

STENDÖRREN'S SUSTAINABLE PRACTICES

“Running a sustainable and equitable business is strategically crucial for Stendörren and a natural part of our day-to-day activities and decision-making. In parallel, it is important that we gradually raise our ambitions and we made significant progress in 2022. Work in the company’s Sustainability Council has been intensified and we now have methods to monitor all of the company’s sustainability targets.”



STENDÖRREN'S SUSTAINABLE PRACTICES

A SUSTAINABLE BUSINESS

During 2022, Stendörren has worked in accordance with the sustainability strategy that was launched in the 2021 Annual Report. 2022 is the first year when all of the targets set were measured. Stendörren's activities in line with the company's strategy are presented in this year's report.

96%

PERCENTAGE OF FOSSIL
FREE ENERGY

29%

EMISSIONS REDUCTION
PER SQM

61/39%

DISTRIBUTION MEN/WOMEN

42%

PERCENTAGE OF
ENVIRONMENTALLY
CERTIFIED LETTABLE AREA

21%

REDUCTION IN ENERGY
CONSUMPTION PER SQM

Image: Almnäs, Södertälje

STENDÖRREN'S SUSTAINABLE PRACTICES

SUSTAINABILITY CONTEXT
AND GOVERNANCE

Stendörren has a sustainability strategy that is based on long-term work to gradually raise ambitions by 2030. These efforts are headed and coordinated by the company's Sustainability Council, whose work is governed by the guidelines and policies adopted by the company's Board and CEO.

Stendörren's business concept is to create profitable growth in net asset value by managing, developing and acquiring properties and building rights within logistics, warehouse and light industry in Nordic growth regions. When commercially viable, the company rezones such existing properties and thereby creates residential building rights for further in-house development and management, mainly in Greater Stockholm and the rest of the Mälardalen region. For more information about the company's business concept and objectives, refer to page 13.

Since the company was founded in 2014, Stendörren has actively pursued sustainable practices and a reworked sustainability strategy was adopted in 2021 that will extend until 2030. The materiality analysis forms the foundation of the company's sustainability strategy and is based on Stendörren's potential and actual impact on its surroundings and its stakeholders.

The outcome of this work is followed up in various ways on a quarterly and annual basis.

POLICIES AND GOVERNANCE

The company's policies are regularly updated, at least once annually. The policies that are to be adopted by the Board are approved at the inaugural Board meeting, which is held immediately after the AGM. The policies adopted by the company's CEO are updated and approved, normally during the spring. All employees at Stendörren receive an introduction to the company's policies and handbooks. Every year, all employees must attest that they have read and understood all of the policies. If the policies and documents are significantly changed, the company provides training for employees.

CODE OF CONDUCT

Stendörren's Code of Conduct is based on international conventions, codes and laws. Its point of departure is the UN Global Compact's Ten Principles for sustainable development and include how Stendörren works with issues related to human rights, labor, environment and anti-corruption.

ORGANIZATIONS AND MEMBERSHIPS

Stendörren is involved in a number of organizations aimed at strengthening the industry's sustainability activities and local communities where the company has operations. In 2022, Stendörren was involved in the following organizations:

- Sweden Green Building Council
- Sustainable Stockholm 2030
- Confederation of Swedish Enterprise
- Spånga företagarförening AB

GOVERNANCE MODEL**FOCUS AREAS AND POLICIES**

OPERATIONAL EXCELLENCE	RESOURCE EFFICIENCY	ATTRACTIVE EMPLOYER	FUTURE PROOFING	SOCIAL RESPONSIBILITY
<ul style="list-style-type: none"> • Code of Conduct • Supplier Code of Conduct • Purchasing policy 	<ul style="list-style-type: none"> • Sustainability strategy 	<ul style="list-style-type: none"> • Employee manual • Policy for equality, diversity and equal opportunity • Manager manual 	<ul style="list-style-type: none"> • Sustainability strategy 	<ul style="list-style-type: none"> • Sustainability strategy

STENDÖRREN'S SUSTAINABLE PRACTICES

AN ACTIVE SUSTAINABILITY COUNCIL

Stendörren has a Sustainability Council with representatives from all of the company's different parts. The Sustainability Council is responsible for coordinating Stendörren's sustainable practices, based on the adopted strategy. The Council holds monthly meetings with a focus on the progress made with respect to sustainable practices. Specific sustainability projects are managed in small teams and involve

