

Castellum's sustainability commitments



GLOBAL COMPACT

Castellum has signed the UN Global Compact, which is an initiative to coordinate matters of human rights, labor conditions, the precautionary principle and responsibility concerning the environment and anti-corruption. The Global Compact contains 10 principles.

As a responsible developer of societal progress, Castellum will be part of driving this development towards a sustainable society. Castellum regards the precautionary principle and society's requirements under laws and regulations as minimum requirements, and the company strives for continual improvements for the purpose of promoting sustainable development.

To achieve properly functional sustainability initiatives, Castellum will:

Overall

- Govern its operations in line with the UN's Sustainable Development Goals.
- Comply with Castellum's Code of Conduct, which is built on the UN Global Compact. All Castellum's employees and partners must understand and comply with their respective Codes of Conduct.
- Continually increase competence in sustainability through education and communication of sustainability issues.
- Routinely monitor, report on and improve our sustainability efforts.

Ecological sustainability

- Minimize carbon emissions in Scopes 1, 2 and 3, which promote global warming.
- Use natural resources responsibly and efficiently so as not to jeopardize the planet's limits, and thus our climate and the opportunities for future generations in a finite world.
- Build and manage from a service life perspective, and promote circular models.

- Promote increased biological diversity and limit the use and spread of environmentally hazardous products.
- All properties held for more than one year are to be environmentally inventoried, and these will be updated at least every ten years.
- Create conditions for responsible waste management through minimizing waste, guarding against pollutants and regarding waste as a resource for reuse and recycling.

Societal sustainability

- Offer comfortable, healthy environments for people in and around the properties we manage and for our employees' well-being.
- Create an equitable organization with a diversity reflecting the composition of society.
- Contribute to employment and young people's opportunities to enter the job market.
- Engage in issues that are significant for societal development.
- Call attention to and change discriminatory structures in the organization.
- Be an attractive employer and attract the best and most professional employees.

Financial sustainability

- Maintain long-term, sustainable financial growth in cash flows.
- Create business models for collaboration regarding sustainable investments.
- Maintain low financial and operational risk for a strong increase in value in the company while offering shareholders a competitive dividend.
- Use financial and human capital efficiently.



THE UN SUSTAINABLE DEVELOPMENT GOALS

At the UN Summit in September 2015, 17 global goals were adopted that will lead the world toward a sustainable and equitable future by 2030. Castellum has conducted surveys in accordance with the UN's global sustainability goals to analyze relevant goals for the company's operations. In 2017, these goals were implemented in Castellum's new sustainability strategy: *Castellum's Agenda for the Sustainable City 2030*.

Organization and governance of sustainability efforts

POLICIES FOR SUSTAINABILITY ACTIVITIES

Regulations that control Castellum's sustainability efforts:

External regulations

- The UN Sustainable Development Goals
- Global Compact
- The Swedish Companies Act
- The Swedish Environmental Code
- The Swedish Work Environment Act
- Environmental Classification: Green Building, Miljöbyggnad, BREEAM, LEED, WELL
- ISO 14001
- Building Regulations from the National Board of Housing, Building and Planning
- Other applicable laws and regulations

Important internal regulations

- Sustainability Policy
- Code of Conduct
- Code of Conduct for suppliers
- Internal environmental management system
- Internal control processes
- Other instructions

Our sustainability efforts permeate all operations and are controlled via a management system comprising joint policies, guidelines, overall measurable objectives and detailed action plans. The aim of this work is to monitor, document, evaluate and improve Castellum's sustainability activities. Castellum follows the precautionary principle, which is integrated into Castellum's sustainability policy and business processes, and is monitored via the company's environmental management system. Activities are followed up annually and are regularly reported to Group Management and the Board. Castellum's Head of Sustainability is responsible for conducting and developing the sustainability efforts of the Group as a whole. Each region has a Sustainability Coordinator, and sustainability efforts are actively integrated into operations. The work as Head of Sustainability and Sustainability Coordinator entails ensuring that the company's sustainability policy is observed, implementing measures that lead to Castellum's sustainability goals and monitoring climate-related risks and opportunities. Castellum's Board of Directors annually adopts a sustainability policy and Codes of Conduct, and routinely discusses and follows up on various efforts. In 2017, ambitious and measurable new goals regarding sustainability were drawn up and have now been worked into operations; their outcomes are shown in the outcome section. In 2018, a challenging objective was added: to increase the proportion of employees with international backgrounds.

