



**Corporate Responsibility
Report 2013**



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Sponda

Sponda Plc is a real estate investment company that specializes in leasing business premises and developing and owning properties. Sponda's properties are located in the largest cities in Finland. By developing business premises into attractive, tailored business environments, Sponda promotes its customers' success.

The company's operations are organized into four business units: Investment Properties, Property Development, Russia and Real Estate Funds.

Strategy

Profitable growth through focused property ownership

Sponda is a property investment company that owns, leases and develops office and shopping centre properties in Helsinki and Tampere. Sponda's strategic goal is to achieve growth and profitability through customer-focused operations, active property development and property acquisitions in Finland.

Sponda revised its strategy in autumn 2013. The main goals of the strategy are simplification of the business structure, more focused property ownership and profitable growth. Going forward, the company's operations will focus on office properties, shopping centres and property development serving these segments. Sponda's geographical focus will be on prime areas in the Helsinki Metropolitan Area, particularly in the central business district and Ruoholahti, as well as Tampere.

Sponda is planning to exit both the Russian market and the Real Estate Funds business in the next three to five years. The terms of existing real estate funds will not be extended, and no new funds will be established. The company is also planning to sell its entire logistics property portfolio as well as its property ownership in Turku.

With the new strategy, Sponda will improve the efficiency of its operations and increase its expertise in the key areas of its operations in which it already holds a strong position. Focusing property ownership in strategically important areas gives the company a better capacity to develop its market intelligence and achieve profitable growth.

In addition to the new strategic focus, the criteria applied in selecting properties for acquisition and ownership include energy efficiency, flexibility, central location and access to public transport.

Strategic focus

Sponda's strategic focal points are the customer experience and environmental responsibility. The energy consumption of the properties included in Sponda's Energy Efficiency Programme has decreased in line with previously set targets. At the same time, a growing percentage of the waste generated at the properties is being recovered. Sponda's customer relationships are based on interactive partnership. With the help of a process to support the development of the customer experience, Sponda aims to identify the best ways of working from the customer's perspective.

Environmental responsibility is an integral part of Sponda's operations. The company's long-term goal is to develop its environmental expertise and to share this expertise with customers and partners.

Business units in brief

Sponda is organised in four business units: Investment Properties, Property Development, Russia and Real Estate Funds.

Investment Properties

The Investment Properties business unit is divided into three segments: Office Properties, Shopping Centres and Logistics Properties. The Investment Properties unit leases office, retail, shopping centre and logistics premises as well as purchases and sells properties in Finland.

The office properties are primarily located in the Helsinki's central business district (39%), the Helsinki metropolitan area (27%) and Tampere (7%). The shopping centres are located in Helsinki, the Tampere region and the Oulu region. The logistics properties are primarily located in the Helsinki metropolitan area.

As a result of a change in strategy, the company is planning to divest its entire logistics property portfolio as well as property ownership in Turku within three to five years.

2013 key figures

	Office Properties	Shopping Centres	Logistics Properties
Net operating income, M€	105.7	33.2	25.9
Occupancy rate,%	90.1	89.0	75.2
Leasable area, m ²	756,000	157,500	477,500
Share of total portfolio by fair value,%	53	23	13

Property Development

The Property Development business unit is responsible for the company's property development projects in Finland. Business premises are developed by renovating properties in the portfolio, or developing new properties on land areas owned by Sponda.

2013 key figures

Investments, M€	4.7
Balance sheet value of property development portfolio, M€	108.2
Share of total portfolio by fair value,%	3

Unused land areas and potential property development sites are primarily located in the Helsinki metropolitan area.

Russia

Sponda's Russia business unit leases, manages and develops business premises for use by companies and organisations. Sponda owns three office properties, two shopping centres, a logistics property and two land areas, all in the Moscow and St. Petersburg regions. As a result of the change in strategy, Sponda now plans to divest its Russian operations within the next three to five years.

2013 key figures

Net operating income, M€	21.8
Occupancy rate,%	96.0
Leasable area, m ²	44,500
Land areas, hectares	66

Share of total portfolio by fair value,%	8
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Real Estate Funds

Through its real estate funds, Sponda invests in office, retail and logistics properties located in medium-sized Finnish towns, outside the company's core geographical area. The focus of the company's business operations shifted as a result of a change in strategy in 2013, and Sponda now plans to exit the Real Estate Funds business within the next three to five years.

2013 key figures

Total revenue, M€	6.8
Net operating income, M€	5.2
Sponda's investments in the real estate funds, M€	88.3

Properties are located in Finland's medium-sized cities like Jyväskylä, Lappeenranta and Hämeenlinna.

Responsibility as part of Sponda's strategy

Responsibility is an integral part of Sponda's day-to-day operations and business expertise, supporting the company's profitability and long-term viability.

Responsibility and strategy

Sponda's goals include increasing shareholder value, ensuring the sustainability of operations and continuously developing the company. Responsibility is an integral part of Sponda's strategy and day-to-day operations. Sponda communicates the holistic approach to responsibility.

Sponda's vision, which guides the implementation and development of its responsible operations, is to be the most reliable, profitable and responsible player in the real estate sector, implementing sustainable development. In fact, the company has highlighted the development of the customer experience and environmental responsibility as strategic focal points in its business development.

Increasing environmental requirements

The property sector plays a key role in mitigating climate change and improving energy efficiency. Sponda supports the efforts against climate change in its own operations by improving the energy efficiency of its properties and reducing their environmental impact. The United Nations Environmental Programme estimates that buildings make up as much as 40 per cent of global energy consumption, with the majority of that consumption happening during use. As efforts to reduce emissions are ramped up, Finnish and EU requirements on corporate environmental responsibility will become tighter.

Sponda believes that, in the future, client companies will increasingly focus on the life cycle environmental impact of their business premises. Sponda is preparing for these future challenges already today by investing in improving its environmental expertise and developing solutions that promote the well-being of the environment.

Environmental requirements are highlighted in Sponda's property development operations as well as property maintenance. In addition, Sponda supports its customers in more energy-efficient and environmentally sustainable use of premises.

The well-being of the environment is included among the criteria the company applies in deciding on property investments. In accordance with its investment strategy, the focus of Sponda's property portfolio is on central urban locations with good public transport links.

Developing the customer experience

Sponda aims to achieve competitive advantage and identify the best ways of working from the customer's perspective through its Customer Experience Management (CEM) process. The company aims to be a trustworthy property partner that offers each customer premises that are precisely tailored to their needs and an effective customer relationship. In customer relationships, the goal is to achieve a long-term interactive partnerships.

Sponda actively monitors changes in how client companies work and what new requirements they have regarding their business premises in order to develop its own operations and services in accordance with the changing needs of its customer base.

Managing responsibility

Environmental responsibility and managing the customer experience are strategic priorities for Sponda and the company has set annual targets and defined key actions for them. The Executive Board and the Board of Directors regularly monitor the achievement of targets and implementation of actions. The major challenges in achieving the targets set for environmental responsibility are related to the reduction of environmental impacts during the use of buildings. Co-operation with customers in order to minimize energy consumption is vital, as the company's properties are used by over 30,000 individuals.

Sponda encourages its employees to work towards the goals related to environmental responsibility and the customer experience by including them as factors in the incentive scheme that covers all personnel.

Reliable work with stakeholders

Sponda has several stakeholder groups who all have different expectations of Sponda. The company strives to meet these expectations in accordance with its values and procedures. The aim is active and open dialogue, based on reliability and integrity.

The table below summarises Sponda's key stakeholders, their expectations of Sponda and the measures Sponda takes to meet these expectations. For additional information on stakeholders, see the company website.

Stakeholder group	Expectations towards Sponda	Sponda's actions
Personnel	<ul style="list-style-type: none"> Permanent employment and stable income Safe working conditions Being informed of matters concerning the company Opportunities for personal development at work Equal and non-discriminatory treatment Open communication Good reputation 	<ul style="list-style-type: none"> Offering good work opportunities Good opportunities for training Effective internal communications and an atmosphere of open dialogue Ensuring occupational health and safety Appraisal discussions and job satisfaction surveys Equal and non-discriminatory treatment of employees
Customers	<ul style="list-style-type: none"> High-quality energy-efficient business premises Facility services Good customer service Taking environmental responsibility into consideration Long-term partnerships 	<ul style="list-style-type: none"> Offering practical, adaptable and energy-efficient business premises Developing customer service channels and services Maintaining regular contact with customers Creating the conditions for long-term partnerships Guiding customers towards operations that conserve energy and the environment
Investors and owners	<ul style="list-style-type: none"> Dividend yield Risk management Responsible and transparent operations Increase in shareholder value Reliable information on the company 	<ul style="list-style-type: none"> Highly competent rental organisation Competitive dividend policy Reliable and transparent financial reporting Identification of risks and reaction on them
Financiers	<ul style="list-style-type: none"> Achieving financial targets 	<ul style="list-style-type: none"> Effective management of financial risks Maintaining a reputation as a responsible debtor
Subcontractors	<ul style="list-style-type: none"> Equal treatment of subcontractors Adherence to agreements Long-term subcontractor relationships 	<ul style="list-style-type: none"> Effective purchasing and quality processes Monitoring and steering the work and quality of subcontractors
Media	<ul style="list-style-type: none"> Active, open and responsive communications Reliable information on the company 	<ul style="list-style-type: none"> Timely, reliable and open communications Developing and expanding communications channels
Society and the authorities	<ul style="list-style-type: none"> Compliance with legislation and other regulations issued by the authorities Responsible and transparent operations Paying taxes 	<ul style="list-style-type: none"> Monitoring legislative developments and introducing the company's perspective to the discussion Participation in the development of cities Improving the energy efficiency of business premises Providing jobs
Organisations	<ul style="list-style-type: none"> Participation in the activities of industry organisations Dialogue 	<ul style="list-style-type: none"> Active involvement in various organisations Developing the industry in partnership with industry organisations
Other stakeholders, such as educational institutions and various research and development organisations	<ul style="list-style-type: none"> Providing opportunities for internships and thesis writing Participation in the industry's research and development activities 	<ul style="list-style-type: none"> Providing study opportunities to students in the field of real estate Joint projects with educational institutions in the field of real estate

Sponda's responsibility priorities

Sponda has defined seven responsibility priorities, the implementation and development of which will be particularly focused on in the company's operations. The priorities are based on the company's strategy and, in particular, on its strategic areas of focus related to customer experience and environmental responsibility.

The purpose of the responsibility priorities is to support the development of Sponda's operations from the perspective of sustainable development. Sponda monitors the achievement of its responsibility objectives and the relevance of the priorities annually.

