

# To give more than we take

## Sustainability at Areim

Areim AB  
CIN 556719-4203

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Norrandsgatan 18  
SE 111 43 Stockholm

2019

**AREIM**  
REAL ESTATE INNOVATION

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## 1. About us

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Areim is a leading Nordic real estate owner and fund manager. For more than 15 years, we have successfully managed investments on behalf of some of the world's largest institutional investors. We have a responsibility to these investors as well as to our other shareholders to promote long-term value. We have consistently delivered competitive returns in a manner that is both financially, environmentally and socially responsible and sustainable.

We typically invest in real estate assets where we see we can add lasting value during our hold period. Our enhancement strategies range from upgrading and modernising property acquisitions to regenerating urban environments for the benefit of the city and its residents.

Our real estate funds are close ended with a hold period of approximately eight to twelve years. The funds invest in real estate in Sweden, Finland, Norway and Denmark, with the principal objective of creating capital growth and realising capital gain, to be achieved through our value-added approach. We at Areim have a consistent flow of funds in all stages, from start-up to wind-down, and this in turn ensures a steady flow of assets and fees to support business continuity and the sustainability of Areim and its funds.

As per the end of 2019, Areim manages four real estate funds with a capital base of around EUR 1,659 million, including EUR 150 million of co-investment capital. The funds are backed by leading Swedish investors and some of the world's largest institutional investors.

Areim has 42 employees, all located at the company's offices in Stockholm, Helsinki and Oslo.

Being a fully licensed Alternative Investment Fund Manager (AIFM) we operate under the supervision of the Swedish Financial Supervisory Authority and have adopted our rules and regulations accordingly.

This report is Areim's first standalone sustainability report. It describes key events and sustainability indicators for Areim AB for the 2019 fiscal year. The information in this report has not been externally audited. Please note that this report does not include Infranode AB – a subsidiary of Areim AB.

## Mission

At Areim, we earn and honour the trust of our stakeholders.  
We approach complex business ventures with resolve and commitment.

We are a problem-solver with the drive, perseverance and ingenuity to create value in  
the face of challenges.

It is our responsibility to build a corporate legacy of enduring worth and pride.

## 2. A strong and active year

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### Commentary from the CEO

2019 was a strong and active year for Areim. Together as a team we managed to exceed expectations in many ways. The investment period for Areim Fund III was closed and the Fund has now entered an active phase where we focus on executing business plans. In Areim Fund IV, we exceeded our target and raised SEK 5.6 billion in total commitments.

We also achieved several important business objectives:

- We significantly increased our flexibility to enable us to invest more broadly across the Nordic countries;
- We added two new sectors to our investment strategy; data centres and light industrial; and
- We broadened the geographic diversification of our investor base by adding our first investor from the Middle East as well as securing our first Finnish and Norwegian investors.

### Looking ahead

At Areim, we work continuously to integrate sustainability into our business, define and manage sustainability risks and support our co-workers, investors and society in important ways. In the year ahead, we will continue our efforts to integrate sustainability as a natural aspect of our business based on three focus areas – environmental responsibility, social responsibility and business ethics.

In addition, we will intensify discussions with our tenants and suppliers on sustainability issues and explore ways to jointly further reduce our carbon footprint. Ongoing activities include establishing a digital platform to better monitor consumption data and GHG-emissions for our directly owned assets, further promoting and implementing green leases, and developing the Areim Climate App, a tool that focuses on reducing climate impact in tenant improvements.



*Therese Rattik,  
CEO Areim AB  
15 May 2020*

## Sustainability activities in 2019

- Our organisation was developed with a new Head of Sustainability to further strengthen our focus on sustainability and in particular on energy savings;
- A strategic and pro-active plan was formulated with clear sustainability targets and identified sustainability risks;
- Our GRESB rating improved from two to four Green Stars for Areim Fund II and we were granted three Green Stars for Areim Fund III, participating for the first time.
  - Additional environmental certifications were granted; and
  - We continued Areim's cultural work for all employees to ensure purposeful business.






### 3. Our sustainability commitment and objectives

#### Business-driven sustainability work

Areim operates in an industry that has a considerable impact on the environment. Real estate accounts for about 40 per cent of the Nordic countries' total energy consumption and the construction sector accounts for about 30 per cent of all generated waste. We, along with our industry, have a great responsibility. With human beings at the centre, our overall objective is always to lead our industry towards a sustainable society with the objective of giving back more than we take. To fulfil this commitment, we are focusing on the following objectives.

#### Main Sustainability Objectives

-  Reducing energy consumption from our directly owned properties to an average of 100 kWh/sqm at the time of divestment.
-  Having 100 per cent of our investments certified at the time of divestment.
-  Being a net carbon-neutral organisation by 2030.

#### Our approach

At Areim, we advocate a value-added approach in real estate investment. This means that we constantly explore challenging investment opportunities in order to grow value and maximise returns. We are innovative and brave when developing properties and our strong sense of commitment motivates us to continuously improve our properties during the holding period. By means of active ownership, we reduce risks, improve quality of our investments and steer our properties into a more sustainable direction, while creating socially sustainable places.

