

Samhällsbyggnadsbolaget Sustainability Policy

Samhällsbyggnadsbolaget's (SBB) sustainability strategy builds on the company's vision, business concept and core values of long-term commitment, development and reliability. Sustainability permeates everything we do within SBB. SBB's sustainability work is governed predominantly by internal processes and external regulations. In this way, the risks are minimized while helping society as a whole become more sustainable and safeguarding the generation of value in the long term. The process commences from senior management: On an annual basis, SBB's Board of Directors adopts a Code of Conduct, whistleblower policy and sustainability policy, as well as targets for efforts in the area of sustainability. The sustainability policy covers all of SBB's operations and applies to all companies within the Group. Responsibility for the policy lies with the Deputy CEO/Property Development Manager.

In its definition of sustainable development, SBB includes responsibility for the long-term economic, environmental and social outcomes and consequences of how SBB applies its business concept and values in its operations. SBB's Code of Conduct, whistleblower policy and sustainability policy build on SBB's values. SBB must comply with applicable laws and regulations, applying a long-term approach and principles safeguarding superior morals and ethics in internal and external relations. SBB supports the principles of the UN Global Compact.

SUSTAINABILITY OBJECTIVES

In determining how it can contribute to a sustainable society, SBB builds on its own reality and values. SBB seeks to contribute to the sustainable development of society. SBB seeks to be involved in building Sweden's future and to make a collaborative contribution to this development. Through its involvement, SBB seeks to create sustainable buildings in which people thrive and whose users maintain a close dialogue with SBB as the landlord and property manager. SBB has set out clear objectives for governance and transparency, environmental work and social engagement. Profitability and financial stability provide the foundation on which sustainable operations can be conducted. The major challenge of our time is the climate. Being environmentally intelligent and energy efficient are important aspects of working sustainably and responsibly in the long term. Youth are the future. Contact with the labour market is crucial for both personal development and the social platform. Only an attractive employer is able to recruit and retain the best employees. SBB works with occupational health and safety and ethics to safeguard compliance with the law and to assure a favourable working environment, which are essential for sustainable operations.

FINANCIAL OBJECTIVES

SBB's overarching financial objective is to generate favourable returns for shareholders. SBB's profitability is a prerequisite for the company being able to achieve the objectives, not only of its core operations, but also with regard to issues of sustainability. Being a financially stable business partner benefits the relationship through tenants, suppliers and lenders, while a strong financial position is essential for attracting and retaining skilled employees.

GOVERNANCE AND TRANSPARENCY

SBB's operations are to be pervaded by superior business ethics, good business practices, acceptance of responsibility, impartiality and should work systematically to combat corruption.

Corruption and bribery

SBB applies a long-term approach and principles safeguarding superior morals and ethics in internal and external relations. To ensure that managers and employees act in accordance with ethical guidelines and to detect any deviations, a whistleblower service is in place. This service is administrated externally.

Stock option scheme

The stock options scheme targets SBB's current and future employees. It encompasses 20,000,000 warrants conveying entitlement to subscribe for the corresponding number of class B shares in the company. As of 31 December 2017, 9,100,000 warrants had been subscribed for by SBB employees. The warrants were acquired at market value.

SBB's website www.sbbnorden.se presents annual and quarterly reports, guidelines and other policies in both Swedish and English.

ENVIRONMENTAL WORK

CLIMATE CHALLENGE DEMANDS ENERGY EFFICIENCY

SBB shall offer environmentally adapted premises, developed and managed with minimal resource consumption and the least possible environmental impact. All parts of the operations are to be permeated by sustainability.

SBB's environmental work is well integrated into the organization. This work is conducted on an ongoing basis and in a goal-oriented manner to achieve continuous improvement. SBB works with sustainability issues in a structured manner, integrating them into the business plans drawn up for each region within SBB. In SBB's view, goal-oriented management, with clearly associated measures, leads to a common view of how such efforts should be conducted on an ongoing basis. Since some measures require investment, they are included in SBB's maintenance plans. Such measures serve, among other things, to reduce energy consumption in SBB properties, streamline transport to and from the properties, smarter purchases in which SBB uses environmentally friendly and energy-efficient materials for repairs and maintenance, increased fractioning to streamline waste management in both residential and public properties, and to conduct regular, proactive environmental rounds as part of the ongoing property management activities. Alongside SBB's Code of Conduct and Sustainability Policy, applicable legislation and environmental requirements form the basis of the work and involve employees, tenants, suppliers and contractors alike.

In SBB's view, sustainable social development begins with the current situation and the current situation and terms of communications in particular. In SBB's view, having a car should not be essential to modern urban living and communications, local services and schools should be available in the immediate area. Against this background, SBB has chosen to locate most of its acquisitions adjacent to rail and light-rail links. This applies both to the Stockholm area and the rest of Sweden. All of SBB's development areas are situated in identified priority communication locations. By developing communications-adjacent locations, SBB endeavours to promote positive economic, social and environmental values.

