

Turning vision into reality –  
with people front and centre





# Viabie cities and communities

We are at the forefront with our ambitious sustainability work. Through this work, we contribute to a sustainable Stockholm where we develop and manage neighbourhoods, properties and premises. We work based on a holistic perspective to strengthen our districts as experience-based meeting places, where health, convenience, safety and comfort are the primary focus. We also need to find new ways of boosting the appeal of, and wellbeing in and around our properties with the minimum possible carbon footprint.

We are working to promote quality of life in our districts. Experiences, services, learning, culture, equal opportunities and good health are all important aspects of our work. We also endeavour to manage the challenges that are of particular significance to our sector: safe neighbourhoods for all, construction sites where there is gender equality, achieving climate goals, as well as reducing corruption and increasing respect for human rights. During the year, we have devoted particular attention to social sustainability, working and planning to reduce inequalities in the areas in which we operate.

Our economic, environmental and social responsibilities are based on the 1.5-degree target and the UN Sustainable Development Goals. Our sustainability work is well integrated throughout our operations and every day our organisation, in large and small ways, will contribute to making the Stockholm region an even more sustainable place.

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## FN:s Agenda

# Agenda 2030 and our role in a broader context

The UN's 2030 Agenda for Sustainable Development serves as a guide in efforts to ensure global development is sustainable in the long term. By joining forces in support of the 17 Sustainable Development Goals (SDGs), the countries of the world aim by the year 2030 to have made human rights for everyone a reality, and achieved gender equality and lasting protection for our planet. The business community has an important role to play here, particularly the construction and property sectors.

We can see strong synergies between the goals, which is why we are placing greater emphasis on those areas that present the most significant challenges for our business, namely goals **3, 7, 9, 10, 11** and **12**. During the year we focused more intently on the UN's goal **10**, Reduced Inequalities. We have adopted a more structured approach to working with and planning ways to reduce social inequalities in our districts.

Our ambitious sustainability work has resulted in activities linked to several of the SDGs now becoming integral elements of our business processes. This is the case, for example, with our work on goal 3, Good Health and Well-being; an area that has long been a vital and natural part of our day-to-day operations. Goal 13: Climate Action. We regard this as a direct consequence of our work with goals 9, 11 and 12. The latter goals are therefore prioritised in order to effectively manage all these challenges. We know that our work has an impact on all 17 SDGs, and that there are synergies between the environment, social values and economics. However, we do not underestimate the huge adjustments that remain to be made, for example in relation to goal 13.



# Creating safe, sustainable urban environments to provide inspiration



I feel very proud to be CEO of Fabege. Climate issues are perhaps the biggest challenge of our time, and as urban developers we have a responsibility to make a contribution by creating more sustainable areas. We made bold strategic decisions early on that mean we are now at the forefront of the property sector. And we are continuing to make bold decisions every day, particularly with regard to our ambitious CO2 reduction targets. Unfortunately, our industry contributes to some emissions and it is therefore vital that we keep these

issues high on our agenda in order to reduce emissions and contribute to a more low-carbon city. Adopting a proactive approach to our environmental footprint is a given. For example, this year we signed the first taxonomy-adapted loan in the Nordics for ICA's headquarters in Solna.

Over the past few years we have also been investing in social sustainability in our districts, and we stepped up efforts in this area in 2021. I can look back on a year in which we initiated a partnership with the educational foundation Läxhjälp in Flemingsberg, which is helping 30 students gain secondary school qualifications over a period of three years. We have also launched a partnership with TalangAkademin, which provides long-term unemployed people with internships and employment opportunities. This enables us and our partners to actively help create internships and jobs. I regard upper secondary school qualifications and internships as crucial to many young people's ability to establish themselves in today's society, and I'm happy that we are able to contribute to that.

Our work on 'life between the buildings' – to create attractive and safe neighbourhoods – is also something we are focusing on. The acquisition of SHH Bostad means we are now able to take a holistic approach to our districts, which is really positive. The whole company, the whole person, the whole location. All the time. This is Fabege.

Stefan Dahlbo  
President and CEO

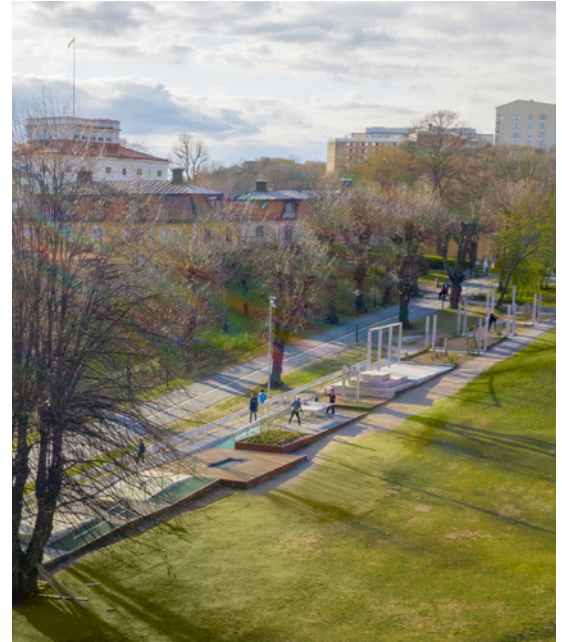




# Focusing on sustainability boosts competitiveness and adds value

2021 has been an intense, but different year, which is why I'm proud at what we have achieved in the field of sustainable development. We received several awards during the year, which I regard as evidence that we're on the right track. June saw the official opening of Scandinavia's first zero-energy hotel in Arenastaden, and then in the autumn the hotel was named BREEAM Building of the Year by Sweden Green Building Council. The International Olympic Committee and the International Association for Sports and Leisure Facilities (IAKS) presented the Pep Park '100-metre Pep' in Solna with an international architecture award and an accessibility award. The latter is awarded in recognition of sports and leisure facilities that integrate sustainability, strong functionality and exceptional architectural design. In addition, 95 per cent of our revenues and investments in 2021 are classified as green by CICERO, and we also received the highest rating, Excellent, in an assessment of our sustainability governance.

Something that I am particularly happy about and proud of is that we have expanded our social sustainability work during the year, mainly in Flemingsberg. We have started a BID initiative (Business Improvement



District) to develop central Flemingsberg, focusing on site development, outdoor environment and social sustainability. Furthermore, together with Huddinge Municipality and Södertörn University, we received funding from Vinnova for the project Flemingsberg: Inclusive and cohesive urban environment. The aim of the project is to gain a better understanding of what needs to be improved in the area, in harmony with the existing environment. This is to increase inhabitants' sense of safety, participation and community.

Our goal of achieving carbon neutral property management (Scopes 1 & 2), and a 50 per cent reduction in Scope 3 emissions by 2030 requires us to be both bold and innovative. One exciting project in the spirit of this approach is Parkhuset – Återhus (Rehouse): constructing buildings from buildings – in Solna Business Park, which we launched during the year. It's a challenge-focused innovation project that aims to cut the carbon footprint by half when building a new office block.

2022 is set to be an exciting year, in which we will continue to focus considerable attention on our sustainability work in the districts. We will remain at the forefront of our sector, which will require us to continue to take bold and innovative decisions.

Mia Häggström  
Head of Sustainability



# Our sustainability framework

We are a leader in the office market in Stockholm and have good opportunities to contribute to sustainable development in the districts in which we own a large number of properties. We take a holistic, responsible approach, and work broadly with climate issues, contributing to improved health, wellbeing and safety in our neighbourhoods, particularly by adding interesting and unexpected elements to our everyday lives that create life between the buildings. We link green financing to sustainability-certified buildings and investments, and work to create a city that is healthy and appealing in the long term to all who spend time here. We adopt an active role and consider the entire area. All the time.



## City districts



## Properties



## Employees



## Supply chain

### Examples of our targets

- Sustainability programme for each district project
- Facilitate physical activity for healthy lifestyle
- Create an attractive urban environment that brings people together and creates communities
- 100% renewable energy purchased
- Carbon neutral property management (Scopes 1 & 2) and cutting indirect emissions (Scope 3) by half by 2030
- 100% environmentally certified property portfolio
- Energy performance 35 kWh/sqm Atemp for new construction and 77 kWh/sqm Atemp on average for the entire investment property portfolio
- Low sickness absence
- Satisfied employees with a long-term goal of achieving a confidence rating of >90%
- 100% framework agreement suppliers are sustainability audited
- Create an industry-wide system for ongoing monitoring of Code of Conduct

### Activities in 2021

- Started the BID Flemingsberg initiative (Business Improvement District) to develop the area, focusing on site development, outdoor environment and social sustainability
- Official opening of activity park in Solna Business Park – 17 SDGs in a single park
- Investigated energy system solutions with zero or negative emissions at district level  
→ Find out more on pages 10–11
- Climate declaration submitted for all projects over SEK 20m
- Scandinavia's first zero-energy hotel named BREEAM Building of the Year
- Conducted climate resilience analysis of all investment properties in Arenastaden, Solna Business Park and Stockholm inner city  
→ Find out more on pages 12–15
- Individual career development plan
- Equipment for home office
- Digital training activities
- Active communication plan externally and internally, in response to pandemic
- Digital conferences and training sessions  
→ Find out more on pages 16–19
- Implementation of a digital tool for inspecting property sector's supplier categories
- 100% of our strategic suppliers are sustainability audited, roughly 44
- Sustainability screening of contractors for projects over SEK 50m before production phase begins  
→ Find out more on pages 20–21





## Financing

- 100% green financing
- Reviewing and compiling the proportion of financial activities covered by the new EU taxonomy



## Customers

- 100% green leases
- CSI rating of at least 80
- Over 150 in-depth customer dialogues



## Business ethics

- Annual training in our Code of Conduct
- All framework agreement suppliers and contractors to sign our Code of Conduct for suppliers



- Analysis firm Cicero carried out a Second Opinion: 95% of our income and investments classified as green
- In 2021 we took out our first taxonomy-adapted loan for the Signalen 3 property in Solna
- Compiled the proportion of economic activity covered by the EU taxonomy

→ Find out more on pages 22–23

- Customer meetings about green leases
- Followed up and evaluated customer surveys

