

SUSTAINABILITY 2019



Adapteo.



An adaptable school building in Alingsås, Sweden

A leading company for adaptable buildings

Adapteo is a leading Northern European company for adaptable buildings. We build, rent out and sell buildings for schools, daycare centres, offices, elderly care and events for both temporary and permanent needs.

All our buildings are based on a modular and circular construction concept and can be adapted when user needs change. The majority of our customers can be found in the public sector. Predicting what lies ahead has always been tough and as our society is getting increasingly fast paced it's getting even tougher. We believe that the best

cure for uncertainty is adaptability and that buildings need to be flexible. We can transform, repurpose, scale up, scale down and even move our buildings in the matter of weeks. In that way we make sure that our buildings are always optimised for the current needs. That's how we build adaptable societies.

All our buildings are based on a modular and circular construction concept and can be adapted when user needs change.





Children in a daycare centre in Esbo, Finland

Starting our sustainability journey



When we launched our new brand in 2019, we also started Adapteo's sustainability journey. A sustainable construction and real estate industry is vital for the creation of sustainable societies.

At Adapteo, we work to be a driver of this transition, with a circular business model and constant focus on resource efficiency. The challenge is to provide a growing population with spaces that are adapted to people's needs, are cost efficient and accessible for all, without exploiting limited natural resources or polluting the environment. Adapteo is leading the way in adaptable buildings, and making them loved by people and the planet.

The following pages present what we have done in 2019 to contribute to a sustainable future.

Looking ahead, 2020 will be a defining year for our sustainability work; we will develop our work methods as well as our strategic aim and focus, aspiring to take an even bigger role in developing a sustainable construction and real estate industry for the future.

Hanna Wennberg
Senior Vice President Marketing,
Communications and Sustainability
Adapteo

Contributing to the UN Sustainable Development Goals

Adapteo aims to contribute to the UN Sustainable Development Goals (SDGs). In 2019, an initial mapping of our work and how it relates to the global development agenda lead to the selection of five SDGs for which Adapteo's sustainability work should contribute.



Goal: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Milestone: 4.A: Create including and safe environments for education

Adapteo provides adaptable buildings for schools, creating improved learning environments for students and supporting municipalities with quick solutions to school building needs. Our buildings are accessible and barrier-free, ensuring an inclusive learning environment for all.



Goal: Ensure sustainable consumption and production patterns

Milestone: 12.2 Sustainable management and use of natural resources
Milestone: 12.5 Make significant reduction in the quantity of waste

Our circular business model provides sustainable solutions to changing societal needs. We have a systematic approach to sustainable resource management and reduction of waste. We constantly improve our industrial production of buildings to circulate materials and reduce environmental impact.



Goal: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation

Milestone: 9.4 Upgrade all industry and infrastructure for increased sustainability

With our continuous work to improve environmental performance of our buildings we contribute to a more sustainable industry and infrastructure in society.



Goal: Take urgent action to combat climate change and its impacts

Milestone: 13.3 Increase knowledge and capacity to handle climate changes

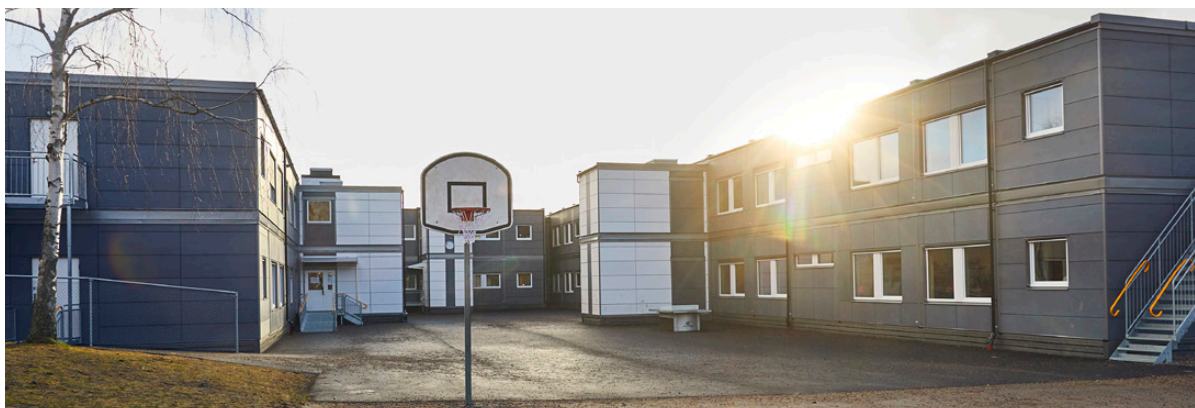
Adapteo's buildings are climate smart and energy efficient. Our project with the Ministry of the Environment in Finland aims to develop new ways of measuring climate impact of the construction and real estate industry, and increase knowledge and capacity to reduce climate impact.



