

Sustainability  
Report 2020

For Society and Beyond

# Sustainability at Areim



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# Sustainability at Areim – For society and beyond

## LETTER FROM OUR CEO

At Areim, we often use the analogy “to run a business is like riding a bike”. You must keep on moving and looking ahead to keep on progressing, but equally, if you stop peddling, you will fall. This analogy especially defines 2020. As much as the past year, defined by Covid-19, has been a challenge, it has also presented opportunities to drive and speed up our change and innovation processes i.e., to stay in motion.

Our ambition is to be a sustainability leader within our industry and to achieve this, we wish to engage with and contribute to all our relevant stakeholders, predominantly our tenants, investors, and our employees. This outlined ambition is the reason why we decided to refine and enhance our sustainability strategy.

Our goal is to have sustainability seamlessly integrated throughout our business, but we realise that this is still work in progress. Additionally, sustainability, like everything else, is ever evolving so we must adapt, grow, and change to progress.

## OUR LONG-TERM COMMITMENT

We believe in a future with a circular mind-set, where new is built with the old, where health and good social relationships are essential to building diverse and thriving communities. Therefore, we focus on the three aspects of sustainability - environment, social and governance - adapting it to fit into the Areim way to ensure continuous improvement and progress. To us this means *turning brown into green*, that *we care for people* and we want to *deliver sustainable results*.

Through building our strategy on these three aspects and defining their core issues, we believe that we are on the right path of becoming a sustainability leader.

Challenges are also opportunities, and looking ahead, our ambition is to fully integrate sustainability and our updated strategy into our business, shaping the right governance structure that delivers on relevant legal requirements like the EU taxonomy, as well as setting up the right structures and reporting frameworks enabling us to be transparent with our stakeholders.

However, we are an ambitious company that is expanding and growing, both geographically and in terms of relevant and qualified employees joining us to support this journey. This adds another dimension of challenges to our internal work. The importance of being a good employer, taking care of the health and well-being of our colleagues, work-life balance as well as wanting to continue to focus on gender diversity, and our long-term ambition that our workforce should mirror the society we live in.

***“It is our ambition to be a sustainability leader within our industry and to achieve this, we wish to engage with and contribute to all our relevant stakeholders, predominantly our tenants, investors, and our employees.”***

We want to celebrate our victories and be proud of what we have achieved thus far, as it is easy to forget the small steps forward, because the overarching goal may not have been achieved yet.

During 2020, we grew our reach through establishing our London office and expanding into Denmark. We continue to be proud of our gender balance of 52 per cent women and 48 per cent men, considering that we are working in this hybrid of finance and real estate industries that remain male dominated we consider this an achievement. Looking at our investments, we are proud of several ongoing solar panel projects - the recent installation at the roof of our Tomtebodas asset is being the largest of its kind in Stockholm - and that our 24th asset, Vallila Corner in Finland was certified.

Looking back, I am proud to say that the fear of Covid-19 and its knock-on effects did not get the best of us. On the contrary, I wish to express my gratitude to all Areim colleagues for adapting and continuing to drive our business, but most of all for going the extra mile – thank you! I would also like to say thank you to all our shareholders, business partners and other stakeholders for your support this historic year of 2020.

I look forward to all we will achieve, and the challenges that we will overcome as a team at Areim during 2021. I want us to be brave and curious, dare to be a driver for change and keep on riding that bike together!

Stockholm, May 2021

**Therese Rattik,**  
CEO



# About Areim

Areim AB is an independent Nordic property owner and fund manager with head office in Stockholm and offices in Helsinki, Oslo, and London. We own real estate across the Nordic region (Sweden, Norway, Denmark, and Finland) within the light industrial, residential, office, retail, and data centre segments.

Our vision is to invest in new shapes of progress, for society and beyond. Our goal is to create lasting value for all stakeholders by balancing good financial results with sustainable societal development and care for people.

Since the start in 2003, we have invested in underdeveloped real estate where we can add lasting value during our ownership. We transform these investments through our expertise and innovation, turning them into modern properties that meet

the needs of the 21st century. We see potential in challenging ventures as opportunities for growth. This is what makes us unique.

We offer three areas of expertise: fund management, property development, and consulting. Our main customers are our investors and tenants. Our visionary team of real estate and investment experts has a strong track record in evaluating and targeting suitable projects, implementing complex business transactions, and developing real estate for maximum returns. With insight and skill, we create custom-made solutions to meet the specific needs of each project. We know that by balancing the needs of today with the demands of tomorrow, we can create lasting value for all our stakeholders.

Our founder and principal owner is Leif Andersson.

## IMPROVING THE BUILT ENVIRONMENT

As a value-add fund manager, our aim is to invest in improvement journeys in the already built environment – which is approximately 99 percent of all real estate. We do this by recycling and repositioning our assets, putting in place broad improvement programmes lead by certifications standards, upgrading outdoor areas and increasing the overall attractiveness in and around our assets. In

addition, we typically increase the building density in the built environment and increase the number of workstations. This means not only a reduced environmental footprint per capita, higher efficiency and lower costs for everything from fire-fighting services, to energy and water consumption but also a more living, dynamic and safer environment.

## KEY FIGURES 2020

**Total number of employees:** 56 permanently employed

**Environmentally certified properties:** 24

**Net turnover Areim AB:** SEK 151.8 million

**Committed capital:** ~EUR 1.7 billion

**Real estate:** 376 assets

**Total area:** 6,250,000 m<sup>2</sup>

**Assets under management, Fund I- IV (GAV):** ~EUR 1,987 million

We currently manage four funds on behalf of some of the world's largest institutional investors:

- **Areim Fund IV:** EUR 685 million of commitments, including EUR 150 million of co-investment capital. A diverse group of institutional investors from the Nordics, Europe, Asia and Middle East is committed to the Fund. The Fund is investing in office properties and residential developments, light industrial assets and data centres.
- **Areim Fund III:** a 2015 vintage with a capital base of EUR 428 million, backed by leading Swedish and international institutions with an investment focus on office properties, residential developments and data centres.
- **Areim Fund II:** a 2012 vintage with a capital base of EUR 321 million with an investment focus on residential development, office- and retail properties.
- **Areim Fund I:** a 2007 vintage with a capital base of EUR 225 million was raised from three of the world's largest institutional investors. The Fund is in the process of being dismantled.

## OUTSIZED RISK-ADJUSTED RETURNS ACHIEVED OVER MULTIPLE CYCLES SINCE 2003

Fund	Vintage	Total Commitments (millions)	INREV Index <sup>1</sup>
JV/Operating Partner	2003 - 2007	€106	N/A
Areim Fund I	2007	€225	Ranked 1st
Areim Fund II	2012	€321	Ranked 1st
Areim Fund III	2015	€428	Median
Areim Fund IV	2018	€535	N/A

<sup>1</sup> Non-Core Real Estate Fund Benchmark (All Europe) – 30 June 2020; Fund level performance data as of 31 December 2020; past performance is not necessarily a guide to future returns



Funds I and II – top performers for all of Europe



Moderate leverage (50% on average), limited operational and development risk



Zero losses to date

# ESG integration since day one

We are proud of being an active asset manager that continuously works on improving its sustainability track-record. We invest in the environmental and social improvement of our properties with the

ambition to make them fit for the requirements and needs of the 21st century. It is our vision to invest in progress and innovative solutions so that we can be part of shaping the future society.

## AREIM TIMELINE

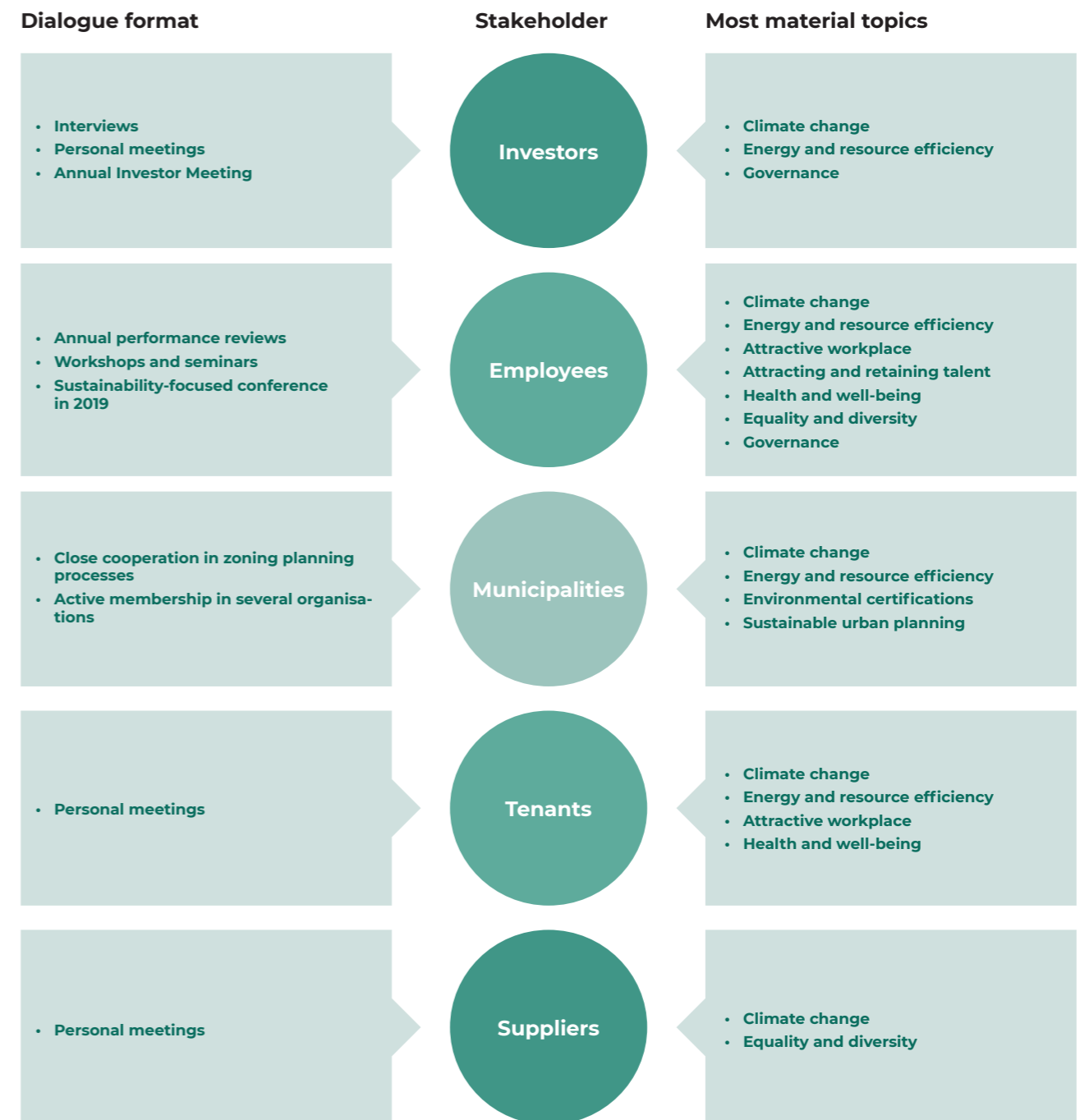


## STAKEHOLDER ENGAGEMENT & MATERIALITY ANALYSIS

It is important to us to integrate sustainability with our business strategy, values, and culture. To ensure that our current strategy is aligned with our stakeholders we carried out a materiality assessment in 2019. To ensure that we identify how

we impact and are impacted by environmental, social and governance (ESG) issues, we engaged with our most relevant stakeholders. We asked them about their views on sustainability and to rank different issues and focus areas. During 2020 our asset managers met regularly with our tenants and the outcome from those meetings resulted in decisions to improve our assets.

## RESULTS FROM STAKEHOLDER DIALOGUE



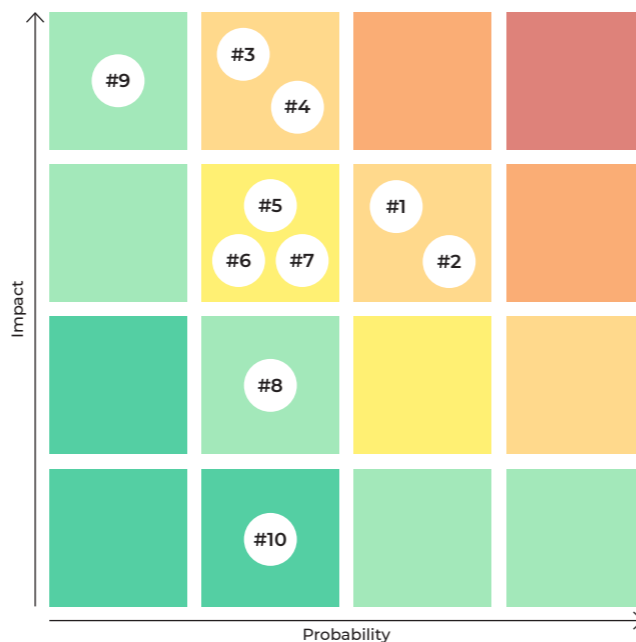
## RISKS AND OPPORTUNITIES

An important part of our sustainability work and strategy is to analyse and mitigate risks and opportunities. The greatest risks are those where both probability and impact are high. We continuously work on identifying, evaluating, and managing sustainability risks as part of our overall risk management process to manage these as conscientiously and efficiently as possible.

We apply the precautionary principle, specifically with reference to the environment, to safeguard our business from environmental impacts as well as to ensure that we impact the environment as little as possible.

In the following section we have illustrated our main sustainability risks and outlined our mitigating activities. We believe that all risks can be converted to opportunities through being proactive, responsible and solution oriented. Working with our risks will make us a better more responsible and future-proof company and make us a safer and profitable investment.

Our real opportunities lie in working with sustainability proactively and in integrating into everyday business decisions as well as our everyday work, because only then sustainability is a natural core part of our business.



