



We turn vision into reality


2020 Sustainability report

Fabege 


Sustainability report

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**“Sustainability isn’t
a buzzword – it’s a
hygiene factor”**





“We at Faberge consider sustainability to be of the utmost importance and a natural point of focus in all areas of our business.”

Stefan Dahlbo
President and CEO



These days, sustainability isn't a buzzword – it's a hygiene factor. Companies that fail to work actively with sustainability issues will be less profitable and find it increasingly difficult to attract not only capable employees, but also investors. We at Faberge consider sustainability to be of the utmost importance and a natural point of focus in all areas of our business. Mia Häggström, our Sustainability Manager, reports directly to the Group management and to the Board of Directors at least once a year. She also holds strategic responsibility for our city district sustainability programme.

Fully environmentally certified

Faberge is committed to helping achieve the emissions targets set out in the Paris Agreement by establishing clear targets and carefully considering our priorities. We are therefore

working actively with our properties as regards everything from digitalisation and health, to certification and materials.

I am proud to note that we were the first property company to qualify for the Global Challenges sustainability index, as all our investment properties are environmentally certified according to the BREEAM In-Use standard, and that all new builds are certified in accordance with BREEAM-SE. Moreover, 96 per cent of newly signed leases were green in 2020, representing fully 73 per cent of our total space.

Global leader in sustainability 2020

During the past year, GRESB named us a leader in sustainability 2020 in the office sector, topping the list among listed property companies worldwide. Moreover, we achieved another key milestone towards the end of the year when we

We are to contribute to achieving the emissions targets

converted the final five per cent of our loan agreements into green agreements. Fabège's entire capital market financing – both bonds and commercial paper – is already green, and we are now the first Swedish property company with completely green financing. We use green financing to establish sustainable buildings and environments, as well as a long-term healthy and pleasant city for everyone who spends time here.

Social sustainability increasingly important

In our opinion, it is important to contribute to enhancing both well-being and peace of mind in our local areas. We therefore work closely with other property owners, local authorities and associations, as well as with the business community and schools, to make our neighbourhoods even more attractive. We have launched an in-house project entitled "*Life between the buildings*" in order to place additional focus on enhanced well-being and security in our street environments. Over the past year, in partnership with Generation Pep, we officially opened the second Pep Park in Arenastaden, while in Solna Business Park, we have established the Street Gallery concept, which takes the form of an art exhibition in a street setting. These are just two of the many initiatives we have implemented in order to establish a more inviting and safer environment in our local area – and more are already in the pipeline.

In 2020, the SEB office in Arenastaden was named the healthiest workplace in Europe

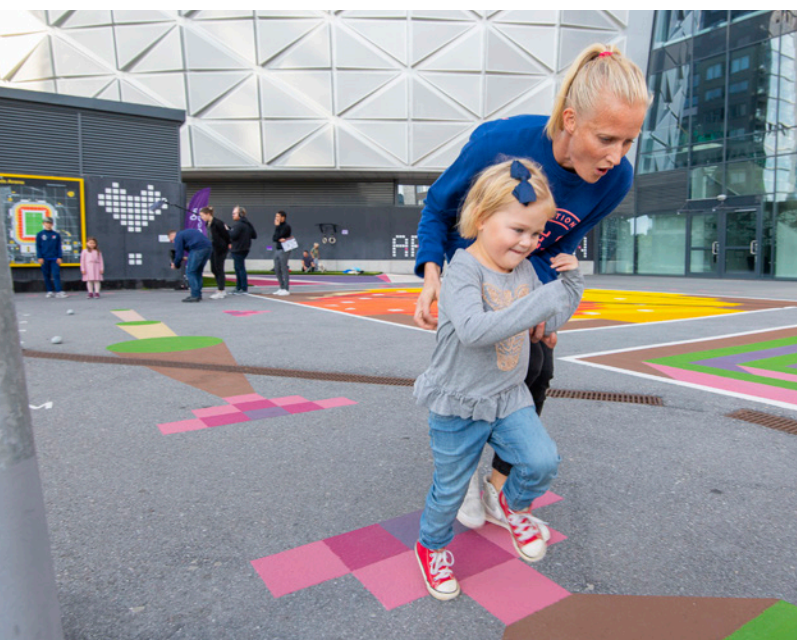
according to the Fitwel health certification programme, where it was the first workplace in Europe to be awarded three stars.

Climate neutral management by 2030

As a major property owner in Stockholm, we both can and do take significant responsibility for entire areas, contributing to making Stockholm a climate-friendlier city. We have achieved excellent results in 2020, but have no intention of resting on our laurels. Our goal is to have established completely climate neutral management by 2030, and to have halved the indirect emissions in our project development. It is an ambitious goal that is sure to demand new innovations along the way. We are also committed to making our local areas even safer and more attractive.

Our work has only just begun. So it is no surprise that I feel proud to be CEO of Fabège.

Stefan Dahlbo, CEO





“Faberge’s goal is at all times to be an effective partner for our customers, to listen and develop together.”

Mia Häggström
Sustainability Manager, Faberge



The pandemic has affected all areas of society over the past year. A year that began with much promise soon came to demand significant adjustments of us all, both on a personal level and regarding society as a whole. For us here at Faberge, too, 2020 has naturally been dominated by the pandemic and its consequences. Faberge’s goal is at all times to be an effective partner for our customers, to listen and develop together – an ambition that is even more important today, although remotely for the moment.

More efficient and sustainable management

At Faberge, we are not satisfied with developing sustainable city districts and properties; we are keen to contribute to making Stockholm a truly sustainable city. Environmental certifications, more efficient use of energy and renewable sources of energy constitute a natural element of Faberge’s day-to-day operations. Staying at the cutting edge of technology and maintaining natural inquisitiveness with regard to the digital transformation are aims that will remain extremely important to us. Through using new

technology in the right way, we can increase productivity and profitability for both our customers and ourselves. Digitalisation also makes it easier for us to adapt premises to customers’ changing requirements and to generate value over time. Moreover, the digital trend provides ample opportunity to streamline management and make it more sustainable.


Challenging goals for 2030

Expectations and hopes for 2021 are high. One overarching goal we are working towards is to achieve climate neutral management by 2030 (Scopes 1 and 2). Another is to halve the indirect emissions (Scope 3) in our project development. Achieving these goals will demand innovation and thinking in new directions, as well as shared input to establish well-balanced properties and habits that meet environmental requirements and promote people’s long-term needs – which is the focus of our work every day.

Mia Häggström, Sustainability Manager

We aim to contribute to a sustainable Stockholm





Our ambition does not stop at developing sustainable city districts, properties and premises. We aim to contribute to a sustainable Stockholm. We work with a holistic perspective to strengthen our districts as experience-based meeting places, where convenience and comfort are the primary focus. We now need new ways of satisfying increasing demand for quality of life with the minimum carbon footprint.

Viable cities and communities

We know what is needed in order to implement a successful urban development project, and we have the right conditions in which to do so. Our sustainability strategy is an integral part of our business concept, business model and corporate culture.

Our concept isn't primarily about constructing buildings. It's about creating the conditions to help people and companies thrive. Fabege's economic, environmental and social responsibility is based on the UN's Sustainable Development Goals and the Paris Agreement. Each day our organisation, in ways large and small, helps ensure that the Stockholm region becomes a more sustainable place.

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 work actively to build a sustainable urban environment that satisfies the needs of today without compromising the ability of future generations to meet their own needs. 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.

UN agenda

The 2030 Agenda 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 eradicated poverty and hunger, made human rights for everyone a reality, achieved gender equality and established lasting protection for our planet and our natural resources. The business sector has an important role to play here, and rapidly growing awareness that a transition in the use of resources is essential imposes tough requirements on the construction and property sector.

That's why Fabege spent the past year seriously getting to grips with its work on the SDGs. We have identified strong synergies between the goals. So we have focused heavily on those areas that present the most significant challenges for our business, namely goals **3, 7, 9, 10, 11** and **12**.

Our ambitious sustainability work has resulted in many of the SDGs now becoming hygiene factors for our business. This applies in particular to, for example, gender equality, Goal 5. These issues have 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. So we are well aware that we need to work hard and remain focused on those areas where we have the greatest opportunities to contribute towards sustainable development.

How to achieve the sustainable city

The fact that we are a major property owner in our submarkets means we are able to take significant responsibility for whole areas and contribute towards making Stockholm a more climate-friendly location. At the same time we want to help increase enjoyment of, and safety in the street environment, particularly by adding interesting and unexpected elements to our everyday lives that create life between the buildings. We use green financing to create sustainable buildings, environments and a long-term healthy and pleasant city for those who spend time here. We adopt an active role and consider the entire area. All the time.

Examples of Fabege's targets

City districts

- Sustainability programme for each district project
- Facilitate physical activity for healthy lifestyle

Find out more on pages 14–15.



Properties

- Carbon neutral property management (Scopes 1 & 2) and cutting indirect emissions by half (Scope 3) by 2030
- Certified 100% according to BREEAM In-Use Very Good or BREEAM-SE Excellent

Find out more on pages 16–19.



Employees

- Confidence rating of over 85%
 - Low sickness absence
- Find out more on pages 22–25.



Activities in 2020

- Arenastaden certified by Citylab – assessment of district from a sustainability perspective
- Opening of Street Gallery Pep Park; a street-based art exhibition in Solna Business Park

Find out more on pages 14–15.

- Established Science Based Targets
- Two properties were certified to BREEAM In-Use standard, Excellent

Find out more on page 18.

- Individual career development plan
- Equipment for home office
- Health and fitness programmes
- Active communication plan

Find out more on pages 22–24.



Supplier chain

- Screening of all strategic suppliers

Find out more on pages 26–28.



- Comprehensive review of 18 strategic suppliers

Find out more on pages 13, 26–28.

Financing

- 100% Green funding by 2020

Find out more on pages 30–31.



- Increased proportion of green funding to 100%
- Examined significance of new Taxonomy Classification System and EU standard for green bonds

Find out more on pages 30–31.

Customers

- 100% green leases
- CSI rating of at least 80

Find out more on pages 13, 32.



- Customer meetings about green leases
- Follow-up and evaluation of customer surveys

Find out more on page 32.

Business ethics and moral approach

- Annual training in Faberge's Code of Conduct.
- All framework agreement suppliers to sign Faberge's Code of Conduct for suppliers

Find out more on pages 13, 33.



