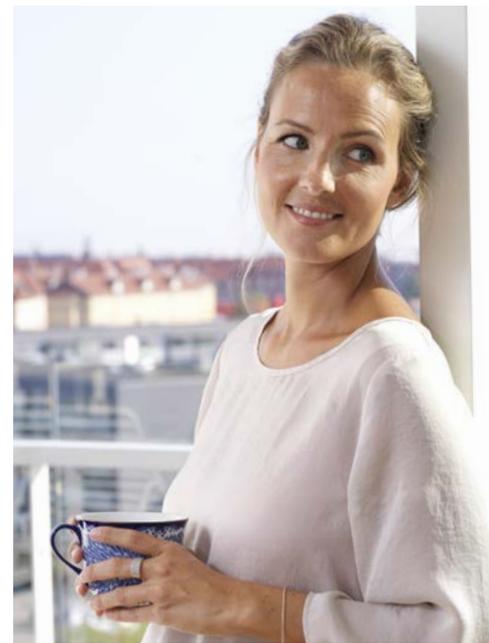


2018

Sustainability Report



Heimstaden



Sustainability Report

Sustainability shall form a natural part of Heimstaden's work. We invest long-term in properties, work in a resource-efficient manner in our operations and focus on people, the environment and climate. The core of our operations and business model is directly linked to building value sustainably and long-term.



Heimstaden takes a strategic and holistic approach to sustainability issues

For Heimstaden, corporate social responsibility and business benefit go hand in hand. Accordingly, economic, environmental and social factors form the basis of our long-term business development and of our contribution to the sustainable development of society.



In 2018, Heimstaden's focus on energy efficiency in the Swedish property portfolio resulted in cost savings of slightly more than SEK 6 million and an increase in the property value of approximately SEK 122 million.

Sustainability is to form a natural part of all of Heimstaden's operations and we therefore take a holistic approach to these issues. Efforts have progressed furthest in Sweden, where the majority of our properties are located. We invest in properties long term and, by being resource-efficient in our operations and by focusing on people, the environment and climate, we generate value for Heimstaden, our tenants and other stakeholders, as well as for society in general. Accordingly, the core of our operations,

our business model, is directly linked to building value sustainably and long term. Our sustainability work is based on the areas where we perceive that we can make the greatest difference. We base our ongoing strategic efforts on the ten principles of the UN Global Compact, the global sustainability goals and ISO 26000.

For Heimstaden, it is of the utmost importance that we conduct our operations responsibly with high degree of business ethics. Our ambition is to grow, and to do this we need the continued confidence of those who invest in Heimstaden: our employees, tenants, investors, suppliers and other key stakeholders. For us, growing with quality entails sustainability permeating all of the operations and forming an integral part of all of our processes. We will then be able to generate long-term, profitable growth while benefiting society contributing to sustainable development.

For us at Heimstaden, sustainability means, in brief:

- Being a committed employer that fosters its employees and their development
- Developing and managing residential properties responsibly
- Being a reliable and transparent business partner and landlord
- Maintaining a dialogue with our stakeholders
- Showing consideration for people, the environment and the local community
- Contributing to sustainable development of society

Strategic work

Heimstaden has worked with various aspects of sustainability for some time. For us, sustainability is not something that stands alone. It is to form an integral part of our operational governance, permeating our strategies, approach, processes and systems. Accordingly, in 2018, work began to clarify the ambitions, focus, governance and objectives for our continued sustainability work. We published our first Sustainability Report as part of the 2017

» For us, growing with quality entails sustainability permeating all of the operations and forming an integral part of all of our processes. «





Annual Report and are now planning to further develop our sustainability reporting.

To focus Heimstaden's sustainability work on the issues most crucial to our operations, a number of sustainability dialogues were conducted in 2017 with our various stakeholders, both

externally and internally. In 2018, we supplemented these with additional dialogues. The stakeholder dialogue is an important part of the process of establishing a goal-oriented and focused sustainability strategy for the entire Group.

During the year, Heimstaden recruited a Chief Sustainability Officer with overall responsibility for the Group's sustainability work. In 2018, the focus was on achieving uniformity and structure in our governance of the relevant areas of sustainability. Based on our structural model, we worked during the year on the strategic focus, policies, risks and opportunities, as well as relevant target areas. Among other things, we implemented Heimstaden's Code of Conduct for employees, developed a Code of Conduct for partners, implemented a whistleblower function, introduced pulsed employee surveys, measuring, for example, job satisfaction and leadership, and we updated a number of policies. The work has involved people in leading positions and employees and lays the foundation for future efforts.