Trängskåren 6 and 7, located at Marieberg, Kungsholmen, Stockholm



#	Risk category	Risk description	Risk management
1	Organisational risk	Risks associated with employee well-being, both mental and physical, affected by factors such as workload, working hours and abusive discrimination. In addition to problems for the individual employee, it may lead to negative consequences for the overall productivity, quality, continuity, and talent attraction.	<ul style="list-style-type: none"> <li>Annual employee surveys, active work with competence development.</li> <li>Preventive healthcare and wellbeing initiatives for employees.</li> <li>Education and inspiration linked to healthy workplaces.</li> <li>Gender equality plan, education in diversity, bias in recruitment, etc.</li> <li>Establish Code of Conduct for employees and suppliers.</li> </ul>
2	Climate risk	Higher temperatures, floods, fires, loss of biodiversity etc may result in increased costs for materials and energy when coping with extreme weather (as torrential rains and floods).	<ul style="list-style-type: none"> <li>Integrate climate risks in investment screening and due diligence processes.</li> <li>Measures to reduce energy and water consumption and to lower GHG emissions.</li> <li>Increase use of renewable energy.</li> <li>Establish processes for decision-making and guidelines for preventive efforts.</li> </ul>
3	Governance risk	Risks linked to deficiencies in corporate governance including funds and investment management. May lead to financial losses as well as reduced confidence in the company, which in the long run affects profitability.	<ul style="list-style-type: none"> <li>Communicate expectations related to governance and sustainability at large towards the funds and investments.</li> <li>Ensure sufficient risk management systems.</li> </ul>
4	Irregularities	Risks linked to corruption, money laundering, wage dumping/illegal work and other business ethics irregularities. Fraud can lead to financial losses and fines as well as damage credibility and brand.	<ul style="list-style-type: none"> <li>Secure sufficient due diligence and authorisation guidelines and routines.</li> <li>Ensure availability, quality, and training on whistleblowing system.</li> <li>Establish Code of Conduct for employees and suppliers, as well as additional supplier requirements as needed.</li> <li>Include sustainability aspects in the investment process and annual risk assessments.</li> </ul>
5	Brand risk	Risks related to gaps between sustainability vision and practices, not walking the talk. Normally as a result of discrepancies between marketing and operational efforts, often referred to as green washing, leading to reduced credibility and attraction.	<ul style="list-style-type: none"> <li>Transparent reporting of challenges and where we are on our sustainability journey.</li> <li>Establish quantitative targets and report on a yearly basis.</li> <li>Within marketing, identify concrete results that are expected as a result of sustainability efforts as basis for communication.</li> </ul>
6	Financial risk	Financial risks connected to the sustainability of investments, asset development and operations. E.g., negative financial impact of the new EU disclosure regulations and taxonomy.	<ul style="list-style-type: none"> <li>Sustainability mapping and evaluation of existing and new properties, aligned with new disclosure regulations and taxonomy.</li> <li>Moderate leverage (50 per cent on average) to limited operational and development risk.</li> <li>Include sustainability aspects in the investment process and annual risk assessments.</li> </ul>
7	Regulatory risk	Risks related to changes in national and international sustainability frameworks, -legislation and -regulations. May influence in different ways such as increased costs or weaker reputation and brand.	<ul style="list-style-type: none"> <li>Continuously monitor proposals for changes in legislation and regulations to take measures and adapt business. Internal control and quality assurance in several stages, well-documented processes.</li> <li>Establish Code of Conduct for employees and suppliers, as well as additional supplier requirements as needed.</li> <li>Include sustainability aspects in the investment process and annual risk assessments.</li> </ul>
8	Environmental risk	Risks linked to the physical surroundings of properties, e.g., water pollution, waste management and noise levels.	<ul style="list-style-type: none"> <li>Establish action standards for decision making and guidelines for preventive efforts.</li> <li>Environmental certifications.</li> <li>Sustainability commitment.</li> <li>Green action plan included in each asset's individual business plan.</li> </ul>
9	Societal risk	Risks linked to major social, political, and economic changes in society. For example, social unrest, violent conflicts and pandemics. These are risks beyond our control, but with a major impact on society. Political risk consists of risks related to changed conditions as a result of political decisions.	<ul style="list-style-type: none"> <li>Monitor potential threats and take preventive measures when needed and possible.</li> <li>Continually monitor economic conditions and geo-political and societal events on the markets where we are present to be prepared to make quick business decisions when needed</li> </ul>
10	Value-driven risk	Risks associated with changes in external trends and values related to sustainability, which may develop in a different direction than our business and efforts.	<ul style="list-style-type: none"> <li>Continuous monitoring of external trends. Ongoing dialogue with relevant stakeholders.</li> <li>Participate in sustainability forums and debates to learn and engage others in our sustainability agenda.</li> </ul>

# Areim value chain

– a value-add approach built upon prudence, de-risking and value creation

## RAISE AND CLOSE FUNDS

Great business is built on long-term relationships. We value long term relationships and are grateful for the trust our partners and investors put on us, as evidenced by the 83 per cent re-up rate (renewed commitments). From the fundraising, inception and throughout the life span of each fund it is crucial to our investors and partners that we provide:

- Good governance;
- High level of transparency;
- Stringent compliance; and
- Strong and sustainable financial return.

## INVESTMENT PROCESS

Areim benefits from an extensive local Nordic network: with over 70 per cent of deals sourced off-market. We have an entire team active in deal sourcing and carrying out a comprehensive selection process. During the deal due diligence process, we incorporate ESG screening to better manage risks and improve returns. All investment decisions presented to our investment committee consider environmental, social and governance aspects. We assess and evaluate these through:

- Energy declaration;
- Environmental due diligence;
- Green financing opportunities;
- Possibilities to add social benefit in and around an investment; and
- Risk evaluation of the contemplated JV partner, reviewing amongst others reputational, financial, organizational, and operational issues.

## ACTIVE ASSET MANAGEMENT

During the hold period, our target is to improve and add value through active and independent asset management and innovative and local property management.

- Environmental initiatives included in business plan from beginning;
- Energy efficiency and purchasing fossil free electricity;
- Renovate, change usage, re-position, create new lettable space, and manage vacancies;
- Developing building rights;
- Recycle, reuse, and minimize waste;
- Building certifications; and
- Reduce chemical use and use eco-friendly materials.

## DIVESTMENT PROCESS

As we divest the assets it is key to:

- Maintain relationship with local property owners;
- Deliver on promises to all stakeholders; and
- Leave improved quality of both assets and surroundings.



# Our sustainability strategy

We believe in a future with a circular mind-set where the new is built with the old and where health and good social relationships are essential to building diverse and thriving communities. We want to revive local neighbourhoods through turning brown properties into green and create smart and inclusive spaces where people matter, share and care.

The real estate sector has a considerable impact on the environment. With over 40 per cent of global energy consumption and raw material consumption, and approximately one third of global greenhouse gas emissions, it is our duty to drive positive change. Furthermore, the real estate sector has strong impact on what the cities of the future will look like and what social issues will be of importance to its population.

Sustainability has been at the centre of Areim's heart since day one and we are committed to being a sustainability leader within our industry. We want to build a stronger, more adaptable, and sustainable society which at the same time creates greater value for our investors.

To apply and integrate sustainability in our everyday work and overall strategy is essential.

Our corporate vision is to *invest in new shapes of progress, for society and beyond.*

This means to create lasting value for all our stakeholders by aligning environmental, social, governance and financial demands as identified within our most material areas of impact. Our sustainability strategy is built on our corporate vision and overall business objectives.






In 2020, we initiated the process to update our sustainability strategy. This is an opportunity for us to refine our three areas of progress, and the associated key topics as they define our largest impacts. The strategy allows us to further implement sustainability into the organization. Thus, enabling us to engage, collaborate and create synergies with our stakeholders, as well as setting long- and short-term goals and objectives. Moreover, it is important to us to define and understand how to work with the updated strategy and to implement sustainability in our daily business as well as in our long-term planning.



## OUR ESG IMPACT AREAS

Our strategy continues to follow the ESG approach with the ambition of fulfilling the completeness principle of Areim's significant, environmental, social, governance and financial impacts. We have therefore tailored our strategy according to

our ESG impact areas and material topics as well as adapting them to the Sustainable Development Goals (SDGs). We will further refine our SDGs commitments during 2021.

Focus Area	Key topic	SDGs
 <p><b>We turn brown into green</b></p>	Climate impact and circularity	
	Smarter properties and communities	
 <p><b>We care for people</b></p>	Stakeholder relations and value	
	Social benefits in and beyond our properties	
 <p><b>We deliver sustainable results</b></p>	Long-term financial sustainability	
	Compliant and proactive governance	

## OBJECTIVES AND ACHIEVEMENTS

Setting and following up on realistic and measurable goals that are aligned with our strategy is essential. The goals ensure that we focus on the right things. We believe in long-term goals and commitments but acknowledge the importance

of following up our progress annually. We will continue to review our sustainability strategy and goals on a regular basis which is crucial in the fast-changing real estate environment. During 2021 we aim to create more refined monitoring-, tracking- and evaluation- processes based on the refined strategy.

Objective	Long-term goal	2020 Achievements
Environmental		
<b>We turn brown into green</b>	Being a carbon net zero business by 2030.	<ul style="list-style-type: none"> <li>Measured our climate impact using GHG protocol</li> <li>56% of purchased energy came from fossil free sources, where of:                             <ul style="list-style-type: none"> <li>74% of electricity</li> <li>25% of heating</li> <li>88% of cooling</li> </ul> </li> <li>Implemented the Byggvarubedömningen<sup>2</sup> for development projects to minimise environmental impact and reduce the use of hazardous substances</li> <li>Expanded our waste management to include sorting of food waste where possible</li> <li>All employees carried out environmental training to strengthen our environmental capacity and knowledge</li> <li>Reduced GHG-emissions mainly due to new restrictions in the wake of Covid-19</li> </ul>
	Reducing the energy consumption from our properties to an average of 100 kWh/m <sup>2</sup> by time of divestment	<ul style="list-style-type: none"> <li>Reduced the energy consumption with 5% (like for like)</li> <li>Implemented Mestro data portal for our assets to monitor and follow up on consumption data</li> <li>Initiated solar panel projects in two of our assets, Tomtebodan and Gullbergsvass (within the Obligo co-investment in Fund III)</li> </ul>
	Having 100 per cent of our investments green building certified by time of divestment	<p>Environmental certifications in our statistics include: BREEAM, BREEAM-in-Use, LEED, Svanen (The Nordic Swan), EU Green Building and Miljöbyggnad. Status at the year-end of 2020:</p> <ul style="list-style-type: none"> <li>Fund III-IV: 51% of the letting area was certified, to be compared to 16% at acquisition                             <ul style="list-style-type: none"> <li>Fund IV: Doubled the letting area that was certified compared to the share being certified at acquisition</li> </ul> </li> <li>Fund III: 51% of the letting area was certified, to be compared to 41% at acquisition</li> <li>Fund II: 73% of the letting area was certified, to be compared to 8% at acquisition</li> </ul>

<sup>2</sup> Byggvarubedömningen is a digital log with environmentally assessed and approved building materials.

Social		
<b>We care for people</b>	Respecting Human Rights	<ul style="list-style-type: none"> <li>Initiated implementation of human rights aspects in our due diligence processes with respect to our suppliers</li> </ul>
	Building for and to engage in improvement of the society	<ul style="list-style-type: none"> <li>Engaged in social initiatives and donated almost 1 million SEK to non-governmental organisations</li> <li>Initiated development projects with clear social objectives</li> </ul>
	Being an attractive employer	<ul style="list-style-type: none"> <li>Offered learning opportunities to students by providing internships</li> <li>Continued with our introduction programme for new colleagues</li> <li>Participated in student fairs to attract new talent</li> <li>Provided health-care insurance and benefits to all employees</li> </ul>
	Having the best work environment for our employees	<ul style="list-style-type: none"> <li>Health and well-being programme for employees</li> <li>Continued to instil a "growth mindset" in our corporate culture</li> <li>Provided individual learning and coaching opportunities</li> <li>Conducted performance and career development reviews</li> <li>Support to all employees for remote working with emphasis on well-being</li> </ul>
	Treating all employees equal in all respects no matter what gender, nationality, age, and background	<ul style="list-style-type: none"> <li>Introduced training on gender equality</li> <li>Adapted a gender inclusive language in our recruitment processes</li> <li>Continued to have a diversified workforce</li> </ul>
Governance		
<b>We deliver sustainable results</b>	To be up to date and compliant with AIFM	<ul style="list-style-type: none"> <li>Updated business continuity plan in case of emergency</li> <li>Policy package reviewed and approved by the Board of Directors</li> <li>Continued with our yearly training in AML and CFT</li> </ul>
	Assess and monitor ESG related risks	<ul style="list-style-type: none"> <li>Conducting risk evaluation of contemplated JV partners including reputational, financial, organizational, and operational issues</li> <li>Continued with our incident response plan</li> <li>Regular review and risk assessment in accordance with the risk management policy</li> </ul>



### GRESB - CLEAR RESULTS FROM A LONG-TERM FOCUS ON ESG-INITIATIVES

GRESB is the ESG Benchmark for Real Estate Assets and has become the leading measure for our industry. Being part of GRESB helps us and the whole industry to improve and push ourselves to develop into a more sustainable industry aligned with the Paris agreement.

Our score has improved significantly, since we started GRESB reporting in 2011, thereby demonstrating our consistent efforts.

In 2020, we participated with two entities, Areim Fund II and Areim Fund III. Areim Fund III significantly improved its score since the last survey and

levelled up to four-star status out of five, despite a new 2020 baseline for scoring a competitive peer group environment and keeping in mind that the funds are in different timings of their holding period. Areim Fund II kept its score and the four-star status from last year, which is an accomplishment given the tougher baseline.

We are proud that the performance of both funds is above our peer group in 10 out of 14 ESG aspects. These aspects are leadership, policies, risk management, stakeholder engagement, risk assessment, targets, energy, water, waste and building certifications. We are now putting extra effort into the remaining four aspects, reporting, tenant & community, GHG-emissions, data monitoring and review, to make further improvements.

# We turn brown into green

'We turn brown into green' defines our environmental impact, objectives, and commitments with focus on climate impact and circularity as well as smarter properties and communities. We are committed to being a carbon net zero business by 2030 and taking the necessary steps to reach this goal. We also strive to develop environmentally smart properties, trying to reduce their climate impact as much as possible through a "reduce and reuse" approach as well as making environmentally sensible material choices.