- Regular information and training for employees to enable breaches of Code of Conduct to be identified

Find out more on page 33.

Sustainability targets

City districts	Outcome 2020	Outcome 2019	Short-term goal	Long-term goal
Proportion of renewable energy, %	96 ¹⁾	91 ¹⁾	100	100 per cent energy from renewable sources.

Properties	Outcome 2020	Outcome 2019	Short-term goal	Long-term goal
Energy performance, total energy, kWh/sqm Atemp	74	81	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.	0.56	0.36		Energy produced from solar panels 2.5 kWh/sqm Atemp by 2030.
Recycling of waste	53	49		90 per cent recycling.
Water consumption, litres/sqm Atemp	318	402		Reduce water consumption per sqm/Atemp.
Environmental certification, number of investment properties	59 ²⁾	59 ²⁾		
Environmental certification of new builds, proportion of total lettable area, %	100	100		100 percent of new builds, to BREEAM-SE standard with ambition Excellent level.
Environmental certification existing portfolio, proportion of total lettable area, % ³⁾	100	100		All investment properties (excluding future development properties) are to be environmentally certified to BREEAM In-Use standard with ambition Very Good level.
Proportion of electric or hybrid cars – service vehicles and company cars, %	96	73	100	100 per cent.
Carbon dioxide emissions, tonnes				Carbon neutral property management (Scopes 1 and 2) by 2030. Indirect emissions (Scope 3) to be halved by 2030.
Scope 1	22	22		
Scope 2	1,416	1,933		
Scope 3	4,108	561		
Total	5,546	2,516		
Carbon offset by district heating supplier	-1,254	-1,726		
Net emissions after carbon offset	4,292	790		

Employees	Outcome 2020	Outcome 2019	Short-term goal	Long-term goal
Satisfied employees, confidence rating, %	79	74	>80	Confidence rating will exceed 85 per cent by 2023.
Recommend Fabège as an employer, %	93	87	90	More than 90 per cent of employees who recommend Fabège as an employer.
Low sickness absence, %	2.4	2.9	< 3	Maintain low level of sickness absence, aided by regular medical check-ups and continued health and fitness programmes.
Gender equal management, % women	33	33		Aim is to achieve an even gender balance.
Gender equal managers, % women	39	45		Aim is to achieve an even gender balance.
Gender equal employees, % women	37	35		Aim is to achieve an even gender balance.

¹⁾ Our supplier has been unable to supply 100 per cent renewable energy. Other energy has been carbon offset.

²⁾ Approximately 5 per cent are registered ongoing certifications.

³⁾ Three properties are in the process of certification.

Supplier chain	Outcome 2020	Outcome 2019	Short-term goal	Long-term goal
Screening of strategic suppliers, %	100	98	100	All strategic partners will be sustainability-inspected and approved (corresponds to approx. 75 per cent of total purchasing volume).
Financing	Outcome 2020	Outcome 2019	Short-term goal	Long-term goal
Green financing, %	100	84	100	100 per cent green financing.
Customers	Outcome 2020	Outcome 2019	Short-term goal	Long-term goal
Customer Satisfaction Index	n/a	n/a	80	CSI rating shall be 80. The survey is carried out every three years, most recently in 2017 with a rating of 78. A new CSI survey will be carried out in 2021.
Green leases ¹⁾ , proportion of newly-signed lettable area, %	96	94	100	Green leases will account for 100 per cent of newly-signed lettable area.
Green leases, proportion of total lettable area, %	73	75	100	Green leases will account for 100 per cent of total lettable area.
Business ethics and moral approach	Outcome 2020	Outcome 2019	Short-term goal	Long-term goal
Annual training in Faberge's Code of Conduct	✓	✓		Keeping the dialogue on ethical issues alive throughout the company via activities and forums.

¹⁾ Lettable area above ground, excluding housing units.



Our view of sustainable urban development:

The whole company, the whole person, the whole location. All the time.

Fabege has considerable opportunities to contribute to sustainable urban development. We work with clear goals to make improvements to the city for all its inhabitants.

Fabege will, can and shall be a driving force in the development of a sustainable city. Our geographically concentrated property portfolio means we have good opportunities to influence entire districts. Long-term planning and effective relationships with customers, municipalities and entrepreneurs enable us to take an active role in developing the city.

An inclusive city

A thriving, growing district needs to be varied and offer something for everyone who lives in, works in or visits the area. It should be attractive, accessible and a pleasant place to be. As an urban developer, we focus on everything from the vibrancy of a place, with its restaurants and services, to making sure it feels safe to move around. It should also be easy to opt for sustainable travel alternatives. 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

Health in the sustainable city

Fabege is keen to help create the best conditions for everyone who spends time in our districts to live healthy lives. So we design our districts to encourage increased activity and movement, for example by promoting cycling and planning pedestrians routes. These initiatives help improve public health and create a more appealing neighbourhood with less traffic. The pandemic has also put the spotlight on mental health, which has become an increasingly prioritised area for Fabege.

We are living in a society and at a time characterised by greater polarisation and growing inequality. 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 offers opportunities to meet new people while also encouraging spontaneous movement in an everyday setting. These activity parks are designed for all ages and have been developed as part of a collaboration between Fabege, Generation Pep and the City of Solna. Our second Pep Park opened during the year, this time in Arenastaden.

Cultural life between buildings

Our tenants are looking for interesting experiences and variation with unusual features in their districts. Our latest initiative, 'Life between buildings', aims to inject some character into the street life in our areas via public art and culture. Varied and unexpected features in our districts will be created by both established artists and local school students. 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 also home to a mural by artist Elina Metso, as well as works by secondary school students from the local Ulriksdal School.

Innovation in the smart city

One important aspect of our sustainability work involves using innovative solutions to introduce improvements and make life easier, primarily for our customers spending time in our districts. Using connected buildings technology means we are able to reduce energy consumption in our properties. It also enables us to control them more efficiently and adapt to people's needs. This helps us ensure customers' health and wellbeing in our premises and properties. Digital solutions also help us improve physical security in our areas, partly via greater control of entrances and exits to buildings, and on construction sites. During the year we set up our own emergency management centre as part of efforts to improve security at our locations. The emergency centre in Arenastaden is manned around-the-clock and can swiftly respond to reports relating to operational disturbances, break-ins or fire throughout our entire property portfolio. We have also introduced CCTV at certain exposed locations, such as parking areas.

Sustainable travel

In order to achieve the 1.5 degree target adopted by the Paris climate change conference in 2015, society needs to halve greenhouse gas emissions every ten years, requiring a reduction in emissions of at least seven per cent per year. The property industry has considerable potential to influence travel between work and the home. We are therefore keen to be on board and leading the trend towards more sustainable travel alternatives in our districts.



Project CERO

To reduce the carbon footprint from travel to and from our properties we have launched a partnership with senior lecturer Markus Robèrt, who developed the CERO process tool. Many of the major companies that have moved to our districts have also chosen to work with CERO. An extensive travel habits survey that has been carried out with employees in Arenastaden reveals that 52 per cent travel to and from their workplaces using public transport, and that a further 20 per cent cycle or walk. This is the highest measured value for sustainable travel in the ten districts that have so far been analysed by CERO. We are working with companies in Arenastaden and the municipality, SL (Stockholm Public Transport) and MTR, which runs the metro and commuter trains in Stockholm, on a plan of action to further increase the proportion of sustainable travel. Some of the measures planned include improved cycle paths, more public transport connections, flexible working alternatives and an extended range of pooling services for cars, electric mopeds and electric bikes, as well as the continued roll-out of charging points for electric vehicles.

Transport in the districts

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. Fabege's entire fleet of service vehicles is made up of electric cars.

In Arenastaden we are taking part via our co-owned company Urban Services in the Last Mile Logistics project, along with Ragn-Sells, Catena and Servistik. The project aims 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 hauliers 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.

Governance

The Sustainability Manager, who reports to the Executive Management Team, has strategic responsibility for the districts' sustainability programmes. Operative responsibility lies with business development and the property developers. Fabege uses the Citylab Action programme to develop sustainability programmes for its districts. Citylab Action's chief purpose is to support urban development projects in formulating sustainability goals, and to ensure these are realised in the urban construction process. In order to quality assure our urban development projects we work with the environmental certification system BREEAM, which covers buildings as well as their social and environmental impact on the surrounding area. 82 per cent of our total lettable area was environmentally certified by the end of 2020.



From planning to letting:

Fabège takes responsibility throughout the process

Traditional urban development includes municipalities, construction firms and property companies that each play their part in the process. At Fabège we endeavour to get involved much earlier on in the planning process. We take responsibility throughout the entire process and set the bar high, together with municipalities. Via partnerships with municipalities and construction firms, we ensure that our shared visions become a reality.

Urban planning
MUNICIPALITY/FABEGE

Construction process
FABEGE/CONSTRUCTION FIRM

Property Management
FABEGE



Future-proof properties

Fabege is keen to play its part in helping achieve the emissions targets set out in the Paris Agreement, and we plan to do this by establishing clear targets and carefully considering our priorities. We have seen that reduced energy consumption and carbon footprint can be achieved via long-term initiatives in our day-to-day operations. So we are working actively with our properties with regard to everything from digitalisation and health, to certification and materials.

Our ultimate goal is for our property management to be carbon neutral by the year 2030 (Scopes 1 and 2). Achieving this goal will require meticulous work to create well balanced properties that meet environmental requirements and promote people's long-term needs. Fabege works systematically and purposefully to reduce its negative impact on the environment and climate throughout the entire life cycle of our buildings, from the planning, project design and construction phase, via property management, renovation and demolition.

To support the company's desire to adjust operations to help achieve the 1.5-degree target according to the Paris Agreement, last year Fabege linked up with the Science Based Targets Initiative (SBTi). The initiative is a collaboration between the Carbon Disclosure Project (CDP), the UN Global Compact (UNGC), the World Resource Initiative (WRI) and the World Wide Fund for Nature (WWF). The initiative supports companies all over the world in setting climate targets that are in line with the Paris Agreement. It also makes it easier for businesses to measure their carbon footprint in relation to the global carbon dioxide budget instead of an arbitrary reduction. During the year, within the framework of the initiative, we have agreed on a climate target based on SBTi's guidelines. We have directed our focus on opportunities to measure and reduce our indirect carbon dioxide emissions, or Scope 3 emissions, arising at various stages of the building production process. The target has been approved by SBTi.