Sponda's responsibility priorities are:

- Improving energy efficiency and reducing the carbon footprint
- Material efficiency
- Property locations
- Enhancing the customer experience
- Investing in employees
- Transparency in operations
- Taking the industry forward

More detailed information on each of the responsibility priorities can be found in the sections dedicated to them in this online Annual Report.

Responsibility targets and actions

Improving energy efficiency and reducing the carbon footprint

Targets 2013	Results 2013	Targets 2014
The comparable consumption of electricity, heating, cooling and water will decline in properties in Finland.	The energy consumption of properties owned by Sponda in Finland decreased by 2.6 per cent. The measured heating energy consumption of comparable properties decreased by 7.9 per cent. The total electricity consumption of comparable properties decreased by 3.4 per cent, water consumption declined by 4.7 per cent and cooling energy consumption increased by 17.1 per cent compared to 2012.	The comparable consumption of heating and water and the combined effect of the consumption of electricity and cooling will decline in properties in Finland.
Developing a metrics strategy in 2013.	A metrics strategy was developed for Sponda's properties to support the monitoring of consumption.	Implementation of guidelines for the use of metrics.
Renewable energy sources research project and implementation of an application in 2013.	The renewable energy sources research project was carried out.	Starting a renewable energy sources demo project in 2014.
The consumption figures of Sponda's head office (electricity, heating, district cooling and water) will be reduced.	In 2013, Sponda's head office's electricity consumption increased by 0.8 per cent, (standardised) heating consumption declined by 3.2 per cent and district cooling increased by 8.4 per cent. Water consumption at the head office decreased by 19.8 per cent compared to 2011. The 2012 water consumption figure for the property is not comparable.	The consumption figures of Sponda's head office (electricity, heating, district cooling and water) will be reduced.
Energy consumption will decrease in three properties in Russia.	Overall electricity consumption at the Russian office properties decreased by 3.6 per cent and	Energy and water consumption will decrease in three office properties in Russia.

	heating consumption decreased by 9.8 per cent.	
Environmental certification for one newly constructed building.	Sponda obtained LEED® Gold Environmental Certification for its Ruoholahden Ankkuri office building, which was completed in spring 2013.	Environmental certification work will continue and preliminary analyses will be conducted for new projects.
Certification work will continue and preliminary analyses will be conducted for new projects.	Six certification processes were under way at the end of 2013.	

Material efficiency

Targets 2013	Results 2013	Targets 2014
The waste recovery rate at Sponda's properties in Finland will increase to $\geq 86\%$.	The waste recovery rate at Sponda's properties in Finland increased to over 87% at the end of 2013.	The waste recovery rate at Sponda's properties in Finland will remain at the level of 87 per cent, the same as at the end of year 2013.
More environmental partnerships will be formed and action plans will be actively implemented.	The number of Environmental Partnership agreements increased from 15 to 20.	The number of Environmental Partnership agreements will be increased from 20 to 22.
The volume of office waste at Sponda's head office will be reduced.	The volume of office waste increased slightly compared to 2012 due to paper waste generated by the disposal of archived materials in conjunction with internal relocations.	The volume of office waste at Sponda's head office will be reduced.

Enhancing the customer experience

Targets 2013	Results 2013	Targets 2014
Developing and measuring operations in line with the customer relations strategy.	The customer relations strategy focused on developing the customer experience in all stages of the customer relationship.	
Improving the effectiveness of customer communications at Sponda-owned properties.	Sponda began piloting an information screen system for office properties and expanded its extranet service.	Developing the electronic customer service environment.
Investing in customer data management (CRM system renewal).	A CRM system development project was launched in conjunction with the company's ERP project. Sponda introduced new survey tools, which enable data collection through the different stages of the customer relationship.	Developing customer data management and, in particular, ensuring the successful deployment of the CRM solution. Developing the collection and utilisation of customer feedback as part of customer data management.
Continuing service innovations.	Sponda developed a property presentation application for tablet devices to support sales. Sponda also began piloting an information screen system for office properties.	Assessing and leveraging new service innovations.

Investing in employees

Targets 2013	Results 2013	Targets 2014
Tools are developed to better support the work of the personnel and the attainment of objectives.	To improve the effectiveness of mobile work, Sponda implemented a tablet-based property presentation application that improves customer service capacity, particularly for those working at the customer interface. The development and	The development of tools and systems will continue to support the work of the personnel and the attainment of objectives.

	specification work for the new ERP system continued.	The development of internal operating models to improve the effectiveness of sharing best practices, knowledge and expertise.
The working environment is developed together with the personnel so that it will better support their work and assist in reaching the company's goals.	The development of the working environment was commenced through student cooperation with Aalto University.	The development of the working environment will continue together with the personnel so that it will better support their work and assist in reaching the company's goals.

Property locations

Long-term objectives	Results 2013
Increasing the share of shopping centres and office properties in the company's property portfolio.	The Ruoholahden Ankkuri office building was completed in Helsinki's Ruoholahti district and the development project of Citycenter shopping centre was completed in the Helsinki central business district.
Developing the property portfolio by concentrating on prime areas and locations with good public transport links.	According to its strategy revised in autumn 2013, Sponda's geographical focus will be on prime areas in the Helsinki metropolitan area, particularly in the central business district and Ruoholahti, as well as Tampere.

Transparency in operations

Targets 2013	Results 2013	Targets 2014
Capital Markets Day for investors in 2013.	Sponda organised a Capital Markets Day for investors. At the event, the company's financial situation and future prospects were reviewed along with the impacts of economic development on changes in the operating environment.	
Activating customer dialogue in customer meetings and all customer service channels.	Sponda developed its customer communication through measures including the development of processes and service channels as well as new service innovation.	Increasing customer dialogue in customer meetings and all customer service channels.
	Sponda reported for the first time on the most significant taxes and tax-like payments associated with its operations.	

Taking the industry forward

Long term objective

Sponda promotes best practices in the real estate industry by participating in the projects and organisational activities of the Finnish Association of Building Owners and Construction Clients (RAKLI) and EPRA, the umbrella organisation for listed European property investment companies, among others.

Improving energy efficiency and reducing the carbon footprint

Construction and completed buildings are responsible for more than 40 per cent of Finland's total energy consumption. Sponda recognises this and pays particular attention to the energy efficiency of its properties and the carbon footprint caused by energy consumption.

The key aspects of the priority are:

- The consumption of heat, electricity and water in buildings
- Property development
- Increasing environmental awareness among clients and employees

Why is this a priority?

The European Union has made a commitment to reduce its greenhouse gas emissions by 20 per cent from 1990 levels by 2020. The EU has a further target of reducing emissions by 80–95 per cent by 2050. In 2021, all new buildings must meet near zero energy standards.

Improving the energy efficiency of buildings and reducing emissions therefore plays a key role in achieving these aims. Sponda strives to reach the EU targets through its own operations and through co-operation with clients. Energy efficiency is an important consideration in all of the company's property development projects as well as renovation and maintenance operations.

Every day approximately 30,000 people work in premises owned by Sponda. As tenant activity causes up to 60 per cent of the total energy consumption of a building, co-operation between the landlord and tenant is of crucial importance in reducing energy consumption. Sponda encourages its clients to be energy efficient and to take environmental aspects into consideration in the use of properties. The company also provides guidance to its clients on energy efficiency and environmentally friendly building use.

For Sponda's properties located in Finland, environmental monitoring includes the collection of information on energy and water consumption, as well as waste management volumes¹⁾. For office properties in Russia, the consumption of electricity and water are monitored. There is a certain degree of annual variability in Sponda's property holdings due to sales and purchases, which affects the comparability of the annual environment figures.

Environmentally responsible property development

At Sponda, new construction, property renovation and the design of low-energy office buildings are all subject to the company's design guidelines, which in many ways are more extensive than generally applied standards and regulations. The design guidelines are reviewed and updated annually. They help the company develop adaptable and energy efficient properties that offer functional working environments.

Sponda pays particular attention to environmental requirements in its property development operations. Sponda applies for international environmental classification, an environmental certificate, for all new buildings and major renovation projects.

Sponda's Energy Efficiency Programme is aimed at conserving energy

The energy efficient use of properties is supported particularly through Sponda's Energy Efficiency Programme, which is aimed at achieving energy savings in co-operation with clients. The properties included in the programme carry out an energy review to determine the energy consumption of each property and to examine the technical systems relating to energy consumption. Based on these reviews, adjustments and repairs are made at the properties in line with their use requirements.

Energy-saving goals and measures for achieving them are set individually for each property in cooperation with the users. Developments are then monitored in regular meetings with clients. Sponda's partners Ovenia Oy and Corbel Oy are responsible for property maintenance operations and for collecting and monitoring energy consumption data.

The cost savings achieved through the Energy Efficiency Programme are reinvested in the property. The programme initially aims at energy savings of 10 per cent by 2016. The long-term goal is to achieve a 20 per cent saving in energy consumption by 2020. Sponda's progress with respect to the programme and its targets has thus far been on schedule.

Environmental information for employees

The environmental expertise of employees is improved with the help of WWF's Green Office programme. Environmental awareness is increased through an annual Green Day event, internal training events as well as Green Office tips published regularly on the company intranet and Sponda's Facebook page.

Sponda's employees are encouraged to make ecological choices through a company car policy that supports low-emission options. Employees are also provided with company bicycles. As part of Sponda's Green Office environmental programme, employees are also trained in economical driving.

1) Energy consumption monitoring extends to all properties for which Sponda is responsible for energy purchasing. This applies to 85 per cent of all properties. Cooling is monitored separately for those properties that use district cooling. If cooling is performed locally by compressors, it is included in electricity consumption.

Objectives and measures

Objectives for 2013

The environmental load of Sponda's properties in Finland:

- The comparable consumption of electricity, heating, cooling and water will decline in properties in Finland
- Developing a metrics strategy in 2013
- Renewable energy sources research project and implementation of an application in 2013
- The consumption figures of Sponda's head office (electricity, heating, district cooling and water) will be reduced

The energy consumption of Sponda's properties in Russia:

- Energy consumption will decrease in three office properties in Russia

The environmental classification of buildings:

- Environmental certification for one newly constructed building
- Certification work will continue and preliminary analyses will be conducted for new projects

Measures taken in 2013

New properties covered by Sponda's Energy Efficiency Programme

At the end of 2013, Sponda's Energy Efficiency Programme covered 109 (2012: 107) properties. Five properties divested during the year were omitted from Sponda's Energy Efficiency Programme. A total of 24 real estate funds' properties managed by Sponda joined in their own Energy Efficiency Programme in 2013, and at the end of the year the programme covered 34 properties in total.

