

Sustainability report

Fabege's sustainability highlights 2014



- The Fabege share approved for inclusion in Robur's ethical funds and Nordea's Star funds.

- Highest level in GRESB (Global Real Estate Sustainability Benchmark) survey: Green Star.



- Green Leases accounted for 86 per cent of total space under newly signed leases.

- Decision to proceed with BREEAM In-use environmental certification of the existing property management portfolio.



- Environmental certification of all new builds and major redevelopments, which amounted to five properties in 2014.





CEO message

Active sustainability work is critical to our business and adds value for shareholders

Sustainability issues are becoming increasingly integrated into Fabège's daily operations. One distinct trend is that they have progressed from the environmental department into the entire company. Energy-saving measures have become an integrated part of everyday property management. In the projects department, it has become self-evident to environmentally certify new properties and our property developers work to create city districts that are sustainable and vibrant in the long term, and that make people content. Being at the forefront of sustainability is of critical importance to businesses today, by enabling them to continue to attract customers, employees and investors in the long term. Within a short time, issues such as the environmental certification of offices have moved from being a competitive factor that attracted tenants who were far ahead in their sustainability efforts, to becoming a hygiene factor that most major tenants should be able to take for granted when they switch premises. As a property owner and employer, requirements are being imposed on us by the increasingly distinct and healthy trend we are seeing of companies assuming ever greater responsibility for all the aspects of their operations. Consequently, we will continue to apply ourselves to achieving our highly ambitious sustainability targets, which are presented in detail on page 47. From having environmentally certified all our new builds and major redevelopments, we are now moving on to certifying our existing property portfolio in accordance with BREEAM In-Use.

For more than ten years, reducing energy consumption by systematically enhancing efficiency has been one of Fabège's foremost environmental goals and, up to and including 2009, energy usage was reduced by some 5 per cent per year. Due to increased demands for comfort and cooling, we did not reach our targeted additional 20 per cent reduction by 2014. Nevertheless, I can proudly state that Fabège's energy use is currently about 50 per cent below Statistics Sweden's average for the region and that through our systematic efforts, we have already achieved the EU's energy-efficiency target for heating: a decrease of 50 per cent by 2050.

One challenge is to ensure that the earlier links in the supply chain also act responsibly, so that all components of our properties are produced in a socially and environmentally sustainable manner. Although we have taken some major strides by performing sustainability inspections of our major suppliers, there is a long way to go.

This year, we received the satisfying confirmation that our sustainability efforts maintain a high class, when Fabège participated for the first time in Global Real Estate Sustainability Benchmark (GRESB) and received the Green Star rating, which is the highest level. We have also been analysed and approved for responsible investment by the mutual funds of both Robur and Nordea.

These excellent results and the great sense of pride that I am witnessing at Fabège serve as inspiration for our continued efforts ahead.

CHRISTIAN HERMELIN
Chief Executive Officer



A sustainable business at all levels

Being a responsible enterprise is a must for Fabege. The company pursues the development of attractive and sustainable areas and city districts.

Responsibility is taken for reducing carbon footprint and promoting a good working environment for the approximately 75,000 people who are present each day in the company's buildings.

Fabège also plays an active role in the development of the areas in which its property portfolio is located. City districts need to be vibrant and be the right fit for the people who spend time in them. This is achieved by integrating living, work, leisure activities, neighbourhood services and efficient transport links into the same area. Sustainability work gains its greatest impact when the totality is developed, rather than the individual parts.

All parts of the operation represented in the control model

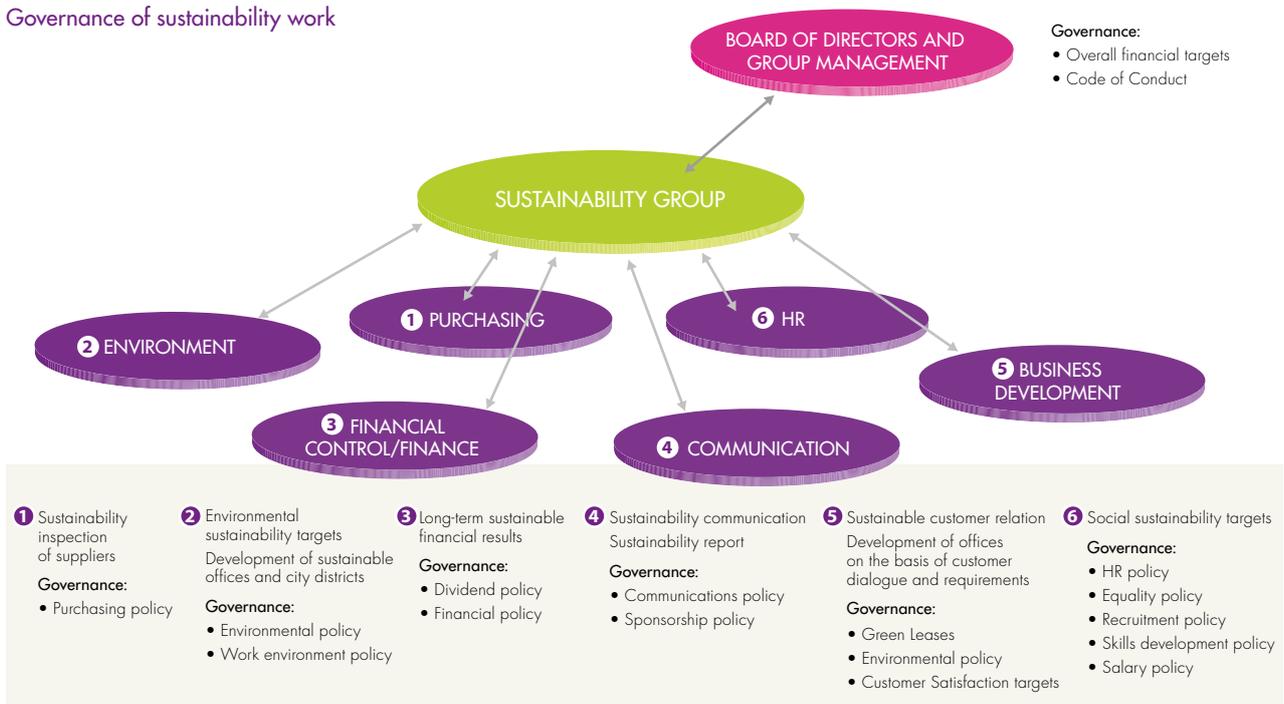
Fabège's sustainability work is conducted in all parts of the organisation. To underscore the importance of this work, the company has a sustainability group, in which representatives of all areas of operation

are gathered in a joint forum for sustainability issues. The sustainability group includes the CFO (representing the Executive Management Team and a spokesperson to the Board), the Environmental Manager (representing property management and projects), the Purchasing Manager, the HR Manager, the Director of Communications, operational developers and the Financial Manager.