By working in an integrated and systematic way with sustainability, Heimstaden has the opportunity to contribute to positive change and to proactively benefit from opportunities and manage risk areas to mitigate our negative impact. In 2018, we performed a thorough review of our sustainability risks to prioritise between them and to focus our operations on those that are most essential.

Prepared for the new Data Protection Regulation (GDPR)

To safeguard correct handling of personal data and legal compliance, extensive work was conducted in connection with the introduction of the General Data Protection Regulation. New guidance documents and a number of new policies associated with employees, job applicants and tenants, etc. have been introduced. In two stages, all employees in Sweden completed mandatory online training in the General Data Protection Regulation in 2018.

In this way, we see that, over time, we can lift these areas from managing risks to generating value.

Priorities 2019

The focus ahead is to secure our operations for the future by building sustainability perspectives into our governance, strategy and operations from the ground up and focusing our efforts where we can make the greatest difference. For us, mitigating our environmental and climate impact is an ongoing process. Work is in progress to establish Heimstaden’s overall sustainability ambitions and to develop a Group-wide sustainability strategy, with Group-wide sustainability targets and measures in line with our ambitions and strategy. With goal-oriented and focused sustainability work, we ensure that Heimstaden achieves growth with quality

Environment

As a property owner and developer, our impact on the environment is an area in which we have substantial opportunities to make a difference. In line with the Paris Agreement, we focus extensively on energy and enhancing energy efficiency, as well as on reducing our carbon dioxide emissions. By conducting our operations resource-efficiently, applying sustainable energy solutions, we generate value for ourselves, our tenants, the environment and society. We want our customers to have access to pleasant and healthy housing that takes the environment and the selection of materials into account. We are currently further fine-tuning our environmental work, both in our own operations and across our value chain, by increasing the demands we impose on suppliers and entrepreneurs.

Ours environmental work takes Heimstaden’s environmental policy as its starting point. The policy determines our course in minimising the environmental impact of our day-to-day operations and how we prioritise and take environmental aspects into account in our investment decisions. The environmental policy



To ensure consistent handling of essential sustainability issues, we work on the basis of our structural model.

was revised and updated in 2018 and will be reviewed and revised annually as necessary.

To ensure that our projects, properties and services have a minimal impact on the environment and climate throughout their lifecycle, we must collaborate along the value chain. Environmental and climate issues are an integral part of the Code of Conduct for partners that Heimstaden developed in 2018 and that describes what we expect of their environmental efforts. The Code of Conduct emphasises the importance of the lifecycle perspective in selecting solutions, but also emphasises efforts to mitigate negative impacts and focus on resource efficiency in the use of natural resources. Read more about our environmentally efficient properties on pages 14–17.



THE GLOBAL GOALS
For Sustainable Development

Heimstaden’s contribution to sustainable development in society builds on our role as a community builder. Read about our connections with the global goals on pages 18–19.

Paris Agreement 1.5°C

In December 2015, the countries of the world adopted a new climate accord, the "Paris Agreement", entailing that the global increase in temperature must be kept well below 2°C and that we should endeavour to limit it to 1.5°C.



Important areas for our stakeholders

- Environmental and climate issues
- Energy efficiency
- Safety and security
- Assuming social responsibility and social housing issues
- Material selection
- Business ethics
- Working environment
- Diversity and equality
- Responsibility in the supply chain
- Favourable dialogue with customers
- Sustainability reporting



Personnel and social conditions

It is Heimstaden's employees who ensure that our properties provide comfortable housing for our customers and that Heimstaden is a workplace to be proud of. For this reason, it is crucial that our employees feel involved, enjoy their work and prosper at Heimstaden. Heimstaden maintains several policies governing our efforts regarding social conditions and HR issues. We work systematically on the working environment, applying clear objectives, with issues being pursued through our working environment groups. Read more about our HR and working environment efforts on pages 10–13.

Heimstaden works actively on social sustainability issues, entailing, for example, that we take a stance on challenges faced by society and are responsive to demands and expectations from our stakeholders. This is particularly important in our role as a landlord and property manager. Our dialogue with tenants is crucial and we apply a policy with regard to availability, response and feedback. Our strategy of managing our properties in-house means we work in close contact with our tenants and deal with everything from social housing issues to aspects of comfort, well-being and security. We meet our tenants on a daily basis, working in close proximity to their daily lives.

Human rights

Heimstaden operates in a part of the world where human rights form part of the fundamental legal and social systems. It is easy to think that human rights are not something that we can influence from here. We work with and for people and take the view that human rights should be practically anchored in behaviours and culture, forming part of how we relate to employees, tenants and contractors alike.

