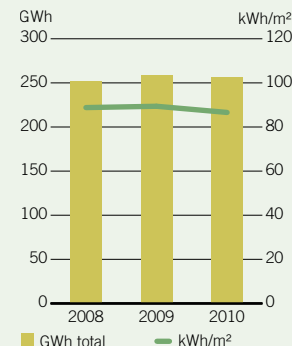
We can choose the right construction and design for our new builds and renovation. Another area is the optimization of our everyday property management. A building's real impact on energy consumption will not begin until tenants and their businesses

start to use the building. Thus, we join forces with our tenants to identify how we can reduce energy consumption. This approach underpins our green leases, which means that we and our tenants undertake to jointly reduce energy consumption. Vasakronan's expertise and experience in energy saving measures is readily available when it comes finding individual measures for each customer. We can also help tenants carry out an electricity survey, which measures the electricity consumption in their premises during a certain period of time and how it is distributed. The surveys often lead to savings of at least 10%.

Our tenants have shown great interest in green leases, which are considered to benefit both parties. An impor-

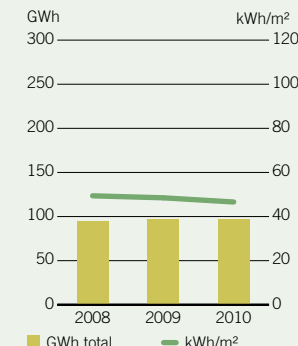
Vasakronan's energy consumption 2008–2010

Energy consumption for heating



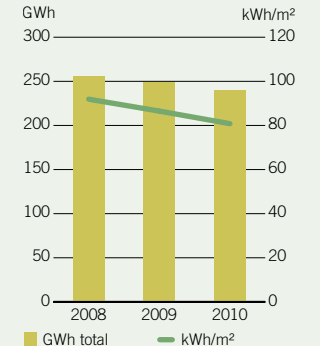
The reduction of energy consumption per m² compared with 2009 has primarily been achieved through operating efficiency.

Energy consumption for cooling



Energy consumption for cooling, which is also impacted by the outdoor climate, was reduced because of energy-saving measures.

Electricity consumption



The consumption of contracted electricity, which to a large extent is charged to tenants, was reduced because of continued enhancements to the technology and portfolio operation.

tant message in this response has been that green leases embody tenants' ability to reduce environmental impact. A green lease is also evidence that they can actively contribute to reducing energy consumption and, as such, their climate impact. This, in turn, simplifies communication with their stakeholders who often make environmental demands.

A green lease is signed as an option to the normal lease. At the end of 2010, the number of green leases signed was 223, or nearly 10% of all leases. The majority of those who

signed are existing tenants but in principle, all new tenants who signed agreements during the year also have an optional green lease. The objective for 2011 is that a total of 400 green leases will be signed.

Since 2009, ongoing surveys of our buildings have also been conducted to identify those with high energy consumption. Based on the survey, a priority list is established as a basis for the buildings that need to be addressed. Improvements are carried out in the form of technical measures, by either optimizing existing or invest-

ing in new equipment and greater collaboration with tenants. The improvements implemented to date have led to a marked reduction in the relative consumption of heating, cooling and electricity.

In regard to further reducing our direct carbon emissions, we have the greatest ability to influence this in our travel. We use mainly low-emission vehicles for business travel. According to our travel policy, employees shall wherever possible choose train for travel within Sweden. Video conferences are also recommended as

an alternative to travel for internal meetings, and easy-to-use video equipment is available at all operational sites.

The next step towards reduced energy consumption

How we can continue to improve our energy efficiency is a prioritized issue for both Vasakronan and our tenants. In addition to the environmental gains, opportunities for reducing both our own and the tenants' costs are a key incentive for a continued positive trend.

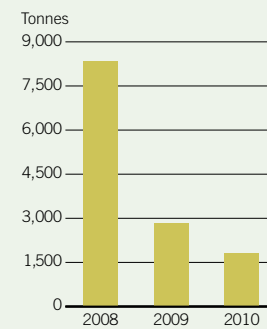
We are now developing the Green Office as a natural successor to the green lease offering. We endeavor also to create buildings that to greater extent contribute to their own energy supply. This involves creating solutions on site in the buildings, such as wind power, solar cells and sun panels, and various forms of heat pump solutions.

Clean Development Mechanism

Since 2007, Vasakronan has offset the carbon emissions that it has not been able to eliminate to date, such as emissions from business travel and machinery. We choose to offset our emissions by investing in Clean Development Mechanism (CDM) projects, which lead to proportionately reduced emissions. For Vasakronan, this means that resources are invested in bio-fueled power plant projects in India, which produce electricity from agricultural residue.

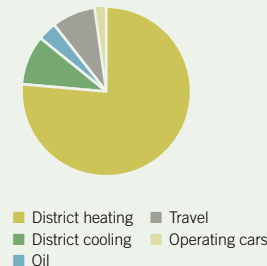
Vasakronan's climate impact

Carbon emissions



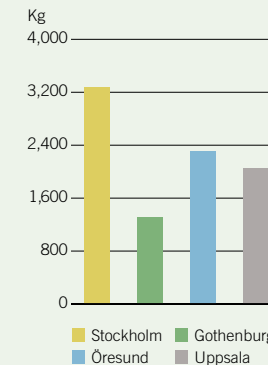
The reduction of carbon emissions is attributable to other properties being covered by carbon-neutral district heating supplies, while total energy consumption has fallen.

Emission sources of carbon dioxide, proportion of total emissions in 2010



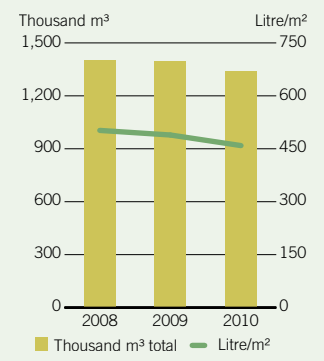
Of Vasakronan's remaining carbon emissions, district heating accounts for 76%. Vasakronan offsets these emissions.

Use of ozone-depleting substances



Use relates primarily to refrigerants from stationary air conditioning and heat pump systems.

Water consumption



The reduction is due to the efficiency enhancements conducted and that the portfolio has acquired properties with a lower environmental impact through project development.

Materials and chemical restrictions

The materials that are used in new builds, renovation, tenant customization and maintenance are highly significant for the environmental impact of a property. It is therefore essential to do the right thing from the beginning, and our objective in all stages is to use eco-friendly materials and construction products and to use them as resource-efficiently as possible.

Control and knowledge reduces environmental impact

All new builds, renovations and management of Vasakronan's properties is conducted in a manner that conserves resources and causes the least amount of environmental impact possible. For Vasakronan, this means doing our work properly from the beginning and having knowledge and control over the materials used in new builds, renovation, tenant customization, maintenance and repairs, as well as the chemicals and pollutants that can occur in these materials. When we create good control of the material flow, we also substantially reduce the risk that materials are used that can affect human health or have a negative effect on the environmental resources. Needing to clean up materials that are hazardous to health and the environment is not only time-consuming and costly, it also has an adverse effect on the confidence we maintain with our tenants and other stakeholders.

In regard to hazardous chemical substances, Sweden has come a long way with legislation. The property industry has produced guidelines that go well beyond these legal requirements. At this stage, Vasakronan's buildings are well-documented, and chemicals and pollutants are disposed of according to approved plans.