The CEO has ultimate responsibility for matters involving sustainability and the environment. The Environmental Manager, who reports to the Executive Management Team, is responsible for environmental certifications and environmental and product safety matters.

Fabège's Ethics Council, which reports to the Executive Management Team, serves as support in day-to-day work. The role of the sustainability group is to direct the work, monitor relevant external issues and pursue specific ethical matters. The Council includes representatives from business development, letting, property management, technical management, projects, HR and finance.

Governance of sustainability work



Areas of responsibility and the policies that govern the business are presented in the illustration. HR, environment, economy/finance, purchasing and operational developers are responsible for implementing the objectives involving their respective business processes. Sustainability targets are monitored on a quarterly basis and through follow-up meetings held continuously. In addition to the targets and policies, more in-depth guidelines and process descriptions are in place that govern the operational targets of Fabège's various departments.

Policies and guidelines that support operations

Fabege's core values and the Code of Conduct form the basis for the actions of all employees. The Code of Conduct highlights Fabege's position on matters concerning human rights, terms of employment, the environment, business ethics and communication.

The Board of Directors and the Executive Management Team have specific responsibility for promoting implementation of the Code of Conduct. The content is revised and monitored annually by the Executive Management Team. The Code of Conduct was updated during 2014.

All managers with personnel responsibility are responsible for ensuring that the Code of Conduct is known and complied with, in their specific department/sphere of responsibility. The full text of the Code of Conduct is available at www.fabege.se/codeofconduct.

A foundation for the Code of Conduct is that Fabege must comply with applicable laws and other regulations and adhere to generally acceptable business customs and practices, while complying with international human rights, labour and environmental standards in accordance with the Global Compact's ten principles and the ILO's fundamental conventions on human rights at the workplace. Fabege has supported the UN's Global Compact since 2011. The company complies with the Worker Codetermination Act and with collective bargaining agreements in which, for example, the minimum period of notice is regulated.

At Fabege, no-one is to be discriminated against on the grounds of ethnic origin, religion, physical or mental disability, age, gender or sexual orientation. During 2014, no cases of discrimination were reported.

Fabege has a whistleblower function to facilitate the reporting of unethical behaviour or improprieties at the workplace. The whistleblower function consists of two in-house employees and one external member. Both internal and external whistleblowers are welcome. During the year, the whistleblower function was utilised once and actions were taken.

Since 2011, work has been under way to raise the organisation's knowledge in respect of business ethics and anti-corruption. Examples of such activities include inviting all employees to lectures and group seminars on anti-corruption and bribery legislation, and ethical discussions held at the company's internal conferences. Employees are continuously provided with information on the matters that have been discussed in the sustainability group and the Ethics Council.

Business ethics as a shared ground

Fabege regards business ethics as an important issue and endeavours to involve the company's suppliers in the questions that arise in this area. Fabege's purchasing policy clarifies the company's positions in this area for suppliers, employees and other stakeholders. The company has never been subject to legal action arising from anti-competitive behaviour.

The Code of Conduct was updated during the year. At an internal conference for all personnel in September, business ethics and moral issues were discussed, including those in relation to suppliers. Fabege has also decided to decline gifts from suppliers to avoid moral dilemmas and discussions about the value of the gifts and potential influence on Fabege's objectivity.



Entrepreneurship should be pursued from a long-term perspective, while caring for customers, employees and the surroundings. To me, sustainability and profitability go hand in hand.

Erik Paulsson, on responsible ownership

Fabege has a strong commitment to sustainability issues

At Nordea Asset Management, we endeavour to fulfil our asset management responsibilities, which ultimately entails the creation of attractive and stable, long-term returns for our customers. To achieve this, we are required to manage the risks and opportunities in the ESG¹⁾ area that concern our portfolios and funds.



Fabege operates in a sector that involves obvious ESG risks. Fabege's creation of a detailed framework document and a Sustainability Council with representatives from various business units is an indicator of its solid commitment to ESG issues. Fabege has adopted a management system that includes social and financial risks throughout the supply chain, which has historically been the area where companies operating within the property sector are most exposed. A systematic method for managing environmental issues in relation to Fabege's products has resulted in an offering of green, environmentally friendly properties, thus allowing for the company to meet demands from a broad spectrum of customers. Fabege is well prepared for future challenges and opportunities in terms of environmental and social aspects, and thus qualifies for the Nordea Star funds, where we deliver sustainable, long-term returns to our customers.

Emir Borovac, ESG Analyst, Nordea Asset Management

1) Environmental Social Governance

On-going dialogues with stakeholders

Fabege's principal stakeholder groups – customers, employees, shareholders and analysts, creditors, suppliers and members of the surrounding society – are identified on the basis of their constituting a prerequisite for the company's long-term success.

Continuous dialogue is maintained with these stakeholders in an effort to identify the issues that the various groups find the most important. The formats of these dialogues vary according to the stakeholder group concerned, as do the issues that are the most important.

The results of the completed stakeholder dialogues are presented in the table.

| | DIALOGUE FORMAT | SUSTAINABILITY ISSUES | EARNINGS |
|------------------------------------|--|---|---|
| CUSTOMERS | <ul style="list-style-type: none"> • Continuous dialogue/customer service • Customer satisfaction surveys • Newsletters • Cooperation on Green Leases | <ul style="list-style-type: none"> • Environmentally certified properties and energy optimisation • Good access for cyclists • Materials selection and waste management • Indoor climate | <ul style="list-style-type: none"> • Additional bicycle parks, rental bike pools and expanded public transport services • Additional gyms, food trucks, restaurants and other services in the neighbourhood • Reduced energy consumption in the property portfolio, with improved indoor climate |
| EMPLOYEES | <ul style="list-style-type: none"> • Employee performance evaluations • Human resources surveys • Café Fabege (meeting forum) • Conferences | <ul style="list-style-type: none"> • Health, community, balance in life • Personal development • Ethics and anti-corruption issues | <ul style="list-style-type: none"> • Updated Code of Conduct • Conference for all employees focusing on business ethics • Joint training during working hours |
| SHAREHOLDERS & ANALYSTS | <ul style="list-style-type: none"> • Annual report • Quarterly reports • Capital market days • Roadshows and one-to-one meetings | <ul style="list-style-type: none"> • Long-term, stable return based on a sustainable business model | <ul style="list-style-type: none"> • Sustainability report according to GRI in Annual Report • Participation in various investor surveys such as "Sustainable Value Creation" and GRESB • Approved for inclusion in Robur's ethical funds and Nordea's Star funds |
| CREDITORS | <ul style="list-style-type: none"> • Presentations, quarterly reports, annual report, web • Meetings, property viewings and seminars • Capital market days | <ul style="list-style-type: none"> • Long-term, stable return based on a sustainable business model | <ul style="list-style-type: none"> • Continuous sustainability discussions with creditors |
| SUPPLIERS | <ul style="list-style-type: none"> • Centralised procurement/framework agreements subjecting suppliers to demands for complying with Fabege's Code of Conduct | <ul style="list-style-type: none"> • Demands for impeccable business ethics and Code of Conduct • Continuous quality measurements of suppliers • Far-reaching demands in respect of materials selection in connection with new builds and redevelopment | <ul style="list-style-type: none"> • Requirement that suppliers comply with Fabege's Code of Conduct • Sustainability inspection of suppliers |
| SOCIETY | <ul style="list-style-type: none"> • Regular meetings with municipal and public authorities • Collaborative meetings together with networks of companies (BELOK, SGBC, Swedish Property Federation, Byggherreforum, Close, etc.) • Cooperation agreements with non-profit organisations | <ul style="list-style-type: none"> • Jointly work for sustainable property and city district development • Create vibrant neighbourhood environments with a mix of offices, residential units, services and nature areas • Stimulate social sustainability, through measures such as targeted youth activities | <ul style="list-style-type: none"> • Decision to contribute SEK 100m to finance expansion of underground rail service to Arenastaden • Environment and energy classification of buildings according to Miljöbyggnad, BREEAM and Greenbuilding • Cooperation concerning sustainable urban development • Sponsorship of Ung affärsidé, Friends, Ståda Sverige and sports associations |