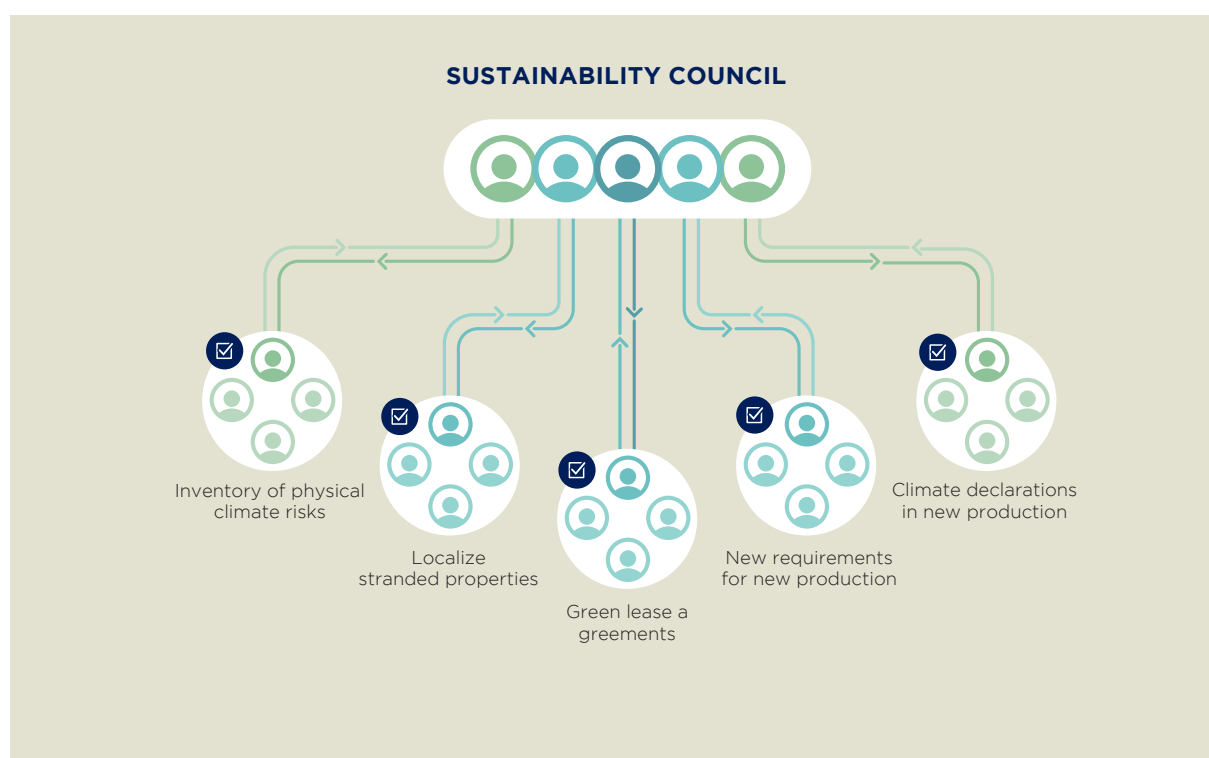
additional people from the organization whenever necessary. In 2022, the Council was a driving force behind the following projects: continuous employee satisfaction surveys, sustainable loans, certification of properties, energy efficiency, solar cell expansion and environmental markers in new production. Refer to the model below for examples of projects carried out during the year.

SUSTAINABILITY COUNCIL

- Coordinates sustainable practices based on the adopted strategy.
- Represented by employees and managers from the organization's various functions.

Specific sustainability projects

- Managed in small teams and involve additional people from the organization. Refer to the model below for examples of projects carried out during the year.



STENDÖRREN'S SUSTAINABLE PRACTICES

STENDÖRREN AND
THE UNSUSTAINABLE
DEVELOPMENT GOALS

The nations of the world united in 2015 in Paris to sign the 2030 Agenda, which includes the UN's 17 Sustainable Development Goals (SDGs). To achieve these SDGs, a collective effort is required on an international, national and local level. Consequently, all companies are called on to include the SDGs in both strategy and reporting.