Assuming responsibility for human rights starts with us. Heimstaden's Code of Conduct for employees addresses this area, focusing on the right of having a safe and secure workplace, the right to equal conditions and the right to collective bargaining.

By imposing demands on our partners, our opportunities to exert influence extend along our supply chain and across national borders. In this way, Heimstaden is able to influence human rights being adhered to in practice where we operate, as well as helping improve working conditions and compliance further out in our value chain. In our Code of Conduct for partners, human rights and working conditions play a central role, and are based on the UN and ILO conventions.

Anti-corruption

Applying principles of ethical business is a basic prerequisite for conducting our operations responsibly. Heimstaden applies zero tolerance regarding all forms of corruption. This requires that we impose demands, not only on our own organisation, but also on our partners. By stating our position and our expectations of our partners clearly, we are able to contribute to a democratic and sustainability society in which business can be conducted on equal terms. Heimstaden also seeks to promote fair competition in its sector, considering this beneficial for all.

One of the most important barriers to corruption is a corporate culture in which each individual acts with integrity, in line with Heimstaden valuations. Our Code of Conduct for employees builds on our core values of Care, Innovation and Authenticity, and lays the foundation for what we expect of our employees. Together with our Code of Conduct for partners, the codes form the basis of our anti-corruption efforts, both internally and along our value chain.

Heimstaden also maintains a whistleblower function enabling employees and external stakeholders to be able to report serious shortcomings while remaining confident that their notifications would be received and dealt with in an appropriate manner. Our whistleblower policy states how perceived reported irregularities are to be treated, followed up and communicated.

| | ENVIRONMENT | PERSONNEL AND SOCIAL CONDITIONS | HUMAN RIGHTS | ANTI-CORRUPTION |
|--|--|---|--|---|
| <p>Governance, policies and review procedures</p> <p>Efforts to develop a Group-wide sustainability strategy are in progress.</p> | <p>The environmental policy forms the basis for our governance in the area of the environment and climate. Environmental governance will be further strengthened by the forthcoming sustainability strategy. The area is also affected by our Codes of Conduct for employees and partners.</p> <p>Environmental policy. Revised in 2018.</p> <p>In 2019, the new environmental policy will be implemented and procedures will be developed for reviewing compliance.</p> | <p>Alongside our Codes of Conduct for employees and partners, our policies associated with our roles as employer and landlord, form the basis of our governance in the areas of HR and social conditions.</p> <ul style="list-style-type: none"> • Personnel policy • Working environment policy • Equal rights and obligations policy • Privacy policy for employees • Safety and security policy • Codes of Conduct for employees and partners • Privacy policy for job applicants • Rental policy • Availability, response and feedback policy • Sponsorship policy <p>Issues related to the working environment are governed, handled and reviewed in the working environment groups.</p> <p>An employee survey is conducted on an ongoing basis using a digital measuring tool and the results are reviewed monthly.</p> | <p>Our governance in human rights is based on our Codes of Conduct for employees and partners.</p> <p>Included implicitly in the Code of Conduct for employees implemented in 2018.</p> <p>Included explicitly in the Code of Conduct for partners to be implemented in 2019. On implementation, compliance review procedures will be developed. Similarly, processes and procedures for setting demands on suppliers and contractors will be developed.</p> | <p>Our governance in anti-corruption is based on our Codes of Conduct for employees and partners.</p> <p>Included in the Code of Conduct for employees implemented in 2018.</p> <p>Included in the Code of Conduct for partners to be implemented in 2019. On implementation, compliance review procedures will be developed. Similarly, processes and procedures for setting demands on suppliers and contractors will be developed.</p> <p>Whistleblower function and policy.</p> <p>Issues registered through the whistleblower function are managed on an ongoing basis and will be reported annually.</p> |
| <p>Risks and management</p> | <p>Risk review completed in 2018.</p> <p>An overview of Heimstaden's significant risks and risk management is presented on pages 84–87 in the annual report.</p> | <p>Risk review completed in 2018.</p> <p>An overview of Heimstaden's significant risks and risk management is presented on pages 84–87 in the annual report.</p> | <p>Risk review completed in 2018.</p> <p>An overview of Heimstaden's significant risks and risk management is presented on pages 84–87 in the annual report.</p> | <p>Risk review completed in 2018.</p> <p>An overview of Heimstaden's significant risks and risk management is presented on pages 84–87 in the annual report.</p> |
| <p>Targets and results</p> <p>Work on developing overarching targets and key data in the area of sustainability is in progress.</p> | <p>Key data and outcomes apply to Sweden. Among other aspects, we currently measure energy usage, greenhouse gas emissions and water usage. In connection with acquisitions, we target lowering the property's energy consumption by 5 percent over the first two years.</p> <p>The outcome for 2018, encompasses the total property stocks, resulting in the acquisitions made during the year being included in the calculation, although efforts to enhance efficiency in those properties has not yet commenced. We can nonetheless already observe a positive trend compared with the preceding year. Total energy consumption* decreased by 2.3%/m², of which only heating alone accounted for a reduction of 3.7%/m², entailing a reduction in carbon dioxide** emissions of about 670 tonnes. In 2018, carbon dioxide** emissions from our properties' energy consumption amounted to approximately: 17,500 tonnes. Total water usage/m²: down 0.2%/m²</p> <p>See Environmentally efficient properties on pages 14–17.</p> | <p>Zero target for accidents and incidents. Outcome for 2018 (Group level): Accidents: 10 Incidents: 4</p> <p>Target, absence due to illness: <3% Outcome for 2018 (Group level): 4.5%</p> <p>Target, personnel turnover: <4% Outcome for 2018 (Group level): 7.1%</p> <p>Employee survey – Sweden and Denmark</p> <p>Target, temperature metering (scale 1–10): 8.5</p> <p>Outcome for 2018 (base year): 7.9</p> <p>Outcome for sub-area leadership: 8.1</p> <p>Outcome for sub-area job satisfaction: 7.9</p> <p>Outcome for ENPS (Employee Net Promoter Score): 51 (total average, all sectors 18)</p> <p>See Achieving growth with quality in the organisation on pages 10–13.</p> | <p>In 2018, we had no performance indicator linked to human rights. In 2019, we will implement Heimstaden's Code of Conduct for partners, which was developed in 2018. This means that, for 2019, we will report the number of suppliers having signed our Code of Conduct.</p> <p>Read more on page 8.</p> | <p>All employees in Sweden received the Code of Conduct in 2018. It will be rolled out in Denmark and Norway during 2019.</p> <p>In 2019, we introduced a function whereby employees sign digitally that they have familiarised themselves with the Code. New employees receive the Code of Conduct on starting their employment and in the introductory training for new employees.</p> <p>The number of cases registered via the whistleblower function is reported annually.</p> <p>Outcome for 2018: 1 case reported. Following review and analysis (in accordance with our process), the case was dismissed.</p> <p>Read more on pages 8, 10–13.</p> |

