

#### STATEMENT OF CONTINUED SUPPORT

Malmö, 20 August, 2013

Wihlborgs will in 2013 and 2014 continue to embrace, support and enact the ten principles in Global Compact, within our sphere of influence. This commitment also implies that we shall continuously evaluate the ten principles with regard to our related conduct and performance.

Wihlborgs operates within two countries- Sweden and Denmark- and we have decided to continue with the Global Compact. We believe it is important that we carry out all parts of our business activities in a sustainable and ethical manner. We also wish to contribute to a long-term approach vis-a-vis our employees, partners, suppliers, customers, and society in general.

In April 2013 we could proudly present our second Sustainability Report, level B+. In page 46 in the report you can take part of the crosstable for Global Compact and GRI. The table illustrates the ten principles in Global Compact. The Sustainability Report includes a report on the ten principles. The principles are presented in the GRI index with reference to Global Compact. We have earlier published two independent Communication on Progress (year 2010 and 2011), our Sustainability Report includes our fourth Communication on Progress.

At the end of 2009, we also decided to join the CSR-Skåne network, and during 2012/2013 we continued our participation. CSR Skåne is a network within the region for companies, organizations and NGOs that wish to obtain knowledge, experience and tools to work with social and community responsibility.

We recognize that a key requirement for participating in the Global Compact is the annual submissions of a Communication on Progress which describes our company's efforts to implement the ten principles. We support public accountability and transparency, and therefore annually continue to report on progress according to the Global Compact COP policy.

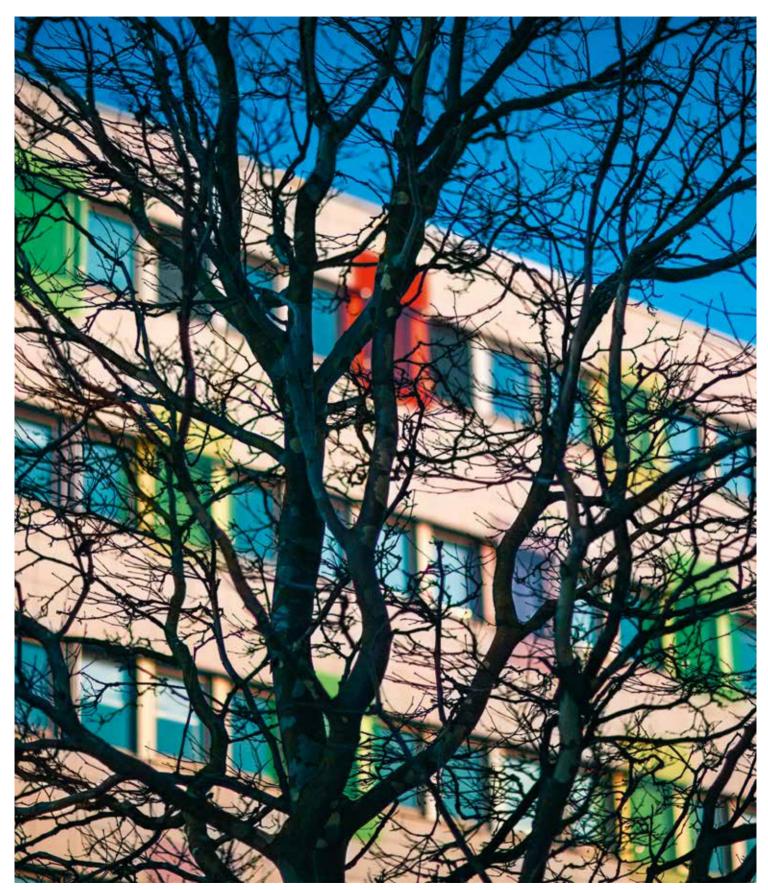
Wihlborgs Fastigheter AB

Anders Jarl, CEO

Wihlborgs
Sustainability Report
2012



#### **Contents and introduction**



The Polisen 3 building, Helsingborg, which has been Green Building certified since June 2011.

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Sustainability Highlights 2012

#### Wihlborgs Fastigheter

Wihlborgs is the leading property company in the Öresund region, owning property with a total market value of SEK 19.9 billion. The lettable area of the property totals 1.4 million square metres. The total rental value is SEK 1.7 billion. The property portfolio consists in the main of commercial properties. The Company's shares are quoted on the Mid Cap List of the OMX Nordic Exchange.

# Being equipped to meet the challenges of the future

That is exactly what sustainability is about. If Wihlborgs is to remain a real player in the market, we have to be able to address the financial, environmental and social challenges of the future. As the world around us changes, it is important that we as a company adapt to these changes. In this, our second sustainability report, we summarize the events of the past year, which presented us with quite a few challenges. Challenges that in my view have made us stronger.

#### Striking the sustainable balance

To us, the task is to strike the right balance between our commercial purposes and our ideological view on the business. We want to demonstrate that we are a sound, ethically-minded enterprise to work and invest in.

I would like to say that all the pieces of the jigsaw puzzle are in place, but they are not. On the other hand, while we have made good progress, striking the right financial, environmental and social balance is a challenge. What I mean is that many sustainable solutions are long-term, whereas our financial status is reported on an ongoing basis at short intervals.

But one does not necessarily exclude the other. The businesses that will survive in the future are those able to combine profitability with sustainability. In a nutshell: to be sustainably profitable in the company's core business. I believe that this is very much about "digging where you stand", and in that regard I actually feel a degree of pride at the time of writing.

Since 2010, when we signed up to the UN Global Compact, we have made real investments in both time and energy in reviewing and improving our performance against the Compact's ten international principles. We have analyzed the areas that are important to us and have focused actively on them.

But obviously there is more to improve and develop.

#### Clean money

It is becoming increasingly clear that, to investors, what companies are doing in CSR is important, and the number of enquiries about CSR has risen sharply. These are not questions raising simple concerns; instead, they are seeking detailed information about what we are actually doing and not doing. In December 2012, we were pleased to learn that Wihlborgs is now included in the OMX Sustainability Index. We see that as recognition of our clear stand on sustainability.

#### Focus on day-to-day sustainability

I believe that it is important to integrate sustainability in our operations, and by that I mean finding the sustainable business models that fall within our core business. For example, in 2012 Wihlborgs signed its first green leases. In these agreements, we, as landlord, consult with our tenants in establishing the frameworks for how we will proceed in reducing the environmental impact of the property concerned. This type of collaboration will become increasingly important in the future and is an area where we at Wihlborgs must improve our performance. Everyone working in our management functions will be required to be able, and have the courage, to communicate on green values. As this comes about, so too will a sense of pride among our



Anders Jarl, Chief Executive Officer, Wihlborgs, sets the bar high for the Company's environmental work.

personnel, pride at working for a company that has marked out its position on sustainability issues.

#### Wihlborgs continues to speak the language of sustainability

In 2012, we continued to develop the training materials produced during 2011. All employees received the Company's "Wihlborgs pratar hållbart" (Wihlborgs Talks Sustainability) newsletter and this was also followed up via further information at breakfast meetings.

On the other hand. I have to say that one of our major challenges is communication and how what we discuss is perceived. Common sense, say many people, but what is common sense to me may not be the same for someone else. While we have invested heavily in in-house communication on ethics and morality in recent years, we had a public case of suspected corruption in 2012. This was not just a tragedy in several senses; it was also an indication that we have to keep up our work on communicating the Company's rules of play.

#### Risks can bring business opportunities and business opportunities mean profitability

I am sometimes asked whether this CSR really is worth investing in and whether it is profitable – where does the added value come in? What I would say is that several factors favour a company that has chosen to invest in aspects of CSR. One is that by working on sustainability, a company minimizes and manages

the chances of breaching regulations and bringing negative publicity on itself. If, damage or loss nevertheless arises, I venture to suggest that a company that has engaged in some kind of CSR process also optimizes its conditions for recovery, unlike a company that has ignored the issues. Another is to identify the means – in the form of an integrated CSR programme - that will help us to become sustainably profitable in our core business and at the same time strengthen our brand and trust in the business.

#### **Investing in the future**

In the past year, a good deal was done both organizationally and within our workforce. I am pleased to report that in 2012 we recruited ten employees. Ahead of us is a phase in which a number of individuals in our key departments will retire. As a result, we devoted a good deal of time in 2012 to finding the right successors for the people concerned. This involved not only identifying individuals with the right skills, but also, above all, those who are team players, who share our values and who will make a contribution to strengthening Wihlborgs as a business and as a brand. To sum up in a few words: we are investing in the future.

Malmö, April 2013 Anders Jarl, Chief Executive Officer The decision to report sustainability in accordance with GRI was approved by Wihlborgs' Board of Directors in August 2010. The Board of Directors unanimously approves Wihlborgs Sustainability Report for 2012.

Malmö, April 2013 Board of Directors. Wihlborgs Fastigheter AB

## Some evidence that we are on the right path

Winning awards is one thing.

Obviously, it is pleasing to gain recognition for something that we have devoted a great deal of energy and time to.

But this is no reason for resting on our laurels; on the contrary, this should serve as extra inspiration to carry on improving in terms of striking the right balance between finance, ecology and social issues – linked to and integrated with our core business.

#### Wihlborgs qualifies for Nasdaq OMX Stockholm Sustainability Index

In December – just in time for the Christmas holidays – we received good news from Nasdaq OMX Stockholm. Wihlborgs had qualified for the responsible investment index. This indicator is produced by Nasdaq OMX in partnership with GES Investment Services and encompasses the leading businesses on the Stockholm Stock Exchange. The companies represented in the index are leaders in sustainability. The criteria for qualification include environmental and social factors. Companies are assessed using a model known as "GES Risk Rating". The index is adjusted continuously by measuring the performance of companies against the qualification criteria.

#### Wihlborgs named as one of the winners of the Sweden Green Building Awards 2012

At the "Building Sustainability Sweden" conference, Wihlborgs Fastigheter was named as one of the winners of the Sweden Green Building Awards 2012. Wihlborgs' award was for its Polisen 3 building in Helsingborg, in the category "Existing buildings certified under Green Building". The prize was presented by the Sweden Green Building Council at a sustainable building conference held in Stockholm in October 2012.

In purely concrete terms, energy savings of approximately 1,123,000 kWh/year for electricity, heating and cooling were

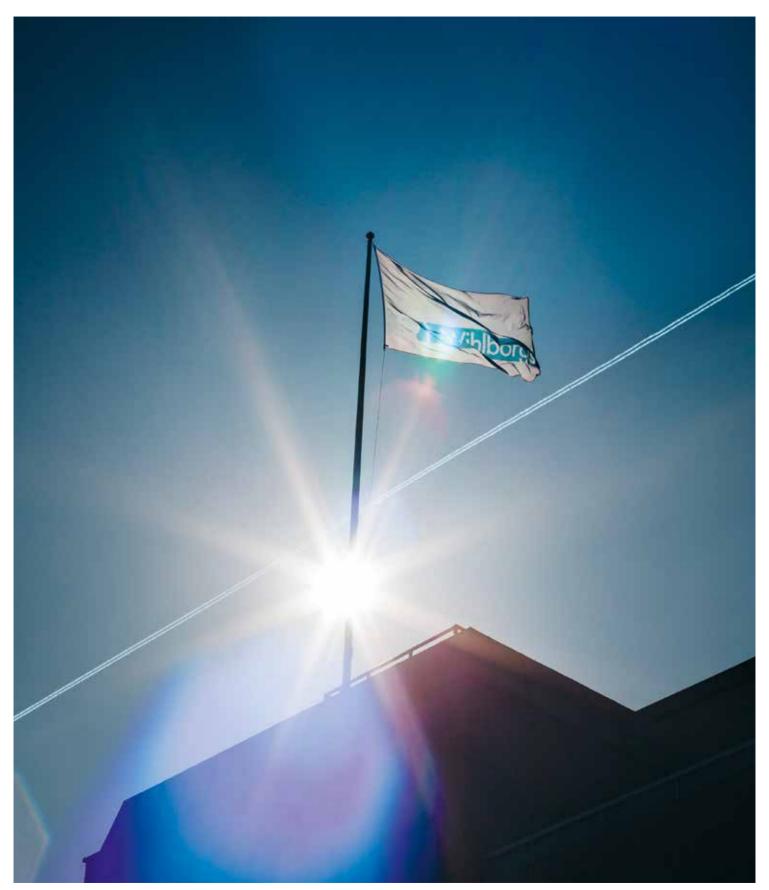
achieved. This equates to the annual energy consumption of 45 single-family homes (à 25,000 kWh). Today, the property uses around 50 per cent less energy than before redevelopment.

Improving the energy performance of properties often delivers economic and environmental benefits. However, in most cases, the process demands considerable know-how and the acid test only comes in the operational phase. If a building is constructed with very low-energy consumption characteristics but without any idea of how the property is to be managed in the operational phase, the whole concept collapses.

#### Wihlborgs wins Malmö's City Architectural Award

The 2012 Malmö City Architectural Award went to Wihlborgs' Media Evolution City development in the Dockan area. Extract from the award citation (translation): "The building is an example of a partial redevelopment where the developer, in consultation with the client and architect, has sympathetically retained the original tiled facade on Stora Varvsgatan, and incorporated a brand-new concept on the courtyard side and along the dry dock. The new contrasts sharply with the surrounding built environment, but at the same time clearly signals the creativity and innovation that is going on inside the building's shell."

Being able to contribute to the development of society from a sustainability perspective is important to us. Media Evolution City is an example of a redevelopment in which we have attached great importance to retaining any element of cultural and historical value and combining it with innovation.



Flag atop the Neptun 6 building in Malmö.

## Job satisfaction the key to productive partnership

At Wihlborgs, we place a premium on job satisfaction – it is one of the driving forces in our role of landlord for many of the most successful companies in the Öresund Region.

To us, the task is to keep abreast of developments and be prepared for the new requirements and needs that emerge. Here, too, sustainability issues play an important role.

As a market-leading property company, we are subject to particular requirements to take the initiative ourselves and drive ethical and environmental issues forward. How we and others develop goes hand in hand. This adds an extra dimension to our day-to-day work, which then also increases the satisfaction we find in our work.

#### **Business concept**

Specializing in productive sub-markets in the Öresund region, Wihlborgs will own, manage, in-house, and develop commercial properties.

## Property portfolio as of 31 December 2012

Wihlborgs Fastigheter AB (publ) is the biggest commercial property owner exclusively focused on the Öresund region. We have 253 properties with a combined market value of SEK 19.9 billion. The total lettable area of these is 1.4 million square metres and the total rental value is SEK 1.7 billion.

#### Geographic investment

Our strategy is to be present in locations where we identify the potential for long term growth. Accordingly, Wihlborgs is represented in Malmö, Helsingborg, Lund and Copenhagen with a head office in Malmö. In each of these locations, we are also geographically concentrated on a number of sub-markets, which makes us uniquely able to assure cost efficient management.

#### **Local involvement**

It is important for us to be actively involved in various organizations and networks. Several of our employees sit on external boards. Today, we are represented on the boards of various organizations in the property and housing sector, including Fastighetsägarna Syd, Fastighetsföreningen Lund City, Malmö Citysamverkan, Lund Citysamverkan, Medeon, Ideon, the Sweden Green Building Council, Näringslivets Miljöchefer (the Swedish Association of Environmental Managers), Solar Region Skåne and Øresundsinstituttet.



#### **Employees and structure**

On 31 December 2012, Wihlborgs had 89 employees, including five in Denmark. 81 employees work full-time and eight parttime. There are 144 companies in the group, including the Parent Company. Not all are subsidiaries of the Parent Company. Six joint ventures operate in the Group. The joint ventures are as follows:

- Dockan Exploatering, which is conducting development activities in the Dockan area of Malmö.
- Fastighets AB ML 4, which is building the MAX IV research
- Hälsostaden Ängelholm Holding AB, which is developing the site around Ängelholm Hospital.
- Medeon AB, which is marketing the Medeon Science Park.
- Pålsjö Ängar Holding AB, which is coordinating and developing properties in the Ideon area of Lund.
- Nyckel 0328 AB, which is engaged in financing activities. For further information, see Note 17 in Wihlborgs' 2012 Annual Report.