Stendörren supports the goals of the 2030 Agenda and has identified seven SDGs that are directly or indirectly connected to the company's sustainability strategy, and in areas where Stendörren's business has an fundamental impact:



The company's slogan "Premises that make a difference" is based on Stendörren's mission; together with tenants and other business partners, we develop the future of premises with efficient use of resources and energy and sustainable logistics solutions. Stendörren's greatest carbon footprint comes from developing and managing its properties. To reduce the climate footprint, it is vital for Stendörren to focus on resource efficiency across the value chain, including facility management, renovation, choice of material, new production and type of energy use.

Health and wellness are priority areas for Stendörren. It is important to create the prerequisites for a safe, healthy and sound work environment internally for employees but also for tenants and suppliers. Read more in the "Attractive Employer" section.



Image: GreenHub Bro, Upplands-Bro



Fredrik Holmström,
Head of Sustainability at Stendörren

FREDRIK HOLMSTRÖM ANSWERS THREE QUESTIONS

WHAT WERE STENDÖRREN'S MAIN ACHIEVEMENTS IN 2022 IN THE AREA OF SUSTAINABILITY?

We took important steps in our climate reporting during 2022, which included mapping the material parts of our GHG emissions in the value chain, referred to as Scope 3. The real estate industry has an extensive carbon footprint and it is therefore important that we as property manager are proactive in reducing our emissions and continue to make demands in the value chain.

DESCRIBE HOW WORK WITH SUPPLIERS AND BUSINESS PARTNERS HAS BEEN DURING THE YEAR?

We continued to have a good dialog with our suppliers and a further 12 agreements were signed in 2022 that included Stendörren's Code of Conduct. We believe close collaboration with our suppliers is highly valuable, as it strengthens mutual trust in the relationship and increases the stability of the transaction.

WHAT DO YOU BELIEVE WILL SHAPE STENDÖRREN'S SUSTAINABILITY ACTIVITIES IN THE FUTURE?

Based on rising demands from the EU regarding sustainability reporting, we can see how there is greater focus on sustainability issues even from a financial perspective. In addition, the climate issue will remain a priority so that we are able to achieve the global target of limiting global warming to below 2°C.



Image: GreenHub Bro, Upplands-Bro

STENDÖRREN'S SUSTAINABLE PRACTICES

MATERIALITY ASSESSMENT AND
STAKEHOLDER ENGAGEMENT**STAKEHOLDER DIALOG**

During the year, Stendörren continued its active dialog with its stakeholders. This creates a solid platform for the company to conduct relevant sustainable practices close to business operations. Stakeholder groups provide valuable aspects and perspectives that are important for Stendörren to consider.

MATERIALITY ANALYSIS

During 2022, Stendörren updated its materiality analysis to the GRI 2021 standard. The update was based on the materiality analysis conducted in 2020. The stakeholders are deemed to be the same. The point of departure for the model used in updating the materiality analysis is a discussion with external specialists. Thereafter, Stendörren's management has analyzed and ranked important

issues and indicators that are considered material, and assessed them based on impact, scope, probability and possibility to remediate.

The result (see figure below) differs only marginally from the previous materiality analysis and categorized in this report in the same five focus areas as previously. A new feature for 2022 is that the five indicators below are deemed material in addition to the existing indicators. These will be integrated into the existing focus areas over the next few years.

- Tenant well-being and health
- Choice of materials in properties
- Re-use
- Pollution in properties
- Waste management

MEDIUM-HIGH MATERIALITY

- Good corporate culture
- Neighborhood watch
- Safe properties and neighborhoods
- Suppliers' review
- Loneliness in the home
- Carbon footprint in existing properties
- Local communities
- Transparent communication
- Digitalization
- Areas surrounding properties
- Corporate governance
- Environmental certification of properties
- Innovation
- Involvement in associations and schools
- Occupational health and safety

MEDIUM**HIGH MATERIALITY**

- Tenant requirements
- Climate risks
- Equality
- Carbon footprint from new production
- Energy efficiency in properties
- Green financing
- Anti-corruption
- Tenant well-being and health
- Choice of materials in properties
- Re-use
- Diversity
- Equity
- Human rights
- Attractive business partner
- Pollution in properties
- Waste management
- Unemployment in the local area