Sustainability targets

- **Environmental certifications**
All new builds and major redevelopments are to be environmentally certified according to BREEAM or Miljöbyggnad. Initiate certification process of existing portfolio according to BREEAM In-Use.
- **Green Leases**
Green Leases should account for 50 per cent of total space under newly signed leases.
- **Customer Satisfaction Index**
Strategic customer efforts are continuing and an in-house, customised customer survey is being implemented. The purpose is to develop the survey, add area-specific issues and direct questions to a larger number of customers in order to obtain the best possible basis for continued customer-care efforts.
- **Sustainability inspections**
Fabege's objective is to inspect suppliers from a sustainability perspective corresponding to at least 75 per cent of the total purchasing volume.
- **Satisfied employees**
The performance rating of the personnel is measured regularly and the aim is that the rating among Fabege's employees will be at least 15 per cent higher than the sector average.
- **Sickness absence remains low**
Fabege aims to maintain a low level of sickness absence, aided by regular medical check-ups and continued health and fitness programmes.
- **Code of Conduct**
All employees are to be informed on a regular basis of Fabege's Code of Conduct and ethical guidelines, as well as of bribery legislation. This is to be done through conferences, workshops, courses or e-learning programmes, depending on the purpose.

Awards and nominations



Global Compact. Fabege supports the UN's Global Compact and the UN's ten principles for human rights, environment and anti-corruption. Fabege is also supporting the Swedish network "Globalt Ansvar" (Global Responsibility) and, as of 2009, also the Nordic network, Global Compact Nordic Network.
www.unglobalcompact.org

Awards in 2014

Hugin & Munin Prize

For: Best communications in the industry
From: Fastighetsvärlden



Top 10 – Best annual report

For: Ranked the eighth best annual report among listed companies
From: Kanton

Environmental funds



Robur

Swedbank Robur. Fabege remains to be approved as an investment in Swedbank Robur's sustainability funds and also qualified as a "Good example in the industry".

Company index

GES Nordic Sustainability Index
 Comprises the 40 leading companies in the Nordic region in the areas of environment, social responsibility and corporate governance. Fabege has been included in these indices since the beginning of 2010.
www.indexes.nasdaqomx.com



Nominations 2014

Repair and Renovation Award

For: The development of the Carnegie brewery
From: Stockholm Association of Building contractors

Sustainability Award

For: Property owners who have innovatively cooperated with tenants in sustainability issues
From: City of Stockholm and SGBC



Nordea Star funds. Fabege qualified for the Nordea Star funds, which deliver sustainable, long-term returns to customers.
www.nordea.se

The Glass Award

For: The best glass-building project – the Vattenfall Building
From: Swedish Federation of Glazing Contractors

Epi Awards

For: The best B2B website
From: Episerver

Assessments



Green Star rating in GRESB. GRESB is a sustainability reporting system based on the entire property portfolio, which gives a picture of how the company's sustainability efforts are integrated into the company's operations, procedures and systems. The aim of the GRESB Foundation is to stimulate participants to achieve the best practice in sustainable behaviour in the property sector.

This year, Fabege participated for the first time in the Global Real Estate Sustainability Benchmark (GRESB) and received the Green Star rating, which is the highest level. The fine results provide inspiration for continuous sustainability work and systematically improving the future.

Collaborations for sustainable development

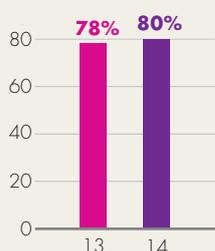
Fabega conducts its development projects in close cooperation with municipalities and other stakeholders. The company also participates in several networks for which the common aim is to reduce the environmental and climate impact caused by properties and city districts.

Examples of these networks:

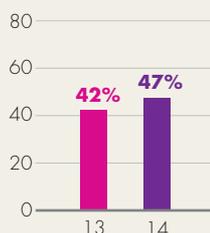
- The Swedish Energy Agency's customer group for properties, BELOK
- The SGBC's BREEAM Committee
- Byggarubedömningen (Building Material Assessment)
- The City of Stockholm's forum for sustainable properties
- The Climate Pact
- The Green Tenant Award jury

Active sustainability work according to customers

During 2014, Fabega participated in an industry-wide Customer Satisfaction Index (SCI). Since sustainability is of vital importance, Fabega chose to add unique questions concerning this parameter in the survey.



To the question "Do you consider that Fabega conducts active work in sustainability issues?", 80 per cent responded yes, compared with 78 per cent in 2013.



To the question "Does Fabega's sustainability work influence your choice of landlord?", 47 per cent responded yes, compared with 42 per cent in 2013.

Fabege's focus areas

Fabege's sustainability work should be pursued with a long-term focus and in a manner that provides benefits for customers, employees and owners, without consuming resources that inhibit the opportunities of future generations to satisfy their dreams and needs. The buildings and places that are created today will be in existence and affect people for generations. This entails that Fabege has a long-term responsibility for resource husbandry, minimised environmental impact and social responsibility that requires continuous thought and care.

Fabege's efforts to create the right conditions in both properties and city districts is based on three perspectives:

The individual

Social sustainability for both the company's own employees and for the people who use Fabege's premises and city districts. Fabege aims to create environments that make it easier for people to find the right balance in life and to promote work environments where there are high demands for comfort, social interaction and health.

