



**Road Map for
Climate Neutrality
2030**

Vasakronan

The world is facing many challenges. The climate change is undoubtedly the biggest. If we do not come up with climate solutions, we will also fall short with many other challenges. As such, individuals, politicians and companies alike must do what they can to drastically reduce emissions as quickly as possible.

On a national level, climate work is regulated by the Climate Act which entered force in 2018. The overriding goal is that Sweden will have zero greenhouse gas emissions by 2045 at the latest. Vasakronan considers this to be too late, and has therefore decided that company operations will be climate neutral by 2030, throughout the entire value chain. This is a challenging goal, but we are convinced that it is possible.

Advancing the boundaries for sustainability

It states in our owners' mission that Vasakronan is tasked with generating a high and stable long-term return, but never at the cost of people or the environment. We also have a vision to create future-proof cities for everyone, where people and companies thrive. By acting on climate issues we are better able to deliver on this mission and live up to our vision at the same time as we strive to inspire and provide a role model for others.

For Vasakronan, the commercial benefits of reducing our climate impact are clear, and we do not see any conflict between profitability and sustainability. On the contrary, we can see that initiatives to reduce our climate impact have been a success factor that have driven and answered a market demand for climate-smart solutions, and have therefore contributed to company profitability.

Challenging steps we have already taken

- We have more than halved the energy consumption of our properties since 2009.
- We became the first company in Sweden to offer green leases in 2010.
- We became the first company in the world to certify our property portfolio with LEED volume certification in 2013.
- We issued the world's first green corporate bond in the same year, 2013. The proceeds from our green bonds are earmarked for green assets.
- In 2018, we issued the world's first green commercial paper.

With the road map for 2030, we are picking up the pace throughout the entire value chain.

According to the National Board of Housing, Building and Planning, the construction and property sector accounts for 20% of all greenhouse gas emissions in Sweden. Energy consumption, waste from the tenants' activities and construction work contribute to generating these emissions. There are no laws regulating how the emissions are to be reported, but the most widely accepted international reporting standard is to categorise emissions into Scope 1, 2 and 3 (refer to fig. 1).

The emissions in Scope 1 and 2 are generated within Vasakronan's own operations. In this regard, Vasakronan has been climate neutral for many years.

However, our operations generate substantial emissions in regard to those covered by Scope 3. Scope 3 covers those emissions that are generated in our development project activities and in connection with our tenants' usage of their premises. Even if Vasakronan does not have operational control over the emissions that are generated in Scope 3, we can nonetheless affect them through, for example, our procurement decisions. There is a lot of work to be done here both with procurement and together with our tenants and suppliers. In fact, our Scope 3 emissions are always someone else's Scope 1 or 2 emissions.