HIGH

STENDÖRREN'S SUSTAINABLE PRACTICES

STAKEHOLDER ENGAGEMENT

STAKEHOLDER GROUP	CONTACT POINTS	FOCUS FOR STENDÖRREN 2022
OWNER, FINANCIER, ADVISOR, BOARD	<ul style="list-style-type: none"> • Seminar • Investor presentations • Interim reports • Continuous dialog/meetings • Contact with CEO, CFO • E-mail, phone • Board meetings 6–8 times/year 	<ul style="list-style-type: none"> • Linked sustainability strategy more clearly to Stendörren's business strategy and follow-up • Clarified climate risks and transition risks and incorporated these into the business plans for each property • Follow-up of green and sustainability-linked loans and financing
EMPLOYEES INCLUDING MANAGEMENT TEAM	<ul style="list-style-type: none"> • Department meetings weekly • Information meetings monthly • Conferences with various themes • Breakfasts and informal meetings with colleagues 	<ul style="list-style-type: none"> • Follow-up of the new sustainability targets • Reporting in the Global Real Estate Sustainability Benchmark (GRESB) and improvement of GRESB result • Training in the Code of Conduct • Implementation of analysis and budget tools • eNPS continued with improved result
TENANTS/ TENANT REPRESENTATIVES	<ul style="list-style-type: none"> • Customer meetings • Negotiations • Dialog via established personal contacts 	<ul style="list-style-type: none"> • Launch of green contracts fully for all contracts with annual rent exceeding SEK 100,000. • Renewed customer satisfaction survey distributed to largest tenants up to the top 50% of rental value • Continued active management with a customer dialog focus • Resource efficiency in property management
MUNICIPALITY	<ul style="list-style-type: none"> • Planning processes • Dialog via established contacts 	<ul style="list-style-type: none"> • Renewed and supplemented Green Map • Several building permits submitted and obtained

SUSTAINABILITY STRATEGY

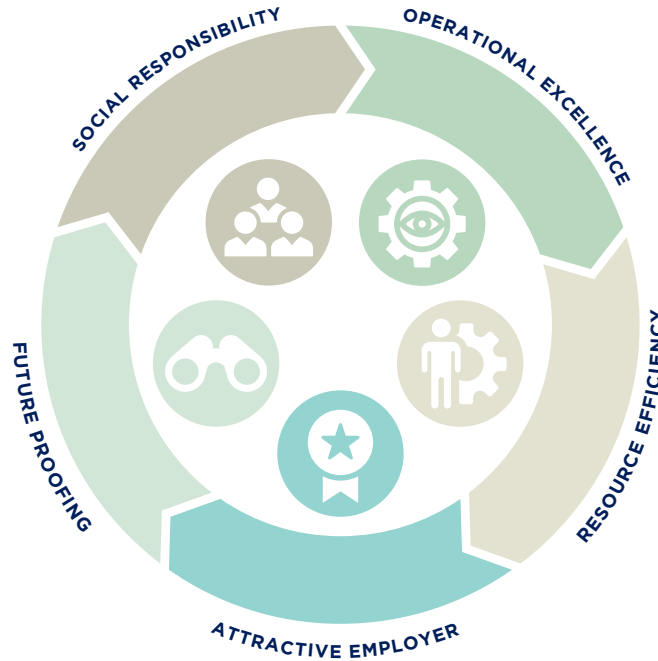
CONTROLLED RISK AND SUSTAINABLE DEVELOPMENT

Stendörren's sustainability strategy features two complementary perspectives. The first is to ensure that the company acts responsibly with controlled risk and in line with expectations and requirements. The second is that Stendörren shall conduct sustainability activities that contribute to sustainable development in a way that promotes engagement both internally and externally, while also strengthening Stendörren's operations.

In 2022, work progressed to develop the sustainability strategy, which also included additional reporting of the company's sustainability targets. This year's report includes a presentation of the results of the measures from each focus area. The aim of this report is to offer a general picture of how Stendörren conducts its approach to sustainability and the priorities that are made.