The businesses

Fabege aims to be a long-term partner and to create offices that strengthen the customer's brand. The organisation wants to contribute to the customer's sustainability work through cooperation and Green Leases, and to help the customer to adapt his/her need for premises to match the customer's business development.

The city district

Fabege's concentrated property portfolio provides good opportunities to influence the development of entire city districts. This applies to everything from contributing to financing the development of underground train services to creating a flourishing range of services. As a result of long-term planning and good relations with the community, Fabege can participate in developing the city.



Long-term environmental work for sustainable urban development

Environmental issues are integrated throughout Fabege's operations. The main focus is on energy-efficiency enhancements, environmentally certified properties and increasing the share of Green Leases.

Demand for sustainable and environmentally certified properties is on the rise. The environment around the property is also becoming increasingly important; for example, in terms of opportunities to travel by public transport, cycle paths, safe and pleasant street environments with an attractive range of services and green oases. For Fabege, long-term environmental work entails both the development of entire city districts and systematic and continuous efforts to reduce the energy consumption and environmental impact of every single property.

Fabège's focus areas

Fabège's environmental work is long-term, goal-oriented and integrated into day-to-day work. The base is Fabège's environmental policy and Code of Conduct. The company also collects inspection reports and test results in a database for self-controls.

The principal environmental issues are:

- Systematic work to increase energy efficiency
- Environmental certification of all new builds and major redevelopments
- Increase the share of Green Leases

1) The use of degree days provides a measurement of how the temperature for a day, month or year has deviated from the normal temperature for a specific location. The use of degree day correction provides energy statistics that take into account and make adjustments for warmer and colder periods at the location, thus facilitating comparison from one year to the next.

Technical advances contribute to increasing energy efficiency

Fabège's objective is to reduce both energy consumption and climate impact. The company works systematically to achieve increased energy efficiency, in terms of both new properties and modifications of existing buildings. Since 2002, Fabège's carbon emissions have been reduced by more than 90 per cent, from about 40,000 tonnes in 2002 to some 3,500 tonnes in 2014.

During 2014, Fabège's heating consumption was at an average of 55 kWh/sqm Atemp temperature corrected¹⁾, and was thus slightly more than 50 per cent below the average reported by the Swedish Energy Agency for the Stockholm County climate zone. With the exception of Fabège's six heat pumps, district heating consumption was at an average of 59 kWh/sqm Atemp temperature corrected.

During recent years, the pace of technological advancement in the property industry has been rapid and, for example, systems for climate control have become more complex and require greater technical expertise. However, climate control systems are generating new opportunities to reduce energy consumption at the same time as follow-up and control of the indoor climate can be improved through visualisation of temperatures, etc.

Energy efficiency enhancements

In the Getingen 13 property, the target of a 20 per cent reduction in energy has been met. Energy efforts here aimed to create an environmentally competitive property, with low energy use and low climate impact. The computer halls in the property had a negative impact on the property's energy profile, because the property consumed large amounts of district cooling. The cooling requirement accounted for 57 per cent of the building's total energy usage.

Through a number of measures to improve heat recycling, such as innovative transformation of fluid-connected power units to rotor recycling, energy consumption to date has been reduced by some 27 per cent. Presence control has been installed for garage lighting, air flows have been balanced and all room control has been automatically regulated. Eventually, the need to purchase district heating will be essentially eliminated, when the heat from the computer halls is recycled. In addition, ten charging posts for electric cars have been installed and three new Green Leases signed in the property.

Target
-20
%



In property management, Fabege works on a systematic and long-term basis to achieve energy optimisation. In-house operations personnel contribute to attaining the targets and to creating long-term commitment to this matter.

Renewable energy

Environmentally certified wind power from Vattenfall's Nordic plants accounts for all electricity supplied to Fabege's properties. Norrenergi supplies "Good Environmental Choice" district heating and district cooling to the properties in Solna and Sundbyberg.

Green Leases reduce climate impact and costs

Green Leases provide a unique platform for the property owner and tenant to reduce the environmental impact of their premises. When signing a Green Lease, both parties agree on a joint environmental agenda for the premises through the efficient use of resources and sustainable property management.

Green Leases cover areas such as actions to reduce environmental impact in terms of energy, indoor environment, choices of materials and waste management. The objective is to focus on and cooperate in environmental matters in order to reduce both the climate impact and costs. While Fabege ensures that the buildings are energy-efficient, the customers focus on reducing their own energy use. Since signing a Green Lease provides support for environmental certification of the building, it means that Fabege's investment in the environment directly generates value. Environmental certification is deemed to attract stable tenants and affect the valuation of the property and its attractiveness to investors.

One of Fabege's sustainability targets is to raise the proportion of Green Leases, which fits in well with the customers' increased demand. During 2014, Green Leases accounted for 86 per cent of total space under newly signed leases.

Other environmental issues in focus

In addition to the focus areas of increased energy efficiency, Green Leases and certification, Fabege is working actively on a number of other environmental issues.

Conscientious materials selection

In projects and developments, Fabege's overriding environmental programme is integrated into Fabege's framework programme involving factors such as environmental certification, selection of material, increased energy efficiency and construction methods. The aim is that Fabege's environmental policy will be expressed through environmental control of the building process.

In new builds and redevelopment projects, only building materials and products with limited environmental impact may be used. When a building is redeveloped or renovated, a demolition plan is drawn up to ensure that waste is recycled to the extent possible. In all projects, a plan for the handling of waste products is prepared together with the building and waste management contractors.

Environmentally compatible transports

The property sector has a major responsibility when it comes to transportation. All of the company's service vehicles are eco-cars. Fabege is

Research into green properties

Together with the Royal Swedish Institute of Technology, the Swedish Property Federation, Vasakronan and other stakeholders, Fabege is participating in a research project into how environmental initiatives involving properties can be used to add value for owners and customers alike.

By looking at environmentally certified properties in Sweden, it is studied how the added value provided by these properties differs among the various types of premises, owners, tenants, geographical location and the selection of environmental classification system. The project is expected to result in recommendations for property owners and tenants of commercial premises, with the ultimate aim of increasing the driving forces in this area and accelerating the development of sustainable properties.

The results to date show that certification is important in efforts to attract and retain major stable tenants. The choices of material are also highlighted as an increasingly important factor for tenants.

also working to reduce environmental impact by creating conditions for more efficient travel in connection with work assignments and commuting. During 2015, Fabege will conduct an internal travel habit survey, aided by CERO, Climate and Economic Research in Organisations.