The properties covered by Sponda's Energy Efficiency Programme continued to carry out reviews, implement energy saving measures and monitor consumption in accordance with property-specific action plans.

In 2013, a metrics strategy was developed for Sponda's properties to support the monitoring of consumption. The company aims to apply the metrics specified by the strategy to its new construction projects and significant renovation projects.

In 2013, Sponda carried out the Renewable energy sources research project with the aim of using geothermal heat exclusively for the energy generation at one Sponda property. The plan is to start the demo project in 2014.

Energy consumption of Sponda's properties decreased

The energy consumption of the Finnish properties owned by Sponda decreased in 2013 by 2.6 per cent. The measured heating energy consumption of comparable properties was down by 7.9 per cent from the previous year. However, weather-adjusted heating energy consumption was 2.2 per cent lower than the year before. The total electricity consumption of comparable properties decreased by 3.4 per cent, water consumption declined by 4.7 per cent and cooling energy consumption increased by 17.1 per cent compared to the year 2012.

In 2013, the carbon footprint caused by the total energy consumption of all of Sponda's properties in Finland was 5.5 per cent lower than in the previous year.

Sponda aims to reduce the energy consumption of its properties also in Russia. In 2013, the electricity consumption of Sponda's office properties in Russia decreased by 3.6 per cent and heating consumption decreased by 9.8 per cent. From the year 2014 Sponda monitors electricity and water consumption of its office properties in Russia.

Sponda also aims to actively reduce the energy consumption and other environmental loads of its head office in Helsinki. In 2013, head office's electricity consumption increased by 0.8 per cent, (standardised) heating consumption declined by 3.2 per cent and district cooling increased by 8.4 per cent. The water consumption of the head office decreased by 19.8 per cent compared to the year 2011. The year 2012 water consumption figure of the property is not comparable.

Sponda signed its first Green Lease agreement

Sponda and Nordea Bank's branch at Kaivokatu 12 in Helsinki signed a Green Lease agreement in 2013. Under the new lease model, Sponda agrees with the client on joint objectives and a compensation model to encourage the use of environmentally friendly solutions and the reduction of energy consumption at the premises used by Nordea's branch. A further goal is to reduce the amount of waste generated at the property and to increase the recovery rate of waste to 90 per cent.

Sponda encourages its customers to conserve energy also in its Environmental Partnership Programme, which aims to reduce the environmental load caused by the use of buildings through joint efforts. At the end of 2013, Sponda had 20 Environmental Partnership agreements (15 at the end of 2012). The number of agreements was thus increased in line with the objectives in 2013.

The Extranet service for customers provides guidance on energy efficient operations and waste sorting, and also includes news on the progress of the Energy Efficiency Programme. Customers can also use the service to monitor the energy consumption of their property on a monthly basis.

LEED® certification granted to the Ruoholahden Ankkuri office building

Sponda obtained LEED® Gold Environmental Certification for its Ruoholahden Ankkuri office building, which was completed in spring 2013. The building received an especially good score for its efficient use of energy. Talentum Plc is the main tenant of the office building located at Itämerenkatu 23 in the Ruoholahti district of Helsinki.

In addition, three environmental certificates for existing buildings were updated in 2013:

- BREEAM® In-Use certificate for the Ducat II office building in Moscow
- BREEAM® In-Use certificate for the Ruoholahden Tähti office building in Helsinki
- BREEAM® In-Use certificate for the PortGate office building in the Port of Vuosaari

Sponda has already obtained a total of eight international environmental certificates, with a further six certification processes under way at the end of 2013.

Objectives for 2014

The environmental load of Sponda's properties in Finland:

- The comparable consumption of heating and electricity and the combined consumption of electricity and cooling in Finnish properties will decline
- The adoption of the measurement guidelines
- The launch of the renewable energy sources demo project
- The consumption figures of Sponda's head office (electricity, heating, district cooling and water) will reduce

The energy consumption of Sponda's properties in Russia:

- The consumption of electricity and water will decrease in three Russian office properties

The environmental classification of buildings:

- The environmental certification work will continue and preliminary analyses will be conducted for new projects

Electricity, heat, water and cooling consumption of Sponda's properties in Finland / Gross floor area, GFA, m²

	2013	2012	2011
Electricity, kWh/GFAm ²	117.8	115.7	105.1
Heat, normalised, kWh/GFAm ²	111.1	108.0	118.9
Water, ltr/GFAm ²	236.1	216.9	255.7
Cooling, kWh/GFAm ²	33.4	24.0	29.5

Electricity, heat, water and cooling total consumption of Sponda's properties in Finland

	2013	2012	2011	Change 2012-2013, %
Electricity, all properties, MWh	188,150	198,358	204,622	-5.1
Electricity, comparable properties, MWh	168,141	174,039		-3.4
Heat, normalised, all properties, MWh	180,535	179,070	190,581	0.8
Heat, normalised, comparable properties, MWh	154,010	157,490		-2.2
Water, all properties, m3	379,798	357,062	408,114	6.4
Water, comparable properties, m3	258,560	271,362		-4.7
Cooling, all properties, MWh	9,946	5,052	7,377	96.9
Cooling, comparable properties, MWh	3,688	3,149		17.1

Energy and water consumption of Sponda's properties in Finland by main segments

	Office properties		Shopping centres		Logistics properties	
	consumption	specific consumption /GFAm ²	consumption	specific consumption /GFAm ²	consumption	specific consumption /GFAm ²
Electricity, MWh	116,994	117.4	23,007	237.8	47,496	100.3
Heat, measured, MWh	98,874	102.6	18,441	136.4	42,794	87.8
Heat, normalised, MWh	109,269	113.4	20,179	149.2	46,855	96.1
Water, m ³	235,710	250.0	68,447	506.2	72,318	146.0
Cooling, MWh	5,341	22.2	4,605	81.6	-	-

Carbon footprint arising from energy consumption of Sponda's properties in Finland

	Electricity			Heating			Cooling			Total		
	2013	2012	2011	2013	2012	2011	2013	2012	2011	2013	2012 ^(*)	2011 ^(*)
CO ₂ emissions in total (tonnes)	39,323	41,457	16,984	27,044	28,603	27,642	617	326	513	66,984	70,871	45,807
CO ₂ emissions (kg/GFAm ²)	24.7	24.2	8.8	16.4	17.1	17.4	2.1	1.5	2.3	40.1	42.8	25.9
Property quantity (pcs)	146	155	152	144	152	148	19	12	10	148	158	155

*) The combined carbon footprint for 2011 and 2012 also includes emissions from fuel consumption.

Estimates of the carbon footprint from energy consumption in properties in 2011 are based on the emission factors reported by energy companies for 2011. The footprint calculations of 2012 and 2013 are based on emission factors for 2012.

The carbon footprint for 2011–2012 involves a significant deviation with regard to electricity due to a change in the calculation method implemented by Helsingin Energia.

Carbon footprint of Sponda's properties in Finland by main segments

	Office properties	Shopping centres	Logistics properties
CO ₂ emissions in total (tonnes)	39,740	7,687	18,469
CO ₂ emissions (kg/GFAm ²)	39.7	54.4	37.5

The energy and water consumption figures for comparable properties include properties for which consumption data is available for a minimum of two years, and purchased and sold properties are eliminated from the calculation.

Green Lease

- The new Green Lease model involves Sponda and the customer agreeing on joint objectives and a compensation model to encourage the use of environmentally friendly solutions and the reduction of energy consumption.
- The objectives can include, for example, reducing the building's energy consumption, water consumption and waste volume, as well as increasing the waste recovery rate.
- Under the Green Lease agreement, savings and excesses in energy costs, for instance, are divided annually between the tenant and the landlord.
- The eco-efficiency requirements written into the lease also provide guidelines for changes and investments in the premises.

Material efficiency

Sponda aims to facilitate convenient sorting of waste at its properties and provide instructions on recycling to the users of properties. Material efficiency is also pursued by reducing the amount of waste generated in construction and renovation work.

The key aspects of the priority are:

- The sorting and recovery of property waste
- Improving efficiency in material use, also in purchasing
- Producing services with fewer material inputs and lower environmental effects

Why is this a priority?

The Finnish Waste Act, which was amended in 2012, is aimed at reducing waste generation, improving material efficiency and increasing waste recovery. The national waste plan sets an objective of recycling 50 per cent by weight of municipal waste by 2016. A further target is to reuse or recycle at least 70 per cent of all construction and demolition waste by 2020. Sponda complies with the Waste Act in the waste management of its properties and aims to contribute to the overall effort to reach the goals of the national waste plan through its own operations. In addition Sponda's target is to increase the waste recovery rate at its properties.

Effective waste management and reducing the volume of waste

While the appropriate sorting of waste is the responsibility of the users of properties, Sponda aims to facilitate convenient sorting of waste at its properties through its own operations and by ensuring that the necessary waste sorting facilities are in place. The company is responsible for post-sorting waste management, unless otherwise agreed with tenants. Sponda encourages and guides the users of properties to recycle and sort waste and to reduce the total volume of waste. Sponda facilitates waste handling by ensuring that waste management rooms are set up as effectively as possible.

Reducing the volume of waste generation is an integral aspect of material efficiency. Sponda's construction and renovation projects take this aspect into account by investing in flexible and adaptable spatial solutions in building design. This reduces construction waste-generating alteration work during the use of the building.

In the construction phase of new buildings and major renovation projects, the company has adopted on-site waste management guidelines according to the international LEED® and BREEAM® certification systems. In all construction and renovation projects and the day-to-day maintenance of the company's properties, the aim is to minimise the volume of waste ending up at landfill sites.

Objectives and measures

Objectives for 2013

- The waste recovery rate at Sponda's properties in Finland will increase to $\geq 86\%$.
- More environmental partnerships will be formed and action plans will be actively implemented.
- The volume of office waste at Sponda's head office will be reduced.

Measures taken in 2013

Sponda has continued to improve waste recycling at its properties within the framework of its co-operation agreement with Lassila & Tikanoja. Due to the co-operation, the waste recovery rate at properties owned by Sponda in Finland exceeded 87 per cent at the end of the year 2013 (2012 average: 82 per cent). Sponda's total waste volume in 2013 was 6,796 tonnes (2012: 5,898 tonnes), of which 955 tonnes (2012: 1,059 tonnes) was mixed waste. The volume of mixed waste will be further reduced by improving waste sorting.

Environmental partnership strengthens co-operation

In order to increase environmental awareness among its customers and strengthen its customer co-operation, Sponda has established an Environmental Partnership Programme with 20 customers. The aim of these partnerships is to increase the energy efficiency of premises and the waste recovery rate as well as to pay attention to the environmental effects of customers' operations. The content and objectives of the cooperation are always agreed upon with the customer.

