

A Castellum where our employees thrive and develop

Education, number		
University	94	113
Upper secondary school	53	117
Compulsory school	0	7
Division of labour, number		
Customer relations/ property management	59	169
Finance/administra- tion/IT	42	21
Marketing/leasing	21	6
Business and project development	25	41
D:o Executive Group Management	5	4
Employee type, number		
Permanent employees	140	235
Part-time employees	7	2
Employment contracts, number		
Permanent employees	145	234
Projects employees	0	2
Temporary employees	2	1
Total	147	237

All data in the HR section is based upon actual, factual data. The information has been compiled and assured by Castellum's HR Department. Regional HR information has been broken down by county for Sweden. Castellum operations in Denmark include few employees, so these have been included in the statistics for Sweden.

Over the year, continuous progress was made in the forging of One Castellum. This has entailed a focus on harmonizing internal processes and building a flexible structure that promotes experience-exchanges and competence development. We still manage the company's properties through retaining our regional closeness to the customer, to ensure shorter decision-making processes and local empowerment. This creates conditions for growth, as well as a company culture where our employees are thriving and where we put people first.

One brand - One Castellum

The primary aim of last year's reorganization was to pull together a more unified organization, as well as providing even better possibilities for various business areas to focus on the local business. At Castellum, we're convinced that our flat organization focusing on local presence creates the absolutely best business advantages.

This happens through our understanding for the specific requirements of customers and our deep knowledge of each local real estate- and rental-market's specific context.

This is how the initiative to take action is created – something that makes a difference, promotes business and creates coworkers who grow with the job.

During the year, our efforts to gather the organization together under a common Castellum brand have continued. This has been apparent in the organization, not least in the merging of Region North with Region Stockholm in mid-2017, to form Region Stockholm-North. Castellum has been divided into four geographical regions: Central, West, Öresund and Stockholm-North. These stretch over 20 geographical business areas.

The parent company contains the corporate function for accounting and finance with a shared business system. Supporting corporate functions also includes: IT, Human Resources, Sustainability, Legal, Transactions and Communication. In a number of cases, these departments are also represented on the local level.

On a Group level the finance- accounting- and Investment Relations- functions can also be found with responsibility for investment-market issues, financial reports and stock-market information to the credit markets, for instance, regarding loans and financial risk management.

Cooperation with consultants and sub-contractors occurs when the company purchases expert/specialist services – for example, auditing – and/or to relieve workload peaks within shared corporate functions.

Cooperation with various suppliers also occurs for Castellum's project operations, and in conjunction with construction-industry entrepreneurs for new construction and renovation projects.

As part of creating One Castellum and benefit-

ing from the Group's scale advantage, a number of operational processes have been gathered together, and a number of common tools have emerged. For example, we are currently implementing a common operations system. Further coordination and integration also means that common work processes have been established, and in 2017, unified roll- and decision-making processes have been carried out. In addition, we've begun the work of harmonizing HR-processes touching on benefits, hiring conditions, and incentive programs. These initiatives are being taken with the purpose of strengthening the Castellum Spirit, increasing mobility within the company and creating a clear remuneration and incentive structure.

The Personnel Handbook – a framework document for guiding our coworkers around policies, benefits and guidelines – is in the process of being updated. This work is expected to be completed within the year. The current Personnel Handbook is available on Castellum's intranet, and all newly employed people receive a company introduction from their immediate managers or HR representatives.

Age distribution - number of employees

	Women	Men	Total
Under 30 years	16	35	51
30-50 years	95	120	215
Over 50 years	36	82	118

A clear strategic direction, and launching the Castellum Spirit

Castellum's strategic aims have been compiled into the company's three-year strategic plan, which contains the company's overall strategies and objectives. The executive management team holds ultimate responsibility for the plan, which has since been presented and accepted by the Board.

The Castellum Spirit initiative was also launched in the autumn, as an important sub-goal on the journey-of-change undertaken by the corporation. It clearly indicates what is unique about Castellum, and how we will differentiate ourselves from our competitors. The Castellum Spirit guidelines

show which directions we are to take in everyday assignments as well as various business situations. They outline what is expected of a Castellum employee, and how we should conduct ourselves with each other. The initiative will also serve as an important symbol of the new Castellum – that all coworkers are assembled around a common fundamental vision that permeates everything we do. To begin with, Castellum Spirit themes and priorities have been launched for Castellum management, who will then be responsible for spreading the word their employees. An information package and educational material have been compiled as support in the communication process. At the management's annual meeting held in November, the Castellum Spirit – was followed up via specific workshops.