Our property measures are guided by the UN Global Goals for Sustainable Development and the Ten Principles of the UN Global Compact. In addition to this, we comply with all relevant national and international legislation.

#### Step by step – active asset management and continuous improvements

Sustainable development means bringing in constant improvements step by step. Our goal has always been to improve assets in a responsible and sustainable manner. For us, sustainability is all about investing in real estate with potential for improvement from many sustainability perspectives through which we can work towards global sustainability challenges.



## 4. Our focus area

### Stakeholders' engagement and materiality assessment

In order to ensure that we and our stakeholders are working with the right things, we have carried out a materiality assessment based on various dialogues with our stakeholders. Based on our business strategy, the impact on the outside world and our stakeholder expectations, we have identified our most material topics, which have led to three focus areas for our overall sustainability efforts.

#### Result from stakeholder dialogue

Stakeholder	Dialogue format	Most material topics	Areim focus area
<b>Investors</b>	<ul style="list-style-type: none"> <li>• Interviews</li> <li>• Personal meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Climate change</li> <li>• Energy and resource efficiency</li> <li>• Governance</li> </ul>	<ul style="list-style-type: none"> <li>• Environment</li> <li>• Sustainable business</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Annual performance reviews</li> <li>• Workshops</li> <li>• Conference in spring 2019</li> </ul>	<ul style="list-style-type: none"> <li>• Climate change</li> <li>• Energy and resource efficiency</li> <li>• Attractive workplace</li> <li>• Attracting and retaining talent</li> <li>• Health and well-being</li> <li>• Equality and diversity</li> <li>• Non-discrimination</li> <li>• Governance</li> </ul>	<ul style="list-style-type: none"> <li>• Environment</li> <li>• Social sustainability</li> <li>• Sustainable business</li> </ul>
<b>Municipalities</b>	<ul style="list-style-type: none"> <li>• Close cooperation in zoning planning processes</li> <li>• Active membership in several organisations</li> </ul>	<ul style="list-style-type: none"> <li>• Climate change</li> <li>• Energy and resource efficiency</li> <li>• Environmental certifications</li> <li>• Sustainable urban planning</li> </ul>	<ul style="list-style-type: none"> <li>• Environment</li> <li>• Social sustainability</li> <li>• Sustainable business</li> </ul>
<b>Tenants</b>	<ul style="list-style-type: none"> <li>• Personal meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Climate change</li> <li>• Energy and resource efficiency</li> <li>• Attractive workplace</li> <li>• Health and well-being</li> </ul>	<ul style="list-style-type: none"> <li>• Environment</li> <li>• Social sustainability</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Personal meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Climate change</li> <li>• Equality and diversity</li> </ul>	<ul style="list-style-type: none"> <li>• Environment</li> <li>• Social sustainability</li> </ul>

With input from our stakeholders', three focus areas have been identified (including the most material topics) to ensure that our efforts are within areas where we have the best possible potential to make a difference. These focus areas, *Environment*, *Social Sustainability* and *Sustainable Business* will be presented in the following chapters.

# NOTHING IS IMPOSSIBLE




By means of innovative real estate development and asset management, we always do more for our customers, investors and for society in general.

## 5. Environment

All Areim's internal environmental work is based on the requirements contained in the Swedish Environmental Base, focusing on the implementation of specific environmental improvement measures. The management system is based on the five basic elements in the ISO 14001 standard. The environmental work must be reviewed annually by representatives from the Swedish Environmental Base.

Areim is committed to actively contributing to sustainable development of real estate by actively working to inhibit climate change, reduce carbon footprint and increase our resource efficiency. Asset Managers are responsible for ensuring that objectives and action plans for the following year's environmental and social work are established as an integrated part of the business plan of each investment. In practice, this means:

- being efficient with natural resources and energy;
- actively managing our consumption and disposal of water and waste;
- choosing renewable energy and on-site production of energy when possible;
- working to maximise recycling, reusing of materials and choosing eco-friendly materials;
- certifying investments and development projects; and
- adding sustainability issues in our risk management process.

<i>Main sustainability objectives</i>	<i>Achievement 2019</i>
 Reducing energy consumption from our directly owned properties to an average of 100 kWh/sqm at the time of divestment.	Areim Fund II: 114 kWh/sqm Areim Fund III: 185 kWh/sqm
 Having 100 per cent of our investments certified at the time of divestment.	54 per cent
 Being a net carbon-neutral organisation by 2030.	5,140 / 6,479 tCO <sub>2e</sub> <sup>1</sup>

<sup>1)</sup> Location based / market-based method.

### Inhibiting climate change

#### Energy efficiency

Our approach is to maximise the use of fossil-free energy and to be as energy-efficient as possible. The overall goal is that energy use should be less than 100 kWh/sqm on average for our investments (excluding tenant electricity) at the time of divestment. When acquiring a new property, an energy inventory is always included in the start-up phase. The outcome will serve as a basis for budgeting activities to decrease energy consumption, minimise the use of fossil fuels and investigate the possibilities of adding on-site renewable energy projects such as geo-energy, and solar projects. Energy consumption is monitored on a quarterly and annual basis. Meter-reading takes place monthly and operating statistics are monitored quarterly.