We understand that we have a huge task ahead of us and the industry as a whole, but at the same time we regard the transition towards a long-term, sustainable and profitable business sector as a major opportunity. According to climate research, the 1.5-degree target is essential in order to mitigate the worst effects of climate change. According to the Swedish Environmental Protection Agency, homes and premises also account for just over a third of Sweden's total energy consumption. It is for this reason that reducing our climate impact and energy usage are two of our most important overriding sustainability issues.

New insights take us in the right direction

During the year we engaged with our stakeholders and conducted a materiality analysis in order to gain a better understanding of the sustainability goals that our stakeholder groups feel are the most significant for the development of our business going forward. We were also supported by the Stockholm Environment Institute (SEI) in assessing these

goals to see where we have the greatest opportunity to impact progress via our current strategy. These analyses confirm that we have made the right priorities in many areas, but they have also given us new insights.

We believe we have the greatest opportunities to help reduce our carbon footprint and to promote sustainable development by monitoring the following goals on a daily basis:

- Responsible Consumption and Production
- Sustainable Industry, Innovation and Infrastructure
- Sustainable Cities and Communities
- Good Health and Wellbeing
- Affordable and Clean Energy
- Reduced Inequalities

Focus on innovation, health and managing effects of climate change

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 manage 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 psychosocial and comfort needs in our properties and districts. These needs have been front and centre as a result of the pandemic. We also regard improved wellbeing in the individual as a key success factor in a society that is increasingly characterised by growing inequality and increased polarisation.

Setting our sights on carbon neutral property management

If we are to succeed in achieving our overall goal of carbon neutral property management by 2030, then we need to be in control of all emissions associated with our operations. It also means we have to minimise Fabege's negative climate and environmental impact to the greatest possible extent using all available means. One intermediate goal along the way is our intention to invest in solar panels every year corresponding to at least 320 MWh in new and existing properties. Today, solar panels are an integral aspect of Fabege's planning process for new properties. By 2030, our solar panels should be producing 2.5 kWh/sqm of heated

EPRA Sustainability Best Practice Performance Measures¹⁾

Impact Category	EPRA Code	Measurement Unit	Indicator		Absolute measures (Abs)		Like-for-like (Lfl)		
					2020	2019	2020	2019	Change, %
ENERGY	Elec-Abs,Elec-Lfl	MWh	Electricity	for landlord shared services	23,608	32,544	23,193	25,297	-8.3%
				(sub)metered exclusively to tenants	18,683	22,996	18,681	19,147	-2.4%
				Total landlord-obtained electricity	42,291	55,540	41,874	44,443	-5.8%
				% from renewable sources	100	100	100	100	0
				No. of applicable properties	Electricity disclosure coverage	61	65	58	
	%			Proportion of electricity estimated	0	0	0	0	
	DH&C-Abs, DH&C-Lfl	MWh	District heating & cooling	for landlord shared services	60,047	68,825	58,489	64,081	-8.7%
				(sub)metered exclusively to tenants	6,667	7,506	6,608	8,190	19.3%
				Total landlord-obtained heating & cooling	66,714	76,331	65,097	72,271	-9.9%
				% from renewable sources	93	91			
				No. of applicable properties	Heating & cooling disclosure coverage	61	65	58	58
	%			Proportion of heating & cooling estimated	0	0	0	0	
	Energy_Int	MWh/m²/year	Energy intensity		0.074	0.081	0.075	0.082	
GHG EMISSIONS			Total Scope 1	22	22 ²⁾				
			Total Scope 2	1,416	1,933			-27%	
			Total Scope 3	639	561				
	No. of applicable properties		GHG disclosure coverage	80	78				
	%		Proportion of GHG estimated	0%	0%		0%		
	GHG-Int		(Scope 1 + Scope 2) / m²	1.0	1.6 ³⁾			-38%	
WATER	Water-Abs, Water-Lfl	m³	Water	Total water consumption	357,910	505,260	354,478	460,896	-30.0%
				No. of applicable properties	Water disclosure coverage	61	65	58	58
	%			Proportion of water estimated	0	0	0	0	
	Water-Int	m³/m²/year	Water Intensity		0.318	0.402	0.325	0.422	
WASTE	Waste-Abs ⁴⁾	Tonnes	Total hazardous	31	40			-22.5%	
		Tonnes	Total non-hazardous	2,964	4,063			-27.0%	
		Tonnes	Recycled	1,590	2,023			-21.40%	
		Tonnes	Incineration	1,396	2,073			-32.66%	
		Tonnes	Landfill	8	7			14%	
	No. of applicable properties	Waste disclosure coverage	59	60					
	%		Proportion of waste estimated	0	0	0	0		
CERTIFIED ASSETS	Cert-Tot	%	Mandatory (Energy Performance Certificates)	% of portfolio certified by floor area	81	n/a			
		%		% of portfolio certified by number of properties	79	n/a			

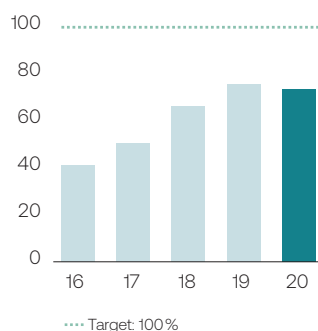
¹⁾ Further information is available at fabege.com/EPRA.

²⁾ Based on refrigerants 2019.

³⁾ In the 2019 Annual Report, 1.6 was rounded off to 2.

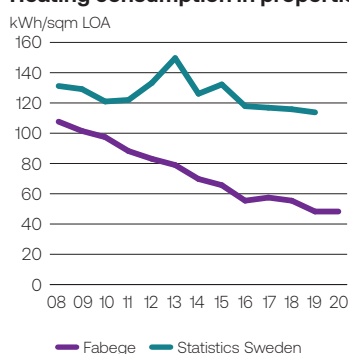
⁴⁾ Waste from properties in use (tenants and Fabège, excluding construction waste).

Proportion green leases of total lettable area, %



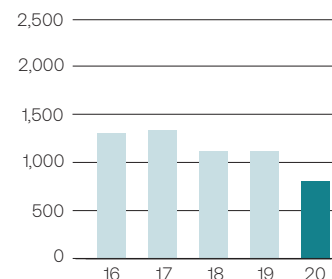
The aim is for green leases to account for 100 per cent of total lettable area.

Heating consumption in properties



Over time, Fabège's systematic efforts to optimise running costs have drastically reduced the consumption of heat in our properties. Fabège's heating consumption in 2020 averaged 49 kWh/sqm LOA and 44 kWh/sqm Atemp (44). Figures from Statistics Sweden for 2020 are not yet available.

Carbon dioxide emissions, tonnes



Fabège's emissions (Scopes 1 & 2) have been reduced by 98% since 2002.

area, known as Atemp according to the definition established by Boverket (the Swedish National Board of Housing, Building and Planning). Our target for new-builds is twice that, or 5.0 kWh/sqm per year.

Since 2002, Fabege's carbon dioxide emissions (Scopes 1 & 2) have declined by around 98 per cent from roughly 40,000 to approximately 800 tonnes, including carbon offset from district heating suppliers.

We have managed to achieve our positive results to reduce emissions levels through systematic energy optimisation, with conversion to district heating and replacement of cooling machines with district cooling. We have also succeeded in streamlining our energy solutions by recycling cooling, improved heat recovery and building envelope measures. Changes in the property portfolio have also contributed to our progress. By replacing our service cars with electric cars, we now have zero emissions per year. Our company car policy promotes electric and hybrid vehicles, and all our service vehicles are electric.

Energy efficiency improvements in operations

Faberge's energy strategy takes a holistic approach to the energy issue for our properties, districts and projects. 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 early on. Extensive checks are conducted at building and company level via an 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. We only use 'Good Environmental Choice' district heating in the properties in Solna and Sundbyberg, and for Stockholm inner city we buy carbon neutral district heating. We also cooperate with tenants on reducing their energy use, primarily by increasing the number of green leases. The aim is for green leases to account for 100 per cent of the total lettable area above ground.

Reporting of emissions

Faberge reports emissions of greenhouse gases in accordance with the GHG Protocol. Direct emissions, Scope 1, comprise emissions from journeys using the company's vehicles and refrigerant leakage. These emissions are relatively limited compared with indirect emissions from purchased energy, Scope 2, which constitutes the largest proportion of the emissions currently reported by Faberge.

Significant indirect emissions, Scope 3, are however generated in the construction of new-builds and renovations via, for example, life-cycle emissions from materials and via waste management and transportation. During the year, Faberge has carried out thorough investigations to look at how we can gain a more comprehensive picture of these emissions, which we know are more significant. Our work has encompassed finding out where in the production chain these emissions arise, and the best way of measuring and monitoring them. We have also looked into how we can use contracts to encourage building production managers to develop internal systems for reporting carbon dioxide

emissions. Over the year Faberge has had its climate goals approved by the Science Based Targets Initiative.

Conscientious materials selection

Environmentally sustainable buildings need environmentally sustainable building materials, which also includes the materials being made and transported in a long-term sustainable way. We maintain a firm focus on the issue of materials, and it is covered within the framework of our supplier screening process. Although indirect emissions are beyond Faberge's control, we are able to exert an influence via choice of materials in our purchasing. We endeavour to be clear when ordering materials and aim for environmentally safe materials with climate declarations to be the natural choice in day-to-day operations. Our objective is for 100 per cent of our building materials to be environmentally safe in accordance with Byggsvarubedomningen (Building Material Assessment). By using the right materials and the right methods from the start, and also making use of any materials that can be reused, we reduce our environmental impact in both the short and long term.

Circular material flows

Large quantities of building products and decorating material are thrown out unnecessarily. An important part of our effort to make considered material choices is about creating good opportunities for dismantling, reuse and recycling via what are called circular material flows. By using the right materials and assembly methods from the outset and making use of materials from our redevelopment projects, we can help reduce our environmental impact in

Certifications*

System	No. of	Sqm, LOA	Proportion of certified area, %
BREEAM In-Use	45	638,440	62
BREEAM-SE	9	250,422	25
BREEAM Bespoke	1	7,460	1
Green building	1	6,164	1
Miljöbyggnad	3	109,508	11
Total environmentally certified properties	59	1,011,994	100

*The properties that have not yet begun certification consist of land and development property for future project development.