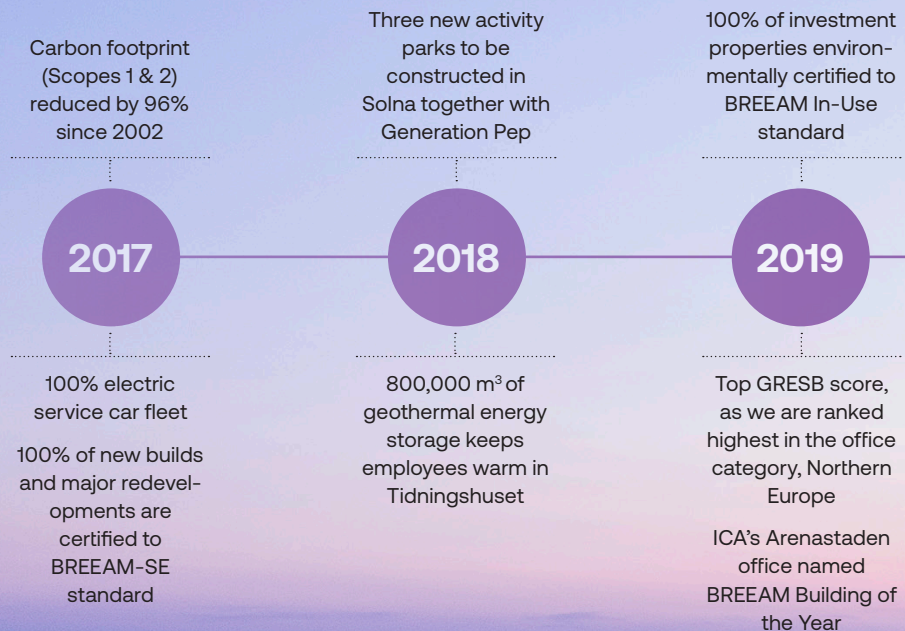
→ Find out more on page 24

- Regular information and training for employees

→ Find out more on page 25



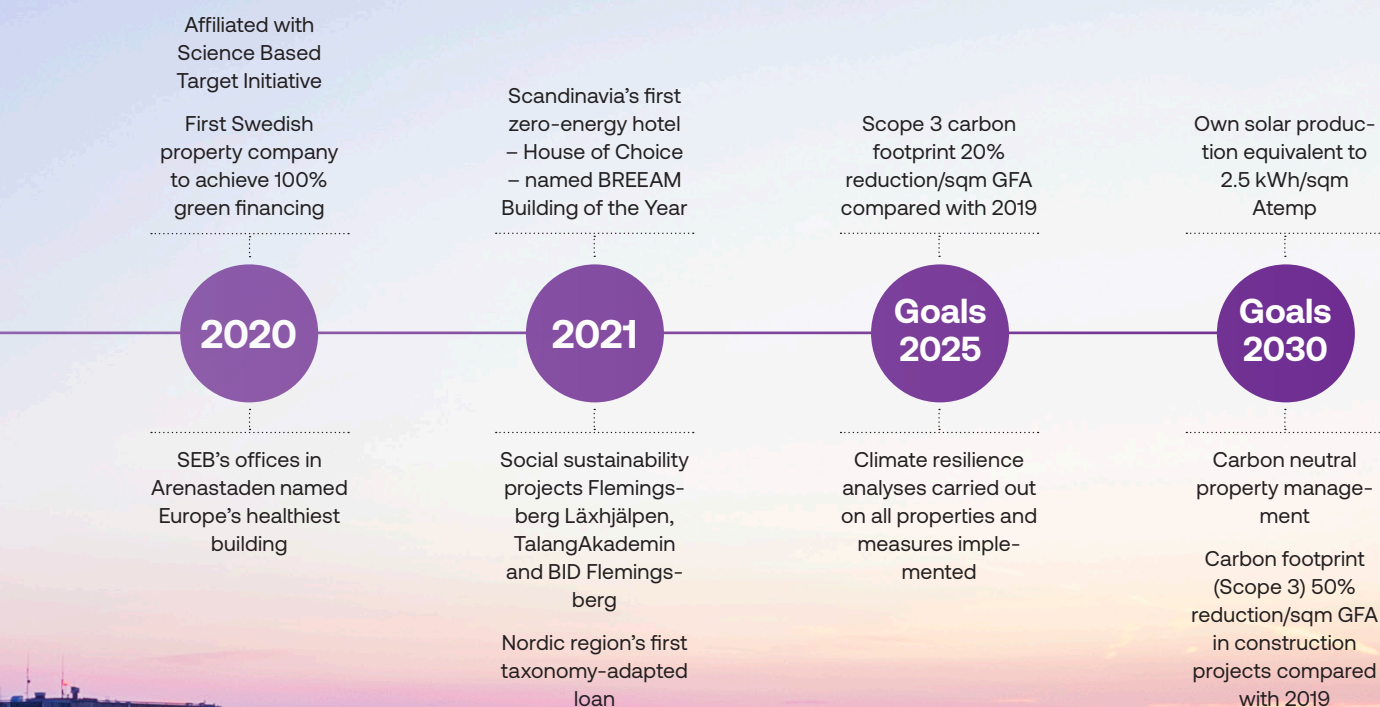




# How to achieve the sustainable city

We made bold strategic decisions early on that mean we are now at the forefront of our sector. We were the first of all the Swedish property companies to achieve 100 per cent green financing in 2020, and in 2021 we signed the first taxonomy-adapted loan in the Nordic region. We have ambitious goals for 2030, and by continuing to make bold decisions, we are confident we will achieve them.





Our sustainability strategy adopted by the Board extends until 2030, and aims to guide the company towards sustainable development.

#### Sustainability targets in brief:

- Our property management will be carbon neutral by 2030, which is measured in CO<sub>2</sub>e/sqm
- By 2030, we will have reduced our carbon footprint in construction projects by our life-cycle analyses showing a halving of CO<sub>2</sub>e/GFA compared with 2019
- Our financing will continue to be 100% sustainable and green
- 100% of our suppliers with framework agreements will be audited based on the company's Supplier Code of Conduct, policies and international conventions
- We will continue to focus on social sustainability as we develop the physical environment for life in our districts
- We want to make a difference in the neighbourhoods in which we operate, and our focus will be on children and young people, good education, meaningful leisure time, cultural experiences and finding a route into the labour market
- We will be ranked on the list of Sweden's best workplaces and achieve a rating of at least 85% GPTW (Great Place To Work)





## City districts



# Sustainable urban development

Our view of sustainable urban development: The whole person, the whole company, the whole location. All the time. We have great opportunities to contribute to sustainable urban development in the districts in which we own a large number of properties. We take responsibility for the whole picture, from acquisitions and local development plans, to safety measures in the physical environment and social initiatives.

We want to, can and will be a driving force in the development of a sustainable city. A clear strategy for our property portfolio, with holdings grouped in clusters, enables us to have an impact on entire neighbourhoods. Long-term planning and effective relationships with customers, municipalities and entrepreneurs enable us to take an active role in developing Stockholm.

### Sustainable transport

We are continually installing car charging stations both at properties and in street environments to make it easier for our customers' employees to travel sustainably. In addition, our entire service fleet is made up of electric vehicles.

In Arenastaden we are taking part via our co-owned company Urban Services in the Last Mile Logistics project, along with Ragn-Sells and Catena. The purpose of the project is to jointly transport, fossil-free and quietly, goods and waste into and out of the district. Central to the initiative is the creation of a co-loading centre where all suppliers drop off and pick up parcels. Parcels destined for shops and offices in the area are then delivered by green vehicle in a coordinated and structured way. The vehicles used for transport in the area should as far as possible be electric.

### Future-proof electricity supply

Demand for electricity has seen a sharp increase in recent years, especially in the Stockholm region. Strong growth and substantial developments, together with increased electrification in the wake of the transition to a fossil-free society, have put increased pressure on the grid. The new transmission line ensuring greater input to the grid has been delayed and there is a need to safeguard electricity generation capacity to avoid power shortages.

Even if we are not currently affected by power shortages, we can help to reduce the load and thus future-proof the grid. That's why we're connected to sthlmflex, a research project in which Svenska Kraftnät and grid owners Ellevio and Vattenfall have teamed up to test a flexibility market in Stockholm. In simple terms, it means that electricity users, producers, businesses and households, through more flexible use, help minimise the risk of bottlenecks in the grid during periods of high demand.

Optimising our power output has been a priority for us for many years, partly from a cost perspective but mainly in terms of our goal of reducing our carbon footprint. The higher the power output, the greater the demand for electricity at any one time, which in turn leads to a greater risk of increased carbon emissions given the need for more simultaneous energy sources.

In addition to our work on electricity, we have been working for a long time on the power outputs of our other energy sources. One area where we have made progress is in limiting the cooling power in all our buildings to even out cooling demand and thus achieve a

lower power output. We also balance our heating needs. When a large hot water draw is required, we can temporarily turn down the heat in the radiators. Measures that in the long term can reduce our impact on the climate without affecting quality for our customers.

### Security measures

The design of the physical environment has a major impact on how we live our lives and on our wellbeing. Prioritising social values alongside ecological and economic values enables us to create a sustainable society. By strengthening and prioritising social values in the physical environment, we can create better conditions for integration, access to good residential, jobs, leisure, culture, public health and a sense of security.

The digital transformation is also affecting each individual, business and service, placing new demands on us as property owners and urban developers. Digital technology can make many things run more smoothly, increasing productivity and profitability and allowing us to improve security for our customers. We use a digital fibre network to gather and analyse data about our properties in real time. It enables us to receive and respond to fault reports and alarms around the clock via our manned operations centre. This is a service that is gradually being expanded as more and more properties are directly connected to shell protection and fire alarms, and eventually via cameras.

We adopt an organised approach to safety and security issues in order to address concern and vulnerability among individuals, companies and at our properties.

We are way ahead when it comes to security measures via digital technology, and we are developing vibrant urban environments with daytime and evening activities to contribute to safe and experiential meeting places.



### Project CERO

We work with the CERO process tool, which aims to reduce the carbon footprint from travel to and from our properties. According to a comprehensive travel survey of Arenastaden employees, 52 per cent travel by public transport and 20 per cent cycle or walk to and from work. This is the highest measured value for sustainable travel in the ten districts that have so far been analysed by CERO. Together with the companies in Arenastaden, the municipality, SL and MTR, we have developed an action plan to further increase the proportion of sustainable travel through improved cycle paths, more public transport connections, flexible working arrangements, continued expansion of charging points for electric vehicles and a wider range of sharing services for cars, electric mopeds and electric bicycles.





### Working together to create safe and attractive areas with a focus on education, leisure, health and work.

Examples of initiatives:

- Homework club in Flemingsberg
- Collaboration with Changer's Hub in Huddinge
- TalangAkademin in Huddinge
- BID (Business Improvement District) i Huddinge
- Support for Stockholm City Mission
- Street Gallery
- Support to local sports clubs
- Pep Parks
- Active member of Samverkan Huddinge

In 2021, together with Huddinge Municipality and Södertörn University, we received funding from Vinnova for the project Flemingsberg: Inclusive and cohesive urban environment. The aim is to gain a better understanding of what the site needs to develop in harmony with the existing environment in order to increase residents' sense of belonging, community and interest in the location. We have high ambitions for the development of the area and want to contribute to greater security, gender equality, pride and local entrepreneurship together with the residents of Flemingsberg. During the year, we teamed up with the association Samverkan i Huddinge to launch a BID (Business Improvement District) with the long-term aim of developing the central areas of Flemingsberg. In 2021, we participated in the working group on site development, outdoor environment and social sustainability.

### An inclusive and healthy city

By working in a long-term and sustainable way, we can create the conditions for everyone to feel at home in the city, for residents and workers as well as visitors, and thus create the conditions for vibrant neighbourhoods that grow and develop. Our commitment extends beyond acquisitions, local development plans and leases, and we're keen to collaborate on everything from service provision, to public transport and the design of public spaces. It should also be easy to opt for sustainable travel alternatives.

As urban developers, we also take responsibility for making our areas feel safe to spend time in. We work actively to create dynamic environments with a human presence for much of the day and night. The aim is for our districts to feature and be designed according to three key principles:

- Attractive street environments that are safe, pleasant and have green spaces
- A thriving district in the evenings and on weekends as well
- A high-quality and varied range of services

We are keen to help create the best conditions for everyone who spends time in our districts to live healthy lives. We design our districts to promote activity. In addition to things like building cycle lanes and planning footpaths, we take responsibility for the whole picture. We enable gyms and fitness centres to establish themselves, create green spaces and other meeting places that can contribute to improved public health and a more attractive urban space with less car traffic.

We are working hard to promote diversity in our areas and we want to help develop inclusive street environments. One example is the 'Pep Park' concept, which encourages spontaneous physical movement in an everyday setting. These activity parks are designed for all ages and have been developed as part of a collaboration between us, Generation Pep and the City of Solna. The Pep Park '100 metres Pep' in Huvudsta was awarded the IOC IAKS Award in

Bronze during the year, and has also received an additional award for its accessibility.

Social sustainability issues are high on the agenda, and in Flemingsberg we have initiated partnerships with the Läxhjälpen Foundation and TalangAkademin, with the aim of increasing the number of students who achieve secondary school qualifications and creating more internships and jobs. During the summer, we also helped organise the little Visättra run.

### Cultural life between buildings

Our initiative, 'Life between buildings', aims to inject some character into the street scene through public art and culture, involving the creative talents of several established artists and local school children. One example is the Street Gallery art exhibition in Solna Business Park, where promising artists are being given the opportunity to display their work in the street environment. Arenastaden is home to a mural by artist Elina Metso, as well as works by secondary school students from the local Ulriksdal School.

### Value-adding cooperation

Successful collaboration enables us to create entirely new opportunities for ourselves and for our customers. Cooperation between businesses, municipalities, education, clubs, cultural life and citizens is of paramount importance. We want to make a difference in our districts and contribute to positive societal development via a number of partnerships with organisations such as Generation Pep, with which we work to build activity parks, Childhood Foundation, which promotes children's right to their childhood, the Arne Ljungqvist Anti-Doping Foundation, which promotes good health and pure sport, and the sports associations AIK and Djurgården, with a primary focus on young people.



### Supporting school children in Flemingsberg

Attaining the qualifications needed to get into upper secondary school is one of the most important factors in securing a better future in our modern knowledge-based society. We have therefore signed an agreement with the educational foundation Läxhjälpen as a main sponsor, to help support more children in schools. The aim is to help more pupils in Flemingsberg achieve upper secondary school entrance qualifications and make personal contacts with university students. Thanks to our grant, Läxhjälpen can now run its Läxhjälpen (Homework Help) programme at Annerstaskolan for three years, starting in the autumn term of 2021.





Properties



# Future-proof properties

It is the long-term efforts that reduce our carbon footprint and cut energy consumption. That's why we work actively with our properties on everything from resource optimisation, climate-smart material choices and sustainability certification of buildings, to digitalisation and health.

Reducing our climate impact and energy usage are two of our most important sustainability issues. In the light of the Paris Agreement and the 1.5-degree target, we have set ambitious targets for reducing our carbon footprint.

According to the Swedish Environmental Protection Agency, homes and premises account for around a third of Sweden's total energy consumption. Achieving our goals will require a major transition and we understand that there is a lot of work ahead. But we also see great opportunities to work closely with industry, partners and customers to find the most effective solutions and promote innovation in everything from material selection, to recycling and energy efficiency.

## Reducing carbon footprint to achieve carbon neutrality

### Setting our sights on carbon neutral property management

Our ambitious climate target is endorsed by the Science Based Targets initiative (SBTi) but we have also chosen to go further and set more ambitious climate targets than SBTi requires. Our ultimate goal is for our property management to be carbon neutral by the year 2030. To achieve this we need to be in control of all emissions associated with our operations. In addition, our negative climate and environmental impact must be minimised.

One intermediate goal is to invest in solar panels every year corresponding to at least 320 MWh in new and existing properties. These days, solar panels are always included in the planning of new buildings. By 2030, our solar panels should be producing 2.5 kWh/sqm Atemp per year. Our target for new-builds is twice that, or 5.0 kWh/sqm. Our carbon dioxide emissions (Scopes 1 & 2), have declined by around 96 per cent since 2002, from roughly 40,000 to approximately 1,656 tonnes, excluding carbon offset from district heating suppliers.

We have achieved our good results through systematic energy optimisation. We have also made our energy solutions more efficient through the development of building automation and digitalisation, cooling recovery, improved heat recovery and building shell measures. Changes in the property portfolio have also contributed to our progress.