* All energy figures for district heating, natural gas and oil are normal year-adjusted.

** The carbon dioxide calculations for energy consumption in 2018 were based on the CO₂e factors from 2017 for each energy supplier.

For purchased hydroelectric power, the carbon dioxide load has been set to zero, that is, the total lifecycle of the production of this electricity is not included in this figure.

Achieving growth with quality in the organisation

Heimstaden’s strong growth entails changing needs in terms of organisation, strategy and processes. Over the year, we therefore added several new positions that are to ensure that we achieve growth with quality and that all of the functions, processes and solutions that are introduced are suited to a larger-scale organisation with operations in several countries.



To achieve growth with quality, we have established processes and routines giving us flexibility to manage a growing organisation.

Attractive employer

Our growth means that it is important to recruit and introduce new employees while retaining those already working with us. Heimstaden is an attractive employer and many people want to work with us! We will continue to engage and involve employees, foregrounding positive role models, which will also help us attract talented new employees in the future.

For a growing organisation, an effective on-boarding process is important. New employees should feel welcome and quickly understand Heimstaden’s core values, procedures and processes. In 2018, three introduction days were arranged, to which all new employees were invited. During the year, we also initiated the implementation of a digital on-boarding tool, helping new employees quickly feel welcome and at home with us.

Working environment and well-being

It is crucial to successful development that those who work with us enjoy it here and want to stay. During 2018, we worked to strengthen awareness of our values. These shall help provide a common starting point for our current and future operations. Among other things, we have arranged an internal competition in which all employees are encouraged to submit pictures and examples from their everyday lives that they feel symbolise our values in their day-to-day work.

We work systematically on the working environment, applying clear objectives, with issues being pursued in our working environment groups. All managers with responsibility for personnel attend a working environment training programme. In 2018, the Swedish Work Environment Authority reviewed our procedures and processes. The result demonstrated that we maintain a high level of quality. To ensure that we continue to meet this high level of quality, we work continuously to improve our procedures and to disseminate information on working environment issues.

Although Heimstaden’s corporate culture is to be pervaded by openness, there may be times when it is necessary to be able to present opinions anonymously. Accordingly, in 2018, Heimstaden introduced a whistleblower system providing employees and people outside the Group with the opportunity to anonymously report possible anomalies in the operations.

We want all employees to feel safe and secure working with us. In 2018, all employees in the Swedish property management organisation underwent training to strengthen our expertise in working proactively with security and safety in our daily lives.