Faberge's 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.

both the short and long term. During the year we carried out an inventory of reused materials in the majority of our vacated properties and buildings due to be vacated. In the development plans for Haga Norra we have also launched a number of large-scale projects working with reclaimed bricks. We have also initiated a research project together with several major construction firms to look into how we can improve at reusing frames and joists. Fabege's 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

Fabège aims to increase levels of recycling and minimise the amount of waste being sent to landfill and for incineration. Construction waste is managed by individual contractors, and in 2020 we further tightened our contracts regarding the reporting of waste statistics, which makes it easier for us to follow up waste management in our construction projects and improve resource management. For some time we have had specific requirements in all our contracts regarding sorting of waste. Properties that are certified to BREEAM standard are also subject to special rules regarding areas such as recycling and waste management. The latest digital tools are vital in order to be able to trace and standardise, name and follow up construction components and products used in the building process, and the vast quantities of information that need to be managed require dedicated system support and established working methods and processes. The basis of calculation for waste from existing managed properties consists of data from the company's lead contractors for waste, reported by amount, type and weight. Waste from properties in use (tenants and Fabège, excluding construction waste). We currently receive statistics from around 62 per cent of our tenants. The fact that we do not receive data from all our tenants is because they are able to choose other waste contractors for operational waste than the contractor recommended by Fabège. However, we continually endeavour to work with our customers and suppliers to reduce the amount of waste through being economical with resources, such as by encouraging all customers to sort their waste at source into at least five fractions.

Environmental certification of entire portfolio

Thanks to a systematic focus on environmental certification, Fabège has been able to certify all its investment properties, covering a total area of just over a million square metres. This corresponds to 81 per cent of total lettable area, which means that during the year we came a step closer to our target of certifying 100 per cent of our total lettable area. The remaining square metres are in project properties that will be certified as improvements to the buildings are completed. The process of gaining environmental certification imposes requirements on a property in terms of energy consumption and efficient installation techniques, which helps reduce running costs. Certified properties also support our customers' own sustainability efforts and are currently a requirement from many companies. Environmental certification is in addition a prerequisite for green financing, which means better lending terms. We succeeded in achieving our goal during the year, as 100 per cent of

the company's financing is now green (find out more about green financing on pages 98–99). Certification also has a positive impact on the value of a property, which in turn encourages interest from investors. Overall, environmental certification helps boost the appeal of a property and reduce costs, generating value for the entire business. BREEAM In-Use is used for existing buildings and the aim is to achieve the level 'Very Good'. All new-builds are environmentally certified according to BREEAM-SE standard, with the aim of achieving 'Excellent'. BREEAM-SE certification also helps Fabège reach its goal of increasing biodiversity in project development, as this is one of the indicators that is assessed.

Connected buildings for a sustainable city

New digital technology creates opportunities for new ways of living, and means that functions are becoming automated, innovative services are emerging and our behaviour is changing. Working with digital solutions gives us access to data in real time, enabling us to optimise energy consumption, for example. Connected buildings also create an opportunity to develop properties that are customised to actual usage, and that put people first. Digital solutions and apps allow us to visualise the indoor climate and develop premises with health and wellbeing in mind. They also make it easier for us to understand how our properties are used and receive prompt information about faults, improve security in the buildings and thus manage them more proactively. Over the past few years we have linked all our properties up to a digital fibre network. This means we are able to integrate the properties with the smart city, and contribute 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 to our attention even more. We have been aware for some time that a healthy and sustainable work environment is not just about the physical environment, including lighting, noise levels, ventilation and furnishings. Psychosocial factors are just as important. Once these requirements have been satisfied it improves conditions for employees to feel good and perform at their best. Our contribution is mostly about making it easy for our customers to make the right choices. For example, by positioning attractive stairwells next to the lifts, we are encouraging people to take the stairs. We also offer our customers tips on how to encourage their employees to keep active around the office through anything from using height adjustable desks, to 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. Fitwel is a certification standard that differs from others in that its primary focus is people's health and wellbeing in the building. During the year, SEB's office in Arenastaden was awarded a 3-star rating according to the Fitwel certification. This makes SEB's office, which was developed in close partnership with Fabège, the first in Europe to achieve the highest possible rating according to this certification. Just five per cent of all applicants achieve this.

Governance

Our sustainability work is an integral part of operations. Our CEO has ultimate responsibility for work on sustainable urban development, focusing mainly on commercial property. We have a corporate function with responsibility for sustainability under the leadership of a sustainability manager. 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.

Sustainability work is pursued by the Sustainability Manager and a cross-functional sustainability team. These functions harmonise work within the company and look at 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. Energy work is managed by Fabege's energy strategist, who reports to the Sustainability Manager. Fabege's energy strategy and environmental policy form the basis of this work. 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 efficiency targets

Fabege's new energy efficiency targets are divided into phases. In 2019, we exceeded the target in the Swedish energy policy agreement of 50 per cent more efficient use of energy by 2030 compared with 2005. The aim for 2023, average energy consumption of 77 kWh/sqm, remains in place. The portfolio is divided into two parts: newer properties that have received planning permission since 2012 and have a target of 50 kWh/sqm, and older properties that have a target of 85 kWh/sqm. In 2020, Fabege's average energy consumption for the period was 74 kWh/sqm. 2020 was a particular year, with a mild winter and low energy consumption due to the fact that many offices were not used because tenants decided to work from home. The energy result was also attributable to the excellent, systematic work that is continuously under way in the organisation, work that enables us to perform a little better each day than the day before.

Our water consumption target

As part of our efforts to reduce consumption of nature's resources, Fabege has established the goal of cutting water consumption on an annual basis. We will quantify this goal in 2021 in order to effectively monitor consumption. Reducing water consumption means that we are preparing our business for a future in which groundwater levels and access to fresh water may decline.

Calculation of GHG emissions

To be able to compare emissions of different gases, they are recalculated as carbon dioxide equivalents (CO₂e). Fabege uses conversion factors from our suppliers to calculate the volume of emissions. The reported emissions total from the business includes a reduction in CO₂e as a result of Guarantee of Origin (GO-labelled) electricity and GO-labelled renewable district heating and district cooling. Fabege has opted for the 'financial approach'. This is because, as owner, Fabege controls the property's energy performance and energy sources, while tenants can only influence consumption. Calculation of Fabege's carbon footprint (CO₂e) is evolving all the time, via more elements and better key performance indicators. New elements since last year's calculation include new builds, tenant customisation, properties bought and sold and indirect emissions produced by our energy suppliers. To facilitate comparison, we have placed comparable figures alongside each other and new figures in separate categories.

Emissions (tonnes CO ₂ e)	Emission source	2020	2019
Scope 1	Total	22	22
	Refrigerant leakage	22	22
	Service vehicles	0	0
Scope 2	Total	1,416	1,933
	Heating	1,399	1,920
	Cooling	18	13
	Electricity	0	0
Scope 3	Total	4,108	561
	Waste management	65	110
	Leased vehicles and staff vehicles used for work	4	6
	Air travel	11	446
	Commuter journeys	145	n/a
	Tenant customisations	2,503	n/a
	Property energy	639	n/a
Total		5,546	2,516
Carbon offset by district heating supplier		-1,254	-1,726
Net emissions after carbon offset		4,292	790



Westfield
MALL OF SCANDINAVIA



One step closer to carbon neutral property management

We have signed a declaration of intent with Stockholm Exergi to purchase district heating with zero or negligible emissions from their large-scale biocoal investment. Biocoal is a well-known technique based on knowledge from old coal pits. The collaboration means we are on board with creating an entirely new climate-positive energy supply, while moving a step closer towards being able to offer our customers carbon neutral premises. Find out more at fabege.se/en/sustainability



The route to success is through 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.

Strong set of core values

Our core values, known internally as SPEAK, characterise the entire business. These values are Fast, Informal, Entrepreneurial, Business-minded and Customer-focused. These core values prioritise inspiration over control, and put people first. We have worked continually with our core values for over 15 years now, and they are being constantly honed, although the fundamental principles remain the same. Together with our Code of Conduct, our core values should function as a guide for our employees' actions.

Our views on equal value

The fundamental view of Fabège is that all people are of equal value and all employees are to have the same opportunities, rights and obligations. No-one at Fabège should be discriminated against on the basis of sex, gender identity or expression, ethnicity, religion or other belief, disability, sexual orientation or age. Any reports can be submitted to an employee's immediate superior, HR or anonymously to our whistleblower service.

Sustainable employees

People who feel good perform well. Fabège takes a comprehensive approach to the sustainable employee, considering the whole individual, both from a physical and psychosocial perspective. We want to encourage people to make long-term healthy choices through training and talks on themes such as diet, rest, managing stress, relationships and physical activity. We offer our employees regular health checks, which focus on the physical and psychosocial aspects of health and the work environment as a whole. The benefits we offer are set out in our health policy, and aim to improve employees' quality of life and bring about health gains and boost commitment, job satisfaction and team spirit.

Health in day-to-day operations

We design the working environment and our premises to provide the optimum conditions for both recovery and physical activity. All our offices have changing rooms and all employees have the opportunity to take exercise with their colleagues once a week during working hours. Besides physical activity, exercising also helps bring employees together as a team. We are also proactive about reducing psychosocial risks and work-related stress. A key parameter for health and wellbeing is the balance between work and leisure, with the immediate superior and employee engaging in ongoing dialogue and ensuring that the employee's workload allows for active leisure time.

Focus on psychosocial work environment

During the year the pandemic has heightened our focus on the psychosocial work environment. We have conducted four surveys during the period in order to gain an understanding of how our employees are managing the various challenges associated with the virus outbreak. The vast majority of employees stated that they were in good spirits given the circumstances; that they have been able to work from home effectively and that they have received good support from their employer. Many expressed their appreciation of the swift responses immediately after news of the pandemic first emerged. We have been keen to provide continual, regular information about the latest developments.

Safe work environment

We want all our employees and those working for us to operate in a safe work environment, without risk of injury or becoming ill at work. Technicians are the group within the company that is most at risk of accidents, as their work involves carrying out higher-risk tasks. However office-based work also carries the risk of occupational injuries due to stress and poor posture. 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 for example risk assessments consisting of safety inspections performed, deviation reports and employee reviews. These assessments are evaluated and prioritised, and action plans established to manage any risks identified. Fabège's employees are at all times able to contact their line manager or HR to highlight hazardous tasks.