Our value-adding business model brings us many opportunities to push for real change and drive positive impact within the real estate industry. One of our most important contributions to sustainable growth is by developing greener assets.

This entails working consistently on several environmental aspects and achieving significant

improvement and reduction of negative impacts. Below we outline the different areas we consider and work on to reach this goal.

During 2020, we continued our efforts on certifying buildings, improving energy efficiency, and using eco-friendly materials. Most of the integrated and systematic sustainability work is done step by step in our daily operations.

**Main objectives:**

1. Being a carbon net zero business by 2030;
2. Having 100 per cent of investments certified at the time of divestment; and
3. Reducing energy consumption from directly owned properties to an average of 100 kWh/m<sup>2</sup> at the time of divestment.



Aallonharja, Espoo, Finland

#### AREIM FUND II



**GRESB SCORE GREEN STAR**  
 GRESB Average 70 Peer Average 74

#### AREIM FUND III



**GRESB SCORE GREEN STAR**  
 GRESB Average 70 Peer Average 75

#### CLIMATE IMPACT AND CIRCULARITY

Our largest environmental footprint and impact arises from energy use, waste management and purchasing of construction materials for our assets. Our aggregated environmental impact has been assessed against the 16 Swedish environmental quality objectives, such as reduced climate impact, clean air, a pollutant free and good building environment as well as a rich fauna and flora.

We put great emphasis on continuous improvements and hence actively work to reduce the environmental footprint of our assets. The initiatives vary depending on the specific characteristics of each asset, but essential improvements we always include in our projects are:

1. Initiate energy efficiency analysis and pre-studies on building certification including proposals for improvements to our assets.
2. Ensure the purchase of fossil free electricity for all assets.
3. Choose eco-friendly materials and products registered in either Byggvarubedömningen

(non-profit organisation owned by large constructors and property owners in Sweden) or in the BASTA database which shares public information on various materials and whether they contain toxic chemicals, or similar.

4. Increase re-use and re-cycling of materials and minimize waste in re-constructions and tenant improvements.
5. Reduce chemical use through annual monitoring of the use of chemicals in our assets. The aim is to identify hazardous chemicals and to replace them with more environmentally friendly alternatives.

Since 2009, Areim's internal environmental work is carried out in accordance with Svensk Miljöbas (the Swedish Environmental Base) and based on the same requirements as the ISO 14001 standard. Great emphasis is placed on annual improvements

and on the implementation of specific environmental measures. The work is reviewed annually by representatives of Föreningen Svensk Miljöbas (the Swedish Environmental Base Association).

## REDUCING OUR CARBON FOOTPRINT

At Areim, we report our carbon dioxide emissions through using the Greenhouse Gas Protocol (GHG), which is the most common international method for voluntary accounting of emissions. The GHG protocol, which is divided into Scope 1, 2 and 3 helps us understand what emissions we as a company are directly and indirectly responsible for.

**Scope 1** are direct emissions from company-owned and controlled resources, emissions released to the atmosphere as a direct result of a set of activities.

**Scope 2** emissions are indirect emissions from purchased energy. In other words, all emissions released to the atmosphere, from the consumption of purchased electricity, steam, heating and cooling.

**Scope 3** Indirect emissions - both upstream and downstream - from operations that are not covered in Scope 1 or 2. For example, purchased materials and waste in construction projects.

Our overall target is to become a carbon net zero organisation by 2030

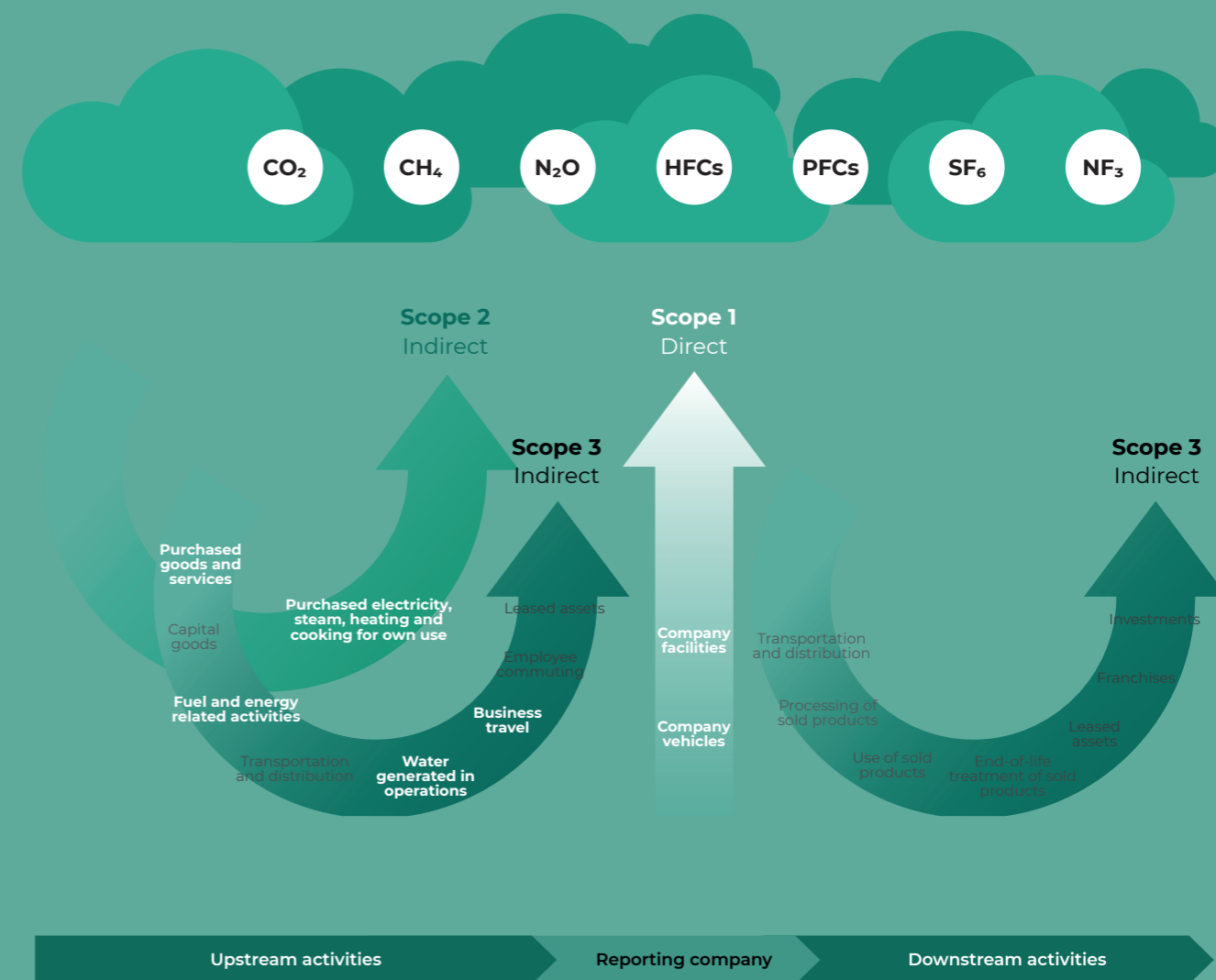
This is an ambitious target that calls for bold carbon reduction. Even if we are making steady progress and see reduced emissions from Scope 2 and 3, we also see major challenges to becoming climate neutral within Scope 3. Our route to reach our target is currently three-fold: to reduce demand, to increase renewables, and to offset residual emissions. We will further investigate innovative solutions, refine our analysis of Scope 3, and set our roadmap to reach the target for 2030 in the years ahead.

Since 2019, we measure and report our emissions for Scope 1 and 2 and partially for Scope 3.

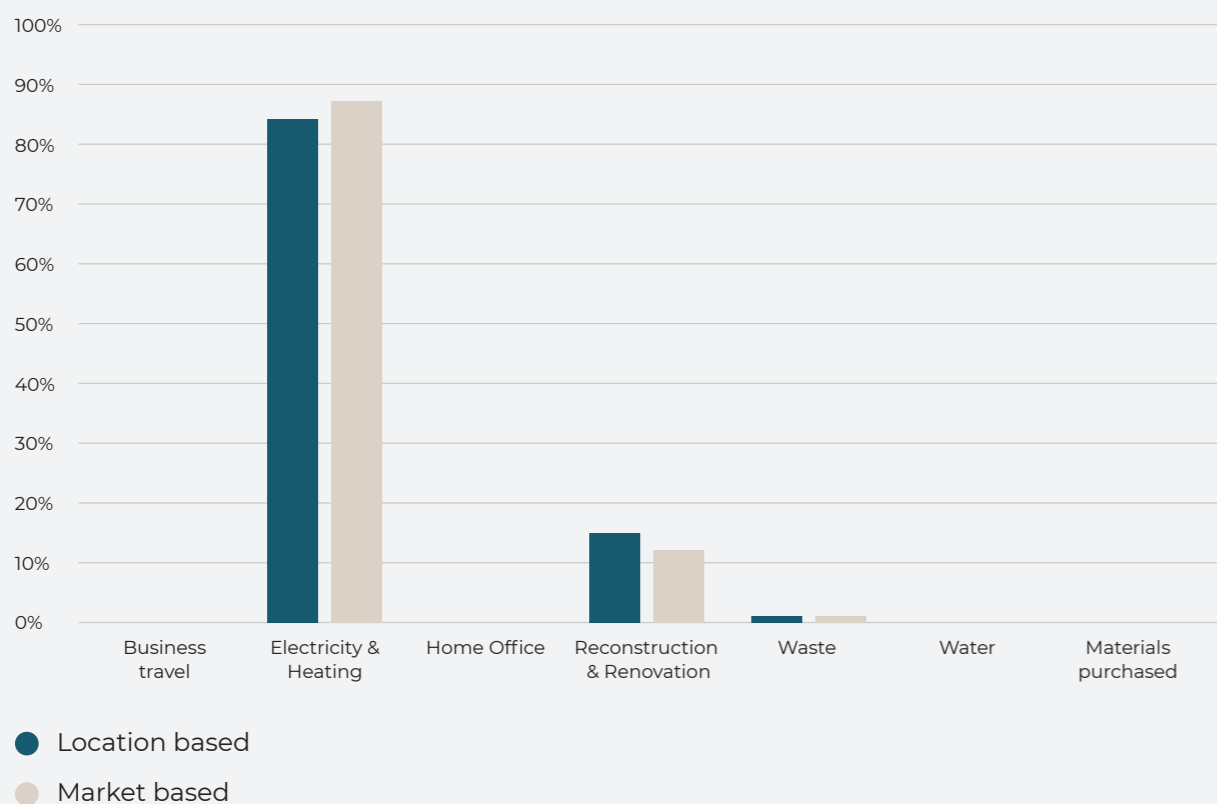
The main part of our emissions within Scope 2 is a result of electricity and heating within our assets. It is therefore essential that we continue our efforts to decrease the energy consumption as well as to make sure we convert to fossil free energy solutions where possible.

The Scope 3 emissions from our own corporate offices is minor and make up less than 1 per cent of our total emissions. Nevertheless, it is important to walk the talk and encourage sustainable behaviour. We do this by purchasing fossil free electricity, fair trade consumables, and eco-friendly goods, recycling our waste and having a business travel policy in place amongst others.

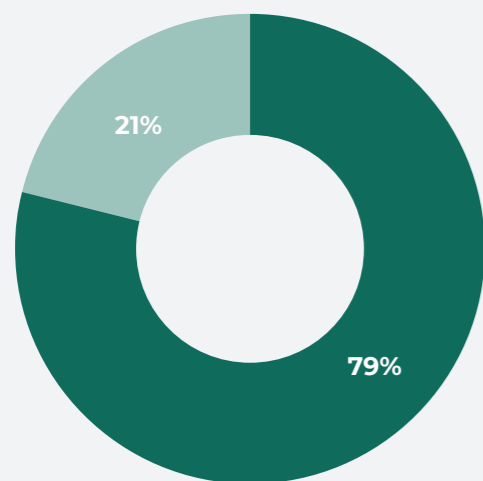
Our most significant Scope 3 emissions upstream in the value chain derives from purchased goods, materials, and services, often in connection with tenant improvement or refurbishment projects. Downstream are predominantly emissions from our tenants use of the premises. An important step to reduce emissions is our ambition to roll out green leases as described in a later section. In addition, Scope 3 includes emissions from business travel. Scope 1 emissions are zero at Areim.



### Emissions by activity (percentual share of tCO<sub>2</sub>e)

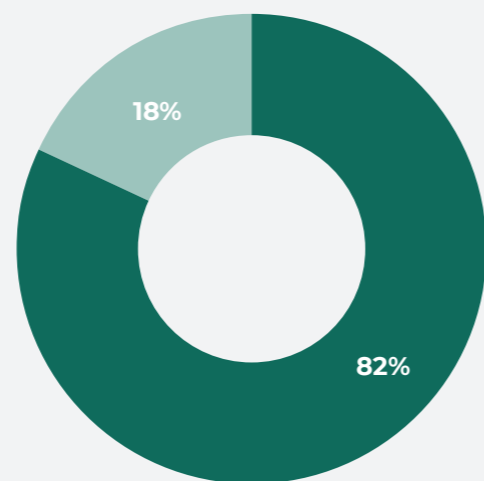


### Emissions by Scope (location based, tCO<sub>2</sub>e)



● Scope 2  
● Scope 3

### Emissions by Scope (market based, tCO<sub>2</sub>e)



● Scope 2  
● Scope 3

### Carbon footprint, Like-for-like

CO <sub>2</sub> e	2020				2019			
	Scope 2	Scope 3	Total	Intensity	Scope 2	Scope 3	Total	Intensity
	tCO <sub>2</sub> e	tCO <sub>2</sub> e	tCO <sub>2</sub> e	CO <sub>2</sub> e/m <sup>2</sup>	tCO <sub>2</sub> e	tCO <sub>2</sub> e	tCO <sub>2</sub> e	CO <sub>2</sub> e/m <sup>2</sup>

#### Location-based (LB)

Areim Fund IV	2,692	376	3,068	4.82				
Areim Fund III	4,167	301	4,448	15	5,685	381	6,066	21
Areim Fund II	294	37	331	5.6	304	34	338	5.7
<b>Total</b>	<b>7,183</b>	<b>714</b>	<b>7,847</b>		<b>5,989</b>	<b>415</b>	<b>6,404</b>	

#### Market-based (MB)

Areim Fund IV	2,981	470	3,451	5.42				
Areim Fund III	4,566	265	4,831	17	4,877	281	5,157	18
Areim Fund II	238	53	291	4.9	282	49	331	5.6
<b>Total</b>	<b>7,785</b>	<b>788</b>	<b>8,579</b>		<b>5,259</b>	<b>330</b>	<b>5,448</b>	

Comments:

- The absolute data shows the size of our GHG-emissions only. To enable comparison over time, like-for-like data is used, why only assets owned the full year 2019 and 2020 are included. An exception however, Fund IV data includes assets that have not been held the full year.
- No Scope 1 emissions related occurred during 2019-2020.
- Scope 3 for our investments are emissions related to waste and water consumption, construction projects and tenant improvements.