Our service car fleet generates zero emissions thanks to the replacement of all service cars with electric vehicles. In addition, our company car policy allows only low-emissions vehicles.

## Reduced energy need

### Energy efficiency improvements in operations

Our energy strategy means that we take a holistic approach to the energy issue in our properties, districts and projects. The energy strategy is an important element of our efforts to achieve carbon neutral property management.

Imposing stringent environmental requirements when purchasing energy and customising energy use to tenants' needs using digital technology are important tools for reducing energy consumption. We monitor and analyse energy usage hourly to identify any deviations in energy performance and power output at an early stage. Furthermore, extensive checks are conducted at building and company level via our energy follow-up system that scans and processes all recorded consumption values. Considerable emphasis is placed on continually promoting energy efficiency improvements in our day-to-day work as well. Only 'Good Environmental Choice' district heating is used in our properties in Solna and Sundbyberg, and for Stockholm inner city and Flemingsberg we buy carbon neutral heating. We work closely with our tenants to support them in reducing their energy use, including through partnerships via green leases. Our aim is for green leases to cover 100 per cent of the total lettable area above ground.



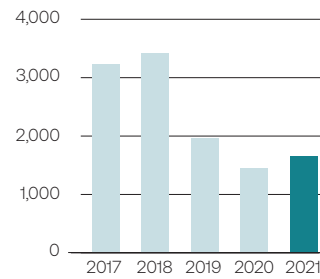


### Our energy efficiency targets

Our energy efficiency targets are divided into phases. By 2019 we had already achieved the first by halving our energy use compared with 2005. The next target of average energy consumption of 77 kWh/sqm Atemp is to be achieved by 2023, where 50 kWh/sqm Atemp applies for newer buildings that received planning permission after 2012 and 85 kWh/sqm Atemp to older buildings.

In 2021, our average specific energy consumption was 77 kWh/sqm Atemp, which is equivalent to 76 kWh/sqm in primary energy. This is slightly higher than 2020, which was an unusual year with a mild winter and low energy consumption due to employees working from home during the pandemic. The increase was mainly due to a colder winter and a greater need for cooling at the beginning of the summer.

### Carbon dioxide emissions, tonnes



Our emissions (Scopes 1 & 2) have declined by 96 per cent since 2002.

### Reporting of 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 CO<sub>2</sub>e/MWh. However, we also report the location-based method premiums via the Nordic electricity mix<sup>1)</sup>. 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 CO<sub>2</sub> calculation is not adjusted based on SMHI degree days. Conversion factors from the respective district heating and cooling supplier are used for the CO<sub>2</sub> 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<sup>2)</sup>, building energy from suppliers, employee commuting in km based on the 2019 travel habits survey (CERO) and tenant energy use assumed on a flat rate basis. The significant increase in Scope 3 is due to two completed new builds, compared to none in 2020.

### Greenhouse gas emissions, (tonnes CO<sub>2</sub>e)

Emissions	Emission source	2021	2020	Method for calculation
Scope 1	Total	98	22	Fuel-based
	Refrigerant leakage	98	22	Fuel-based
	Service vehicles	0	0	Fuel-based
Scope 2	Total (Market-based)	1,512 <sup>1)</sup>	1,416	Fuel-based
	Heating	1,512	1,398	Fuel-based
	Cooling	0	18	Fuel-based
	Electricity	0	0	Fuel-based
Scope 3	Total	26,997	4,108	
	Waste management	58	65	Spend-based
	Leased vehicles and staff vehicles used for work	2	4	Distance-based
	Air travel	1	11	Distance-based
	Property development <sup>2)</sup>	25,130	2,503	Average-based
	Property energy	618	639	Fuel-based
	Commuter journeys	145	145	Average-based
	Electricity consumption, tenants	1,043	741	Average-based
Total		28,607	5,546 <sup>3)</sup>	
Carbon offset by district heating supplier		-1,560	-1,254	
Net emissions after carbon offset		27,047	4,292	

<sup>1)</sup>With the location-based method, Scope 2 is 2,167 tonnes higher and Scope 3 is 81 tonnes higher due to Nordic electricity mix

<sup>2)</sup>Includes new construction, tenant customisations and properties bought and sold.

The 2020 figure only includes tenant customisations

<sup>3)</sup> Total adjusted due to miscalculation



## Climate change adaptation – future-proofing our properties

### Future risks

Alongside our efforts to reduce our carbon footprint, we also need to manage the physical risks that come with climate change. We do this by continually making sure that our business model is robust and that we are well equipped to meet the challenges and opportunities that are a consequence of the shift in society. Innovative and digital solutions play an important part in this work. They help us adapt operations to climate change, but also to respond to people's health and wellbeing needs in our properties and districts.

In 2021, we carried out climate risk analyses on a total of 47 properties in the districts of Arenastaden, Solna Business Park and City. The analysis identified increased precipitation and flooding as one of the greatest potential future risks. In property management and ongoing and future redevelopments, we will ensure that the necessary measures are taken to address identified climate risks.

## Circularity and resource efficiency

### Conscientious materials selection

Our objective is for 100 per cent of our building materials to be environmentally safe in accordance with Byggarbeteckningen (Building Material Assessment). To reduce our environmental impact in both the short and long term, we are committed to choosing the right materials and using the right methods early in our projects. The carbon footprint from production of building materials is high. That's why we're working to make greater use of materials that can be reused. We also participate in the Centre for Circular Building, often referred to as CCBUILD, which is an arena in which industry players meet and collaborate on reuse and circular material flows in construction, demolition and property management.

Large quantities of building products and decorating material are thrown out completely unnecessarily. This is why it's so important for us to create conditions for circular material flows. To ensure materials are easily disassembled, reused and recycled. We try to choose the right materials and use the right assembly methods, and to reuse materials from our conversions. We carry out an inventory of reused materials in the majority of our vacated properties and buildings due to be vacated.

The development plans for Haga Norra also include a number of large-scale projects working with reclaimed bricks. Together with construction companies, we are also conducting research projects with the aim of improving the recycling of frames and beams. Our objective is to increase reuse by always conducting inventories of reusable materials before carrying out tenant customisations, and at the project development stage.

### Waste management – calculation methods and results

For our part, waste is generated partly in connection with construction projects and tenant adaptations, and partly through the waste generated by tenants and us in our operations. The latter is calculated using data from our main waste contractors and based on quantity, type and weight. 70 of our properties currently generate statistics. Our customers have the option of choosing a waste contractor other than the one we recommend, which is why a small number fall outside our statistics. We strive for efficient use of resources and encourage all customers to separate their waste into at least five fractions. Construction waste from our projects is managed by individual contractors, and in 2020 we further tightened our contracts regarding the reporting of waste statistics. Properties that are certified to BREEAM standard are also subject to special rules regarding areas such as recycling and waste management.

### Our water consumption target

Our goal is to reduce our water consumption every year, and in 2021 we started work on a quantified target so that we can monitor usage more effectively. In addition to reducing the use of natural resources, cutting water consumption also means preparing for a future where the water table may drop and availability of fresh water may also decrease in Sweden.

## Health – certified properties and tenant wellbeing

### Smart properties

Digital technology enables new behaviour and functions to be automated, creates innovative services helps change our behaviour. Working with digital solutions gives us access to data in real time, making it easier to do things like optimise energy consumption. Connected buildings also create an opportunity to develop properties that are customised to actual usage, and that put people front and centre. Digital solutions and apps allow us to visualise the indoor climate and develop premises with health and wellbeing in mind. They make it easier for us to see how our properties are used and receive prompt information about faults, improve security in the buildings and thus manage them more proactively. All our properties are connected to a digital fibre network that enables integration with the smart city, contributing to a more sustainable and efficient use of resources.

### Health in our buildings

The pandemic has brought issues relating to both physical and mental health into focus. A healthy and sustainable work environment is not just about the physical environment, including lighting, noise levels, ventilation and furnishings. Psychosocial factors are equally important for the wellbeing and performance of employees. Our contribution is primarily about making it easy for our customers to do the right thing. One example is positioning attractive stairwells centrally to encourage people to take the stairs instead of the lift. We offer guidance to our customers on how to encourage their employees be more physically active, for example by using height adjustable desks, or positioning coffee machines in such a way as to boost activity levels.

Another example is our work with customers to develop health-certified workplaces; a strategic initiative that aims to prepare properties for customer requirements for health certification. We use Fitwel, which is a certification standard that differs from others in that its primary emphasis is the working environment, the workplace and the people in the actual building. Examples of focus areas include wellness, nutrition and rest. SEB's headquarters in Solna, along with our own office, also in Solna, are two examples of Fitwel-certified properties.

### Certifications\*

System	No. of	Sqm, GLA	Proportion of certified area, %
BREEAM In-Use	48	718,723	72
BREEAM-SE	9	251,025	25
BREEAM Bespoke	1	7,364	1
Miljöbyggnad	1	24,338	2
<b>Total environmentally certified Properties</b>	<b>59</b>	<b>1,011,450</b>	<b>100</b>

\*The properties that have not yet begun certification relate to land and development property for future project development.



### Hållbarhetshuset

We're now taking sustainability to the next level and constructing buildings from other buildings in Haga Norra. Bilja moved into their new premises in Haga Norra in February 2021, and when the old Bilja property next door was due to be demolished it gave us the idea of reusing sections of the building. An investigative team carried out tests and calculations and concluded that it was possible to reuse the HDF floor structure from the old 1970s property. The result was a building establishment in Haga Norra that will be made of materials that would otherwise be classified as waste. In addition to the floor structure, we will also be recycling facades, windows and interior materials. We have now received planning permission for the project and we look forward to implementing this pilot project with the hope of being able to recycle building materials from older properties for new construction on a larger scale in the future. The establishment is scheduled for completion by summer 2022, and its location is such that it can be used throughout the development of Haga Norra.

Percentage of reuse  
in Hållbarhetshuset

**70%**

## Our environmental certifications for quality assurance

### BREEAM

The British environmental certification system BREEAM is the most widely used of the international systems in Europe. The system encompasses project management, the building's energy use, indoor climate conditions, water consumption and waste management, as well as land use and the building's impact on the surrounding area. BREEAM-SE has been developed to allow buildings to be certified according to Swedish regulations and BREEAM In-Use is used for existing buildings.

### CITYLAB ACTION

Citylab Action is an advisory forum for sharing knowledge of sustainable urban development, organised by Sweden Green Building Council (SGBC). Commitments and effect targets are established by SGBC, while project goals and measures are specific to each individual project. Those who want to certify their sustainability work must also satisfy a set of certification requirements.





## Employees



# Success starts with motivated employees

Together we can create a solid team by acknowledging and supporting each individual employee and their unique capabilities. We want to continue to develop and run a productive enterprise with our shared set of values and culture based on team spirit and commitment.

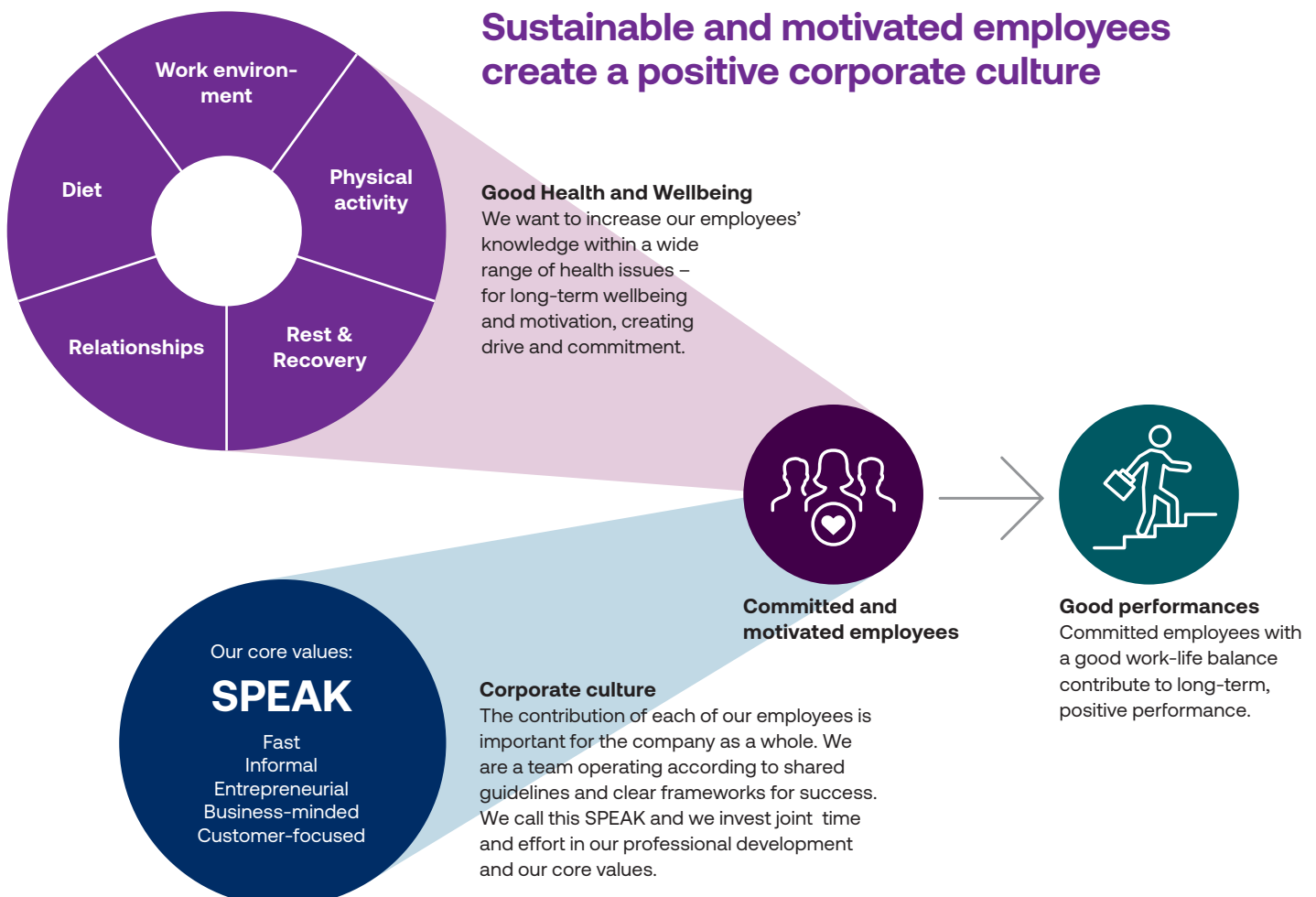
### An attractive employer with a strong set of values

Our core values, known internally as SPEAK, characterise our entire business. These values are Fast, Informal, Entrepreneurial, Business-minded and Customer-focused. These core values prioritise 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.