An important question concerns how the customer's employees will commute to work. Fabege's properties are located centrally in places with an abundant supply of public transport. During 2014, Fabege also decided to contribute SEK 100m to the City of Solna's co-financing of an underground train service to Arenastaden. The payments will be distributed evenly during the construction process, which is scheduled to start in 2016 and be completed in 2022. This will provide customers with excellent possibilities to commute to work smoothly and in a climate-smart manner and further strengthen Arenastaden as a communication hub.

Every year, Fabege increases the number of bicycle parks to enhance accessibility for cyclists. In addition to close proximity to public transport services, Fabege offers pool bicycles to all tenants of Solna Business Park. In total, Fabege has installed charge outlets for electric cars in 13 properties.

Reduced amount of waste and emissions

When acquiring or customising properties, potential space for sorting waste at source is explored in order to optimise waste management in relation, for example, to flows of material and transports. The aim is to reuse and recover wherever possible.

For several years, Fabege has worked with a waste management contractor that maintains direct contact with customers to better satisfy their needs for customised service. Transport needs have also been reduced by lowering the number of haulage contractors. This work has reduced volumes of waste and carbon dioxide emissions and lowered costs.

Environmental certifications provide guidance

Interest in environmental certifications of buildings has grown in recent years. The industry organisation, Sweden Green Building Council (SGBC), which has a large number of Swedish member companies, coordinates the certification systems in Sweden.

For the past several years, Miljöbyggnad certification has been the minimum level for Fabege's new builds and major conversions. Since 2013, new builds of office properties are designed to satisfy the international environmental certification BREEAM-SE. Today, 15 of Fabege's 80 properties have been certified or have entered the certification process.

Interest in a broader spectrum of sustainability issues is increasing in the industry. For example, systems for the choice of materials are currently being developed that also encompass social issues and not solely environmental matters as in the past. There are also initiatives involving the certification of entire city districts from a sustainability perspective.

BREEAM

BRE Environmental Assessment Method (BREEAM) is an environmental certification system that originated in the UK. The system encompasses project management, the building's energy use, indoor climate conditions, water consumption and waste management, as well as land use and the building's impact on the surrounding area.

BREEAM has a Committee in Sweden, whose primary task is to support the Sweden Green Building Council's work on making BREEAM-SE a profitable and sought-after environmental certification system that creates value for the various players in the Swedish property market. Its task also includes examining and monitoring the certification system and providing advice on strategic and operating issues to the operational part of the organisation.

During 2014, Fabege was selected to participate in the BREEAM Committee Sweden due to its involvement in the environmental certification of buildings.

breeam

Miljöbyggnad

Miljöbyggnad is a certification system based on regulations from the Swedish construction industry and public agencies, as well as Swedish construction practices. Certification provides a guarantee of a building's critical qualities in terms of energy, the indoor environment and materials.



GreenBuilding

GreenBuilding is an EU initiative to promote reduced energy consumption. To gain certification, the building must use 25 per cent less energy than previously, or compared with the requirements of the National Board of Housing, Building and Planning.



Participation and cooperation contribute to good business

With the core values as a solid base, the employees are given considerable opportunities for development. Thanks to a positive and inspiring workplace, all employees become involved in building long-term customer relations.

Fabege attaches great importance to having all employees feel involved in creating the company's success. Good customer relations are created with the help of a high level of service and technical expertise, primarily in the customers' everyday contacts with Fabege employees who work in a specific property or a particular area. Fabege has a flat organisational structure with short decision-making channels and is characterised by an entrepreneurial spirit that encourages personal initiative and innovativeness.

Shared core values as a base

Fabege's core values, known internally as SPEAK, characterise the entire business. These values are Fast, Informal, Entrepreneurial, Business-minded and Customer-focused. The Code of Conduct highlights Fabege's position on matters concerning human rights, terms of employment, the environment, business ethics and communication. Jointly, the core values and Code of Conduct form the basis for the actions of all employees.

Taking responsibility for the industry's future

To safeguard the future recruitment base, Fabege is committed to building relations with students and working to strengthen the company's image as an attractive employer. Fabege makes room for trainees and

students doing their degree thesis, thus providing young people with an insight into the company and the industry.

Fabege also takes a more overall responsibility for the future of the industry by actively participating in the design of new training programmes.

Increased number of women in the sector

Although the property industry has traditionally been viewed as male dominated, it is now attracting a growing number of women. However, in certain job categories, such as building maintenance technicians, the recruitment base is still dominated by men. Fabege is cooperating with industry organisations to increase interest among women. At year-end, women accounted for two out of seven members of Fabege's Executive Management Team, or 30 per cent (20). The total proportion of women working at Fabege was 36 per cent (35).

Continuous skills development

Fabege aims to attract, develop and retain talented employees. The employees should be able to develop and grow professionally through new or diversified work areas and job assignments. By working in project groups, opportunities are created for both the transfer of knowledge and development. Individual career development plans form the



basis of every employee's professional development. At performance evaluations, the manager and the employees establish targets for the employee's development and follow up on earlier plans. The starting points for the targets are the goals for the particular operation and the employee's role in achieving them.

To attain the established objectives, the employees may, for example, participate in training programmes, seminars and networks. If there is a need for joint skills development, training programmes are also arranged for work groups in specific subjects.

Internal recruitment is a way of enhancing skills and developing employees and the organisation. Fabege's employees have considerable opportunities to move between various functions, thus also contributing to a transfer of knowledge.

Health and safety are high on the agenda

Fabège provides a safe and healthy work environment for its employees. An occupational health and safety committee, represented by managers and employees from various parts of the company, and occupational health and safety representatives are jointly responsible for continuously developing the work environment. A total of 12 people are involved in this work. This work continued in 2014 and actions were taken to further improve and develop the work environment and increase the inter-departmental sharing of knowledge regarding these matters.

Offering a sound balance between work and leisure is a key element in Fabège's ambition to be an attractive employer. For several years, Fabège has been committed to promoting health and fitness, and to encourage staff to exercise and stay fit. All employees are invited to train with their colleagues during work hours. By having changing rooms in all offices, employees are able to cycle to work and exercise together.

The most recent medical survey shows that Fabège has clearly better health figures than the average for Sweden, and the company also has

low figures for total sickness absence. A group health insurance policy covering all employees ensures that they rapidly have access to professional care in case of illness.

Information meetings at Group level

Café Fabège is a meeting forum arranged by Fabège about five times a year. All employees are invited to listen to and discuss interesting topics that are of current relevance to the company.

An introductory day for new employees is held every year to address such matters as the core values. Fabège also arranges internal conferences based on the core values, at which the employees discuss their relevance to day-to-day work.

Performance rating exceeds sector average

To create an attractive and inspiring workplace, Fabège encourages employees to engage in an active and open dialogue. Fabège regularly conducts an extensive survey to find out how the company is viewed by the employees. The response rate for the latest survey was 99 per cent. The survey features a method that measures how prevailing working conditions affect the employees, as measured by a performance index. The performance rating in 2014 was 3.8. The rating for the industry as a whole was 3.5. Fabège aims to exceed the sector average by 15 per cent.