In 2013, Sponda signed five new environmental partnership agreements with its customers. The aim is to increase the number of partners further in 2014.

WWF Finland has been one of Sponda's key partners in promoting environmental responsibility since 2010. The aim of the co-operation is to pursue environmentally friendly practices in Sponda's operations and promote environmental responsibility among the company's customers and the entire real estate industry.

Sponda's head office was granted a three-year extension of its WWF Green Office certification in 2013 in recognition of the high extent to which environmental aspects are taken into consideration in office work. As a WWF partner, Sponda also encourages its customers to join the Green Office network. Sponda supports its customers' Green Office processes by helping their Green Office teams set their consumption goals and reporting consumption data.

In 2013, the amount of office waste generated at Sponda's head office increased to 12.1 tonnes (2012: 11.54). The increase is partly attributable to paper waste generated by the disposal of archived materials in conjunction with internal relocations.

Climate covenant to mitigate climate change

Sponda is a member of the Climate Partners network of businesses and the City of Helsinki. The aim of the network is to develop new practices for reducing climate emissions and strengthening the competitiveness of companies.

All companies in the network have signed a climate covenant, setting themselves goals, such as reducing CO₂ emissions, improving energy efficiency and developing new services that reduce greenhouse gas emissions.

As a member of the Climate Partners network, Sponda has committed itself to the following goals for its properties located within the City of Helsinki:

- The comparable total energy consumption of Sponda's properties will decrease by 10 per cent by the end of 2016.
- The recycling rate in Sponda's properties will be increased to over 70 per cent by the end of 2014.

Objectives for 2014

- The waste recovery rate at Sponda's properties in Finland will remain at the year end 2013 level, at 87 per cent.
- More environmental partnerships will be formed.
- The volume of office waste at Sponda's head office will be reduced.

Waste volume report of Sponda's properties in Finland

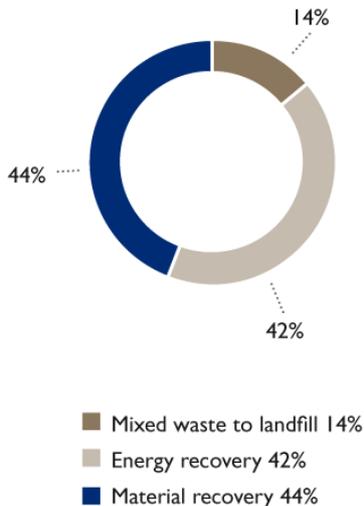
	2013 (tonnes)	2012 (tonnes)	2011 (tonnes)
Mixed waste to landfill	954.9	1,059.4	2,371.0
Energy recovery	2,845.4	2,343.0	751.5
Material Recovery	2,987.6	2,488.3	2,480.6
Biowaste	991.3	748.4	493.2
Paper	686.5	623.4	823.7
Paperboard	1,014.1	825.5	891.7
Cardboard	127.6	121.5	120.5
Glass	81.0	88.1	60.8
Metal	56.5	48.3	34.1
Plastic	4.4	1.9	0.9
Other waste	26.3	31.1	55.7
Hazardous waste	7.7	7.0	7.0
Total	6,795.6	5,897.7	5,610.0
Number of properties	131	119	127

This includes Sponda-owned properties where the property owner is responsible for waste management

Waste volume of Sponda's properties in Finland by main segments

	Total	Office properties	Shopping centres	Logistics properties	Property development
Energy recovery (tn)	2,845.4	1,889.1	481.0	475.3	0.0
Mixed waste to landfill (tn)	1,042.9	610.0	354.2	57.7	21.0
Material recovery (tn)	2,899.6	1,658.6	884.2	349.6	7.2
Hazardous waste (tn)	7.7	4.2	3.2	0.3	0.0

Waste management of Sponda's properties in Finland*



* Average value in 2013

Property locations

Sponda takes environmental considerations into account in deciding on the locations for its property investments. The company's properties are in key areas in major cities and in locations accessible by public transportation, which helps reduce the environmental impacts of the properties during their use.

The key aspects of the priority are:

- Taking environmental aspects into account in making decisions on property investments
- Focusing on properties located in cities, accessible by public transportation
- Concentrating on prime areas

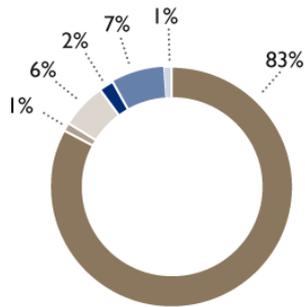
Why is this a priority?

For Sponda, the central location of its properties is a key strategic choice: the company's properties are in key areas in Helsinki Metropolitan Area and Tampere within the existing urban structure, and in locations with good public transport links. This strategy supports Sponda's commitment to environmental responsibility.

Location is also one of the criteria applied in the environmental certification of business properties. The BREEAM® and LEED® certification processes take into account not only the energy consumption of the building, but also factors such as public transport links and bicycle parking facilities.

Sponda's investment strategy is also financially sustainable and responsible. The demand and rental levels for properties located in the central areas of cities are more stable, even in economically uncertain times. Approximately 80 per cent of Sponda's properties are located in these areas. The investment strategy also supports the comprehensive sustainability of Sponda's operations.

Investment properties by location and by fair value*



EUR 3,145.1 million



* Excl. Property Development and Real Estate Funds

Objectives and measures

Measures taken in 2013

The Ruoholahden Ankkuri office building developed by Sponda for Talentum Plc's use was completed in 2013, and the building was granted LEED® Gold Environmental Certification. The new four-storey building, with a total floor area of nearly 6,000 square metres, is located in Helsinki's Ruoholahti district and has excellent public transport links.

The final phase of construction on the Citycenter shopping centre in Helsinki's central business district was completed in spring 2013. This added some 7,000 square metres of new or renovated retail space in the complex. The shopping centre's location across from railway station, accessible by all modes of public transport, is excellent for both those who work in the Citycenter building and its customers. The multi-year project carried out over several phases made the traditional retail block significantly more comfortable, improved pedestrian access and boosted the appeal of the surrounding area.

Sponda is prepared to commence the Ratina shopping centre project in Tampere's central business district in 2014 if the required pre-leasing rate is achieved.

Long-term objectives

- Increasing the share of shopping centres and office properties in the company's property portfolio

- Developing the property portfolio by concentrating on prime areas and locations with good public transport links

Enhancing the customer experience

Sponda aims to develop interactive long-term partnerships with its customers. Sponda's expertise allows it to offer customers business premises that are precisely tailored to their needs.

The key aspects of the priority are:

- Identifying customer needs and responding to them
- Taking a more proactive approach to customer relationships
- Creating the conditions for long-term partnerships

Why is this a priority?

In the property sector, customer relationships are typically long term: the process of finding the right business premises takes time, and leases are signed for periods of several years. In customer relationships, Sponda's goal is to achieve a long-term interactive partnership rather than a unilateral lessor-tenant relationship. This allows the customer to receive the maximum benefit from the expertise of Sponda's personnel and its comprehensive portfolio of business premises.

At the end of 2013, Sponda had a total of 1,984 customers and 3,037 lease agreements. The largest client sectors were the public sector, retail and banking.

Enhancing the customer experience in Sponda

The key building blocks of the customer experience are functional and high-quality business premises as well as skilled personnel who understand customers' needs. Customers expect the lessor to have comprehensive and in-depth expertise in both the industry in general and the property being leased. Good customer service provided via multiple channels is also essential.

The customer experience often begins even before the actual customer relationship is established. With this in mind, Sponda's aim is to be easily approachable via a variety of channels. The customer experience does not end when the right business premises are found. Instead, it develops and strengthens throughout the customer relationship. Sponda's process supporting the development of the customer experience is aimed at identifying the best ways of working from the customer's perspective.

During the lessor-tenant relationship, the emphasis is on property services, the continuous development of the customer relationship, and maintaining active contact with the customer. The aim of customer service operations is to allow the customer to focus on their own business while Sponda handles all property-related services in cooperation with its property management partners.

Customers value Sponda's professional competence

Sponda regularly surveys customer satisfaction through the different stages of the customer relationship. In addition to carrying out in-house surveys, Sponda participates in customer satisfaction surveys conducted by KTI Property Information Ltd. The KTI survey is an annual benchmark study involving a large number of industry participants. In 2013, a total of 511 Sponda customers participated in the benchmark study. Their responses identified Sponda's strengths as professional competence, expertise and image as a lessor. Sponda will use the results of the study to further develop its ability to identify customer needs and improve the effectiveness of customer service.

Sponda will engage in further discussions on the issues highlighted in the study in customer meetings and strive to improve its operations based on the survey results.

Sponda's customers by sector 2013

Sector	% rental income
Professional, scientific and technical activities	6.5
Energy	0.4
Public sector	12.3
Wholesale/retail	26.9
Education	1.3
Logistics/Transport	4.7
Hotel and catering business	4.8
Media /Publishing	2.3
Other services	13.2
Banking/Investment	10.2
Construction	1.5
Industry/manufacturing	5.9
Healthcare	3.9
Telecommunications	5.9
Others	0.2

Top 10 Tenants 2013

Tenant
State of Finland
Kesko Group
HOK-Elanto
Danske Bank Plc
City of Espoo
Metso Automation
Nordea Bank Finland Plc
City of Helsinki
Diacor
Elisa Corporation

Objectives and measures

Objectives for 2013

- Developing and measuring operations in line with the customer relations strategy
- Improving the effectiveness of customer communications at Sponda-owned properties
- Investing in customer data management (CRM system renewal)
- Continuing service innovations

Measures taken in 2013

The goals of Sponda's strategy, which was updated in autumn 2013, include profitable growth, simplification of the business structure and growing the company's property portfolio in its main markets. For customers, this will mean a broader and more diverse range of business premises to choose from. In addition, the company will be able to respond quickly to customer needs by having clear processes and effective flow of information within the organisation.

Sponda's customer relationships work and development is based on the company's customer experience management strategy. The strategy defines the customer relations management models and processes for making customer relationships deeper and longer.

New online services for customers

In 2013, the customer relations strategy focused on developing the customer experience in all stages of the customer relationship, from signing the customer agreement to renewing it. The methods used to achieve this include developing processes and service channels as well as creating new service innovations.

One example of an innovation that improves the customer experience is the information screen system for office properties that is currently being piloted. The system is used to distribute information on current affairs at the property as well as Sponda's services. In addition, Sponda developed a property presentation application for tablet devices to support sales and expanded the content on the company's mobile website. From early 2014, the property search function will also be available to mobile users.