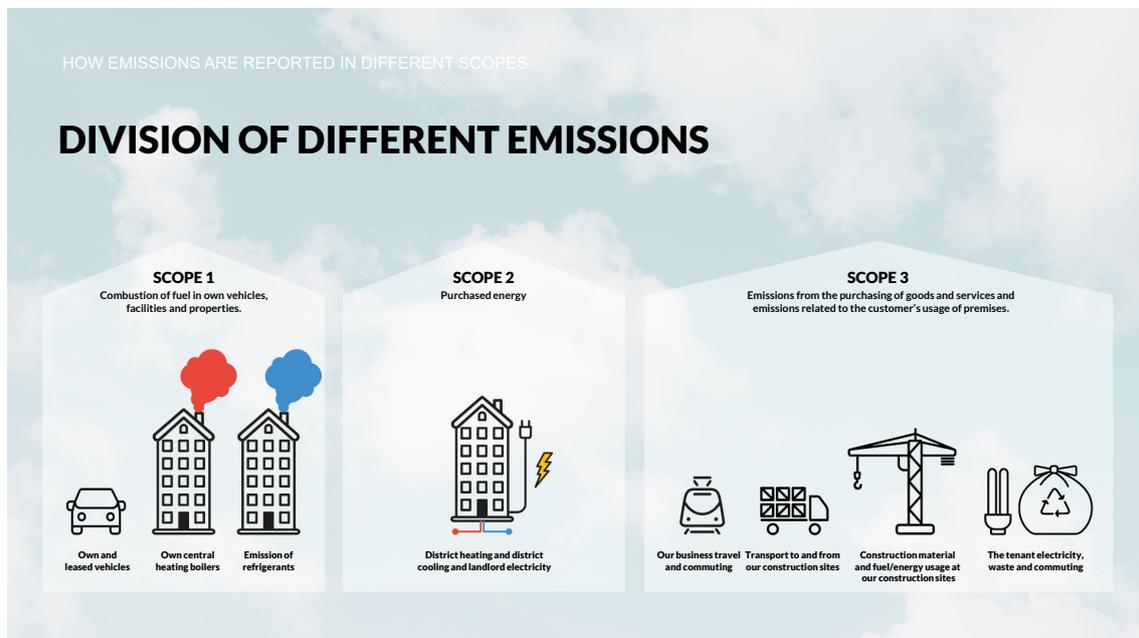


Fig. 1.

Road map, implementation and overall objectives

When we set our objectives, we act under the assumption that climate change will continue to have a physical impact on our buildings and neighbourhoods as well as on market demand, and that this impact is likely to increase. It is also likely that both regulations and legislation connected to our operations will be tightened, which could significantly affect our financials and business models. Vasakronan therefore resolved in 2019, that the company should be climate neutral throughout the entire value chain by 2030.

We are fully aware that it is easy to set challenging goals that can be significantly harder to meet. However, we have a long history of having met challenging goals, achieving favourable results, and therefore feel both great humility but also confidence ahead of this challenge.

In order for Vasakronan to continue to report a reduced carbon emission trend up to 2030 (see fig. 2 on the following page) we will continue to test, evaluate and invest in new technology. Starting in 2020, we will implement existing technology and know-how with full force with the aim of swiftly reducing our emissions.

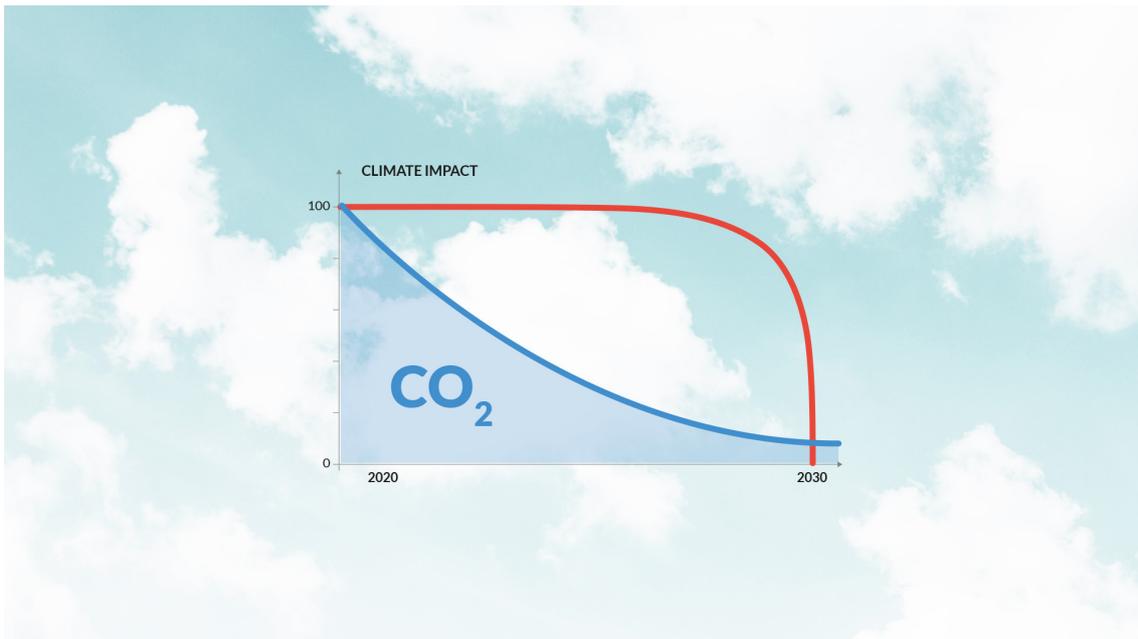


Fig. 2.

Based on actual data and certain assumptions, we have calculated how far we need to progress by 2025 in order to achieve the goal of a climate neutral value chain by 2030. Every year, the company resolves on specific goals and activities. These goals and the reporting of how well they have been achieved is addressed by the annual report.