Goal: Make cities and human settlements inclusive, safe, resilient and sustainable

Milestone: 11.1 Safe housing for an affordable cost

With a focus on quality buildings adaptable to society's needs and cost efficiency, Adapteo contributes to SDG 11.





Adapteo provides adaptable buildings for schools, creating improved learning environments for students and supporting municipalities with quick solutions to school building needs, thereby contributing to UN SDG 4.

Environmental sustainability

20%

THE CONSTRUCTION INDUSTRY ACCOUNTS FOR 20% OF SWEDEN'S GREENHOUSE GAS

Environmental sustainability has become the defining issue of our time, and rapid change is needed to address the challenges related to increasing climate change and ecosystem depletion. The expectations on companies to meet sustainability demands, from consumers, politicians and civil society are growing. At Adapteo, we see strong demands from our customers, as well as from our own employees and other stakeholders to aim high with our sustainability work, and to communicate our sustainability efforts.

Construction and real estate have a very large impact on the environment. We need to ensure sustainability throughout a building's entire life cycle. This requires that the sourcing of materials, construction, use, reuse, adaptation and end of life are managed in the most sustainable way possible.

With a circular business model and sustainable resource management, Adapteo offers climate smart products from cradle to grave, which we constantly improve to optimise function and environmental performance.

In collaboration with other actors, Adapteo is spearheading the development of a climate smart construction and real estate industry and contributing to a sustainable society.

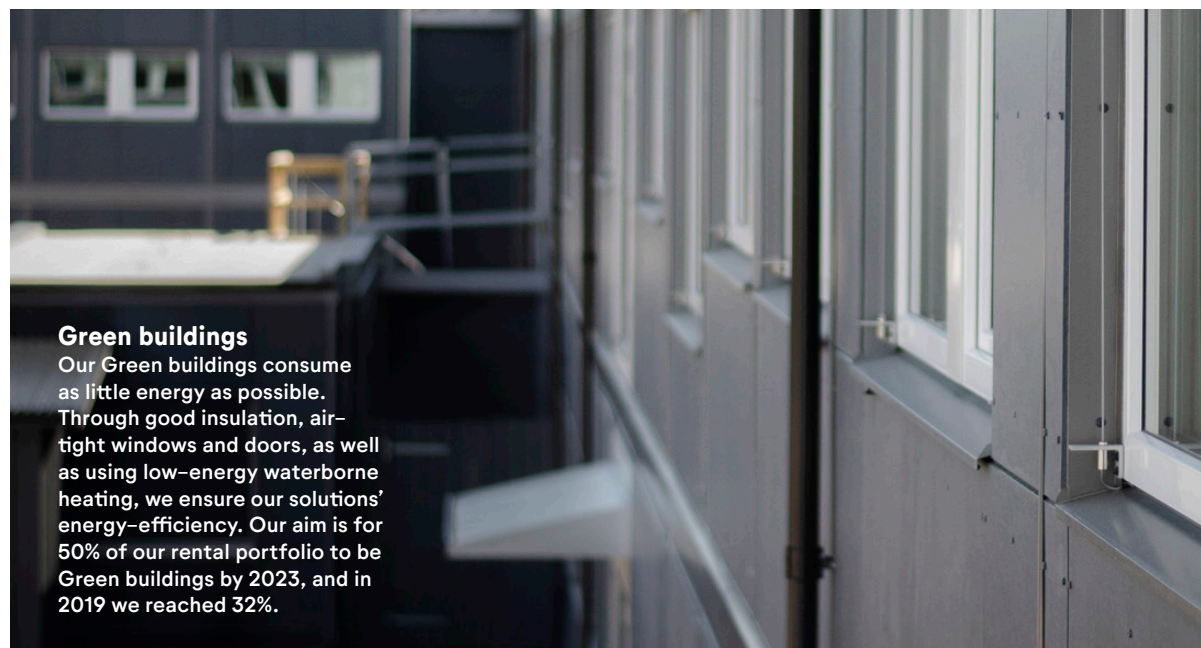
Creating a circular construction industry