Wihlborgs' operational organization comprises two divisions, Property Management and Business Development. It also includes the Group Economy/Finance, Procurement, Environment, HR, Communication and IT functions. In 2012, a new function was established - Customer Relations. Its role is to work alongside management in developing and strengthening relationships with new and existing customers.

Property management is divided into nine geographically defined areas. Four are in Malmö, three in Helsingborg, one in Lund and one in Copenhagen. All property management areas operate under clearly defined profit-centre responsibility. Guidelines for each unit's operations are established in close consultation with Group Management.

Business Development operates on two fronts: Projects & Development and Transactions. Projects & Development is

responsible for newbuild and redevelopment projects, procurement and follow-up. Transactions deals with all acquisitions and sales of properties by the Company.

Wihlborgs' Group Management consists of the CEO, CFO, Communication Director and Projects & Development Director. Group Management has overall responsibility for coordinating the Company's operations.

The Executive Management Group consists in all of 14 executives; Group Management (4), property directors (2), property management executives (4), environmental affairs director, procurement director, CR director and market analyst. The Executive Management Group has overall responsibility for major strategic issues in business development, transactions, information and analysis.

#### **Share information**

Wihlborgs is a Swedish public limited company that is listed on Nasdaq OMX Stockholm. Wihlborgs has been listed on the Nordic Mid Cap list since 2006.

On 31 December 2012 the largest shareholder in Wihlborgs was Brinova Fastigheter AB with 10.1 per cent of the shares outstanding. The ten largest Swedish shareholders held 28.7 per cent and foreign shareholders 42.2 per cent.

#### **Events in 2012**

- During the year, Wihlborgs acquired eight properties and divested four.
- In August 2012, Wihlborgs submitted its latest Communication on Progress in accordance with the UN Global Compact; wihlborgs.com/COP. There were no significant changes in the Company during the accounting period up to today's date.



Meeting in one of the offices in the Kranen 8 property, Ubåtshallen, in Malmö

## Taking global responsibility at local level

This is Wihlborgs' second sustainability report.

In the past, we focused mainly on environment issues, but we gradually came to realize the relevance of our social responsibility. When we were asked if we had signed up to the Global Compact and if we were working in accordance with its ten principles, we realized that these were something that came naturally to us and wondered why we had not signed up earlier. Perhaps because we viewed ourselves as being restricted to the Öresund region and mainly saw the Global Compact as a tool for multinational companies.

Once we realized the importance of a coordinated sustainability programme, we established a CSR function at Wihlborgs. In addition, we soon realized that there were areas defined by the Global Compact where we could improve. This was one of the reasons behind the decision to produce a sustainability report in accordance with GRI. Today, we have an effective system in place to ensure Wihlborgs develops at all times in a socially, economically and environmentally acceptable way.

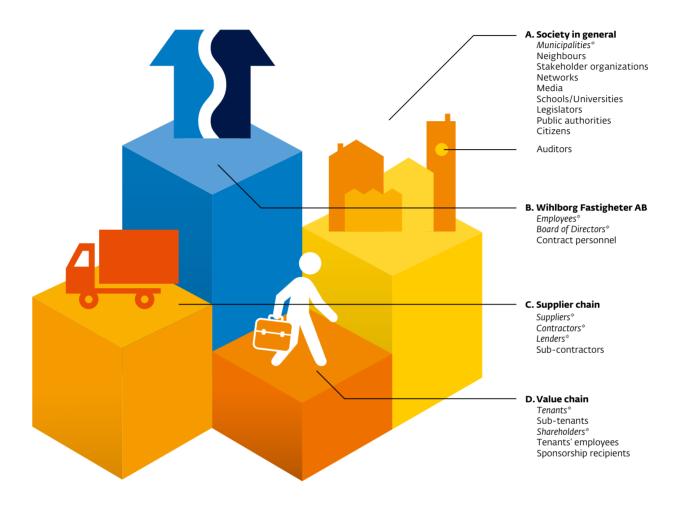
#### About our sustainability report

Our sustainability report covers all our business operations in Sweden and Denmark, Wihlborgs Fastigheter AB and all our 144 subsidiaries. Joint ventures are not included. Wihlborgs Fastigheter AB does not own any properties, they all fall under our subsidiary companies. Where we have control over, and can fully determine the outcome of, information generated within

the Group for the sustainability report, we can take full responsibility for this information (see chart on right, section B). The report also describes sustainability work in relation to external stakeholders, in this case mainly suppliers and contractors (see chart, right, sections C and D). We set requirements for our suppliers but do not exercise the same degree of control over them and their sub-contractors. The chart on the right illustrates the stakeholders in Wihlborgs that have been identified.

#### Identifying Wihlborgs' key stakeholders

\* = Key stakeholders



#### **Description of method**

As part of producing this sustainability report, Wihlborgs has performed a stakeholder analysis and risk/opportunity analysis. For further information, see our 2011 Sustainability Report.

Identifying Wihlborgs' key stakeholders. In 2011, the CSR group listed potential stakeholders. The stakeholders were then classified into seven key stakeholder groups: Shareholders, Tenants, Municipalities in which we operate, Credit providers, Suppliers/Contractors, Board and Employees. These categories will remain as long as Wihlborgs' business does not change. The chart above shows all stakeholders.

#### Stakeholder dialogue.

In 2011, we distributed a wide-ranging questionnaire to more than 200 individuals representing our key stakeholders (for details of questions and findings, see pages 16-17 in Wihlborgs' 2011 Sustainability Report). In 2012, we decided to conduct a stakeholder dialogue in two stages. In the first stage, six selected stakeholders at management level were asked to complete a short questionnaire. The results are presented on pages 16–17. The next stage will be to follow up the responses by the individuals concerned via in-depth interviews during autumn 2013. The results will be presented in Wihlborgs' 2013 Sustainability Report.

Identification of risks and opportunities. This process was described in last year's sustainability report. The risks and opportunities remain the same.

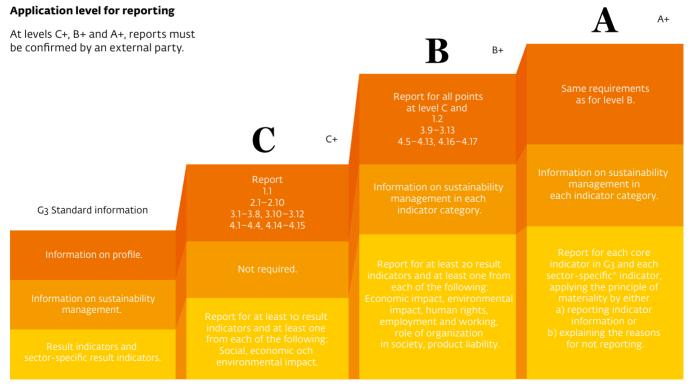
#### About our sustainability report

#### Reporting

Our accounting year is the calendar year and the reporting cycle is for the whole year. The report (at B+ level) covers the period 1 January—31 December 2012. The next sustainability report will be published in April 2014. We believe that the sustainability report meets the requirements for application level B+. An external audit of our sustainability report in accordance with GRI was carried out by Deloitte. The auditors' report appears on page 47. We have also chosen to apply certain aspects of the recently issued guidelines for the construction and property sector, "Construction and Real Estate Sector Supplement" (CRE.1). We have used the most recent version of GRI in this report, i.e. G3.1. The GRI Index on page 42 shows the links between G3.1, CRE.1 and ISO 26 000.

The sustainability report has been printed in a limited number of copies in Swedish and English. It will be available mainly for downloading from the Wihlborgs website from 12 April 2013. www.wihlborgs.se/Press--Media/ under Publikationer (Publications).

If you have any questions or comments on the report, please contact any member of the Wihlborgs CSR group; for contact details, see page 53. Wihlborgs' first sustainability report was published on 23 April 2012.

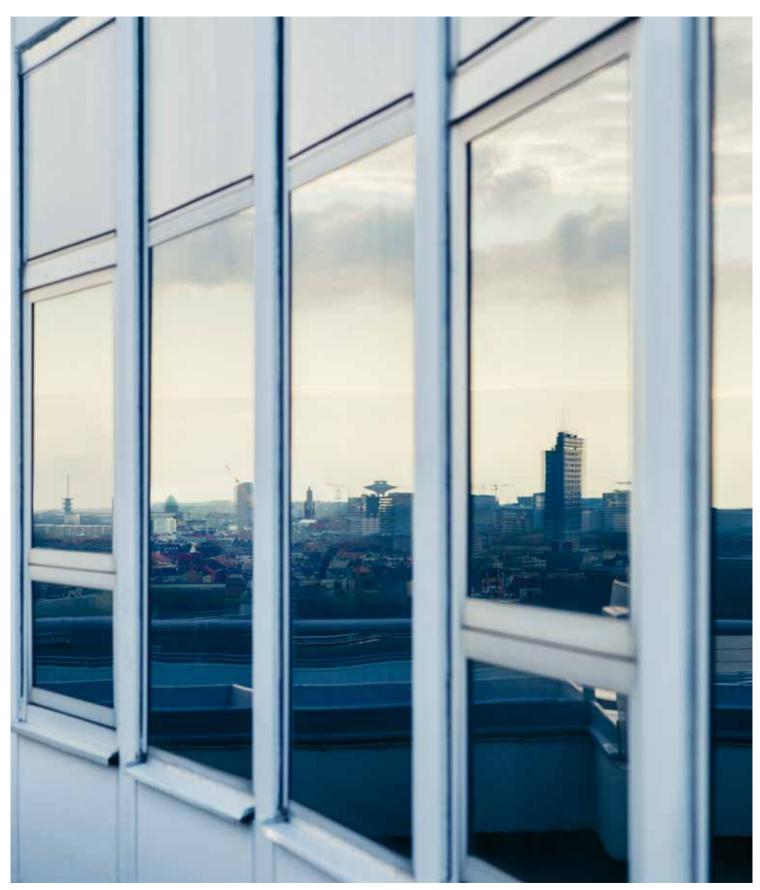


<sup>\* =</sup> Sector-specific supplement in final version



Media Evolution City, Ubåten 2, was awarded Malmö's City Architectural Award in 2012.

#### Governance, undertakings and commitments



The Gängtappen 1 building, also known as Kockumshuset (the Kockums Building), dates from 1958. It is one of the tallest buildings in Malmö.

## Listening makes us wiser

Wihlborgs' business is built on values that are not up for discussion. Which is not to say that we believe we have done everything we need to do and have stopped developing – quite the reverse.

In our day-to-day work, we maintain constant and open dialogue with our various stakeholders. We need to know and understand what our tenants, suppliers and the world around us at large expect of a company such as Wihlborgs.

Wihlborgs is not governed only by its Board of Directors and management groups, but also by the new insights we gain by listening to others.

#### Framework

Wihlborgs is a listed company that is subject to rules and regulations on corporate governance that are made up of various laws. In addition to legislation, the Swedish Code of Corporate Governance and stock exchange rules also apply. The business is monitored and supervised by external auditors and Nasdaq OMX Stockholm.

#### **Shareholder power**

The Annual General Meeting (AGM) is the highest decision-making body. Every shareholder has the right to participate in the AGM and raise various issues. One of the many important duties of the AGM is to elect members of the Company's Board of Directors. The AGM also resolves on guidelines for remuneration to the CEO and leading decision-makers. The company's auditors check that these guidelines are adhered to. All details of the AGM are available on the Wihlborgs website.

#### **Board of Directors and CEO**

The Wihlborgs Board is charged with managing the company in the best interests of the shareholders for a satisfactory long-term return on assets, in accordance with set rules of procedure. The Board is made up of eight members, of whom six are independent of the company. Two members are considered to be non-independent, namely Erik Paulsson, Chair, on account of Brinova's shareholding in Wihlborgs, and Anders Jarl, who also serves as CEO of Wihlborgs. In view of the Company's size, Wihlborgs does not have separate audit and remuneration

committees. To monitor developments in the credit market, Wihlborgs has an interest rate committee which meets each month and presents reports and proposals to the board. The Board and Group Management are responsible for ensuring that work on the environment, work environment, review of ethical guidelines, social responsibility and sustainable development is performed in line with the rules, strategies and goals that have been established. This responsibility also includes presenting a GRI-compliant sustainability report. This report is drawn up at B+ level and incorporates Wihlborgs' Communication on Progress in line with the principle of the Global Compact.

For more information on the procedures for good corporate governance with regard to the Board's qualifications, procedures and processes, see Wihlborgs' Corporate Governance Report on pages 123–133 of the 2012 Annual Report. The Board's work is assessed annually, and every two years Board members are required to complete an in-depth questionnaire designed to determine what changes need to be made in the work done by the Board.

#### **Group Management**

Wihlborgs' Group Management has overall responsibility for managing the Company, and the CEO, who is a member of the Board, reports directly to the Wihlborgs Board. With regard to sustainability issues, we have established an in-house CSR function that deals with these issues and whose responsibilities also include involving the Company's employees. Senior executives are not entitled to bonuses; for more information, see Note 7 to the financial statements in Wihlborgs' 2012 Annual Report.

#### Governance, undertakings and commitments

#### **Corporate Governance Report**

The Corporate Governance Report in full can be downloaded from the Wihlborgs website and is included in the 2012 Annual Report.

### Important answers from those who are important to us

In our day-to-day work, we maintain an ongoing dialogue with our stakeholders. We have conducted targeted communication with certain stakeholders on several occasions, including via our employee and customer satisfaction index questionnaires, which are performed by the Group's HR function and management, respectively.

The findings are evaluated and appropriate actions taken. When we started working on our first sustainability report, we discovered that at that time we had never conducted a stakeholder analysis based purely on sustainability data. We therefore established a dialogue with our key stakeholders to find out what issues they felt were important to Wihlborgs' work on sustainability. For more information on the dialogue for the 2011 Sustainability Report, see pages 16 and 17.

At year-end 2012/13, Wihlborgs conducted its second stake-holder dialogue. The difference from the preceding year was that instead of distributing the questionnaire to several stakeholders among all our key stakeholders, seven individuals were selected. These individuals represented management levels in each key stakeholder category. The following functions participated:

Stakeholder	Role	Reason
Board of Directors	Member	Individual has served on Wihlborgs' Board for an extended period.
Employees	CEO	Senior role in Company
Tenant	Service Director	Represents one of our most important tenants.
Shareholder	Representative of fund	One of our most important shareholders
Supplier	Sales manager at one of our most important energy companies	Energy accounts for a major volume of Wihlborgs' procurement.
Municipality	Municipal Director	Represents the department with which Wihlborgs has frequent contact in connection with municipal development in one of our localities.
Lenders	Regional bank manager	One of our biggest lenders.

The stakeholder dialogue presented in this section was based on six questions. These questions will later be used as the basis for the in-depth interviews, scheduled to take place in autumn 2013, of all individuals taking part in the survey.

The reason for choosing individuals at management level is

that we believe that future in-depth interviews with these individuals will provide us with a further dimension of expectations for our work on sustainability from a strategic viewpoint.

#### Questions in stakeholder dialogue

#### The following is a summary of the questions asked.

- 1. How do you think that Wihlborgs should deal with sustainability issues (such as environmental issues, social and work environment issues, responsibility in the delivery chain, anti-corruption etc.) on a scale of 1–5, where 1 corresponds to "only meet legal requirements" and 5 to "proactive, be in the vanquard"?
- 2. How important do you think it is Wihlborgs to inform about its work on sustainability on a scale of 1-5, where 1 corresponds to "not at all important" and 5 to "very important"?
- How would you like to receive this information? (Mark option A or B.)
  - A) I would like a representative of Wihlborgs to inform me.
  - B) I would like to seek out relevant information myself.
- 4. Do you have anything else to add, or is there anything that you think we should look into in greater depth in the planned interview?

#### Summary of the results from questions 1-4

All the stakeholders questioned expressed the view that it is important for Wihlborgs to address sustainability issues. The fact that four external stakeholders agreed that we should be at the forefront in the area is something that we regard as interesting. Our belief is that the individuals concerned responded in this way because they themselves represent companies and organizations that actively work on sustainability issues. It may also be that the individuals concerned believe that it is incorrect not to take the view that Wihlborgs should focus on development in this area.