There are clear procedures and training courses for employees, relating to safety when carrying out high-risk tasks, such as work at height and other tasks carrying a risk of falling. The recommended safety equipment must be used.

In 2020, European Women on Boards (EWOB) conducted its second gender equality study among 600 listed companies. Fabège stood out among the companies that are ranked in the top 20 in Europe as regards gender-equal corporate governance.



Sustainable and motivated employees create a positive corporate culture



when carrying out such tasks. Contracted employees are subject to the same conditions as Fabege's technicians.

Fabège has an incident management system that allows all employees to report actual and potential incidents. The incidents that are reported are reviewed by the manager responsible for the work environment, and then followed up by the occupational health and safety committee. In the event of an incident, an analysis is always performed to investigate the cause and determine how it may be avoided in the future. Extensive evaluation work is continually under way to improve our health and safety efforts. Evaluations are conducted to identify and manage risks and weaknesses in the reporting system. Work environment injuries are reported to the Swedish Work Environment Authority.

An attractive employer

We want to 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, and we aim to be one of Sweden's most popular workplaces. Through cooperation with the company Great Place to Work, we develop and evaluate Fabège's workplace culture. In 2020, we carried out Great Place to Work's employee survey for the third time to find out how we are perceived as an employer. During the year we managed to improve on last year's result, which we regard as extremely positive during these unsettling times. An impressive 93 per cent of all employees feel that all in all, Fabège is a very good workplace, and 93 per cent state they are proud to say who they work for. Confidence in managers within the organisation has also improved during the year. Fabège gained 'Great Place to Work' certification in 2020.

Individual career development

Individual career plans form the basis of each employee's professional development. At performance reviews, managers and employees establish targets and follow up on

previous plans. The starting points for the targets that are established are the goals for the particular operation and the employee's role in achieving them. Performance reviews were carried out with around 99 per cent of employees in 2020.

Gender equality

With 38 per cent female representation on management teams, the property industry is one of the top sectors in terms of having an even gender balance, according to Allbright's 2020 report. However, the report also reveals that the pandemic has curbed the progress of listed companies on gender equality. This applies to the property sector as well, which shows that property companies have a fair way to go in their efforts to maintain an equal gender balance. The construction industry, which is a traditionally male-dominated sector, has even further to go. Construction firms have also at times been accused of harbouring a macho culture in many respects. Fabège has therefore been working systematically for many years on encouraging female project managers, and our efforts have proved effective. We are witnessing a clear, positive shift in the industry, which is having a knock-on effect on the working atmosphere. Our challenge now is to be proactive about maintaining this positive trend. We have also begun work on adopting a similarly systematic approach within the operational organisation to attract more women.

At year-end, Fabège's Board of Directors had an even gender balance. Two of the six members of the Executive Management Team were women, or 33 per cent. On 1 January 2021, the Executive Management Team was expanded to now comprise five women and four men. The total proportion of women working at the company was 36 per cent. An increasing number of men at Fabège are taking extended parental leave, and we see this as a positive from a gender equality perspective.

We share our success

Fabege is a large listed company that develops urban districts worth billions of Swedish kronor. Despite this we have relatively few employees in relation to our market capitalisation and market value. This means that 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 Fabege is included in the fund. And naturally we believe the sum set aside should be the same for everyone, whether the employee is customer-facing, office-based or is a member of the Executive Management Team. Allocations are made in the form of Fabege shares based on our 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 2020 would amount to 1.8 price base amounts per full-time employee, which corresponds to a value of SEK 85,680.

Low-carbon, efficient travel

We constantly strive to ensure company travel has less of an impact on the environment, and to make it easier for our employees to opt for sustainable alternatives. Our guidelines for business trips give all employees access to instructions on choosing mode of transport and planning journeys. Our company car policy completely excludes vehicles that run on fossil fuel, and we encourage the use of electric and hybrid cars. Fabege also provides SL travelcards for employees, which can be borrowed for business trips.

Continual improvements to work environment

We provide a safe and healthy work environment for our employees. An occupational health and safety committee, including employees from all departments and local offices, and occupational health and safety representatives are jointly responsible for continuously developing the work environment. The group is made up of 11 individuals who come up with ideas for measures to improve and develop the work environment.

Governance and contracts

The HR manager 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 Fabege's various 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. Policies and guidelines are determined by the Executive Management Team, continually updated and made available to all employees via our intranet. Follow-up is carried out quarterly and annually based on established targets. All employees are covered by collective bargaining agreements. Policies and guidelines for communication, personnel and business support are decided on by the Executive Management Team, continually updated and made available to all employees via Fabege's intranet.



Equality¹⁾

	2020					2019				
	Women	Men	<30 years	30–50 years	>50 years	Women	Men	<30 years	30–50 years	>50 years
Board of Directors, number	3	3	0	0	6	3	3	0	0	6
Group Management, number	2	4	0	0	6	2	4	0	1	5
Main management team (excluding Executive Management Team)	9	14	0	16	7	10	14	0	17	7
All employees	71	120	18	103	67	66	122	18	103	67

¹⁾ Summary of the company by gender and age for various levels within the company. Faberge does 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	8.5	25.4	33.8	29.6	2.8	43 years
Men	0	10.8	20.0	29.2	29.2	10.8	45 years
Total	0	9.9	22.0	30.9	29.3	7.9	44 years

Percentage of women within each area, %

Property Management incl. operations	20
Projects & Business Development	52
Business support	71

Percentage of entire company employees within each area, %

Property Management incl. operations	57
Projects & Business Development	25
Business support	18

191³⁾ number of employees at year-end, of which

- 71 women and 120 men
- 186 permanent employees and 5 fixed-term contract employees
- 189 full-time employees and 2 part-time employees
- The proportion of employees with collective agreements was 100 per cent

³⁾ All employee statistics are taken from Faberge's salary or personnel system.

EPRA Sustainability Best Practice Performance Measures

Social & Corporate Governance impacts	EPRA Code	Measurement Unit	Indicator		2020	2019	% change
HEALTH AND SAFETY	H&S-Emp	Days per employee	Absentee rate	Direct employees	2.4	2.8	-14.3%
				Board of Directors members	50%	50%	0.0%
				Executive Management	33%	33%	0.0%
				Managers	39%	45%	0.0%
				All employees	36%	33%	9.1%
DIVERSITY	Diversity-Emp	% of female employees	Diversity Employees				
EMPLOYEES	Emp-Turnover	Total number and rate	New hires	Total number new employees	15	20	-25.0%
				Proportion new employees	8%	11%	-27.3%
			Departures – Turnover	Total number of departed employees	13	13	0.0%
				Proportion of departed employees	7%	7%	0.0%
			Total employees number		191	188	1.6%
CORPORATE GOVERNANCE	Gov-Board	Total number	Composition of the highest governance body		8	8	0.0%
			Executive		29	30	-3.3%
			Non executive		162	158	2.5%

Employees

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 2020 was 342,999. The most common injuries experienced by our technicians are cuts and crushing injuries. However, these injuries are rare in day-to-day work.

Employees	2020
Number of deaths	0
Number of occupational accidents, with and without absence	3
of which, travel accidents (to and from work) ¹⁾	1
of which accidents with absence	1
of which, serious accidents ²⁾	0
Number of cases of occupational diseases	0
Accident rate (LTAR) ³⁾	1.7

¹⁾ The travel accident did not result in sick leave or lasting injury.

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

³⁾ Relates to accidents for own personnel with absence, excluding travel accidents.

Sickness absence

Total sickness absence in relation to ordinary working hours, %	Women	Men	Total sickness absence
Age 0–29	3.7	2.5	2.86
Age 30–49	2.81	2.01	2.33
Age 50+	0.61	2.4	2.4
Total			2.41



Supplier chain sustainability screening

We regard our suppliers as our cooperation partners. They often work closely with our customers and help us achieve our sustainability goals. So it goes without saying that all areas of the business should be responsible for ensuring a sustainable supplier chain. This will enable us to create conditions for long-term profitability, reduce our risks and bolster our brand and reputation.

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 supplier chain:

- Limiting emissions related to materials, transportation, construction energy and waste, or Scope 3, is a major issue for the property sector. These emissions are mainly generated by Fabège's suppliers or their subcontractors, and there is still a great deal to do in order to reduce our carbon footprint.
- Tackling criminality and poor working conditions in the construction sector is of great importance for the entire property industry. According to a report from the Swedish Association of Construction Managers (Byggcheferna), the project-based structure, long contractor chains and in particular the large sums of money involved are all factors that expose the sector to corruption and bribery.
- Issues around the use of jargon and the macho culture are hampering the industry's success, and it is up to everyone involved to work to ensure a safer and more equal construction industry. There are major hurdles as regards gender equality.

In all three areas, Fabège has a considerable responsibility as a developer and buyer.

Safe workplaces

A safe and secure workplace free from corruption and inequality, and where risks are minimised and prevented is a human right and an significant challenge for the entire construction industry. Staff ledgers allow us access to statistics regarding employment terms for everyone working on major projects.

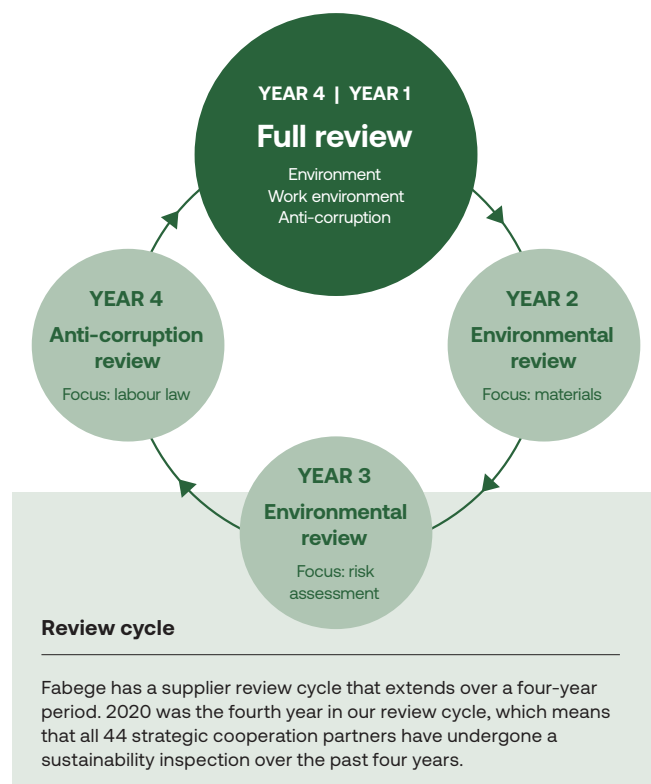
At every stage of the building process, risk analyses and inventories are carried out with primary responsibility resting with the contractor, who then follows up to ensure the workplace is safe. There are construction health and safety coordinators at the workplaces, BasP and BasU, who are responsible for safety throughout the entire project.