#### Energy consumption per Fund

Areim Fund II	R12 As of 31 Dec 2019	Tot average acquisition	Tot average at divestment	Change <sup>2</sup>
<b>Total (kWh/sqm)<sup>1</sup></b>	<b>114</b>	<b>131</b>	<b>117</b>	<b>-13%</b>
Electricity	36	33	37	+9%
District heating	49	67	51	-27%
District cooling	29	31	29	-6%

Areim Fund III	R12 As of 31 Dec 2019	Tot average at acquisition	Tot average at divestment	Change <sup>2</sup>
<b>Total (kWh/sqm)<sup>1</sup></b>	<b>185</b>	<b>191</b>	<b>130</b>	<b>-3%</b>
Electricity	48	66	58	-27%
District heating	91	94	71	-3%
District cooling	25	25	1	-0%

<sup>1)</sup>Total energy (R12) from directly owned and divested properties incl. district heating and cooling and electricity (excluding estimated tenant consumption).

<sup>2)</sup> Total energy (R12) in relation to at acquisition.

## Reducing our carbon footprint

Our objective concerning GHG emissions is that our business should be carbon neutral by 2030. To achieve this, a shift from fossil-based energy to fossil free energy is required as well as continuous efforts to promote energy efficiency within the assets. The climate impact of our business is measured using the Green House Gas Protocol.

A first step, to enable us to actively work on reducing our climate impact is to identify where our business's climate impact is the greatest. For our business, the greatest negative climate impact comes from the properties we own within our funds. A negative climate impact arises both in our daily asset management activities and in the development projects we carry out. In asset management, it is primarily energy consumption that generates emissions and in project development, it is primarily waste and new materials that are being built in that generate emissions. Areim is monitoring GHG emissions for Scope 1, Scope 2 and part of Scope 3. For 2019 GHG emissions were reported for all direct owned assets in Fund II and Fund III. In Fund III, the fund's share of Sponda also is included as well as the fund's share of part of the Obligoportfolio (e.g. the following assets, Lysbomben, Gullbergsvass, Gustavsberg 1:179, Posten 1, Triangelgården, Midtåsen and Marieboesgate). Currently, the boundaries for Scope 3 for our investments are emissions related to energy distributions in Scope 2, waste and water consumption. For Areim's business travel, hotel stays, and IT-equipment are also included within Scope 3, for which climate compensation has since been carried out. In the spring 2020, a project has been initiated to identify the greatest impact within Scope 3 from our investments and how to monitor these emissions going forward.

Scope methods can be *location-based*, reflecting the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data) or *market-based*, reflecting emissions from electricity that companies have purposefully chosen (or not chosen). Results from both methods are shown in the figures below.

### GHG emissions, tCO<sub>2</sub>e – location and market-based method

Scope	Description	Emissions 2019							
		Areim AB		Fund II		Fund III		Total	
	<b>Total emissions</b>	<b>156</b>	<b>156</b>	<b>578</b>	<b>615</b>	<b>4,405</b>	<b>5,708</b>	<b>5,140</b>	<b>6,479</b>
	<i>Method (location or market based)</i>	<i>Location</i>	<i>Market</i>	<i>Location</i>	<i>Market</i>	<i>Location</i>	<i>Market</i>	<i>Location</i>	<i>Market</i>
Scope 1	Direct emissions from owned or controlled sources	-	-	-	-	-	-	-	-
Scope 2	Emissions from purchased electricity, steam, heat, and cooling	21	21	527	545	4,319	5,508	4,867	6,073
Scope 3	All other indirect emissions that occur in the business value chain	135	135	51	70	87	200	273	406

### What do we do?

Scope 2	Scope 3
- We purchase renewable electricity. (84 % of directly owned investments by the end of 2019).	- We cooperate with Zero Mission to identify where our business has the most indirect negative impact.
- We initiate energy efficiency programme.	- We are committed to use material approved by "Byggvarubedömningen" or equivalent.
- We investigate and initiate geo-energy projects.	- We have an efficient waste management; to improve keeping as is, recycling and re-use in refurbishments.
- We cooperate with Zero Mission, to improve follow up and measuring of GHG emissions.	- We offer Green Leases to our new tenants and to add green clauses when re-negotiating with existing tenants.
	- We climate-compensate for business travel and hotel stays.



“ Together with the tenant and the project manager, I always try to adapt our team to meet the client's needs. ”

Peter Qvarfordt, Asset Manager, Sweden



## Building certifications

A commitment was set in 2019 the goal of which is to certify 100% of our investments during our hold period. Certifications should be accredited by Sweden Green Building Council or an equivalent association. As per today, 54% of all assets consisting of more than 500,000 sqm, including both owned and divested assets, have been certified. See Appendix A for all certifications per investment level.