The like for like CO<sub>2</sub> emission comparison shows a decrease both for Fund II and Fund III. Fund II decreased with 3 per cent using the location-based method (LB) and 16 per cent according to the marked-based method (MB) for Scope 2. For Scope 3, the reduction in Fund II was 9 per cent (LB) and 8 per cent (MB). Fund III decreased with 27 per cent (LB) 6 cent (MB) in Scope 2. For Scope 3, the emissions in Fund III were decreased with 21 per cent (LB) and 6 per cent (MB).

This is a result of working both on buying fossil free electricity, as well as increased energy efficiency in the assets. Looking deeper into the underlying data, it shows that the higher CO<sub>2</sub> emissions in Fund III derive from the Finnish assets that generally have higher energy consumption, kWh/m<sup>2</sup>, as the emission factors for residual energy in Finland are higher than in Sweden. CO<sub>2</sub> emissions from Fund IV were measured for the first time in 2020.

Our total offset for 2020 amounted to 80 tonnes CO<sub>2</sub>e emissions (corresponding to the emissions from our corporate offices) through the project Bagepalli biogas in Chickballapur, India. The pro-

ject has a Fairtrade Carbon Standard certification and was selected together with Zero Mission, our climate accounting business partner.

### ENERGY EFFICIENCY

In 2020 we implemented Mestro, a data portal that enables us to follow up on the consumption data of our assets. The system collects data automatically from the energy providers, whilst water and waste consumption are collected manually via a smartphone app. The system is flexible, and it is a good working tool, both for daily operations and for the aggregated follow-up and reporting.

The energy consumption is measured and followed-up on asset level and aggregated to fund level. The total energy consumption and energy efficiency depend on the lifecycle of each fund. In the investment phase the total consumption will go up and stabilize when entering the asset management phase followed by a decrease as energy efficiency initiatives have been carried out.

### RENEWABLE ENERGY

The main sources of energy come from bought electricity and district heating. Our goal is that 100 per cent of the energy consumption should come from fossil free sources. In 2020, 56 per cent of all energy within the organisation came from fossil free sources. 74 per cent of electricity in the directly owned assets and 25 per cent of district

heating came from fossil free sources mainly due to high fossil-based district heating production in Finland. Active district heating is a well-developed source for heating in our locations. All district heating suppliers of our assets have ambitious climate targets to meet within the Paris agreement.

### SELF-PRODUCED ENERGY

We always investigate the possibility to add new energy solutions, such as wind or solar power, to our investments. During 2020, we produced solar energy at one of our assets in the Marieberg area in Stockholm inner city, and at one Light Industrial

asset in Uppsala. Also, we initiated the installation of solar panels on two assets within the Obligo-portfolio: Tomtebodan in Solna, Stockholm and Gullbergsvass close to the central station in Gothenburg.

With an area of around 4,000 m<sup>2</sup>, Tomtebodan have the largest roof mounted solar energy project in Stockholm, generating about 400 MWh per annum since May 2021.

This equals to normal consumption from 80 households per year and represents 6 per cent of the total energy consumption of the asset. The installation in Gothenburg will be smaller, 1,600 m<sup>2</sup>, and generate around 175 MWh, representing 2 per cent of total energy consumption from the asset.



CO<sub>2</sub> savings from our solar panel project Tomtebodan and Gullbergsvass equals the average consumption from 115 households or the annual saving of 80,000 pine trees

# Tomtebodan – Stockholms largest solar panel installation

Acquired as fully vacant at acquisition in 2015. The asset has a total GLA of around 80,000 sqm and was built in 1983 as a post terminal for the Swedish post.

### VALUE-ADD INITIATIVES

- Lease-up, repositioning, conversion, redevelopment, and development of additional lettable area;
- Conversion of other industrial space to modern office or educational space;
  - Efficient waste sorting system: Food waste from restaurant collected and converted into biogas for community buses in Stockholm;
- Close dialogue with the municipality regarding potential to create residential building rights;
- The entire outdoor area of the property was redesigned with landscape architects to turn the former post-terminal into a lively and pleasant place for both tenants and the general public;
- Added gym facilities; and
- Improved bicycle room with charging stations and washing facilities.
- Certification process for BREEAM-in-Use initiated. Target Very Good or Excellent; and
- Stockholm's largest roof-mounted solar panel installation generating 400 MWh/year. In total 1,465 solar panels has been installed.



Large-scale solar panel installation at the roof of our Tomtebodan asset in Solna, Stockholm.



*"I am especially happy having repositioned Tomtebodan to become a modern workplace and school for over 4,000 people and to prove that sustainability and value creation clearly go hand in hand!"*

**Jerker Victor,**  
Asset Management

## REDUCE, REUSE, AND RECYCLE

Reshaping our assets into modern and efficient spaces for our tenants means refurbishment and new constructions. Being conscious about what and why we demolish is key, as demolishing often comes with a waste of energy, materials, and historical and social values. It is important to always ask ourselves if we really need to tear down these premises. What materials can we reuse? What materials can be recycled and how do we make sure that we do not buy more construction materials than needed?

We are working hands on with these questions together with our contractors and our architects, making sure that we recycle ceilings, re-use glass

## WATER CONSUMPTION

Access to fresh water has fortunately not been a significant issue in the Nordics so far, but this may be about to change. Urbanisation and climate change increase the risk of overloading water systems due to heavy rains and lack of capacity in old water systems. Additionally, there is also the risk of water shortage due to longer periods of warmer weather. Keeping climate changes in mind, we do not only apply the precautionary principle to safeguard our business, but a logical outcome is also to be more responsible with the resources at hand.

sections and make as few changes as possible to the existing space. In addition, we always provide our tenants with common spaces for recycling of carton, paper, metal, glass, and food waste.

During 2020 preparations were made to meet new mandatory regulations for asset owners in the municipality of Stockholm with reference to the recycling of food waste, which is collected and turned into biogas that is used for the public buses in Stockholm.

In the office assets in Finland, we have signed a waste collecting agreement including climate compensation for the waste collected. We are currently investigating possibilities to add waste data into the Mestro data portal.

We are monitoring and following-up on water consumption in our directly owned assets with the aim to reduce consumption by installing water-saving equipment, such as low-flow taps and toilets, as well as low-flush dishwashers where possible. We also ensure, that any leakages or deviations from normal water consumption are quickly identified and remedied. Additionally, we are currently investigating several possibilities to invest in stormwater ponds, sedum roofs and green areas around our assets to take better care of the stormwater.

Water withdrawal, m <sup>3</sup> /m <sup>2</sup>	Area	2020	2019	Change %
Areim office	884	0.39	0.49	-20%
Fund II	59,107	0.27	0.26	1%
Fund III	156,741	0.22	0.29	-23%
Fund IV	276,300	0.79	-	

The water consumption in Fund II is about the same as in 2019 but for Fund III there has been a decrease in water consumption of 23%, corresponding to more than 4 swimming pools.

## REDUCING HAZARDOUS CHEMICALS

By carrying out annual inventories of chemical use in our property maintenance, and by using materials listed in Byggvarubedömningen (the construction product assessment) we contribute to reducing hazardous chemicals and construction material. This inventory is also mandatory according to Swedish Environmental Base and its

intention is to identify hazardous chemicals and to replace them with more environmentally conscious alternatives. The inventory is a way of making the property caretakers aware and increase their knowledge of the negative effects the different chemicals have on the environment and on us as human beings. By doing this we also minimise the pollution of air, water, and ground.

# Ruoholahdenkatu 14, Helsinki



## OPTIMISING DAY-TO-DAY MANAGEMENT

- 3,000 m<sup>2</sup> office building.
- Acquired to Areim Fund III in 2018 as part of a portfolio (Monopoly)

## INVESTMENT RATIONALE

- Lease up and refurbishment; and
- Building right with potential to add 2,000 m<sup>2</sup> to site.

## ACHIEVEMENTS AND KEYS TO VALUE CREATION

- Lease up and renegotiate;
- New zoning plan ongoing adding 2,000 m<sup>2</sup> office;
- Building certification BREEAM In-Use – Very Good achieved;
- Green electricity in place;
- Carbon neutral waste service in place; and
- Renewal of building automation system finalized in 2020
  - Yearly cost savings 23 kEUR (tot investment 121 kEUR with a pay-off in 4.5 years)
  - Yearly CO<sub>2</sub> savings, 61 tCO<sub>2</sub>

Ruoholahdenkatu 14 Summary	2019	2020	2021; R12 Feb	Improvement
Total energy (kWh/sqm)	444	365	317	-29%
District heating (kWh/sqm)	279	240	202	-28%
District cooling (kWh/sqm)	49	26	22	-55%
Electricity (kWh/sqm)	115*	98*	93*	-19%

\*Excluding tenant electricity



"It is amazing to see what a difference one can make when cooperating with the right people and sharing a common goal. Due to consistent efforts, we reduced our total energy consumption by 29 per cent between 2019 and 2020. We are continuing our efforts to improve energy efficiency and to ensure a high level of reused materials and smart technical and eco-friendly installations."

**Krista Sipilä,**  
Asset Management

## BUILDING CERTIFICATIONS – THE TANGIBLE RESULT OF OUR WORK

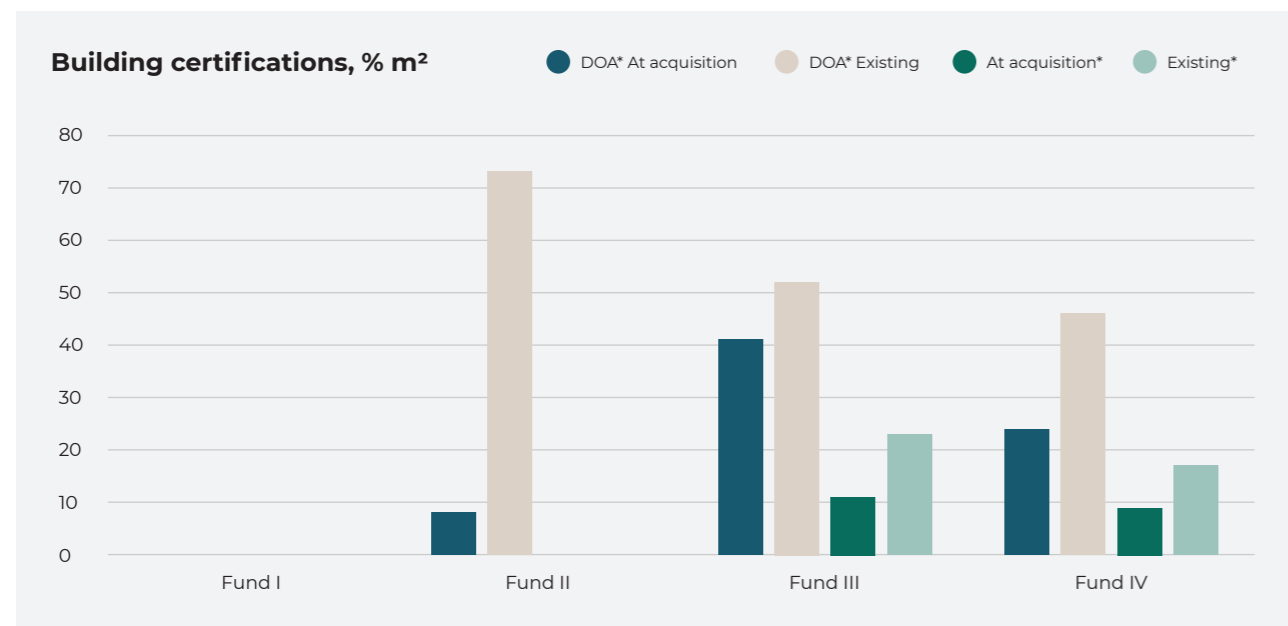
It is our goal that 100 per cent of our assets should be environmentally certified by the day of divestment. An environmental building certification gives credibility, quality assurance, increases the overall attractiveness of an asset and ensures that sustainability has been part of the construction process and/or management phase of the building. Studies also show that certified buildings in general are valued higher. To us, certification is a triple win: it is good for the environment, good for the associated stakeholders and good for the asset value and return.

We certified our first asset in 2010. Since then, 24 assets - corresponding to 505,000 sqm and 53 per cent of lettable area - have been certified. Looking at existing assets under management 73 per cent of lettable area in Fund II are certified, 52 per cent of lettable area in Fund III (including 23 per cent minority owned investments) and 46 per cent of lettable area in Fund IV (including 17 per cent mi-

nority owned assets included). The figures reflect the different stages of the funds, from being in the investment stage of Fund IV, the asset management of Fund III and the final stage of divestment and winding-up for Fund II.

It is always our aim to develop and improve our properties to meet the standards for well-known environmental certifications as specified by for example LEED, BREEAM and Nordic Swan Ecolabel (Svanen).

Areim prefers a BREEAM certification for office assets as it is international and a system adaptable to Swedish building standards. However, other systems are chosen occasionally depending on the prerequisite of the specific asset. Our minimum aim is to reach the level of Very Good but aiming for Excellent.