Another possible interpretation is that the participating individuals feel that it is important for us at Wihlborgs to actually communicate about our work on sustainability. We have assumed that those who are interested will seek out information or a suitable contact person at our company. That does not appear wholly to be the case. The findings indicate that as many as three of the seven participants would like to be contacted with more information. We feel this information is significant, as it will influence future strategies for communication on Wihlborgs' work on sustainability.

Another theme of relevance and importance that emerged from the dialogue is that Wihlborgs should use a collaborative approach to sustainability linked to the premises that we rent out. This is something that we ourselves feel we should develop – and "green leases" represent one step in this direction. We foresee that, irrespective of stakeholder category, expectations of various forms of collaboration will increase.

5. First select the five most important areas of those below that Wihlborgs should focus mostly strongly on. Rate the five areas chosen on a scale of 1–5, where 1 is the most important area.

#### Social responsibility

- 1 Child labour, forced labour and other human rights issues.
- 2 The right to organize and collective bargaining, equal pay for equal work
- 3 Management/relationships with employees
- 4 Safe working environment
- 5 Diversity and non-discrimination
- 6 Training and development of employees
- 7 Ability to recruit and retain talented employees
- 8 Social and environment related demands on suppliers
- 9 Good relations and approach in locations where we operate
- 10 Quality of Wihlborgs premises
- 11 Customer service

#### **Environment**

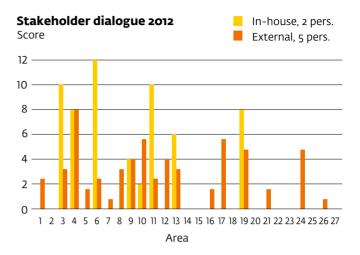
- 12 Energy consumption
- 13 Emissions (carbon dioxide and other GHGs)
- 14 Waste management
- 15 Water consumption
- 16 Non-toxic environments in buildings
- 17 Environmental classification/certification of buildings
- 18 Green transport

#### Financial responsibility

- 19 Financial performance
- 20 Wihlborgs to be recommended to ethical investment funds

#### **Operational management**

- 21 Transparency
- 22 Risk and crisis management
- 23 Corporate governance
- 24 Continuous stakeholder dialogue
- 25 Membership of Global Compact
- 26 Wihlborgs' in-house ethical guidelines
- 27 Information on Wihlborgs CSR/GRI reporting



#### Summary of findings from question 5

One conclusion is that from an in-house perspective, training and development of employees is the most important issue. Closely followed by leadership and customer service. It is also seen as important that we should maintain stable financial results and should address work environment issues.

From the external perspective, several participants take the view that what is most important is that Wihlborgs business is conducted safely, meaning that we should maintain a safe work environment. Two issues that may go hand in hand are the quality of our premises and environmental classification of buildings. These are also the two areas that external stakeholders considered to be second-most important.

It is also interesting to note that our external stakeholders take the view that it is important for us to maintain continuous dialogue with them on sustainability issues. Wihlborgs' financial results are regarded as important from an external point of view too

In addition, the chart illustrates that in the view of Wihlborgs' external stakeholders it is important to maintain good relationships in the cities where we operate. From an environmental point of view, this may also be interpreted as indicating that we should focus on energy consumption in our properties. These two areas are prioritized as third-most important.

6. Do you think that any area has been omitted from the preceding question?

In this category, we received one reply stating that in the above-mentioned 27 questions, we should have included an option that specifically mentioned "development in partnership with the tenant".

#### Sustainability targets with risks and opportunities



The Skrovet 3 building, in Dockan, Malmö, is home to Wihlborgs' headquarters plus several restaurants overlooking the harbour.

## Seeing risks as a positive factor

#### What progress was made in 2012?

A risk is always a risk, but a risk is also something that can always be seized on and developed into something positive. In last year's sustainability report, which also was our first, we described our ten biggest risks and how we planned to address them in the year ahead. We then reformulated our ten biggest potential risks into concrete short- and long-term sustainability goals. The goals were devised on a short-term and a long-term basis. Short-term goals =1–5 years, Long-term goals = > 5 years. Wihlborgs' potential risks were identified within the context of the main impact of the business.

The following table presents our ten risks/opportunities, and how we chose to deal with them in 2012.

No.	Potential risk	Business opportunity	What is Wihlborgs doing today?	Target (short or long term)	Short- term	Long- term	Area	Status on 31 December 2012
1.	Contaminated site caused by tenant business activities.	Can be prevented by greater awareness of tenants' business risks.	Property and contaminated site details held on an internal database. Routine surveys when acquiring property.	Survey properties where business activities can contaminate site. Ensure MIFO inspections are performed and obtain reports from such. The goal is zero tolerance.	×	×	Environment	Not started. Scheduled for 2013.
2.	Negative image of Wihlborgs in the social media.	The sustainability report acts as an invitation to our stakeholders to engage in a dialogue with us and enables us to hear views and opinions that can help us develop.	Today, we randomly monitor what is written about Wihlborgs in the social media.	To create within the next few years a systematic way of monitoring the social media, and procedures for social media communication.	×		Operational management	Not started.
3.	Financial risks			See Wihlborgs' annual report, page 81.	×	×	Finance	Monitored on an ongoing basis, see Wihlborgs' annual report.
4.	A crisis arises that is not covered by the current crisis management plan.	Produce a more comprehensive crisis management plan.	Procedures in place for internal health and safety inspections and monitoring of physical risks. Contact paths to Company healthcare available.	Produce a crisis management plan in writing in 2012.	×		Operational management	Not started. Scheduled for 2013.
5.	Some form of corruption emerges within Wihlborgs.	Continue to work on business ethics at a strategic level. Dare to maintain transparency even when cases attract publicity.	Business ethics are continuously discussed within the company, for example via the training programme "Wihlborgs Talks Sustainability". "Wihlborgs Talks Sustainability". The ethical guidelines were updated in August 2011 – focus on bribes.	Zero tolerance. Both short- and long-term statistics are to be kept on any known cases.	×	×	Operational management	Started. A document on procedures has been produced and is expected to be adopted in spring 2013. Once adopted, all employees will be summoned to attend training/workshop sessions on the topic of bribery and corruption.

#### Sustainability targets with risks and opportunities

No.	Potential risk	Business opportunity	What is Wihlborgs doing today?	Target (short or long term)	Short- term	Long- term	Area	Status on 31 December 2012
6.	The company is perceived as being non-transparent.	Our sustainability report creates an opportunity for us to present a transparent image of the Company.	Information on the business is provided in the sustainability report, the annual report and quarterly reports.	Expand the dialogue with our stakeholders. External feedback is important so we pick out the areas that today we may have too little information on.		×	Operational management	Ongoing continuously via the stakeholder dialogue and sustainability report.
7.	Wihlborgs loses credibility as expressed by customer index.	Regular visits to our customers. Continuous training for employees, including with regard to our values. Identify additional tools for measuring customer satisfaction.	Today, customer satisfaction surveys are conducted every two years.	The target is to achieve 100 per cent satisfaction in the surveys performed.	×		Social	In progress. In 2012 a new function, Customer Relations, was created in the Wihlborgs organiza- tion. Its role is to develop Wihlborgs' relationships with its customers.
8.	Rising energy consumption in comparable property portfolio.	Link energy consumption more closely to financial monitoring.	Data on energy consumption data are included in a statistical analysis application. We conduct a number of energy conservation projects each year. Energy issues are integrated into newbuild projects. We have employees who are expert in the area.	From the beginning of 2012, energy statistics are to be reported at Wihlborgs' quarterly meetings.  Over the next three years, we will monitor kWh in comparable portfolios. See Wihlborgs' environment goals 2012–2014, page 34.	×		Environment	Started and continued during 2012. A new routine has been introduced, in which all Wilhborgs' property managers/property management executives report energy status of the properties at quarterly report meetings.
9.	Wihlborgs lacks appropriate procedures to make social and environmental assessments of our suppliers and contractors.	Develop our current monitoring system to show transparency of and comparability between our suppliers.	Wihlborgs signs one-year contracts. The supplier completes a checklist with questions on environment, quality, work environment and ethics. The procurement director carries out a risk assessment. When renegotiating a contract, the supplier is given the opportunity to improve if requested by Wihlborgs. Approved suppliers are listed in Wihlborgs ordering app (see page 39).	Suppliers categorized as high-risk must report improvements within the following two years. If, despite being requested to do so, a supplier cannot show any such improvement, a new contract will not be signed with that supplier, effective 2014. See also Wihlborgs' environment goals 2012–2014, page 34.	×	x	Social	Started and continued during 2012. However, this procedure will be revised in 2013.
10.	Wihlborgs is perceived as unclear in its external communication about what our business stands for in all areas of sustainability.	The sustainability report explains how we aim to be sustainably profitable in our core business. The sustainability report invites our stakeholders to engage in a dialogue with us and provides an opportunity to hear views that can help us develop further. We can also improve in getting this message across in future recruitment campaigns.	The main sources of information today are our website and our annual report.	Long term, to expand the dialogue with our stakeholders and develop external feedback, to enable us to pick up on the areas where we currently have too little information. Long term, to identify quantifiable key figures. To ensure that more of us in the Company feel secure, in the short and long term, in communicating "sustainability" related to our own working area.	×	×	Operational management	Started during stake-holder dialogues and Wihlborgs' customer satisfaction index. Continuous information in-house via ""Wihlborgs Talks Sustainability". Our intention over the next few years is to further raise the bar for in-house communication.



Dockporten 1, Malmö, is home to Mercedes' Nordic headquarters and the Årstiderna by the Sea restaurant.

## Sustainability from profitability

If we are to be able to realize our strategies and achieve our goals, it is essential that Wihlborgs is profitable. This also applies to the sustainability work that we are integrating with the financial targets set by the Board for our business – everything is connected. Acting with financial responsibility is vital in enabling us also to take responsibility for the part we play in the development of society.

Under the Swedish Companies Act, other legislation and regulations, the listing agreement with the Nasdaq OMX Exchange, the Swedish Code of Corporate Governance, the Company's Articles of Association and internal instruments of control, such as the Rules of Procedure for the Board and instructions to the Chief Executive Officer, the management and responsibilities of the Wihlborgs Group are divided between the Board and Chief Executive Officer.

Wihlborgs' overarching objectives and strategies state that the Company shall operate according to a business model for growth and shall be one of the leading and most profitable property companies on the Stockholm Stock Exchange. To achieve this goal, Wihlborgs shall consolidate and further strengthen its market positions in the Öresund region by concentrating on various sub-markets. We shall actively improve our property portfolio by acquiring, developing and selling properties. We shall also manage our property portfolio with the focus on sound cost efficiency and high occupancy rates. Our customer relationships shall be enhanced by active engagement and a high level of service.

By working to the goals and strategies we have established, we affect the communities where we operate. As a result, we also need to accept an overarching responsibility for our environmental impact. This means identifying strategies for all areas in which we impact the environment. Our sustainability work shall be integrated with the financial targets set by the Board

for our business. If the integration is successful, this will boost our brand, which should enhance our chances of becoming our customers' first choice when they need to lease a property.

Via our stakeholder dialogue, we have established that it is important to adhere to Wihlborgs' financial targets. The value we create comes from our rental income. The dialogue with our stakeholders also suggests that one of the most important areas that Wihlborgs needs to take into account is the quality of our premises and the customer service we deliver. Without satisfied customers, we cannot achieve the rental income targets we establish. Rental income also affects the extent of the changes in value of our properties. This income is supposed to provide our employees, loan providers, society and our suppliers with a share in the value we create. Our shareholders are also to share in this value via dividends approved by the Board through a dividend policy.

The size of the dividend depends on the property management performance the Company delivers and the sales level achieved on completed property transactions. Once all stakeholders have received their share, the remainder is retained in the Company to strengthen our business, create new projects and acquire new properties to grow the company in a sustainable way.

Information on Wihlborgs' financial position can be found on pages 87–98 of the annual report.



The Neptun 6 building, on Malmö's Västergatan, comprises office space of approximately 5,000 m².

Economic value created and distributed, SEKm	2012	2011	Comments
Directly created value			
Income	1,505	1,445	Rental income
Changes in values of properties	140	515	
Changes in value, derivatives	-136	-336	
Other income	13	13	Other income incl. interest income
Recalculation of tax liability <sup>1</sup>	265		
Total directly created value, SEKm	1,787	1,637	

<sup>&</sup>lt;sup>1</sup> As a result of a reduction in the rate of corporation tax to 22 per cent the deferred tax liability has been recalculated in the 2012 accounts, leading to a non-recurring surplus of SEK 265 million. No figure for 2011.

Economic value created and distributed, SEKm	2012	2011	Comments
Distributed economic valu	e		
Employees	69	68	Salaries, social insurance costs
Lenders	392	358	Interest costs
Society	74	71	Property tax and VAT
Suppliers	295	305	
Shareholders	288	269	Dividend to shareholders
Taxes paid	131	170	
Total distributed value, SEKm	1,249	1,241	
Retained in the business	538	396	
Return on equity, %	14.0	12.3	
Target, %	7.0	7.2	

## The purpose of environmental goals

Simply expressed, it is to reduce the negative impact on the environment.

As a major property owner, we have considerable scope for influencing and improving everything from energy consumption to the vehicles we use.

Energy is where we most affect the environment, but it is also where we can make major contributions in the form of improving energy efficiency. Via Green Buildings, green leases, specifications for green vehicles and clearly defined environmental goals, we remain resolute in our endeavour to reduce our environmental impact and carbon dioxide emissions.

Wihlborgs' environmental responsibilities are based on the Company's Ethical Guidelines, Environmental Policy and current Environmental Goals. Policy and goals have been drawn up by employees and environmental affairs director, and ratified by Wihlborgs' Management and Board.

Wihlborgs' operations are subject to Swedish and Danish legislation. Adherence to the precautionary principle and compliance with environment legislation represent a minimum requirement in our environmental work. To ensure we meet applicable legal requirements in the environmental field, we subscribe to an external database that is continuously updated with new legislation in our area of operation.

We also perform regular environmental risk analyses that in many cases reflect the areas of the environment that concern us from a legal compliance perspective.

#### **Energy consumption**

A typical Swedish single-family house built in the 1950s or 1960s uses 25,000 kWh of energy in a year. Our energy consumption totals 160,077,084 kWh, not 25,000 kWh, so our properties together use as much energy as 6,403 single-family homes, 160,077 mWh. There is no doubt that energy consumption represents our biggest impact on the environment.

The diagram on the next page illustrates our consumption of heating, electricity, cooling, oil and gas over the past three years. Wihlborgs' overall consumption is also shown. In future sustainability reports, Wihlborgs will detail its energy consumption over the preceding three years, including the year of

reporting. As far as Wihlborgs' total energy consumption is concerned, we can see an increase between 2011 and 2012. If we break this down to kWh/m², however, no difference is apparent. The illustration indicates that the consumption of gas has fallen sharply. This is partly because the majority of our properties in Denmark have been connected to the district heating network. It is also because the use of district heating overall has increased.

For a property to be included in the energy statistics we report, we need a reference year from which our energy application can obtain key figures. In other words, a property must have been owned by Wihlborgs for at least the whole of 2011 to be included in reporting for 2012. We estimate that approximately 8.4 per cent (about 18 properties) falls outside the reporting range. We are aware that this does not give a completely transparent picture of our energy consumption, as the overall figure does not include consumption for all properties. This is also used in the table that shows energy consumption per square metre, although all Wihlborgs' properties are included in the lettable area. As a result, the consumption of kWh/sqm² is slightly higher than is shown on the next page.

As of 2012, we have introduced a new procedure based on around 70 per cent of Wihlborgs' property portfolio being included in an environmental goal category where the areas will also be comparable year on year. For more information, please see the section on our environmental goals for 2012–2014 on page 35. Our biggest energy suppliers consist of Vattenfall, E.ON, Öresundskraft and Lunds Energi. The proportion of energy from renewable sources, and what these consist of, are presented on page 26.



Early morning meeting in an office in the Kranen 9 building, Malmö.