Building certifications <sup>1</sup>	Share of certified area	Certified area (sqm)	Fund Life Phase
<b>Total<sup>2</sup></b>	<b>54%</b>	<b>502,011</b>	<b>n/a</b>
Areim Fund I	58%	153,800	Closed
Areim Fund II	68%	212,971	Wind-up
Areim Fund III <sup>2</sup>	45% (26%)	76,860 (102,213)	Asset Management
Areim Fund IV <sup>2</sup>	32%	58,380	Investment period

<sup>1)</sup> Total percentage share of certified surface area per fund during the whole of the life cycle of the Fund (including divested assets).

<sup>2)</sup> Excluding co-investments (figures in brackets includes co-investments).

## Resource efficiency

### Waste, recycling and material use

The real estate industry is responsible for approximately 30 per cent of all waste. Waste occurs both in property development projects and in day-to-day operations. Management of waste is of key significance when it comes to reducing climate impact. Waste management at Areim is today handled by our suppliers of property management and project management.

In day-to-day operations, most waste volumes originate from tenants' premises. Waste is sorted to maximise recycling. Waste is normally sorted into paper, glass, plastic, metal, domestic waste and hazardous waste. Regulations concerning hazardous waste are something that we have strictly comply with. The City of Stockholm has set a goal to collect 70 per cent of all food waste to be converted into biogas before the end of 2021. As a result, we have introduced the collection of food waste for our office buildings wherever possible.

In development projects, our focus is to minimise waste from new materials added to projects and maximise the reuse and recycling of existing materials. All new materials put into a building must be approved by Byggvarubedömningen, a company that provides assessments of building materials or an equivalent body. The focus for the coming years will be to set goals, and to measure and follow up.



## Business travel

Areim's objective is to facilitate the use of public transport. Environmental aspects must be taken into consideration in the choice of means of transport. To climate-compensate for business travel and hotel stays, 94-tonnes CO<sub>2</sub>e, was donated in 2019. Thanks to this project, wood is being exchanged for biogas as an energy source for cooking. This has a positive impact not only on the climate but also on improved health as indoor air quality improves. Dedicated projects include the Golden Standard and Fairtrade certified project Bagepalli Coolie Sangha in the district of Kolar in India.

## 6. Case studies

Each development project is unique, but our strategy remains the same – to create lasting value in a manner that is sustainable. Sustainability initiatives are always in focus in the development of our construction projects; here are some examples.

### Brädstapeln 16, Kungsholmen, Stockholm



The asset was acquired during the spring of 2014 and divested in 2019. Our vision, for the 39,000 sqm building was to bring the property up to date and create a vibrant neighbourhood and a new commercial hub with a lasting effect on the Stockholm skyline.

Brädstapeln 16 has been transformed into an open, lively and inspiring meeting place with a wide variety of shops and restaurants. This has revitalised the neighbourhood outside office hours and boosted the general sense of safety.

The *offices* in the new, improved premises houses offices meeting the needs of modern businesses and their employees. The enhanced design takes into consideration how today's tenants identify and interact with their place of work.

The *pavilion* – new buildings including a wide range of everyday shops, such as a supermarket, gym, restaurant and pharmacy. This cluster of shops and services integrates Brädstapeln into the neighbourhood and creates an urban environment full of life.

#### Main improvements

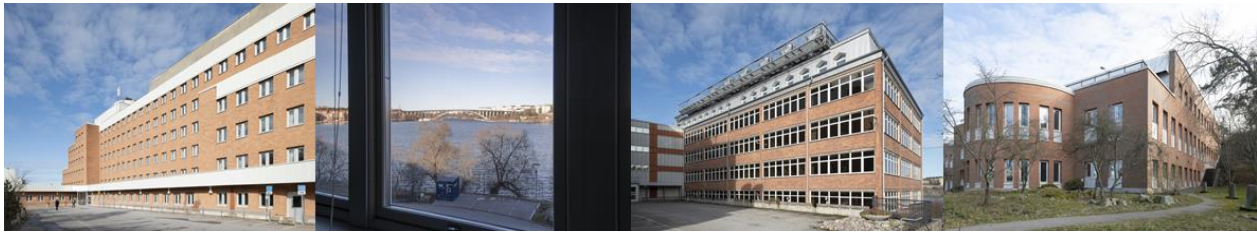
- Certification of the building using the BREEAM – Very Good;
- Carrying out an energy-optimising project with significant savings;
- Shift to LED lightning and upgrade of technical installations;
- Improved outdoor areas and increased overall safety in the building;
- Installation a new geo-thermal solution; and
- Carrying out a circularity programme including the recycling of ceiling material.

### Sjöstadsbo, Hammarby Sjöstad, Stockholm



Sjöstadsbo is a residential development project consisting of ca 800 condominiums and a school in Hammarby Sjöstad in Stockholm, in the Fredriksdal and Godsvagnen neighbourhoods. The properties were acquired in a JV with Skanska in December 2013. Additional land was purchased from the City of Stockholm in 2016. The local plan for Godsvagnen was accepted in February 2016 and the production of apartments has commenced. The properties have been certified with the Nordic Swan Eco-Label.