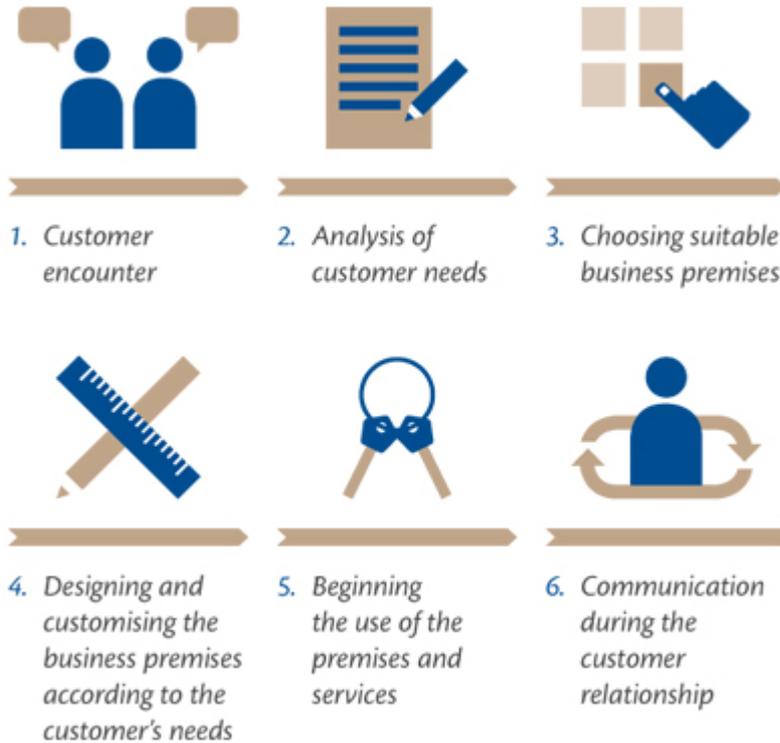
In late 2013, Sponda adopted new research tools to collect information on customer encounters through the various stages of the customer relationship. These tools will also be used to analyse and make more effective use of the results of feedback surveys in 2014. Sponda also made a further investment in customer data management by launching a CRM system development project in connection with its ERP project. The new system will be deployed in 2014.

The use of Sponda's Live Chat customer service channel increased steadily throughout 2013, and the feedback from users has been very positive. The contents of the Extranet service for customers were also developed during the year.

Objectives for 2014

- Developing customer data management and, in particular, securing the success of the adoption of the CRM solution
- Developing customer feedback collection and utilisation as part of customer data management
- Developing of electronic customer service environment
- The evaluation and utilisation of new service innovations

Sponda's customer process



Building the customer experience begins from the very first meeting between the client and Sponda. Sponda's expertise helps customers find business premises that are tailored to their unique needs. As business premises solutions are long-term decisions, the analysis of the client's needs takes into account the client organisation's future prospects and objectives.

Business premises are tailored to these needs in close cooperation with the client. Flexible solutions can be easily adapted as the client's operations develop and change.

The customer experience does not end when the right business premises are found. Instead, it develops and strengthens throughout the customer relationship. Sponda maintains regular contact with its customers and analyses customer satisfaction annually. The aim is to create interactive long-term customer relationships.

Purchasing and quality

Developments in monitoring the quality of property services

Sponda's purchasing and quality process continued to improve property management and maintenance services in 2013. The effective operation of property maintenance services, cleaning, waste management and housing solutions has a direct impact on the level of satisfaction experienced by the users of business premises.

Sponda's properties are looked after by a partner network comprising tens of suppliers, with whom the company works to develop the best operating models for maintenance services in the market. By harmonising property service processes, Sponda achieves more consistent service quality and reliability.

The quality requirements for property services were reviewed on a property-specific basis during the year. Sponda has defined quality criteria for its suppliers, and the achievement of these criteria is monitored continuously. Focus areas in 2013 included improvements in communication by developing reporting and correspondence models, and increasing awareness of the quality targets Sponda sets for its service providers.

In addition to customer feedback and monthly reporting data, the quality of property services is monitored by means of twice-yearly property audits. The audits and their reporting have been systematically developed, which helped the company achieve an improvement in the quality of property maintenance in 2013.

Investing in employees

Sponda's employees are characterised by their professional and motivated approach and good team spirit. Since employee wellbeing and expertise are key success factors for Sponda, the company wants to invest in the high-quality training of personnel and good leadership.

The key aspects of the priority are:

- Occupational wellbeing and job satisfaction
- Improving professional expertise
- Internal communications

Why is this a priority?

Appropriate training and good management enable Sponda to achieve its strategic goals. For an expert organisation like Sponda, ensuring employee qualifications and a high level of professional expertise are particularly important. Occupational wellbeing creates a foundation for excellent work performance and work fitness.

Monitoring job satisfaction

Sponda monitors job satisfaction and organisational effectiveness with the help of an annual employee survey. The objective of the employee survey is to analyse employees' perceptions about their own work, their closest work environment as well as management and leadership. Respondents are also provided with an opportunity to give feedback, talk about their development wishes and participate in the finding of development solutions.

Personnel development

Sponda's goal in all operations is continuous improvement and learning. Employees are encouraged to adopt an independent and active approach to their work and self-development. The personnel's training is developed on the basis of Sponda's strategy, customer and stakeholder feedback as well as appraisal discussions. Sponda organises common training programmes for the personnel and offers the opportunity to participate in training outside the company.

Personnel development is guided by customer-orientation. Everyone's understanding of the connection between their own work and Sponda's strategy and goals is ensured in appraisal discussions. The progress and achievement of each employee's personal goals is assessed with the help of appraisal discussions, customer feedback and employee surveys.

Healthcare and support for physical fitness and exercise

Sponda also wants to look after the health of its employees. Sponda's investment in the wellbeing and job satisfaction of its employees includes the provision of extensive and versatile occupational healthcare services, the objective of which is to prevent illnesses and problems resulting from stress and other work-related psychological factors and to support work fitness. The goals also include the prevention and early detection of lifestyle diseases and support for self-care. In addition, Sponda has a special wellbeing programme to support the work fitness of employees who have been in working life for a long time.

Sponda also looks after occupational health and wellbeing by supporting its employees' physical exercise and cultural activities. Employees are also encouraged to adopt environmentally-friendly and sporty commuting habits by offering them the possibility of company bicycles.

Remuneration

Sponda uses an annual remuneration scheme that covers the entire personnel and is based on both the company's common goals and on personal targets set specifically for each employee.

Sponda implemented an employee share programme in the beginning of 2014. Employees have the opportunity to use remuneration earned pursuant to the incentive scheme for the purpose of acquiring merit pay shares and, in addition, receive funds from Sponda to acquire additional shares. The programme is applied for the first time in respect of remuneration earned for the year 2013.

Equal opportunities

The realisation of equal opportunities is important at Sponda. Sponda's key objective is to ensure that employees do not experience any unequal treatment on the basis of gender, age, religion, health or other such factors. Fair and non-discriminatory treatment applies to the entire employment relationship, from recruitment to termination.

Objectives and measures

Objectives for 2013

- Tools are developed to better support the work of the personnel and the achievement of goals.
- The working environment is developed together with the personnel in such a way that it will better support the performance of work and the achievement of the company's goals.

Measures taken in 2013

- To increase the efficiency of mobile work, Sponda introduced a property presentation application that works on tablets and facilitates the ability to serve customers, particularly in terms of employees who work at the customer interface.
- A development project focused on the working environment was begun in cooperation with Aalto University students. Sponda organised a design competition on its head office's new spatial concepts for students of spatial design. Sponda's employees selected the entries best suited to function as the starting point for the final implementation.
- Sponda also continued the development and specification work of its new ERP system in 2013.

Overall results of the personnel survey were good

The annual employee survey in which respondents' assess their level of satisfaction with their own work, their workplace, managerial supervision and leadership and the operation of the organisation was carried out in the autumn 2013. In line with previous years, the summarised results involved the entire Group. Employees also had the chance to evaluate Sponda's internal services in the context of the survey. The survey's response rate declined in comparison to the year before but, at 91 per cent, remained high nevertheless.

Just as in previous years, the overall results with regard to the personnel satisfaction survey and internal customer relationships were extremely positive compared to the comparative standards of the survey. The results of the personnel survey go through an extensive comparison with other comparable surveys, such as the Finnish working life research (*Suomalainen työelämä tutkimus*). However, the results this year were slightly lower than in 2012.

According to the survey, Sponda's strengths include its management and operative culture, the communication of strategy and outlooks and well implemented changes. Positive changes had taken place in the reduction of work-related stress and in the perception concerning the quality of the services Sponda produces for its customers. The fairness of remuneration also gained prominence as one of Sponda's strengths.

The operations of units were perceived as efficient. According to the employees, Sponda's work is well organised, operations are flexible and the operative flow of information is smooth. Trust in the company's management is solid and the employees' awareness of the goals is high.

The possibility to take a more active role in the development of the operations of one's own unit was raised as a target for development. The experience of equal opportunity was slightly lower than in the year before.

According to an analysis of the survey's results, each unit determines its own development plan. Active development work within units will allow to continue improving Sponda's good atmosphere and operations.

Customer work was supported with sales training

In 2013, Sponda's personnel had the opportunity to participate in a variety of training sessions which searched for support and development opportunities through means of, for instance, improvisation and a sales simulation.

Sponda organised sales coaching for the employees who work at the customer interface. The goal was to become better at listening to customers and finding solutions for the customer's needs. The practical coaching included exercises in sales simulations corresponding to real-life situations.

Sponda also organised language training and supported the employees' personal development projects in 2013. There were 2.2 training days per person in 2013. Training costs accounted for 2.9 per cent of fixed salaries.

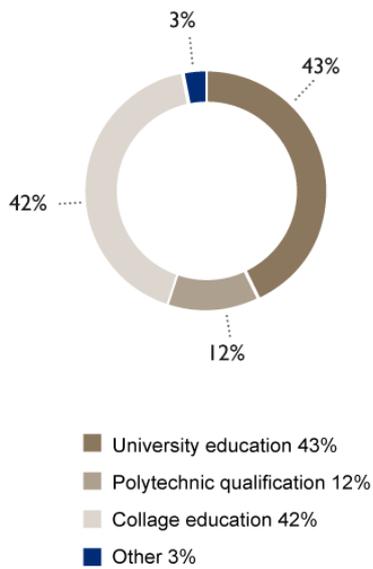
Goals for 2014

- Develop internal operating models to increase the sharing of best practices and know-how.
- Continue the development of tools and systems to support employees' work and the achievement of goals.
- Continue to develop the working environment in cooperation with personnel in such a way that it better supports the performance of work and the achievement of the company's goals.