Although the work environment and employer liability at the building sites are the responsibility of the contractors, these issues are also covered in our contracts. We enjoy

effective cooperation with our contractors, with Fabège playing 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. For example, 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, imagers are put up 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 good working conditions. Fabège always follows up any devia-



tions 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 examine 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.

Regular inspections

Fabege has a large number of suppliers of varying sizes, everything from small suppliers for day-to-day operations such as caretakers, maintenance providers and security firms, to building contractors for entire office blocks. For ongoing operations we have categorised all our suppliers and chosen to prioritise strategically important business partners for sustainability screening. They must impose equivalent requirements on their subcontractors. Fabege also carries out background checks on all suppliers before contracts are signed, so that they can also demonstrate that they have previously worked actively and in an organised way with health and safety issues. In cases where suppliers Fabege has worked with in the past are displaying significant failings in their health and safety work, the cooperation is ended unless action is taken.

Our strategic partners include just over 40 major suppliers, who account for roughly 75 per cent of Fabege's annual purchasing volume under framework agreements.

Sustainability screening

Sustainability screening is carried out annually for selected existing suppliers, with the aim of screening all strategic cooperation partners within a four-year period. The screening is partly carried out to check that our suppliers satisfy requirements imposed in contracts, but also to inspire suppliers to continue working with sustainability issues. For suppliers that are not approved, Fabege offers support in implementing a plan of action using independent specialists. Every year the screening process focuses on a particular area: environment, health and safety or anti-corruption. Every four years a comprehensive evaluation is carried out covering all areas.

Quality assessments

In order to ensure delivery quality, Fabege also conducts 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 must 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.

Financial inspection

In order to quickly identify any financial deviations, misunderstandings or incorrect invoicing, Fabege also conducts a financial inspection of our suppliers. All framework agreement suppliers are under the supervision of a credit rating company commissioned by the company. We also receive regular information about changes management or the board of directors, for example. Fabege also carries out spot checks twice a year to compare invoices with agreed prices.

Review

Fabege enjoys a positive dialogue with its suppliers and supports their efforts to improve their procedures. Any deficiencies revealed will lead to the companies producing a joint action plan. If there is no improvement, we may decide to discontinue the relationship. The reviews are carried out both internally and externally. Sustainability screenings are carried out by an independent third party.

Subcontractors

Fabege hires many suppliers who in turn have several subcontractors. Environmental impact can arise primarily in the second line of suppliers, which is one of the reasons why Fabege has stringent requirements from first-line suppliers to check that their subcontractors comply with Fabege's requirements. Our expectations in terms of compliance are set out in contracts that cover all framework agreement suppliers. In recent years we have tightened our Code of Conduct for Suppliers regarding requirements

relating to the environment, business ethics, health and safety, working conditions, integrity, human rights, and compliance and follow-up.

100 per cent target

The aim is for all of Fabege's strategic business partners to be regularly screened with regard to sustainability. Partners that were screened more than four years ago undergo a new inspection.

Selected contractors of significant projects (SEK >50m) undergo sustainability screening before the project's production phase begins.

Activities in 2020

• Restrictions on emissions from suppliers

During the year, Fabege made significant progress in efforts to reduce indirect emissions generated by our suppliers or subcontractors. We did this by coming up with an emissions target according to SBTi's guidelines. By 2030, Fabege intends to reduce its carbon footprint by 50% in Scope 3. Property management (Scopes 1 & 2) will also be completely carbon neutral by 2030. During the year we also developed requirements and guidelines for calculating carbon dioxide emissions from all our new building projects.

• Clarification of responsibility

During the year we held a Supplier Day, in order to emphasise our expectations of our suppliers in relation to responsible business conduct. We used the day to talk about Fabege's sustainability work and share our message with a wider audience. We also highlighted our need for all our suppliers to carry out the equivalent sustainability inspections of their subcontractors. Just over a hundred people participated in the day, and it was well received.

• Multi-sector cooperation for a sustainable construction industry

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, Fabege has worked with the Swedish Real Estate Owners' Association (Fastighetsägarnas förbund) and colleagues in the industry to come up with a digital screening tool to use in the construction industry. This was partly to avoid duplication of work in connection with suppliers having to repeatedly answer the same questions, and partly to enable screening of several suppliers and thus set a new industry standard.

• Comprehensive supplier reviews

In 2020 Fabege carried out comprehensive reviews of selected suppliers. The questions covered all three areas according to our review cycle: environment, health and safety and anti-corruption. A total of 19 reviews were completed during the year. In 2021, Fabege plans to carry out a review focused on environmental issues.

• Safety in our areas

As part of our efforts to improve security for both suppliers and customers, we set up our own emergency management centre during the year. The emergency centre in Arenastaden is manned around-the-clock and can swiftly respond to reports relating to operational disturbances, break-ins or fire throughout our entire property portfolio. We have also introduced CCTV at parking areas, buildings and locations that are particularly exposed.

Governance

The purchasing manager, who reports to the Executive Management Team, 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 Fabege's general terms and conditions, environmental policy and Code of Conduct. We have compiled general requirements in our framework agreements under General Terms and Conditions. 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. Through these terms, our suppliers undertake to comply with Fabege's requirements, including with regard to working conditions and human rights. In contracts, suppliers also guarantee that these requirements will be imposed on their subcontractors. All the relevant legislation and safety procedures must be complied with at all construction sites. Regular audits of construction sites are continuously conducted during the course of a project. Although the work environment and employer liability at the building sites are the responsibility of the contractors, we take an active role in preventing incidents.

Suppliers	2020
Accident rate, contractor (ELTAR) ¹	1.97

¹ELTAR, the accident rate for our contractors, was measured for the first time in 2020. Reporting relating to contractor accidents is not comprehensive, as not all projects report contractors' accidents in the IA system yet.

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.

“We endeavour to operate according to the principles of responsible business conduct, and to reduce our carbon footprint at all levels.”



Safe construction sites

All the relevant legislation and safety procedures must be complied with at all construction sites. Although the work environment and employer liability at building sites are the responsibility of the contractors, Fabège takes an active role in preventing incidents. Tax legislation for staff ledgers allows us access to statistics regarding employment terms for everyone working on major projects.



Green financing – the journey towards a sustainable future

Green financing is an area that has considerable impact and is continuing to gain ground. It has long been a natural part of our sustainability work here at Fabège. It ensures more responsible financing for us. More importantly, it also gives us more trusting relationships with our financiers and creates considerable commitment among our employees.

Green financing contributes to long-term profitability in a number of ways. One of the most important ways is that it creates a shared goal for us and our financiers. We focus on the same issues and impose requirements on each other, which means that together we can contribute to sustainable development. Meanwhile we are creating conditions for long-term value growth in our investments.

Phenomenal growth

Over the past few years we have seen huge growth in the area of green financing. Interest from the finance world has soared, and sustainability issues have shifted from being something that mainly companies were engaged in, to a matter of fundamental significance for many financiers. It is now the finance world that is taking the initiative and imposing requirements on companies. Much has happened in a short space of time, and Fabège is keen to be on board, pushing for positive change. We enjoy a close dialogue with banks and investors, and we try in various ways to accelerate progress within green loan products.

The fact that developments in green financing are moving fast is also tied up with the EU's ambitious goals for sustainable investments. 2021 sees the EU's new taxonomy classification tool entering into force, which will make it is

easier to identify and compare environmentally sustainable investments. The ultimate impact of the new taxonomy system has yet to be clarified. For Fabège it will involve careful monitoring in order to be well prepared for reporting requirements.

100 per cent green financing!

Fabège is proud of the fact that we have managed to achieve our goal of 100 per cent of the company's financing being green by 2020. All our loan agreements are now green, and as a result we have increased our proportion of green financing from 84 per cent at the start of the year to 100 per cent in December. This positive trend is linked with the fact that in 2019 we were already able to environmentally certify all the investment properties in our portfolio. Our achievement of yet another significant goal is confirmation of the results of our long-term sustainability work. We continually strive to operate responsibly on all levels, and this approach is particularly relevant to our financing. Green financing gives us more favourable terms both on the capital market and for green bank loans. But even more importantly, we acquire a broader investor base and more trusting relationships with our financiers.

Value every step of the way

Green financing not only ensures we are heading in the same direction as our financiers; it also forms the basis of a shared goal within the company. At Fabège, our work with environmental and sustainability issues is reflected in all aspects of operations. It creates a cohesive approach within the organisation and boosts commitment among our employees. We can see that our employees are proud of what we can achieve together.

In the longer term, work with environmental and sustainability issues also raises the value of our properties. Partly as maintaining the high certification level of each property keeps us constantly on our toes in relation to all of the company's work with sustainability. And in turn it benefits us, our lenders and other external stakeholders. Furthermore, long-term sustainability work also has a positive impact on locations, the city and in particular the management of global climate challenges.

During the year we have sought help from the Norwegian research institution CICERO in carrying out an initial assessment of how well our properties are going to satisfy the requirements imposed by the EU taxonomy classification



Green financing

Green financing is to be used exclusively for investments to promote the transition to low-carbon, climate resistant and otherwise sustainable properties. This means that they must be approved based on a list of categories and criteria in areas such as energy consumption and general environmental performance. The investments must also conform to the UN's 2030 Agenda and 17 Sustainable Development Goals.

The SDGs aim to achieve long-term sustainable economic, social and environmental development to eradicate extreme poverty, reduce inequality and injustice in the world and tackle climate change.



system. We can also see how tougher political requirements on the financial and business sectors mean that new opportunities are rapidly opening up. The trend within sustainability is growing ever stronger as financing flows begin to be directed more towards low-carbon and sustainable investments.

Green framework

Fabege's framework for green financing sets a standard that can be used for all our sources of financing. The green MTN programme (Medium Term Notes), which Fabege established in 2016, is linked to the programme. This includes special terms regarding sustainability and the environment. The framework also includes Fabege's 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. Fabege has an allocation

policy, which means that investors with sustainable strategies are prioritised in bond issues.