## Ångtvätten 22, Stora Essingen, Stockholm

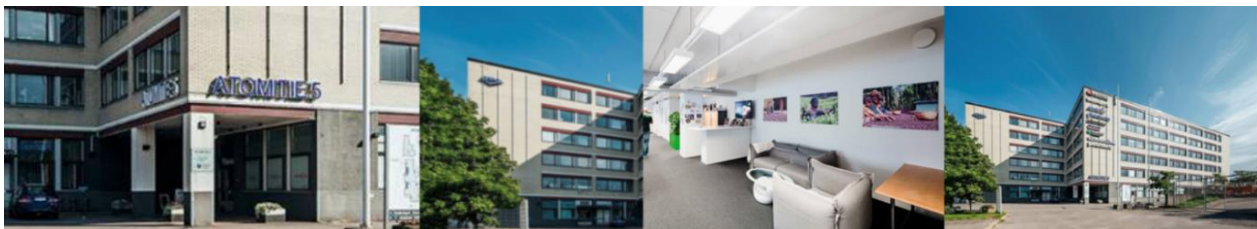


The most recently acquired property, Ångtvätten 22, acquired in December 2019, consist of 40,000 sqm of office space with great potential for development. The building is situated on the island Stora Essingen in Stockholm and consists of three interconnected units with an original section dating from 1939 and two extensions from the 80's and 90's respectively. We are planning a number of forthcoming actions to reposition the property to a multi-let modern and sustainable office property.

### *Planned actions*

- A new energy solution for heating and cooling; with a focus on energy efficiency and low impact on climate change;
- The building's data floor as well as the ceiling will be either recycled or reused;
- Rebuilding a new bicycle room and renovating common areas;
- Focus on minimal usage of chemicals;
- Green sedum roof – for increased biodiversity; and
- The implementation of an efficient waste management system and follow-up.

## Atomitie 5, Pitäjänmäki, Helsinki



Atomitie 5 is an office building in the Pitäjänmäki area, 15 km from Helsinki Vantaa International Airport and 9 km north-west of Helsinki Centre. Atomitie 5 was built in 1974 and consists of 26,600 sqm. The property was acquired in 2017.

### *Main improvements*

- Shift to LED lighting;
- Upgrade of technical installations;
- Carrying out an energy-optimising project resulting in significant savings;
- High-quality materials used in renovation;
- Minimised usage of chemicals;
- Efficient waste management; sorting of waste; recycling paper, cartons, plastic, metal, glass and hazardous waste; and
- Certification of the building using the BREEAM – Very Good.



## Gladan 4, Kungsholmen, Stockholm



The property Gladan 4 is situated on the island of Kungsholmen in Stockholm CBD. The property was acquired in 2017 and divested in 2019. The lettable area is 8 000 sqm and Gladan 4 is situated 3 minutes from Stadshagen metro station, six minutes from the central station.

### *Main improvements*

- Upgraded technical installations;
- Carrying out an energy-optimising project resulting in significant savings;
- High-quality materials used in renovation;
- Minimised usage of chemicals;
- New bicycle room and renovated common areas;
- Green sedum roof – for increased biodiversity; and
- Implemented of an efficient waste management system and follow-up.

## Eken 6, Sundbyberg, Stockholm



In 2014, Areim acquired the 27 000 sqm property Eken 6, also known as “The Chocolate Factory”, in Sundbyberg, just northwest of central Stockholm. Ivar Tengbom designed the property, which was purpose-built in 1918 for the chocolate manufacturer Marabou. During the holding period, Areim carried out customised tenant improvements as well as upgrades to the building standard and today, the property is a modern office building. In 2016, Eken 6 was Green Building certified, and in the same year it was divested.

### *Main improvements*

- Carrying out an energy optimising project and improved energy performance (consumption down 32% during holding period);
- Exchange of energy system from district heating and cooling to a geo-energy solution;
- Upgrading of technology along with ventilation, cooling and electrical systems;
- Shift to LED lighting in both tenant premises, common areas and garage;
- Efficient water fixtures;
- Sorting of waste; recycling paper, cartoon, plastic, metal, glass and hazardous waste;
- Renovated common reception and conference areas with improvements of services for the tenants in the building;
- New modern restaurant, new gym facilities and new bicycle garage in the building; and
- Minimised chemical usage.

## Brahelund 2, Solna, Stockholm

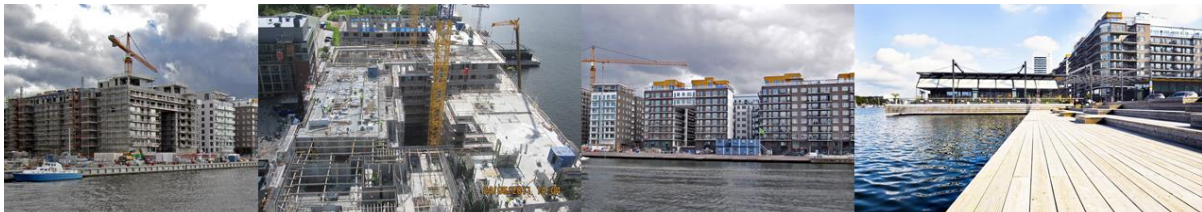


The property Brahelund 2, also known as Solna Port, consist 41,000 sqm was built in 2001 – 2002 by Skanska and served as the Company's headquarters until 2013/2014. The property was acquired during the autumn of 2015 and was divested in 2018. Areim developed Solna Port into an attractive property for office tenants, focusing on providing high- quality services, such as restaurants, conference areas and a gym. In 2015, Solna Port achieved a BREEAM Very Good certification.