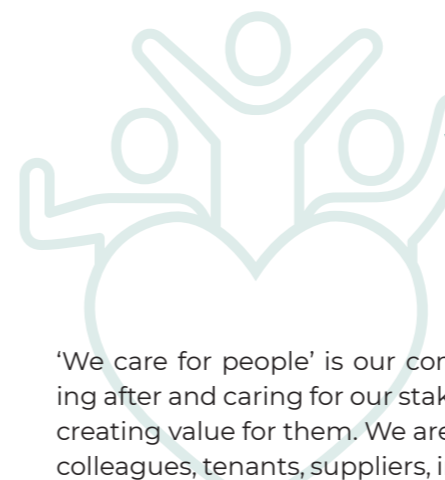


\*DOA means our directly owned assets

\*\*Fund I is divested and had 43 percent of building certifications over its life span

In 2020 a pilot-project was started in the Light Industry portfolio where we together with the property manager are certifying one asset according to iDrift. In the certification process we have had a

systematic approach to enable us to roll out iDrift to all assets within Light industry if the pilot project succeeds.



# We care for people

'We care for people' is our commitment to looking after and caring for our stakeholders as well as creating value for them. We are committed to our colleagues, tenants, suppliers, investors, and other stakeholders ensuring long-term social benefits that go beyond just our properties.

## OUR VALUES

Honesty, humour, integrity, and curiosity are values that are important to us.

These values describe how we should interact with one another on a day-to-day basis. They also serve as an important foundation for our organizational culture and provide the building blocks for a collaborative, fair and amicable work environment.

## ATTRACTIVE EMPLOYER

### The Areim way of working

We believe competent, motivated, and happy employees are key to building a successful business. To be an attractive employer, we need to offer a safe and empowering working environment coupled with individual learning opportunities. By focusing on our corporate culture, we aim to build capacities and grow to see beyond blind spots, acknowledge our insecurities and shortcomings rather than unconsciously acting them out.

Since 2017 this work has been supported by an organizational psychologist whose objectives include to instil a "growth mindset" to the Areim way of working where increased motivation and drive to change overrides the fear of failing.

*Our mission is to see potential in the impossible and smile while doing it.*

To reach this, we continuously strive to develop a psychological safe workplace where we dare to be open, vulnerable and to question the status quo by enabling capacities in self-leadership, acting on our values and promoting a collaborative culture.

Areim has 56 full-time employees, in our offices in Sweden, Finland, Norway, and the UK. Apart from

our full-time employees we offer internships with the aim to give students a chance to obtain valuable work experience and develop new skills.

In 2020, Areim participated in the student fairs LAVA at the Royal Institute of Technology and Handelsdagarna at Stockholm School of Economics as well as having had three interns supporting our operations, two based in Stockholm and one in Finland.

### Being proactive during the Covid-19 pandemic

The global pandemic has been a stark reminder of the world being ever-changing, exposing us to threats yet also great possibilities to contribute to a more resilient and sustainable world. The past year has altered our lives and shown us that we took many things in our daily lives for granted, starting with being able to send our children to school and activities and for us to be in the office physically, as well as being able to socialize with friends and giving our elders a warm and loving embrace.

Covid-19 has clearly been a stress test for the organisation, testing our adaptability and challenging us to find new ways of working. Areim decided from the beginning to follow local government advice and we have been consistent in our recommendations to our employees throughout the pandemic.

As the reach and impact of the pandemic became clear, ensuring the health, safety, and well-being of our employees became our topmost priority. Isolation, increased stress, and uncertainty were some of the challenges we faced during the year. We responded to these by implementing digital meetings, conferences, flexible working arrangements, and offering leadership programs on a safe working environment.

We identified important learnings from how to work under these new circumstances and instituted health and safety systems to ensure that our employees could live and work in a way that felt comfortable and safe for them, given their individual situations and constraints. It has clearly been a challenge to adjust to predominately wor-

king from home, creating new demands on time management and work-life balance on top of missing the social aspect of engaging with colleagues in person.

As a recognition of the challenges our colleagues faced, we implemented a stress management initiative focusing on breathing to support our colleagues.

Colleagues and teams are under normal circumstances encouraged to challenge themselves and often get together in various sports and other physical activities, such as the charity race “Spring för livet” (Run for Life). In 2020 we participated in the race digitally due to the pandemic. In November, a step challenge was initiated with the goal to take 10,000 steps per day for a month, and virtually walk from Berlin to Prague.

**Attract, recruit and retain**

It is essential to us as an employer to attract and recruit the right employees as well as to develop and retain our talents. We promote fair employment practices and work to recruit, employ and promote employees on the sole basis of their ability. Research shows that successful efforts for inclusion and diversity generate higher financial returns. Inclusive and diverse workplaces create higher motivation, productivity, creativity, and innovation. Thus, through working successfully with diversity, we create conditions for improving our innovative capabilities that enable us to be an attractive employer.

We aim for a heterogenous mix of individuals across all teams. When recruiting, at least one man and one woman from our organization shall be involved in the process as unconscious biases influence our decision making. During 2020 we customized our recruitment ads to become more gender sensitive and adapted a more inclusive language in order to attract underrepresented groups. We recognize the importance of building a solid foundation based on our values and cultural DNA. Therefore, we continued with our introductory programme for employees. The training aims to introduce employees to The Areim Way, important IT-systems as well as a mandatory basic course on environmental issues. Newly recruited colleagues were also introduced to different team-leaders and specialist functions ensuring a smooth onboarding process.

We conducted one training on gender equality as well as included health and well-being aspects in our personnel handbook. The handbook contains information about our rigorous insurances as well as practical information on what type of benefits we offer regarding health and well-being.

All full-time employees have the right to regular performance and career development reviews (PDA). 100 per cent of the employees that were employed during the PDA process in 2020 had their review, however, 13 colleagues joined after the PDA processes and will therefore have their first reviews during 2021. In the coming year (2021), we have the ambition to develop and implement an employee satisfaction survey and further develop our personnel handbook to continue the improvement of our talent management.

**Inclusion, diversity, and equality**

To us, promoting diversity, inclusion and equality means that all employees have equal value and the same opportunities and rights regardless of ethnic origin, gender, age, and sexual orientation. We aim to create an inclusive and non-discriminatory organization.

Areim’s personnel handbook is designed to provide employees with knowledge on safe and healthy working conditions, and to enable everyone to work free from discrimination, harassment or bullying of any kind. In return, Areim expects its employees to act with integrity and maintain high ethical standards. We identified health and safety at work as a material risk, including topics such as discrimination, exhaustion, and work safety. These risks were mitigated through providing regular performance and career reviews, offering health insurance and benefits, training our employees in gender equality, adapting the recruitment processes to a gender-inclusive language and by introducing a stress management programme.



*“I first came across with Areim about 12 years ago, when I was an LP looking to make an investment into a Nordic player. As a young professional in London, I was impressed by the team and their track record. Only a handful of players back then were truly giving equal opportunities to men and women. A decade later, I feel fortunate to have joined a team that values talent over gender or race, where team effort is the most valued characteristic, where investors come first, and fun is required. The lean structures, low hierarchies, and team spirit at Areim today – combined with a constant strive to develop the culture – is what I believe will be considered normal to all companies in the future.”*

**Vanessa Cruz Galarza,**  
Investor Relations, New Products

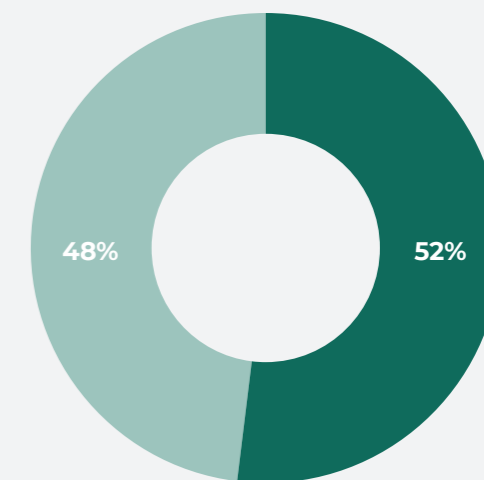
Given that we are a small company, the ethos is to work closely together as colleagues. Areim has faith that an environment of trust has been created. Should there be an issue of any kind, our colleagues should feel able to reach out to their next in line directly, or if needed directly to our CEO. During 2020 no incident of discrimination was reported.

**Division of labour**

The real estate industry is traditionally male dominated, although not the case at Areim. We are proud to have been working actively towards a diverse workforce since day one. We have reached an equal gender balance across our organisation and the leadership team. Equality runs through our organisation from top to bottom, and in 2020 we continued to have an equal representation with 52 per cent female and 48 per cent male. 45 per cent of our leaders are female.<sup>1</sup> Areim strongly believes in equality, inclusion and gender neutrality and we strive to keep the balance going forward, working actively to ensure this is embedded into our culture.

<sup>1</sup> There is only one segment of our organization - employees with staff responsibility - that have a minor gender imbalance, where four were men and two women.

**Total gender representation at Areim**



● Female  
● Male

### Remuneration and salaries

To safeguard a fair remuneration system, our Board of Directors has adopted a remuneration policy outlining the remuneration system and procedures. The objectives are in short to promote good performance and favourable behaviour, to stimulate cooperation, to prevent excessive risk taking and to stimulate sound and effective risk management. The policy consists of fixed and variable remuneration. The fixed remuneration applies to all Areim's employees and consists of several parts including, salary, pension, insurance, and health benefits. The fixed remuneration is reviewed annually and set by the CEO. Variable remuneration is defined as remuneration that is based on the fulfilment of pre-defined financial and non-financial goals.

### ADDING SOCIAL BENEFITS IN AND AROUND OUR PROPERTIES

We want to be a partner that encourages and supports dynamic cities, where health and good social relations are essential to build diverse and thriving communities. It is important to us, to actively collaborate with the local communities where we are present. Involvement in local activities provides us with insights into the challenges faced by communities and their needs, as well as knowledge on how we can contribute to sustainable development at the local level.

Ideas on supporting local development are translated into actions by identifying strategic memberships, initiating projects with clear social benefits and by donating to non-governmental organizations. One of our projects with social benefits is the residential development project Kista Parkstad as presented below.

### Closing the pay-gap

During 2020, Areim reviewed the salaries of the organization to identify potential gaps. Areim applies individual salaries based on achievements, experience and educational background. Areim promotes equal pay across the organisation. During 2020 our female employees earned 7 per cent more than male employees. Within our management team, females earned 6 per cent more than males. We are proud of our record and constantly look at ensuring equal pay is maintained.

<sup>1</sup> Based on 2020 base salaries.

<sup>2</sup> Note that this is not a GRI category.

### Ensuring workplace safety and security

Ensuring workplace safety and security together with our suppliers and partners is important in our development projects. The Work Environment Act mandates, that the party that has building or construction work carried out is obliged to consider and mitigate safety aspects during the whole project. Therefore, we appoint building work environment coordinators for planning and design (BAS-P) and for project implementation (BAS-U). It is the contractor who reports on a project basis if injuries occur. As Areim does not collect data on injuries on an aggregated level, there is potential to improve the collection of this data.

# Kista Parkstad residential development in Kista, northern Stockholm

Kista Parkstad will comprise nine residential blocks with around 1,700 apartments with different forms of tenure, i.e., tenancy rights, cooperatives, and student apartments. The project also includes a pre-school and commercial services.

Together with our joint venture partner Skanska, our aim is to create a new and vivid, socially, and environmentally sustainable community.

### SOCIAL AGENDA

With respect to sustainability, our team is working in close co-operation with the City of Stockholm to ensure the construction of a sustainable community. All involved parties agreed at an early stage that social sustainability and local engagement are key success factors, that need to be incorporated throughout the entire project, from early zoning planning to day-to-day management.

- Initiated a cooperation with the local organisation Löparakademin (running academy) to encourage young people to exercise and focus on education;
- Minimizing transportation within the area through strategic placement of parking spaces;
- Planning for safety and security through mixed-use premises, for a living area by day and night including good outdoor lighting and outdoor visibility; and
- Adding outdoor gym areas for health and re-creation.



## ENVIRONMENTAL ACHIEVEMENTS

The site has unique qualities with a historical atmosphere, high environmental values with a unique pine forest and marsh lands which have been considered when planning this area.

- Increased energy efficiency;
- Increasing biological diversity e.g., keeping tree logs in playgrounds and pre-school areas);
- Adding green fauna to safeguard bat habitats;
- Delaying water runoff by leading water into the existing marsh lands; and
- Preserving the existing buildings characteristics by keeping and reusing existing materials when converting the use of the building.



*"I am proud of how we have kept the best parts of the existing site to make sure that its history will be part of its future. This is a challenging but rewarding project in many ways. Knowing that what you are working on will make a difference not only for this place but for the society at large is exciting"*

**Sara Ax Nordstam,**  
**CEO Kista Parkstad, Joint Venture between Areim and Skanska**

## DOING MORE – EXTERNAL SOCIAL ENGAGEMENT

Areim annually contributes to organizations who work with important social objectives. These donations are a complement to our social sustainability work as the organizations possess expertise in how to contribute to inclusive and thriving communities. This year we donated 898,000 SEK to the non-governmental organizations to the right.

- **Mathivation**
- **UNICEF for Malawi**
- **Stadsmissionen Stockholm**
- **Helsinki Mission**



UTMANAR. INSPIRERAR. ENGAGERAR.

### MATHIVATION

Mathivation is a project in which the business world, schools and academia are working together. The objective of the project is to offer pupils in compulsory school, education programmes to motivate, inspire and challenge them in the field of mathematics and programming. Areim has been Mathivation's proud partner since 2016 and occasionally participates in teaching at different schools to inspire and be inspired but most importantly to provide a bridge between school and the business world.



### UNICEF FOR MALAWI

Companies for Malawi is a project that a group of Swedish property companies has supported since 2006. Together we actively support UNICEF in their important mission to improve the situation of vulnerable children in Malawi, one of the world's poorest countries, through access to quality education and healthcare.