To ensure that the green framework meets the exacting sustainability requirements, the independent research institutions CICERO has examined the green framework. CICERO has issued a second opinion with ratings of 'medium green' for the green terms and conditions and 'excellent' for governance.

Governance

Fabege has a green business council that 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 <https://www.fabege.se/en/about-fabege/financial-information/financing/green-financing/>.



The customer as our closest partner

With our own staff working in both day-to-day operations and property management, we work closely with our tenants. We know our customers well, which helps us understand their businesses and their needs. Whether our tenants' challenges are big or small, we try to be flexible in our approach in order to find solutions that benefit both parties. This enables us to establish mutual loyalty, develop sustainable concepts and grow alongside our customers.

Close relationships with own staff

The relationship with our customers is our most important capital. We provide continuity to create shared value alongside our tenants. One of the keys to creating value is a close dialogue with the customer, which is facilitated by having our own staff in all areas of the business, both property management and in running the properties. 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. We have local offices in all our areas, we have a presence in our tenants' day-to-day lives and at most are just a phone call away. Our proximity to our tenants also means we can respond to specific preferences. We handle all issues arising with a constructive approach, whether it is a customer who has outgrown their premises, looking for more flexible office set-up or who needs an immediate response due to an unexpected incident. Our customers can always contact us to report faults or to get help addressing any safety risks or health hazards at the property.

Flexible solutions with the customer front and centre

Fabege is currently landlord to more than 660 companies, authorities and organisations, and more than 100,000 people spend time on our premises every day. Our wide-ranging experience means we can create flexibility for our tenants. What sets us apart is that we try and come up with a business arrangement that benefits every customer. It could involve adapting the term of the lease, but could also be about making it easier for our customers' employees to achieve a good work-life balance. One good example is our office hubs, or WAW offices (Work Away from Work), which are located in Arenastaden, City and Hammarby Sjöstad. The WAW concept means we are able to offer office workplaces that allow our customers' employees to check in as needed and work in a professional office environment. Our focus on entire districts means we can also boost our customers' competitiveness through our holistic approach. We have a good knowledge of our areas and properties, and we continually aim to offer safe work environments that are sustainable in the long term.

Surveys and dialogue promote stronger relationships

The pandemic has affected all businesses in several different ways. Our close customer relationships have in many ways proved an advantage in a challenging situation. During the year we focused on maintaining a constructive

dialogue with our customers, albeit mostly remotely. We also hope to be able to carry out the Customer Satisfaction Index (CSI) survey in 2021 that we normally do every three years. 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 use customer dialogues, an in-depth customer meeting, every year or every other year. Our objective is always to conduct no less than 200 customer dialogues per year, but this year it has been difficult to meet that target. These dialogues enhance our understanding of tenants' needs compared with what we can glean from quantitative surveys. The daily insights we gather from proximity to the customer also play a crucial role. Having our own staff at all levels of the organisation means we can work with continuity to deepen 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.

Shared agenda for long-term sustainability

We want to be a collaborative partner for our customers in everything we do. This also applies to our work with our tenants to reduce the building's environmental impact via green leases. A green lease means that both parties agree on a joint environmental agenda for the premises through the efficient use of resources and sustainable property management. Signing green leases is a natural choice for us, and it goes hand in hand with growing customer demand. All our renegotiated leases and new leases are therefore green, and we actively work to raise the percentage of green leases. In 2020, green leases accounted for 96 per cent of total space under newly signed leases. Green leases are also an important basis for environmental certification of the property.

Governance and responsibility

Overall responsibility for customer satisfaction and measurements is shared by the two most senior managers of the property management department, 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.



A responsible partner on every level

Through responsible work in all aspects of the business, we can contribute to sustainable societal development. We also consider this to be a prerequisite for achieving long-term profitability. 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.

Code of Conduct under constant review

We believe it is important for us and our business to symbolise security, reliability and strong values for everyone who comes into contact with us. Fabege's core values (SPEAK) and our Code of Conduct form the basis for the actions of all employees. The Code of Conduct highlights Fabege's position on matters concerning human rights, working conditions, the environment, business ethics and communication. During the year all employees completed training in the Code of Conduct and Swedish Code of Corporate Governance, which is the business sector's code to tackle corruption. Fabege complies with the relevant laws and other regulations, 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 at the workplace. We continually develop our Code of Conduct to ensure that it remains relevant and responds to current dilemmas and challenges.

Fabège's Ethics Council

Fabège's Ethics Council, which reports to the Executive Management Team, serves as support in day-to-day work. The role of the Council is to direct the work, monitor relevant external issues and pursue specific ethical matters. The Council is made up of representatives from different departments.

Whistleblower service for added security

We are keen for both our employees and external stakeholders to feel safe in the knowledge that we intercept potential irregularities in the organisation at an early stage, preferably through dialogue but also via anonymous reporting systems. Our whistleblower service is available both internally and externally, and enables people to report any potential incidents. 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 Fabège's Head of HR and Corporate Lawyer. The group makes sure appropriate action is taken. No incidents were reported in 2020.

Transparency around tax payments

We want to take responsibility for sustainable societal development, and this includes contributing to society by paying taxes. Fabège conducts all its business in Sweden and all staff are employed by Swedish companies. We

produce transparent and open accounts of the Group's total tax burden. We pursue operations in a professional manner in order to generate a return for our owners, which means that we aim to achieve cost effective tax management. We comply with all tax legislation and regulations. For areas where the regulations are unclear, we act transparently and exercise caution. We abstain entirely from aggressive and advanced tax avoidance. Fabège's tax policy is published on the company's website in full.

Value-adding cooperation

Fabège helps support positive development in society via a number of partnerships that benefit both employees and customers in various ways. Partners include schools in the local community, but also organisations such as Generation Pep, with which Fabège works 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.

Governance

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.

Involvement in organisations

Fabège has board or committee assignments in the following organisations:

- BELOK, Beställargruppen Lokaler – the Swedish Energy Agency's network for energy-efficient buildings
- BREEAM and Citylab Council, Sweden Green Building Council
- Byggherrarna Sverige AB (The Swedish Construction Clients)
- 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

Task Force on Climate-related Financial Disclosures (TCFD)

During the year Fabège 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. Fabège will continue to work on identifying and evaluating climate-related risks. Find out more about our scenario analysis on our website at <https://www.fabège.com/scenario-analysis>.

The work was based on TCFD's recommendations regarding climate-related risks and opportunities. Fabège has 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 Fabège that are highly ambitious in terms of their sustainability work – opportunities that we are constantly working to develop.

Climate-related risks and opportunities

For a long time now, Fabège has been working to reduce its 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 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

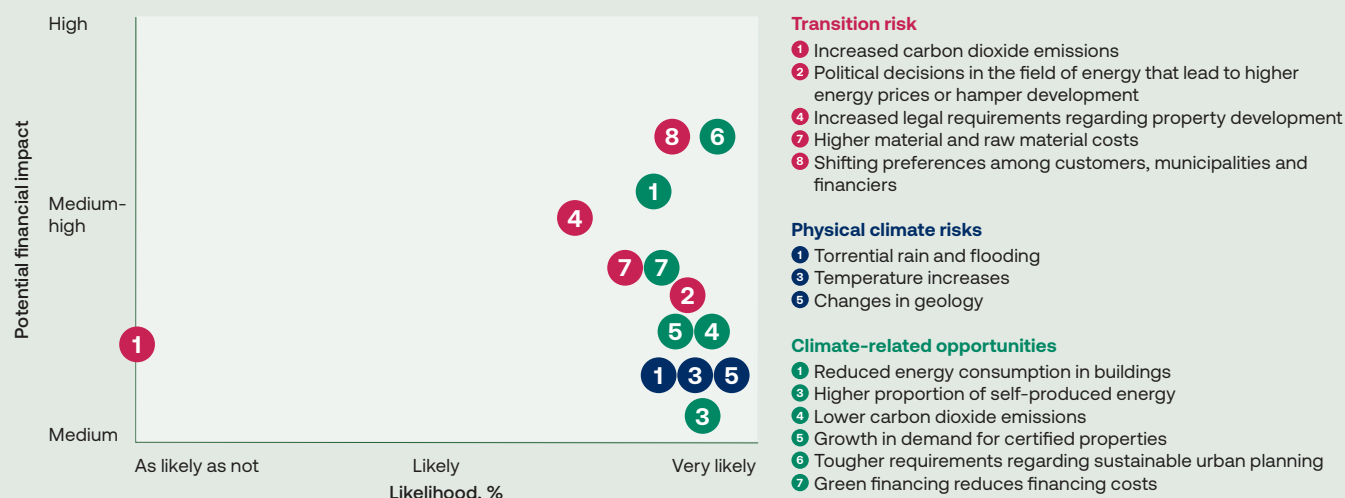
identified as being most significant for our future business. The results demonstrate that many of the risks we have identified are likely to be significant in the future, but that their financial impact will probably vary.

Transition risk

In the medium and long term, Fabège 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 Fabège expects 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, but also when it comes to more sustainable materials such as timber products. In the latter case, the anticipated cost increase is linked to the

Governance ¹⁾	Strategy ¹⁾	Risk management ¹⁾	Indicators and targets ¹⁾
a) Board of Directors' overview of climate-related risks and opportunities Pages 83–84, 89	a) Description of climate-related risks and opportunities that Fabège has identified Pages 54, 126–127	a) Description of the process of identifying and assessing climate-related risks Pages 48, 126–127	a) Indicators to measure and control climate-related risks and opportunities Pages 104–105, 108–112, 122–123
b) Role of management in assessing and managing climate-related risks and opportunities Pages 89, 112	b) Description of how the business, strategy and financial planning have been impacted Pages 54, 106–112, 122–124	b) Description of processes to manage climate-related risks Pages 48, 54, 89–90, 126–127	b) Reporting of Scopes 1, 2 and 3 according to Greenhouse Gas Protocol Page 112
	c) Description of the organisation's strategic resilience and impact of various climate-related risks and opportunities Pages 54, 126–127	c) Description of how the processes are integrated into the organisation's overall risk management Pages 48, 89–90	c) Description of targets used to manage climate-related risks and opportunities and the outcome of these targets Pages 104–105, 108–112

¹⁾ Page references refer to the Annual & sustainability report 2020.