The company's sustainability activities are reported in accordance with the 2021 Global Reporting Initiative standards (GRI), a framework that guides companies and organizations in what to include in their reporting. This also includes Stendörren's sustainability activities in relation to the UN's 17 Sustainable Development Goals (SDGs). See page 49. The company's sustainability risks are assessed annually as part of the routine risk assessment process. The company's management of these sustainability risks are described on page 62 and in the Board of Director's Report on pages 74–76.

FIVE FOCUS AREAS



OPERATIONAL EXCELLENCE



TARGET:

Large suppliers are to sign the company's code of conduct

100% of all vehicles are to be fossil-free by 2025

Avoid flying wherever practically possible

RESOURCE EFFICIENCY



TARGET:

Reduce energy intensity (kwh/sqm) by at least 20% by 2030 from the baseline year 2020

70% of the property portfolio in sqm is to be environmentally certified by 2025

New developments and major conversions shall be environmentally certified

Enable increased recycling of tenants' waste and minimize construction waste from major new developments and refurbishments

Reduce carbon footprint by having 100% fossil-free energy by 2030 (for energy purchased by Stendörren)

Reduce carbon footprint in new production projects to achieve net zero emissions by 2030

ATTRACTIVE EMPLOYER



TARGET:

Strive for equality and diversity among all professional categories and aim to have a 40/60 gender distribution for senior positions by 2025

Annual follow-up and feedback on equality and non-discrimination

Achieve an eNPS of at least 20 in the semi-annual employee survey

100% of employees are to have completed training in the Code of Conduct

FUTURE PROOFING



TARGET:

Task Force On Climate-Related Financial Disclosures (TCFD) reporting from 2023

SOCIAL RESPONSIBILITY



TARGET:

Create job opportunities for people outside the labor force

FOCUS AREAS

1. OPERATIONAL EXCELLENCE



For Stendörren, Operational Excellence refers to understanding the market and social trends in order to develop a forward-looking strategy and to position Stendörren for the future. It also involves monitoring market risk and uncertainty as well as building an organization with well-functioning support processes, procedures and policies. A risk assessment of Stendörren's most material sustainability topics is evaluated annually as part of the company's routine risk assessment process. Identified risks and how these are managed are described on pages 74–77.

TARGETS

- Large suppliers are to sign the company's Code of Conduct
- 100% of all vehicles are to be fossil-free by 2025
- Avoid flying wherever possible

GOVERNANCE OF SUPPLY CHAIN

In 2022, a further 12 supplier agreements were signed that included Stendörren's Code of Conduct. The Code of Conduct has been introduced as an appendix to contracts in the tender procedure when procuring major contracts to ensure there is a mutual view of how to conduct responsible business.

BUSINESS TRAVEL

The number of vehicles in the company that are fossil-free currently amounts to 50% of the company's total vehicle fleet. Over the next few years, further updates are planned for the vehicle fleet, when fully electric cars will be used in operations. Other cars in the fleet will be gradually phased out in line with the stricter requirements in the company's vehicle policy.

Stendörren's ambition is to avoid flying and recommends that travel within Sweden should be by train. In 2022, two journeys were by train and 29 by air. Only 11 of the flights were within Sweden, while the remainder were to cities where Stendör-

ren owns properties. Stendörren will continuously review the number of journeys and is striving to minimize the company's carbon footprint.

ANTI-CORRUPTION AND HUMAN RIGHTS

Stendörren works actively to minimize all forms of corruption, bribery and fraud, in its own operations and in the value chain. The company has procedures whereby suppliers must sign the Code of Conduct when performing a contract or service when the value exceeds SEK 1 million. To ensure the proper management of transactions within the company, the processes for starting up projects have been reinforced. Projects are now approved through several approval stages before a project number is generated, similar to the existing process for internal payments.

Stendörren respects the universal human rights and imposes equivalent requirements on all business partners. As suppliers and employees take note of the Code of Conduct this reduces the risk of violations, both in own operations and in the value chain. A whistleblower system is available on the company's website and in 2022 no reports were received in the whistleblower system or in other channels.

NUMBER OF REPORTED INCIDENTS	2022	2021	2020
Whistleblower system	0	0	0
Other channels	0	0	0

FOCUS AREAS

2. RESOURCE EFFICIENCY



Resource efficiency is one of the focus areas where Stendörren has the greatest opportunity to reduce its carbon footprint, primarily by reducing energy consumption in the existing portfolio and above all by reducing the environmental footprint of the company's property development, both in terms of new production and extending and redeveloping existing properties. In 2022, Stendörren's proactive work led to the continued reduction of energy consumption in the properties and the percentage of fossil free energy increased further. There was also a focus on reduced waste management.