To reduce greenhouse gas emissions, we need to keep resources in use for as long as possible and create a circular economy. At Adapteo, we apply this approach to create adaptable buildings that

can be used and reused, creating a circular construction industry. We can build, transform, repurpose, scale up and scale down in a matter of weeks, ensuring that our buildings can be used during several rental rounds and serve different purposes depending on our customer's needs. Our buildings can be rented, leased or bought to function for example as a daycare, and when they are no longer needed they will be renovated and rented out again and again, in the same or different function. Some of our very first units are still in use after 30 years. Designing for circularity is key, and we improve and adjust our processes continuously to maximise value and minimise environmental impact. 95% of the units that were installed in 2019, were refurbished for re-use, and 5% were new.

Participating in a project with the Ministry of Environment in Finland is one way of contributing to a larger shift in society towards a sustainable business and housing sector.

We also apply a circular perspective to the production of new modules and through closing the material loop, we are able to minimise waste and use more and more recycled material. An example of our circular approach is switching from single-use plastic to recycled plastic in our module covers used during transport and storage. The new covers will last longer and reduce waste; we expect to reduce single use plastics for covers with 60%. The project was started in 2019 and the new solution will be piloted with a new supplier in early 2020.



Green buildings

Our Green buildings consume as little energy as possible. Through good insulation, airtight windows and doors, as well as using low-energy waterborne heating, we ensure our solutions' energy-efficiency. Our aim is for 50% of our rental portfolio to be Green buildings by 2023, and in 2019 we reached 32%.

¹ http://fossilfritt-sverige.se/wp-content/uploads/2018/02/roadmap_for_fossil_free_competitiveness.pdf



Optimising climate smart buildings for the future

In a unique and ambitious project, the Ministry of the Environment in Finland aims to make cities carbon neutral within the coming decades. An important component is finding out how to construct and use buildings in the most climate smart way.

Adapteo is part of this project and our buildings are being analysed from cradle to grave to identify optimal use of material, transport, use, and reuse of our modules.

- We are already optimising our buildings to deliver a future proof model. In my opinion, the best buildings are made of wood – a material with many benefits. Wood is a renewable resource, it binds CO₂ over time, it is adaptable and can be reused and rebuilt, it is relatively lightweight and easy to transport. Other aspects of an optimised building are efficient production with minimal waste, something we continuously work with in our factories, says Niko Oksa.

In 2019, six Adapteo buildings were analysed, and during the coming year assessments of another ten buildings will be initiated. The project has now established a formula to calculate greenhouse gas emissions, and CO₂ uptake, throughout a buildings 50-year lifecycle. The result provides the buildings carbon footprint and handprint. The findings will influence procurement criteria and building standards in Finland to enable a fossil free future.



Niko Oksa, technical sales manager at Adapteo in Finland.

100%

DURING 2019, WE PROCURED 100% GREEN ENERGY FOR ALL OUR PRODUCTION FACILITIES IN SWEDEN AND IN 2020 ALL OF ADAPTEO'S BUSINESS OPERATIONS IN SWEDEN WILL START USING GREEN ENERGY.

Sustainable resource management

At Adapteo, we aim to increase material efficiency, reduce waste and increase the share of recycled waste. The environmental impact of a building comes largely from material use, and by choosing renewable materials with the right qualities, we can enable design for sustainability already at the drawing board. The primary material for our production is wood. Wood has a lower climate impact compared to other building materials such as concrete and steel. A building made of wood has significantly lower CO₂-emissions than a comparable concrete building, for premises around 35–40% according to one study.