#### Total energy consumption, kWh - electricity, heating, cooling, gas, oil



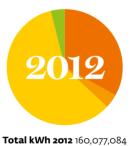
Electricity **2010** 52,796,847

2011 54,060,465 **2012** 53,157,982



Gas

**2010** 12,032,705 **2011** 9,971,782 **2012** 6,090,219



District cooling

**2010** 6,049,726 **2011** 5,747,245

**2012** 6,115,243



Oil

**2010** O **2011** O

**2012** O



District heating **2010** 78,496,901

**2011** 83,125,376 **2012** 94,713,640



Total area

**2010** 1,369,064 **2011** 1,365,170 **2012** 1,425,073





**Total kWh 2010** 149,376,179

**Total kWh 2011** 152,904,868

■ Electricity ■ District cooling ■ District heating ■ Gas

#### Environmental responsibility

Energy supplier	Percentag	e renewable	Percentage renewable electricity	Energy sources					
	District heating	District cooling	Electricity <sup>1</sup>	Elec- tricity	District heating	%	District cooling	%	
Vattenfall			100	Hydro	-		-		
E.ON, 2012	64	100	-	-	Waste Natural gas Ind. waste to energy Oil Biofuel Auxilliary electricity, incl. electricity for heat pumps	57 34 5 2 1	Wind power	100	
Lunds Energi, 2012	74	23	-	-	Biofuel Heat pumps <sup>2</sup> Natural gas Electricity for heat pumps Waste to energy Recycled wood Pellets Procured heating (straw- and chip-based) Biogas Fossil oil	28 22 16 11 9 6 3 4 0.4 0.05	Fuel supplied: Electricity <sup>3</sup>	100	
Öresundskraft, 2012 Helsingborg	95	100	-	-	Pellets and other wood-based fuels Waste to energy Waste Heating from HPs, less electricity for HPs <sup>4</sup> Flue-gas condensation Landfill gas Electricity for heat pumps Natural gas Auxiliary electricity Oil Purchased hot water <sup>5</sup>	35 31 8 7 4 3 3 3 3 3 2	Electricity	100	

<sup>&</sup>lt;sup>1</sup> The electricity procured by Wihlborgs over the 2010-2012 period is known as EPD-el and is 100% hydro-generated. EPD – Environmental Product Declaration – is a registered environmental product declaration certified by AB Svenska Miljöstyrningsrådet with quality assured data on the likes of resource consumption, emissions, waste and recycling. <sup>2</sup> Geothermal heat, heat from wastewater, heat from remote cooling. <sup>3</sup> Nordic residual mix. <sup>4</sup> HPs = Heat pumps. <sup>5</sup> Hot water bought from another district heating company.

The above figures are based on suppliers' own declarations on their energy products in 2012. In 2012, we expressed our need to obtain declarations for the year being reported. All energy suppliers will receive accurate data in spring 2013, which is too late for our reporting needs. This means that the table above is based on provisional values. Consequently, the values may be adjusted somewhat in spring 2013.

The above table does not include figures for Denmark, which we hope to be able to incorporate long term. It is also important for us to maintain a dialogue with our biggest energy suppliers to help persuade them to include more energy from renewable sources in their products. In 2012, we held meetings with all energy suppliers, discussing the table and Wihlborgs' expectations for the future. We regard it as encouraging that, over the year, figures indicated a higher proportion of renewable energy.

Wihlborgs operates in the Öresund region with investment

centres in Malmö, Helsingborg, Lund and Copenhagen. Our total energy consumption in 2012, expressed in kWh/m² per location, is presented on the next page. In many cases, the relatively low total consumption per square metre figure is because it is an average for all our properties and includes, for example, facilities with extensive cold storage areas. Our future environment targets will show a considerably higher figure, expressed in kWh/m². This is because cold storage facilities etc. will have been excluded. See Wihlborgs' environment goals 2012–2014, page 35.

To us, energy efficiency is about seeing the whole picture. Here, too, our energy statistics application plays a major role. We use the E4 SQL statistics computer program, which enables us to monitor heating, electricity, water and cooling. Wihlborgs uses the program to identify potential energy saving projects/costs savings and to manage consumption in all our properties.

When it comes to deciding which properties to make more

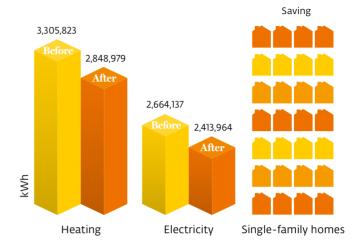
energy efficient, our first step is to calculate the current energy status of the property. Next we calculate how much energy is used, relative to area. We then produce an action plan with efficiency measures including costs etc.

The following case is an example of an energy efficiency drive that we implemented in our existing portfolio in 2012. In 2011, Wihlborgs acquired the 18,000 m<sup>2</sup> property Terminalen 1 (also known as Knutpunkten), located in central Helsingborg. Terminal 1 includes bus, rail, and ferry terminals, as well as offices, shops and restaurants. The property was built in 1991 and heating and cooling pumps were installed in 2009. When we took possession of the property, we discovered that of the three heating and cooling pumps installed, only one was operating We also recognized potential in replacing the lighting system in the multi-storey car park and installing a new control system. The investment cost for the project was SEK 2.9 million. The following actions were taken in the property during 2012:

- Adjustment of air volumes.
- Prevention of heat loss from property, meaning better insulation in certain areas.
- Replacement of control and regulation functions.
- ♠ Conversion to free cooling.¹

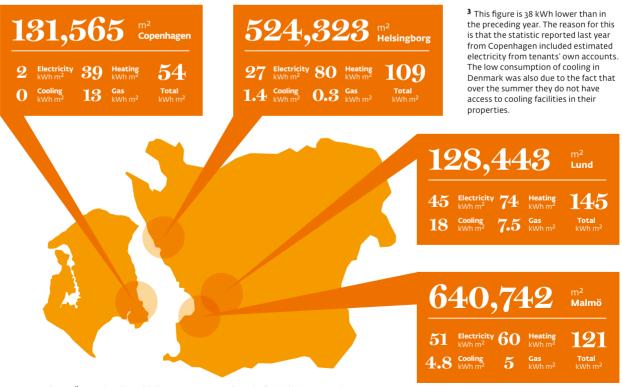
The chart below provides a graphic illustration of the savings achieved:

#### Energy efficiency gains, Knutpunkten



This represents an annual financial saving of SEK 600,000. Expressed in another way, the aggregate saving to date is equal to the annual energy consumption of 28 single-family homes<sup>2</sup>.

#### KWh per m<sup>2</sup> per location



Wihlborgs operates in the Öresund region with investment centres in Malmö, Helsingborg, Lund and Copenhagen. Our total energy consumption in 2012 expressed in kWh/2 per location is presented above.

<sup>&</sup>lt;sup>1</sup> Systems involving free cooling require the earth's natural cooling resources. The method is based on a reverse heat pump system, i.e. heating is extracted from exhaust air or watercourses.

<sup>&</sup>lt;sup>2</sup> Consumption by single-family homes is based on a figure of 25,000 kWh (houses built in the 1950s and 1960s).

#### **Environmental responsibility**

#### Seeing the whole picture

To property owners, the most important issue is very often to monitor the energy performance of their properties, since it is this that has the greatest – and most direct – impact on the environment. But we know that we have to view environmental issues in a broader context. Through our business, we affect the communities where we operate and so we also need to accept an overall degree of responsibility for our environmental impact. This means identifying strategies for all areas in which we affect the environment. The chart below illustrates the areas that account for Wihlborgs' total carbon dioxide emissions, and therefore also the areas where we are trying to reduce our environmental impact.

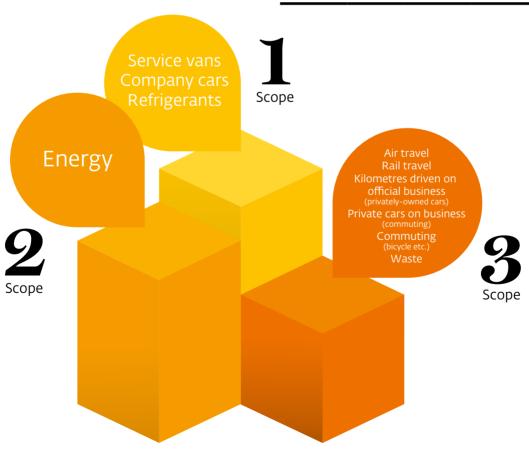
The biggest differences between 2011 and 2012 and the explanation: Scope 1 has risen by 35 per cent or 180 tons of  $CO_2$ . This is because losses of cooling media increased by 171 tons of  $CO_3$  in 2012.

Scope 2 fell by 12 per cent, or 1,095 tons of CO<sub>2</sub>, of which the biggest reduction was again achieved in Denmark this year. This was above all because several properties in the Danish portfolio converted from gas to district heating.

Scope 3 fell by 4 per cent, corresponding to 4 tons of carbon dioxide; the major reduction was in waste, specifically the waste dealt with SITA. Here, a reduction of 59 tons was recorded, compared to 2011. It may also be seen that the number of kilometres driven on business declined, as did the volume of air travel at Wihlborgs.

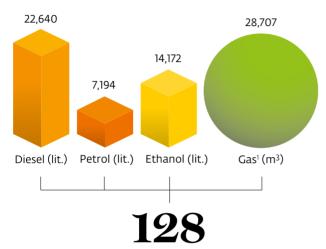
#### Wihlborgs' total carbon dioxide emissions in tons over the past three years:

Year	Scope 1 Tons	Scope 2 Tons	Scope 3 Tons	Total Tons
2010	469	9,483	85	10,036
2011	336	9,362	101	9,798
2012	515	8,267	97	8,879



For further details of energy used by our company cars and service vans in 2012, expressed in litres and carbon dioxide, please see below. More information on the different fuel uses and how this affected our emissions may be found under the heading "Transport" in this section.

#### Energy usage 2012, company cars and service vans



Recalculated as total number of tons of CO<sub>2</sub> emissions

#### **Ozone-depleting substances**

One area associated with environmental impact that in many aspects is linked to the property sector is cooling media and ozone-depleting substances used in cooling systems. Today, CFCs are not used in any of our properties. Going back in time, in 2008 we suffered a leakage of the actual HCFC that we are in the process of phasing out. Where cooling media need topping up, a specific type, HFC3 is used. In 2013, a new F-gas regulation will be introduced, although it is not clear when it will become effective.

#### Waste

Waste is one area of our carbon dioxide emissions. We produce statistics on the volume of waste and number of waste collection journeys necessary for our properties. Our largest waste collection service provider is SITA. The graphic below shows the volume of waste in 2012, what was hazardous waste and what was recycled during the year.





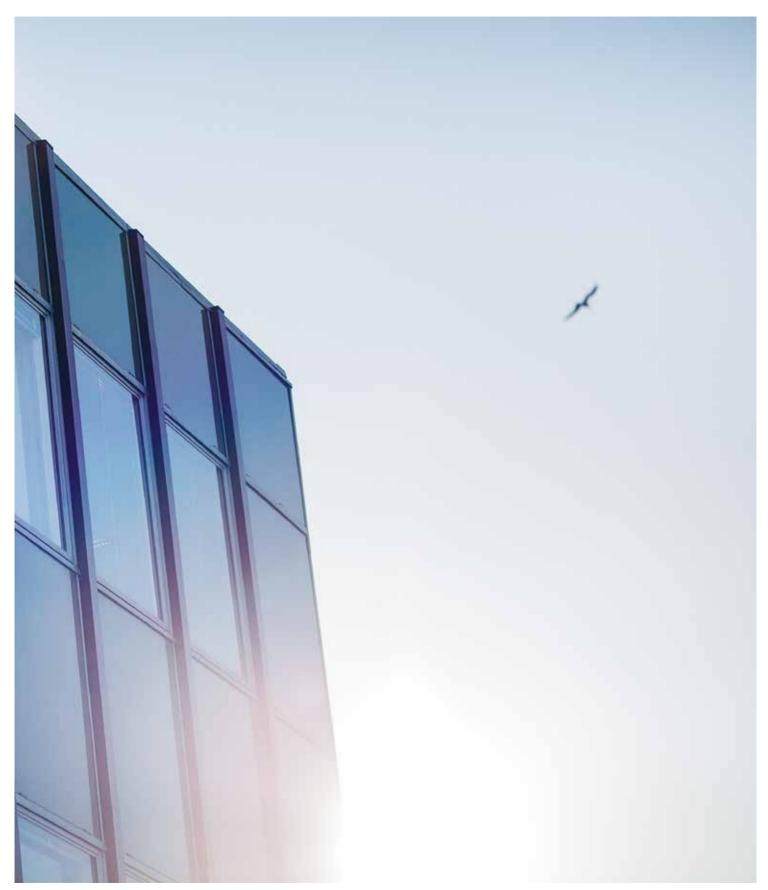
#### Waste in 2012, kg, Ragnsells



In this year's sustainability report, we can now also for the first time report on the share of our total waste that is handled by Ragnsells. Equivalent statistics are still lacking for waste disposal service suppliers in Lund, Helsingborg and Copenhagen. We hope to be able to expand this section as we develop our capacity for gathering statistics. We estimate that the chart above represents 80 per cent of total waste in Malmö. The statistics have been obtained from our waste disposal contractor. It should also be pointed out that what is shown in the diagram above does not include the waste produced during new building and redevelopment. Today, we operate routines for waste management on construction sites, but we do not yet have any procedure in place for collecting the relevant statistics.

<sup>17,194</sup> litres of petrol may be considered high in view of the diagram on page 33, indicating that Wihlborgs has only one petrol-driven car. The high figure is explained by the fact that the 7,194 litres of petrol also includes the petrol used by our hybrid cars. <sup>2</sup>Mix of natural gas and biogas. Malmö and Lund 50 per cent of each. Helsingborg 100% biogas from NSR. 3 HFC has replaced CFC because it does not contain chlorine and does not liberate chlorine radicals that deplete the ozone layer. 4 Recycled waste in 2012 covers all items except combustible, electronic and hazardous waste. Includes: glass, glass packaging, hard plastic packaging, office paper, metal packaging, soft plastic, paper packaging, other plastic, recycled paper, sorted waste, newspapers and cardboard. 5 Hazardous waste in 2012 includes electronic scrap, strip lighting and batteries. 6 Recycled waste in 2012 covers all items except combustible, electronic and hazardous waste. Includes: glass, glass packaging, hard plastic packaging, office paper, metal packaging, soft plastic, paper packaging, other plastic, recycled paper, sorted waste, newspapers and cardboard. 7Hazardous waste in 2012 includes electronic scrap, strip lighting, toner/ink cartridges and batteries.

#### **Environmental responsibility**



Several of Wihlborgs' properties are certified under various environmental classification systems.

# Raising the bar reduces our impact on the environment

### **Environmental certification** of properties

In addition to energy consumption, one of our major areas of environmental impact is redevelopment and new building. It has become increasingly common to environmentally certify properties, which involves an external survey and an objective assessment of how environmentally sustainable a building is. When a property is approved, the property owner receives a certificate. Depending on the certification system, certificates are issued at different levels. In the case of redevelopments and newbuilds, environmental certification is often about the building as a whole. With newbuilds, this can include whether or not you can commute to your workplace by bicycle or public transport. It can also include what type of land the property owner is developing, such as whether it is a brownfield or greenfield site. The property developer is awarded points if it is a brownfield site and perhaps may even have been cleared of environmentally hazardous substances. A greenfield development receives fewer points as the land will have a different value from a land resource perspective.

There are around a hundred environmental certification and labelling schemes, of which KRAV and Svanen (The Swan) are two of the best known. Green Building, Miljöbyggnad, BREEAM (the Building Research Establishment Environmental Assessment Method) and LEED (Leadership in Energy and Environmental Design) are the most common in the property sector. The latter two are based on UK and USA building regulations, respectively. Although Swedish versions are in the pipeline, Wihlborgs mainly looks at Green Building and Miljöbyggnad.

#### **Green Building**

Green Building is actually a programme for managing energy usage, rather than an environmental classification system as such. A building may be certified as a newbuild, or via redevelopment of an existing property. In the case of newbuild in southern Sweden, the building's energy consumption must not exceed 75 kWh/m². In the case of redevelopment, energy consumption must be cut by at least 25 per cent from the existing usage.

As of 31 December 2012, four buildings in the Wihlborgs property portfolio have been Green Building certified. The buildings concerned are the Region Skåne building in Dockan, Fören – where the ÅF will take up occupancy in 2013 – Landsdomaren in Lund and Polisen 3 in Helsingborg.