Everyone benefits from healthy earnings

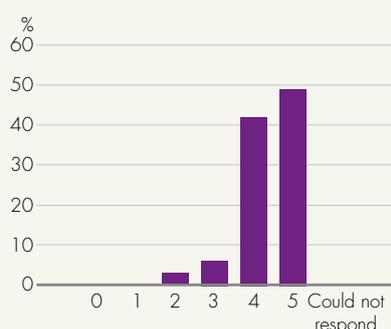
To increase the employees involvement in Fabège's operations and emphasise their importance to the company's earnings, all employees take part in a profit-sharing scheme. Allocations are made in the form of Fabège shares based on the company's profitability and return on equity. Shares are tied up for five years after allocation. The maximum amount allocated per year is one price base amount per employee.

Human resources survey

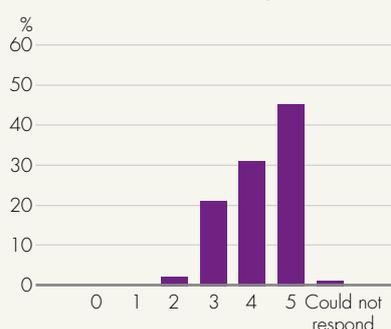
Towards the end of the year, an employee survey was conducted, through which more than 99 per cent of the employees expressed their opinions of Fabège as an employer. The results show that 79 per cent recommended Fabège as an employer, 91 per cent gave the company the best

or second best rating for work environment and 76 per cent value the confidence of the immediate superior, with a rating of 4 or 5 on a scale of five. The performance rating was 3.8, which was higher than the sector average of 3.5.

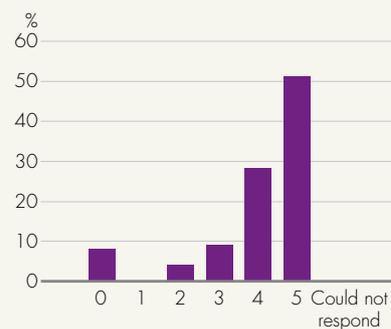
General work environment



Confidence in immediate superior



Recommend Fabège





A shared view of sustainable business

Monitoring suppliers is an important aspect of Fabege's purchasing work, in order to assure high business ethics, consideration for human rights, entrepreneurship, competition, objectivity and equal treatment.

The company's Code of Conduct and Purchasing Policy form the foundation for purchasing work. Fabege's Code of Conduct encompasses all employees and clarifies the company's positions in respect of human rights, terms of employment, the environment, business ethics and communication. Fabege has never been subject to legal action arising from anti-competitive behaviour. The company also expects its suppliers to comply with Fabege's Code of Conduct.

Continuous inspections of suppliers

To ensure that Fabege's suppliers meet the requirements placed by the company, regular inspections are conducted from both an economic/financial perspective and a sustainability and quality perspective. The objective is to inspect suppliers corresponding to 75 per cent of the purchasing volume. Of the total purchasing volume during the year, 76 per cent was examined from a sustainability perspective.

There are major challenges in this area, particularly in terms of ensuring that earlier links in the supply chain also satisfy the requirements. By urging the suppliers themselves to inspect their suppliers, a significant first step has been taken in these efforts.



Financial inspection

All of Fabege's suppliers are under the supervision of a credit rating company commissioned by the company. The aim is to quickly recognise any financial deviations that could indirectly have an adverse impact on the delivery concerned.

Sustainability inspection

Suppliers are also examined from a sustainability perspective; not only to check the suppliers' operations, but also to inspire them to conduct further work on sustainability issues.

During 2014, an external company inspected in detail 16 selected suppliers in the energy, water, construction and civil engineering areas, as well as consultants and architects. The examination encompassed quality plans, environmental policy, work environment and collective bargaining agreements as well as health and safety, and showed that the selected suppliers work actively with sustainability issues. In the past three years, suppliers corresponding to about 76 per cent of Fabege's purchasing volume have been inspected.

Quality inspection

A quality inspection is conducted quarterly, whereby selected suppliers are assessed by Fabege on the basis of the quality of their deliveries. The results are used in the dialogue with the supplier and function as an important element of the creation of long-term relations.

Contract inspection

The follow-up of concluded agreements is performed continuously and encompasses the delivery level, appearance times, alarm response, work instructions, emergency preparedness, agreed service visits and auditing of invoices.

Focus on high risk work environments

Building sites are high risk environments and Fabege focuses intently on the work environment in order to minimise accidents and incidents at the sites. At all construction sites, all applicable legislation and safety procedures must be complied with. Continuous audits are conducted during the course of all projects. Although the work environment and employer liability at building sites falls upon the contractors, Fabege takes an active role in preventing incidents. Fabege only procures building contractors that meet the company's stringent risk-management demands. Cooperation with contractors is evaluated continuously.

Local involvement

Fabege takes active responsibility for society and is involved in various ways in the local community, such as through support to sports and youth initiatives.

Social involvement is a natural feature of Fabege's social responsibility and a way of contributing to sustainable urban development. An important part of this is contributing to improvements in the local communities where the company is active. This is done, for example, by participating in the development of the service offering, public transport and other factors that facilitate the everyday life of the people who live and work in the area.

By supporting various sports initiatives, Fabege hopes to contribute to increased exercise and active and developmental leisure among young people. The company also supports other projects, such as SOS Children's Villages in Africa, and Friends, an anti-bullying association.

Fabege Basketball Camp

Fabege supports the Solna Vikings basketball team by sponsoring the Fabege Basketball Camp. Every year, up to 300 young people are given an opportunity to attend a camp and play basketball during the summer holiday.

With the help of highly skilled coaches and parents, 250 players got off to a good start to the basketball season with more than ten training sessions, new friends and many other experiences during the week-long camp, which was held in Köping.

Together for a Green Sjöstad

In August, Fabege helped to arrange the Green Sjöstad project. Nearly 400 children and young people congregated to tidy up Hammarby Sjöstad and interview passers-by about their habits concerning sorting waste at source, switching off lights, water consumption, utilisation of public transport services and how they handle food waste.

In addition to making Hammarby Sjöstad clean and tidy, the atmosphere was great the entire day, with everyone helping out, regardless of age, company, organisation or agency.

Two Swedish Championship golds to AIK United

Fabege sponsors AIK United, a football team for the disabled. The team comprises 32 players aged 11–30 years, both boys and girls. The children in the team have disabilities such as Down Syndrome or autism. During the year, AIK United won two Swedish Championship gold medals in football for the disabled.