Another key factor for sustainable construction is to minimise waste at all stages. Adapteo's adaptable buildings are industrially constructed, which enables a systematic approach to resource use and waste prevention, using a LEAN-process. With industrial production we can make sure we order the right amount of material. We also constantly develop our ability to make use of left-over material from different parts of the production process. In 2019, we installed a new industrial machine for refurbishing of insulation waste; the left-over pieces of insulation are torn apart and can be reused rather than put to waste.

Another example of waste reduction is a project together with our supplier Harmet; developing

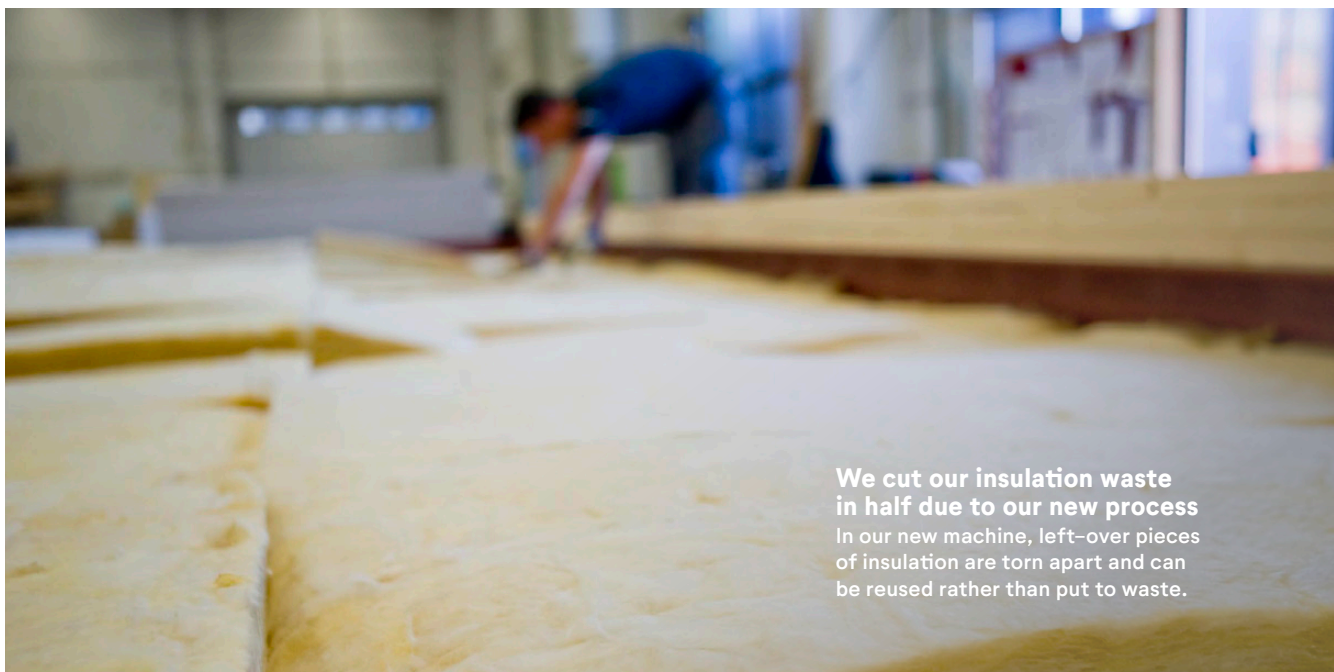
solutions for the reuse of left-over materials from façade panels.

For a growing number of customers, it is important that buildings are environmentally certified. During 2019, the Sweden Green Building Council certified one of our buildings from the Business Area Permanent Space with 'Miljöbyggnad Silver'. In the years to come, we aim to increase the number of green building certifications.

Sustainability in our own operations

Also, in our own operations, we incorporate a sustainability perspective. As of 2019 ISO Quality Management Standard 9001 and ISO Environmental Management Standard 14001 have been implemented in Finland, Sweden, Germany and Norway. The aim is to implement these certifications in all Adapteo's operating markets.