Of the above-mentioned properties, Polisen 3 in Helsingborg is the one certified in the category of existing properties. At the "Building Sustainability Sweden" conference, Wihlborgs Fastigheter was named as one of the winners of the Sweden Green Building Awards 2012. Wihlborgs' award was for its Polisen 3 building in Helsingborg, in the category "Existing buildings certified under Green Building". The prize was presented by the Sweden Green Building Council at a sustainable building conference held in Stockholm in October 2012.

Green Building certification also means that we as property owner must report back on the status of properties that are certified. This means we must send property energy consumption data to SGBC once the building has been occupied for at least one year.

#### **Environmental responsibility**

#### Miljöbyggnad

Miljöbyggnad is a Swedish system for certifying buildings in terms of energy, indoor climate and materials. In the system, the building is subject to a 15-point check, including energy purchased, noise class, radon content, damp, natural light, integral materials, chemicals and building products. We recently achieved our environment goal of eliminating the use of PCBs. At the time when the properties from which we are now eliminating PCBs were being built, the materials used in the building were not documented in the way that is now required by the Miljöbyggnad system, among others. This type of system makes it easier for us to trace substances that are classed as hazardous to the environment and health. Wihlborgs hopes that by certifying properties we can identify materials used in their construction in a structured way and thus save both time and money. In the Miljöbyggnad certification system, a building can be classified as bronze, silver or gold. Miljöbyggnad covers both newbuilds and existing buildings.

At 31 December 2012, no Wihlborgs property had been classified under the Miljöbyggnad system. In 2012, the three properties formally recorded as at provisional application status were referred to the SGBC's (Sweden Green Building Council) Technology Committee for inspection; all that now remains are any supplementary details that may be requested. A provisional application was submitted for a further property – Gängtappen 1 (Rondellhuset) in Malmö in 2012. The application was submitted in the newbuild category.

### The BREEAM system, adapted for Sweden

The BRE Environmental Assessment Method (BREEAM) is environmental classification system originating from the UK. BREEAM, one of the oldest environmental classification systems. has been used to certify over 115,000 buildings, most of them in the UK. The Sweden Green Building Council is working with the adaptation of BREEAM to Swedish conditions and on taking over management of certification systems in Sweden. The Swedish version of the BREEAM Commercial environmental certification system, BREEAM-SE, has now been approved by BRE Global in the UK. In 2012, five "pilot projects" were sought for testing the Swedish system. Wihlborgs submitted an application for MAX IV, Lund, and in autumn 2012 we were notified that MAX IV had been selected as one of the pilot projects. In the Swedish version of BREEAM, environmental certification of buildings is easier and less expensive. The requirements are more or less the same in both Swedish and UK versions in order to ensure that international comparisons between buildings are possible. BREEAM comprises the following areas: Energy, Indoor Environment, Materials and Chemicals, Water, Management, Construction Waste, Infrastructure and Communication. Ecology and Location, Pollution and Process/Innovation.

#### **Choosing a certification system**

As it becomes more and more common in the construction and property sector to environment-certify properties, the various certification systems have become the subject of debate. Why choose one system rather than another? We wish to point out that all environmental classification systems have been developed for the same purpose; to promote buildings with less environmental impact. However, they address similar issues in different ways. The classification system that a company or contractor in the industry ought to use will depend entirely on what kind of company it is. Wihlborgs' view is that all environmental certification systems have a role to play and help the property sector develop in a more environment-friendly direction. Wihlborgs is subject to Swedish legislation and so it is natural for us to look at systems that are developed to reflect national conditions, such as Miljöbyggnad and the Swedish version of BREEAM. We have long been using an in-house environmental programme for newbuilds, a programme that includes several criteria from various environment classification systems. We believe that cooperation in the sector is the way to achieve sustainable development.

#### Green leases

In late spring 2012, the Swedish Property Federation and introduced what were termed "green leases". One of our environmental goals when this innovation was launched was to offer the green lease appendix to everyone signing a new or renegotiated lease. We did not achieve this goal, but in 2012 work started on the process and seven green leases were signed.

Wihlborgs' judgement is that green leases fulfill an important function, in that they create a platform for cooperation between landlord and tenant with the common goal of reducing the environmental impact of the property or premises. The leases include activities in areas such as information and cooperation, energy and indoor environment, choice of materials and waste management. Green leases are also included in our environment goals with effect from 2012.

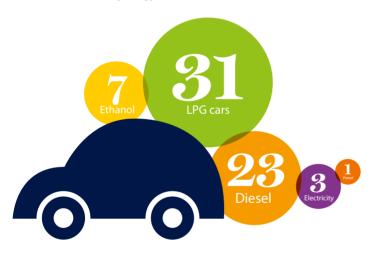
#### **Transport**

Transport is one of the areas where we impact on the environment. Transport for the Company's business is governed by our car policy. We have chosen not to have a general travel policy with regard to business travel. This is because our operations are concentrated within the Öresund region. Other business travel is made by air and rail. In total, there were 114 instances of business travel in 2012, of which 90 were made by air and 22 by rail; this volume of travel is small compared with multinational companies. We are well aware that many services associated with our properties have a transport element. We have, however, produced a breakdown of our transport-related statistics. To do this, we collate data on transport undertaken by our employees. This includes data on company service vans, company cars, air

travel, rail travel, mileage on company business in private cars and commuting to and from the workplace. Because energy consumption in our properties is our biggest environmental issue, we have no plans at present to start tracing the transport chains of our various suppliers and contractors. On the other hand, we have decided to confine ourselves to monitoring and following up transport used in connection with waste collection at our properties. This statistical summary will be produced each year and is something that we as a property owner have at our fingertips. In 2008, we adopted our car policy, which requires all vehicles to be green cars. Our green car criteria are those defined by the Swedish Transport Administration. In 2010, we added three electric cars to our fleet and in late 2011 we achieved our goal that all our company cars and service vans should be green vehicles.

Our vehicle fleet uses the following fuels: petrol, diesel, ethanol, LPG and electricity. Between 2008 and 2012 our carbon dioxide emissions fell by 61 tons.

#### No. of vehicles per type of fuel in 2012



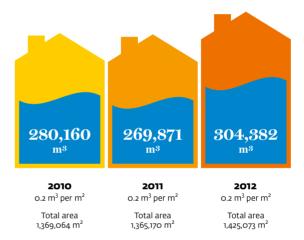
#### Just ordinary water

Water is becoming an increasingly important issue from a global perspective. Our properties use water, but compared with energy consumption, our water consumption has a lesser impact on the environment. Our properties are commercial premises where the majority of space comprises offices and storage. This means that mostly cold water is consumed. Property companies comprising in the main residential apartments have a completely different pattern of consumption in terms of hot water. That is not to say that we can ignore the issue of water. We need to start a general discussion on water consumption across the entire property sector. Today, there are no general initiatives in this area similar to energy-consumption programmes taking place in in the property sector. Our energy statistics program enables us to calculate water consumption in our properties. The information is collected from water meters in the properties. The water consumption figures show the consumption of

hot and cold water combined. The properties in our portfolio are supplied via the municipal system. The diagram below shows Wihlborgs' total water consumption in  $m^3$  and  $m^3/m^2$  for the past three years:

Consumption in 2012 was 304,382 m³, 304,382,000 litres of water. In Sweden, the average person uses 180 litres of water per day. This means that our properties consume the equivalent amount of water as the annual consumption of 4,633 people. In future sustainability reports, Wihlborgs will present water consumption data for the past three years including the reporting year. The reason why the figure remains at 0.2 is that the total area represented by Wihlborgs' property portfolio has increased.

#### Total water consumption, m3



## **Environmental issues** at the construction stage

In the majority of our newbuild projects, we draw up a specific environmental programme representing a document of aims. This environmental programme is also used for major redevelopment projects. The programme is based on Wihlborgs Fastigheter AB's environmental policy, the Swedish Environmental Code, the Environment Manual, the Environmental Status Method and other environmental requirements for buildings, such as municipal regulations.

The purpose of the environmental programme is to ensure that environmental goals established for the property are achieved, to create the conditions for an environment-friendly building and prevent unwanted surprises during operation. The environment here includes not only the internal environment for future users, but also impact on the external environment and the construction site environment.

Since we begun certifying/classifying our properties, the process has been to start from the 15/16 points listed in the Miljöbyggnad scheme (see above) and then cover the areas not included in Miljöbyggnad. We do this via what we refer to as "detailed environmental goals". These are more specific to, and

#### **Environmental responsibility**

governing principles of, the project, and are arranged under various headings as follows:

- 1. Design
- 2. Location
- 3. Materials, products and systems
- 4. Functions
- 5. Production
- 6. Management and operation

Progress is monitored via environmental meetings/environmental auditing on the construction site. Minutes are kept at all meetings and are available for distribution to the tenant on request.

In minor projects, environmental issues are to a certain extent integrated. For example, by use of the Folksam (Insurance Company) Construction Environment Guide. Over the next few years, we will exercise stricter control to ensure that all projects are conducted in a standard way.

### **Environmental remediation** in Limhamn

In 2010, Wihlborgs acquired the Gjuteriet 18 property, in Limhamn, from Dresser Wayne. At the time, the property had been used for the manufacture of fuel pumps. As part of the acquisition, we also undertook environmental remediation of the land and buildings for future use. To us, it was obvious from the start to engage a consultant (Demikon AB, now acquired by the ÅF Group), who is familiar with the task of managing and coordinating projects of this type. Gjuteriet 18 extends over an area of 30,000 m² in Limhamn and is well-known in the Malmö region not least for the type of industrial activity that had been conducted at the property.

Until 1930, the area was used by a cement works and an oil mill (for the production of linseed oil). The oil mill was established in 1905 and burned down in 1912. The former oil mill buildings were demolished in 1937. From 1938 onwards, petrol pumps and other such equipment were manufactured here.

Wihlborgs' attitude towards the project from the outset has been to carry out the entire project and remediation measures for both land and buildings on the basis of the regulations and guidelines applying to schools and day nurseries, although the planning process engaged in is primarily for tenant-owner developments. We also contacted the relevant public and supervisory authorities in Malmö at an early stage. The aim was to set up a dialogue as early as possible in order to be clear about the views of other stakeholders. We also believe that the earlier a dialogue can be established, the more time and money can be saved.

Remediation measures are in progress and are expected to continue through 2013. The aim is to complete them in 2013.

## Our environmental goals 2012-2014

We set our environmental goals for three-year periods. The goals were established at a workshop in which all employees participated. What is new – beginning in 2012 – is that separate goals linked to environmental impact are set for each of Wihlborgs' different areas of operation.

Environmental vision 2020

Wihlborgs will continue to expand but with reduced environmental impact.

1. MANAGEMENT & OPERATION	2012	Outcome 2012	2013	2014	
1.1 Energy efficiency, kWh/m²	Wihlborgs' properties are to maintain an average rate of energy consump- tion of no more than 150 kWh/m². This applies to properties within the environmental goals scheme.	Goal achieved in full. On 31 December 2012, the average consumption in our green properties was 149.1 kWh/m².	Wihlborgs' properties are to maintain an average rate of energy consump- tion of no more than 148 kWh/m². This applies to properties within the environmental goals scheme.	Wihlborgs' properties are to maintain an average rate of energy consump- tion of no more than 140 kWh/m². This applies to properties within the environmental goals scheme. <sup>1</sup>	
1.2 Green leases	All new and re-negotiated leases are to include a green lease appendix. Wihlborgs is to begin using the leases at the launch of the Swedish Property Federation's standard lease agreement, which was expected to be in spring 2012.	Started. In the second half of 2012, Wihlborgs signed seven green leases. Work started, but our conclusion that further in-house training is needed means that the goal has not been achieved in full.	During all re-negotiations in 2013, 100 per cent will include the option to sign a green lease.	During all re-negotiations in 2014, 100 per cent will include the option to sign a green lease.	
1.3 Environmental classification of properties in existing portfolio (Green Building + environmental building)	Wihlborgs environmentally classifies at least one property in its existing portfolio.	Goal achieved in part. A provisional application for one property in Wihlborgs' existing portfolio was submitted to SGBC (Sweden Green Building Council) in 2012. Documents that would enable full application to be made but are lacking include a radon survey (to be conducted over three winter months).	Wihlborgs environmentally classifies at least three properties in its existing portfolio.	Wihlborgs environmentally classifies at least five properties in its existing portfolio.	
2. LETTING, INFORMATION & COMMUNICATION <sup>2</sup>	2012	Outcome 2012	2013	2014	
2.1 Environmental prospectus at viewing of premises	In 2012, an environmental prospectus will be provided at viewing of premises in 10 per cent of Wihlborgs' property portfolio.	Started. Relevant environmental facts linked to Vacant Premises will be available on the web. All preparations are complete and the information will be posted on the web following quality assurance.	In 2013, an environmental prospectus will be provided at viewing of premises in 20 per cent of Wihlborgs' property portfolio.	In 2014, an environmental prospectus will be provided at viewing of premises in 50 per cent of Wihlborgs' property portfolio.	
3. BUSINESS DEVELOPMENT & PROJECTS	2012	Outcome 2012	2013	2014	
3.1 Environmental classification for new construction starts	100 per cent of Wihlborgs' new construction starts measuring no less than 500 m² are to be environmentally classified.	Started. 33 per cent of new construction starts in 2012 will be environmentally classified. In November 2012, everyone employed in Wihlborgs' administration and project organization underwent basic training in "Miljöbyggnad".	100 per cent of Wihlborgs' new construction starts measuring no less than 500 m² are to be environmentally classified.	100 per cent of Wihlborgs' new construction starts measuring no less than 500 m² are to be environmentally classified.	
4. PURCHASING	2012	Outcome 2012	2013	2014	
4.1 Purchasing and procurement routines	All those who sign operating and delivery agreements with Wihlborgs in 2012 are to be evaluated from a code of conduct point of view. They are to be assessed for environmental, quality, work environment and ethical risk.	Started. The checklist produced for assessment of risk at our suppliers/contractors was used in 85 per cent of new leases signed. In 2012, a new procurement director was appointed and set to work with Whilborgs' environment function on developing a new system to further raise standards.	On the basis of the risk assessments of preceding years, Wihlborgs monitors those classified at risk level 3. Further agreements are conditional on positive changes being reported.	New agreements are not entered into with suppliers/contractors classified as level 3 risks.	
5. TRANSACTION & ANALYSIS	2012	Outcome 2012	2013	2014	
5.1 Environmental issues in procurement of properties	The present routine for taking environmental issues into account during procurement and sale of properties is to be reviewed and redrafted during the year. This is to result in an environmental indicator for use during procurement of properties.	Goal achieved in full. In 2012, Wihlborgs' analysts worked with the Company's environmental affairs director in producing an environmental indicator for use during procurement of properties. The indicator is based on a formula that, depending on the information submitted, gives an indication of what environmental issues Wihlborgs should take into account during procurement of properties.	100 per cent of Wihlborgs' transactions are documented via the environmental indicator.	100 per cent of Wihlborgs' transactions are documented via the environmental indicator.	
6. ADMINISTRATION & IT	2012	Outcome 2012	2013	2014	
6.1 Web-based energy statistics	Start implementing a routine to be able to offer our tenants, in the long term, a facility for obtaining energy statistics via the Wihlborgs website.	Goal achieved. In 2012, Wihlborgs' operations supervisor participated in the unit that was assembled by our supplier of the energy statistics application that is designed to enable us to obtain statistics via the web.	10 per cent of energy statistics for our properties are available via the Wihlborgs website.	50 per cent of energy statistics for our properties are available via the Wihlborgs website.	
6.2 EDI invoicing	20 per cent of Wihlborgs' invoices	Started. In 2012, the outcome was	35 per cent of Wihlborgs' invoices	50 per cent of Wihlborgs' invoices	
	from its suppliers will be delivered via EDI.	11 per cent; the number of e-invoices was 4,235.	from its suppliers will be delivered via EDI.	from its suppliers will be delivered via EDI.	