Since early 2018, we have been conducting digital employee surveys every two weeks in Denmark and Sweden, and we aim

» *Happy and safe employees build a committed and motivated organisation that dares to think innovatively.* «



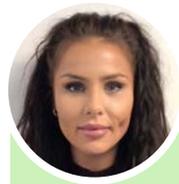
Safety and security focusing on the working environment:
Training in security and safety, working environment, review of all of our procedures and processes linked to the working environment.



Practising what we believe in Fredrika

For Heimstaden, one of the best things that can happen is when we are able to grow alongside our employees. When we are able to offer new development and career opportunities within the company. Fredrika Coelho, who now works as an Assistant Property Manager in Luleå has travelled a long way with us.

» *When I began working as a lessor in Luleå in 2016, on the same day that Heimstaden's office there opened, I had lived in the city only one day. This meant that I was involved in building up the office and its procedures from the outset. After a few months, more colleagues joined us and today the office is almost a little crowded. On 1 September 2018, I took up a new post as an Assistant Property Manager. Having the opportunity to develop in a new role while staying with my colleagues is just great!* «



Practising what we believe in Sabrin

When we find people we know will be suited to our corporate culture and the values we represent, we try to make room for them and find a solution. Sabrin applied for a job that we felt was not right for her – but Sabrin was the right person for us, even though she did not have very much experience. After actively seeking a solution, the opportunity arose to employ Sabrin – in a job where Heimstaden can offer her the right start in her development and in her career with us.

» *I really appreciated Heimstaden's recruitment process, which focused entirely on me as an individual and my qualities and strengths. I am convinced that a company that can see my strengths right from the recruitment process will help me further develop them. I look forward to my continued journey with Heimstaden.* «

*As of March 2019, they are performed once a month.

to also introduce this in our other markets in 2019. The results are measured on a ten-degree scale and Heimstaden’s “temperature” in 2018 was 7.9 (average of all factors measured). As an employer, we are ambitious and have set 8.5 as our target average temperature in future measurements. The same target also applies for the specific factors of leadership and job satisfaction.



At the end of 2018, the temperature of the employees’ well-being at Heimstaden was 7.9 degrees – a high value that we are striving to further improve.

In measuring eNPS (Employee Net Promoter Score) Heimstaden obtained an average value of 51, on a scale from -100 to +100. The average for all users and sectors is 18.

Diversity and equality

Diversity and equality are strengths and prerequisites for our development and capacity to meet customers’ needs and wishes. Accordingly, terms, rights and development opportunities are afforded equally to all within Heimstaden, regardless of gender, age, origin or other factors. In 2018, we continued to work on how to further broaden our diversity by bringing in more employees from under-represented groups in the operations’ various functions.

Our office in Skellefteå was awarded the 2018 Visa vägen (Show the Way) award in the Employer of the Year category. The award is presented by Samhall (a state-owned company tasked with finding employment for people with functional impairments) and recognises companies leading the way in breaking the social exclusion of those with functional impairments in the labour market.

We have continued to support Drivkraft’s work in Malmö with homework help and mentoring as a support in everyday life. For the second year in a row, we offered jobs over the summer vacation for some 40 young people aged 15–17. Although, this

is their first job for many, which is extremely satisfying for Heimstaden, it is, at the same time, an important measure in attracting the younger generation to our sector. Accordingly, we will in 2019, continue the project, with all of our regions welcoming young people for the summer.

Development and leadership – learning organisation

Heimstaden strives to be a learning organisation. This affords development opportunities that strengthen the individual and the group alike. In itself, our growth offers an opportunity to develop and build a career in the group. We have introduced employee exchanges between functions to stimulate internal changes of career. In 2018, we introduced voluntary work experience days during which employees have the opportunity to follow a colleague in any function for one workday. Work to stimulate internal promotion will be intensified in 2019.

Heimstaden continues to generate value

Today, Heimgjort is an established employee programme in which we apply our employees’ commitment and inclusion in working with continuous improvement to generate value for our customers, as well as for us as a company. Over the year, we implemented more than 25 employee proposals, improving our customers’ journey and experience.

During the year, Heimstaden’s Code of Conduct for employees was launched. All employees in Sweden have received the Code and managers have received presentation materials for the internal launch. To ensure that the Code of Conduct is known and complied with, we will, in 2019, continue with information activities and all employees will be required to sign, confirming that they are familiar with its contents. The same work will be implemented in Denmark and Norway in 2019.