Efficient transport is key to minimising climate impact. In 2019, we partnered with our supplier Harmet to develop new measures to improve the transport efficiency of steel, with careful planning, and smart packing of vehicles, we reduce air pockets and can fit more into each delivery. We also assess how we can enhance material flows to construction sites by co-packing different types of material in prepared kits. This benefits the workflow on site and enables optimised transport.



We cut our insulation waste in half due to our new process

In our new machine, left-over pieces of insulation are torn apart and can be reused rather than put to waste.

In 2019, 368 daycare centres, and schools as well as 4 elderly care operations moved into buildings from Adapteo.



Adaptable solutions solving demands of growing society

Population growth in the Nordics poses a growing challenge for the sustainable development of society. The demand for daycare and school buildings is rising, however around three quarters of Swedish municipalities premises, such as schools, are 40 years or older and in need of renovation¹. Further, a growing elderly population leads to an increasing demand for elder and senior care facilities.

Municipalities and cities face the challenge of quickly providing adaptable building solutions that fit into budgetary requirements. Adapteo provides a solution to these societal challenges with adaptable space solutions, no matter if the need is for a couple of weeks or indefinitely. Making it easy to provide spaces for an unpredictable future.

¹ <https://webbutik.skr.se/bilder/artiklar/pdf/7585-810-4.pdf>



CASE

Quickly providing better learning environments for pupils

The facilities at Noltorp elementary school in Alingsås, built in 1973, were in great need of renovation and the classrooms had also become too small for the growing number of students. Adapteo's buildings offered a solution to this problem. The classrooms were installed during the fall of 2019 and they will be used for 340 students over the next three years. Adapteo's climate smart buildings have low energy consumption with district heating,

while at the same time improving the pupils learning environment.

- The pupils describe their new buildings as bright and nice in comparison to our old buildings. Our teachers also see the benefits of the new classrooms as they are both quiet and spacious", says Maria Sandwall, Principal at Noltorp Elementary School.



Supplier assessment

All major suppliers go through an assessment which includes environmental and social questions, and other sustainability aspects.

Sustainability governance

At Adapteo, sustainability is integrated into the business model and is a key issue at all levels of operation. Adapteo's sustainability work is led by the Marketing and Sustainability team that are responsible for follow up of implementation throughout the organisation.

Hanna Wennberg, Senior Vice President Marketing, Communication and Sustainability is responsible for the sustainability area within the Group Management Team. The central functions for implementation are the Sourcing and Supply Chain Management and Human Resources. In 2020 Adapteo will develop a strategic direction for its sustainability work and set up a structure for ongoing reporting and follow-up to the Adapteo Group Management Team.

Stakeholder dialogue and materiality analysis
In 2019, Adapteo conducted a stakeholder dialogue with interviews with selected customers, investors and management about expectations and concerns related to Adapteo's sustainability work. Based on insights from the stakeholder dialogue a materiality analysis was developed, and ten key sustainability aspects were selected as focus areas for Adapteo's sustainability efforts and reporting. The selected sustainability aspects guided the choice of material topics included in the Global Reporting Index (Annual report p. 124–129).

Minimising risk

To ensure all employees at Adapteo are well informed and work in line with our values we have a set of policy documents. These include Adapteo's

Sustainability Policy; Code of Conduct; Procurement Policy; Anti-Fraud Policy; HR Policy; Whistleblowing Policy; and Enterprise Risk Management Policy.

An initial mapping of sustainability risks for Adapteo's business operations has been conducted, identifying risks such as reducing CO₂ emissions from transport, discrimination and health and safety of clients and uninvolved parties. In 2020, we will include sustainability risks in our overall risk assessment and identify risk management strategies. To secure good working conditions at our workplaces, we have implemented a gender equality and diversity plan and a channel for whistleblowing to combat discrimination and other offensive ill treatment. These issues are also mentioned in our code of conduct and human resource policy. Furthermore, all construction and production sites have visible safety rules to secure the safety and health of our employees.