We're already good at gender equality – but we can be even better

Side-by-side with a unified organization under one common brand, one important sub-goal has to be a commonly shared view of careers, leadership and diversity. Castellum strives to create gender balance in leadership as well as among coworkers. In July, 2017, guidelines for gender equality and diversity were adopted as a significant element of our Sustainability policy, and Castellum has compiled a company-wide gender-equality plan. This means that by 2025, Castellum will have achieved a long-term gender-equality balance in leadership positions and all professional categories (40–60%). Added to this, over the longer term, the plan calls for an increased share of coworkers with international backgrounds to a balance that reflects the actual composition of our communities.

At the moment, there is positive gender-equality representation, both on the Board, and in executive management of the company. The company's women employees totalled 38% (38%) of the workforce at year-end. Employee surveys indicate the good news that 95% of respondents feel equally well treated on issues of gender and cultural origin.

Castellum's guidelines for gender equality and diversity contain concrete action plans to ensure a better-balanced company. There is currently a relatively large imbalance in certain professions and trades, while other categories strongly uphold our gender-equality objectives.

We are carrying out a bonus program for all employees wherein it is possible for all participants to receive a share of all improvements. This contributes to an inclusive culture where operational objectives are a natural part of everyday activities.

The year's Trust Index indicates satisfied coworkers

In June 2017, an employee survey was carried out, wherein all Castellum employees got their chance

to voice opinions about Castellum as employer, both from an employee or a leadership stand-point. The survey response rate was 87.5%, and the survey is to be carried out every 18 months. For this year's survey, Castellum chose to engage *Great place to work*. Their monitoring methods comprise questions within five different areas; for example, dealing with how people feel on the job, or about leadership issues. The survey method includes possibilities for measuring and comparing with industry colleagues as well as companies matching Castellum's size. Considering the number of change activities taking place during the year, the survey result was very satisfying, with 85% of respondents judging Castellum to be a very good workplace. Castellum's trust index landed at 81% – an average value after weighing-in points for all questions and responses, comparable to an employee-satisfaction index. Employee survey results constitute an important tool in future development efforts on behalf of the company and coworkers.

The factors which distinguishes Castellum is the pride felt over the company as a workplace, it is perceived as gender equal and that there's an friendly atmosphere among colleagues. The primary area identified as requiring further development was leadership. This area feels like a natural step to concentrate on, especially after the launch of freshly updated fundamental corporate values. A company-wide leadership program will be introduced during 2018.

Continued low absenteeism due to illness

Castellum wants to take good care of its coworkers, and works with company wellness through various activities and wellness subsidies, as well as providing regular company health care and advanced health insurance benefits. Wellness activities are both preventative and rehabilitating, with the aim of promoting a continued state of well-being for employees. During the year, various themes have been launched at the local level, and have followed a common thread that has also been taken up in the form of lectures, workshops and other activities. Absenteeism at the company continues to be low, and corresponds to 2% (3), of which 2% (4) for women and 2% (4) for men.

The occurrence of work-related injuries at Castellum is at a very low level, at 0.6 per mille. During the year, work-related injuries have resulted from slipping accidents and crushing incidents, as well as cut/scratch injury. Injury figures are low even for Castellum suppliers, who reported 9 work-related injuries for the year. The following type of work injuries have occurred under supplier responsibility: injuries sustained from falling, bruising, cut/scratch injuries, head injuries and a broken foot.

The four most important adjectives in our world:

Castellum's values consist of the four key words:

Personal
Passionate
Proactive
Reliable

Read more about the Castellum spirit in the strategy section on page 12.

384

As of year end Castellum had 384 employees, of whom 38% were women. No seasonal variations occur. The proportion who had collective bargaining agreements was 25%.

It is important to us at Castellum to practice what we preach. A large part of our operational activities consist of creating inspiring workplaces for our customers, which also shall be reflected internally.

During the year, many of our coworkers have moved to new office premises, for example in Region Stockholm, Region West and Castellum AB. In planning these offices, we have placed a lot of emphasis on creating workplaces where the specific requirements and wellbeing of our coworkers are fulfilled. The offices feature many coordination and meeting places; they encourage mobility and action and are wired with smart technology.