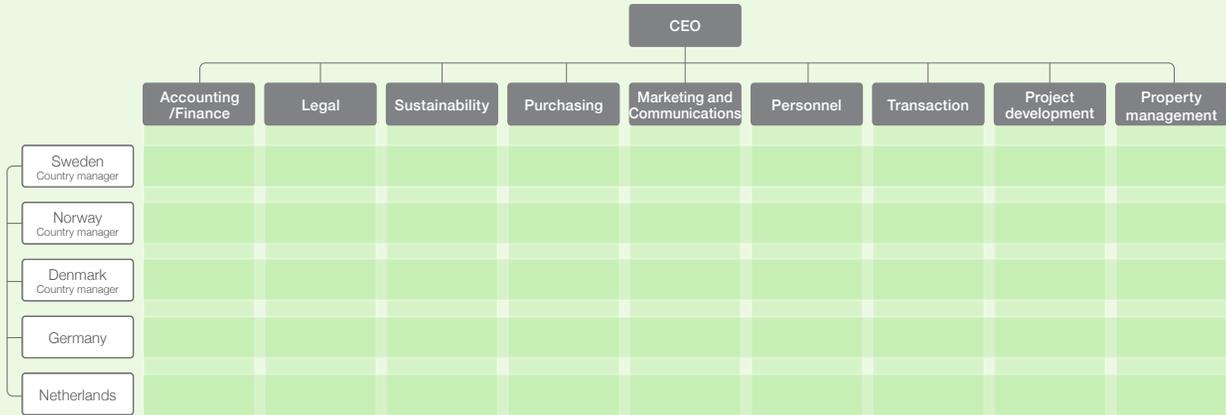


Practising what we believe in Dennis

Not all employment processes need follow traditional patterns. You sometimes have to think innovatively, and perhaps we don’t always present our real selves at their best in tense job interview. Dennis started his journey with Heimstaden at a floorball match.

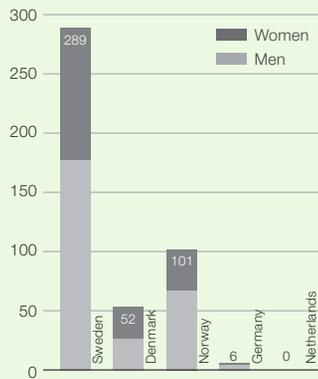
» *My journey with Heimstaden began in 2016 at a floorball match where I met a Heimstaden property manager. I asked him if the company ever brought in trainees and, soon after our first meeting, I was called to an interview. As my period as a trainee neared its end, I knew that this was precisely what I wanted to work with. Initially, I was given a project-based position as an Assistant Property Manager in Landskrona and, a little later, a posting in Malmö. A year ago, when I had the opportunity of becoming a Property Manager in Ystad, I took a few days to consider whether I was ready, but I had actually already decided. Today, I do not regret that decision for a second! «*

HEIMSTADEN'S ORGANISATION IN 2018



» *New employees should feel welcome and quickly understand Heimstaden's core values, procedures and processes.* «

NUMBER OF EMPLOYEES PER COUNTRY



They properties acquired in the Netherlands in 2018 did not include any personnel. For the time being, property management services are procured from an external supplier.

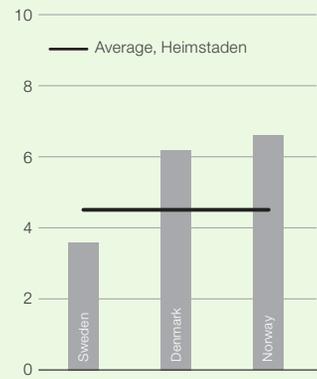
TOTAL NUMBER OF EMPLOYEES

448
INDIVIDUALS

DISTRIBUTION BETWEEN WOMEN AND MEN



ABSENCE DUE TO ILLNESS, % BY COUNTRY



Our environmentally efficient properties

Sound property stocks form the basis of Heimstaden’s offering to customers and are a prerequisite for continued growth. By running our properties in a resource efficient manner and seeking smart solutions in new production and property development, we ensure that we grow sustainably, both for ourselves and for the environment.

40%

With the right priorities, newly produced properties can be 40 percent more energy efficient than older ones.

Active ownership has an effect¹⁾

Heimstaden assumes a long-term perspective in property ownership. In connection with both new production and property acquisitions, we prioritise operational optimisations and investments that reduces the properties’ energy consumption. Initially, this may require investment, while also incurring lower operating costs and causing less wear on the Earth’s resources in the long term.