We work with sustainability in partnership with our suppliers. It is very important for us that anti-corruption, protection of human rights are ensured and that we work actively against discrimination, not only in our own operations, but also through our supply chain. Therefore, our Business Code for Suppliers includes clear statements on these issues, as well as other areas such as environmental protection. In 2019, we reviewed all our agreements with major suppliers to ensure they have signed our Business Code for Suppliers. Going forward, we will review the endorsement and compliance of the Business Code for Suppliers on an annual basis.

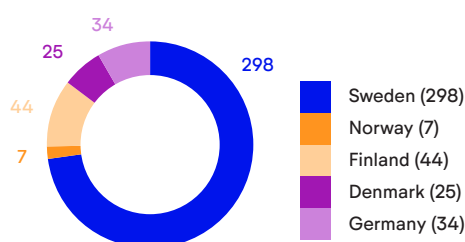
80%

IN 2019, OVER 80% OF OUR EMPLOYEES HAVE PARTICIPATED IN A CODE OF CONDUCT TRAINING.

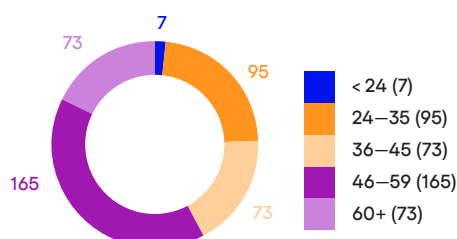
A sustainable workplace

Our competent and innovative workforce are essential to delivering solutions to our clients and developing our business going forward. At Adapteo, we want to contribute to a sustainable future together with our employees. As of 31 December 2019, Adapteo had a total of 408 employees in five countries, including temporary employees. All of Adapteo's employees have collective bargaining agreements (CBAs) or corresponding agreements that are compliant with local employment agreements and CBAs.

Employees per country

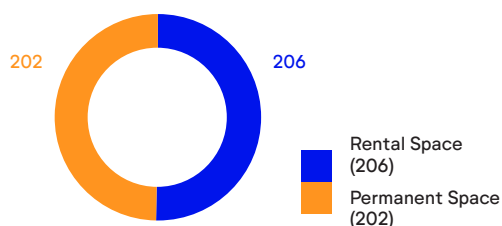


Employees per age group



Includes permanent employees only

Employees per Business Area



A safe work environment

As we work in the construction sector, maintaining a safe working environment is very important for us. At Adapteo, the health and safety of our employees is our highest priority. Adapteo's industrial construction is based on standardised production processes, which reduces the time spent on construction sites compared to the traditional construction process, lowering the risk of accidents. We have taken several steps to secure our employees safety: all construction and production sites have visible safety rules and ahead of every new assignment, a security check is completed. All work-related injuries are reported and followed-up, and during 2019 no fatal work-related injuries were reported.

Gender equality and diversity

We launched Adapteo with the ambition to establish a healthy, driven and inclusive work place. Our three guiding principles are to be proactive, collaborative and committed. Adapteo is a firm believer in equal employment and career advancement opportunities. In 2019, 100% of employees in the Nordics and 44% in Germany received regular performance and career development reviews. Going forward, our aim is to reach 100% in all markets. At Adapteo, we aim for high job satisfaction, commitment and security for all employees and they are entitled to equal rights, obligations and opportunities regardless of their sex, gender identity, gender expression, age, sexual orientation, disability, ethnicity, religion or other beliefs. We have a zero tolerance for discrimination of any kind or ill treatment, which is clearly stated in our internal policies.

Adapteo operates in a male dominated industry. It is important for us to actively promote an even gender balance both in the operational and management organisations.

Gender balance at Adapteo

	All employees	Board of Directors	Management teams
Women	15.2%	40%	28.2%
Men	84.8%	60%	71.8%

Complementing facts and figures to our qualitative sustainability report according Global Reporting Initiative are included in the Annual report, [adapteogroup.com](https://www.adapteogroup.com)



Adapteo's industrial construction is based on standardised production processes, which reduces the time spent on construction sites compared to the traditional construction process, lowering the risk of accidents.



“Adapteo takes the lead in developing the future building solutions for a more adaptable and sustainable society.”

Philip Isell Lind af Hageby,
President and CEO
Adapteo group

Contact the Adapteo sustainability team:

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