An organizational structure that promotes competence development and experience exchange

Castellum works as much with competence development as with designing motivational work situations to create engaged employees.

Employee dialogues and appraisal reviews are to be carried out annually so that objectives can be

set and followed up, as well as to determine competence development requirements. In the course of 2017, 87% (90%) of all coworkers took part in employee dialogues, including 83% of women and 89% of male employees (EPRA Emp-Dev). The lower statistic relative to last year can be explained by the fact that many new employees began their positions within the final quarter of 2017, and therefore did not have time to complete their employee dialogues during the year.

Next year, a new structure for employee dialogues will be adopted, with a six-month follow-up to occur between coworkers and their managers. These will be based upon a competence wheel concept, and it means that all employees will be assured of clear development plans.

Strengthening the corporation through increased cooperation requires a continuous process. Company-wide development activities have been carried on within the corporation, between the regions, to ensure that essential competencies are available throughout the entire organization. The company-wide development teams provide

Employee turnover (EPRA Emp-Turnover)

	Number employees	Proportion women	Number employees	Proportion women
	2017	2017	2016	2016
New employees during the year				
under 30 years	25	40%	16	20%
30-50 years	41	56%	32	69%
over 50 years	11	55%	14	79%
Total number new employees	77	51%	62	58%
<i>Proportion new employees</i>	<i>19%</i>	<i>10%</i>	<i>18%</i>	<i>11%</i>

Employee turnover (EPRA Emp-Turnover)

	Number employees	Proportion women	Number employees	Proportion women
	2017	2017	2016	2016
Employees who left during the year				
under 30 years	8	25%	13	54%
30-50 years	60	48%	47	60%
over 50 years	27	41%	21	29%
Total number of employees who left	95	44%	81	51%
<i>Proportion of persons who left</i>	<i>24%</i>	<i>11%</i>	<i>23%</i>	<i>12%</i>

Absenteeism 2017

	Men	Women	Total
Castellum (Absentee-rate)	2.2%	1.8%	2.0%
short-term absenteeism	1.3%	1.1%	1.2%
long-term absenteeism (Lost-day rate, after day 15)	0.9%	0.7%	0.8%
Stress-related cases, per mille (<i>Occupational disease rate</i>)	0.4 ‰	1.0 ‰	0.6 ‰
Work-related injuries Castellum, per mille (<i>Injury rate. Minor injuries are included</i>)	0.6 ‰	-	0.4 ‰
Work-related injuries Castellum suppliers, number (<i>Injury rate. Minor injuries are included</i>)	9	0	9
Work-related deaths: Castellum coworkers	0	0	0
Work-related deaths: Castellum suppliers	0	0	0

Gender Pay Ratio (EPRA Diversity-Pay)

	Women basic*	Men basic*	Women, total remuneration**	Men, total remuneration**
Executive management***	85%	119%	72%	135%
Open workforce***	99%	100%	99%	100%

* Key figure relates to average salary.

** Key figure relates to average salary calculated on total remuneration.

*** For further information concerning executive management and open workforce remuneration, wages and benefits, see Note 11, page 129.