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 towards more sustainable energy consumption will slow down.

Fabege works constantly to satisfy requirements and expectations from customers and other stakeholders. Over the course of several years, demand for sustainable and certified buildings has increased. 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 Fabege's 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 means 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 likelihood 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

Fabege's 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 also includes our 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 Fabege's 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, Fabege's property management, Scopes 1 and 2, will be carbon neutral, while Scope 3 emissions will be reduced by 50 per cent.

Fabege is a relationship builder and enjoys a close partnership with municipalities in which we work together on urban development projects. We believe that good relationships do not just benefit Fabege, but also society as a whole. All in all, the aim is for Fabege, through its 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 Fabege's ninth Sustainability Report according to the GRI guidelines for voluntary reporting of sustainability information. Fabege reports on its sustainability work annually and the Sustainability Report is included as part of Fabege's 2020 Annual Report, which pertains to the 2020 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 February 2020. The information contained in the Sustainability Report has been subject to a limited review by Deloitte, see Assurance Report on page 103.

The content of the Sustainability Report has been selected on the basis of Fabege's most significant issues, given its operations and their impact relationship on the environment and society; see also section on stakeholder dialogue and materiality analysis on the following page. Fabege's intention is for the sustainability section together with other information contained in the 2020 Annual Report to satisfy stakeholder information requirements, and to provide a comprehensive overview of Fabege's economic, environmental and social work and results. The information in the report pertains to the entire Fabege Group. However, associated companies fall outside the parameters for the report, as Fabege has limited access to the relevant data. Influence is exercised through Board representation.

Fabège's GRI index on pages 130–132 contains references to the disclosures that are compulsory for GRI Standards (GRI 102), as well as disclosures related to Fabège's material sustainability topics (GRI 200–400) and governance of these topics (GRI 103).

Fabège follows 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, Fabège is 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.

Fabège uses actual consumption when calculating emissions according to the Greenhouse Gas Protocol, page 87. 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

Fabège's 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 Fabège 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, Fabège 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 Fabège:

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

The materiality analysis has also been used to develop Fabège's sustainability reporting and ensure we report on those areas that are most relevant to our stakeholders. As a result of the materiality analysis, Fabège has 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 the company's work within the subareas districts, property, customers, employees, suppliers, finance and business ethics.

Fabege's stakeholders and impact

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

GRI index

General disclosures

GRI STANDARDS/AREAS	DISCLOSURE	DESCRIPTION	REFERENCE ¹⁾	COMMENTS/OMISSIONS
Organisational profile				
GRI 102: General disclosures (2016)	102-1	Name of the organisation	43	
	102-2	Activities, brands, products and services	43	
	102-3	Location of headquarters	66	
	102-4	Location of operations	43	
	102-5	Ownership and legal form	43, 147	
	102-6	Markets served	43, 135	
	102-7	Scale of the organisation	1, 60-61	
	102-8	Information on employees and other workers	117	
	102-9	Supply chain	118-119	
	102-10	Changes in reporting	128	
	102-11	Precautionary principle or approach	128	
	102-12	Membership of sustainability initiatives	32-33, 85	
	102-13	Involvement in organisations	125	
Strategy				
	102-14	Statement from senior decision-maker	8	
Ethics and integrity				
	102-16	The company's values, principles, standards and norms for conduct	55-56, 85, 114-115	
Governance				
	102-18	Statement of corporate governance	84-85, 87, 112	
Stakeholder engagement				
	102-40	Stakeholder groups engaged in the company	128-129	
	102-41	Percentage of employees covered by collective bargaining agreements	117	All employees are covered by a collective bargaining agreement. Fabega is a member of the employer organisation Almega.
	102-42	Identifying and selecting stakeholders	128	
	102-43	Approach to stakeholder engagement	128-129	
	102-44	Key areas highlighted via communication with stakeholders	128-129	
Reporting practice				
	102-45	Entities included in the consolidated financial statements	80-81, 128	
	102-46	Defining report content and topic boundaries	128	
	102-47	List of material topics	128	
	102-48	Restatements of information	128	
	102-49	Significant changes that have been made since the previous reporting period with regard to boundaries and scope	128	
	102-50	Reporting period		2020 calendar year
	102-51	Date of most recent report		2019 Sustainability Report, published February 2020
	102-52	Reporting cycle		Calendar year
	102-53	Contact point for questions regarding the report	151	
	102-54	Claims of reporting in accordance with the GRI Standards	128	
	102-55	GRI index	130-132	
	102-56	External assurance	133	

¹⁾ Page references refer to the Annual & sustainability report 2020.

GRI STANDARDS/AREAS	DISCLOSURE	DESCRIPTION	REFERENCE ¹⁾	COMMENTS/OMISSIONS
City districts				
<i>Boundary: Relevant externally as Fabège's operations and participation in urban development projects can contribute to smart infrastructure and attractive, safe environments.</i>				
Indirect economic impacts				
GRI 103: Management approach (2016)	103-1, 103-2, 103-3	Management approach	106-107, 131	
GRI 203: Indirect economic impacts (2016)	203-1	Infrastructure investments and services supported	106-108	
Properties				
Energy				
<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	89, 109-112, 131	
GRI 302: Energy (2016)	302-1	Energy consumption within the organisation	109-112	
	302-3	Energy intensity (use per sqm)	109-112	
Emissions				
<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	89, 108, 110-112, 131	
GRI: 305 Emissions (2016)	305-1	Direct (Scope 1) GHG emissions	32, 104 108-110, 112	
	305-2	Energy indirect (Scope 2) GHG emissions	32, 104 108-110, 112	
	305-4	GHG emissions intensity (per sqm)	109-110	
Waste				
<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	89, 110-112, 131	
GRI: 306 Waste (2016)	306-2	Waste by type and disposal method	109	
Employees				
<i>Boundary: Relevant internally in that Fabège offers its employees a stimulating, safe and healthy working environment, and relevant externally in that this makes Fabège an attractive employer for potential employees.</i>				
Employment				
GRI 103: Management approach (2016)	103-1, 103-2, 103-3	Management approach	85, 89, 112, 114-116, 131	
GRI 401: Employment	401-1	New employee hires and employee turnover	72, 117	Fabège does not report fully in accordance with GRI standards. Only a proportion of total number of employees is reported.
Occupational health and safety				
GRI 103: Management approach (2016)	103-1, 103-2, 103-3	Management approach	85, 89, 112, 114-116, 131	
GRI 403: Occupational health and safety (2018)	403-1	Occupational health and safety management system	114-116, 118-120	
	403-2	Hazard identification, risk assessment and incident investigation	114-116, 118-120	
	403-3	Occupational health services	114-116, 118	
	403-4	Worker participation, consultation and communication on occupational health and safety	114-116, 118-119	
	403-5	Worker training on occupational health and safety	114-115, 118	
	403-6	Promotion of worker health	114-115, 118-120	
	403-7	Prevention and mitigation of occupational health and safety impacts	114-115, 118-120	
GRI 403: Occupational health and safety (2018)	403-9	Work-related injuries	117, 120	

1) Page references refer to the Annual & sustainability report 2020.

GRI STANDARDS/AREAS	DISCLOSURE	DESCRIPTION	REFERENCE ¹⁾	COMMENTS/OMISSIONS
Employees, cont.				
Training and education				
GRI 103: Management approach (2016)	103-1, 103-2, 103-3	Management approach	85, 89, 112, 114-116, 131	
GRI 404: Training and education (2016)	404-3	Percentage of employees receiving regular performance and career development reviews	115	Fabege does not report in full according to GRI standards. Only a proportion of total number of employees is reported.
Diversity and equal opportunity				
GRI 103: Management approach (2016)	103-1, 103-2, 103-3	Management approach	85, 89, 112, 114-116, 131	
GRI 405: Diversity and equal opportunity (2016)	405-1	Diversity of governance bodies and employees	72, 117	
Non-discrimination				
GRI 103: Management approach (2016)	103-1, 103-2, 103-3	Management approach	85, 89, 112, 114-116, 131	
GRI 406: Non-discrimination (2016)	406-1	Total number of incidents of discrimination and how they are addressed	85	
Supplier chain				
<i>Boundary: Relevant externally as Fabege imposes stringent requirements on its suppliers, and internally as this work generates awareness and pride among employees.</i>				
Supplier social assessment				
GRI 103: Management approach (2016)	103-1, 103-2, 103-3	Management approach	55-56, 112, 118-120, 132	
GRI 414: Supplier social assessment (2016)	414-1	New suppliers that were screened using social criteria	119-120	
GRI 308: Supplier environmental assessment (2016)	308-1	New suppliers that were screened using environmental criteria	119-120	
Financing				
<i>Boundary: Relevant internally and externally as Fabege's business is dependent on financially healthy long-term earnings and solid financing that contributes to sustainable development.</i>				
Green financing				
GRI 103: Management approach (2016)	103-1, 103-2, 103-3	Management approach	46-47, 105, 122-123, 132	
	Company-specific	Proportion of green financing	39, 105, 122	
Customers				
<i>Boundary: Relevant internally and externally as good customer relations affect both retention rate and new lettings</i>				
Certified properties				
GRI 103: Management approach (2016)	103-1, 103-2, 103-3	Management approach	89, 112, 124, 132	
	Company-specific	Percentage certified properties	110-111	
Business ethics and moral approach				
<i>Boundary: Relevant internally and externally as Fabege's Code of Conduct and tax management affects employees, cooperation partners and society in general.</i>				
Anti-corruption				
GRI 103: Management approach (2016)	103-1, 103-2, 103-3	Management approach	55-56, 85, 89, 112, 125, 132	
GRI 205: Anti-corruption (2016)	205-3	Confirmed incidents of corruption and actions taken	125	
Tax				
GRI 103: Management approach (2019)	103-1, 103-2, 103-3	Management approach	89-90, 125, 132	
GRI 207: Sustainability governance for Tax (2019)	207-1	Approach to tax	86-87, 87, 89-90, 125	
	207-2	Tax governance, control and risk management	55, 89-90, 97, 125	
	207-3	Stakeholder engagement and management concerns related to tax	55, 123, 128	
GRI 207: Tax (2019)	207-4	Tax information	43, 45, 55, 60, 61, 66, 75, 117	
UO = Outside the organization's limits IO = Inside the organization's limits				

1) Page references refer to the Annual & sustainability report 2020.



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