¹This applies to properties covered by environmental goals, which is approximately 70 per cent of the entire Wihlborgs portfolio where there is any form of potential for energy savings in the 2012–2014 period. This indicates that if we had included all properties, we would have reported a considerably lower figure for kWh/m². The same may be concluded from the figures regarding kWh/m²/location presented earlier in this section. The figures also include properties with major areas of cold storage facilities without any potential for affecting the level of energy consumption in any way. It also means that we can continue our work on properties on the basis of a comparable portfolio in m². Our new routine means that everyone working in Wihlborgs' administration from the beginning of 2012, is doing so on the basis of individual key performance ratios, in which the individual key performance ratio has a considerable impact on the overall goal.

²Our Environmental prospectus will contain information on the environmental impact of the property, which letting managers at Wihlborgs can present to potential tenants when viewing premises. This may consist of information on how the property is heated or cooled. Whether it is environmentally classified, phased-out materials have been cleared etc.

# At Wihlborgs, everyone is responsible for something

That's how we create a greater sense of community in our business.

Employees should be able to develop and grow within the company, and as an incentive for them to achieve the targets set, they can share in Wihlborgs' success via a profit-sharing fund.

But no company is an island. We also keep an eye on our suppliers and are increasingly checking on their operations to ensure the absence of any conflict with our own values. The decisions we make and the way we act should always be in line with our ethical guidelines. If they are not, it is our shared responsibility to remind each other what Wihlborgs stands for, and should stand for.

Wihlborgs' corporate social responsibility is based on the following governing documents: Ethical Guidelines, Work Environment Policy, Equal Opportunities Policy, Pay Policy, Personnel Policy, Company Car Policy and Purchasing Policy. All governing documents are produced at executive management level.

#### **Employees**

Our employees are an important factor to Wihlborgs' success. Their know-how, qualifications and professional expertise are a valuable resource. As such, it is important to ensure we offer a work environment that is attractive and helps them develop. Every other year, a personnel survey is conducted to test the climate at work. The most recent survey was conducted in winter 2010. This revealed an Employee Satisfaction Index rating of 3.4 out of a possible 4. In 2013, a fresh personnel survey was carried out.

#### Workforce

At year-end, Wihlborgs had 89 employees, of whom 61 worked in administration and 28 were collective agreement employees. 81 employees work full-time (25 women, 56 men) and eight part-time (seven women, one man). Of the 89 employees at

Wihlborgs, five are based at the office in Herlev, just outside Copenhagen. In our statistics, they are only included in the Workforce and Employee Turnover categories.

There are 16 managers in the company, of whom six are women. In all, 35 (36) per cent of employees in the Group are women. The Wihlborgs Board consists of eight directors, of whom three are women. At year-end 2012 Wihlborgs had two temporary employees.

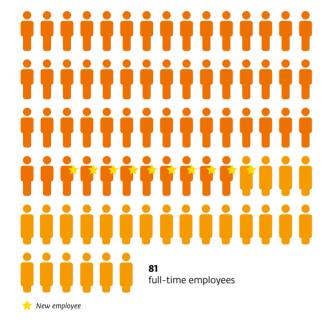
#### **Employee turnover**

Employee turnover in 2012 was 9.1 percent. Eight employees left Wihlborgs in 2012, of whom five retired, one left during their probationary period and two departed for other reasons. Ten new employees joined in 2012.

#### **Sick leave**

Sickness absenteeism at Wihlborgs is low; in 2012, it was measured at 2.0 (1.5) percent. Long-term absence (60 days or more) represented 29.9 per cent (22.6) of total sick leave. All employees are covered by health insurance.

## Employee per location 55 Malmö 5 Lund Number of full-time employees 5 Copenhagen



#### Board of Directors, breakdown by age and gender



#### **Benefits**

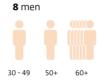
As an incentive for the Company's personnel to achieve set goals, and to increase their involvement in Wihlborgs' business, all employees except the CEO have since 2005 been able to subscribe to a profit-sharing fund. All contributions allocated to the fund are invested in Wihlborgs shares. The maximum allocation is one price base amount per employee per year. The shares in the foundation are restricted for five years after the allocation is made. The base amount is recalculated in proportion to length of employment and employment grade.

Wihlborgs employees are offered a fitness allowance that they can use for any fitness activity allowed by the rules laid down by Sweden's tax authority. We also offer several communal exercise and fitness activities, including participation in recreational runs etc. All employees receive regular health checks by our company healthcare service. All employees are also entitled to subsidized health insurance.

#### New employees, breakdown by age and gender



#### Termination of employment, breakdown by age and gender





#### **Training**

Wihlborgs employees must be able to develop and grow within the organization. During development discussions, goals must be agreed between manager and employee for the individual's development. Wihlborgs encourages initiatives and desire from employees to develop their competence. On that basis, employees took part over the year in several in-house and external training programmes and courses adapted to individual competence development plans. We continuously strive to improve health and safety at work for our employees and in 2011 we decided to focus on roof safety issues in our properties. These form part of our preventative measures to avoid slips, trips and falls. The focus in roof inspections is safety and harness systems for safety vests that all our caretakers are equipped with.

In 2012 we organized a total of 1,128 training hours, an average of 13.66 hours per employee. Women accounted for 479 hours and men for 649 hours. During the past year, employees partici-

#### **Social responsibility**

pated in a number of training programmes, courses and seminars. Examples include training in Contract Law, BAS P/U (Construction Safety Workplace Coordination - Building), Business English, Locks & Security, VAT Seminar, Property Management, Hot Works and Technical Operative Courses for Sprinkler and Fire Alarm Systems. In 2012, all employees underwent training in First Aid and Heart and Lung Emergency Procedures. Wihlborgs' four offices are equipped with defibrillators.

#### Number of hours of training in 2012



#### Work experience hours

Every year, Wihlborgs takes on a number of students from the Universities of Malmö and/or Lund on various work experience schemes. The students selected are generally on a study programme related to the property sector. Wihlborgs encourages collaboration with other property companies, for example, to share expertise and evaluate various computer software products.

#### Discrimination

Work to combat discrimination consists of internal communication on our policies and the need to pick up on and address any cases at an early stage. No cases of discrimination were reported in 2012.

#### Child labour

There were no known instances of child labour in 2012 in our organization, i.e. Wihlborgs' employees and Board members (internal stakeholders). As of today, we do not anticipate any significant risk of this as we are subject to Swedish and Danish legislation.

#### Work environment

At Wihlborgs, our aim is that all employees should enjoy, and find satisfaction in, their work.

Of course, we must keep our workplace secure and safe, without risk of near-accidents and accidents. We have a work environment committee that regularly conducts and evaluates activities to improve our shared work environment. The committee consists of both office staff and collective agreement employees of both genders, from different positions in the company and from different regions. 95 percent of the workforce is represented on the work environment committee that oversees Wihlborgs' operations in this area.

Wihlborgs performs regular preventive health and safety work designed to reduce the risk of accidents and to reinforce the safety culture within the company. Work environment inspections constantly take place in our properties, and action plans and measures for each property can be accessed by all employees via our in-house IT systems.

In our projects, we and our contractors and suppliers share the responsibility for creating as safe a work environment as possible. Our contractors and suppliers are responsible themselves for the health and safety of their own employees under rules on coordination of workplace safety in construction. Wihlborgs has produced a brochure explaining possible work-related risks at our company. This brochure is available to download from our website under "Publications".

The Wihlborgs group had no known instances of serious injuries or work-related illnesses in 2012. Simple procedures for reporting work-related accidents and near-accidents can be accessed on our intranet.

#### **Suppliers**

Wihlborgs is a is a major purchaser, procuring major volumes in both its service and operating activities. So our approach to procurement issues affects to very high degree the suppliers that we choose to work with. Our vision of a sustainable society characterizes our requirements and approach.

Wihlborgs has focused its operations in the Öresund region, with offices in Malmö, Helsingborg, Lund and Copenhagen. In order to facilitate our operations, we aim as far as possible to engage local suppliers represented in the cities where we are based and our properties are located. Otherwise, we work with suppliers on a national level in Sweden and Denmark. One of

the benefits from working with local/national suppliers is that transport and travelling can be kept down, which has both cost and environmental benefits.

As part of our work on the supplier level, and by signing up to the UN Global Compact, our procurement director actively raises and explains the ten principles in the Global Compact at the negotiation stage and how they relate to the expectations we have of the supplier concerned. Although we operate in a limited area, the Öresund region, it is important to us that suppliers have a base in our respective locations, in terms of knowledge of the area, the local authorities and local regulations, all of which make coordination with our employees easier when ordering.

In 2012, an analysis of our procurement function was performed. This resulted in a centralized, streamlined and even more powerful procurement function through the establishment of cross-disciplinary working and more clearly defined goals. By consolidating and coordinating volumes, with a smaller number of players, Wihlborgs' muscle and its benefits of scale can be deployed more effectively. We are continuing to develop our supplier relationships through partnership with many of our major suppliers.

Our procurement goals for 2013 centre largely on achieving a more seamless procurement process and a focus on prioritized product/service ranges based on our purchase analysis. The idea is to prioritize effectively in cutting costs and continuing to progress on sustainability issues within a procurement context.

Wihlborgs has opted to sign 1–2 year contracts with our suppliers. The contract term is important taken in conjunction with the overall cost, the quality of products and services and being served by proactive and environmentally aware suppliers.

As of 2013, we are operating a new contract procedure at Wihlborgs in which all purchase contracts are to be accessible via our contract management system Palette. In the Palette system, contracts are scanned in and are available to all personnel involved in call-off orders and invoice control. We have also developed new contract templates in which stricter demands are placed on our partners. Our intention moving forward is that all contracts are to be signed on Wihlborgs' contract templates and not those of our suppliers. Another aim is to hold regular status meetings at which suppliers present statistics on goods and services procured etc. In 2013, work on consolidating the number of suppliers will continue.

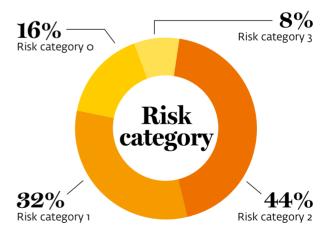
In 2011, Wihlborgs developed an ordering application ("app"). This has been dubbed WAPPO – "Wihlborgs APP for Orders".

Suppliers/contractors who are risk-classified and with whom Wihlborgs signs an agreement, will also be linked to the WAPPO ordering app. In purely practical terms, this means that our caretakers, who in many cases order minor jobs and services, can be sure that by using the app the suppliers/contractors that they engage have been approved.

#### A code of conduct for suppliers

Even if the conditions applied by different suppliers can differ, it is important that we maintain a general code of conduct for companies that do business with Wihlborgs. The procedure is as follows:

- A check list is attached to the agreement. This addresses
  a number of issues in the environment, work environment
  and ethics.
- 2. Our suppliers are then assessed on a scale of 1-3.
   1 = low risk 2 = medium risk and 3 = high risk.
   Any supplier who does not provide sufficient information is put on a watch list and given a temporary classification of o.
- 3. We monitor any changes in the relationship over the year, with regular follow-ups over the contract term so that we can exercise some influence over the supplier/contractor.
- 4. If we have any doubts about whether information provided is correct, we ask to see the underlying data.



This is a continuous process and we have set a target of not renewing contracts in risk class 3 as of 2014, since by this point in time, suppliers will have had two years to make improvements (see environmental goals, page 35).

Stage 1 of Wihlborgs' work on suppliers, which began in 2011,

#### **Social responsibility**

only concerned itself with suppliers to the management organization. At year-end 2012, 236 framework agreements assessed for risk were contracted for the suppliers concerned. Some aspects of the same process for project-side suppliers will begin in 2013 and will continue over a year or two beyond that.

#### **Business ethics**

In accordance with Wihlborgs' ethical guidelines and the UN Global Compact, Wihlborgs relationships are to be responsible and independent. In order to familiarize employees with the ten principles in the Global Compact, all employees were invited to answer a questionnaire back in summer 2010.

Business ethics is a regularly discussed topic at Wihlborgs, via media such as our training pack "Wihlborgs Talks Sustainability", which is distributed once a quarter. "Seeing risks as a positive factor" was the headline in the spring 2012 issue. The idea was to raise awareness among Wihlborgs employees about the ten major sustainability risks at the Company and how in the long term we use action plans to improve our performance in each particular area.

In 2006, we adopted our ethical guidelines, which Board members, employees, suppliers and contractors are required to abide by. These guidelines are available in full on the Wihlborgs website under "Corporate Governance". In summer 2011, an addition was made to the guidelines, stating that if an employee engages a Wihlborgs supplier/contractor to do private work, the employee must get the estimate approved by their immediate manager first. This is to ensure that the employee is not being given a discount related to their employment with Wihlborgs. At the employee conference in August 2011, all employees were informed of this addition and its implications.

Activities and discussions on business ethics and morality continued in 2012. Our employee conference was attended by Alice Bah Kunke, who delivered an inspirational speech to raise awareness among the Company's employees.

In addition, a decision was taken in autumn 2012 to the effect that before year-end all employees should read through our ethical guidelines and sign the document to confirm that they understand and accept how we at Wihlborgs are to comport ourselves in various situations. We have observed that policies such as this quickly become regarded as words on paper, but when the employees were required to sign a document they

began to discuss the subject in a different way. It emerged, for example, that certain sections could be worded even more clearly. As a result, we will arrange a further training/workshop in 2013 on the topic of our ethical guidelines.

#### A case of suspected corruption

In terms of any risk of corruption, the project management and administration units are relatively the most vulnerable, since it is these units that purchase goods and services on behalf of Wihlborgs.

In 2012, a case of suspected corruption came to light. Our in-house day-to-day invoice checking system detected invoices that did not accord with work performed. An internal investigation was carried out, based on the suspicion that an employee had had private work carried out at Wihlborgs' expense. The matter was then reported to the police and an external investigator took over. After discussions with the trade union organization involved, the employee was dismissed. The employee was offered help and support from the company healthcare service. The investigation continued, and in January 2013 all documentation was handed over to the police authority, where the case is now awaiting further action.

The employee, a middle manager in the organization was offered the chance to give his version of events and present any material to corroborate his account. Several members of personnel at Wihlborgs had contact with the employee during the investigation.

We will continue to work on business ethics at a strategic level and produce additional governing documents and follow-up material. Corruption represents one of the risk and business opportunities identified on page 20. The Company also plans to hold a business ethics course for all employees in 2013.

## Marketing and customer satisfaction

Assuming responsibility with regard to our properties and the marketing of these properties is based on our ethical guidelines and information policy. All governing documents are produced at executive management level.

#### Focus on the customer

Every two years, Wihlborgs organizes a questionnaire survey of our tenants. The most recent one was performed in 2012. We sent out an information letter to our tenants ahead of the survey. The letter explained, for example, that Wihlborgs had commissioned an external company to perform the survey. This was done to guarantee objectivity and confidentiality. The survey is designed to identify Wihlborgs' strengths and weaknesses from the customer's perspective. Based on the findings of the survey, improvement actions and projects may be implemented to develop important success factors and increase customer satisfaction. In all, 400 customers completed the Wihlborgs questionnaire in 2012. To achieve this response rate, 759 calls were made.

Customer satisfaction is presented on a scale of 1–5, where 1 represents "Very dissatisfied" and 5 indicates the customer is "Very satisfied". The average rating for Wihlborgs in the most recent survey was 3.88, which is an improvement on the 2010 survey (3.84).

A summary of the results is presented below. Increased customer satisfaction is another of the areas that has been identified as a business opportunity for Wihlborgs in the risk analysis focusing on the risks and opportunities of sustainability, see page 19.

#### **Truthful marketing**

To ensure that our marketing material is not misleading, we have a procedure whereby an expert within the company must approve the material.

In 2012, there were no reported incidents related to Wihlborgs' marketing.

#### **Sponsorship**

Wihlborgs' strong regional roots mean local sponsorship in sport, culture and the environment is important to the Company. It is intended to help increase awareness of our brand and expose our brand in a correct manner. Sponsorship is also to be linked in some way with our core business and provide scope for activities/customer meetings for customers, business partners and employees.

In 2012, a new function was created within Wihlborgs – Customer Relations. One of its tasks is to create a strategic operation in sponsorship, part of which will be to assist in future CSR projects intended to underpin sponsorship associated with our core business.