We will be the natural choice for talented, motivated and committed individuals working in the property industry. We

therefore work continually to reinforce our brand as an employer, with the aim of being one of Sweden's most popular workplaces. We collaborate with the company Great Place To Work, and every year we carry out their employee survey to find out how we are perceived as an employer. Our long-term goal is to achieve a 'Trust' rating of 90. In 2021, our rating increased from 79 to 86. In addition to this significant increase, an impressive 95 per cent of all employees consider Fabege all in all to be a very good place to work, also an improvement on last year.







# 95%

of all employees think that Fabege is a very good place to work

We are already certified by Great Place To Work and in 2021, in addition to their employee survey, we conducted a Culture Audit for the first time. This means that our corporate culture is analysed and audited by Great Place To Work. Based on the reviews carried out during the year, it is clear that there is a solid platform for continued work to achieve our overall objectives. That together we are our working environment, and that everyone at Fabege can contribute to customer satisfaction as well as to sustainability and robust finances.

## Great Place To Work

Every year we conduct the Great Place To Work survey to find out what our employees think of Fabege as an employer. Our target was to achieve a Trust rating of 85, which was surpassed with this year's result of 86.

Great  
Place  
To  
Work.

# 86%





### Pandemic has affected us

The pandemic is still with us in 2021 and continues to impact society, businesses and individuals. We have been keen to keep all staff updated, including through regular information emails, which at the beginning of the pandemic were sent out on a daily basis, and are now weekly. During the year, we also held digital conferences and meetings for all staff and offered a large number of training courses to facilitate remote working. It has also been possible to participate in various digital training activities to enable interaction outside employees' own teams. We have also offered extra support to those who have requested it, including through Falck Health Care, which employees can call entirely anonymously if they so wish.

### Individual career development

Individual career plans form the basis of each employee's professional development. The plan is regularly monitored via employee performance reviews, as well as by setting new targets based on business goals and the role of the employee. Performance reviews were carried out with 98 per cent of employees in 2021. All new managers undergo an induction course to ensure the quality of reviews.

### Sustainable employees and health in everyday life

We take a comprehensive approach to the sustainable employee. Through training and talks, we want to encourage individuals to adopt a long-term, healthy lifestyle. In 2021, all employees have had the opportunity to undergo a health assessment focusing on

physical and psychosocial health, as well as the work environment in general.

We design our premises with physical activity, health and recovery in mind. Physical, psychosocial and organisational aspects have informed the design of our new headquarters in Solna, which was ready for occupancy in the spring. We have created spaces that facilitate communication and make it easier to work together, while maintaining a strong focus on flexibility. Working alone should be as natural and easy as working in a group. Good ergonomics, plenty of daylight and a safe workplace are fundamental conditions for all our offices, as is the availability of changing rooms and regular massages. It should be easy to get to work by bicycle. We work consciously to reduce work-related stress, and all managers maintain an ongoing dialogue with their employees to ensure workloads allow for active leisure time.

### A continually improving, safe working environment

Our working environment must be safe and free from the risk of our employees, or those who work for us, being injured or made ill at work. Technicians are the most vulnerable, as they sometimes perform high-risk tasks. But stress, poor posture and the like can also lead to injuries in office workers. Continually identifying risks, following up incidents and implementing measures enables us to improve health and safety for our employees.

The basis for a safe workplace is provided by the work environment manual, which includes risk assessments based on safety inspections performed, deviation reports and employee performance reviews. These assessments are evaluated and prioritised, and action plans established to manage any risks identified. Our employees are at all times able to contact their line manager or HR to highlight hazardous tasks.

There are procedures and training on safety in hazardous situations, such as working at heights and other tasks with a risk of falling, where recommended protective equipment should be used. Contracted employees are subject to the same conditions as our technicians.

We have an incident management system that allows all employees to report actual and potential incidents. These are reviewed by the manager responsible for the work environment, and followed up by the occupational health and safety committee. An analysis is always carried out to examine the cause of the incident and how to avoid a recurrence in the future. Extensive evaluation work is continually underway to improve our health and safety efforts. Work environment injuries are reported to the Swedish Work Environment Authority.

An occupational health and safety committee, including employees from all departments and local offices, and occupational health and safety representatives are jointly responsible for making continual improvements to our work environment. In autumn 2021, we applied for health certification for our new headquarters. The certification, which is achieved via a points system, is issued by the American certification system Fitwel. Healthy food, access to fitness areas, proximity to public transport and green spaces, as well as good air quality and effective lighting are some of the criteria for which points are awarded.

### Our views on equal value

Our fundamental view is that all people are of equal value and all employees are to have the same opportunities, rights and obligations. No-one at our company should be discriminated against on the basis of sex, gender identity or expression, ethnicity, religion or other belief, disability, sexual orientation or age.

### Gender equality

The property sector has ranked high in the Albright Foundation's reports in recent years and continued to do so in 2021. A number of





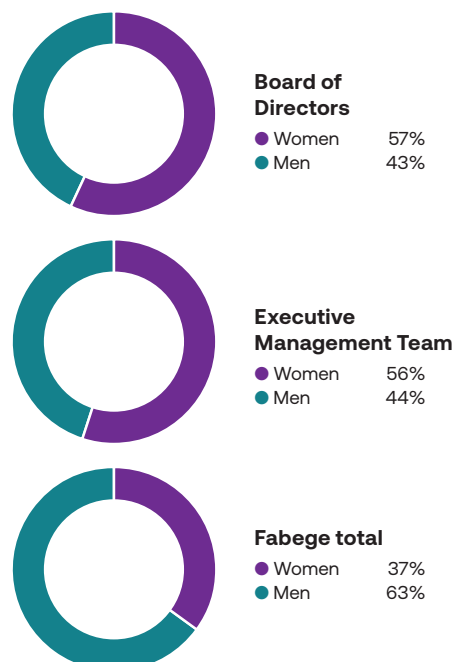


companies have female CEOs and can also demonstrate an even gender balance both on their boards and management teams. The same is true for us, with four women and three men on the Board and five women and four men on the management team. Furthermore, for many years now we have been working systematically on welcoming more female managers to work on our construction projects. Our efforts have proved effective, which is why we have launched a similar initiative to increase the proportion of women in our operational organisation.

#### Our profit-sharing fund

We have relatively few employees in relation to our market capitalisation and market value. That's why each and every employee is highly significant for our business. One way of showing our appreciation for the contribution of each individual to our shared success is via our profit-sharing fund. Everyone who works for us is covered by the fund and the amount set aside is the same for everyone, whether they work in property management, at the office or are a member of the Executive Management Team. Allocations are made in the form of Faberge shares and are linked to a number of established targets, including profitability and return on equity. The shares are tied up for a period of five years after allocation, which amounts to a maximum of two price base amounts per employee and year. The Board decided that the allocation for 2021 would amount to 1.83 price base amounts per full-time employee, which corresponds to a value of SEK 87,108.

#### Gender balance







## Supply chain



# Supply chain sustainability screening

Our suppliers are our cooperation partners. They work closely with our customers and help us achieve the sustainability targets we have set up. That's why we regard a sustainable supply chain as an important tool for creating long-term profitability, reducing our risks and boosting our brand.

We endeavour to operate according to the principles of responsible business conduct, and to reduce our carbon footprint at all levels. We therefore work in a number of priority areas within the remit of our supply chain:

- Limiting emissions related to materials, transportation, construction energy and waste, or Scope 3 emissions, is a major challenge for the property sector. These emissions are mainly produced by our suppliers or their subcontractors
- Ensuring the UN Global Compact's ten principles on human rights, labour, environment and anti-corruption are complied with

### Regular inspections

Our Code of Conduct and our Purchasing Policy clarify our position on where new suppliers must meet our criteria. Existing 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.

### Sustainability screening

We carry out a systematic sustainability review in connection with each procurement. The review is based on a survey completed by suppliers, supplemented by specific requirements relating to the category of supplier. The risk assessment category and survey responses determine whether a more in-depth audit is to be carried out. Survey responses are stored in a common database and can be easily shared with other parts of the business.

### Quality assessments

In order to ensure delivery quality, we also conduct regular assessments within supplier areas that are deemed to be particularly significant to our customers' experience of day-to-day services. These include cleaning, lift maintenance and snow clearance, for example. The assessments are carried out via an internal survey that is sent out three times a year to managers within our various market areas. Representatives of each area then rate how well they feel each supplier meets expectations. Any rating below seven on the scale of one to ten triggers immediate action. This allows us to quickly respond to any contractual breaches and continually improve quality.

### 100 per cent target

Our aim is for all our 200 or so framework contract 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, selected strategic partners have been reviewed by an independent party and a total of 44 suppliers have been approved under the previous process over the past three years. In 2021, a further nine were audited using the new tool and received approval under the new methodology. Contractors for larger projects, over SEK 50m, must always undergo a sustainability audit before the production phase begins.

We carry out enhanced background checks on suppliers for those categories where it is deemed necessary following a risk assessment. Such checks are carried out before the contract is signed. We maintain a positive dialogue with our suppliers and support their efforts to improve their procedures. Any deficiencies identified through our audits will lead to the companies concerned drawing up an action plan for subsequent implementation. If there is no improvement, we may discontinue the relationship.

### Subcontractors

We set high standards for our suppliers to monitor their subcontractors' compliance with our requirements. In recent years we have tightened our Code of Conduct for Suppliers in the following areas: the environment, business ethics, health and safety, working conditions, privacy, human rights, and compliance and follow-up.

### Safe workplaces

A safe and secure workplace free from corruption and inequality, and where risks are minimised and prevented is a human right and a challenge for the entire construction industry. Staff ledgers allow us access to statistics regarding employment terms for everyone working on major projects. Risk analyses and inventories are carried out at each stage of the construction process and these must also be followed up. This is the main responsibility of the contractor. There are construction health and safety coordinators at the workplaces, BasP and BasU, who are responsible for safety throughout the entire project.

It is the contractors who have the employer's responsibility and ultimate responsibility for health and safety during construction projects. This is regulated in our contracts. We enjoy effective cooperation with our contractors, where we play an active role in preventing near-accidents and checking that all safety procedures are adhered to, and that workplace risks are minimised. This is achieved via systematic health and safety work, involving digital and physical safety inspections during which faults and failings must be rectified and documented in our database. One example is that

## Process for management and monitoring of suppliers



photographs must be uploaded as evidence that any measures have been completed.

To ensure everyone on a building site understands and is aware of risks, images are displayed of hazardous tasks, along with information in different languages. The contractor's safety officer makes sure the project is implemented safely, but also represents construction workers in ensuring all risks are highlighted and that working conditions are satisfactory. We always follow up any deviations with both contractors and those affected. We encourage our suppliers and their employees to report identified risks and also draw attention to our whistleblower function, which can be used by all external parties.

In the event of an incident or near-accident at building sites, an analysis is always carried out to determine the cause and how to avoid a recurrence of the incident. This analysis is sent to the Swedish Work Environment Authority for follow-up and documentation.

Suppliers	2021
Accident rate, contractor (ELTAR) <sup>1)</sup>	1.89

<sup>1)</sup>Reporting relating to contractor accidents is not comprehensive, as not all projects report contractors' accidents in the IA system yet.

### Accidents and incidents

Reporting relating to contractor accidents is not comprehensive, as not all projects report contractors' accidents in the IA system yet. The accident rate is defined as the number of workplace accidents resulting in absence of one or more contracted working days per 200,000 hours worked, divided by hours worked. The most common accidents on construction sites are cuts, falls from low heights and trips. When more serious accidents occur, they are often falls or trips.