## STOCKHOLMS STADSMISSION

Stockholms Stadsmission works for a more humane society through social care, work integration and education. As a “friend company” to the Stockholm City Mission we contribute to helping individuals in vulnerable situations. Our donations are used for emergency and long-term support such as housing and meals, financial support to families with children, creating safe and sound study places for students, therapy sessions and providing lunch meals for elderly in need.



## HELSINKI MISSION

Helsinki Mission is the Finnish equivalent to Stockholms Stadsmission, focusing on supporting exposed and vulnerable people of all ages.



# We deliver sustainable results

‘We deliver sustainable results’ is our commitment to creating long-term financial sustainability with transparent governance whilst empowering our people to do the right things in the right manner. Good governance is the foundation of a responsible business, and an important part of this work is to be financially sustainable and responsible for the long term.

“We need to incorporate people, planet and profit in everything we do.”

**Leif Andersson,  
Areim Founder**



## COMPLIANT AND PROACTIVE GOVERNANCE

We believe that an ethical business culture is a fundamental part of our commitment to making a positive social impact as a responsible business. We want to promote a culture of openness, transparency and accountability. It is important to us to conduct business in compliance with laws, regulations, international initiatives and standards. We conduct business responsibly and with integrity, and we expect our suppliers and partners to do the same.

Delivering sustainable results requires a greater understanding of ESG issues across the organisation. Genuine commitment is required from management to be a well governed and ethically responsible business as well ensuring progress at an accelerated pace. With the right resources, priorities, people and reporting structures in place, supported by reliable data, robust monitoring systems and effective communication, we believe that we are on the right path of becoming a sustainability leader in our industry.

### How we govern

Areim is a fully authorized Alternative Investment Fund Manager (AIFM) in accordance with Swedish Law (SFS 2013:561) and as such, is supervised by Finansinspektionen (SFSA) under Regulatory Code (FFFS 2013:10) and governed in accordance with EU Directive 231/2013/EU.

The board of directors (the “Board”) is ultimately responsible for the management of the company, its business, and the services it provides. The Board makes all significant decisions in relation to, e.g., The Board makes all significant decisions in relation new management agreements, policy documents, budgets, and reports.

As the company is appointed manager of alternative investment funds, it is the Board’s responsibility that the agreed services, including portfolio and risk management, are performed in the best interest of the funds’ investors. In line with our increased transparency and effort within sustainability, we also assess and monitor sustainability (ESG) related risks and are in the process of implementing new regulations within Sustainable Finance.

Portfolio management is delegated to the investment committee, which makes all the significant decisions for the funds in relation to investments, divestments, major lease agreements, major follow-on investments, capital expenditures, financing, business plans, budgets, and reports.

The CEO is responsible for the day-to-day management of the company, making decisions on recruitments, organisation, and prepares instructions in line with policies decided by the Board. A substantial authority to make decisions on behalf of the company is delegated to the CEO.

## Selection of policies and manuals

### Compliance Policy

The policy states and clarifies Areim's obligation to establish, implement and maintain an independent compliance function, as well as compliance policies and procedures to detect any risk or failure by Areim to comply with its obligations under the AIFM Act and to manage its risks associated with non-compliance.

### Ethical Policy

The policy sets out Areim's internal rules for how the company will deal with ethical issues in its business including anti-bribery related issues. It guides employees on how to act in situations where the appropriate action may seem unclear from an ethical perspective, or where the legal rules in the area may not provide adequate guidance.

### Policy on Inducements

The policy stipulates the internal rules on inducements. Inducements refer to payments, fees, commissions, or non-monetary benefits paid or received in relation to activities performed e.g., portfolio management and other services.

### Remuneration Policy

The purpose of the policy is to describe the requirements of a remuneration system that is sound, effective and prevents risk taking that is not in line with the risk profile and investment objectives of the managed funds, protect the interests of the manager, the managed fund and the investors.

### Risk Management Policy

The policy states the obligation of Areim to implement and maintain an adequate and documented risk management framework. The aim of the framework is to identify all the relevant risks to which the funds are or may be exposed to. It further sets out the rules and basic principles of our risk management system, as well as how risks are identified, monitored, mitigated, and disclosed. The policy also outlines key aspects of the risk management process employed by the Board to evaluate the effectiveness of Areim's risk management systems.

### Policy on Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT)

Areim is obliged to prevent money laundering and financing of terrorism by complying with governing regulations, recommendations, and general guidelines on AML and CFT. It is of high importance to us to combat money laundering and the financing of terrorism both to meet regulatory obligations but also to maintain our good reputation. The policy sets out the requirements and internal rules and instructions for Areim in relation to such, including Areim's whistleblowing process. Areim has had no reported cases of corruption, or any complaints that led to an investigation.

### IT and Information Security Policy

Areim is obliged to have internal rules on information security. Information security refers to ensuring confidentiality, availability, correctness and traceability of information and data, and to reduce the risk of damage to the business regardless of cause or attacker. The rules require Areim to identify, analyse, classify, prevent, manage and report on information security.

Areim's IT and Information Security policy is based on ISO/IEC 27001 and it is GDPR compliant.

### Business Continuity Plan (BCP)

Areim is obliged to have a BCP in place. The BCP includes roles and responsibilities as well as an Incidents Response Team (CEO, CFO, COO and Risk Officer) that will lead the handling of any significant incident. Significant incidents are incidents that could cause serious damage to Areim's business and it is assessed on basis of how critical it is to our operations or employees.

### Personnel Handbook

Our Personnel Handbook sets out the basic terms of employment for all Areim staff, stating both the legal and ethical requirements.

We understand the importance of training our employees to enhance their understanding of our values and policies.

## Internal control functions

Areim's operations and internal controls are organised under the three lines of defense model, with risk management, compliance and internal audit functions all outsourced to an independent third party. The first line of defense consists of all Areim employees including fund managers, fund controllers and the CEO. They are all responsible for

overall day-to-day risk management and investment restrictions compliance, i.e., closely monitoring the business plan of an investment via asset management meetings and quarterly reporting of key risk indicators to the investment committee and the Board.

The second line of defense is performed by the risk control and compliance functions, which provide advice and monitor the risk management and compliance on a regular basis and report the results directly to the Board. The control functions issue recommendations and follow up on adherence and compliance.

The third line of defense is performed by the internal audit function, which monitors Areim's internal controls, risk management and compliance are appropriate and effective, including the work of the control functions.

## Anti-Money Laundering, and corruption

Areim has implemented anti-money laundering and counter-terrorism financing procedures. We are committed to ensuring effective mitigation of the risks associated with money laundering, terrorist financing activities, bribery and corruption. We comply fully with governing regulations, recommendations and general guidelines, including the Act (2017:630) on measures against money laundering and terrorist financing, and SFSA's regulations (FFFS 2017:11). The risk of being exposed to money laundering and the financing of terrorism varies across different risk factors such as customers, geographic areas, delivery channels, products, services and over time. The guiding principle is that resources shall be directed in accordance with priorities, so that the greatest risks receive the highest attention.

Areim conducts annual training as part of our regulatory requirement for all employees in relation to anti-money laundering and counter-terrorism financing compliance. In 2020, 95 per cent of all employees and consultants completed this training. We had no confirmed incidents of corruption during 2020.

## EU Disclosure and Taxonomy Regulations

In implementing the European Green Deal, the EU is driving investment towards companies that are working on their climate transition in a structured and transparent way by providing legal definition of environmentally sustainable economic activities.

Areim has decided to disclose and classify its

funds in accordance with Article 8 of the Disclosure Regulations, defined as financial products promoting social and/or environmental characteristics, and to assess, measure and minimise Principal Adverse Impacts (e.g., energy, water, waste and carbon) at the entity and fund level.

Areim is preparing to ensure we are fully compliant with the new Taxonomy reporting regulations that will come in force in 2022.

## STRATEGIC MEMBERSHIPS

We acknowledge the importance of memberships in industry associations, national and international organizations, and bodies. Therefore, Areim considers the following international and national initiatives, associations, and organisations to be strategic and/or significant to our business:

### INREV – European Association for Investors in Non-Listed Real Estate Vehicles

INREV is Europe's leading platform for sharing knowledge on the non-listed (unlisted) real estate industry. The goal is to improve transparency, professionalism, and best practices across the sector, making the asset class more accessible and attractive to investors. Areim is a founding member of INREV. We follow the INREV definitions and guidelines on Fund reporting, and we take part of several seminars and trainings each year to constantly develop our best practise and reporting methods.

### GRESB – the Global ESG Benchmark

GRESB is a global ESG benchmark for the real estate and infrastructure industry. Its Assessments are guided by what investors and the industry consider to be material issues in the sustainability performance of real asset investments, and are aligned with international reporting frameworks, such as GRI, PRI, SASB, DJSI, TCFD recommendations, the Paris Climate Agreement, UN SDGs, region and country specific disclosure guidelines and regulations.

### Sweden Green Building Council (SGBC)

SGBC is Sweden's leading non-profit member organization who wish to transform the building and construction sector across three areas – climate action, health and wellbeing and resources and circulatory. Through certification, education, and opinion formation, SCGC work for clear and quality assured information on the environmental performance of buildings. SGBC is part of the World

Green Building Council, a global action network comprised of around 70 Green Building Councils around the globe. Our CEO, Therese Rattik, is a member of the SGBC Board since 2019.

### Green Building Council Finland

Green Building Council Finland is a non-profit association that gathers and refines the know-how of sustainable development of the building and construction industry. GBC Finland brings together knowledge and expertise in sustainable development as well as represents its members in the field both domestically and internationally.

The core functions of GBC Finland are advancing the policies of sustainable development linked to build environment and environmental classifications of the building industry, sharing, and forwarding know-how, activating the dialogue and discussion, and connecting Finland to the international Green Building Council network.

### Fastighetsägarna (the Property Owners)

The property owners are an industry organization that works for a sustainable and functioning property market. Its mission is to improve the conditions for the real estate industry in Sweden, so that the housing and premises market can be developed. Its ambition is to create the conditions for growth and room for the future.

### Stockholm Chamber of Commerce

Works with regional growth and development issues and conducts extensive networking and meeting activities.

### Klimatpakten i Stockholm (The Climate Pact in Stockholm)

The Climate Pact is a climate network for the City of Stockholm, organizations, and companies, where we work together to reduce climate impact. Today, the Climate Pact has over 250 members from the entire Stockholm region. The city's goal is a fossil-free Stockholm 2040. In that work, the Climate Pact functions as an arena for the exchange of knowledge and experience between the city, politics, and its members. The aim is to together create a climate network and a meeting place for discussions and new ideas and collaborations.

The Climate Pact is coordinated by the City of Stockholm's Environment and Climate Citizens' Council. It gives all members a direct connection to local politics and to the city administration.

### Byggvarubedömningen (The construction product assessment)

Byggvarubedömningen is an association that assesses and provides information on sustainability assessed and approved building materials.

### UN PRI – Principles for Responsible Investment

The six Principles for Responsible Investment are a voluntary and aspirational set of investment principles that outlines possible actions for incorporating ESG issues into investment practice. Areim joined as a signatory in February 2021.

### UN Global Compact

The UN Global Compact is a voluntary initiative and network-based initiative where CEOs commit

## LONG-TERM FINANCIAL SUSTAINABILITY

It is important to Areim to ensure good governance and show long-term financial responsibility. Having a working policies framework, following AIFM, INREV and GRESB as well as joining UN PRI and the UN Global Compact, guide and support our financial sustainability.

### Green financing and greening loan framework

It is important to us that our real estate solutions, projects and funds are efficient and viable from an environmental, social, and long-term financial perspective. That is why we always consider

## GREEN LEASES

Signing green leases with our tenants is a joint commitment. We will cooperate to ensure our properties and our tenants' operation are sustainable, to increase sustainable behaviour and decrease our negative impact on the environment. With the green lease both parties agree to develop a common sustainability programme including action points like buying 100 per cent fossil free electricity, green cleaning, using eco-friendly materials and aiming for building certification.

In connection to signing green leases, we aim to continuously educate ourselves and our tenants about environmental sustainability and to encourage a sustainable behaviour. Our overall aim is that the green leases will generate only minor or low-cost implications for our tenants and their business and be considered an easy choice and an important and necessary next step.

to implement universal sustainability principles and to take steps to support UN goals. Its and our ambition through joining is to align our strategies and operations to the universal principles on human rights, labour, environment, and anti-corruption as well as taking actions that advance societal goals. Areim is a signatory since February 2021.

### Women Talk Real Estate

A non-profit organisation dedicated to increasing the visibility of women in the European real estate industry and helping the industry work together on improving gender diversity. Its database connects female professionals with speaking and media opportunities, and we provide training for successful stage and media presence.

green financing when possible. We also consider our *greening loan framework* to be an important part of achieving our goal of turning brown assets green. In 2020, we signed a pioneer greening loan facility concerning several assets within our Light Industrial platform that not yet live up to common sustainability criteria required to obtain a green financing, such as being environmentally certified. The greening framework requires steady progress and third-party annual audits decided green business plans per asset, including energy efficiency, reduced carbon footprint and circularity amongst others, with the aim that all assets should be classified as green no later than three years from acquisition.

**Fund III:** Green leases correspond to 30% of the lettable area, 35% of the rental income of the Fund. In total one green lease agreement with the tenant Sweco.

**Fund IV:** Green leases correspond to 44% of lettable area and 67% of rental income. In total 48 green lease agreements.

Currently around 40 per cent of total rental income derives from tenants with green lease agreements (Fund III and IV). This corresponds to almost 95,000 m<sup>2</sup>. All green leases are geographically located in Sweden. We have initiated efforts to offer green leases in Finland and Denmark.

## CASE STUDY

# Bringing green initiatives to an environmentally overlooked property type

Light Industrial, portfolio of 22 assets across Sweden.