TARGETS

- Reduce energy intensity (kwh/sqm) by at least 20% by 2030 from the baseline year 2020
- 70% of the property portfolio (Standing assets) in sqm will be environmentally certified in 2025
- New developments and major conversions shall be environmentally certified
- Enable reduction of tenant waste and minimize construction waste from major new developments and refurbishments
- Reduce carbon footprint by having 100% fossil-free energy by 2030 (for energy purchased by Stendörren)
- Reduce carbon footprint in new production projects to achieve net zero emissions by 2030

ENERGY

One of Stendörren's most important sustainability targets is energy consumption, expressed as the properties' energy intensity (energy consumption per sqm/year). The target is to reduce energy intensity by 20% or more by 2030. Energy consumption is also a key ratio monitored in the sustainability-linked loans signed by the company in 2021 and 2022. In 2022, energy intensity fell to 88 kWh/sqm (112), a reduction of approximately 21%. Stendörren's structured efforts to reduce its energy consumption has therefore demonstrated excellent benefits and the long-term goal is already considered to be within reach.

Property management has monthly follow-ups of the activities carried out in each property to reduce energy consumption. The follow-ups involve both technical and commercial management. Stendörren's own technicians conduct routine checks to ensure all systems are set to minimize unnecessary operations and night rounds are performed to check lighting and reduce energy consumption. The properties that still have oil and wood chip boilers are under continued evaluation but the plan is to phase out this type of heating. Guarantee of Origin-certified renewable electricity is purchased to Stendörren's properties and existing contracts for district heating are reviewed on a continuous basis. Stendörren's goal is to purchase 100% fossil

free energy by 2030. This goal has become easier to monitor and measure since 2021, when the company began to use CREEM (Carbon Risk Real Estate Monitor). Properties referred to in the future-proofing chapter will be processed in 2023 and thereafter in order to identify solutions for fossil free energy deliveries to each property. The prospects are good as district heating suppliers are increasingly active in meeting the needs of property owners. For example, Stendörren immediately improves the values of its properties when the district heating supplier opts to change the fuel mix to more fossil free energy sources.

CERTIFICATION OF EXISTING PROPERTIES

Stendörren's activities to environmentally certify the portfolio is monitored in the sustainability-linked loans entered into by the company in 2021 and 2022. Stendörren has chosen to certify its existing properties in accordance with BREEAM In-Use. In 2022, certification work progressed and the company has therefore certified a total of approximately 42% of area in the portfolio and maintained a pace of approximately 20% of area (sqm) per year. Stendörren's long-term goal is to certify at least 70% of the area by 2025.

CERTIFICATION OF NEW PRODUCTION

Stendörren works actively to environmentally certify its new production. For its commercial properties, the company has decided to use the BREEAM-SE certification system. The company's ambition is at least to achieve the Very Good level of certification but

the aim is to achieve Excellent for several of the projects. For the company's relatively new business area, housing construction, Stendörren has decided to use the Nordic Swan Ecolabel for these properties since the company believes this is the best suited system for residential tenants. The company has implemented the Nordic Swan Ecolabel for its most advanced housing projects. The company's environmental specifications have been supplemented with certification requirements for extensions and refurbishments. The specifications are referred to as the Green Map. The Green Map includes the requirements from the EU Taxonomy Regulation, materials requirements, energy requirements, ecosystem services, etc.

WASTE

During the year, a number of activities were performed to improve the collection of waste from tenants. Since large parts of waste management handled by each tenant the collection of data and measurements are often complex. Stendörren is striving to implement green lease agreements and thereby intends to gain access to waste data. Currently, Stendörren only has some of the information required to obtain a full picture of the volumes of waste handled by tenants. The need to identify suitable solutions to reduce tenant waste and minimize construction waste remains as a target for 2023. Data presented by Stendörren in this year's report (see page 68) is based on a combination of actual waste data and a calculation of household waste in the property portfolio.