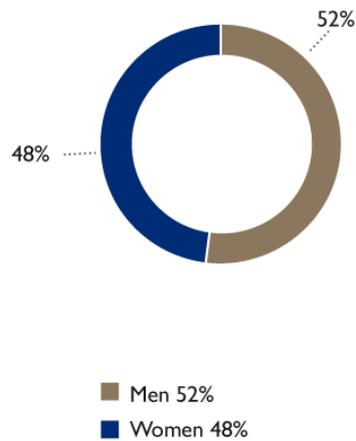
Key figures for the personnel	2013			2012			2011		
	Group	Parent company	Russia	Group	Parent company	Russia	Group	Parent company	Russia
Number of personnel, at the year-end	118	109	9	119	107	12	127	114	13
Number of personnel, in average	121	111	10	122	110	12	123	110	
Men, %	52	53	33	49.6	52.3	25		50.9	
Women, %	48	47	67	50.4	47.7	75		49.1	
Average age, at the year-end	40.5	45.4	35.7	44.5	44.8	41	44.6	45.3	
Days lost in sickness per employee, in average	4.4	4.4	3.2	3.8	3.9	1.9		3.9	
Training days per employee, in average	2.2	2.0	4.1	2.4	2.3	5.1		2.3	
Training hours per employee	16.2	15.2	30.5	17.9	17.3	38.0			

Personnel survey results, Group (scale 1-4)	2013	2012	2011
Commitment	3.21	3.24	3.21
Leadership	3.19	3.21	3.20
Performance	3.05	3.06	3.08
Engagement index	3.42	3.45	3.48

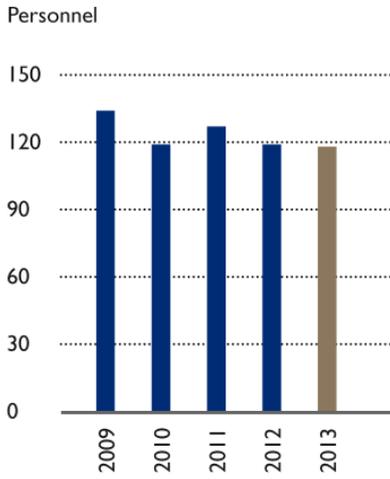
**Educational structure
31 Dec 2013, Sponda Plc**



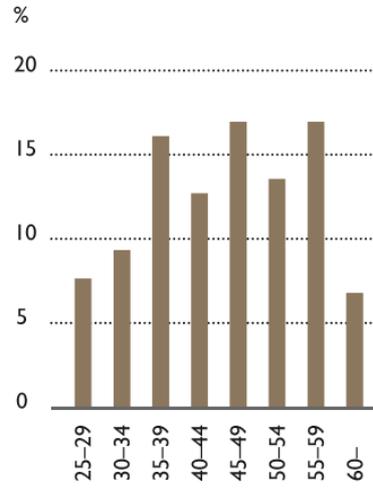
**Sex ratio 31 Dec 2013,
Sponda Group**



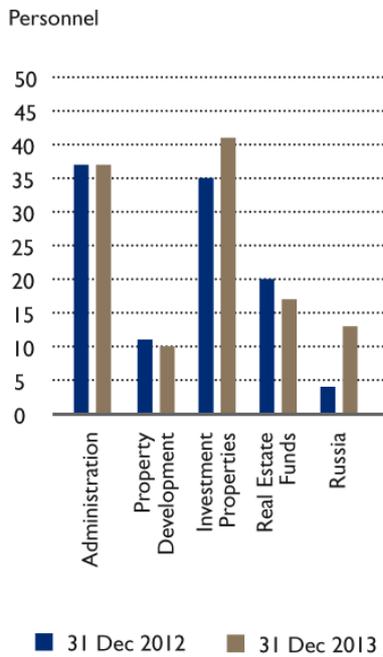
**Personnel at the year-end,
Sponda Group**



**Age ratio 31 Dec 2013,
Sponda Group**



**Personnel Groups,
Sponda Group**



Transparency in operations

The transparency and accuracy of information regarding the company's operations is of utmost importance to Sponda. Openness and transparency are promoted through developing the company's operating models and by engaging in open dialogue with stakeholders.

The key aspects of the priority are:

- Financial reporting
- Reporting on responsibility
- Communication

Why is this a priority?

Sponda believes that transparent communications and operations increase stakeholder trust in the company. For Sponda, transparency means, above all, reliable communications and reporting.

Promoting transparency at Sponda

Sponda's financial reporting complies with existing legislation and standards. The company also serves investors by providing information on its operating environment and development in line with EPRA (European Public Real Estate Association) recommendations, among others. Reporting is continuously developed on the basis of interaction with investors and other stakeholders.

More detailed information on Sponda's key stakeholder groups and the company's interaction with them can be found in Sponda's stakeholder groups in this Annual Report and on the company website. The cash flows by stakeholder group chart evaluates the importance of stakeholders based on whether or not they are able to have a significant impact on the company's operations.

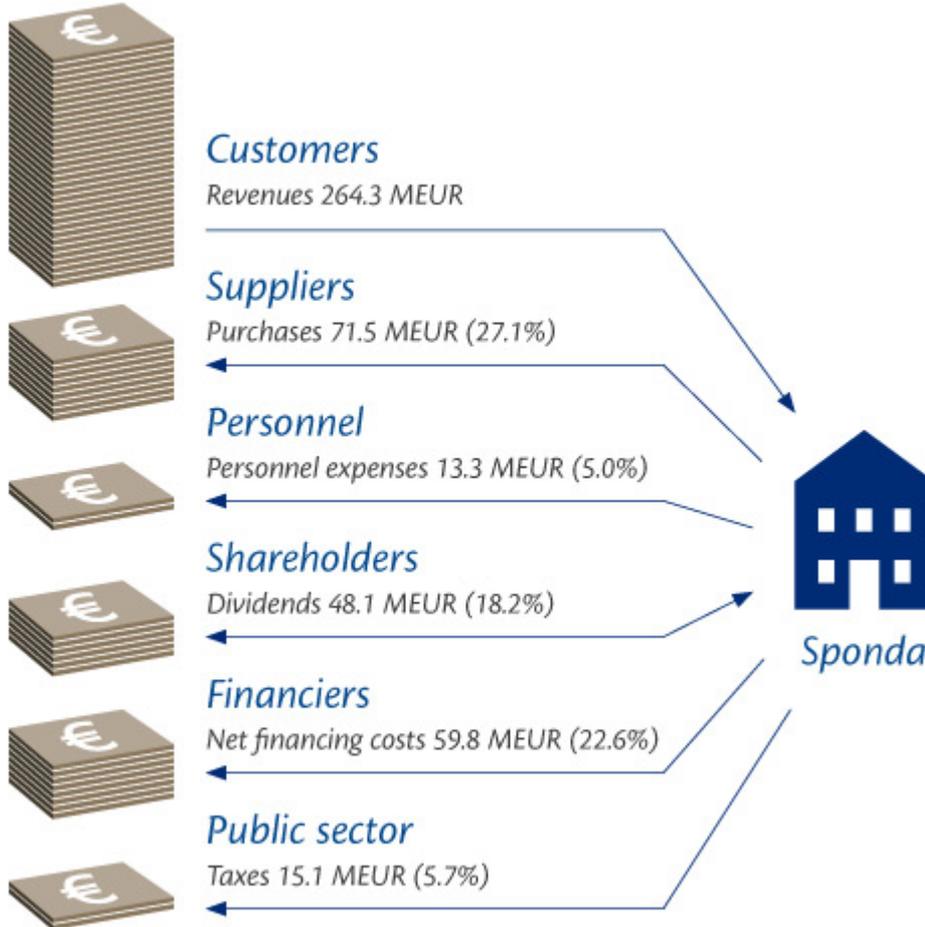
Sponda's customer relationships are based on interactive partnership. This is supported by a commitment to develop the company's operating models and make customer communications increasingly interactive. A key focus in Sponda's internal communications has been the development of dialogue between the management and employees through arranging regular events to improve the dissemination of information and provide opportunities for discussion. The company's intranet service supports interaction between employees and management.

Sponda also promotes responsible ways of working in the property sector in co-operation with its subcontractors. The company requires transparent operations and up-to-date communications from its subcontractors. To prevent the grey economy, Sponda has set strict contractual conditions for its subcontractors and requires that they are officially registered pursuant to the Finnish Act on the Contractor's Obligations and Liability when Work is Contracted Out.

Sponda has defined key priorities with respect to the responsibility of its operations. The objectives and measures related to these priorities are described in Sponda's annual responsibility reporting.

Cash flows between stakeholders

(share of Sponda's turnover,%)



Objectives and measures

Objectives for 2013

- Capital Markets Day for investors in 2013
- Activating customer dialogue in customer meetings and all customer service channels

Measures taken in 2013

In 2013, Sponda reported for the first time on the most significant taxes and tax-like payments associated with its operations. The aim is to provide more transparency regarding overall taxation and its economic impact on society.

In May 2013, Sponda organised a Capital Markets Day for investors. At the event, the company's financial situation and future prospects were reviewed along with the impacts of economic development on changes in the operating environment.

New Finnish legislation pertaining to monthly reporting on construction contracts and workers will enter into force in July 2014. The new legislation will require clients that contract construction work to report more detailed information on contracts and invoicing to the tax administration. Sponda has already begun to prepare for these changes by means of system development measures taken in 2013.

Sponda developed its customer communication in 2013 through measures including the development of processes and service channels as well as new service innovations. Sponda promoted more active use of its extranet services, and the Live Chat service on the company website was found to be a very useful customer service channel.

Sponda reported for the first time the EPRA cost ratio key figure and specified the EPRA Earnings calculation method in the financial statements of the year 2013.