### *Main improvements*

- Significantly improvement of the energy efficiency in the building due to several energy optimising projects;
- Technology systems also upgrade with ventilation, cooling and electrical systems;
- Shift to LED-lightning in tenant premises, common areas and garage;
- Installation of 40 electrical chargers in the garage;
- Sorting of waste; recycling paper, cartons, plastic, metal, glass and hazardous waste;
- New modern restaurant and upgrade of gym facilities within the building;
- New bicycle garage in the building; and
- Minimised chemical usage.

## Välbehaget 1, Kungsholmen, Stockholm



Areim's first residential development project was Västermalm's Strand, a new district at Kungsholmen, in an attractive and central area close to the water with 225 apartments. The area was a hidden part of Kungsholmen dominated by old industrial buildings. The new apartments hold a strong sustainable profile with a LEED Platinum certification achieved in spring of 2013, and a Green Building certification according to EU standards. Västermalm's Strand was the first LEED Platinum residential development in Sweden.

### *Main improvements*

- Improved energy efficiency as a geo energy solution combined with the installation of district heating;
- Shift to LED-lightning in common areas and garage;
- Energy-efficient façade and windows;
- Efficient water fixtures;
- Sorting of waste; recycling paper, cartoon, plastic, metal, glass and hazardous waste;
- Carefully selected green-labelled materials (according to Byggvarubedömningen); and
- Bicycle storage and carpool system in the garage.



## 7. Social sustainability

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The well-being of human beings, communities and the planet is closely tied to the health of business. Areim believes that a responsible approach to environmental and social issues in tandem with commercial issues makes good business sense and is more likely to create sustainable value in the long term. This approach will help to minimize risks in our overall business.

### *Objectives*

- Respecting human rights;
- Being an attractive employer. Treating all employees equally in all respects no matter their gender, nationality, age and background;
- Supporting and encouraging diversity within the organisation and ensuring that there is no discrimination; and
- Building for and engaging in the improvement of society.

### *Attractive workplace*

Knowing what impact the company's culture has for happy and engaged employees, which goes in line with a flourishing business, in 2017 Areim started, a profound development efforts with the purpose of continuing to expand and build a strong culture firmly anchored in the people's common values and self-leadership.

### *Ongoing developmental work – focusing on the culture*

As culture is made by people, all employees are involved in the development work, both when it comes to analysing what characterises the culture at Areim, working out their core values within the company, and identifying what values Areim aim to create for their customers and society as a whole.

The structure of the development process consisted of a mix of meetings; large group working conferences, workshops in mixed groups and team development in ordinary teams with a common focus on preparing Areim for future expansion combining the development of both people and organisation/structure. All employees participated both in the conferences and in "mixed" (role in the company) group discussions concerning key factors in Areim's culture as well as training in communication and behavior skills for efficient collaboration, for example to create a platform for psychological safety. By building up a working space where people can be open and vulnerable, feel trust and dare to question the status quo - a safe learning environment where one's engagement and motivation to try out new ideas/ways of working for successful businesses development and innovation. In parallel the "ordinary" teams worked to create shared mental models of their common goals, tasks for the team, roles, expectations and agreements. that correspond with Areim's overall mission, vision and strategy. A leadership program is ongoing from February 2020 to develop and engage all leaders both in personal growth as well as building up the potential of their teams and collaboration throughout the whole system.

An overall effect of developmental work at Areim, is a shared insight, through experience, that people development and business growth/success go hand in hand. It has given a shared knowledge, among all, of what characterises the culture within the company and a growth mindset where increased motivation and drive to change overrides the fear of failing. A continuous investment in people development and focus on change to meet the demands from customers and society with flexibility, responsibility and focus on building sustainable relations for the future.

### *Diversity*

Areim supports 100 per cent equal opportunities and equal treatment of all employees in all respects no matter what their gender, ethnical background, and age. The gender balance at Areim today is 40 per cent female and 60 per cent male.

### Areim awesomeness

Happy and healthy co-workers



At Areim we often get together to take part in various sports and other physical activities together such as the charity race “Spring for Live!”.

In May 2020, the race took place digitally due to the ongoing covid-19 pandemic.

Increased awareness of environmental aspects



WORKING TOGETHER ON INSPIRING CLIMATE ACTION



Deedster Challenge is a sustainability challenge for organisations wanting to act on the climate issue and raise climate awareness. In 2019, we arranged exciting group challenges among all co-workers to enhance sustainability knowledge by using tailored questions for our industry.

### Community work and involvement at the local level

For us to be able to achieve our goal of doing good for ourselves, our investors and society, it is essential to engage and become involved in local community associations. Involvement in local activities in this way provides us with insights into the challenges facing local communities’ and their needs and how we can contribute to sustainable development at the local level.