## MAIN ACHIEVEMENTS TO DATE

- Pioneer greening loan facility with BREC with the criteria to establish *green business plans* for each asset and to include third-party reviews on sustainability progress
- Purchase of renewable electricity for all assets
- 2/3 of new lease agreements now include green lease clauses
- Energy declarations being carried out on all assets
- Follow up on consumption of electricity, heating, cooling, water and waste

## ONGOING ACTIVITIES

- Pilot certification process ongoing according to Miljöbyggnad IDrift including preparation to roll out for all assets
- Investigation on solar panel and geo-energy solution including possibilities to roll out for all assets
- Minimize carbon footprint when choosing building materials
- Investigating possibilities to invest in storm-water ponds, sedum roofs and green areas around our assets to take better care of the stormwater
- Continuous efforts to reduce chemicals used



Boländerna 19:1, Uppsala, Sweden



"I am especially happy and proud of our close cooperation with the many diverse tenants within the LI-platform and how we – through active asset management – steer our properties into a more sustainable direction while supporting local business".

**Peter Salmén,**  
Asset Management

Three-year targets* Environmental aspects	At acquisition	Current
100% renewable electricity	0%	100%
100% environmentally certified assets	0%	In progress
75% of rental income from green leases	0%	25%

\*Included as a prerequisite in the greening loan facility with BREC.

# Data

## HUMAN RESOURCES

### GRI 102-8. Information on employees and workers

2020

Headcount employees	Female	Male	Total
Permanent	29	27	56
Temporary	1	2	3
<b>Total</b>	<b>34</b>	<b>28</b>	<b>62</b>

Permanent full-time	28	27	55
Permanent part-time	1	0	1
<b>Total</b>	<b>29</b>	<b>27</b>	<b>56</b>

### GRI 401-1 New employee hires

2020

#### Split by gender

Female	11
Male	4
<b>Total</b>	<b>15</b>

#### Split by age

<30	3
30-50	12
>50	0
<b>Total</b>	<b>15</b>

\*Data is based on permanent employees

\*\* Two women and one man went from being a worker to employee during the year

### 401-1 Employee turnover

Areim

#### Split by gender

Female	1,1
Male	0,9
<b>Total</b>	<b>1,0</b>

\*Data is based on Full time equivalents (FTE)

### GRI 401-3 Parental leave

2020

	Female	Male
Employees with the right to parental leave	100%	100%
Employees who took parental leave	4	5
Share of employees who took parental leave	14%	19%

\*Data is based on permanent employees

### GRI 404-3. Performance and Development Appraisals (PDA)

2020

Proportion of employees who received PDA	Female	Male	Total
Management Group*	75%	100%	75%
Managers	100%	100%	100%
Employees	52%	63%	70%
<b>Total**</b>	<b>69%</b>	<b>89%</b>	<b>78%</b>

\* Management Group include: CEO, CFO, CIO, HoC, HoAM, founder and COO

\*\* 9 women and 3 men had not been contracted when the PDAs for 2020 were held, hence the lower percentage of PDAs

\*\*\*Data is based on permanent employees

### GRI 405-1 Diversity of employees

2020

Split by gender	Board of Directors		Management Group*		Managers**		Employees***	
	Number	%	Number	%	Number	%	Antal	%
Female	1	33%	4	57%	2	33%	23	53%
Male	2	67%	3	43%	4	67%	20	47%
<b>Total</b>	<b>3</b>		<b>7</b>		<b>6</b>		<b>43</b>	

\* Management Group include: CEO, CFO, CIO, HoC, HoAM, founder and COO

\*\* Managers include, employees with employee responsibility

\*\*\* Employees include FTE without staff responsibility

\*\*\*\* Data is based on full time equivalents (FTE)

Split by age	Board of Directors		Management Group*		Managers**		Employees***	
	Number	%	Number	%	Number	%	Antal	%
<30	0	0%	0	0%	0	0%	10	23%
30-50	0	0%	4	57%	6	100%	30	70%
>50	3	100%	3	43%	0	0%	3	7%
Nationalities represented	1		1		3		6	

\* Management Group include: CEO, CFO, CIO, HoC, HoAM, founder and COO

\*\* Managers include, employees with employee responsibility

\*\*\* Employees include FTE without staff responsibility

\*\*\*\* Data is based on full time equivalents (FTE)

### 203-1 Infrastructure investments and services supported

2020 Donations	
Mathivation	500,000
UNICEF Malawi	250,000
Stadsmissionen Stockholm	111,000
Helsinki Mission	37,000
<b>Total SEK</b>	<b>898,000</b>

## ENVIRONMENTAL DATA

302-1 Energy consumption within the organization	2020	2019	Change, %	% share of fossil free energy
Cooling	1,009	1,352	-25%	88%
Electricity	28,750	19,945	44%	74%
Heating	36,269	29,969	21%	25%
District Heating Normalized	41,229	31,845	29%	
<b>Total</b>	<b>66,028</b>	<b>51,265</b>	<b>29%</b>	<b>56%</b>

\*Residential development project excluded

\*\*Minority share in Trianon excluded

\*\*\*Fund III share of Sponda 5% and in Obligo 20% covered

\*\*\*\*Due to lack of data 90 % of Obligo portfolio covered in relation to total sqm

### 302-1 Energy consumption within the organization, per fund MWh

Areim Office	2020	2019	% Change
Cooling	0	0	0%
Electricity	30	36	-17%
Heating	71	74	-5%
District Heating Normalized	N/A	N/A	NA
<b>Total</b>	<b>100</b>	<b>110</b>	<b>-9%</b>

Fund II	2020	2019	% Change
Cooling	0	0	0%
Electricity	1,807	2,068	-13%
Heating	2,306	2,538	-9%
District Heating Normalized	2,733	2,815	-3%
<b>Total</b>	<b>4,113</b>	<b>4,606</b>	<b>-11%</b>

Fund III, Directly owned	2020	2019	% Change
Cooling	207	289	-28%
Electricity	7,789	91,74	-15%
Heating	12,687	15,776	-20%
District Heating Normalized	14,505	16,459	-12%
<b>Total</b>	<b>20,683</b>	<b>25,239</b>	<b>-18%</b>

Fund III, Sponda	2020	2019	% Change
Cooling	436	579	-25%
Electricity	4,951	6,582	-25%
Heating	5,482	7,457	-26%
District Heating Normalized	6,503	8,155	-20%
<b>Total</b>	<b>10,870</b>	<b>14,618</b>	<b>-26%</b>

Fund III, Obligo	2020	2019	% Change
Cooling	170	43	291%
Electricity	1,242	1,192	4%
Heating	2,456	2,549	-3%
District Heating Normalized	3,044	2,745	11%
<b>Total</b>	<b>3,868</b>	<b>3,776</b>	<b>2%</b>

Fund IV	2020	2019	% Change
Cooling	196	441	-56%
Electricity	12,931	893	1,348%
Heating	13,267	1,575	742%
District Heating Normalized	14,444	1,671	764%
<b>Total</b>	<b>26,394</b>	<b>2,909</b>	<b>807%</b>

\*Residential development project excluded

\*\*Minority share in Trianon excluded

\*\*\*Fund III share of Sponda 5% and in Obligo 20% covered

\*\*\*\*Due to lack of data 90 % of Obligo portfolio covered in relation to total sqm

**302-3 Energy intensity total kWh/m<sup>2</sup>**

	2020	2019	% Change
<b>Total</b>			
Area	308,297	308,297	
Cooling	2	2	25%
Electricity	47	50	-7%
Heating	67	77	-13%
District Heating Normalized	79	83	-4%
<b>Total</b>	<b>128</b>	<b>134</b>	<b>-5%</b>

<b>Fund II</b>	2020	2019	% Change
Area	59,107	59,107	
Cooling	0	0	0%
Electricity	31	35	-13%
Heating	39	43	-9%
District Heating Normalized	46	48	-3%
<b>Total</b>	<b>70</b>	<b>78</b>	<b>-11%</b>

<b>Fund III, Directly owned</b>	2020	2019	% Change
Area	156,741	156,741	
Cooling	0	0	0%
Electricity	41	43	-3%
Heating	68	80	-15%
District Heating Normalized	79	84	-5%
<b>Total</b>	<b>109</b>	<b>122</b>	<b>-11%</b>

<b>Fund III, Sponda</b>	2020	2019	% Change
Area	1,166,542	1,166,542	
Cooling	7	7	0%
Electricity	83	93	-11%
Heating	90	107	-15%
District Heating Normalized	107	116	-8%
<b>Total</b>	<b>180</b>	<b>207</b>	<b>-13%</b>

<b>Fund III, Obligo</b>	2020	2019	% Change
Area	170,609	170,609	
Cooling	5	1	0%
Electricity	36	35	4%
Heating	70	74	-6%
District Heating Normalized	87	80	8%
<b>Total</b>	<b>111</b>	<b>111</b>	<b>0%</b>

<b>Fund IV</b>	2020	2019	% Change
Area	276,300	N/A	N/A
Cooling	1	-	-
Electricity	47	-	-
Heating	48	-	-
District Heating Normalized	52	-	-
<b>Total</b>	<b>96</b>	<b>-</b>	<b>-</b>

\* The data is based on a like-for-like method to enable comparison of data over time

**Own indicator, Solar energy produced, kWh**

	2020	2019
Trängskåren 7	8,203	7,807
Industrifastigheter Uppsala	15,427	
Industrifastigheter Uppsala	1,866	
Industrifastigheter Uppsala	5,231	
<b>Total</b>	<b>30,727</b>	

**Own indicator: Water withdrawal, m<sup>3</sup>/m<sup>2</sup>**

	Area	2020	2019	Change %
Areim office	884	0.39	0.49	-20%
Fund II	59,107	0.27	0.26	1%
Fund III	15,6741	0.22	0.29	-23%
Fund IV	276,300	0.79	-	

\* The data is based on a like-for-like method to enable comparison of data over time

\*\* Directly owned assets, excluding sold houses 2020

\*\*\* Fond IV includes all properties acquired in 2020 with consumption from and including access

305-1 - 305-3 GHG Emissions, tCO <sub>2</sub> e	Total					
	2020		2019		% Change	% Change
	LB	MB	LB	MB	LB	MB
Direct (Scope 1)	-	-	-	s	-	-
Energy indirect (Scope 2)	7,873	9,922	4,867	6,073	62%	63%
Other indirect (Scope 3)	2,050	2,110	273	406	651%	420%
<b>Total emissions</b>	<b>9,923</b>	<b>12,031</b>	<b>5,140</b>	<b>6,479</b>	<b>93%</b>	<b>86%</b>
Areim AB	Total					
	2020		2019		% Change	% Change
	LB	MB	LB	MB	LB	MB
Direct (Scope 1)	-	-	-	-	-	-
Energy indirect (Scope 2)	8	9	8	8	5%	18%
Other indirect (Scope 3)	71	71	135	135	-48%	-48%
<b>Total emissions</b>	<b>79</b>	<b>80</b>	<b>143</b>	<b>143</b>	<b>-45%</b>	<b>-44%</b>
Fund II	Total					
	2020		2019		% Change	% Change
	LB	MB	LB	MB	LB	MB
Direct (Scope 1)	-	-	-	-	-	-
Energy indirect (Scope 2)	294	251	527	545	-44%	-54%
Other indirect (Scope 3)	37	58	51	70	-27%	-18%
<b>Total emissions</b>	<b>331</b>	<b>309</b>	<b>578</b>	<b>615</b>	<b>-43%</b>	<b>-50%</b>
Fund III	Total					
	2020		2019		% Change	% Change
	LB	MB	LB	MB	LB	MB
Direct (Scope 1)	-	-	-	-	-	-
Energy indirect (Scope 2)	4,878	6,681	5,685	5,516	-14%	21%
Other indirect (Scope 3)	1,566	1,511	381	325	311%	365%
<b>Total emissions</b>	<b>6,444</b>	<b>8,192</b>	<b>6,066</b>	<b>5,842</b>	<b>6%</b>	<b>40%</b>
Fund IV	Total					
	2020		2019		% Change	% Change
	LB	MB	LB	MB	LB	MB
Direct (Scope 1)	-	-	-	-	-	-
Energy indirect (Scope 2)	2,692	2,981	NA	NA		
Other indirect (Scope 3)	376	470	NA	NA		
<b>Total emissions</b>	<b>3,068</b>	<b>3,451</b>	<b>NA</b>	<b>NA</b>		
ECO DC	Total					
	2020		2019		% Change	% Change
	LB	MB	LB	MB	LB	MB
Direct (Scope 1)	-	-	-	-	-	-
Energy indirect (Scope 2)	115	1,675	NA	NA		
Other indirect (Scope 3)	16	16	NA	NA		
<b>Total emissions</b>	<b>131</b>	<b>1,691</b>	<b>NA</b>	<b>NA</b>		

\*Scope 1 includes direct GHG emissions from sources that are owned or controlled by the company such as natural gas combustion and company owned vehicles. \*\* Scope 2 accounts for GHG emissions from the generation of purchased electricity, heat and steam generated off-site. \*\*\*Scope 3 includes all other indirect emissions such as waste disposal, business travel and staff commuting. The Scope 3 emissions from our own corporate offices are not reported as the emissions make up less than 1 per cent of our total emissions. We are investigating the possibility of starting to report the emissions from building materials purchased and from the building production stage in the future as well. \*\*\*\* Method: location based (LB) and market based (MB)