### Cross-sector cooperation for a sustainable construction sector

The property sector is in agreement that a sustainable construction industry is not just a competition issue but also something that benefits all stakeholders. During the year, we worked with colleagues in our sector to develop a digital tool for reviewing the property sector's supplier categories. The aim is to avoid duplication for suppliers by making sure they don't answer similar questions in connection with procurements from different property companies, and to enable more suppliers to be audited. This will allow the industry to set a new standard. We are the initiator of the project, in which six property companies with large office property portfolios in the Stockholm region have agreed to develop common supplier requirements in the area of sustainability. The project is expected to be fully completed in 2022.





## Financing



# Green financing – the journey towards a sustainable future

Green financing is gaining momentum, particularly in light of the EU's new taxonomy. As far as we're concerned it's a natural part of our sustainability work. It doesn't only provide us with more responsible financing. It also reinforces the importance of consistently ensuring a sustainable approach in our business processes, and therefore impacts and motivates our employees at a local level.

### Building on the EU taxonomy

As a property company, we are subject to disclosure requirements on the extent to which our operations are environmentally sustainable according to the EU taxonomy. During the year, we conducted a review of financial activities that are subject to the taxonomy, which includes new construction projects, major renovations and the properties under our management. In 2021, we took out our first taxonomy-adapted loan for the Signalen 3 property in Solna.

### Green framework

Our framework for green financing sets a standard that can be used for all our sources of financing. Linked to the framework is the green MTN (Medium Term Notes) programme established in 2016, which includes specific sustainability and environmental conditions. The framework also includes our green commercial paper programme, which we use to issue green commercial paper that is to be used to finance assets approved according to the framework. The backup facility for the commercial paper programme is also linked to the framework, and is therefore green. We have an allocation policy, which means that investors with sustainable strategies are prioritised in bond issues.

The independent research institute CICERO has examined our green framework to ensure that it satisfies their exacting sustainability requirements. They have issued a Second Opinion with ratings of 'medium green' for the green terms and conditions and 'excellent' for governance.

### Adding value at every stage

A conscious and structured approach to environmental and sustainability issues increases the value of our property portfolio. We are constantly mindful in order to maintain a high level of certification for our properties. This approach benefits us, our lenders and other stakeholders. Furthermore, long-term sustainability work also has a positive impact on locations, the city and the management of global climate challenges.



### 99% green financing

Green financing offers us better conditions both with banks and on the capital market, as well as access to more financing alternatives. Our green financing was complemented in June 2021 by a taxonomy-adapted loan that satisfies the EU taxonomy's proposed criteria for green financing. The target of 100 per cent green financing was achieved just before year-end 2020/21. The decline in the proportion of green financing to 99 per cent at year-end is due to the acquisition of SHH Bostad, whose loans were not classified as green. The aim is to convert these to green loans in 2022.





### Our reporting according to EU taxonomy

Fabege AB (publ) is subject to the EU's Non-financial Reporting Directive and must disclose the extent to which its operations are classified as sustainable according to the taxonomy.

In accordance with the mandatory reporting for the 2021 financial year, we report the extent to which the Group's activities are covered by EU taxonomy.

KPI	Total, SEKm	Percentage of economic activity covered by the taxonomy (%)	Percentage of economic activity not covered by the taxonomy (%)
Sales	2,951	100	–
Operating expenditure	181	100	–
Capital expenditure	3,447	100	–

### Taxonomy of economic activity

We own and manage properties, with a primary focus on commercial properties in the Stockholm area. The majority of the property portfolio falls within the taxonomy and is divided into the following categories:

- 7.1 Construction of new buildings; refers to properties under production and project properties completed during 2021. These include the completed projects Hagalund 2:11 and Nationalarenan 3, the ongoing project Poolen 1 and subsidiary SHH Bostad's ongoing residential production.
- 7.2 Renovation of existing buildings; refers to development properties undergoing renovation where a significant portion of the property is affected by the project. These include the leasehold Glädjen 12.
- 7.7 Acquisition and ownership of buildings; refers to the majority of the Group's properties. All investment properties with a current cash flow are included.

Properties that fall outside the scope of the taxonomy refer to pure land properties, including SHH Bostad's development portfolio, i.e. land acquisitions that are not yet in production.

### Our work to satisfy taxonomy requirements

The requirements of the EU taxonomy are highly consistent with our sustainability work presented in this report. We therefore believe that we satisfy much of the taxonomy's requirements.

For example, in 2021, we carried out climate resilience analyses in several of our districts, assessing the future physical climate risks and what climate adaptations we should make to reduce these long-term risks. This work will continue in 2022.

Another important objective in the taxonomy is energy-efficient buildings, and this is an area where we are at the forefront and working on an ongoing basis. As much as 72 per cent of the space in our managed portfolio is within the top 15 per cent in terms of energy performance (This is as defined by the Property Owners Survey, which shows that the top 15 per cent in office buildings in Sweden corresponds to buildings with a primary energy rating below 89 kWh/sqm Atemp).

### Revenue recognition

All revenues related to the properties included in economic activity above are recognised. This refers to rental income, including the standard supplements. No material revenues that should be excluded have been identified. Revenue of SEK 2,951m corresponds to total net sales according to profit and loss accounts for 2021.

### Recognition of operating expenditure

Operating expenditure includes the following expenses: property management costs, regular repairs, maintenance and expensed tenant customisations. SHH Bostad's production costs for residential development are also included.

### Recognition of capital expenditure

Relates to capital expenditure for acquisitions and capitalised investment expenditure related to the properties included in economic activity reported above. Capital expenditure of SEK 3,447m represents all expenditure on acquisitions and investments in investment and development properties in 2021. See Notes 17 and 23 for further information.





## Customers



# Surveys and dialogue promote stronger relationships

We enjoy a close dialogue with our customers and adopt a responsive approach to their businesses and needs. During the pandemic, dialogue has been regular and whatever the challenge, we always try to be flexible and find solutions that meet their needs. Mutual loyalty helps us create sustainable concepts and grow alongside our customers.

### Shared agenda for long-term sustainability

It's important to have good and close relationships with our customers. We want to be part of strengthening their competitiveness as employers by creating sustainable working and urban environments for their businesses and organisations. The sustainability network in Arenastaden is an example of such cooperation. We've been working with eight major companies here on an action plan linked to travel habits, to contribute to the climate goal of halving greenhouse gas emissions by 2030. This work will be carried out in close cooperation with the City of Solna, Keolis, SL (Stockholm Public Transport) and transport operator MTR to achieve the best possible impact. Further Arenastaden examples include the SEB building, which has won the award for Europe's healthiest building, and the development of Scandinavia's first zero-energy hotel in collaboration with Nordic Choice Hotels.

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, energy optimisation and indoor environment measures, as well as requirements regarding choice of materials and waste sorting. In 2021, 96 per cent of total newly signed space pertained to green leases.

### Flexible solutions with the customer front and centre

We are currently landlord to more than 660 companies, authorities and organisations, and more than 100,000 people spend time on our premises every day. Our experience means we are able to meet a growing need for flexibility. It could involve adapting the length of the lease via lease options, or making it easier for our customers' employees to achieve a good work-life balance. One example is our office hubs, known as WAW offices. The digital transformation and new flexible ways of working have been accelerated by the pandemic and bring greater demands for us to offer products that meet these new needs. The dialogue with our customers has intensified, as have efforts to develop new products that meet completely new requirements. In 2022, we will therefore launch a new concept as an alternative to co-working. This means we can expand our offering and give our customers greater flexibility at a time that is still characterised by some uncertainty, although we are convinced that the post-pandemic working world will look different from today.

### Close relationships thanks to in-house staff

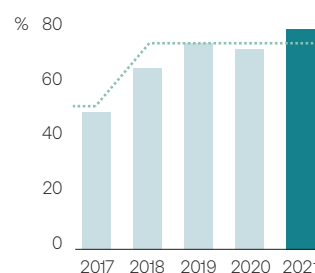
Continuity is essential for a close relationship with our customers and for generating shared value. We have our own staff at all levels, both in management and in the property operations. It makes it easier to maintain a close dialogue with our customers, which is key to value creation.

Our property management is divided up into geographical areas for organisational purposes, and each area has considerable responsibility and is able to make swift decisions. There are local offices in all areas. We're never more than a phone call away, and having a presence in our customers' everyday lives means we're able to pick up on more subtle requests. We manage every issue that comes up, whether it's a customer who has outgrown their premises, is looking for a more flexible office set-up or who needs an immediate response due to an unexpected incident. We are always available for fault reports and to quickly address any risks to people and safety.

The pandemic has impacted us in 2021 as well, and our close customer relationships have been an advantage in this challenging situation. This is particularly reflected in the CSI (Customer Satisfaction Index) survey we carried out during the year. Our target is an overall customer satisfaction rating of 80, and we achieved 78, which is close to the result of the last survey in 2017. We carry out CSI measurements every two years. The 2020 survey was cancelled due to the pandemic. It is worth noting that 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.

### Percentage green leases\*



\*Area above ground, excluding residential units.

# 90%

state that it is likely they would recommend us as a landlord.



## Business ethics



# A responsible partner on every level

Good business ethics that promote fair competition and avoid all forms of corruption are the foundation of our relationships with customers, suppliers, lenders and partners. Working responsibly is not only crucial for long-term profitability, but also contributes to the sustainable development of society.

### Code of Conduct under constant review

Our brand and our business should symbolise security, reliability and strong values for everyone who comes into contact with us. Our core values (SPEAK) and our Code of Conduct form the basis for the conduct of all employees. Our Code of Conduct clarifies our position on issues related to human rights, labour conditions, the environment, business ethics and communication.

All our employees receive regular training on both our Code of Conduct and the Swedish Code of Business Conduct; the industry's code against corruption. We comply with the relevant laws and other regulations. The same applies to generally acceptable business practice and international human rights, labour and environmental standards in accordance with the Global Compact and the ILO's fundamental conventions on human rights in the workplace. We continually enhance our Code of Conduct to ensure that it remains relevant and responds to current challenges and dilemmas.

### Our Ethics Council

Our Ethics Council supports our daily work, with representatives from different departments. The Council, which reports to the Executive Management Team, is responsible for leading and driving work on ethical issues and monitoring relevant external issues.

### Whistleblower service for added peace of mind

We are keen for both our own employees and all external stakeholders to feel confident in their ability to intercept potential irregularities in the organisation at an early stage, either via dialogue or via anonymous reporting systems.

Our whistleblower service facilitates incident reporting and is available both internally and externally. The report itself and any subsequent dialogue are anonymised if the person so wishes. All reports are immediately followed up by a working group consisting of our Director of Human Resources, Head of Sustainability and Corporate Lawyer. The group makes sure appropriate action is taken. No incidents were reported in 2021.

### Transparency around tax payments

We want to take responsibility for sustainable societal development, and this includes contributing to society by paying taxes. We conduct all our operations in Sweden and all staff are employed by Swedish companies. We produce transparent and open accounts of the Group's total tax burden. Operations are pursued in a professional manner in order to generate a return for our owners, which means that we aim to achieve cost effective tax manage-

ment. We comply with all tax legislation and regulations. In areas where the regulatory framework is unclear, we act transparently and prudently, and we refrain completely from aggressive and sophisticated tax planning. Our tax policy is available in full on our website.



#### Our core values:

## SPEAK

- Fast
- Informal
- Entrepreneurial
- Business-minded
- Customer-focused



#### Corporate culture

The contribution of each and every employee is important for the company as a whole. We are a team operating according to shared guidelines and clear frameworks for success. We call this SPEAK and we invest joint time and effort in our professional development and our core values.



# Sustainability targets



## City districts

City districts	Outcome 2021	Outcome 2020	Short-term goal	Long-term goal
Proportion of renewable energy, %	95	96	100	100% energy from renewable sources



## Properties

Properties	Outcome 2021	Outcome 2020	Short-term goal	Long-term goal
Energy performance, total energy kWh/sqm Atemp	77	74	max. 77 years 2023	Average max. 77 kWh/sqm Atemp. New builds, max. 50 kWh/sqm Atemp. Existing portfolio, max. 85 kWh/sqm Atemp
Energy produced from solar panels, kWh/sqm Atemp	0.79	0.56		Energy produced from solar panels 2.5 kWh/sqm Atemp by 2030
Material recovery, %	48	53		90% material and energy recovery
Water consumption, litres/sqm Atemp	263	318		Reduce water consumption per sqm Atemp by 2% annually compared with 2019
Environmental certification, number of investment properties	59	59		
Environmental certification of new builds, proportion of total space, %	100	100		100% of new builds, to BREEAM-SE standard with ambition level Excellent
Environmental certification of investment property portfolio, proportion of total space, %	100	100		All investment properties (excluding future development properties) are to be environmentally certified to BREEAM In-Use standard with ambition level Very Good
Proportion of electric and hybrid cars – service vehicles and company cars, %	96	96	100	100%
Carbon dioxide emissions, tonnes				Carbon neutral property management (Scopes 1 & 2) by 2030. Indirect emissions (Scope 3) to be halved per GFA by 2030 compared with 2019
Scope 1	98	22		
Scope 2	1,512	1,416		
Scope 3	26,997	4,108		
<b>Total</b>	<b>28,607</b>	<b>5,546</b>		
Carbon offset by district heating supplier	-1,560	-1,254		
Net emissions after carbon offset	27,047	4,292		



## Employees

Employees*	Outcome 2021	Outcome 2020	Short-term goal	Long-term goal
Satisfied employees, confidence rating, %	86	79	>80	Confidence rating will exceed 85% by 2023
Recommending Fabege as an employer, %	94	93	90	Over 90% of employees would recommend Fabege as an employer
Low sickness absence, %	2.94	2.4	<3	Maintain low level of sickness absence, aided by regular medical check-ups and continued health and fitness programmes
Gender equality in management, % women	56	33		Aim is to achieve even gender balance
Gender equality among managers, % women	25	39		Aim is to achieve even gender balance
Gender equality among employees, % women	35	37		Aim is to achieve even gender balance



## Supply chain

Supply chain	Outcome 2021	Outcome 2020	Short-term goal	Long-term goal
Screening of strategic suppliers, %	100	100	100	All 44 strategic partners will be sustainability audited and approved (corresponds to approx. 75% of total purchasing volume)



## Financing

Financing	Outcome 2021	Outcome 2020	Short-term goal	Long-term goal
Green financing, %	99	100	100	100% green financing



## Customers

Customers	Outcome 2021	Outcome 2020	Short-term goal	Long-term goal
Customer Satisfaction Index	78	n/a	80	CSI rating shall be 80. The survey is carried out every other year
Green leases <sup>1)</sup> , proportion of newly-signed space, %	96	96	100	Green leases will account for 100% of newly-signed space
Green leases, proportion of total lettable area, %	80	73	100	Green leases to account for 100% of total space

<sup>1)</sup> Area above ground, excluding residential units.