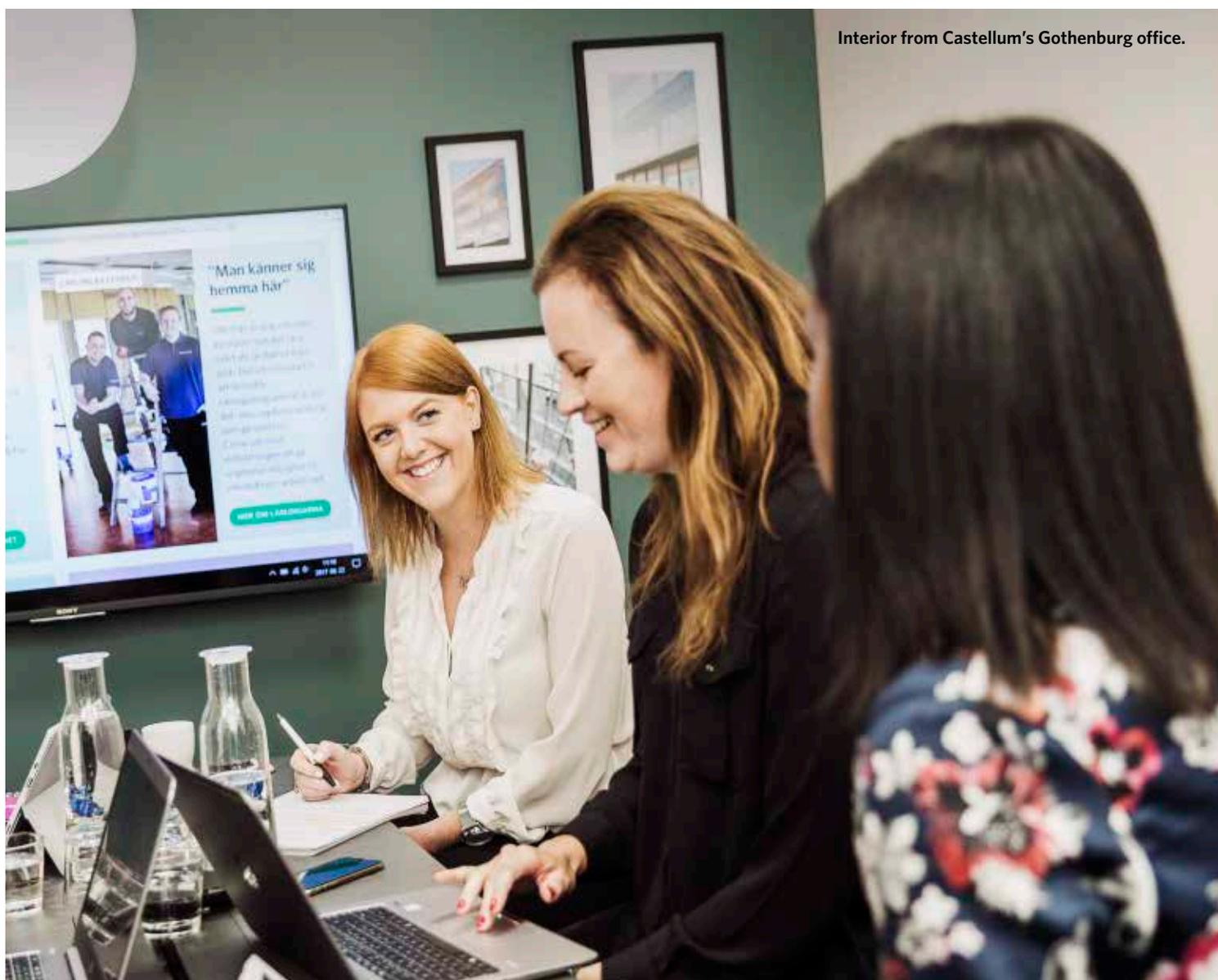
strong background conditions for continuous improvement, and these groups consist of participants who represent all regions. The groups regularly discuss issues within specific areas, such as leasing, IT, building management, project development, sustainability, communication, purchasing and personnel.

Work within these multi-regional project groups has constituted a central element in the internal development efforts currently being driven by the corporation. From these contexts, we benefit greatly from our new organizational structure, which turns out to be very suitable for this kind of work. At year-end, around 20 various project groups were ongoing, focused on everything from implementation of a new operational system to strategic development groups from business-critical areas. The corporation also runs an intranet channel where experience and specialized knowledge can be easily exchanged among employees, regardless of geographical location.

Most important with the experience exchange is to inspire and learn from each other and continu-

ously meet in various group formations for internal knowledge-swapping. These meetings are valued, and for example, a property-management meeting occurred last autumn. Another annual event is Castellum Day, where all Castellum employees meet to enrich knowledge, exchange experience and tips, and strengthen the company bond.

Competence development takes place via internal as well as via external resources. Within Castellum, competence development is broadly defined; it can be education adapted to a particular coworkers' job description, but it can also be within an area that the company is currently focused upon. During the year, completed education hours totalled 5,748 at Castellum, which amounts to approx. 15 hours per employee per year (EPRA Emp-Training). In 2017, a compulsory web-based Sustainability course has been taken by every employee. The primary aim has been to highlight how a sustainability approach needs to permeate every process carried out, throughout the entire company – and how each employee is to carry that responsibility.



Interior from Castellum's Gothenburg office.