

Sustainability management 2022

Governance of sustainability work

The Head of Sustainability, who reports directly to the Executive Management Team, leads sustainability work in the organization. The Head of Sustainability pursues this work via the Sustainable Development department and a cross-functional sustainability team covering areas such as environmental impact, social responsibility, sustainable property and urban development, sustainable supply chain and compliance matters. Responsibility for implementation rests with the line organization. The Head of Sustainability is also responsible for strategic work with the districts' sustainability program, with business development and the property developers having operational responsibility. The 17 Sustainable Development Goals (SDGs), Fabege's environmental policy and Code of Conduct form the basis of the company's sustainability work.

The Board of Directors bears overall responsibility for the sustainability strategy and following up our work on sustainability. The Board has appointed a Board member with specific responsibility for sustainability issues. The CEO and the Executive Management Team bear overall responsibility for implementation of the sustainability strategy. Overall objectives are approved by the Executive Management Team and established at Board level. The Head of Sustainability provides regular reports to the Executive Management Team and reports annually to the Board of Directors. Managers and individual employees implement the strategy and perform the activities approved

Environmental certification and management

Our environmental management system is aligned with ISO14001 but not externally certified. To create environments that are sustainable in the long term, we work both with individual properties and entire city districts. Head of Sustainability is responsible strategically for environmental certifications and environmental and product safety matters. Fabege collects inspection reports and test results in a database for self-controls. Follow-up is crucial to supporting planned activities, ensuring that we achieve our goals and contributing to constant improvement during the work. It is carried out quarterly and annually based on established targets. On the environmental side, we examine everything from ecological assets, energy and climate impact, indoor environment, waste management and travel habits to environmentally inspected construction materials and chemicals. Fabege's environmental work is long term and goal oriented.

Energy-efficiency enhancements

The construction and real estate sector accounted for a domestic energy use of approximately 107 TWh in 2020, which corresponds to approximately 34 percent of Sweden's total energy use (www.boverket.se date 20/12/22). Through imported goods, the sector also contributes to energy use abroad with the equivalent of approximately 6 TWh according to the Swedish National Board of Housing, Building and Planning. Today there is a greater focus on energy and climate, especially considering population growth, urbanization and climate change. Working to reduce our energy consumption and limiting our climate burden through renewable energy are therefore key environmental issues. Low energy consumption also supports our work on environmentally certifying buildings.

Our technical managers, supported by the team Sustainable Development and energy coordinators, bear the main responsibility along with the operating organization for the energy use of existing buildings and the choice of energy type. The energy work is governed by the company's energy strategy drawn up for 2030 and our environmental policy. The aim is to reduce the need for energy to an average of max. 70 kWh/sqm Atemp by 2025 and to be at least 50 percent under the national

average. The focal areas of the strategy include measures to improve efficiency in ventilation heat recycling, local process load, digitalization and climate shell measures.

Calculation of GHG emissions

We primarily report greenhouse gas emissions in accordance with the GHG Protocol, market-based method, as we then have statistics from 2002. Emissions from refrigerants (Scope 1) are taken from the legally required refrigerant report of each property. The emissions of company cars (Scope 1) are based on the distance driven and the average consumption of mixed driving for each car. Currently 100% electric. We primarily report Scope 2 according to the market-based method, where our GO-labelled renewable electricity has a conversion factor of 0 g CO₂e/MWh. However, we also report the location-based method premiums via the Nordic electricity mix). Electricity consumption in properties (Scope 2) where the tenant does not have separate metering or billing of actual consumption is retrieved from the energy follow-up system. Statistics for district heating and cooling (Scope 2) are also taken from the energy follow-up system. The CO₂ calculation is not adjusted based on SMHI degree days. Conversion factors from the respective district heating and cooling supplier are used for the CO₂ calculation.

Our Scope 3 includes full waste management by type and management method from suppliers, internal monitoring of staff mileage driven while on duty, business travel by air from the travel company, internal monitoring of property development), building energy from suppliers, employee commuting in km based on the 2022 travel habits survey (CERO) and tenant energy use assumed on a flat rate basis.