When Heimstaden acquires a property, we always seek to optimise heating and other energy consumption by reviewing, fixing and fine tuning existing systems and control equipment. Over the first two years, Heimstaden targets reducing the property’s energy consumption by 5 percent, a target we often exceed by a good margin. The optimisation process also provides us with knowledge of the property and an opportunity to identify the investments needed to further increase resource efficiency. By investing in measures to prevent heat loss – installing smart, digital operating systems, upgrading heating and ventilation systems and lighting – we can sometimes reduce energy consumption in older properties by between 10 and 15 percent within a few years.

In Sweden, Heimstaden’s largest market, we witnessed, in 2018, the effects of our extensive efforts in ongoing operational optimisations, investments in modern technology and digitisation of the operating systems in our properties. Our total climate impact from energy consumption²⁾ in 2018, amounted to slightly

less than 17,500 tonnes of CO₂e³⁾ (14 965). The increase compared with the preceding year was mainly due to an increased number of properties in our portfolio. Despite no energy efficiency improvements yet being made in most of the properties acquired in 2018, we reduced energy consumption per square metre overall compared with the preceding year. Normal year-adjusted heating consumption decreased by 3.7 percent per square metre, in turn meaning that our energy-related carbon dioxide emissions decreased by approximately 670 tonnes CO₂e. In total, the efficiency improvements have caused the value of our stocks to increase by about SEK 122 million and cost savings to increase by more than 6.1 million.

Newly produced properties can be up to 40 percent more energy efficient than older ones, if constructed with the right priorities. In new production, Heimstaden is involved early in the process, allowing us to make active choices for the future. By adjusting floor thickness, operating system and other important aspects, we make the property resource efficient and lower operating costs. In our new production projects, environmental aspects are always a priority issue, particularly regarding selections of materials and technologies. In Denmark, all newly produced properties are equipped with photovoltaic cells as standard, and in Sweden, all new production is built to meet, as a minimum, environmental building level silver.

-3.7%

In Sweden, Heimstaden’s energy-related CO₂e emissions per square metre decreased by 3.7 percent in 2018, compared with the preceding year.

¹⁾ The consumption figures include all properties in 2018. Many of these were added between 2017 and 2018. This means that efficiency has yet to be enhanced in most of the properties, while the consumption figures have simply been added on an ongoing basis in the year in which the acquisition was implemented.

²⁾ All energy figures for district heating, natural gas and oil are normal year-adjusted.

³⁾ The carbon dioxide calculations for energy consumption in 2018 were based on the CO₂e factors from 2017 for each energy supplier. For purchased hydroelectric power, the carbon dioxide load has been set to zero, that is, the total lifecycle of the production of this electricity is not included in this figure.



» In connection with acquisitions, Heimstaden targets lowering the property's energy consumption by 5 percent over the first two years. «

Continuous efforts

The properties' energy consumption represents the largest individual part of the operating costs and is also the area in which we have the greatest environmental impact. Measuring energy consumption is therefore an important part of the ongoing operations. This allows us to evaluate investments and technologies and to continuously optimise consumption.

Property management and operation and who shoulders the energy costs differs between the various markets and, accordingly, our work with measuring energy consumption, differs between the countries. In Denmark, customers shoulder the cost of their heat and electricity usage, restricting our ability to influence their consumption. In Norway and Sweden, it is Heimstaden, the property owner, that manages heating consumption and, through metering and optimisation, we have greater opportunities to control the level of consumption. Our stocks in Sweden have the most advanced system, allowing operating technicians to monitor

and analyse consumption in detail. Common to all of our markets is that we strive to own properties with optimal conditions to reduce energy consumption as far as possible and that, in dialogue with customers, we work to demonstrate the value this generates for them, for us and for the environment.

Renewable energy

By using electricity from renewable sources as much as possible, Heimstaden helps reduce carbon dioxide emissions. In many properties, we have installed photovoltaic cells and are thus able to make use of electricity generated in-house. Heimstaden strives for the electricity we purchase for our properties in all of our markets to be renewable and, when changing contracts, we work continuously to transition away from fossil energy sources. This work has progressed furthest in Sweden where we use only renewable electricity and link all newly produced and acquired properties to electricity contracts based on proof of origin labelled hydroelectric power.



CASE

Renewed energy for student housing in Flogsta, Uppsala

FLOGSTA 13, UPPSALA

Constructed, year: 1969–1972

Number of apartments: 2,014

5–10%

In December 2018, we started a project in Flogsta to boost the sustainability of our student housing there. By installing photovoltaic cells on the roofs of ten of the twelve buildings and on three of the facades, we expect to be able to produce approximately 240,000 kilowatt hours of electricity. That corresponds to about 5–10 percent of our total electricity consumption for the properties in the area (or about one of the buildings' electricity needs). We also perceive opportunities in the project to develop various services contributing to a sustainable lifestyle. The objective is to increase the focus on sustainability and to inject the area with new energy.