Environment

Green Leases

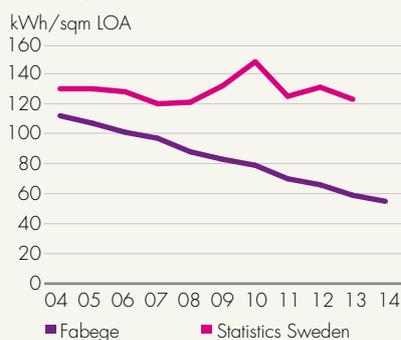


The aim is that Green Leases will account for at least 50 per cent of newly signed lettable space.

Environmental certification

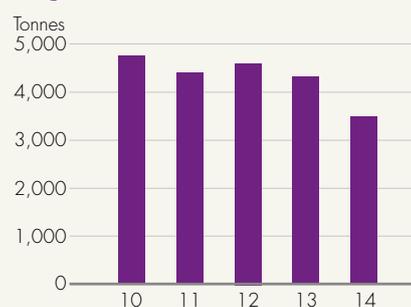
A total of 15 properties have been certified or have entered a certification process, which is equal to 100 per cent of on-going new builds. During 2014, 100 per cent of on-going new builds and major redevelopments (5) were undergoing a certification process according to BREEAM or Miljöbyggnad.

Heating consumption in properties



Over time, Fabege's systematic efforts to optimise running costs have drastically reduced the consumption of heat in our properties. Fabege's heating consumption in 2014 averaged 60 kWh/sqm LOA (64) and 55 kWh/sqm Atemp (59) after degree day correction. Figures from Statistics Sweden for 2014 are not yet available.

CO₂ emissions



| Consumption statistics, total | 2014 | 2013 |
|---|------------|-------|
| Environmental certification, total number ¹⁾ | 15 | 13 |
| Green Leases, space under newly signed leases, % | 86 | 52 |
| Energy performance, heating, kWh/sqm ²⁾ | 60 | 64 |
| Energy performance, cooling, kWh/sqm | 22 | — |
| Energy performance, electricity (purchased), kWh/sqm | 45 | — |
| Energy performance, electricity (excl. HG electricity) | approx. 27 | — |
| Water consumption, thousand cubic metres | 487 | 550 |
| Water consumption, litres/sqm | 474 | — |
| Carbon dioxide emissions, (CO ₂ equivalents), tonnes | 3,500 | 4,300 |
| Recycled waste, tonnes | 245 | — |
| Waste sent to landfill, tonnes | 4 | — |
| Waste sent for incineration, tonnes | 1,099 | — |

1) Pertains to both completed projects and on-going certifications

2) Degree-day corrected

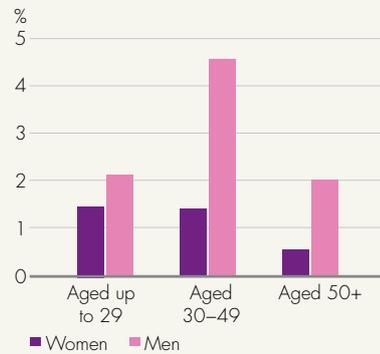
Employees

Number of employees, average

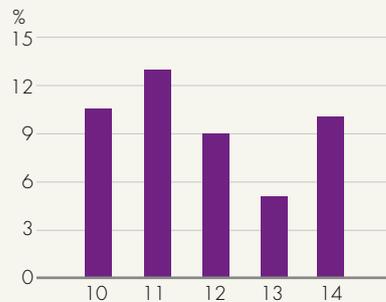


All employees have their employment in Stockholm and are encompassed by the company's collective bargaining agreements.

Sickness absence 2014

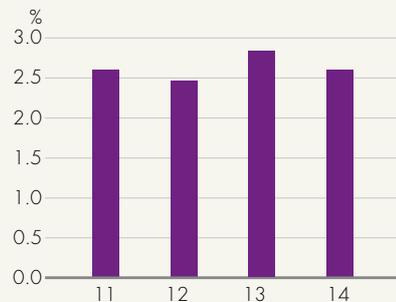


Employee turnover



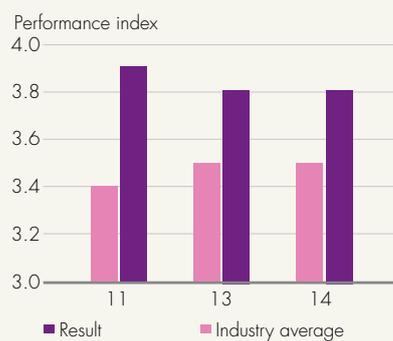
Due to the low number of individuals concerned, employee turnover by gender and age group is not reported separately.

Sickness absence



Fabege aims to maintain a low level of sickness absence, aided by regular medical check-ups and continued health and fitness programmes. During the year, there were no serious accidents or workplace fatalities.

Satisfied employees



The employees' competencies and commitment are decisive in efforts to build long-term relations with satisfied customers. The performance index of the personnel is measured regularly and the aim is that the rating among Fabege's employees will be at least 15 per cent higher than the sector average. The outcome in 2014 was 9 per cent.

Number of employees broken down by segment



Fabege had 136 (129) employees at year-end 2014, of whom 63 per cent (63) were active in property management, 19 per cent (19) in business/project development and 18 per cent (18) in administration/management. All employees are covered by a collective bargaining agreement.

Gender distribution, management positions



About Fabege's 2014 sustainability report

This is Fabege's fourth sustainability report according to the GRI guidelines for voluntary reporting of sustainability information. Fabege reports on its sustainability work annually and the sustainability report is included as part of Fabege's 2014 Annual Report, which pertains to the 2014 financial year. The preceding year's annual report, including the sustainability report, was published in February 2014. No material changes in scope, boundaries or measurement methods occurred between the two reports. Fabege reports in accordance with level B+, GRI version 3.0. The information in the sustainability report has been reviewed by Deloitte, which confirms that it fulfils GRI's information requirements for application level B+. For the Auditor's Review Report on the Sustainability Report, see page 100. The content of the sustainability report has been selected on the basis of Fabege's most significant issues, given its operations and their impact relationship on the environment and society. Fabege's sustainability team, with representatives

from various parts of the organisation, has identified the significant issues. The views presented during the year's stakeholder dialogue have also been taken into account. Fabege aims for the sustainability report and the 2014 Annual Report to satisfy its stakeholders' information requirements and to provide a comprehensive overview of Fabege's economic, environmental and social work and results. The information in the report pertains to the entire Fabege Group. However, associated companies fall outside the parameters for the report. This Index includes the standard information that is mandatory for application level B+, additional standard information that Fabege has decided to report and the supplementary indicators and indicators from the Construction and Real Estate Sector Supplement (CRESS) as reported by Fabege. The Sustainability report comprises page 11 and pages 42–61.