#### Customer questionnaire 2012

#### **Highest ratings**

Attitude of caretakers

#### Lowest ratings

## Global Reporting Initiative (GRI) Index

Wihlborgs Sustainability Report 2012 complies with guidelines of the Global Reporting Initiative (G3.1). Wihlborgs has also chosen to include certain sector-specific indicators in the Construction and Real Estate Sector Supplement (CRE 3.1). Reporting is in accordance with GRI level B+. The report has been audited by Deloitte. The Sustainability Report also includes Wihlborgs' Communication on Progress in relation to the ten principles in the UN Global Compact, described on page 46. As last year, we also worked to the ISO 26 000 standard; the connection to this standard can be seen in the table below.

1. STRATEGY AND ANALYSIS	GRI (G3.1) Page No.	CRE (3.1) Page No.	▲ Fully • Partly	ISO 26000
1.1 Statement from CEO.	4	-	•	6.2
1.2 Description of key impacts, risks and opportunities.	4, 19	-		6.2
2. THE ORGANISATION	GRI (G3.1) Page No.	CRE (3.1) Page No.	♠ Fully ♠ Partly	ISO 26000
2.1 Name of the organization.	8	-		-
2.2 Brand.	8	-	•	
2.3 Organizational structure.	9	-	•	6.2
2.4 Location of headquarters.	8	-	•	-
2.5 Countries where the organization operates.	8	-	•	-
2.6 Nature of ownership and legal form.	9	-	•	-
2.7 Markets served.	8	-	•	-
2.8 Scale of the Company.	8	-	•	-
2.9 Significant changes during the reporting period.	9	-	•	-
2.10 Awards and recognition.	6	-	•	_

3. INFORMATION ON THE REPORT	GRI (G3.1) Page No.	CRE (3.1) Page No.	▲ Fully 1 Partly	ISO 26000
Report profile				
3.1 Reporting period.	12	-	•	-
3.2 Date of publication of the most recent report.	12	-	•	-
3.3 Reporting cycle.	12	_	•	-
3.4 Contact persons for the report.	53	_	•	-
Report scope and boundary 3.5 Process for defining report content.	11	-		-
3.6 Boundary of the report.	10	-	•	-
3.7 Specific limitations on the scope and boundary of the report.	10	-	<u> </u>	-
3.8 Basis for reporting on subsidiaries.	10	-	•	-
3.9 Data measurement techniques and the bases of calculations.	11	_	•	-
3.10 Explanation of the effects of any re-statements of information provided in earlier reports.	No major adjust- ments with regard to earlier years.	-	•	-
3.11 Significant changes from previous reporting periods in the scope, boundary or measurement methods applied.	Two major changes were made in 2012, one regarding waste and the other regarding electricity consumption in Denmark. See page 29.	-	•	-
Assurance 3.12 GRI Index.	42	-	•	-
3.13 Audit and assurance.	47	-	•	7.5.3
4. GOVERNANCE, COMMITMENTS AND ENGAGEMENT	GRI (G3.1) Page No.	CRE (3.1) Page No.	♠ Fully • Partly	ISO 26000
Governance 4.1 Governance structure of the organization.	15	-	•	6.2
4.2 Role of the Chair.	15	-	•	6.2
4.3 Independent or non-executive Board members.	15	_		6.2
4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the management and Board.	15	-	•	6.2
4.5 Compensation to senior executives.	15	_		6.2
4.6 Processes in place for the Board to ensure conflicts of interest are avoided.	15	_		6.2
4.7 CSR competence and qualifications of the Board and Management Group.	15		•	6.2
4.8 Values and policies.	22, 24, 36, 40	_		6.2
4.9 Procedures of the Board for overseeing sustainability performance and connections to international organizations.	15	_	•	-
4.10 Evaluation of the Board's own CSR performance.	15	_	•	6.2
4.11 Explanation of whether and how the precautionary approach is applied by the organization.	24	-	•	-
4.12 External declarations/principles that the organization endorses.	46	_		6.2
External initiatives 4.13 Memberships of organizations.	8	_	•	6.2

#### **Index GRI**

4.14 Stakeholder groups.	16	_		6.2
4.15 Basis for selection of stakeholders.	16	-		6.2
4.16 Stakeholder engagement.	16	-		6.2
4.17 Key topics and concerns that have been raised through stakeholder engagement.	16	-	•	6.2
5.ECONOMIC INDICATORS	GRI (G3.1) Page No.	CRE (3.1) Page No.	Fully Partly	ISO 26000
nformation on sustainability management for category EC	22	_		-
Financial performance EC1. Direct economic value generated and distributed.	23	-	•	6.8, 6.8.3 6.8.7, 6.8.9
EC 6. Policy, practices and the proportion of spending to local suppliers at significant locations of operation.	38	-	1	6.6.6, 6.8 6.8.5, 6.8.7
5. ENVIRONMENTAL INDICATORS	GRI (G3.1) Page No	CRE (3.1) Page No	Fully Partly	ISO 26000
nformation on sustainability management for category EN	24	-		-
Energy EN 3. Direct energy consumption by primary energy source.	24	-	•	6.5, 6.5.4
EN 4. Indirect energy consumption by primary source.	25	-	•	6.5, 6.5.4
EN 5. Energy saved due to conservation and efficiency improvements.	27	_	1	6.5, 6.5.4
EN 6. Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	31	-	•	6.5, 6.5.4
<b>Water</b> EN 8. Total water withdrawal by source.	33	-	•	6.5, 6.5.4
Emissions, effluents and waste EN 16. Total direct and indirect emissions of greenhouse gases by weight.	28-29	-	•	6.5, 6.5.5
EN 17. Other relevant indirect greenhouse gas emissions by weight.	28		•	6.5, 6.5.5
EN 18. Initiatives to reduce greenhouse gas emissions, and reductions achieved.	26-28	-	•	6.5, 6.5.5
EN 22. Total weight of waste by type and disposal method.	29	_	•	6.5, 6.5.3
EN 26. Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	31	-	1	6.5, 6.5.4 6.6.6, 6.7.5
EN 29. Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, including transporting/business travel of members of the workforce.	28	-		6.5, 6.5.4 6.6.6
CRE 1. Building energy intensity.	-	27	•	-
CRE 2. Building water intensity.	-	33		_
CRE 8. Sustainability certifications.	_	31	1	_

7. SOCIAL INDICATORS	GRI (G3.1) Page No.	CRE (3.1) Page No.	<ul><li>Fully</li><li>Partly</li></ul>	ISO 26000
Information on sustainability management for category LA	36	-		-
<b>Employment</b> LA1. Total workforce by gender, employment type, employment contract and region.	37	-		6.4, 6.4.3
LA 2. Total number and rate of new employee hires and employee turnover by age group, gender, and region.	37	-		6.4, 6.4.3
LA 3. Benefits provided to full-time employees that are not provided to temporary or part-time employees. Information is to be provided for every major operation, with a breakdown per individual geographical location where operations are conducted.	36		•	6.4, 6.4.3, 6.4.4
Occupational health and safety  LA6. Percentage of total workforce represented in formal joint  management–worker health and safety committees that help  monitor and advise on occupational health and safety programmes.	38			6.4, 6.4.6
LA 7. Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	38			6.4, 6.4.6
LA 10. Average hours of training per year per employee by gender, and by employee category.	38			6.4, 6.4.7
Information on sustainability management for category HR	36			-
Investment and procurement practices HR2. Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	39			6.3, 6.3.3, 6.3.5 6.4.3, 6.6.6
<b>Non discrimination</b> HR4. Number of incidents of discrimination and corrective actions taken.	38		•	6.3, 6.3.6, 6.3.7, 6.3.10 6.4.3
<b>Child labour</b> HR6. Operations and significant suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labor.	38		1	6.3, 6.3.3, 6.3.4 6.3.5, 6.3.7, 6.3.10
Information on sustainability management for category SO	36			-
Corruption SO2. Percentage and total number of business units analyzed for risks related to corruption.	39		•	6.6, 6.6.3
SO 3. Percentage of employees trained in organization's anti-corruption policies and procedures.	39			6.6, 6.6.3
Information on sustainability management for category PR	40			-
Product and service labelling PRS. Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	40		•	6.7, 6.7.4, 6.7.5 6.7.6, 6.7.8, 6.7.9
Marketing communications PR6. Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion and sponsorship.	40		1	6.7, 6.7.3 6.7.6, 6.7.9
PR 7. Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship. This information is to be specified according to the effects of non-compliance.	40		•	6.7, 6.7.3, 6.7.6, 6.7.9

## Global Compact-Report

In July 2010, Wihlborgs signed up to the UN Global Compact. The Global Compact initiative was launched in association with the World Economic Forum (Davos 1999). Then UN Secretary General Kofi Annan challenged the business world to sign up to the initiative. The thinking behind the Global Compact is to make companies aware of and take active responsibility for ten internationally recognized principles in four areas; human rights, employment law, the environment and anti-corruption. Companies that sign up to the Global Compact, undertake the following:

- The CEO of the company is to send a letter to the UN Secretary General confirming that they support the Global Compact and its principles.
- The company is then to incorporate the Global Compact's principles into its corporate strategy and take steps to make the principles part of its corporate culture on an everyday basis.
- The company undertakes to publicly stand up for the Global Compact and its principles.
- The company explains in its annual report how it is supporting and promoting the Global Compact and the initiative's ten principles.

#### The Global Compact and GRI cross table

The table, right, shows the ten principles in the Global Compact. This sustainability report also includes a report based on the ten principles. This is presented via the GRI index with reference to the Global Compact. We have previously published two independent Communication on Progress reports (in 2010 and 2011); this report includes our fourth.

Principles in the Global Compact	GRI indicators	
Human rights		
<ol> <li>Companies are requested to support and respect the safeguarding of international human rights within the sphere that they can influence.</li> </ol>	HR2, HR4, HR6, LA6, PR5, PR6, PR7	
2. To seek assurance that their own company is not involved in infringements of human rights.	HR 2, HR 4, HR 6	
Labour law		
Companies are requested to maintain freedom of association and to acknowledge a real right to collective bargaining.	HR 2	
4. Abolition of all forms of forced labour.	HR 2	
5. Actual abolition of child labour.	HR 6	
6. The elimination of discrimination against employment and the practice of a profession.	LA2, HR2, HR4	
Environment		
7. Companies are requested to endorse the precautionary approach when it comes to environmental risks.	EN18, EN26	
8. To take initiatives to promote greater environment-related responsibility.	EN3, EN4, EN5, EN6, EN8, EN16, EN17, EN18, EN22, EN26, EN29	
9. To encourage the development and spread of environment-friendly technology.	EN2, EN 5-7, EN 10, EN EN 26	
To act to prevent corruption.		
10. Companies ought to combat all forms of corruption, including blackmail and bribery.	SO2, SO3	

## Auditor's Assurance Statement

#### Auditor's Review Report on the Wihlborgs Fastigheter ABs **Sustainability Report**

To the readers of the Wihlborgs Fastigheter AB's Sustainability Report.

#### Introduction

We have been engaged by the Executive Management of Wihlborgs Fastigheter AB to review Wihlborgs Fastigheter AB's Sustainability Report for the year 2012. Our review is limited to the information related to 2012. Our review covers the Sustainability Report 2012, pages 4-45 and "Nyckeltal och beräkningar" disclosed on Wihlborgs Fastigheter AB's website (www.wihlborgs.se). The Board of Directors and the Executive Management are responsible for ongoing activities regarding the environment, health & safety, quality, social responsibility and sustainable development, and for the preparation and presentation of the Sustainability Report in accordance with the applicable criteria. Our responsibility is to express a conclusion on the Sustainability Report based on our review.

#### The Scope of the Review

We have performed our review in accordance with RevR 6 Assurance of Sustainability Reports issued by FAR. A review consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with IAASB's Standards on Auditing and Quality Control and other generally accepted auditing standards in Sweden. The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

The criteria on which our review are based are the parts of the Sustainability Reporting Guidelines G<sub>3.1</sub>, published by The Global Reporting Initiative (GRI), which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed and disclosed. These criteria are presented in "Nyckeltal och beräkningar" disclosed on Wihlborgs Fastigheter AB's website (www.wihlborgs.se). We consider these criteria suitable for the preparation of the Sustainability Report.

Our review has, based on an assessment of materiality and risk, e.g. included the following procedures:

- An update of our knowledge and understanding of Wihlborgs Fastigheter AB's organization and activities.
- An assessment of suitability and application of the criteria regarding the stakeholders' need for information.
- An assessment of the outcome of the Company's stakeholder dialogue.
- interviews with the responsible management, at group level, and at selected business units in order to assess if the qualitative and quantitative information stated in the Sustainability Report is complete, accurate and sufficient.
- ♠ Shared internal and external documents in order to assess if the information stated in the Sustainability Report is complete, accurate and sufficient.
- **An evaluation of the design of the systems and processes** used to obtain, manage and validate sustainability information.
- Analytical procedures of the information stated in the Sustainability Report.
- An assessment of the Company's declared application level according to GRI guidelines.
- An assessment of the overall impression of the Sustainability Report, and its format, taking into consideration the consistency of the stated information with applicable criteria.

#### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the information in the sustainability report has not, in all material respects, been prepared in accordance with the above stated criteria.

Malmö, April 10, 2013

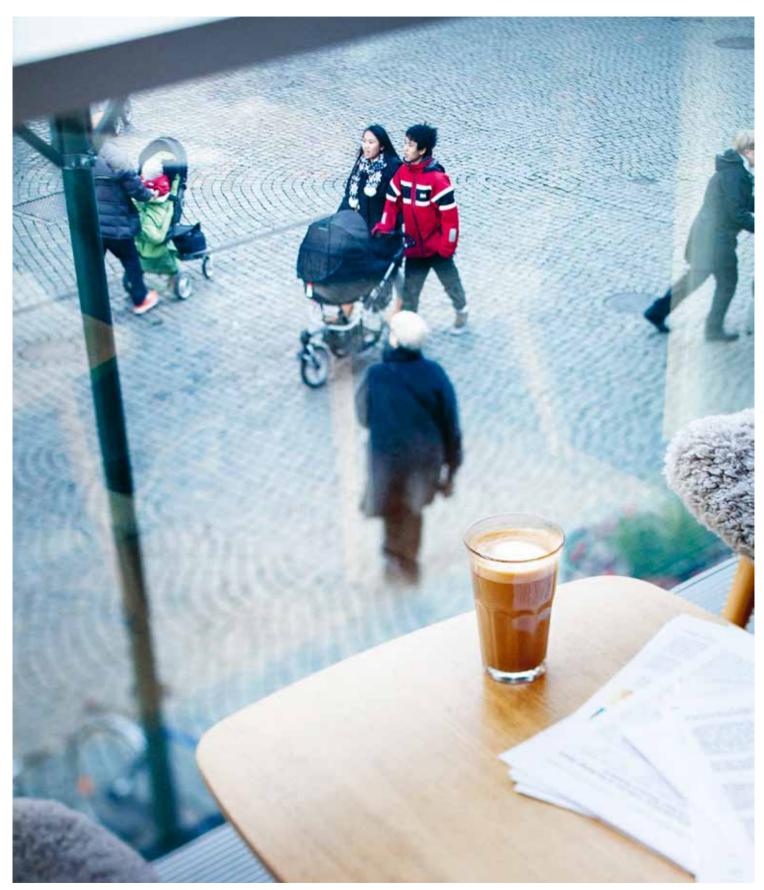
Deloitte AB

Johan Rasmusson

Authorized Public Accountant

Andreas Drugge

**Expert Member of FAR** 



St Jörgen 21, Baltzar City, is a high-quality property in central Malmö that accommodates both shops and offices.



## Glossary

BAS-P/BAS-U The developer is required to appoint an appropriately qualified construction work environment coordinator for planning and project design of the work (BAS-P) and for the performance of the work (BAS-U). BAS-P and BAS-U have considerable responsibilities in terms of the work environment in general on construction sites. These responsibilities are set out in Section 3, subs. 7 of the Swedish Work Environment Act 3 and AFS 1999:3, with amendments up to and including 2008:16.

Bra miljöval el The Swedish Society for Nature Conservation label for electricity is based on solar, wind, hydro and biofuel energy, but not nuclear, coal or natural gas.