Flogsta 13, Uppsala, Sweden

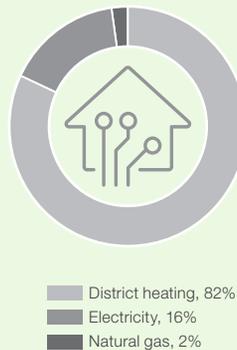
Total energy and water consumption for our properties in Sweden increased in 2018, due to the vigorous expansion of the stocks. Conversely, energy consumption per square metre decreased, meaning that our properties have become more efficient. This is despite the fact that recently added properties initially often have higher energy consumption per square metre than our existing stocks. Our objective is to reduce energy consumption in our properties by 5 percent over the first two years.

TOTAL ENERGY CONSUMPTION*, SWEDEN



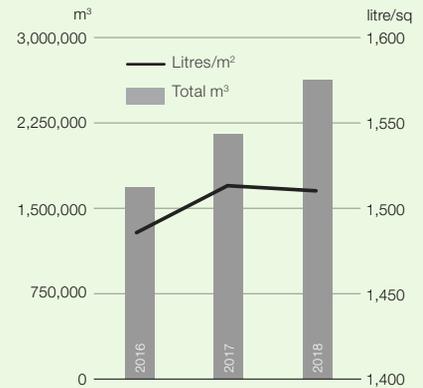
Total energy consumption in Sweden is increasing due to the strong expansion of property portfolio. We are working continuously to reduce our energy consumption, resulting in kWh per square metre decreasing by 2.3 percent in total for the Swedish property stocks in 2018. For some locations, we have seen a reduction in energy consumption of as much as 9 percent.

PROPORTION OF PURCHASED ENERGY, SWEDEN



We are working on an ongoing basis to phase out purchasing of oil among our stocks. In 2018, oil accounted for 0.03 percent of purchased energy.

WATER CONSUMPTION, SWEDEN



The number of cubic meters of water consumed is increasing due to the strong expansion of our property stocks. Water consumption in litres per square metre decreased by 2.5 litres between 2017 and 2018.

+122
SEK million

Through our energy efficiency enhancement efforts in 2018, we achieved SEK 6 million in savings and increased the value of our properties by an estimated SEK 122 million.

2–9%
ENERGY REDUCTION

In most locations in Sweden where we have conducted property management operations for some time, we reduced energy consumption by between 2 and 9 percent in 2018.

-3.7%
HEATING

Normal year-adjusted heating consumption decreased by 3.7 percent per square metre compared with the preceding year.

¹⁾ All energy figures for district heating, natural gas and oil are normal year-adjusted.

Heimstaden’s contributions to the UN’s global sustainability goals

Heimstaden’s contributions to the sustainable development of society are based on our role as a community builder. We have initiated a process to link our operations to the UN’s 17 global sustainability goals.

The work of linking our operations to the UN’s global sustainability goals is in its infancy and will remain so in 2019. Through responsible development and management of residential properties, in which we take people, the environment and climate, social factors and challenges facing society into account, we create secure, healthy and inclusive housing environments, develop sustainable properties and contribute to sustainable towns, cities and communities (goals 3, 11, 13 and 15).

With our focus on the environment and sustainable energy solutions, energy efficiency, photovoltaic cells and resource efficiency in our properties, we help reduce consumption of energy and water, reduce greenhouse gas emissions and increase the share of renewable energy (goals 6, 7, 11, 13 and 15). Through reduced greenhouse gas emissions, we also indirectly affect goal 14.

We work to promote human rights, decent working conditions, opportunities for personal development and further education, good health and well-being, both in our own operations and in our value chain. Diversity, inclusion and gender equality are high on our agenda (goals 3, 4, 5 and 8).

As a landlord, we have the opportunity to influence our tenants’ behaviours, consumption of resources and conditions for reusing and recovering resources, contributing positively to sustainable consumption and production (goal 12).

Our work with non-discrimination in relation to employees and tenants, as well as suppliers and contractors contributes to reduced inequality in society. Responsible handling of tenants with different socio-economic conditions, variations in mental or physical function, and of people experiencing social exclusion is of the utmost importance in our daily property management work (goal 10).

We collaborate with various social partners: municipalities, companies and organisations. In Skellefteå, we have helped break social exclusion for people with disabilities. Together with the non-profit organisation Drivkraft (Driving Force), we offer mentoring and homework help for pupils in Malmö so that everyone has the same opportunities to succeed at school, regardless of where they were born or their circumstances at home (goal 4).



» Our sustainability work is based on the areas where we perceive that we can make the greatest difference. «



Heimstaden

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