Overall objective

Vasakronan's overall objective is to always use building materials that are free from hazardous substances and have a low environmental impact from a lifecycle perspective.

All materials and construction products used by Vasakronan and our tenants shall be an environmentally conscious choice. This requirement has been included in most of our leases, as well as the stipulation that customers who carry out their own work must document their materials.

Through careful renovation and recycling of existing materials, we want to reduce material turnover. With the ambition of constantly improving our work, we have identified this as a development area and are looking into various methods for how we can measure and monitor material turnover in the future. One possibility is to break the objective down into milestones, where statistics on material flows for new builds, for example, are relatively easy to produce. On the other hand, material turnover for work with tenant customization is more difficult to produce.

Materials that keep for a lifetime

Regardless of whether we construct new buildings or renovate, a building must be able to meet the requirements of both current and future tenants. It must be sustainable in the long-term from an economical, technical and environmental perspective. The strategy becomes to use systems and tools that enable the choice of eco-friendly materials and construction products that are expected to hold for the building's technical and financial lifetime. Assessed materials are fundamental and we have applied Building Materials Assessment (BVB) for all materials since 2009.

Our systematic and long-term work



with materials and chemical restrictions has meant that environmental problems such as mold and the Sick Building Syndrome have largely been avoided. At the same time, the activities have helped create good indoor environments for our tenants and reduced the risk of resource-intensive and costly clean ups.

Contractors and suppliers

Vasakronan stipulates that only eco-friendly materials shall be used for new builds, major renovation, tenant customization and maintenance measures. The choice of materials and construction products shall be made within the framework of the construction and property industry's BVB database, where an environmental assessment of about 8,400 products is stored. A lifecycle perspective is the

common denominator for all assessments; from the original raw material through to consumption and finally re-use or recycling. The classifications are "Recommended" (green), "Accepted" (yellow) or "To be avoided" (red). For materials used in buildings, green-classed material is used in the first instance, otherwise yellow. Red-classed material is only used in exceptional cases, and only when other constructions or building alternatives have been explored. In this event, careful documentation is also required.

The materials used in construction projects are carefully documented by Vasakronan or the contractor. This facilitates the future maintenance of the building. Documents to verify that no environmentally harmful substances have been found in the building also raise the value of the prop-

erty. Vasakronan has major opportunities for making direct demands on materials manufacturers with the purpose of contributing to the development of building materials and accelerating the phase-out of products with "To Be Avoided" classification under the BVB system. But the industry has in fact been very good at clearing its shelves of environmentally harmful products.

All contractors engaged by Vasakronan for any type of construction process must be able to produce a documented environment and quality policy. We also stipulate that construction products must undergo an environmental audit when procuring maintenance contractors.

Work to improve procedures for monitoring contractor compliance with our requirements for both con-

Environmental certification of buildings

Buildings can be environmentally certified according to a number of systems, both Swedish and international. The most common systems are as follows.

LEED

Leadership in Energy and Environmental Design (LEED) is a green building certification system internationally recognized and provides a framework for all types of buildings. The assessment of a building's environmental performance is based on energy consumption, water consumption, the indoor environment, hazardous substances, resource management and transport and impact on the surrounding area.

Miljöbyggnad

Miljöbyggnad (formerly Miljöklassad byggnad) is a Swedish certification that bases the assessment of a building on four factors: energy, indoor climate, chemical substances and special environ-

mental requirement. The certification has been produced by the Swedish construction and property industry.

GreenBuilding

The European Commission launched the GreenBuilding Programme in 2004 with the purpose of improving energy efficiency in buildings. Certification indicates that the building uses 25% less energy than previously, or compared with the maximum energy use standard of the Swedish BBR 09 code. On 1 June 2010, administration of the GreenBuilding certification was taken over by Sweden Green Building Council, a non-profit organization that Vasakronan helped to found and also has one representative on the Board.

struction and maintenance projects is ongoing. One ambition is to increase the number of spot tests and monitoring on site.

Environmental certification of buildings

With the purpose of communicating a building's environmental features, Vasakronan has been working with environmental certifications for a long time.

This applies for both the existing property portfolio and planned buildings and is an important process for obtaining knowledge about how a building is affected by materials and chemicals.

To gain a high rating, a building shall consist of building materials that are free from environmentally harmful substances, show low energy and use of resources and good indoor conditions in relation to light, noise and air.

Vasakronan mainly applies the international LEED system, the Swedish Miljöbyggnad system and the European Green Building system. In regard to the environmental certification of our property portfolio, the objective for the end of 2010 was that 10% of our portfolio was environmentally certified. We did not quite achieve this objective: the outcome was 8%.

The next step

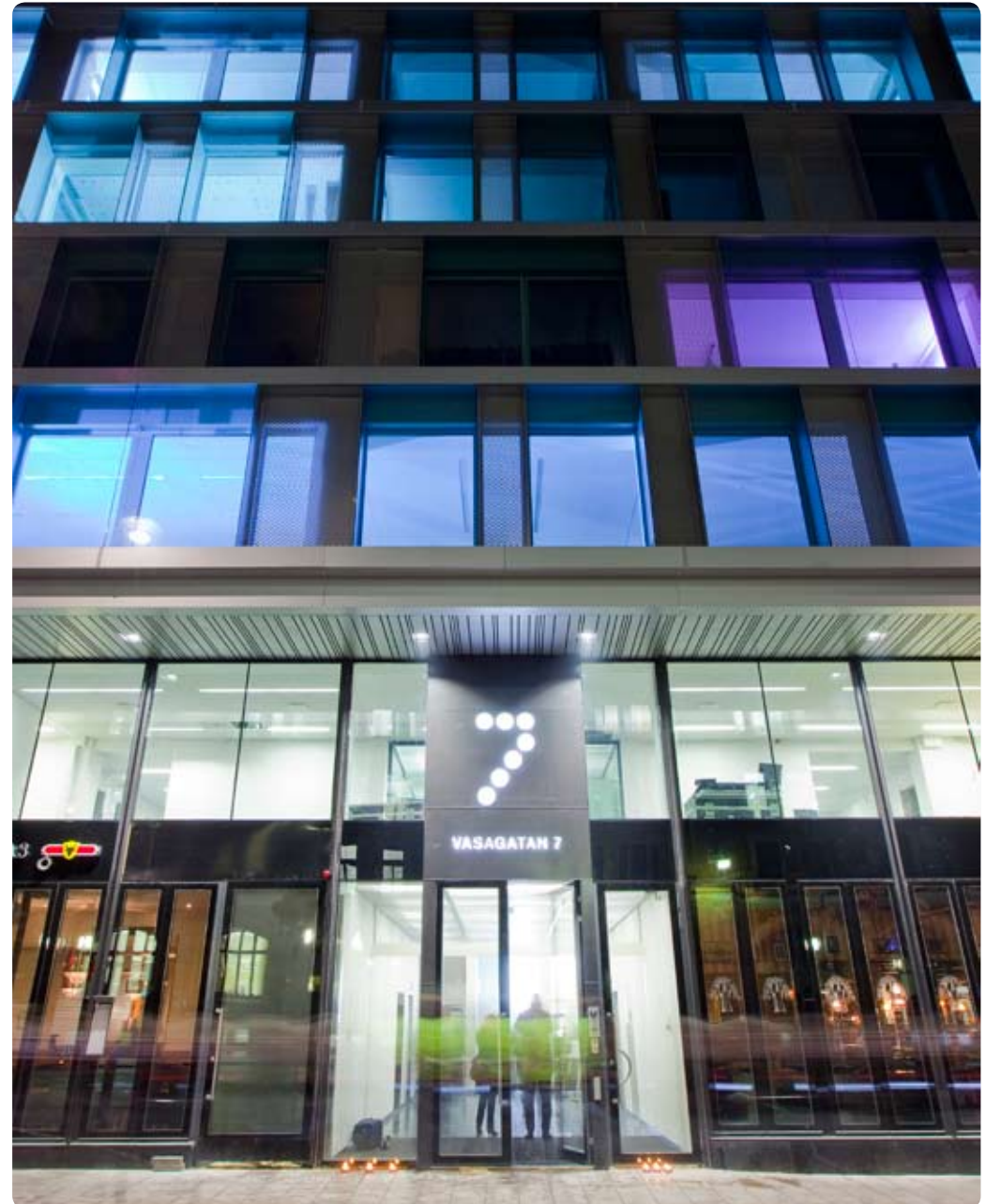
This means doing it right from the beginning and for us, preventive work is fundamental to minimizing the risk that environmentally harmful substances are used in construction. As previously, we audit all products that occur in significant volumes, materials that according to legal requirements are equipped with a material safety data sheet and materials that can be suspected of containing hazardous substances.