## Business ethics

Business ethics	Outcome 2021	Outcome 2020	Short-term goal	Long-term goal
Annual training in our Code of Conduct	100	100	100	Keeping the dialogue on ethical issues alive throughout the company via activities and forums





# Sustainability notes

## Governance of sustainability work

Our sustainability work is integrated into the organisation and has a clear division of responsibility for work relating to the various focus areas.

Our CEO bears overall responsibility for sustainability work. The CEO has overall responsibility for monitoring sustainability work at management team level. Policies and guidelines are determined by the Executive Management Team, continually updated and made available to all employees via our intranet.

The Board's rules of procedure include regular monitoring of sustainability issues. Reports are submitted to the Audit Committee and Board of Directors. Proposals for sustainability targets are prepared in close cooperation with the business areas and then approved by the Executive Management Team.

The Head of Sustainability, who reports directly to the Executive Management Team, leads sustainability work in the organisation. 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 organisation. The Head of Sustainability is also responsible for strategic work with the districts' sustainability programmes, with business development and the property developers having operational responsibility.

### Energy

Energy work is conducted by our energy strategist via our energy strategy and environmental policy. The energy strategist supports the operations managers, who together with the operating organisation have chief responsibility for energy issues in all buildings under management, while the projects managers are responsible for energy issues relating to new construction. Our Energy Strategist reports to the Head of Sustainability.

### Employees

The Director of Human Resources reports to the Executive Management Team and is responsible for strategic HR work and for ensuring compliance with laws and regulations in the area of labour law and collective bargaining agreements. The starting point is the policy documents within the area of HR, such as the personnel, gender equality and salary policies, as well as the company's Code of Conduct. Follow-up is carried out quarterly and annually based on established targets.

### Supply chain

The purchasing manager reports to the Executive Management Team and is responsible for the company's purchasing policy, signing agreements with all strategic partners and sustainability screening of suppliers. The purchasing organisation is responsible for signing all framework and service contracts and ensuring that new contracts adhere to our general terms and conditions, environmental policy and Code of Conduct. For new construction and redevelopment projects we have general requirements in administrative regulations, which are supplemented by environmental programmes and specific terms for each project. General terms and conditions, or administrative terms, together with the environmental policy and Code of Conduct are included in the appendices of all contracts signed with suppliers.

### Financing

Our green business council compiles data on ongoing and planned environmental certifications, and examines whether projects and assets satisfy the green requirements. A special report on how the company allocates its green funds and how well it fulfils the terms imposed by the framework is prepared each quarter and published at [faberge.se/en/about-faberge/financial-information/financing/green-financing/](https://faberge.se/en/about-faberge/financial-information/financing/green-financing/).

### Customers

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 organisational 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.

### Business ethics and morals

All managers with personnel responsibility are charged with ensuring that the Code of Conduct is known and complied with in their respective department or sphere of responsibility. The Board of Directors and Executive Management Team are specifically responsible for promoting the implementation of the Code of Conduct. The content is revised and monitored annually.



## Sustainability indicators according to EPRA, properties and employees

### Properties

Impact Category	EPRA Code	Measurement Unit	Indicator		Absolute measures (Abs)		Like-for-like (LfL)			
					2021	2020	2021	2020	Change, %	
ENERGY	Elec-Abs,Elec-LfL	MWh	Electricity	for landlord shared services	25,410	23,608	24,779	24,928	-0.6	
				(sub)metered exclusively to tenants	22,489	18,683	22,311	21,956	1.6	
				Total landlord-obtained electricity	47,899	42,291	47,090	46,884	0.4	
				% from renewable sources	100	100	100	100	0	
	No. of applicable properties				Electricity disclosure coverage	66	61	61	61	
	%				Proportion of electricity estimated	0	0	0	0	0
	DH&C-Abs, DH&C-LfL	MWh	District heating & cooling	for landlord shared services	67,022	60,047	63,725	62,918	1.3	
				(sub)metered exclusively to tenants	6,639	6,667	6,494	6,667	-2.6	
				Total landlord-obtained heating & cooling	73,662	66,714	70,219	69,585	0.9	
				% from renewable sources	95	93	-	-	-	
	No. of applicable properties				Heating & cooling disclosure coverage	66	61	61	61	
	%				Proportion of heating & cooling estimated	0	0	0	0	0
	Energy-int	MWh/m²/year	Energy intensity		77.4	74.3	76.7	76.1	0.7	
	GHG EMISSIONS			Total Scope 1	98	22				
				Total Scope 2 <sup>1)</sup>	1,512	1,416				
			Total Scope 3	26,997	4,108 <sup>2)</sup>					
No. of applicable properties				GHG disclosure coverage	81	80				
% av Scope 1 & 2				Proportion of GHG estimated	0%	0%				
GHG-Int			(Scope 1 + Scope 2 ) / m²	1.1	1.0					
WATER	Water-Abs, Water-LfL	m³	Water	Total water consumption	313,570	357,910	302,377	360,668	-16.2	
	No. of applicable properties				Water disclosure coverage	66	61	61	61	-
	% Scope 1 & 2				Proportion of water estimated	0	0	0	0	-
	Water-Int	m³/m²/year	Water Intensity		0.263	0.318	0.26	0.31	-16.2	
WASTE	Waste-Abs <sup>3)</sup>	Tonnes	Total hazardous	36	31					
		Tonnes	Total non-hazardous	2,632	2,964					
		Tonnes	Recycled	1,274	1,590					
		Tonnes	Incineration	1,389	1,396					
		Tonnes	Landfill	6	8					
	No. of applicable properties				Waste disclosure coverage	70	59			
			Proportion of waste estimated	0	0	0	0			
CERTIFIED ASSETS	Cert-Tot	%	Mandatory (Energy Performance Certificates)	% of portfolio certified by floor area	92	81				
		%		% of portfolio certified by number of properties	88	79				

<sup>1)</sup>Refers to market-based method.

<sup>2)</sup>Corrected error from 2020.

<sup>3)</sup>Waste from properties in use (tenants and Fabege, excluding construction waste).

### Employees <sup>4)</sup>

Social & Corporate Governance impacts	EPRA Code	Measurement Unit	Indicator		2021	2020	% change
HEALTH AND SAFETY	H&S-Emp	Days per employee	Absentee rate	Direct employees	2.9	2.4	25
				Board of Directors members	57%	50%	14
DIVERSITY	Diversity-Emp	% of female employees	Diversity Employees	Executive Management	56%	33%	70
				Managers	25%	39%	-36
				All employees	35%	36%	-3
EMPLOYEES	Emp-Turnover	Total number and rate	New hires	Total number new employees	29	15	93
				Proportion new employees	11%	8%	4
			Departures – Turnover	Total number of departed employees	21	13	62
				Proportion of departed employees	15%	7%	114
			Total employees number		199	191	4
CORPORATE GOVERNANCE	Gov-Board	Total number	Composition of the highest governance body		9	8	13
			Executive		30	29	3
			Non executive		169	162	4

<sup>4)</sup>Figures excluding SHH Bostad.

## Other sustainability data

### Employees

#### Equality<sup>1)</sup>

	2021					2020				
	Women	Men	<30 years	30–50 years	>50 years	Women	Men	<30 years	30–50 years	>50 years
Board of Directors, number	4	3	0	2	5	3	3	0	0	6
Group Management, number	5	4	0	2	7	2	4	0	0	6
Main management team (excluding Executive Management Team), number	5	16	0	17	4	9	14	0	16	7
All employees, number	70	129	13	114	72	71	120	18	103	67

<sup>1)</sup>Summary of us by gender and age for various levels within the company. We do not record employees' ethnicity.

#### Number of employees by form of employment, gender and in our business areas

By age, %	0–19	20–29	30–39	40–49	50–59	60–69	Average age
Women	0	2.9	27.1	38.6	30.0	1.4	44 years
Men	0	7.8	28.9	24.2	29.7	9.4	44 years
Total	0	6.1	28.3	29.3	29.8	6.6	44 years

#### Percentage of women within each area, %

Property Management incl. operations	21
Projects & Business Development	47
Business support	68

#### Percentage of entire company employees within each area, %

Property Management incl. operations	58
Projects & Business Development	25
Business support	17

### Accidents

The accident rate is defined as the number of workplace accidents resulting in absence of one or more contracted working days per 200,000 hours worked, divided by hours worked. Number of hours worked for our own employees in 2021 was 345,021. The most common injuries experienced by our technicians are cuts and crushing injuries. However, these injuries are rare in day-to-day work.

Employees	2021
Number of deaths	0
Number of occupational accidents, with and without absence	4
of which, travel accidents (to and from work) <sup>1)</sup>	2
of which accidents with absence	0
of which, serious accidents <sup>2)</sup>	0
Number of cases of occupational diseases	0
Accident rate (LTAR) <sup>3)</sup>	2.3

<sup>1)</sup>The travel accident did not result in sick leave or lasting injury.

<sup>2)</sup>Relates to accidents with absence from work for a period of more than six months.

<sup>3)</sup>Relates to accidents for own personnel with absence, excluding travel accidents.

### Involvement in organisations

We have board or committee assignments in the following organisations:

- BELOK, Beställargruppen Lokaler – the Swedish Energy Agency's network for energy-efficient buildings
- BREEAM and Sweden Green Building Council
- Byggherrarna Sverige AB
- Swedish Property Federation in Stockholm and in local associations in City-Kungsholmen, Hagastaden and Norrmalm
- Arena Huddinge – a forum for sharing knowledge and dialogue between Huddinge Municipality and the business community
- Samverkan i Huddinge – a forum for local security measures
- Accessy – the industry's initiative to create a standard for digital key management

**218<sup>4)</sup>** number of employees at year-end, of which

- 81 women and 137 men
- 213 permanent employees and 5 fixed-term contract employees
- 215 full-time employees and 3 part-time employees
- The proportion of employees with collective agreements was 100 per cent for the Parent Company. <sup>5)</sup>

<sup>4)</sup>Including SHH Bostad. Other employee statistics are taken from Faberge's salary or personnel system.

<sup>5)</sup>SHH Bostad will sign collective agreements in 2022.

### Sickness absence

Total sickness absence in relation to ordinary working hours, %	Women	Men	Total sickness absence
Age 0–29	2.15	1.69	1.84
Age 30–49	2.92	3.84	3.49
Age 50+	0.97	2.94	2.38
Total			2.94



# Task Force on Climate-related Financial Disclosures (TCFD)

During the year we continued with efforts to identify and evaluate climate-related risks and opportunities via an advanced risk analysis. This has enabled us to assess their impact on the company's strategy. We will continue to work on identifying and evaluating climate-related risks. Find out more about our scenario analysis on our website at [fabege.se/scenarioanalysis](https://fabege.se/scenarioanalysis).

The work was based on TCFD's recommendations regarding climate-related risks and opportunities. We have analysed the business to ensure that the company is well-equipped to cope with the climate-related challenges that are already evident, but also those risks that are likely to affect the business in the future. Managing climate change and the ongoing transition in line with the Paris Agreement also generates major opportunities for companies like us that are highly ambitious in terms of their sustainability work.

## Climate-related risks and opportunities

For a long time now, we have been working to reduce our carbon footprint and to future-proof properties and districts in response to changes in the climate, including rain, snow, wind and temperature variations. We are continuously identifying and managing climate-related risks and opportunities and their impact on operations, properties and districts. We have based the analysis on the risks and opportunities we have identified as being most significant for our future business. The results demonstrate that many of the risks we have identified are likely to be significant in the future, but that their financial impact will probably vary depending on the extent of the risk.