305-1 - 305-3 GHG Emissions, CO <sub>2</sub> e/m <sup>2</sup>	Total					
	2020		2019		% Change	% Change
	LB	MB	LB	MB	LB	MB
Area, m <sup>2</sup>	585,746	585,746	463,860	463,860		
305-1 Direct (Scope 1) GHG emissions*	-	-	-	-	-	-
305-2 Energy indirect (Scope 2)**	13	17	10	13	28%	29%
305-3 Other indirect (Scope 3) GHG emissions**	3	4	1	1	495%	312%
<b>Total emissions</b>	<b>17</b>	<b>21</b>	<b>11</b>	<b>14</b>	<b>53%</b>	<b>47%</b>
Areim AB	Total					
	2020		2019		% Change	% Change
	LB	MB	LB	MB	LB	MB
Area, m <sup>2</sup>	1,084	1,084	1,084	1,084		
305-1 Direct (Scope 1) GHG emissions*	-	-	-	-	-	-
305-2 Energy indirect (Scope 2)**	8	8	7	7	5%	18%
305-3 Other indirect (Scope 3) GHG emissions**	65	66	125	125	-48%	-48%
<b>Total emissions</b>	<b>73</b>	<b>74</b>	<b>132</b>	<b>132</b>	<b>-45%</b>	<b>-44%</b>
Fund II	Total					
	2020		2019		% Change	% Change
	LB	MB	LB	MB	LB	MB
Area, m <sup>2</sup>	59,101	59,101	172,141	172,141		
305-1 Direct (Scope 1) GHG emissions*	-	-	-	-	-	-
305-2 Energy indirect (Scope 2)**	5	4	3	3	63%	34%
305-3 Other indirect (Scope 3) GHG emissions**	1	1	0	0	111%	140%
<b>Total emissions</b>	<b>6</b>	<b>5</b>	<b>3</b>	<b>4</b>	<b>67%</b>	<b>46%</b>
Fund III	Total					
	2020		2019		% Change	% Change
	LB	MB	LB	MB	LB	MB
Area, m <sup>2</sup>	279,936	279,936	290,635	290,635		
305-1 Direct (Scope 1) GHG emissions*	-	-	-	-	s	-
305-2 Energy indirect (Scope 2)**	17	24	20	19	-11%	26%
305-3 Other indirect (Scope 3) GHG emissions**	6	5	1	1	327%	382%
<b>Total emissions</b>	<b>23</b>	<b>29</b>	<b>21</b>	<b>20</b>	<b>10%</b>	<b>46%</b>
Fund IV	Total					
	2020		2019		% Change	% Change
	LB	MB	LB	MB	LB	MB
Area, m <sup>2</sup>	245,625	245,625				
305-1 Direct (Scope 1) GHG emissions*	-	-	NA	NA		
305-2 Energy indirect (Scope 2)**	11	12	NA	NA		
305-3 Other indirect (Scope 3) GHG emissions**	2	2	NA	NA		
<b>Total emissions</b>	<b>12</b>	<b>14</b>	<b>NA</b>	<b>NA</b>		

\*Scope 1 includes direct GHG emissions from sources that are owned or controlled by the company such as natural gas combustion and company owned vehicles. \*\* Scope 2 accounts for GHG emissions from the generation of purchased electricity, heat and steam generated off-site. \*\*\*Scope 3 includes all other indirect emissions such as waste disposal, business travel and staff commuting. The Scope 3 emissions from our own corporate offices are not reported as the emissions make up less than 1 per cent of our total emissions. We are investigating the possibility of starting to report the emissions from building materials purchased and from the building production stage in the future as well. \*\*\*\* Method: location and market based

**Own indicator:  
Building certifications  
Directly owned assets**

	Fund I	Fund II	Fund III	Fund IV
Certified, m <sup>2</sup>	106,449	219,288	69,533	110,124
Total area, m <sup>2</sup>	245,423	310,955	164,554	240,398
%, m <sup>2</sup>	43%	71%	42%	46%

Table show the total share of building certifications over each funds lifecycle

**Own indicator:  
Building certifications,  
including all  
investments**

	Fund I	Fund II	Fund III	Fund IV
Certified, m <sup>2</sup>	106,449	219,288	447,328	110,124
Total area, m <sup>2</sup>	245,423	310,955	2,263,657	629,947
%, m <sup>2</sup>	43%	71%	20%	17%

Table show the total share of building certifications over each funds lifecycle



# List of certified buildings

Property	Certifications	Date	Comment
<b>Areim Fund I</b>			
Torkhuset 4	EU Green Building	2010	
Reykjavik 2	EU Green Building	2012	
Borgafjord 3	LEED Core & Shell; Gold	2013	
Välbehaget	LEED Core & Shell; Gold	2013	
Kofoten 3	EU Green Building	2013	
Storheden 2	EU Green Building	2013	
Kista One	LEED Core & Shell; Gold	2014	
Gångaren 10	EU Green Building	2018	
<b>Areim Fund II</b>			
Brahelund	BREEAM In Use; Very Good	2014	At aquisition
Älvängen	EU Green Building	2013	
Änghagen	EU Green Building	2015	
Eken	EU Green Building	2016	
Brädstapeln	BREEAM In Use; Very Good	2017	
Sjöstadsbo	Nordic Eco Label (Svanen) 2017-2020	2018-2020	5 constr. projects
Lybeck 10	BREEAM In Use; Excellent & EU Green Building	2018	Hansa
Stadt Hamburg	BREEAM In Use; Very Good	2018	Hansa
<b>Areim Fund III</b>			
Mariboese gate	BREEAM In Use; Very Good	2020	Obligo
Midtåsen	BREEAM In Use; Very Good	2019	Obligo
Atomitie 5	BREEAM In Use; Very Good	2017	At aquisition
Gasheka Street 7	BREEAM In Use; Good	2015	Sponda
Zeppelinintie 1	BREEAM In Use; Very Good	2017	Sponda
Keskuskatu 1 B	BREEAM In Use; Very Good	2018	Sponda
Elotie 1	BREEAM In Use; Very Good	2020	Sponda
Alasintie 8	LEED for Core and Shell, Gold	2016	Sponda
Åkerlundinkatu 11 A-D	LEED for Existing Buildings, Operations and Maintenance, Gold	2014	Sponda
Vuorikatu 14	BREEAM In Use; Very Good	2020	Sponda

Unioninkatu 20-22	BREEAM In Use; Good	2012	Sponda
Sörnäisten rantatie 33	LEED for Existing Buildings, Operations and Maintenance, Gold	2016	Sponda
Porkkalankatu 24	BREEAM In Use; Very Good	2016	Sponda
Porkkalankatu 22	BREEAM In Use; Excellent	2015	Sponda
Porkkalankatu 13	BREEAM In Use; Very Good	2018	Sponda
Pieni Roobertinkatu 9	BREEAM In Use; Good	2016	Sponda
Mikonkatu 19	BREEAM In Use; Very Good	2020	Sponda
Mikonkatu 17	BREEAM In Use; Very Good	2020	Sponda
Mikonkatu 15	BREEAM In Use; Very Good	2020	Sponda
Mannerheimintie 4	BREEAM In Use; Very Good	2018	Sponda
Kaivokatu 8	LEED Core & Shell, Gold	2009	Sponda
Kaisaniemenkatu 4	BREEAM In Use; Very Good	2020	Sponda
Kaisaniemenkatu 2	BREEAM In Use; Very Good	2020	Sponda
Itämerenkatu 23	LEED for New Construction and Major Renovations, Gold	2013	Sponda
Ilmalanrinne 1	LEED for Core and Shell, Gold	2016	Sponda
Erottajankatu 7	BREEAM In Use; Very Good	2021	Sponda
Bulevardi 1/Mannerheimintie 2	BREEAM In Use; Very Good	2018	Sponda
Arkadiankatu 6	BREEAM In Use; Very Good	2016	Sponda
Aleksanterinkatu 19	BREEAM In Use; Very Good	2018	Sponda
Aku Korhosentie 8, 10	LEED for Core and Shell, Platinum	2015	Sponda
Trängkåren 6	Miljöbyggnad, Guld	2015	At aquisition
Ruoholahdenk.	BREEAM In Use; Very Good	2020	

## Areim Fund IV

Elimäenkatu 22	BREEAM In Use; Very Good	2020	
Kuortaneenkatu 2	BREEAM In Use; Very Good	2020	
Trängkåren 7	BREEAM In Use; Very Good		At aquisition
Ångtvätten 22	BREEAM In Use; Very Good	2020	

# GRI Index

## GRI 101 FOUNDATION 2016 – GENERAL DISCLOSURES

Organisational Profile	Location of disclosure	Comment
102-1 Name of the organisation	Page 6	
102-2 Activities, brands, products, and services	Page 6-7	
102-3 Location of headquarters	Page 6-7	
102-4 Location of operations	Page 6-7	
102-5 Ownership and legal form	Page 6	
102-6 Markets served	Page 6-7	
102-7 Scale of the organisation	Page 6-7	
102-8 Information on employees and other workers	Page 6, 29, 42	
102-9 Supply chain	Page 12-13	
102-10 Significant changes to the organisation and its supply chain	Page 12-13	No significant changes
102-11 Precautionary Principle or approach	Page 11	
102-12 External initiatives	Page 35-36, 44	
102-13 Membership of associations	Page 39-40	

Strategy	Location of disclosure	Comment
102-14 Statement from senior decision-maker	Page 4-5	
102-15 Key impacts, risks, and opportunities	Page 4-5, 10-11, 16-17	

Ethics and integrity	Location of disclosure	Comment
102-16 Values, principles, standards, and norms of behaviour	Page 29, 37	
102-17 Mechanisms for advice and concerns about ethics	Page 37-38	

Governance	Location of disclosure	Comment
102-18 Governance structure	Page 37-38	

Stakeholder engagement	Location of disclosure	Comment
102-40 List of stakeholder groups	Page 9	
102-41 Collective bargaining agreements		No collective bargaining is done
102-42 Identifying and selecting stakeholders	Page 9	
102-43 Approach to stakeholder engagement	Page 9	
102-44 Key topics and concerns raised	Page 9	

Reporting practices	Location of disclosure	Comment
102-45 Entities included in the consolidated financial statements	Page 6-7	
102-46 Defining report content and topic boundaries	Page 58	
102-47 List of material topics	Page 9, 15	
102-48 Restatements of information		No restatements as this is the first GRI report
102-49 Changes in reporting		No changes in reporting as this is the first GRI report
102-50 Reporting period	Page 58	
102-51 Date of most recent report	Page 58	
102-52 Reporting cycle	Page 58	
102-53 Contact point for questions regarding the report	Page 58	
102-54 Claims of reporting in accordance with the GRI Standards	Page 58	
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## GRI 200 ECONOMIC STANDARD SERIES - MATERIAL TOPICS

GRI 203 Indirect Economic Impacts 2016	Location of disclosure	Comment
103-1 to 103-3 Management approach	Page 14-15	
203-1 Infrastructure investments and services supported	Page 35-36, 44	

GRI 205 Anti-corruption 2016	Location of disclosure	Comment
103-1 to 103-3 Management approach	Page 14-15, 37	
205-2 Communication and training about anti-corruption policies and procedures	Page 38	
205-3 Confirmed incidents of corruption and actions taken	Page 38	

## GRI 300 ENVIRONMENTAL STANDARDS SERIES – MATERIAL TOPICS

GRI 302 Energy 2016	Location of disclosure	Comment
103-1 to 103-3 Management approach	Page 14-15, 19	
302-1 Energy consumption within the organisation	Page 24, 44	
302-3 Energy intensity	Page 19, 46	

<b>GRI 305 Emissions 2016</b>	<b>Location of disclosure</b>	<b>Comment</b>
103-1 to 103-3 Management approach	Page 19-20	
305-1 Direct (Scope 1) GHG emissions	Page 22-23, 48-49	
305-2 Energy indirect (Scope 2) GHG emissions	Page 22-23, 48-49	
305-3 Other indirect (Scope 3) GHG emissions	Page 22-23, 48-49	

## **GRI 400 SOCIAL STANDARDS SERIES – MATERIAL TOPICS**

<b>GRI 401 Employment 2016</b>	<b>Location of disclosure</b>	<b>Comment</b>
103-1 to 103-3 Management approach	Page 29-30	
401-1 New employee hires and employee turnover	Page 42	Partial, not reported per region
401-3 Parental leave	Page 43	

<b>GRI 404 Training and Education 2016</b>	<b>Location of disclosure</b>	<b>Comment</b>
103-1 to 103-3 Management approach	Page 29-30	
404-3 Percentage of employees receiving regular performance and career development reviews	Page 30, 43	

<b>GRI 405 Diversity and Equal Opportunity 2016</b>	<b>Location of disclosure</b>	<b>Comment</b>
103-1 to 103-3 Management approach	Page 30	
405-1 Diversity of governance bodies and employees	Page 31, 43	

<b>GRI 406 Non-discrimination 2016</b>	<b>Location of disclosure</b>	<b>Comment</b>
103-1 to 103-3 Management approach	Page 29-30	
406-1 Incidents of discrimination and corrective actions taken	Page 31	



# Report boundaries and scope

This is Areim ABs second annual sustainability report, but the first report to be prepared in accordance with the GRI Standards: Core Option and covers the period from 1 January until 31 December 2020. The previous report was published 1 of May 2020.

The report boundary has been defined by using the global reporting initiative (GRI) boundary protocol and completeness principle to reflect Areim's significant economic, environmental and social impacts.

The report includes information and data on directly owned assets and operations. Infranode is excluded from this report, due to lack of direct control over the data processes. Information relating to financial data is found in Areim's separate annual financial report.

The report's content has been defined by the topics which were deemed material in our materiality assessment conducted in 2019 and served as a basis for our revised sustainability strategy. The work with the updating our sustainability strategy started in 2020 and is ongoing.

It has additionally taken into consideration the requirements for sustainability reporting as stipulated by the Annual Accounts Act (ÅRL) although this is not a requirement for Areim AB.

The report covers Areim ABs performance with reference to sustainability, assessing our wider impacts on society and the areas where we believe we can add wider economical, societal and environmental value, as well as reducing our negative impact.

The reporting scope for our environmental data referring to assets facilities directly owned by Areim, a control approach is used. For the Sponda portfolio, the equity share approach is used. This approach mean that we measure emissions from assets where we have a shared ownership. The remaining co-investments are excluded due to no reporting processes for data collection. When exceptions are made in reporting on environmental data, the reporting scope is defined together with the table. For GHG-emissions, we apply a

location-based and market-based method. The location-based method applies average emissions factors that correspond to the grid where consumption occurs, whereas the market-based method applies emission factors that correspond to the energy purchased.

To assure environmental data quality, Zero Mission, our environmental consultancy, delivered a comprehensive environmental report, which is produced in accordance with the World Business Council for Sustainable Development and World Resources Institute's (WBCSD/WRI) Greenhouse Gas Protocol; the Corporate Accounting and Reporting Standard, including the GHG Protocol Scope 2 Guidance. The GHG Protocol is considered current best practice for corporate greenhouse gas emissions reporting. Additionally, GHG emissions have been reported by the three WBCSD/WRI Scopes.

The employee data is based on the GRI's definitions. Therefore, we present data based on permanent employees in Areim AB.

Please send feedback or questions concerning this report or sustainability in general to the below contact details.

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