We are successively tightening the requirements for materials and construction products. In 2010, this entailed broader requirements for both audits of building materials and the documentation of components. Contractors must now be able to produce documentation that shows the origin of various building materials, the quantities in which they occur and what they contain.

We aim to increase the proportion of recovered materials in our renovations and tenant customizations. Partly by creating an internal ecocycle for better reuse of the materials in buildings, and partly by building closer partnerships with stakeholders in the large ecocycle.

We also aim to increase the proportion of environmentally certified buildings to 20% by the end of 2011.

Vasakronan's property "Pennfåktaren" on Vasagatan 7 in Stockholm is Sweden's first LEED-certified building.



Residue and waste

Vasakronan works consistently to develop the management of residue generated by our property operations and to enhance the efficiency of our waste management. This will benefit Vasakronan, our tenants and society at large.

Smaller volumes and more efficient management

Handling the waste generated by our property operations is an important and natural part of our sustainability work. The really large quantities of waste are primarily caused by new builds and renovation. Waste is also generated by the daily operation of our buildings, together with the volumes of waste produced by our tenants. Regardless of source, all residue must be handled from an environmental perspective and all hazardous waste disposed of in accordance with existing regulations. Handling our waste also involves working methodically to consistently reduce waste volumes and enhance the efficiency of waste management.

Overall objective

Vasakronan's overall objective is to reduce the total volume of waste, reduce the amount of unsorted waste, and to constantly enhance the efficiency of residue management. The aim is also that the largest proportion possible shall be recycled or reused – a proportion, today, that is only partially quantifiable. It is possible to compile statistics for the waste volumes generated by construction projects and in general from tenants' businesses in regard to sorted waste. However, producing statistics for tenants' unsorted and mixed waste is more difficult, since municipal contractors do not report the waste that is collected from each building.

Regardless of the difficulties involved in measuring and monitoring activities in this area, we still strive for

continuous improvements. Our objective will be achieved by constantly improving the inventory of how waste disposal takes place in our buildings. We will do this by continuing to compile and develop statistics for waste volumes in projects and day-to-day management, and by exploring other opportunities for source separation.

Requirements, laws and regulations determine our activities

An obvious starting point for all waste management is compliance with laws, regulations and industry agreements/commitments. A basic requirement for our contractors in the construction process is that they must have a documented environment and quality policy. We also stipulate that all residue and waste generated by new builds or renovation projects is disposed of in accordance with existing regulations. We feel that control over the flow of construction waste is good and that we maintain a constructive dialog with our contractors concerning residue and waste during the construction process.

The waste generated by our tenants becomes ours when it is left at a building's source separation. Our tenants are key partners in their efforts to sort at the source and the contribution they make to recycling. A central part of this work entails solving the management themselves by enabling them to sort their waste. Quite simply, to refine sorting by adding more fractions with clear information and signs in the sorting room and at sorting facilities. We would now like to add another perspective by helping our

tenants not only sort, but also reduce the amount of waste they produce.

The introduction of green leases is one way to involve tenants in environmental work. Green leases also make it possible for us, through agreements, to encourage our tenants to promote environmentally sound waste management by reducing their unsorted waste. This is a joint commitment, where we give them the best possible conditions for taking care of their waste and they undertake to sort and reuse their waste according to the regulations that apply at the property.

In an effort to reduce the environmental impact of waste transport, we promote coordinated collections. Agreements where contractors are paid for each ton of waste that they collect have proved effective due to fewer but more well-loaded collections.

From waste to resource

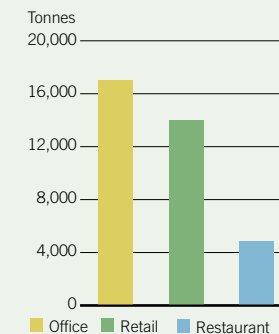
We see major opportunities in that our waste is increasingly considered a resource by being part of and utilized in various ecocycles. Some good examples are combustible waste which becomes fuel for district heating, and organic food waste which is used to produce biogas.

In many cases, the work is driven forward by the larger companies. Smaller companies gradually follow suit. By virtue of our size in the market, we are both responsible and able to make a positive contribution to a more sustainable society. In addition to posing stricter demands, we can also develop and refine methods

together with our suppliers for obtaining better control over waste volumes and thus more opportunities to recycle. We believe that a key part of waste management in the future will be the continued development of logistics and infrastructure, which will enable resources to be used more effectively. We are monitoring this development carefully with the purpose of constantly improving our own work in the field.

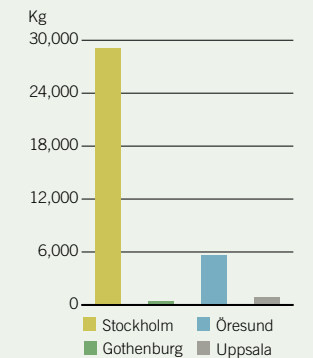
Waste weight 2010

Sorted waste from tenants



A survey of waste from tenants that was disposed of and reused began in 2010. Waste from offices and retail mainly consists of paper products and combustible material, while restaurants generate a large proportion organic waste.

Hazardous waste



The hazardous waste disposed of in Vasakronan's properties is mainly batteries, fluorescent tubes and oily sludge. The information does not include hazardous waste that tenants remove themselves.

Indoor environments and surrounding areas

A key part of our sustainability work lies in creating and developing good work environments and the areas around our buildings where people can feel happy and comfortable. Our ambition is also to continue involving our stakeholders in environmental work. We work to make it easier for our tenants to make environmentally wise decisions by offering a variety of practical services that lead to an environmentally sound office.

Good environments for changing needs

The sound indoor environment concept fits a variety of perspectives. The premises shall be flexible, pleasant and promote productivity. They must also be designed and managed to be as environmentally sound as possible and in a way that meets the changing needs of tenants over time. By creating attractive indoor environments that improve our customers' wellbeing, Vasakronan also increases customers' willingness to pay.