Objectives for 2014

- Increasing customer dialogue in customer meetings and all customer service channels

Taxation

Taxes and tax-like payments resulting from Sponda's operations

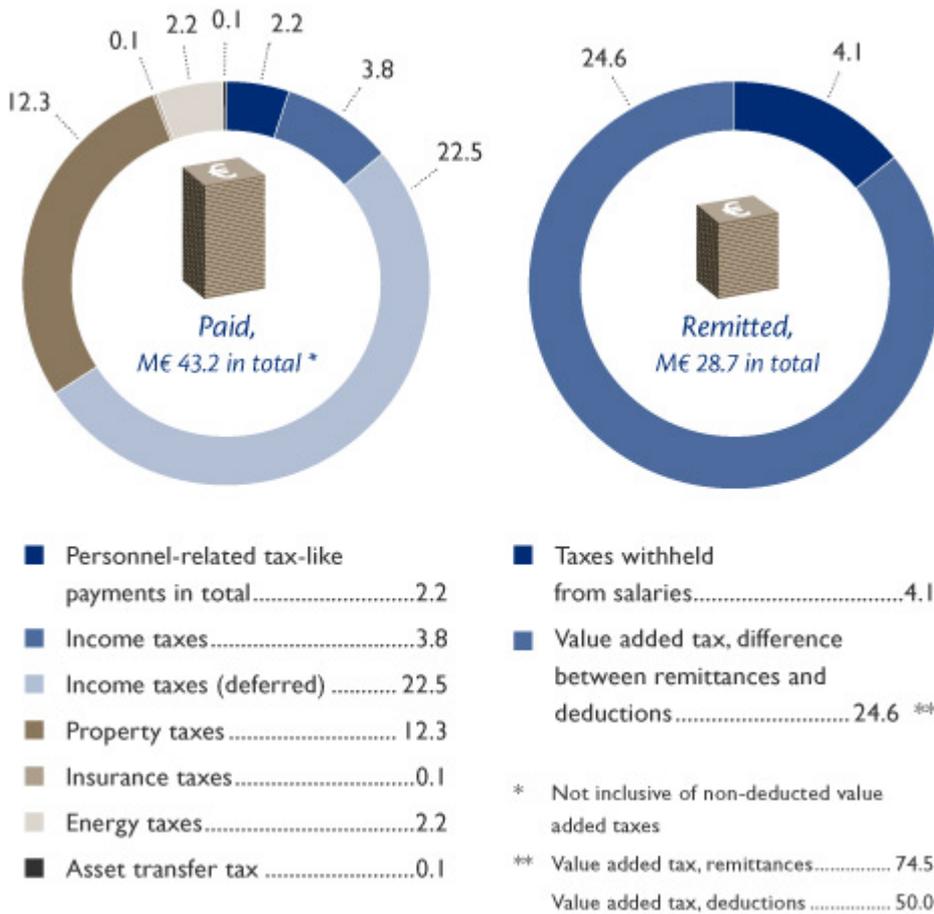
In 2013, Sponda reported for the first time on the economic effect on society created by its operations through taxes and tax-like payments. More transparent reporting of the taxes and tax-like payments resulting from its operations is one element of Sponda's responsibility.

Each year, Sponda's business operations result in the accrual and payment of taxes to the tax authorities in the form of many different taxes and tax-like payments. Sponda's taxes resulting from business operations in Finland include income tax collected on the company's taxable income, property taxes collected on the basis of property ownership, and excise taxes collected as part of electricity prices. In addition, a proportion of the value added taxes paid for goods and services remains as a balance payable by the company. As an employer, Sponda pays contributions related to pension and social security as well as deducts withholding taxes from wages and salaries and pays them to the tax authorities.

In 2013, the taxes arising from Sponda's business operations amounted to EUR 43.2 million. In addition, Sponda paid withholding taxes deducted from wages and salaries at a total amount of EUR 4.1 million. Difference between remitted and deducted value added tax was EUR 24.6 million. The chart below illustrates the most significant taxes arising from Sponda's operations and the withheld taxes. Sponda has not received substantial financial support for its operations from the public sector.

Sponda Group's result calculated in accordance with IFRS deviates from the Group subsidiaries' total combined taxable result. The IFRS does not permit annual depreciation of investment properties, instead requiring that properties are recorded at their current fair value. The annual changes in fair value are then recorded in the company's result.

In taxation, the company applies normal depreciation on the purchase price of properties pursuant to tax law. These factors constitute a significant difference between the result recorded in the consolidated financial statements according to IFRS and the taxable result. The effects of the differences between the requirements of tax law and IFRS are taken into account in Sponda's deferred taxes.



Taking the industry forward

Sponda develops methods and practices in the real estate sector through active participation in collective industry projects and through its activities in different organisations. In addition to work in the organisations, the company aims to take the industry forward through its own development activities.

The key aspects of the priority are:

- Active participation in development work in real estate and construction industry organisations
- Sponda's own research and development work
- Sharing expertise and professional competencies

Why is this a priority?

Through organisational activities and its own research and development, Sponda develops its own operations and those of the real estate industry from the perspectives of environmental, social and economic responsibility. The company also aims to share expertise and increase the level of professional competence in the industry.

In Finland, buildings are responsible for around one third of the country's carbon dioxide emissions. For this reason, Sponda's development work takes the energy efficiency of properties and controlling climate change into particular consideration.

As a responsible property company, Sponda also participates in the development of cities in co-operation with cities, other property owners and various partners. The vitality of the city environment is also an important factor for the appeal and rental demand of Sponda's own properties.

Companies, organisations and authorities in the construction and real estate industry have an important role in protecting against the grey economy and commercial crime. Sponda promotes responsible ways of working in the industry also in co-operation with its partners. The company requires for example its subcontractors to operate in a responsible manner and has set quality requirements for them.

Sponda promotes best practices in the industry

In addition to its own development work, Sponda promotes best practices in the real estate industry by participating in projects and organisational activities with organisations and companies in the industry.

Sponda is involved for example with the following organisations:

- WWF Finland, main partner in cooperation
- Green Building Council Finland (FIGBC), founding member
- Russian Green Building Council (RuGBC), member
- RAKLI (the Finnish Association of Building Owners and Construction Clients), member
- Elävä Kaupunkikeskusta (Living City Centre) ry, member
- Finnish Business and Society ry (FIBS ry), member
- Finnish Council of Shopping Centres, member
- European Real Estate Association (EPRA), member
- Helsinki City Markkinointi (Helsinki City Marketing) ry, member
- Design District Helsinki, supporting member
- European Association for Investors in Non-listed Real Estate Vehicles (INREV), member

Developing the real estate industry

Sponda participates actively in the Finnish Association of Building Owners and Construction Clients (RAKLI). The association is an opinion leader in the real estate and construction industry, which strives to actively develop the industry, promote networking of experts and communicate information about the economic situation.

RAKLI working groups aim among other things to prevent the grey economy and determine the actual tax base of properties, as the increase in energy tax also results in higher taxes for the real estate industry. RAKLI promotes healthy and safe construction by ensuring that, despite strict energy regulations and energy conservation measures, buildings remain healthy working and living environments.

The company is also an active member of the Finnish Council of Shopping Centres, which develops shopping centre activities and whose practical activities are overseen by RAKLI.

Sponda aims to reduce the environmental load caused by the real estate industry by cooperating with WWF Finland and by participating actively in the activities of Green Building Council Finland (FIGBC). The goal of Green Building Council Finland (FIGBC) is to promote practices for sustainable development in the real estate and construction industry along with environmental classification of properties, to communicate information and expertise and to activate discussion.

Participation in the development of cities

Sponda participates in the development of cities through several different organisations. The company is a member of Elävä Kaupunkikeskusta (Living City Centre) ry, whose goal is continuous development of city and municipal centres into more vital, comfortable and competitive environments.

Sponda is also involved in Helsinki City Markkinointi ry, a cooperative association of centrally located property owners, entrepreneurs and city authorities. The goal of the association is to increase the comfort and appeal of the city centre. The company also promotes the activation of the city centre as a supporting member of the Design District Helsinki city district association.

Sponda promotes responsibility in corporate activities as a member of FiBS ry (Finnish Business and Society). The company develops consistency and transparency in financial reporting for the real estate sector through its activities in EPRA, the umbrella organisation for listed European property investment companies.

Objectives and measures

Measures taken in 2013

Sponda was an active participant in the operations of Green Building Council Finland (FIGBC) in 2013. This included involvement in the commercial classification working group to promote the certification of properties, increase awareness of environmental classification and promote the LEED® and BREEAM® certification of Finnish buildings.

Sponda was also a participant in the Responsibility in the Property Business project co-ordinated by KTI Property Information. The project's final report was published in spring 2013. The aim was to survey the position of responsibility and management systems in Finnish property companies and create new indicators for their use.

Sponda's own development activities in 2013 were mainly focused on creating electronic service innovations and the all-round development of the customer experience; for example, by reviewing the quality requirements for property services.

Energy-efficient co-operation

Sponda is a partner in the Finnish Ministry of Employment and the Economy's voluntary business premises energy efficiency action plan (TETS), which is part of the real estate sector's energy efficiency agreement. The goal of the framework agreement is to decrease energy consumption in the properties included in the agreement by 6 per cent by 2016, and to prove at the EU level that Finland can achieve the targeted energy savings voluntarily.

In spring 2013, Sponda participated already for the fifth time in the global Earth Hour environmental awareness initiative organised by WWF, involving organisations and private individuals around the world switching off their lights for one hour. Sponda switched off the lights at all of its shopping centres in Finland, as well as the Fennia block, Arkadiankatu 4–6 and Kaivokatu 12 properties. Turning off the lights symbolises a common concern for climate change.

Sponda's Elo Shopping Centre won an honourable mention from the Finnish Council of Shopping Centres at the 2013 Finnish shopping centre awards. The reasons for the award included the establishment of Parempi Elo, a charitable organisation that promotes social wellbeing and operates in connection with the shopping centre, as well as the charitable work carried out by the organisation. Parempi Elo arranged a charity gala in 2013 to raise money to help socially excluded young people in the local community. The charitable organisation strengthens the shopping centre's role in the community and promotes co-operation between the shopping centre and the public sector.

GRI index

Application level C

1. Strategy and analysis

	GRI content	Reported	Link	Comments	Complies with EPRA's best practice recommendations*
1.1	Statement from the most senior decision-maker of the organization	Yes	Chief Executive's review		
1.2	Description of key impacts, risks, and opportunities	Yes	Strategy		
			Responsible property investment		
			Energy efficiency and carbon footprint		
			Corporate responsibility priorities		
			Strategic operations in 2013		
			Strategic operations in 2014		

2. Organizational Profile

	GRI content	Reported	Link	Comments	Complies with EPRA's best practice recommendations*
2.1	Name of the organization	Yes	Sponda		
2.2	Primary brands, products, and services	Yes	Business units		
2.3	Operational structure	Yes	Business units		
			Year 2013 in brief		
			Group structure		
2.4	Location of organization's headquarters	Yes	Contact us		
2.5	Number of countries where the organization operates	Yes	Business units		
2.6	Nature of ownership and legal form	Yes	Corporate governance		
			Shares and Shareholders		
2.7	Markets served	Yes	Business units		
			Strategy		
2.8	Scale of the reporting organization	Yes	EPRA key figures -table		
			Key figures		
			Investing in employees		
			Business units in brief		

2.9	Significant changes during the reporting period regarding size, structure, or ownership	Yes	Board of Directors' Report	
2.10	Awards received in the reporting period	Yes		No significant awards during the reporting period.