Emission goals

We have also clarified our long-term climate goals. We have now set a date for 2030, and we have clarified this with the addition that this applies to climate neutrality throughout the entire value chain. Every year, the company decides upon specific financial, environmental and social goals and activities. Within the span of our annual environmental goals, we make sure to always augment our climate goals so that we can, every year, come closer to achieving our goal of climate neutrality by 2030. These goals and the reporting of how well they have been achieved is addressed by the annual report.

The way forward

Scope 1:

- Reduce the impact of transportation in our own operations, such as emissions from service vehicles and company cars as well as private cars that are used for business.
- Reduce the impact of refrigerant leakages from our cooling equipment.

Scope 2:

- Reduce energy consumption.
- Increase our share of on-site produced renewable energy.
- All purchased energy is renewable.

Scope 3:

Own operations/administration

- Reduce the impact from air travel.
- Reduce emissions from our own commuting.

Tenant activity

- Help tenants to reduce waste and improve their waste management.
- Help tenants to reduce their electricity consumption and to purchase renewable electricity.

Construction projects

- Reduce construction and demolition waste.
- Reduce the amount of construction material and avoid materials that have a high climate impact.
- Reduce emissions from our construction-related transportation.

Climate neutrality and climate compensation

Since 2008, we have been compensating annually for the portion of our Scope 1 and 2 emissions that we have been unable to eliminate. These comprise emissions from our vehicles and cooling equipment (Scope 1) and purchased energy (Scope 2).

We have also chosen to compensate for some Scope 3 emissions that we have been monitoring and reporting for a long time. These primarily comprise business travel and commuting. We have compensated for our climate impact by purchasing shares in carbon offset projects (VER projects), certified according to Gold Standard.

The goal moving forward is to continue to reduce our emissions, both direct and indirect ones. However, even with maximum effort, certain emissions will be impossible to eliminate by 2030. To achieve climate neutrality throughout the entire value chain, we will therefore need to compensate for our climate impact. By 2030, we believe that the technology and processes will exist on a large enough scale to make it possible to reduce carbon dioxide levels in the atmosphere. That is to say that it will be entirely possible to remove the equivalent amount of carbon dioxide as we emit.

Already in 2020, we are starting to compensate for all of the reported emissions in our value chain. We are doing this to impose financial pressure on ourselves to reduce emissions. Initially, we plan to compensate in three equally large parts of: shares in CDM projects in line with the above, our own research and development (cutting-edge technologies) and through tree planting projects, primarily at or in connection with our own properties.

Climate goals in line with the Paris agreement

In 2018, Vasakronan's long-term climate goals were approved by the Science Based Targets Initiative (SBTi), a collaboration between the World Wide Fund for Nature (WWF), the United Nations Global Compact, Carbon Disclosure Project (CDP) and the World Resources Institute (WRI). The SBTi is a scientific method to ensure that a company's climate objectives are aligned with what is needed to reach the Paris Agreement target of limiting global warming to 2°C. The SBTi has ascertained that the goals that Vasakronan already had in place in 2018, which have now been tightened, are in line with the Paris Agreement.

Independently and together

There is a lot that we can achieve on our own, but to ensure that we are as efficient as possible in working with our prioritized issues, we work together with other tenants, suppliers, lenders and the municipalities in which we are active. We are participating in the City of Malmö's local road map (LFM 30) for a climate neutral construction sector, *Klimatpakten* in Stockholm and we are one of the founders of the *Uppsala Klimatprotokoll*.

We influence others by offering our expertise and setting a good example, and we set stringent requirements on our partners and suppliers. Taking part in discussions and debates is a way to inspire, be inspired, teach and develop, and therefore also a part of our efforts to achieve climate neutrality by 2030.



Vasakronan is the largest property company in the Nordic countries and is owned in equal shares by the First, Second, Third and Fourth Swedish national pension funds.

We own, manage and develop centrally located office and retail properties in Stockholm, Uppsala, Gothenburg, and Malmö. It is our goal to be seen as a good societal actor, a

role model in the Swedish business community and to be a good employer for all of our employees.

Our vision is to create future-proof cities for everyone, where people and companies can thrive. That is why we run our entire business in a sustainable way.