RESOURCE EFFICIENCY - OUTCOME

KPI	2022	2021
Energy		
Percentage of purchased fossil-free energy, %	96	98
Total energy consumption, absolute terms MWh	44,970	54,960
- of which from renewable sources, absolute terms MWh	42,964	54,021
- of which from non-renewable sources, absolute terms MWh	2,006	936
Heating from district heating	30,165	35,429
Heating from electricity: heat pumps and direct electric heating, etc.	759	832
Heating from heating oil	58	99
Energy intensity, kWh/sqm	89	112
Intensities¹⁾		
Absolute terms, kWh/sqm	89	112
Absolute terms, kg CO ₂ /sqm	2.2	3.1
Certification		
No. of environmentally certified properties	45	10
Percentage of environmentally certified lettable area, %	42	22
No. of certified new developments and conversions	0	0

1) Intensity based on Scope 1 and 2. Will be adjusted in future reporting as data collection has begun for Scope 3.

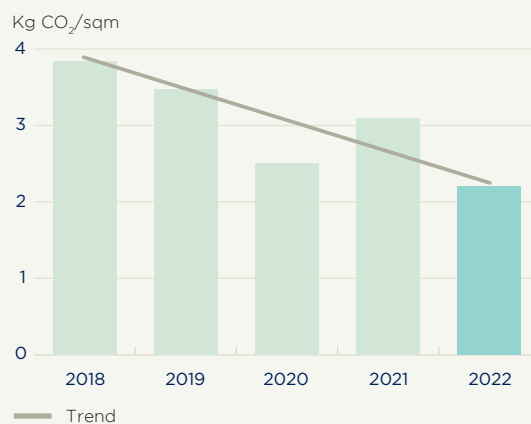
CARBON EMISSIONS

In 2022, new laws came into effect with an obligation to report the embodied carbon in buildings in a climate declaration. In 2021, these declarations were part of Stendörren's Green Map. In 2022, Stendörren prepared reporting that shows GHG emissions in Scope 1, 2 and 3 in material topics. The ambition with the reporting is to shed light on all of the emissions occurring in the company's value chain and not only those that are directly linked to the company's property management. The largest emissions were identified in Stendörren's new developments, extensions and refurbishments of existing properties. Stendörren's long-term goal is to reduce emissions to net zero by 2030. This endeavor will require a significant effort by the company as property developer and owner of a property portfolio that includes some older properties.

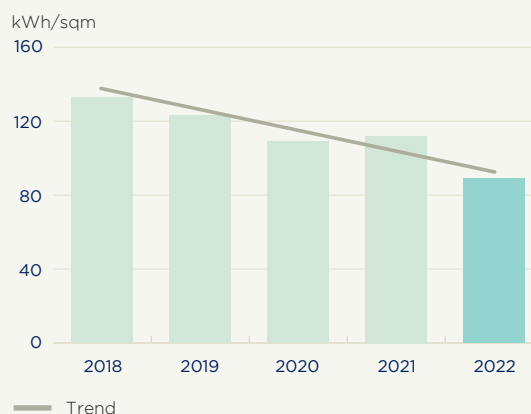
In its internal project requirements, Stendörren has set targets for GHG emissions per sqm in the company's new developments. Through regular follow-up, Stendörren will have an opportunity over time to improve its project development from an emissions perspective. During the company's extension and refurbishments, materials are re-used in an attempt to reduce the carbon footprint. The current stage of Stendörren's climate activities mainly involves engaging and raising the awareness of employees that are directly involved in project activities with respect to emission reductions.

In 2022, Stendörren's operations had a carbon footprint equivalent to 1,425 tons (1,539). This includes Scope 1 and 2. In the 2021 sustainability report, some Scope 3 emissions were included in Scope 2, such as road and air travel in the organization. These emissions accounted for approximately 8% of total consumption in 2021, which was corrected in the 2022 sustainability report. The new carbon footprint reporting on pages 66-67 shows the distribution of the company's total emissions and the emissions the company intends to investigate further.