3. Report Parameters

	GRI content	Reported	Link	Comments	Complies with EPRA's best practice recommendations*
3.1	Reporting period	Yes	The scope of the report		
3.2	Date of most recent previous report	Yes	The scope of the report		
3.3	Reporting cycle	Yes	The scope of the report		
3.4	Contact point for questions regarding the report or its contents	Yes	Contact us		
3.5	Process for defining report content (materiality and stakeholders that are expected to use the report)	Yes	Corporate responsibility priorities	Sponda has defined seven corporate responsibility priorities of equal importance.	
			The scope of the report		
3.6	Boundary of the report	Yes	The scope of the report		
3.7	Specific limitations on the scope or boundary of the report	Yes	The scope of the report		
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities and outsourced operations	Yes	The scope of the report		
3.9	Explanation of the effect of any re-statements of information provided in earlier reports	Yes	The scope of the report		
3.10	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	Yes	The scope of the report		
3.11	GRI content index	Yes	GRI index		
3.12	Policy and current practice with regard to seeking external assurance for the report	Yes	The scope of the report		

4. Governance, Commitments, and Engagement

	GRI content	Reported	Link	Comments	Complies with EPRA's best practice recommendations*
4.1	Governance structure of the organization	Yes	Board of Directors		
			The Executive Board		
4.2	The Chairman of the Board's function within the organisation's management	Yes	Board of Directors		
4.3	Independence of Board members	Yes	Board of Directors		
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the Board	Yes	The General Meeting	Sponda's personnel does not have a representative in the Board of Directors.	
4.5	Linkage between compensation for members of the Board, senior managers, and executives and the organization's performance, including social and environmental performance	Yes	Responsible property investment	No direct influence on Board compensation.	

				Remuneration and other financial benefits paid to the Board of Directors
4.6	Processes in place for the Board to ensure conflicts of interest are avoided	Yes	Board of Directors	
4.7	Process for determining the composition, qualifications, and expertise of the members of the Board	Yes	Nomination Board	
4.8	Mission, values, codes of conduct and principles, and the status of their implementation	Yes	Responsible property investment	The degree to which these internally developed statements relate to internationally agreed standards is not reported.
			Sponda's vision and strengths	
4.9	Procedures of the Board for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks	Yes	Risk management	The Board evaluates the execution of Sponda's strategy. Corporate responsibility is part of Sponda's strategy.
			Risk management organisation	
			Risks and Risk management	
			Responsible property investment	
4.10	Processes for evaluating the Board's own performance, particularly with respect to economic, environmental, and social performance	Yes	Board of Directors	The Board conducts a self-assessment which includes, for example, strategy work. Corporate responsibility is part of Sponda's strategy.
4.11	Explanation of whether and how the precautionary approach or principle is addressed	Yes	Risk management	Sponda's risk management process is described.
			Risk management organisation	
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	Yes	Material efficiency	
			Taking the industry forward	
4.13	Memberships in associations and advocacy organizations	Yes	Taking the industry forward	
4.14	Stakeholder groups engaged by the organization	Yes	Sponda's stakeholders	
4.15	Basis for identification and selection of stakeholders	Yes	Sponda's stakeholders	
			Transparency in operations	
4.16	Approaches to stakeholder engagement	Yes	Transparency in operations	
			Investing in employees	
			Enhancing the customer experience	
			Sponda's stakeholders	
4.17	Key topics and concerns that have been raised through stakeholder engagement	Yes	Sponda's stakeholders	

Enhancing the customer experience

Transparency in operations

Investing in employees

Information for shareholders

Economic Performance Indicators

	GRI content	Reported	Link	Comments	Complies with EPRA's best practice recommendations*
EC1	Direct economic value generated and distributed	Yes	Transparency in operations Taxation		
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	Yes	Responsible property investment	Sponda's Executive Board has not quantitatively estimated the financial impacts.	
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit	Yes	Property locations Shopping Centres	Sponda does not have a program to assess local community needs.	
EC9	Significant indirect economic impacts, including the extent of impacts	Partially	Russia Sponda's stakeholders Taking the industry forward Transparency in operations Taxation	Extent of impacts is not disclosed.	

Environmental Performance Indicators

	GRI content	Reported	Link	Comments	Complies with EPRA's best practice recommendations*
EN1	Materials used by weight or volume	Partially	Material efficiency	Sponda aims to use materials in full.	
EN3	Direct energy consumption	Yes	Energy efficiency and carbon footprint		Yes
EN4	Indirect energy consumption	Partially	Energy efficiency and carbon footprint	Energy consumption is not broken down by renewable and non-renewable energy sources.	Partially
CRE1	Building energy intensity	Partially	Energy efficiency and carbon footprint	Energy intensity is not broken down by meaningful segmentation.	Yes
EN5	Energy saved due to conservation and efficiency improvements	Yes	Energy efficiency and carbon footprint	Energy savings reported for Sponda's head office.	
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	Yes	Russia		

			Responsible property investment		
			Investment Properties		
			Property development		
			Energy efficiency and carbon footprint		
			Taking the industry forward		
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	Partially	Property locations	Quantitative reductions not reported.	
			Investing in employees		
			Purchasing and quality		
EN8	Total water withdrawal by source	Yes	Energy efficiency and carbon footprint	Sponda uses municipal water supplies.	Partially
CRE2	Building water intensity	Yes	Energy efficiency and carbon footprint		Yes
EN16	Total direct and indirect greenhouse gas emissions	Yes	Energy efficiency and carbon footprint		No
CRE3	Greenhouse gas emissions intensity from buildings	Partially	Energy efficiency and carbon footprint	Emissions not broken down by meaningful segmentation.	Yes
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	Yes	Responsible property investment		
			Energy efficiency and carbon footprint		
			Investment Properties		
EN22	Total weight of waste by type and disposal method	Yes	Material efficiency		Yes
EN26	Initiatives to enhance efficiency and mitigate environmental impacts of products and services, and extent of impact mitigation	Yes	Material efficiency		
			Investment Properties		
			Energy efficiency and carbon footprint		
			Taking the industry forward		
			Property locations		
EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	Yes		Sponda was not found to have breached any environmental legislation or regulations pertaining to its operations in the reporting period.	

Social Performance Indicators

	GRI content	Reported	Link	Comments	Complies with EPRA's best practice recommendations*
LA1	Total workforce by employment type and employment contract	Yes	Investing in employees	The employment relationships of Sponda's employees are valid indefinitely. Temporary employment relationships at Sponda are related to e.g. substitution for family leave.	

LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Partially	Investing in employees	Absenteeism not reported by geographical breakdown. No work-related injuries and fatalities during the reporting period.
LA8	Education and counseling to assist workforce members regarding serious diseases	Yes	Investing in employees	Training is offered to Sponda's employees.
LA10	Average hours of training per employee	Yes	Investing in employees	
LA11	Programs for skills management and lifelong learning	Yes	Investing in employees	If an employment relationship is terminated on the employer's initiative for a reason deriving from the employer, the employee is offered the opportunity to participate in employment search training and career counselling.
LA12	Percentage of employees receiving regular performance and career development reviews	Yes	Investing in employees	All of Sponda's employees receive regular performance reviews.
LA13	Composition of governance bodies and breakdown of employees and employee categories	Yes	Board of Directors The Executive Board Investing in employees Management and personnel	
LA14	Ratio of basic salary and remuneration of women to men by employee category and by locations of operations.	Partially	Management and personnel	Differences in salary or remuneration is not described by employee category or by locations of operations.
SO9	Operations with significant potential or actual negative impacts on local communities	Yes		No known negative impacts on local communities.
PR3	Type of product and service information required by procedures	Partially	Energy efficiency and carbon footprint	The majority of the properties have an Extranet service that provides property-specific information on property operations.
CRE8	Type and number of sustainability certification, rating, and labeling schemes for new construction, management, occupation and redevelopment	Yes	Investment Properties Energy efficiency and carbon footprint Property Development	
PR5	Practices related to customer satisfaction	Partially	Enhancing the customer experience Responsible property investment	Results of customer satisfaction surveys not disclosed.
Core indicator				
Additional indicator				

* Based on EPRA's Best Practices Recommendations on Sustainability Reporting

The scope of the report

Description of the report

The Annual Report and the Spondability section on corporate responsibility contain general information about Sponda's financial, social and environmental operations between 1 January and 31 December 2013, unless otherwise indicated.

Scope of reporting

Sponda reports on its corporate responsibility according to the guidelines of the Global Reporting Initiative (GRI). The GRI 3.1 reporting framework is used in reporting. Additionally, the real estate and construction industry-oriented Construction and Real Estate Sector Supplement (CRESS) reporting guideline, which was published in autumn of 2011, has been applied in reporting. For the part of the CRESS directive, the CRE indicators related to the real estate sector in particular were reported on where applicable.

In addition to the GRI framework, certain portions of the report also comply with the European Public Real Estate Association's EPRA criteria, which are taken into account separately in connection with the GRI index. Sponda's Consolidated Financial Statements are compiled according to the IFRS (International Financial Reporting Standards). In some respects, the report also complies with the OECD's guidelines for multinational enterprises.

The corporate responsibility report has not been assured by an external assurance provider. Sponda has self-declared its reporting to be Application Level C.

Structure of the report

Sponda's report is divided into three sections:

- The responsible property investment section discusses the strategic significance of responsibility for Sponda.
- Sponda's approach to corporate responsibility and the company's responsibility-related priorities are described in the Sponda's responsibility priorities section.
- A chart showing the correspondence between the GRI guidelines and Sponda's reporting can be found in the GRI index.

Scope of the report and data collection

The figures which appear in the report are based on the figures of Sponda's Finland operations, unless otherwise indicated. Figures for the company's subsidiaries are mentioned separately. Unless otherwise indicated, there have been no changes in the scope or method of calculation of the reporting principles.

There is a certain degree of annual variability in Sponda's property holdings due to sales and purchases, which affects the comparability of the annual environment figures.

Approaches to managing financial, social or environmental responsibility are not discussed separately in the report.

Earlier reports

The previous Spondability report was published as a part of Sponda's annual report in February 2013. Sponda reports on its progress in terms of responsibility each year.

In the 2013 report, Sponda has expanded the reporting of waste management and carbon footprint from the previous year.

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