#### Case study – residential development project

The residential development project Odde / Kista Parkstad will comprise nine residential blocks with around 1,700 apartments with different forms of tenure, i.e., tenancy rights, co-operatives, and student apartments which will be constructed in several phases. The project also includes a pre-school and commercial services. The new zoning proposal to develop new residential building rights (of around 120,000 sqm) is to be exhibited during the spring of 2020.

Our aim is, together with our joint venture partner Skanska, to create a new and vivid, socially and environmentally sustainable community in Kista in northern Greater Stockholm. With respect to sustainability, the joint venture team is working in close co-operation with the City of Stockholm to ensure the construction of a sustainable community. All involved parties agreed at an early stage that social sustainability is one of the key values for the project and it was decided to incorporate social sustainability in a strategic way into all parts of the project, from the early zoning planning to the day-to-day management. Therefore, a social agenda for the project was established focusing on key strategic social targets and action plans, as illustrated below. In addition, environmental certification of the buildings will be achieved upon construction.



### **CSR – Corporate social responsibility**

From the very beginning, we have always wanted to make a difference by supporting social development. But ideas must be put into practice. Areim wants to help build a better place and better society not only where we have a direct impact in our properties. That is why we have made sure that our CSR work is both systematic and consistent. We base our commitments on the 2030 Agenda for Sustainable Development and the 17 Sustainable Development Goals (SDGs) drawn up by the UN: eradication of extreme poverty, reduction of inequality, promotion of peace and justice, and durable solutions to the global climate crisis.

The 17 goals also include objectives pertaining directly to our industry which permeate our day-to-day operations, such as promoting sustainability across cities and communities. In addition, we have also singled out improved education. We have therefore chosen to support the following two projects together with UNICEF and Mathivation, as described below.



### **Mathivation**

Mathivation is a project in which the business world, schools and academia are working together. The object of the project is to offer pupils at compulsory school education programmes to motivate, inspire and challenge them in the field of mathematics and programming. Strengthening young people's motivation is one of the school's greatest challenges! Since 2016, we have been Mathivation's proud partner and we, from time to time, participate in teaching in different schools around Sweden to inspire and be inspired and not least to provide a bridge between school and business world.

### **UNICEF – Companies for Malawi**

Companies for Malawi is a project in which a group of Swedish property companies together actively support UNICEF in their important mission to improve the situation for vulnerable children in Malawi, one of the world's poorest countries. Through Areim's and other property companies' contributions, more Malawian children can now access quality education and healthcare.

The project started in 2006 and is still in progress.



“Great business is built on long-term relationships”  
*Mikael Hesselvall, Investor Relations*

## 8. Sustainable business

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The focus area sustainable business describes how Areim ensures good governance and long-term financial responsibility.

Areim AB is an alternative fund manager under the AIFM Act and is therefore authorised to manage real estate funds and our investors are professional clients. The purpose of the rules and regulations governing the AIFMs is mainly to protect the investors, harmonise regulation across the EU and ensure transparent and correct communication with the markets and their stakeholders. Being a fully licensed AIFM (Alternative Investment Fund Manager) under the supervision of the Swedish Financial Supervisory Authority, Areim has adopted rules and regulations for its business. Areim is well equipped to ensure robust and effective governance structure from a sustainability perspective.

### *Objectives*

- Fulfilment of fundamental responsibilities in the areas of human rights, labour environment and anti-corruption in all parts of our organisation;
- Transparent communication;
- Risk management;
- Responsible supply chain; and
- Policy compliance.

### *Compliance and governance*

Sustainability work at Areim is coordinated by the sustainability committee, led by the Head of Sustainability. Within the committee, current issues are discussed, decisions are made on strategic sustainability issues and the sustainability goals are followed up.

### *Risk assessment and management*

Areim is working continuously to identify, evaluate and manage sustainability risks as part of the company's overall risk management process in order to manage these as conscientiously and effectively as possible. The Board of Directors has overall responsibility for risk management, while operational work is delegated to the CEO, CFO and those responsible for the various business areas.

Risks and opportunities in relation to sustainability issues were also identified and discussed in a dedicated workshop with the Sustainability Committee in 2019.

With dependable asset management and innovative property development, we go the extra mile for our clients and investors.



## 9. GRESB – benchmark reporting

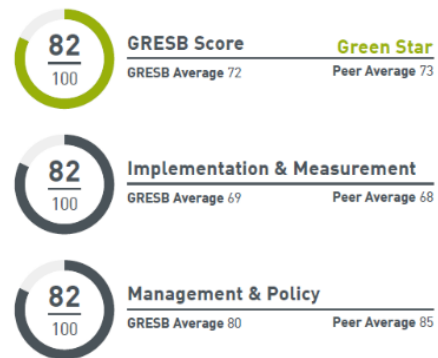
Areim has been reporting to GRESB since 2011. GRESB is the ESG Benchmark for Real Assets established in 2009. GRESB has become the leading benchmark for our industry. In 2019, more than 1,000 companies in 64 countries participated.