Key

Reference [www/fabege.com](http://www.fabege.com) GRI index = complete
GRI index on Fabege's website

● Fully reported ● Partly reported

| Standard information/indicators | Reference | |
|---|-------------------|---|
| 1 Strategy and Analysis | | |
| 1.1 Comment by the CEO | 4–5, 43 | ● |
| 1.2 Risks and opportunities | 38–41 | ● |
| 2 The organisation | | |
| 2.1 Name of the organisation | 62 | ● |
| 2.2 Primary brands, products and/or services | 6–7, 12–13, 16–31 | ● |
| 2.3 Operational structure | 89–91 | ● |
| 2.4 Location of headquarters | Back cover | ● |
| 2.5 Countries where the Group operates | Back cover | ● |
| 2.6 Nature of ownership | 102–103 | ● |
| 2.7 Markets served | 14–15, 24–31 | ● |
| 2.8 Scale of the reporting organisation | 2 | ● |
| 2.9 Significant changes during the reporting period | 60 | ● |
| 2.10 Awards received during the reporting period | 48 | ● |
| 3 Report parameters | | |
| Report profile | | |
| 3.1 Reporting period | 60 | ● |
| 3.2 Date of most recent report | 60 | ● |
| 3.3 Reporting cycle | 60 | ● |
| 3.4 Contact person for the report | 113 | ● |
| Scope and boundary of the report | | |
| 3.5 Process for defining report content | 60 | ● |
| 3.6 Boundary of the report | 60 | ● |
| 3.7 Specific limitations on the scope of the report | 60 | ● |
| 3.8 Basis for reporting on joint ventures | 60, 74–76 | ● |

| Standard information/indicators | Reference | |
|--|-----------|---|
| 3.10 Explanations of the reasons for and effect of any restatements of information | 60 | ● |
| 3.11 Significant changes in the scope, boundary or measurement methods compared with reports in prior years | 60 | ● |
| Assurance | | |
| 3.12 Table showing where all aspects of GRI can be found | 60–61 | ● |
| 3.13 Policy and current practice regarding external verification | 60 | ● |
| 4 Governance, commitments and relationships | | |
| Governance | | |
| 4.1 Governance structure of the organisation | 89–97 | ● |
| 4.2 Chairman's position | 96–97 | ● |
| 4.3 Independent or non-executive Board members | 96–97 | ● |
| 4.4 Mechanisms for shareholders and employees to provide recommendations or directions to the Board or management | 90 | ● |
| 4.8 Internally prepared policies and guidelines | 44–45 | ● |
| 4.12 External charters, principles or other initiatives | 48, 51 | ● |
| 4.13 Membership of associations | 48 | ● |
| Stakeholder engagement | | |
| 4.14 List of stakeholder groups | 46 | ● |
| 4.15 Basis for identification and selection of stakeholders | 46 | ● |
| 4.16 Approach for the stakeholder dialogue | 46 | ● |
| 4.17 Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to these | 46 | ● |

| Standard information/indicators | Reference | |
|--|---|---------------------|
| INDICATORS | | |
| Economic performance indicators | | |
| EC1 | Directed economic value generated and distributed | 68 ● |
| EC2 | Financial implications and other risks and opportunities due to climate change | 41 ● |
| EC3 | Coverage of the organisation's defined-benefit plan obligations | 80–81, 86 ● |
| EC8 | Development and impact of infrastructure investments and services provided primarily for public benefit | 3, 46, 51 ● |
| Environmental performance indicators | | |
| EN4 | Indirect energy consumption by primary energy source. | 50, 58 ● |
| EN5 | Energy saved due to conservation and efficiency improvements | 11, 43–44, 50, 58 ● |
| EN6 | Initiatives to provide energy efficient or renewable energy based products and services | 11, 43–44, 50, 58 ● |
| EN7 | Initiatives to reduce indirect energy consumption and reductions achieved | 11, 43–44, 50, 58 ● |
| EN8 | Total water withdrawal by source | 58 ● |
| Emissions, effluents and waste | | |
| EN16 | Total direct and indirect greenhouse gas emissions by weight | 58 ● |
| EN18 | Initiatives to reduce greenhouse gas emissions and reductions achieved | 11, 43–44, 50, 58 ● |
| EN22 | Total weight of waste by type and disposal method | 51, 58 ● |
| Products and services | | |
| EN26 | Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation | 11, 46, 52–58 ● |
| Other provisions | | |
| EN28 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations | 41 ● |
| EN29 | Significant environmental impacts of transportation | 51 ● |
| Social indicators | | |
| Labour practices and decent work | | |
| LA1 | Total workforce by employment type, employment contract and region | 59 ● |
| LA2 | Total number and rate of new employee hires and employee turnover by age group, gender and region | 59 ● |
| Relation between employees and management | | |
| LA4 | Percentage of employees covered by collective bargaining agreements | 59 ● |
| LA5 | Minimum notice period(s) regarding significant operational changes and whether this is specified in collective bargaining agreements | 45 ● |
| Occupational health and safety | | |
| LA6 | Percentage of workforce represented in formal work-environment committees Work environment - Health and safety | 54 ● |
| LA7 | Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender | 53–54, 59 ● |

| Standard information/indicators | Reference | |
|--|---|---------------------------|
| Education | | |
| LA12 | Percentage of employees receiving regular career development reviews | 53–54 ● |
| Diversity and equal opportunity | | |
| LA13 | Composition of governance bodies and breakdown of employees per employee category by indicators of diversity | 53–54, 59, 80–81, 95–97 ● |
| Human rights | | |
| HR2 | Percentage of significant suppliers that have undergone human-rights screening and actions taken | 11, 43, 47, 56 ● |
| Non-discrimination | | |
| HR4 | Total number of incidents of discrimination and corrective actions taken | 45 ● |
| Corruption | | |
| SO3 | Percentage of employees trained in anti-corruption procedures | 45 ● |
| SO4 | Actions taken in response to incidents of corruption | 45 ● |
| Anti-competitive behaviour | | |
| SO7 | Legal actions for anti-competitive behaviour, anti-trust and monopoly practices | 56 ● |
| Compliance | | |
| SO8 | Monetary value of fines and number of sanctions for non-compliance with laws and regulations | 63 ● |
| Customer health and safety | | |
| PR1 | Life-cycle stages in which health and safety impacts of products and services are assessed and the percentage of products and services subject to such procedures | 41, 50–54, 56 ● |
| Product and service labelling | | |
| PR3 | Type of product and service information required by procedures, and percentage of products and services subject to such information requirements | 20, 50–54, 58 ● |
| Product development | | |
| PR5 | Practices related to customer satisfaction, including results of surveys | 2, 9, 11, 18, 46, 48 ● |
| CRESS | | |
| CRE 8 | Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment | 11, 50–51 ● |