In the area around our properties, we want to contribute to sustainable urban development and design. The actual construction and buildings have a major impact on the environment but they also affect how people feel and function in society.

Contributing to the creation of surrounding areas where people can grow and develop is therefore a key part of Vasakronan's sustainability work.

By working actively to create good environments around our buildings, we are increasing the value not only for us and our customers, but also for our neighbors and everyone else who visits the area.

Overall objective

Our environment and sustainability work shall be industry-leading. As Sweden's largest property owner, we are also responsible for influencing the design of both existing and future buildings in a long-term and sustainable manner. One way to measure our progress in the industry is Fastighetsbarometern's Customer Satisfaction Index (CSI), which is an annual analysis of Swedish tenants' perception of their landlords. Vasakronan's environ-

mental results for 2010 produced a CSI of 69, compared with the industry average of 60. This outcome includes questions about how tenants perceive that the landlord takes responsibility for the environment, by meeting the tenant's environmental requirements, for example, and working to reduce energy consumption.

Our objective is that Vasakronan shall have the industry's most satisfied office and retail customers. Our activities to strengthen customer values in all areas are prioritized and we will also conduct our own customer survey "What do you think of Vasakronan?" in February 2011. The purpose is to gather information about the areas where we need to work harder to achieve our customer objective.

Working towards a greener office

A basic prerequisite for our environmental activities in relation to indoor environments is compliance with existing laws in the area. We comply with the requirements of ISO 14001, which stipulates that a comprehensive evaluation of compliance with the legal requirements in the area shall take place on an annual basis.

Together with our tenants, we want to improve how we take care of the environment and find ways to reduce our climate impact. With the objective that whatever can be green will be green, we have produced a number of offerings and compiled them in the Green Office concept. Our consistent efforts to reduce the energy consumption in our buildings are monitored in our green leases. When tenants sign a green lease, they also undertake to try and reduce the total



consumption of electricity, heating and cooling in their premises. They will also sort their waste and comply with Vasakronan's requirements for building materials when renovating. In addition, they will only purchase green electricity in line with the "Good Environmental Choice" criteria defined by the Swedish Society for Nature Conservation.

The concept also includes an offering for a green relocation, which means that we help tenants discontinue their old offices in an environmentally sound way. This includes finding second-hand outlets for office furniture, and sorting and reusing other materials in the best possible way.

Our green services include traditional office services such as cleaning, plant service, coffee and fruit, for which we may not consider their environmental impact in everyday life. We ensure that our tenants can always choose products that are environ-

mentally or ecologically labeled, such as transport with green cars.

In some of our properties, tenants can also join a green car share cooperative for traveling with green cars (as defined by the Swedish government).

We place high demands on the suppliers that deliver our green office services. Each supplier must operate in a sustainable manner, and they are also required to check their sub-contractors. Sustainability for Vasakronan refers to environmental issues in the first instance, but an ethical approach based on a humanistic philosophy and sound governance is also important.

Another tool that benefits both human health and energy consumption is to create a good balance between indoor and outdoor temperatures in pace with the changing seasons. This entails that we, with the tenants' approval, allow the indoor temperature to adapt to the outdoor temperature to the greatest extent

possible during the coldest and warmest days of the year. Ventilation is also reduced and the indoor temperature is kept lower at nighttime, for example, when nobody is using the premises.

Sustainable management

Our property management is conducted with the knowledge that properties affect the environment throughout their entire lifecycle, from the planning, project planning and construction stage to management, renovation and demolition. This is comprehensive work that requires a holistic approach so that everything is done right from the beginning. A key component of sustainable management also comprises continuous collaboration between property owners and tenants to develop the building into a workplace where employees feel comfortable and businesses evolve.

Employees

Vasakronan's objective is to be the most attractive employer among Swedish property companies. We shall offer our employees an attractive workplace that builds on a sound work environment and shared responsibility. We are also confident that satisfied and dedicated employees bring satisfied customers.

Skilled and dedicated employees are the key to our success

Our employees make Vasakronan the company it is today. Creating participation, motivation, commitment and satisfied employees is not only the key to a successful property operation, it is also our responsibility as an employer.

We worked hard during the year to create a joint culture and uniform approach, and now consider the integration complete. In other words, today's Vasakronan applies regardless of time with the company or background. However, our efforts to develop the organization will continue with a focus on increasing our internal collaboration and developing leadership. At the end of 2010, the number of employees declined to 364 (461) due to the sale of Dombron and completed efficiency measures.

Overall objective

Vasakronan's overall objective is to be the most attractive employer among Swedish property companies and have the most competent and dedicated employees. In 2010, Vasakronan also participated in Universum's business survey (FöretagsBarometer), a survey of students and young professionals. The results were very positive and Vasakronan was once again rated the most attractive employer in the industry.

We strive for a high and consistent level of expertise in the business, which will serve us well in the highly competitive property industry. The training level of our employees is continually reviewed. 57% of our employees have post-secondary education. Property technology is developing rapidly and we see a need for additional expertise in the future, by both enhancing the skills of existing employees and seeking external expertise.

To promote employee participation, Vasakronan works actively to clarify the company's values and objectives by offering professional development and other activities that aim to promote collaboration. Each individual is also offered good development opportunities.

Competency planning and involved employees

As part of our organizational development, we work in a variety of ways with the competence shift. We have identified roles that are lacking, for which we can recruit directly from colleges and universities, and in which employees can grow in Vasakronan. This is also why we have created the new function as assistant property manager. In this new role, some aspects of the administrative work are combined with more advanced tasks. Around a dozen new employees with tertiary level skills have been recruited with the goal that within a few years, based on the skills of each individual, they will advance further within the organization, to a position as property manager for example.

Employee satisfaction surveys are an important indicator of how employees perceive their prospects in terms of work, collaboration, development opportunities and corporate culture. We conducted the first employee satisfaction survey in the new organization in 2010. It was carried out in two steps: a more comprehensive version during the spring and a smaller follow-up during the autumn. Our Employee Satisfaction Index (ESI) was 92 from a maximum 100 (the benchmark is 83), an out-



come that must be considered very good. However, there is still room for improvement in several areas, such as the monitoring and communication of our objectives, and an improved and more frequent flow of information between management/managers and the organization at large. Our objective for the future is to achieve an ESI of 100 but in the meantime, our priority is to remain at today's high level.

The flow of information has been one of the most important points to address quickly. During the autumn, we have held information meetings in conjunction with our Friday breakfast sessions at the head office and out at our local units. We have also compiled joint information material for the managers to ensure that they all receive the same information regardless of their location. A new employee survey

will be conducted in spring 2011.

During the autumn, we invited all employees to take part in "Landlord's Day 2010". The main aim of the event was to gather our employees to discuss our business culture and the requirements that will be placed on both employees and managers in order to achieve our future objectives. The event was arranged in the form of a dialog system where employees sat in small groups with access to computers so that they could answer questions (anonymously if they wanted to). An important result of the day was a confirmation of the requirements that we must place on both managers and employees. The next Landlord's Meeting is scheduled for September 9, 2011.

To further strengthen employee motivation and commitment, there has been a profit sharing program for

Vasakronan's core values

High ethical standards:

- Clarity
- Honesty
- Seriousness

A holistic approach

- Total responsibility
- Seek synergies between specialist functions
- Have an open attitude to other people's ideas and actions



Humanistic philosophy

- Show concern for others
- Show empathy and understanding for the situation of others
- Consider all people equal

all employees except management for many years.