As part of SBB's work for a sustainable society and for sustainable social development, SBB applies Agenda 2030 and its sustainability objectives. SBB focuses predominantly on Goal 11: Sustainable cities and communities for which the principal objective is to "Make cities and settlements inclusive, safe, resilient and sustainable". Working towards Goal 11 entails, for example, working actively to improve traffic safety, particularly by expanding public transport.

In an initiative to efficiently reduce carbon dioxide emissions, SBB has identified measures including:

- Recovering energy from exhaust air and wastewater to reduce energy needs in properties
- Further insulating attics and changing windows to minimize energy lost through the climate shell of a building.
- Installing heat pumps to meet energy needs in a more energy efficient and climate-intelligent manner.
- Fine-tuning and optimizing our properties with regard to operating times, outdoor temperatures, etc.
- Renovating buildings more intelligently, with coordinated deliveries of materials specifically adapted to the needs of our projects.

SBB targets minimizing its carbon dioxide emissions by at least 400 tonnes annually over the next five years.

SBB shall...

work actively on issues of the environmental and sustainability by keeping abreast of new technologies capable of reducing SBB's energy consumption and environmental impact, although SBB need not be the first to test unproven technologies.

SBB shall...

assess various solutions capable of reducing SBB's footprint in terms of energy and the environment, such as different heat pump solutions, recovery of energy from ventilation exhaust and discharge water, solar collectors, photovoltaic cells, etc.

SBB shall...

never use materials that have been classified as environmentally hazardous.

SBB shall...

in renovating existing buildings and constructing new ones, choose materials and chemicals selectively, striving to choose materials that have been environmentally approved by Swedish environmental product assessors Sunda hus, Byggvarubedömningen, Basta and others.

SBB shall...

make efficient use of waste and resources

SBB shall...

comply with laws and regulations and cooperate with authorities and organizations such that SBB's environmental work is arranged in accordance with the environmental objectives of society.

So that SBB

contributes to sustainable development in society.

SOCIAL WORK

SBB operates as a business, employer and societal stakeholder in a large number of locations in Sweden. In fostering its stakeholders, it is of the utmost importance for SBB that the stakeholder chain shares the values and principles embodied in the company's Code of Conduct.

In its work on social sustainability, SBB prioritizes young people and the company's own employees. Its employees are SBB's most important assets. It is through the commitment, development and skills of the employees that the corporate culture is generated. All employees are offered skills-enhancing and responsible jobs, with the balance between work and private life also being important.

Within the framework of SBB's property development work, conditions for integration are engendered by providing both rental accommodation and tenant-owned apartments, while SBB also helps reduce housing shortages in the hardest-hit segments by using investment support for the construction of rental accommodation to be leased at lower rent levels.

SUMMERTIME EMPLOYMENT FOR YOUNG PEOPLE

SBB prioritizes social initiatives for young people. Offering summertime employment to young people living in SBB's residential areas is the best way in which we can help young people earn money for the first time and bring them into contact with the labour market. This is also a way of bringing together all of the three dimensions of sustainability. Summertime employees work alongside SBB's property managers and local partners in maintaining the external environment and performing simpler property management tasks. Summertime employment results in a more pleasant external environment in SBB's residential areas, reduces waste of shared resources, contributes to SBB's net operating income in the long term and provides young people with an important connection to the labour market. The number of summertime jobs offered at SBB's residential areas should be at least 100 per year, as of 2020 at the latest.

MENTOR SVERIGE

SBB provides financial support to Mentor Sverige (an organization providing mentoring for young people in Sweden). Mentor Sverige's vision is a world in which young people grow and develop to be healthy and drug-free. One way in which to improve society is to support those who are young today. Mentoring is an important tool in supporting young people. Today, we know that many young people need more support from adults than they currently receive. The teenage years can be a confusing period in life. This is when an individual's identity is formed, and many have thoughts and questions to which they need answers. Mentoring is a powerful method for reducing the risk of various destructive behaviours among young people. Accordingly, SBB prioritizes its support of Mentor Sverige.

ATTRACTIVE EMPLOYER

Recruiting and retaining talented people

SBB shall strive to recruit the best people. All employees are afforded opportunities to become shareholders, either directly or by acquiring stock options

Health and benefits

SBB strives to maintain a low level of absence due to illness. All employees are offered a health examination every second year. In addition to these benefits, employees are covered by health insurance and an occupational pension scheme. SBB shall be an attractive employer and strives to maintain a favourable, pleasant and safe working environment where short-term absence due to illness should not exceed 2 percent and long-term absence due to illness should not exceed 3 percent.

SECURITY AND ETHICS

Diversity and non-discrimination

Equality and diversity are self-evident for SBB. Differences among individuals and complementary skills are valuable and help engender a more innovative corporate culture. The Code of Conduct provides guidance for employees in their relationships with one another and ensures that human rights are complied with and that there is no discrimination or abusive behaviour within SBB.

SBB's working environment

SBB's employees should feel that they work within a safe and secure working environment.