Being part of GRESB helps us and the whole industry to make decisions that result in a more sustainable real asset industry. In 2019, we participated with two entities, Areim Fund II and Areim Fund III (with data concerning 2018). The funds are in different parts of their holding period, which is also reflected in the results. Areim Fund II significantly improved its score since the last survey and obtained two additional green stars. Areim Fund III, obtained a score in line with peer groups, participating for the first time. Given the active phase Areim Fund III is in, we expect further improvements ahead.



### GRESB Score – Areim Fund II

- A score of 82/100 – an increase of 23 credits from 2018 and well above peer group average of 73/100;
- Obtained two additional Green Stars; the Fund has now a four-star status;
- Performance above peer group in all ESG aspects
- Particularly strong performance within;
  - building certifications
  - management
  - monitoring and EMS



### GRESB Score – Areim Fund III

- A score of 77/100 – in line with peer group average.
- Obtained three Green Stars.
- Particularly strong performance within;
  - building certifications
  - management
  - monitoring and EMS



“ All our assets are unique, allowing me to be creative everyday “

*Krista Sipilä, Asset Manager, Finland*



## Environmental certifications

Property	Certifications	Date	Comment
<b>Areim Fund I</b>			
Torkhuset 4	EU Green Building	2010	
Reykjavik 2	EU Green Building	2012	
Borgarfjord 3	LEED Core & Shell; Gold	2013	
Välbehaget	LEED Core & Shell; Gold	2013	
Kofoten 3	EU Green Building	2013	
Storheden 2	EU Green Building	2013	
Kista One	LEED Core & Shell; Gold	2014	
Gångaren 10	EU Green Building	2018	
<b>Areim Fund II</b>			
Brahelund	BREEAM In Use; Very Good	2014	At aquisition
Änghagen	EU Green Building	2015	
Eken	EU Green Building	2016	
Brädstapeln	BREEAM In Use; Very Good	2017	
Sjöstadsbo	Nordic Eco Label (Svanen)	2017-2020	5 constr. projects
Lybeck 10	BREEAM In Use; Excellent	2018	Hansa
Stadt Hamburg	BREEAM In Use; Very Good	2018	Hansa
<b>Areim Fund III</b>			
Atomitie 6	BREEAM In Use; Very Good	2017	At aquisition
Trängkåren 6	Miljöbyggnad Guld	2015	At aquisition
Midtäsen	BREEAM In Use; Very Good	2020	Obligo
Kiinteistö Oy Aleks-Hermes	BREEAM In Use; Very Good	2019	Sponda
Kiinteistö Oy Arkadiankatu 4-6	BREEAM 2009 Europe Commercial; Very Good	2016	Sponda
Kiinteistö Oy Bulevardi 1	BREEAM In-Use; Very Good	2018	Sponda
Kiinteistö Oy Helsingin Forum	BREEAM In-Use; Very Good	2018	Sponda
Kiinteistö Oy Helsingin Kaivokatu 8	BREEAM In-Use; Very Good	2017	Sponda
Kiinteistö Oy Helsingin Pieni Roobertinkatu 9	BREEAM 2009 Europe Commercial: Good	2016	Sponda
Kiinteistö Oy Helsingin Porkkalankatu 22	BREEAM In-Use; Excellent	2015	Sponda
Kiinteistö Oy Helsingin Sörnäistenkatu 2	LEED for Existing Buildings; Gold	2016	Sponda
Kiinteistö Oy Mansku 4	BREEAM In-Use; Very Good	2018	Sponda
Kiinteistö Oy Ruoholahden Ankkuri	LEED for New Construction/Major Renovations; Gold	2013	Sponda
Kiinteistö Oy Ruoholahden Sulka	BREEAM In-Use; Very Good	2016	Sponda
Kiinteistö Oy Tulli 1	LEED for Existing Buildings; Gold	2014	Sponda
Kiinteistö Oy Unioninkatu 20-22	BREEAM Europe Commercial	2012	Sponda
Western Realty	BREEAM In-Use; Good	2015	Sponda
Liikekeskus Zeppelin OY	BREEAM In-Use; Very good	2017	Sponda
Kiinteistö Oy Vantaan Väritehtaankatu 8	LEED for Core and Shell; Gold	2018	Sponda
<b>Areim Fund IV</b>			
Trängkåren 7	BREEAM In-Use; Very good		At aquisition



“ To always deliver something that we can be proud of, something that is good for us, our investors and society ”

*Anna Broman, Head of Sustainability, Sweden*



# Sustainability Report 2019

Areim AB  
CIN 556719-4203

2020-05-15  
Norrandsgatan 18  
SE 111 43 Stockholm

## **ABOUT THE REPORT**

This report is Areim's first standalone sustainability report. It describes key events and sustainability indicators for Areim AB for the 2019 fiscal year. The information in this report has not been externally audited. Please note that this report does not include Infranode AB – a subsidiary of Areim AB.

## **CONTACT INFORMATION**

If you have any questions about the content of the sustainability report, feel free to contact our Head of Sustainability, Anna Broman, who is the contact person and responsible for this report: [anna.broman@areim.se](mailto:anna.broman@areim.se). More info about our sustainability work available at [www.areim.se/sustainability](http://www.areim.se/sustainability).