The program builds quite simply upon earnings and satisfied customers and can give a maximum outcome of two month's salary.

Monitoring of personnel activities

The structure that we use for employee appraisals puts the company's business goals in relation to employees' needs for development. The purpose is to give us the tools for better identifying employees' needs, while the company satisfies its own needs for competent employees. The employee

appraisal structure has also been strengthened with new templates for new employees.

We have an ambition to continue increasing internal mobility and to try different ways to promote opportunities for careers within the company. One example is that vacant positions are always advertised internally first, to give existing personnel an opportunity to change their position in the company. A discussion between the manager and employees concerning suitable goals for development in the company are also an important issue in appraisals. In 2010, Vasakronan

had a personnel turnover of 7.9% (4.4). There is no defined objective for personnel turnover, but one comment on the high figure is that the turnover is a natural result of the economic situation and its subsequent mobility in the labor market. It also allows us to think innovatively, whether replacement recruitment is most suitable, for example, or whether we should embark upon a new road and seek a different type of expertise when an employee chooses to leave us.

We also monitor our employees' health and place great emphasis on preventing occupational injuries of

various kinds and on rehabilitating employees on long-term sickness absence. Employees receive the tools they require, such as protective equipment and more ergonomic work tools.

Sickness absence for 2010 lies at 2.2 (2.8)%. Our goal is that sickness absence will not exceed 3%. Vasakronan compiles current data on the occupational injuries that are reported. In 2010, 0 (5) injuries were reported.

Professional development

The total cost of professional development continues to fall. This is mainly attributable to the increased shift

toward e-learning and our own in-house training courses. This gives us greater freedom to customize and adapt the training to our own needs.

In 2010, 24 (29) in-house training courses with various themes were conducted, corresponding to 62 (114) training sessions. In 2010, every employee participated in an average of 3 (5) training sessions. The lower number of training sessions is due to the major need for training in 2009 due to the ongoing integration.

Diversity and gender equality

Vasakronan has a policy that governs

diversity and gender equality work.

The policy stipulates that Vasakronan shall be free from discrimination, xenophobia and harassment. Women and men shall have equal opportunities for development and promotion, and equal pay for equal work. The premise is that all employees and job seekers shall be treated equally. Any incidents of discrimination will be detected through three main channels: the line manager, HR department and unions. Vasakronan's Legal Counsel also acts as a compliance officer to whom employees can turn if they suspect inappropriate conduct or criminal offences. No incidents of discrimination were reported in 2010.

Prospects and focus areas

One issue that arose at Landlord's Day 2010 is how we can best create a common business culture. This development area will be further explored at coming manager days and the next Landlord's Meeting. Another issue is the continued development of the organization, with an emphasis on future competence management and succession planning.

In other words, both an internal and external focus apply for identifying talented employees and the competencies that we will need in the future.

Total personnel

Number of employees	White collar	Blue collar	Total
Stockholm	189	61	250
Gothenburg	29	10	39
Öresund	28	11	39
Uppsala	27	9	36
Total	273	91	364

Proportion of total employees

–29 years	6%
30–49 years	63%
50–59 years	21%
60+ years	10%

Average age, years	46.5
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Personnel turnover

Of whom	Women	5.0%
	Men	9.3%

Of whom per location	Stockholm	5.2%
	Gothenburg	0.5%
	Öresund	1.4%
	Uppsala	0.8%

Employees' sickness absence in 2010

Sickness absence	2010			2009		
Absence distributed by age and gender (%)	Women	Men	Total	Women	Men	Total
29 or younger	3.2	0.8	1.7	3.0	1.5	2.1
30 to 49	1.5	1.9	1.8	1.8	3.6	2.8
50 or older	1.9	3.6	3.1	2.5	3.0	2.8
Total			2.2			2.8

Absence distributed by duration (%)

	2010	2009
60 days or less	72.8	63.3
60 days or more	27.2	36.7

Employees training, 2010

Training hours (average)	Total
Number of training hours per employee	29 hours
Number of training hours for blue collar employee	45 hours
Number of training hours for white collar employee	17 hours

Social responsibility

Vasakronan's position as one of Sweden's largest property players creates both a responsibility and the prerequisites for playing an active role in sustainable development. We do this by participating in urban development, committing to sustainable partnerships and conducting our business with high ethical standards.

Leading player with great responsibility

Our activities affect people and the environment in many ways. Accordingly, our responsibility for a long-term contribution to sustainable development is a key strategic issue for Vasakronan's Board, management and owners. It is essential that all areas of activities include due consideration for ethics and the environment, without compromising the overall goal of high yield. Our social responsibility is based on the UN Global Compact initiative, comprising 10 principles that coordinate work with sustainable issues focused on human rights, labor, environment and anti-corruption. The principles that we as a company are committed to follow, and our responsibility for compliance with these principles, shall be reflected in Vasakronan's policies and actions.

Sustainability analysis forms the foundation for sustainable urban environments

As one of the largest property players in Stockholm, Gothenburg, Uppsala, Malmö and Lund, Vasakronan contributes to the development of entire districts in these cities. This takes place in collaboration with several other players, such as the relevant municipality, public transport authorities, architects and community planners, to create a long-term sustainable environment in existing areas and future construction projects.

Sustainability analyses are an important tool in these efforts – they create an overall strategy for providing support in an area with the least possible environmental impact. Based on

the underlying conditions of an area, an analysis is conducted that includes everything from energy consumption to the transport of goods and people to and from the area. Travelling with different modes of transport is studied and analyzed from different user groups' needs. Understanding the future needs of tenants and business enterprises is an important parameter, as well as expectations on minimizing the environmental impact. In order to meet the needs of people who work or visit the area, we consider the development of trade and service another key component of a functioning community. Everything is focused on making everyday life as simple as possible with a minimal environmental impact.

Development of new and existing urban districts

The sustainability analysis is an important tool in efforts designed to develop our worksite areas. One example is Norra Djurgårdsstaden, one of the largest development areas in Stockholm City, where a new urban district with a distinct environmental profile is under construction. Environmental and energy issues permeate the entire project, from planning to the operation of a functioning community. In the summer of 2010, Vasakronan's first construction project in the Riga block of Norra Djurgårdsstaden was completed and ready for occupancy. The Riga block comprises a combined seven-story office building and retail property that meets the requirements of the GreenBuilding program and LEED certification.

Another example is the existing

Nacka Strand, slightly east of Stockholm, where Vasakronan has made significant progress with lowering energy consumption. The area is virtually carbon neutral today, which was made possible through close collaboration with tenants, a number of buildings with sedum roofing and seawater cooling.

Collaboration in research and sponsorships

Vasakronan has chosen to participate in a project initiated by the Department of Real Estate and Construction Management at the Royal Institute of Technology in Stockholm. The department's core area of study is research on pricing and valuation in the property market, and the purpose of the project is to develop the valuation of properties with a green profile.

Participation in the form of sponsorship of local initiatives is another way for Vasakronan to contribute in the areas where we operate.

Moving toward a sustainable future

Vasakronan will continue to be a dedicated and active community builder in and around our property portfolio, which shall be characterized by people who feel comfortable and business that evolve. From a broader social perspective, we believe that focusing on environmental and energy measures in our existing properties will become increasingly important. However, regardless of whether we are engaged in new builds or renovation, our fundamental concern is to create sustainable environments that meet the demands of both present and future tenants.