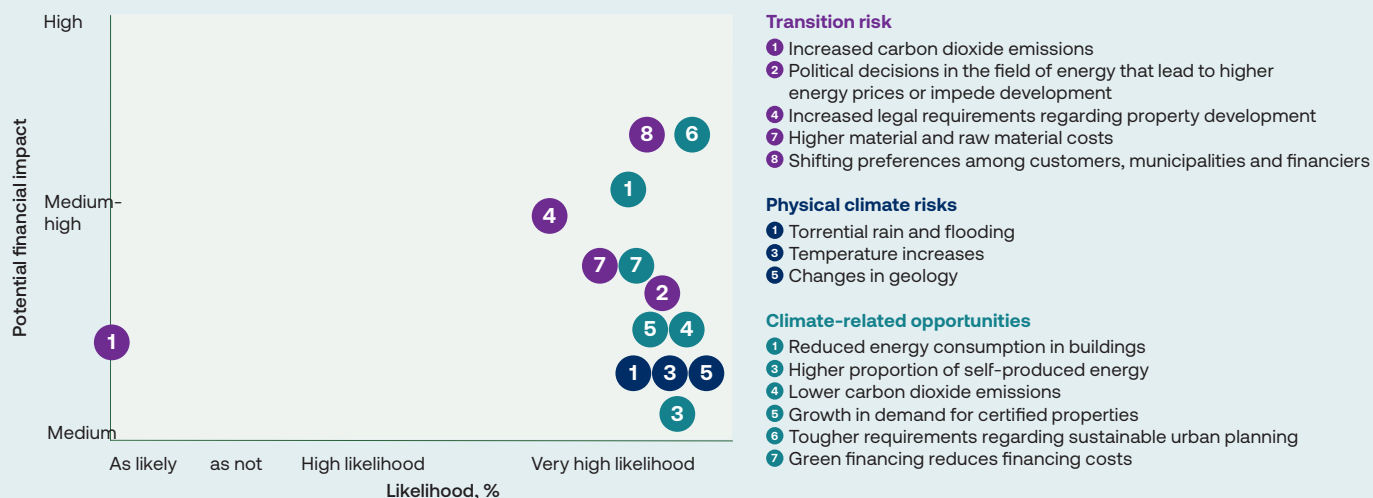
## Transition risk

In the medium and long term, we can see a strong likelihood of tougher legal requirements having a knock-on effect on companies in the form of more stringent requirements. Areas that may be subject to such requirements include measuring and reducing energy consumption and carbon dioxide emissions, both from the business and in the production phase for new properties. There is currently no price for carbon dioxide, but we expect that this is something that will be introduced in the near future. A higher carbon dioxide price would, for example, mean increased material costs, partly in the production of materials such as concrete, crushed stone and steel, and also when it comes to more sustainable materials such as timber products. In the latter case, the anticipated cost increase is linked to the fact that demand for these materials is likely to increase.

A clear risk we are currently seeing is that political measures are stopping property owners from launching large-scale production of self-produced energy. We can see a challenge in that continued political management and decisions in the field of energy may lead to higher energy prices. In some cases it could mean that the trend

Control <sup>1)</sup>	Strategy <sup>1)</sup>	Risk management <sup>1)</sup>	Indicators and targets <sup>1)</sup>
a) Board of Directors' overview of climate-related risks and opportunities  Pages 89–110, 116	a) Description of climate-related risks and opportunities that Fabege has identified  Pages 80, 130–131	a) Description of the process of identifying and assessing climate-related risks  Pages 74, 130–131	a) Indicators to measure and control climate-related risks and opportunities  Pages 50–52, 60–62, 64–65, 128
b) Role of management in assessing and managing climate-related risks and opportunities  Pages 116, 127	b) Description of how the business, strategy and financial planning have been impacted  Pages 48–53, 60–62, 80	b) Description of processes to manage climate-related risks  Pages 74, 80, 116–117, 130–131	b) Reporting of Scope 1, 2 and 3 according to Greenhouse Gas Protocol  Page 51
	c) Description of the organisation's strategic resilience and impact of various climate-related risks and opportunities  Pages 80, 130–131	c) Description of how the processes are integrated into the organisation's overall risk management  Pages 74, 116–117	c) Description of targets used to manage climate-related risks and opportunities and the outcome of these targets  Pages 50–52, 64–65, 128

<sup>1)</sup> Page references refer to the Annual & sustainability report 2021.



towards more sustainable energy consumption will slow down. We are working constantly to satisfy requirements and expectations from customers and other stakeholders. Demand for sustainable and certified buildings has grown over the course of several years. Environmental certification of our properties is an area we have been focusing on for a long time, and it's an area where we are endeavouring to raise our level of ambition. Municipalities that allocate land to us, and financiers that influence our economic circumstances are crucial for our business. Requirements and expectations in the area of sustainability are also increasing in these groups. The ongoing development of the EU's taxonomy system for sustainable activities is one of several examples of guidelines that subject our sustainability work to enhanced requirements. The system means that we need to raise the bar to meet our financiers' expectations and gain access to green financing.

### Physical climate risks

Changed weather patterns are already affecting our properties and districts. There are a number of challenges that arise as a result of a warmer climate and higher temperatures. In the future, the direct effects of rising temperatures are likely to be that the cost of cooling properties will be higher, although heating costs may decrease somewhat.

In the longer term there is a risk of groundwater levels falling, which may lead to more water shortages and temporary restrictions on drinking water in several locations across Sweden. Higher annual precipitation and more days of heavy rain or snowfall also mean large quantities of water collect more easily. This can in turn create a greater need to drain away surplus water, which can be difficult in areas where there are lots of hard surfaces. In buildings with basements on level ground there is also a risk of insufficient drainage capacity, which increases the risk of damage caused by damp.

Extended periods with no rain cause groundwater levels to fall. For open natural environments and ground prone to subsidence it can have a negative impact on bearing resistance and cause subsidence damage, particularly in structures with shallow foundations. Prolonged dry spells can also cause cracks to form near the surface of the ground, which can affect basic infrastructure such as cycle paths, parking areas and small roads. These cracks can be a direct result of the dry conditions, but can also be due to water in the ground being sucked up by plants and trees.

### Climate-related opportunities

Our entire business model and operations are adapted to harness opportunities arising out of the transition to a sustainable society. We regard our efforts to reduce energy usage and carbon emissions from operations as a way of future-proofing our properties, cutting costs and satisfying future legal requirements. This work also helps us continue to be an attractive company for all our stakeholders. Our long-term sustainability work includes the ambition to continually raise the percentage of self-produced energy, primarily from solar panels. The aim is to contribute to a greater proportion of renewable energy both within our operations and in society as a whole.

Environmentally certifying our properties and creating more sustainable buildings is an important strategic goal. Our aim in the short term is to meet customer demand. In the longer term we also want to be well prepared for new, tougher requirements that are likely to be introduced. By 2030, our property management (Scopes 1 and 2) will be carbon neutral, while Scope 3 emissions will be reduced by 50 per cent. Faberge has had its climate target approved by the Science Based Targets (SBT) initiative, thereby supporting the UN climate agreement. Our goal is to achieve climate neutral property management (Scopes 1 and 2) by 2030, and a 50 per cent reduction in Scope 3 emissions from the base year 2019. We see good opportunities to shift emissions from property management (Scopes 1 and 2), but it will be a challenge to cut emissions by half (Scope 3) in kg CO<sub>2</sub>/GFA compared with 2019 through life-cycle analysis of construction projects.

We are a relationship builder and enjoy a close partnership with municipalities in which we work together on urban development projects. We believe that good relationships do not just benefit us, but also society as a whole. All in all, we aim through our responsible approach in all areas of the business to be the natural choice for customers, employees and investors. We also hope our targeted sustainability work will inspire other companies and fuel the trend towards reducing climate impact going forward.



# About this report

This is our tenth Sustainability Report according to the GRI guidelines for voluntary reporting of sustainability information. We report on our sustainability work annually and the Sustainability Report is included as part of our 2021 Annual Report, which pertains to the 2021 financial year. The report has been prepared in accordance with GRI Standards, level Core. The preceding year's Annual Report, including the Sustainability Report, was published in March 2021. The information contained in the Sustainability Report has been subject to a limited review by Deloitte, see Assurance Report on page 137.

The content of the Sustainability Report has been selected on the basis of our most significant issues, given our operations and their impact relationship on the environment and society; see also section on stakeholder dialogue and materiality analysis on the following page. Our intention is for the sustainability section together with other information contained in the 2021 Annual Report to satisfy stakeholder information requirements, and to provide a comprehensive overview of our economic, environmental and social work and results. The information in the report pertains to the entire Faberge Group. However, associated companies fall outside the parameters for the report, as we have limited access to the relevant data. Influence is exercised through Board representation.

Our GRI index on pages 134–135 contains references to the disclosures that are compulsory for GRI Standards (GRI 102), as well as disclosures related to Faberge's material sustainability topics (GRI 200–400) and governance of these topics (GRI 103).

We follow the Precautionary Principle, which means that if we discover that there is a threat or risk of serious or irreversible environmental damage occurring, then lack of scientific evidence will not prevent us from taking cost-effective action.

This year, we are reporting the company's sustainability performance measures based on EPRA's (European Public Real Estate Association) latest recommendations: Best Practices Recommendations on Sustainability Reporting, sBPR, third version September 2017. Performance measures are reported for energy, greenhouse gas emissions, water, waste, environmentally certified buildings and corporate governance and social aspects.

## Calculation of GHG emissions

To be able to compare emissions of different gases, they are recalculated as carbon dioxide equivalents (CO<sub>2</sub>e). We use conversion factors from our suppliers to calculate the volume of emissions. The reported emissions total from the business includes a reduction in CO<sub>2</sub>e as a result of Guarantee of Origin (GO-labelled) electricity and GO-labelled renewable district heating and district cooling. We have opted for the 'financial approach' and market-based method. This is because, as owner, we control the property's energy performance and energy sources, while tenants can only influence consumption. Calculation of our carbon footprint (CO<sub>2</sub>e) is evolving all the time, via more elements and improved key performance indicators. To facilitate comparison, we have placed comparable figures alongside each other and new figures in separate categories.

We use actual consumption when calculating emissions according to the Greenhouse Gas Protocol; page 51 for table of emissions. Emissions factors for electricity this year include the direct emissions resulting from electricity production and emissions factors for district heating are reported without the effect of carbon offsetting. We instead report carbon offsetting as a negative emissions item separately from Scope 1 and Scope 2.

## Stakeholder engagement and materiality analysis

Our principal stakeholders are customers, employees, creditors, shareholders and analysts, suppliers and municipalities in which the company operates. We maintain a continual dialogue with all of these stakeholder groups. In 2020 we conducted new and extensive stakeholder engagement activities and a materiality analysis via a survey, workshop and comprehensive interviews. The survey was sent out to a total of around 400 individuals, and the response rate was just over 50 per cent. All stakeholder groups were represented. In the survey, we asked the respondents to rank from a stakeholder perspective how Faberge should prioritise and what direction the company should take in relation to the UN 2030 Agenda and the 17 Sustainable Development Goals (SDGs). There was also an option to write their own responses, and we asked what overall sustainability goals the stakeholders prioritised in their own businesses.

Following this, we arranged an internal workshop to adjust the seven previously prioritised SDGs and the company's own specific sustainability targets in line with stakeholders' expectations. Finally, we conducted comprehensive interviews with customers, the Board, financiers and municipalities. We did this in order to understand nuances and identify synergies between the 17 SDGs. The results of the dialogues and the subsequent analysis reveal that the following SDGs are the most significant for us:

- Goal 3: Good Health and Wellbeing
- Goal 7: Affordable and Clean Energy
- Goal 9: Sustainable Industry, Innovation and Infrastructure
- Goal 10: Reduced Inequalities
- Goal 11: Sustainable Cities and Communities
- Goal 12: Responsible consumption and production.

The materiality analysis has also been used to develop our sustainability reporting and ensure we report on those areas that are most relevant to our stakeholders. As a result of the materiality analysis, we have added a further four GRI standards and disclosures:

- GRI 203-1: Infrastructure investments and services supported
- GRI 403-9: Occupational health and safety
- GRI 201-1: Direct economic value generated and distributed
- GRI 207-4: Tax information

The most significant sustainability goals are reflected in our work within the subareas districts, property, customers, employees, suppliers, finance and business ethics.