Waste management

Fabege's ambition is to minimize the waste sent to landfill or energy recovery of waste, and to increase the proportion of waste recycled or reused. The basis of calculation for waste by amount, type and weight 2022 consists of information from the company's two main waste contractors. Number of applicable properties were 66 and we report in absolute measures.

In collaboration with customers and suppliers, Fabege always strives to do the following:

- Reduce the amount of waste through being economical with resources, such as by encouraging all customers to sort their waste at source into at least five fractions.
- Create the conditions for reuse of waste by reviewing the possibilities of working with reuse of materials when making adaptations for tenants.

Construction waste is handled by each contractor, and we currently do not have access to all statistics regarding this waste. As digitalization increases, we are seeing opportunities to obtain more data and expertise in this area in the future.

Employees

HR work at Fabege is long term and goal oriented. The HR manager, who is member of the Executive Management Team, is responsible for the overall strategic HR work and for ensuring compliance with laws and regulations in the area of labor law and collective bargaining agreements. Our core values, known internally as SPEAK, characterize our entire business. These values are Fast, Informal, Entrepreneurial, Business-minded and Customer-focused. These core values priorities inspiration over control, putting people first. We are continuously working on our values, which have been evolving over the past 15 years. Together with our Code of Conduct, our core values are the foundation of our employees' conduct.

Fabege has few employees in relation to the market and stock exchange value of the company, making each individual crucial to the business and its success. This is one of the reasons why Fabege focuses on the health and well-being of its employees. We take a goal-oriented approach to offering our employees a stimulating, safe and healthy work environment. By offering fitness classes with colleagues during working hours, the percentage of those taking advantage of the company's fitness allowance has increased over a five-year period. Another key parameter for health and well-being is the balance between work and leisure, with the immediate superior and employee engaging in ongoing dialogue and ensuring that the employee's workload allows for active leisure time.

Fabege conducts an annual employee survey that measures how the prevailing circumstances at work affect employees from a performance perspective, known as Great place to work. Every year we conduct the Great Place To Work survey. Our target was to achieve a Trust rating of 85, which was surpassed with this year's result of 86. The survey shows how employees experience their work environment, their relationship with their immediate superior, their opportunity to exert influence and whether they have experienced any form of discrimination or harassment. The fundamental view of Fabege is that all people are of equal value and all employees are to have the same opportunities, rights and obligations.

At Fabege, no one is to be discriminated against on the grounds of ethnic origin, religion, physical or mental disability, age, gender or sexual orientation. Any complaints should be made to your immediate superior, HR or anonymously to the whistleblower function. Those who process complaints are obliged to ensure that they are investigated promptly, and the appropriate measures are taken.

All employees are covered by a collective bargaining agreement and the rules that follow from it. Policies and guidelines for communication, personnel and business support are decided on by the Executive Management Team, continually updated and made available to all employees via Fabege's intranet.

Sustainable relationships and Customer relations

Overall responsibility for customer satisfaction and measurements is shared by the Director of Property Management and the Director of Technical Operations, both of whom are members of the Executive Management Team. The property managers are responsible for customer relationships at company and organizational level. They feed back the results from the surveys to the customers and are responsible for improvements being made at customer level based on service, cases and the CSI survey.

We carry out CSI measurements every two-three years. In 2021, a full 90 per cent say they would be likely to recommend Fabege as a landlord, and 81 per cent say they would be likely to contact us in connection with a change of premises. The CSI survey is one of a number of key tools we use to make continual improvements, develop sustainable concepts, create more points of contact and strengthen relationships with our customers. We also work with customer dialogues, an in-depth customer meeting every one or two years that gives us an even better understanding of our customers' needs. The daily insights we gather from proximity to the customer also play a crucial role. We create continuity by having our own staff at all levels, and we can strengthen our customer relationships, irrespective of whether the matter ends up being handled by the property manager, operations manager or one of our employees at the local office.

Green leases are now standard. It means that both parties agree on a joint environmental agenda for the premises through the efficient use of resources and sustainable property management. For example, leases may include measures to maintain or improve the BREEAM rating of the building, sustainable mobility, energy optimization and indoor environment measures, as well as requirements regarding choice of materials and waste sorting. The aim is for green leases to cover 100 per cent of our total lettable area above ground. The outcome for green leases in 2022 was a total of 89 percent.