In August 2010, Vasakronan started a pilot project called Sjövägen in collaboration with Stockholms lokaltrafik (SL, the public transport authority). Through subsidies, we want to increase the focus on public transport to and from the area, and the purpose of the pilot project is to conduct test operations with a commuter boat between Stockholm-Nacka Strand-Lidingö within the framework of SL's transport services. During the autumn, a 60% increase in passengers was noted and the project has now been extended through August 2011 concurrent with ongoing evaluations.

Vasakronan's sustainable partnerships

We channel a large part of our community involvement through active participation in networks and industry-related projects and associations. This work includes partnerships at both national and local level, and focuses primarily on climate issues and sustainable construction and management.

Sweden Green Building Council

The Sweden Green Building Council is a non-profit organization founded in June 2009 by Vasakronan and 12 other Swedish companies and organizations in the Swedish construction and property sector. The aim is to develop and influence environmental and sustainability work in the industry with the ultimate goal of becoming a fully accredited member of the World Green Building Council (WGB) in 2011.

Haga Initiative

Vasakronan started the Haga Initiative in collaboration with seven other well-known companies, with the purpose of reducing the business sector's carbon emissions and elevating climate change to one of the most important issues for the future. This is carried out through climate-positive initiatives outside the traditional realm of responsibilities for the network companies, and encourages customers, suppliers, employees, competitors and politicians to change their behavior.

Climate pact with the City of Stockholm

A climate pact initiated by the City of Stockholm with the purpose of joining forces to help reduce the capital city's environmental impact. The activities are evaluated annually and the results of work conducted within the framework of the Climate Pact are presented at www.stockholm.se/klimatpakten

BELOK

BELOK is a collaboration between the Swedish Energy Agency and Sweden's largest property owners, with a focus on commercial premises. The mission is to pursue a range of development projects that focus on energy efficiency and environmental issues. The purpose is to enhance energy consumption, while improving functionality and comfort.

Building material assessment (BVB)

In collaboration with a number of Sweden's largest property owners and building contractors, we have developed a standard for environmental assessments of building materials, including a user-friendly support system to search for approved building materials. Our joint ambition is that tomorrow's buildings will be built exclusively with environmentally assessed and approved building materials, and that today's buildings will be renovated with the same types of materials.



Our sponsorship focuses initially on local sports and cultural functions, such as the 10-kilometer race "Kistaloppet", which goes around our own properties, the Kista Science Tower and Kista Terrass.

Stakeholders and stakeholder dialogs

Vasakronan's operations affect a number of stakeholders both within and outside the company. Through efforts to conduct continuous dialog with these parties, we share information that helps us understand our stakeholders' expectations.

Vasakronan has identified six main stakeholder groups that are affected by our operations:

- Tenants
- Owners
- Employees
- Lenders
- Suppliers
- Community players

Identifying our stakeholders' expectations is a prerequisite for achieving our objective of a long-term, high yield and fulfilling our ambition to "accept social responsibility and strive for long-term, sustainable development." The dialogs give us essential informa-

tion for adapting our activities to their expectations, if necessary, and as such are also a condition for our social responsibility and efforts to achieve long-term, sustainable development having a positive effect on our yield. The dialogs and expectations are summarized below.

As a complement to our stakeholder dialogs, we have analyzed the general trend of sustainability development. A media analysis and review of the property sector have also been conducted. Based on the information that was gathered, in combination with the results of the annual risk evaluation, a total summarization has

been compiled to identify the areas on which Vasakronan's sustainability efforts should focus. In addition to expectations of a high yield and stable financial position, the summarization indicates that sustainability work should primarily be confined to our environmental work, which is only natural considering the environmental impact of Vasakronan's properties. In addition to the environment, sustainability work should also focus on our employees and community development. The following six focus areas, of which four of which are environmental issues, have been defined:

- Energy consumption and climate impact
- Materials and chemicals
- Residue and waste
- Indoor environment and surrounding areas
- Employees
- Community

Awards and prizes

Vasakronan's goal-oriented work during 2010 was recognized through the following awards:

- In Universum's business survey (FöretagsBarometer), Vasakronan was once again rated the most attractive employer in the property sector.

- Vasakronan's recently completed Modemet property in Kista was announced 2010 winner of the Stockholm Building of the Year award, a competition sponsored by the City of Stockholm.
- Renovation of the Stockholm Court House was awarded the Repair, Renovation, and Extension (ROT) Prize by the Swedish Association of Building Contractors.
- The newly constructed Västerport office building in Lund won the City of Lund's construction award.

Vasakronan's stakeholders

Stakeholder	Dialog	Expectations	Sustainability perspective
Tenants	Focus meetings with tenants, customer satisfaction surveys.	A long-term property manager that offers appropriate and affordable premises with good service and work environments and minimizes adverse environmental impact.	Financial stability, high environmental and ethical standards.
Tenants	Board meetings, of which one per year is a strategy meeting. Meetings with owner representatives for special discussions on ownership control.	Long-term stable yield and sustainable responsibility.	Profitability, high environmental and ethical standards.
Lenders	Separate meetings with each bank. Financial reports and capital market presentations.	Sound economic management, clear and transparent reporting.	Profitability, financial stability, high environmental and ethical standards.
Employees	Performance appraisals, employee surveys.	Stable and long-term employer, good employment conditions and development opportunities, good work environment and social responsibility.	Skills development, work environment, leadership, high environmental and ethical standards.
Suppliers	During procurements, orders and project meetings.	Secure and clear client with advanced procurement skills and high ethical standards.	Financial stability, high environmental and ethical standards.
Community	Stakeholder and industry organizations and other forums.	Contributes to sustainable development, minimizes adverse environmental effects.	Social development, high environmental and ethical standards.

About Vasakronan's sustainability report

This report is the second report submitted by Vasakronan in accordance with the guidelines from the international organization, Global Reporting Initiative (GRI). These guidelines can be followed at three levels, from the lowest C level to the highest A level. Vasakronan's report for 2010 has been compiled, in all materials respects, with the ambition of satisfy-

ing B-level requirements. The report is partially integrated with Vasakronan's Annual Report. A separate overview in this document shows where the various indicators can be found in the report.

The sustainability report is prepared and published on an annual basis. Compared with the 2009 sustainability report, no significant changes have

been made as regards the scope, boundary or measurement methods. Neither has there been any change in the information provided in last year's report beyond that which is provided in the GRI index below. The report does not cover activities that are controlled by individual tenants or suppliers.

Vasakronan has chosen not to seek external assurance for the report. The

main reason for this is that environmental activities are audited within the framework of ISO 14001 certification.