#### **BREEAM (the Building Research Establishment Environmental**

Assessment Method) BREEAM was developed and is managed by UK's Building Research Establishment. This environmental certification assesses environmental aspects of management, energy, transport, water, materials, waste and pollution etc. BREEAM is divided into criteria for which points are awarded which, in turn, lead to certification. The Sweden Green Building Council is actively working on adapting BREEAM to Swedish conditions and a BREEAM committee will be appointed in early 2012.

Carbon dioxide Carbon dioxide, CO<sub>3</sub>, sometimes wrongly called carbonic acid in general parlance, is a gas at room temperature with a faint odour and

CSR (Corporate Social Responsibility) A form of corporate self-regulation that aims to embrace responsibility for a company's actions and how it impacts on society from a financial, environmental and social perspective. The concept is increasingly used both to explain what a company means and to emphasize that financial responsibility (which is part of sustainability but not CSR) is necessary if a company's social responsibility is to be long term and integrated into its business model.

Derivatives Derivatives are a collective term for a type of financial instrument. The most common derivatives are options, forward contracts, futures, warrants and swaps. Financial derivatives are characterized by being linked to events or conditions at a specific point in time in the future, or to a certain period of time in the future. The value of a derivative instrument is linked to the value of an underlying asset, such as equities, share indices, currencies, interest rates or commodities.

**EDI** Electronic Data Interchange of information in structured messages between different companies or organizations, for automatic processing in IT systems.

Emissions into the air The airborne pollutants that are most harmful are particles that can be inhaled, ozone and certain organic hydrocarbons. Local emissions are mostly produced by road traffic and the burning of wood for home heating. Machinery such as lawnmowers, chainsaws and excavators also make a big contribution to emissions. To combat these emissions, environment quality target no 2 "Fresh Air" has been formulated.

**Energy efficiency** Energy efficiency and energy saving are achieved by trying to make existing energy conversion more efficient either by reducing energy consumption or by getting more out of existing energy usage. This will enable society to obtain more energy without increasing energy production. In so doing, natural resources, capital and the environment can be used more

Energy usage Energy is used for a variety of purposes. When we drive a car we use energy in the form of petrol, diesel or ethanol, for example. Heating for our homes and workplaces is delivered either from a district heating network or through the use of an electric water heater or a gas-, oil- or biomass-fired boiler.

**Energy sources** A common collective term for fuels, energy raw materials, energy bearers and methods of extracting energy.

**Energy statistics program** Practically every property owner assembles energy data via different kinds of property management software. Examples of property software applications available today include Summarum, Momentum PM and Hogia's property management program. More energy-focused applications include Webbess, Ess200, E4, Energireda and Momentum RC.

**Energy supplier** A company that sells energy to energy consumers.

Environmental aspects & Environmental impact Environmental aspects refers to the aspects of a business, products and services that can impact on the environment. Environmental aspects include emissions and effluents. storage of chemicals, noise and consumption. Environmental aspects do not end at the factory gates but also impact on the environment in a broader perspective. To further explain the nature of an environmental aspect, we can say that it is the origin of an environmental impact. Environmental impact can be either positive and negative.

**Environmental certification** The process of certification consists of an external inspection and an objective assessment of how environmentally sustainable a building is. When a property is approved, the property owner receives a certificate. Depending on the certification system, certificates are issued at different levels.

#### Glossary

Ethical funds Ethical funds are those where the choice of investments is in some ways influenced by certain social, environmental or other ethical criteria. Some ethical funds avoid investments in sectors such as alcohol, gambling, pornography, tobacco and arms. Others avoid investments in companies that disregard international standards. Some investment companies also try to actively select companies that are among the environment leaders in their sector, while others also try to influence companies in which they have a stake via shareholder engagement.

GHG Protocol The GHG ("Greenhouse Gas") protocol is the reporting system most often used by governments and leading businesses to measure carbon dioxide and other emissions. The GHG protocol was developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD) in consultation with industry representatives and governments.

**Green Building** Green Building is more a programme that specifically governs energy usage than an environmental classification system. A building may be certified as a newbuild, or via redevelopment of an existing property. In the case of newbuild in southern Sweden, the building's energy consumption must not exceed 75 kWh/m². In the case of a redevelopment, energy consumption must be cut by at least 30 percent from the existing usage.

Green cars The concept green car usually refers to cars that meet higher requirements in terms of emissions of environmentally hazardous substances, compared with standard cars. However, there is not yet any uniform definition of the concept green car, and different criteria are applied by different municipalities and authorities. The then Swedish Road Administration produced a proposal for a green car definition that was expected to provide guidance. A car classed as a green car receives favourable treatment in the form of lower taxation, exemption from congestion charges and parking concessions in certain cities. Green cars include hybrid cars, electric cars, LPG cars and ethanol cars if they meet the rules in place on emissions, but also conventional petrol and diesel cars (with particulate emissions under 5 mg per km) that emit no more than 120 g carbon dioxide per km.

**Green leases** In 2011, the Swedish Property Federation produced a standard form for green leases.

**Green transport** Included in Environmental Quality Objective no. 15. Green transport and transport facilities are located and structured to limit harmful effects on urban or cultural environments and such that they do not represent health and safety risks or otherwise are disruptive to the environment; green public transport systems are accessible and of good quality and conditions for pedestrians and cyclists are good.

**GRI** The organization behind GRI (the Global Reporting Initiative) has set out a set of voluntary, general guidelines on how companies and other organizations should report what they are doing within sustainable development. These guidelines, which are now available in versions G<sub>3</sub> and G<sub>3.1</sub>, cover preferences for reporting sustainability data within finance, environment and social responsibility. Such reporting is to present a balanced and credible

picture of the organization's activities in the area of sustainability, including both positive and negative aspects.

**Hazardous waste** Waste that has certain hazardous properties or is classified as such by the Waste Directive. Hazardous waste requires special treatment.

**ISO 26 000** ISO 26 000 is an international standard defining social responsibility. It is based on seven fundamental principles that jointly define the concept of social responsibility. In simple terms, ISO 26 000 may be said to set out what companies and organizations can do to contribute to a sustainable future.

**kWh** The unit kilowatt hour, kWh (thousand Watt hours), is often used when measuring the consumption of electrical energy.

Landfill A rubbish dump, also known in recent years as a landfill site, is a place where waste is dumped (landfilled). Landfill waste consists of the waste left over once food waste, combustible waste and recyclable waste have been sorted out. After sorting, this residual waste cannot be combusted, composted or recycled. Environmentally, it is considered important that as little waste as possible should go to landfill.

**LEED (Leadership in Energy and Environmental Design)** LEED was developed by the US Green Building Council. LEED certification assesses environmental aspects of, for example, site/land usage, water, materials, energy and indoor environment. Here, too, versions have been modified for different types of building and the environmental aspects are divided into criteria for which points are awarded towards a combined rating for the entire building.

Miljöbyggnad Miljöbyggnad (Environmental Building) is a Swedish system for certifying buildings in terms of energy, indoor climate and materials. In the system, the building is subject to a 15-point check, including energy purchased, noise class, radon content, damp, natural light, integral materials, chemicals and building products. Buildings can be classed as bronze, silver or gold depending on how they score on the 15-point check. Miljöbyggnad covers both newbuilds and existing buildings.

Miljömål (Environmental Objectives) The Swedish system of environmental objectives includes a generation target and sixteen environmental quality objectives. Organizations and businesses generally formulate their own environment goals that in one way or another can be linked to national environment quality objectives.

mWh MegaWatt hour. 1 mWh = 1 000 kWh.

Non-toxic environment Environment Quality Objective No. 4. The presence of substances in the environment that have been created or extracted by society should not threaten human health or biodiversity. The occurrence of man-made or extracted substances in the environment are near-zero and represent no more than a negligible threat to human health and the ecosystems. The levels of naturally occurring substances are close to background levels.

Ozone-depleting substances Substances that deplete the ozone layer contain either chlorine (CI) or bromine (Br). These substances vaporize readily

and are highly stable. As a result, they can reach the stratosphere where the ozone layer is. Substances that are classified as ozone-depleting are found in cooling media, fire protection systems etc.

PCBs PCBs – polychlorinated biphenyls – are a group of industrial chemicals hazardous to the environment and health that were developed in the 1920s. They are classified as "long-lived organic pollutants". Chemically, PCB pollutants comprise two aromatic rings that can have 1-10 chlorine atoms attached to them. Their toxicity depends on the position of the chlorine in the molecule, not the number of chlorine atoms. PCB pollutants are liposoluble which means they are concentrated in body fat.

Purchase/spend analysis A way of structuring a company's purchasing chart. The analysis may then be used as an aid in drawing up purchase strategies. The objective is to gain an understanding of the historical pattern of purchasing and to identify, for example, what the company's major purchasing categories are, the degree of contract compliance, which parts of the organization buy from the various suppliers etc. This data may then be used as a launchpad for future activities and for forecasts for future volumes, budgets, purchasing projects etc.

**Recycling** The reuse of materials from waste. In general, recycling is a preferred method for dealing with waste. Narrowly speaking, recycling means recovering materials for reuse. As a result, virgin materials are replaced by used materials collected. In addition, the term "energy recycling" is sometimes used; this may include certain kinds of combustion. In Sweden, practically all waste is recycled or combusted and only a very small proportion is sent to landfill.

Renewable Renewable energy sources are energy sources that are constantly renewed and therefore will not be exhausted within the foreseeable future.

Risk analysis A means of systematically using available information to describe and calculate risks associated with a certain given system. A risk analysis is a way of assessing the probability of different undesired events occurring and the consequences of such. Decisions can be based on this and measures taken to minimize these risks, which may can be either long- or short-term. A risk analysis can be performed using various methods, which may be qualitative, semi-quantitative or quantitative.

SGBC The Sweden Green Building Council is a not-for-profit organization that is owned by its members and is open to all businesses and organizations in the Swedish construction and property sector. The Council promotes green building and the development of environment and sustainability work in the sector. \\

Stakeholder dialogue When structuring their work on sustainability, many companies start by consulting their stakeholders. Conducting active dialogue with stakeholders can be crucial to the success of work in CSR. According to GRI, stakeholder dialogue forms part of sustainability reporting.

Strategy is about seeing the whole picture – about understanding the way in which a company or brand can be competitive in the long term and where the most profitable business deals will be found. Strategy serves as a compass

directing the whole business - the framework for all activities - as a tool for making the right tactical decisions along the way.

Sustainable development Sustainable development is a concept that was pioneered by Lester Brown in 1981 and that gained international fame in association with the UN report Our Common Future (1987), also known as the Brundtland Report. The UN report defines sustainable development as development that meets the needs of the present without compromising the ability of future generations to meet their needs.

The precautionary principle In technical areas, the precautionary principle means if there is any uncertainty as to whether or not a substance is hazardous, it should be treated as hazardous. The Swedish Environmental Code (Section 2, subs. 3) defines the precautionary principle as follows: "Everyone who operates or intends to operate a business or undertake an action, shall perform all safety precautions, observe any restrictions and otherwise adopt cautionary measures that are required to prevent, avoid or counteract any harm or inconvenience that the business or action may cause to human health or the environment. For the same reasons, the best possible technology shall be applied in commercial operations. These precautionary measures shall be adopted as soon as there are grounds to believe that a business or measure may cause harm or inconvenience to the health of people or the environment."

The UN Global Compact The Global Compact initiative was launched at the World Economic Forum (Davos 1999), when Kofi Annan challenged the business world to sign up to the initiative. The thinking behind the Global Compact is to make companies aware of and take active responsibility for ten internationally recognized principles in four areas: human rights, employment law, the environment and anti-corruption.

Third party The body producing the report declares itself which level has been used, having made its own assessment based on the criteria in the Application Levels of the GRI. In addition to declaring the level of selfassessment itself, the reporting organization can choose one or both of the following voluntary actions; 1) obtain a statement from a third party on the assessment made, 2) commission GRI to check the self assessment.

Transparency This concept is used in enterprise as a measure of how open a company is towards various external stakeholders, and also as a measure of whether it is possible to obtain a picture of the organization and understand its internal workings. One example of work being done to improve transparency in businesses lies in the development of financial accounting principles, such as IFRS (International Financial Reporting Standards) that define what information should be included in financial reporting in order to increase transparency and comparability.

Waste By waste, we mean all objects or substances that the holder wishes to dispose of, or is required to dispose of. Waste is defined in accordance with an EU-wide directive (EU Directive 2006/12/EU on waste), and is therefore to be interpreted in accordance with the case law of the European Court of Justice. The basic regulations on waste can be found in the Swedish Environmental Code (1998:808), Section 15 and the Waste Directive (2011:927).



Wihlborgs' CSR group: Mats Wessman, Procurement Director, Iréne Johansson, Director of Corporate Communication, Arvid Liepe, Chief Financial Officer, Britta Nordin, HR Director, Hanna Claesson, Environmental Affairs Director.

## Contact persons

Thank you for reading our sustainability report. We appreciate any feedback that we may receive. If you have any thoughts or reflections on our work on sustainability, please contact Wihlborgs' CSR group.

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## Sustainability Highlights 2012

- In April, Wihlborgs' CEO was elected to the Board of Directors of SGBC (the Sweden Green Building Council). The Sweden Green Building Council is a not-for-profit organization owned by its members that is open to all businesses and organizations in the Swedish construction and property sector. The Council promotes green building and the development of environment and sustainability work in the sector. All members have a deputy, and Wihlborgs' environmental affairs director was elected as a deputy board member.
- In July, Wihlborgs began work in a quality committee on a project entitled "CSR-driven enterprise". The project is to encourage small businesses to enhance their brand by adopting a CSR perspective. Partners in the project include Region Skåne, the Swedish Federation of Business Owners and Malmö University. Our involvement in the quality group consists of continually assessing quality and security in the processes and support tools produced.
- In August, one of the highlights of our annual kick-off meeting was a presentation by Alice Bah Kunke. As an external contributor, Alice Bah Kunke gave a humorous hour-long talk on sustainability where the message, briefly and concisely expressed, was that it is possible to be profitable and still play a beneficial role in the community.
- Also in August, a new department at Wihlborgs, Customer Relations, was established and a new head of department appointed. From the viewpoint of sustainability, the department's contribution will be an extra high standard of customer care and a strategic approach to future sponsorship relationships.
- Wihlborgs' new procurement director was appointed on 1 September. He joined Wihlborgs from a major building contractor where his work had consisted of both financial and environmental aspects of large-scale procurement projects. This additional resource will enable us to improve our performance vis-à-vis our suppliers/contractors and their approach to environmental, quality, working environment and ethical issues.

- In early August, the Education Department moved into a Wihlborgs property that is located on one of Malmö's pedestrian streets. Following redevelopment, the Department took a whole floor in the building. Right from the start of the redevelopment, the Department expressed a clear wish to make the redevelopment as environmentally friendly as possible. The led to collaboration between property owner, building contractor, tenant and the Svanen environmental certification organization. The end result demonstrates environmental adaptation all the way from material selection to colour schemes and office interior.
- In October, NMC (the Swedish Association of Environmental Managers) hosted an afternoon meeting on the theme "Practical aids to successful work in CSR". The meeting was based on a dialogue between Wihlborgs and a CSR expert at the TEM Foundation.
- In November, all property managers, property management executives and project managers attended a basic course in the "Miljöbyggnad" scheme. The course provides an introduction to and understanding of this Swedish environmental classification system for properties, new and redeveloped. This is also in line with Wihlborgs' goals for environmental classification of buildings.
- In November, all employees also signed up to Wihlborgs' ethical guidelines. The guidelines had long been in place at the Company, but we wanted to ensure that all employees had familiarized themselves with the contents. Training and follow-up are continuing in 2013.
- In December, Wihlborgs and the TEM Foundation were invited to send speakers to an informal environmental session with coffee, organized by the Municipality of Kristianstad. On this occasion, too, we shared the experiences of our journey from signing the Global Compact to the processes we went through leading up to last year's sustainability report.











Wihlborgs has been included in the OMX Sustainability Index since December 2012.

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### Where job satisfaction is key

With the commitment of our employees and the quality of our properties, we will create conditions for strong growth for business in the Öresund region.



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