Business ethics

Good business ethics that encourage fair competition and counteract all forms of corruption form the basis of our relationships with customers, suppliers, partners and creditors. We strive to act credibly, honestly and transparently.

Fabege's core values known as SPEAK and the Code of Conduct form the basis for the actions of all employees. The Code of Conduct highlights Fabege's position on matters concerning human rights, terms of employment, the environment, business ethics and communication. The Board of Directors and the Executive Management Team have specific responsibility for promoting implementation of the Code of Conduct. The content is revised and monitored annually. All managers with personnel responsibility are charged with ensuring that the Code of Conduct is known and complied with, in their specific department/sphere of responsibility. A foundation for the Code of Conduct is that Fabege must comply with applicable laws and other regulations and adhere to generally acceptable business customs and practices, while complying with international human rights, labour and environmental standards in accordance with the Global Compact's Ten Principles and the ILO Declaration on Fundamental Principles and Rights at Work.

Fabege has supported the UN's Global Compact since 2011. Fabege's Ethics Council, which reports to the Executive Management Team, serves as support in day-to-day work. The role of the Council is to direct the work, monitor relevant external issues and pursue specific ethical matters. The Council includes representatives from business development, letting, property management, technical management, projects, HR and finance. Work has been under way for several years to improve the organisation's knowledge in respect of business ethics and anti-corruption. Examples of such activities include inviting all employees to lectures and group seminars on anticorruption and bribery legislation, and ethical discussions held at the company's internal conferences.

Employees are continuously provided with information on the matters that have been discussed in the sustainability group and the Ethics Council. Fabege has a whistleblower function to facilitate the reporting of unethical behaviour or improprieties at the workplace. The whistleblower function consists of two in-house employees and one external member. Both internal and external whistleblowers are welcome.

Supply chain sustainability screening

Our Code of Conduct and our Purchasing Policy clarify our position on where new suppliers must meet our criteria. Existing framework suppliers are reviewed on an ongoing basis in terms of sustainability, finances, quality, contracts and the like. Monitoring is an important aspect of our purchasing work, in order to assure a high level of ethics, consideration for human rights, professionalism, competition, objectivity and equal treatment. We endeavour to operate according to the principles of responsible business conduct, and to reduce our carbon footprint at all levels.

The purchasing manager who reports to the Executive Management Team is responsible for the company's purchasing policy, signing agreements with all strategic partners (corresponding to

around 85 percent of the company's purchasing volume) and performing sustainability inspections of suppliers. Monitoring suppliers is an important aspect of Fabège's purchasing work, in order to assure high business ethics, consideration for human rights, entrepreneurship, competition, objectivity and equal treatment.

The purchasing organization is responsible for signing all framework and service contracts and ensures that all new contracts contain Fabège's general terms and conditions, the sustainability- and environmental policy and the Code of Conduct.

Our aim is for all our framework agreement suppliers to be sustainability audited. Given the fact that we have implemented a new tool, we aim to achieve our target in 2022. Since 2013, we have been conducting sustainability audits of selected strategic partners in order to ensure all framework contract suppliers complete the audit process. In 2022, we achieved our target. During the year, 274 of our 300 or so framework partners approved our terms and conditions. Those yet to be screened are suppliers who are part of an ongoing procurement process. Contractors for larger projects, over SEK 50m, must always undergo a sustainability audit prior to the start of the production phase.

Fabège's requirements for suppliers regarding working conditions and human rights are set out in the general terms and conditions, and suppliers undertake to follow Fabège's Code of Conduct through the contracts they sign. Building sites are high-risk environments and Fabège focuses intently on the work environment in order to minimise accidents and incidents at the sites. All applicable legislation and safety procedures must be complied with at all construction sites. Continuous audits are conducted during the course of all projects. Although the work environment and employer liability at the building sites are the responsibility of the contractors, we take an active role in preventing incidents.

Thanks to the new tax legislation for staff ledgers, we will also have the opportunity to see statistics for all those working in large projects, along with their terms of employment and collective bargaining agreements.