Castellum's Agenda for the Sustainable City consists of a number of ongoing goals on an annual basis and milestones until 2030. It is an ambitious agenda wherein the most challenging objectives are to achieve net-zero carbon emissions by 2030 and to obtain a gender-equal organization for all occupational categories. Achieving these goals will require the involvement and commitment of all employees, which we actively encourage and support, for example, through regular educational activities.

Castellum's CEO is ultimately responsible for all sustainability work. Castellum's Sustainability Report is prepared in accordance with the GRI Standards and a limited assurance report provided by Deloitte. To maintain structured environmental work, Castellum is ISO 14001 certified. The Group has a joint operational sustainability group to develop the work, exchange experiences and monitor changes in the business environment. In addition, there is a sustainability forum for the purpose of involving development efforts in operations.

The sustainability forum consists of managers from core operations: HR, Communications, Project Development, Management, Regional CEOs, Finance and Purchasing. As Castellum's sustainability efforts require ever more committed and skilled employees, further training in sustainability issues is offered on a regular basis. All Castellum employees have undergone a mandatory web-based course in sustainability and codes of conduct that is a part of the introduction for new employees.



THE PLANET

We will responsibly and efficiently reduce resource use and carbon emissions that cause global warming.



FUTURE-PROOFING

We will create a sustainable property portfolio in a changing world.



WELL-BEING

We will promote health, wellness and productivity.



CONDUCT

We will conduct business in a responsible manner in relation to the community as well as to our stakeholders.

Continuous improvement



1%

Water-use reduction per year

1.5%

Energy-efficiency improvement per year

Castellum's agenda for the sustainable city

Our objective is clear — Castellum will be the most sustainable real estate company and a major player in building a sustainable society.

The purpose of our sustainability agenda is to ensure that we are a relevant and successful company, not just for today, but well into the future. Our agenda has been developed through analysis, dialogue and discussion. This agenda is primarily constructed upon:

- Local and global challenges and opportunities
- The UN's global SDGs for 2030
- Castellum's ability to create shareholder value
- Priorities voiced by customers, employees and other stakeholders
- Our opportunities to make a real difference
- Identified climate risks and opportunities

Focus areas and goals

Castellum's agenda for the sustainable city comprises four focus areas. In turn, these consist of 16 interim goals in total. On the following pages, the work in 2018 is presented from the perspectives of the planet, future-proofing, well-being and conduct. Furthermore, the outcomes of the goals linked to the respective focus areas are presented.



Conduct

Direction of the focus area

We will conduct operations in a responsible manner in relation to the community as well as to our stakeholders.

Objectives

- 4% of all employees annually must be apprentices or interns.
- Bonus to entrepreneurs who hire apprentices for our developments.
- 100% of employees to undergo training in the Code of Conduct.

Outcome

- A total of 85 young people were apprentices, had internships or holiday work at Castellum in 2018. Of these, 23 were interns, equivalent to approximately 6% of Castellum's employees; 14 of them were in developments.
- All employees have undergone web-based training in the Code of Conduct.

Code of Conduct

The Code of Conduct, which applies to all Castellum employees, regulates how employees should behave toward each other as well as toward Castellum's tenants, suppliers, partners, and other stakeholders they meet in daily operations. It is based on Castellum's values and the principles of the UN Global Compact, and clarifies Castellum's position on human rights, working conditions, business ethics and information. Castellum is to provide quality service, comply with laws and regulations, never discriminate against anyone, and create a healthy working environment with a high safety level. Castellum also maintains focus on the gender equality issues compiled in the company's diversity plan.

Castellum's operations are subject to each country's laws and regulations concerning, for example, working conditions, occupational safety and freedom of association. Castellum's HR manual addresses issues such as working environment, equal opportunities, salaries, pensions and company cars. Every new employee reviews the HR manual with their immediate supervisor, and the information is also available on the Group's Intranet.