List of contents based on GRI guidelines

Disclosure	Description	Location	Comments
Strategy and Analysis			
1.1	Statement from the most senior decision maker of the organization about the relevance of sustainability to the organization and its strategy.	Page 4	
1.2	Description of key impacts, risks, and opportunities.	Pages 5–6	
Organizational profile			
2.1	Name of the organization.	Cover	
2.2	Primary brands, products, and/or services.	Page 6, Annual Report; inside cover, pages 20–21	
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	AR: inside cover, pages 30–31, Note 24–26, pages 62–65	
2.4	Location of organization's headquarters.	AR: Note 1, page 52	
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Page 6	
2.6	Nature of ownership and legal form.	Page 6	Vasakronan only conducts operations in Sweden.
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Page 6, AR: Inside cover, pages 6–7, pages 9–10	
2.8	Scale of the reporting organization, including the number of employees, number of operations, net sales (for private sector organizations) or net revenues (for public sector organizations), total capitalization broken down in terms of debt and equity (for private sector organizations) and quantity of products or services provided.	Page 18 (number of employees), page 9 (total revenues), AR: page 12 (financing), pages 20–27 (quantities/volumes)	
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	AR: pages 21–22	
2.10	Awards received in the reporting period.	Page 21	

AR = Annual Report 2010

List of contents based on GRI guidelines

Disclosure	Description	Location	Comments
Report profile			
3.1	Reporting period.	Cover	
3.2	Date of most recent previous report (if any).		The 2009 report was published in May 2010.
3.3	Reporting cycle.		Published annually in connection with the Annual Report.
3.4	Contact point for questions regarding the report or its contents.	Page 2	
3.5	Process for defining report content.	Pages 5–6, 21–22	
3.6	Boundary of the report.	Page 22	
3.7	Specific limitations on the scope or boundary of the report.	Page 22	
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	AR: Note 3 pages 53–56	The Dombron subsidiary was divested in 2010 and recognized in the Annual Report as a discontinued operation. Where appropriate, a change has been made in the comparative data for 2009.
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report.	Pages 22–25	
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.	Page 22	To achieve comparability between the years, some measurement data for energy consumption in 2008 and 2009 has been recalculated based on the new calculation methods that are used in the operations.
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Pages 21–22	
3.12	Table identifying the location of the Standard Disclosures in the report.	Pages 22–25	
3.13	Policy and current practice with regard to seeking external assurance for the report.	Page 22	
Governance			
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Pages 5–6, AR: pages 30–33	
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	AR: pages 33–34	The chairman is not the CEO.
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	AR: page 33	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	AR: page 34	The owners and employees are represented on the Board.
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	AR: page 34	No variable salary is paid to either the CEO or other executives.
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	AR: pages 31–34	
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	AR: pages 31–34	
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Pages 5–6, AR: pages 6–7, 31	

AR = Annual Report 2010

List of contents based on GRI guidelines

Disclosure	Description	Location	Comments
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Pages 5–6, AR: pages 30–33, Note 2: pages 52–53	
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	AR: page 33	
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Page 6	Vasakronan is a member of the UN Global Compact.
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Pages 6, 9–20	Reported under each section.
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations.	Pages 6, 9–20	Reported under each section.
4.14	List of stakeholder groups engaged by the organization.	Page 21	
4.15	Basis for identification and selection of stakeholders with whom to engage.	Page 21	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Page 21	
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Page 21	
Economic indicators			
EC1	Direct economic value generated and distributed.	Page 9	
EC3	Coverage of the organization's defined benefit plan obligations.	AR: Note 10, page 59	
Environmental indicators			
EN3	Direct energy consumption by primary energy source.	Page 11	Bases of calculation for the energy consumption of heating, cooling and property electricity comprise meter readings of the real consumption per property, which is then aggregated to company level in a media monitoring system.
EN4	Indirect energy consumption by primary source.	Page 11	See above.
EN5	Energy saved due to conservation and efficiency improvement.	Pages 10–12	
EN8	Total water withdrawal by source.	Page 12	Bases of calculation for the total water consumption per source comprise meter readings of the real consumption per property, which is then aggregated to company level in a media monitoring system.
EN16	Total direct and indirect greenhouse gas emissions by weight.	Page 12	The following original sources have been used when calculating carbon emissions: reported data from district heating companies, the Swedish Environmental Protection Agency, the Swedish Energy Agency and the Swedish Society for Nature Conservation. Peat is considered a renewable fuel.
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Pages 10–12	

AR = Annual Report 2010

List of contents based on GRI guidelines

Disclosure	Description	Location	Comments
EN19	Emissions of ozone-depleting substances by weight.	Page 12	New indicator. Bases of calculation for the consumption of ozone-depleting substances consist of data that Vasakronan has submitted to authorities.
EN22	Total weight of waste by type and disposal method.	Page 15	New indicator. Bases of calculation for waste in terms of volume, type and weight consist of data from waste contractors.
Indicators for Product Responsibility			
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Page 16	
Indicators for Labor Practices and Decent Work			
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	Page 18	Comprises personnel employed by Vasakronan. The number of employees includes permanent and probationary employees.
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Page 18	New indicator. Age group is not reported. Personnel turnover is calculated as the number of people who have terminated their employment during the year in relation to the average number.
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	Page 18	Sickness absence is calculated as the number of hours of absence in relation to scheduled working hours.
LA10	Average hours of training per year per employee by gender, and by employee category.	Page 18	Average number of training hours calculated as the total number of training hours in relation to the average number of employees.
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	Page 18	All employees have annual performance and career development reviews.
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	AR: pages 35–36, Note 11: page 59	Minority group affiliation is not reported.
Indicators for Society			
SO5	Public policy positions and participation in public policy development and lobbying.	Pages 19–20	New indicator.
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.		New indicator. No measures have been taken against Vasakronan.
SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.		New indicator. Vasakronan has not paid any significant fines or been subject to other sanctions.
Indicators for Human Rights			
HR4	Total number of incidents of discrimination and corrective actions taken.	Page 18	Vasakronan has had no incidents of discrimination.

AR = Annual Report 2010

Vasakronan's environmental glossary

Accreditation Formal recognition that an organization (laboratory, certification body, regulatory or inspection body) is competent to perform certain tests, measurements and certifications.

Asbestos A group of minerals with high heat resistance and insulation properties, which was banned in the 1970s. White asbestos (chrysotile) accounted for around 95% of use, amphibole asbestos for around 5%.

BELOK (Beställargruppen Lokaler). A network of Swedish property owners. BELOK pursues development projects, with energy efficiency and environmental issues as the common denominator.

Bra miljöval (Good Environmental Choice) district heating An ecolabel established by the Swedish Society for Nature Conservation for district heating and district cooling produced according to certain ethical and environmental standards.

Bra miljöval (Good Environmental Choice) electricity An ecolabel established by the Swedish Society for Nature Conservation for electricity generated by solar, wind and hydro power or biofuels, but not nuclear power, coal or natural gas.

BREEAM Building Research Establishment Environmental Assessment Method is a British environmental design and assessment model for sustainable buildings, and is used for

classification, system selection and environmental objectives for the building in general.

Building's energy consumption The energy that needs to be delivered to a building for normal consumption during a normal year (usually referred to as purchased energy) for heating, comfort cooling, domestic hot water and the building's operational electricity.

Building's energy performance The normal-year-adjusted energy consumption in a building, distributed per Atemp excluding any area used as a heated garage, unless the heated garage is a separate building, expressed in kWh/m² and year.

Building's energy performance requirements Demands on the building's energy performance as set out in the Swedish Board of Housing, Building and Planning's building regulations (BBR). They should be verified in both the project planning (the building's expected energy performance) and the completed building (the building's measured energy performance).

Building material assessment (BVB) A system for assessing construction products based on seven assessment areas: declaration of contents, input materials (raw materials), construction phase, management phase, demolition, residual and waste products and indoor environment.

Building materials are assessed at three levels: 1) Recommended, 2) Accepted, 3) To Be Avoided.