## Our stakeholders and impact

Area	Dialogue format	Impact on stakeholders	Impact on sustainable development
<b>Customers</b>	<ul style="list-style-type: none"> <li>Sustainability network together with companies in Arenastaden and Stockholm inner city</li> <li>Travel habits survey of around 22,000 employees whose workplaces are in Arenastaden</li> <li>Regular customer dialogue</li> <li>Customer satisfaction surveys</li> <li>Newsletters</li> <li>Cooperation on green leases</li> </ul>	<ul style="list-style-type: none"> <li>Facilitating sustainable mobility and offering low-carbon logistics services in the districts</li> <li>Design of premises via choice of materials, renewable electricity, flexibility, energy efficiency improvements and sorting waste for recycling (Examples of commitments included in green leases)</li> <li>Creating attractive, secure and safe public spaces with services, convenience stores and experience-based meeting places</li> <li>Increasing the green space factor for public areas by creating parks, squares and thoroughfares that provide ecosystem services and pleasant environments</li> </ul>	<ul style="list-style-type: none"> <li>Health and environmentally certified premises, buildings and districts that offer customers good opportunities to make sustainable choices</li> <li>Continued development of public transport and services to reduce carbon footprint</li> <li>Contributing to a sustainable lifestyle</li> <li>Involvement in learning and participation in sustainable urban development</li> <li>Developing zero-energy buildings</li> <li>Reduced energy consumption and renewable energy</li> <li>Strengthening capacity for low-carbon adjustments, boosting biodiversity, public health and quality of life, and helping create an attractive district</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Performance reviews</li> <li>Performance reviews</li> <li>Human resources surveys</li> <li>Café Faberge (meeting forum)</li> <li>Conferences</li> </ul>	<ul style="list-style-type: none"> <li>Facilitating work-life balance</li> <li>Code of Conduct</li> <li>Great Place To Work</li> <li>Our core values, SPEAK</li> <li>Skills development</li> <li>Fitness promotion</li> <li>Terms of employment</li> <li>Human rights</li> </ul>	<ul style="list-style-type: none"> <li>Healthy and committed employees</li> <li>Skills development helps employees progress within the company. It also strengthens their position in the labour market in general</li> <li>Ensuring equal rights for all regardless of gender, ethnicity, religion, disability, age and other factors</li> <li>Combating discrimination</li> <li>Involvement in learning and participation in sustainable urban development</li> </ul>
<b>Shareholders and analysts</b>	<ul style="list-style-type: none"> <li>Annual report</li> <li>Quarterly reports</li> <li>Capital market days</li> <li>Roadshows and one-to-one meetings</li> <li>Audit Committee and Board of Directors reporting</li> </ul>	<ul style="list-style-type: none"> <li>Initiated discussions with analysts about value-adding sustainability work</li> <li>Prioritised SDGs based on materiality analysis</li> <li>The Board's rules of procedure include regular monitoring of sustainability issues</li> </ul>	<ul style="list-style-type: none"> <li>Transparency promotes long-term sustainable investment</li> <li>Reporting of climate-related risks and opportunities speeds up the transition to a low-carbon society</li> </ul>
<b>Creditors</b>	<ul style="list-style-type: none"> <li>Cooperation with creditors and bond investors on sustainability reporting</li> <li>Presentations, quarterly reports, annual report, web</li> <li>Meetings, property viewings and seminars</li> <li>Capital market days</li> </ul>	<ul style="list-style-type: none"> <li>Participated in the development of banks' green loan products and new sustainable products on the capital market</li> <li>Continuous sustainability discussions with financiers</li> </ul>	<ul style="list-style-type: none"> <li>Can speed up the transition to a more sustainable economy</li> <li>Increasing the proportion of sustainable investments that reduce climate risk in assets</li> <li>Disseminating sustainability knowledge</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Centralised procurement/framework agreements subjecting suppliers to demands for complying with our Code of Conduct</li> <li>Meetings with strategic suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Demands for impeccable business ethics and Code of Conduct</li> <li>Continuous quality measurements of suppliers</li> <li>Far-reaching requirements regarding areas such as energy efficiency, resource management and choice of materials</li> <li>Must follow health and environmental certification systems</li> </ul>	<ul style="list-style-type: none"> <li>Ensure labour law is complied with in areas such as salaries and overtime</li> <li>Combat inadequate business ethics and corruption</li> <li>Prevent child labour and forced labour</li> <li>Guarantee fire safety and work environment</li> <li>Combat negative impact on environment in local community resulting from emissions of hazardous substances to water, air and/or soil</li> </ul>
<b>Society</b>	<ul style="list-style-type: none"> <li>Regular meetings with municipality and agencies</li> <li>Collaborative meetings together with networks of companies (BELOK, SGBC, Swedish Property Federation, Byggherreforum, etc.)</li> <li>Cooperation agreements with non-profit organisations</li> <li>BID Flemingsberg</li> <li>Arena Huddinge</li> <li>Urban Challenge</li> </ul>	<ul style="list-style-type: none"> <li>Via planning process, property management and development work to achieve sustainable property and urban development</li> <li>Street Gallery, homework club and Changers hub aimed at young people</li> <li>Increased safety in public transport</li> <li>More pupils gaining qualifications for upper secondary school</li> <li>Decision to contribute SEK 180m to finance expansion of underground rail service to Arenastaden</li> </ul>	<ul style="list-style-type: none"> <li>Contributing towards keeping global warming under two degrees</li> <li>Creating experience-based, vibrant neighbourhood environments with a mix of offices, residential units, services, culture, meeting places and nature areas</li> <li>Working for sustainable mobility via infrastructure for electric vehicles, cooperating with public transport and improving conditions for cyclists</li> <li>Creating the conditions for a safe and secure living environment</li> </ul>



# GRI index

## General disclosures

GRI STANDARDS/AREAS	DISCLOSURE	DESCRIPTION	REFERENCE <sup>1)</sup>	COMMENTS/OMISSIONS
<b>Organisational profile</b>				
GRI 102: General disclosures (2016)	102-1	Name of the organisation	69	
	102-2	Activities, brands, products and services	69	
	102-3	Location of headquarters	92	
	102-4	Location of operations	69	
	102-5	Ownership and legal form	69, 151	
	102-6	Markets served	69, 139	
	102-7	Scale of the organisation	3, 86–87	
	102-8	Information on employees and other workers	129	
	102-9	Supply chain	58–59	
	102-10	Changes in reporting	132	
	102-11	Precautionary principle or approach	132	
	102-12	Membership of sustainability initiatives	48, 49, 111	
	102-13	Involvement in organisations	129	
<b>Strategy</b>				
	102-14	Statement from senior decision-maker	6–8	
<b>Ethics and integrity</b>				
	102-16	The company's values, principles, standards and norms for conduct	54–57, 81–82, 111	
<b>Control</b>				
	102-18	Statement of corporate governance	108–110, 127	
<b>Stakeholder engagement</b>				
	102-40	Stakeholder groups engaged in the company	132–133	
	102-41	Percentage of employees covered by collective bargaining agreements	129	All employees are covered by a collective bargaining agreement. Faberge is a member of the employer organisation Almega.
	102-42	Identifying and selecting stakeholders	132	
	102-43	Approach to stakeholder engagement	132–133	
	102-44	Key areas highlighted via communication with stakeholders	132–133	
<b>Reporting practice</b>				
	102-45	Entities included in the consolidated financial statements	107, 132	
	102-46	Defining report content and topic boundaries	132	
	102-47	List of material topics	132	
	102-48	Restatements of information	132	
	102-49	Significant changes that have been made since the previous reporting period with regard to boundaries and scope	132	
	102-50	Reporting period		2021 calendar year
	102-51	Date of most recent report		2020 Sustainability Report, published March 2021
	102-52	Reporting cycle		Calendar year
	102-53	Contact point for questions regarding the report	155	
	102-54	Claims of reporting in accordance with the GRI Standards	132	
	102-55	GRI index	134–136	
	102-56	External assurance	137	

<sup>1)</sup> Page references refer to the Annual & sustainability report 2021.

GRI STANDARDS/AREAS	DISCLOSURE	DESCRIPTION	REFERENCE <sup>1)</sup>	COMMENTS/OMISSIONS
<b>City districts</b>				
<i>Boundary: Relevant externally as our operations and participation in urban development projects can contribute to smart infrastructure and attractive, safe environments.</i>				
<b>Indirect economic impacts</b>				
GRI 103: Management approach (2016)	103-1, 103-2, 103-3	Management approach	47, 48, 127, 135	
GRI 203: Indirect economic impacts (2016)	203-1	Infrastructure investments and services supported	48-49, 133	
<b>Properties</b>				
<b>Energy</b>				
<i>Boundary: Material internally and externally through the carbon dioxide emissions produced by energy consumption.</i>				
GRI 103: Management approach (2016)	103-1, 103-2, 103-3	Management approach	50-51, 116-117, 127-129, 135	
GRI 302: Energy (2016)	302-1	Energy consumption within the organisation	51, 128	
	302-3	Energy intensity (use per sqm)	128	
<b>Emissions</b>				
<i>Boundary: Relevant internally and externally through the carbon dioxide emissions produced by energy consumption.</i>				
GRI 103: Management approach (2016)	103-1, 103-2, 103-3	Management approach	116-117, 127-128, 135	
GRI: 305 Emissions (2016)	305-1	Direct (Scope 1) GHG emissions	15, 51, 128	
	305-2	Energy indirect (Scope 2) GHG emissions	15, 51, 128	
	305-3	Energy indirect (Scope 3) GHG emissions	15, 51, 128	
	305-4	GHG emissions intensity (per sqm)	128	
<b>Waste</b>				
<i>Boundary: Relevant internally through the waste generated at our own offices. Relevant externally through the waste generated by our tenants.</i>				
GRI 103: Management approach (2016)	103-1, 103-2, 103-3	Management approach	64, 127, 128, 135	
GRI 306: Management approach for Waste (2020)	306-1	Waste generation and significant waste-related impacts	52	
	306-2	Management of significant waste-related impacts	52	
GRI: 306 Waste (2020)	306-3	Waste generated	128	Waste is reported at the property level and here refers to Fabege's own waste and waste generated by tenants.
<b>Employees</b>				
<i>Boundary: Relevant internally in that we offer our employees a stimulating, safe and healthy working environment, and relevant externally in that this makes us an attractive employer for potential employees.</i>				
<b>Employment</b>				
GRI 103: Management approach (2016)	103-1, 103-2, 103-3	Management approach	54-57, 111, 116-117, 127, 135	
GRI 401: Employment (2016)	401-1	New employee hires and employee turnover	98, 128	We do not report fully in accordance with GRI standards. Only a proportion of total number of employees is reported.
<b>Occupational health and safety</b>				
GRI 103: Management approach (2016)	103-1, 103-2, 103-3	Management approach	54-57, 111, 116-117, 127, 135	
GRI 403: Occupational health and safety (2018)	403-1	Occupational health and safety management system	54-59	
	403-2	Hazard identification, risk assessment and incident investigation	54-59	
	403-3	Occupational health services	54-59	
	403-4	Worker participation, consultation and communication on occupational health and safety	54-59	
	403-5	Worker training on occupational health and safety	54-59	
	403-6	Promotion of worker health	54-59	
	403-7	Prevention and mitigation of occupational health and safety impacts	54-59	
GRI 403: Occupational health and safety (2018)	403-9	Work-related injuries	59, 129	

1) Page references refer to the Annual &amp; sustainability report 2021.



GRI STANDARDS/AREAS	DISCLOSURE	DESCRIPTION	REFERENCE <sup>1)</sup>	COMMENTS/OMISSIONS
<b>Employees, cont.</b>				
<b>Training and education</b>				
GRI 103: Management approach (2016)	103-1, 103-2, 103-3	Management approach	54, 111, 116–117, 127, 136	
GRI 404 Training and education (2016)	404-3	Percentage of employees receiving regular performance and career development reviews	56	We do not report in full according to GRI standards. Only a proportion of total number of employees is reported.
<b>Diversity and equal opportunity</b>				
GRI 103: Management approach (2016)	103-1, 103-2, 103-3	Management approach	57, 111, 116–117, 127, 136	
GRI 405 Diversity and equal opportunity (2016)	405-1	Diversity of governance bodies and employees	98, 129	
<b>Non-discrimination</b>				
GRI 103: Management approach (2016)	103-1, 103-2, 103-3	Management approach	57, 111, 116–117, 127, 136	
GRI 406 Non-discrimination (2016)	406-1	Incidents of discrimination and corrective actions taken	111	
<b>Supply chain</b>				
<i>Boundary: Relevant externally as we impose stringent requirements on our suppliers, and internally as this work generates awareness and pride among employees.</i>				
<b>Supplier social assessment</b>				
GRI 103: Management approach (2016)	103-1, 103-2, 103-3	Management approach	58–59, 81–82, 127, 136	
GRI 414 Supplier social assessment (2016)	414-1	New suppliers that were screened using social criteria	58	
GRI 308 Supplier environmental assessment (2016)	308-1	New suppliers that were screened using environmental criteria	58	
<b>Financing</b>				
<i>Boundary: Relevant internally and externally as our business is dependent on financially healthy long-term earnings and solid financing that contributes to sustainable development.</i>				
<b>Green financing</b>				
GRI 103: Management approach (2016)	103-1, 103-2, 103-3	Management approach	60, 65, 72–73, 127, 136	
	Company-specific	Proportion of green financing	61, 65, 72	
<b>Customers</b>				
<i>Boundary: Relevant internally and externally as good customer relations affect both retention rate and new lettings.</i>				
<b>Certified properties</b>				
GRI 103: Management approach (2016)	103-1, 103-2, 103-3	Management approach	116–117, 127, 136	
	Company-specific	Percentage certified properties	52, 128	
<b>Business ethics and morals</b>				
<i>Boundary: Relevant internally and externally as our Code of Conduct and tax management affects employees, business partners and society in general.</i>				
<b>Anti-corruption</b>				
GRI 103: Management approach (2016)	103-1, 103-2, 103-3	Management approach	63, 81–82, 111, 116–117, 127, 136	
GRI 205 Anti-corruption (2016)	205-3	Confirmed incidents of corruption and actions taken	63	
<b>Tax</b>				
GRI 103 Management approach (2019)	103-1, 103-2, 103-3	Management approach	63, 116–117, 127, 136	
GRI 207 Sustainability governance for Tax (2019)	207-1	Approach to tax	63, 112–114, 116–117	
	207-2	Tax governance, control and risk management	63, 81, 116–117	
	207-3	Stakeholder engagement and management concerns related to tax	63, 71, 81, 132	
GRI 207 Tax (2019)	207-4	Tax information	69, 71, 81, 86, 87, 92, 101	

1) Page references refer to the Annual &amp; sustainability report 2021.



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