Preventative efforts regarding corruption issues, where conduct in various everyday situations is discussed, are conducted throughout the Group. A pivotal element is that all employees understand and follow the Code of Conduct. Castellum has a whistleblower function that can be reached via the Group's web page and Intranet. The function aims to help both employees and external parties act responsibly. All whistleblower cases are handled in accordance with established procedures. Those reporting a whistleblower case receive prompt feedback and then the aim is to maintain a dialogue with the initial notifying person. He or she is also encouraged to contact the Compliance Department. All cases are handled confidentially. In 2018, Castellum received some ten cases through the whistleblower function. Some of the cases led to a change in routines or to targeted communication efforts.

Community involvement

For Castellum, community involvement is about offering healthy and productive urban environments where people do well. It is also about contributing to urban development that encourages the integration of different societal groups.

Another important aspect for Castellum in this area is to contribute to more young people and people with varied cultural backgrounds entering the labor market. Castellum holds stakeholder dialogues and participates in joint projects with other property owners and players to create better living environments together.

In 2018, a total of 85 young people worked at Castellum as vacation workers, interns, apprentices, with academic degree projects, or as trainees. Twenty-three of these young people were apprentices, which is equivalent to approximately 6% of

Castellum's employees. Castellum has also set a goal of creating workplaces for young people in all major projects. During the year, Castellum also offered internships to people with non-Swedish background cultures who had recently come to Sweden.

One example of how Castellum works is Project Samspelet (Teamwork), inaugurated in 2017 together with Peab, for the new construction of Citypassagen in Orebro. Through Samspelet, we created a platform for interaction, inclusion and integration. The project will run during the Citypassagen construction project and includes sports activities as well as joint meetings and gatherings. The aim was also to create an interest in the construction and property industries, where the need for labor in the next few years will be great. In addition to this commitment, Castellum collaborates with organizations such as the Jobbsprånget internship program, which is an initiative that matches companies with academics who have just arrived in Sweden.

Developing local communities

Castellum has implemented several programs in the cities where we operate. Currently, Castellum's program covers 100% of the company's properties. Castellum's commitment varies in accordance with local needs and those of the specific properties; the programs include a stakeholder analysis to investigate current

needs. Depending on the needs and interests of the city, decisions on Castellum's involvement are taken locally. Castellum's commitment in the programs currently includes how we measure and positively influence the environment and societal interaction in order to improve the local community and the environments in and around our properties. As a long-term player and community developer, Castellum is involved in developing both new and existing areas. The programs currently comprise 169 different commitments, including societal involvement in our cities, and participation in city networks, sustainability networks and corporate associations where Castellum interacts with customers, municipalities and other partners to develop cities.

Castellum also actively works with community associations as well as schools and universities to offer young people apprenticeships and summer jobs.

Castellum's sponsorship and support of the local community is primarily focused on promoting young people's education and health. During the year, Castellum sponsored the Science Festival, Young Entrepreneurship and local sports associations. Moreover, direct support was given to Stockholms Stadsmision and to the Swedish Childhood Cancer Foundation. In 2018, Castellum gave a total of MSEK 8.3 in direct support through sponsorships and other initiatives.

Elias is an apprentice at Castellum's Copenhagen office

After several years at various jobs such as truck driver, store employee, letter carrier and home care provider, Elias Hajjami felt he wanted to invest in an education and an occupation he felt comfortable in.

"I found a new course in office work where you could specialize in accounting, and felt it suited me since I'm interested in finance and have always found mathematics easy."

Elias applied for the course and was accepted, but when it was time to find an intern position to finish the course things came to a halt.

"It turned out to be incredibly difficult to find an intern position, and the competition was tough."

Through his contact person at the job center in his municipality, however, he was given the opportunity to come to Castellum for an interview — which led to an intern position.

"At Castellum, I'm learning everything about financial management such as bookkeeping, invoicing, customer contact and more."

"Besides learning so much, I'm also gaining

working life experience and references for the future."

Elias is doing very well at Castellum, and feels he has been well taken care of.

"I am pleased to be here and to learn so much, while I feel I'm being of use."

Sustainability, especially from a social perspective, has been a priority at Castellum since the company was formed. Since 2012, Castellum has had a program for apprentices, covering four percent of the employees, in which three quarters are employed following their internship period.

"It means a lot to Castellum to have apprentices, and to help young people out in their work life. Moreover, it's part of our corporate responsibility," says Bettina Lange, Business Area Manager for Castellum in Copenhagen.



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WHAT IT'S LIKE TO BE AN
APPRENTICE AT CASTELLUM.