Carbon dioxide-equivalent Gases other than carbon dioxide, such as methane, nitrous oxide and refrigerants that have a GWP value (Global Warming Potential). The GWP value for carbon dioxide is 1, for methane 25 and for nitrous oxide 300.

Carbon dioxide-neutral Status for activities that do not result in carbon emissions (or carbon dioxide-equivalents) by using, for example, solar energy, wind energy, hydro power or biofuels (if the site is reforested).

Carbon dioxide-neutral company Term for a company with a carbon dioxide neutral status.

Certification (of agreement) Action by a third party certifying that a product, process, service, person or similar during a certain period of time complies with a certain specification, standard or similar.

Chemical products (chemicals) Substances and preparations (mixtures) covered by some of the Swedish Chemical Agency's ordinances. Can include paints, varnishes, adhesives, pastes, industrial chemicals, solvents, fuels and detergents.

Climate-neutral See carbon dioxide-neutral.

Energy certificate A document, prepared by an independent expert, containing data on the building's energy performance. One copy of the certificate must be submitted to the Swedish Board of Housing, Building and Planning. Energy certificates must be renewed after ten years.

Energy conservation (TNC 95) The most efficient use of energy that is supplied to a system. Compare energy efficiency, energy saving.

Energy consumption Use of energy. Often referred to as "purchased energy". Compare a building's energy consumption, "exergy".

Energy efficiency To achieve the same energy service with less primary energy (collecting energy from "nature"). For example, less (primary) energy consumption without needing to reduce the temperature in a room. Compare energy conservation, energy saving primary energy.

Energy optimization An organization's ongoing work to optimize its energy consumption.

Energy performance Often used to describe a building's energy performance (measured as kWh/m²), but "energy performance" can also refer to parts of a building or other energy consumption and be based on another premise than m². See a building's energy performance.

Energy saving To reduce energy consumption by foregoing energy services (such as reducing the temperature in a room). Compare energy efficiency, energy conservation.

Energy strategy A documented strategy for an organization's overall and long-term work with energy efficiency, and its choice of technical systems and energy suppliers.

Environmental aspects A term used in environmental management systems for those parts of the operation that can impact the environment. Examples are emissions to air and water, the use of chemicals, noise levels, and consumption of materials and energy. Environmental aspects are the reason why environmental impact takes place. Efforts must initially address the environmental aspects with most impact on the environment, the "significant environmental aspects".

Environmental audit A systemic and documented verification process to evaluate the results against defined criteria. The audit compares the results with the requirements and objectives, verifies how continuous improvements are achieved, shows that the organization is committed to working with environmental issues, provides an important decision-making basis and strengthens the organization's credibility in the environmental field.

Environmental certification of a building Certificate from a third party confirming that a building satisfies certain requirements (usually one of several levels possible) according to a sustainable building rating system (such as LEED, BREEAM, Miljöbyggnad).

Environmental governance This term is linked to EMAS. The equivalent of environmental management according to ISO 14001.

Environmental impact The use of resources, emission of pollutants, or other human activity that causes or may cause an adverse environmental effect.

Environmental management system That part of an organization's overall management system that refers to implementation of the environmental policy.

Environmental plan In a construction project, a document for contractors and consultants that governs their own work in a specific construction, operation or maintenance project.

Environmental program in a construction project, the client's document for the overall governance a specific construction, operation or maintenance project.

Exergy Term used to describe the quality of energy. Simply put, energy is not consumed, but transformed to other forms (from electricity to heating, for example). Exergy is consumed via energy transformation (from electricity with high quality to heating with low quality, for example).

Green Building A term used for environmentally sound buildings in general. Is also an EU program for reducing energy consumption in buildings. Certification entails that new buildings have 25% lower energy consumption than the existing standard. In existing buildings, energy consumption must be reduced by 25% over a five-year period.

Hazardous waste Waste that has certain hazardous properties, or falls under a certain category according to the Waste Ordinance (SFS 2001:1063). Hazardous waste requires special management.

ISO 14001 International standard that forms the basis for environmental management.

Landfill A facility for the disposal of waste, usually refers to a site for waste.

LCA (Life Cycle Assessment) A method, usually with extensive calculations, that is used to give an overview of the environmental impact of the lifecycle of a product, service or other human activity, from raw material extraction, manufacturing processes and use to waste management, including transport, and materials and energy consumption.

LCC (Life Cycle Costs) Financial analysis that compiles all costs and revenues for a system or product over its lifetime.

LEED (Leadership in Energy & Environmental Design) An international system, originally from the US, for third-part certification of buildings according to criteria such as energy and water consumption, carbon diox-

ide emissions and indoor environment. The LEED system can be used to environmentally classify existing and future buildings, as well as entire blocks.

Long-term sustainable development See sustainable development.

Materials strategy A documented strategy for an organization's overall and long-term work with materials.

Media optimization An organization's ongoing work with the optimization of media such as energy and tap water.

Miljöbyggnad (formerly "miljöklassad byggnad") A Swedish system for the environmental classification of buildings. The classification comprises three areas: the indoor environment, energy and materials/chemicals. Approved buildings are rated according to three levels: bronze, silver or gold.

National environmental quality objectives In 1999, the Swedish government formulated 16 environmental objectives in relation to the environmental qualities that should be achieved by the target year (normally 2020). The overall goal of the objectives is to achieve sustainable development.

Operating efficiency An organization's ongoing work with the optimization of the organization's operations.

Ozone-depleting substances Substances that are classified as ozone-depleting, such as refrigerants and fire gases.

PBL (Planning and Building Act) The main legislation governing planning and construction in Sweden.

PCBs A group of substances used in sealants and transformers. They were banned in the 1970s.

Primary energy A certain amount of extracted energy from a natural resource or phenomenon that relates to a particular use of "secondary energy" in a later phase. Example: increased losses of energy in a pipeline increase the need for primary energy, even though the secondary used energy is the same. Greater recycling of energy reduces the need for primary energy.

Recovery Use of energy residues or residue for energy recovery or materials recycling.

Recycling Renewed use of a residue for the same function that it was once used for.

SFVALA A group of companies in Stockholm that work together to reduce the price of district heating and cooling, create competition, describe strategies for energy supplies and give energy providers a better environmental profile. The group includes Stockholmshem, Statens Fastighetsverk, Vasakronan, Akademiska hus, Locum, Diligentia, Stiftelsen Stockholms Studentbostäder and Fastighetsägarna Stockholm.

Source separation The separation of waste into fractions at the place where waste is generated (as opposed to central sorting, which takes place magnetically, optically, manually or by sifting at a waste facility).

Sustainability Sustainability is usually divided into three areas, 1) Environmental sustainability: long-term conservation of the production capacity in water, earth and ecosystems, and reducing the environmental impact and risks for human health. 2) Social sustainability: promoting a long-term stable and dynamic society where basic human needs are met, 3) Financial sustainability: conserving human and material resources in the long-term. Compare sustainable development.

Sustainability report A document from an organization describing its work for sustainable development.

Sustainable development A concept launched by the Brundtland Commission in 1987, entailing "development that meets today's needs without compromising the ability of future generations to meet their own needs".

The environment A term with major significance that is used in general to describe our physical (measurable) and perceived external world.

Waste The Environmental Code defines waste. The desirable goal, through a comprehensive materials strategy, should be to reduce the amount of waste and ensure that residual arising from one's own operations become resources.