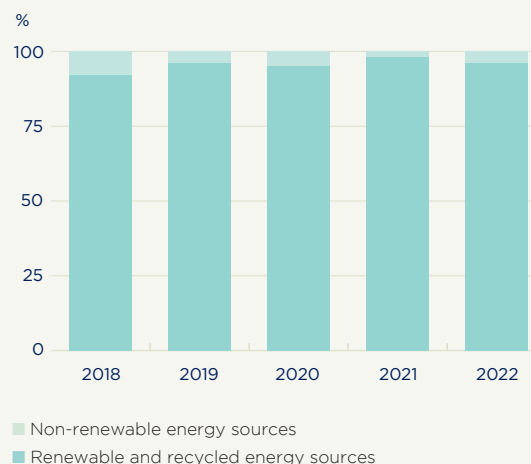
CARBON FOOTPRINT



ENERGY INTENSITY



RENEWABLE AND RECYCLED ENERGY SOURCES IN OPERATIONS



FOCUS AREAS

3. ATTRACTIVE EMPLOYER



Both internal and external stakeholders are crucial for Stendörren's success and growth. The business is built and developed by motivated and talented employees, together with suppliers and partners.

TARGETS

- Achieve a Net Promoter Score (eNPS) of at least 20 in the semi-annual employee survey
- Strive for equality and diversity among all professional categories and aim to have a 40/60 gender distribution for senior positions
- Annual follow-up and feedback on equality and non-discrimination
- 100% of employees are to have completed training in Stendörren's Code of Conduct

WELL-BEING AND HEALTH

Stendörren carried out a large number of staff activities in 2022. After the pandemic, there was an increased need to hold physical meetings, which also benefits Stendörren's internal cooperation processes and creativity. Internal events and meetings have been organized to further strengthen the corporate culture and build on the new organization Stendörren has implemented in recent years. The reorganization has meant the day-to-day management of properties, which was previously performed by external partners, is again managed internally. Working practices and internal processes were rationalized and work duties redistributed. The reorganization, changes to the technical management as well as the fact that the company's employees are attractive in the current market, led to employee

turnover of 34% in 2022, which is slightly higher than in the preceding year when turnover was 33%.

The company has continued to measure the outcome of the employee-promoting measures using pulse surveys that are conducted at least twice per year. The pulse surveys are conducted in the form of a questionnaire where employees estimate stress, workload and well-being. An element that has been added is to measure employee satisfaction using the Net Promoter Score method (eNPS). The first measurement took place at the end of 2021 and measurements carried out in 2022 have shown a significant improvement. This is partly a result of the employee-promoting measures arranged to create greater unity and well-being in the organization.

The goal remains to reach an eNPS score of more than 20, compared with the score of 11 achieved in the most recent survey. The company's efforts to improve this score are continuing in 2023. In 2022, the average sickness absence rate (long and short-term sick leave) was 2.4%, divided between 2.9% for women and 2.2% for men.

In 2022, Stendörren again participated in the Spring för livet charity race. The race was held in collaboration with the Companies for Malawi project and raised a total of approximately SEK 782,000 for UNICEF's activities at the One Stop Centre in Malawi. Five people from Stendörren participated. A health competition was also held for all employees during the autumn. The roughly 30 people who opted to take part were divided into groups and competed together, giving each other encouragement and logging their workouts. The winning group could decide which organization would receive the prize money, and the Swedish Childhood Cancer Fund was chosen.

Training was provided during the year for all employees in Stendörren's Code of Conduct. In addition, other training was provided, including cardio-pulmonary resuscitation and other more industry specific training.

EQUALITY AND DIVERSITY

In 2022, the percentage of women in senior positions at Stendörren was 38%, compared with 26% in 2021. The company has a target for both equality and diversity, but only gender distribution is presented in this report. Stendörren's approach to following up diversity takes place internally by ensuring that no discrimination takes place in the organization. To this end, a question is included in the company's pulse survey, which is conducted twice per year. It is also possible to use the company's whistleblower function. No reports were submitted to the whistleblower system in 2022, nor other reporting such as direct contact with a responsible manager or HR. No occupational injuries or occupational accidents were reported in 2022.

KPI	2022	2021	2020
Gender distribution senior positions women/men	5/8 ¹⁾	4/11	5/9
New employee hires during the year			
- Women, no.	5	6	6
- Men, no.	8	10	7
Total	13	16	13
Employee turnover, %	34	33	35
employee Net Promoter Score	+11	-8	n.a.
Occupational injuries and illnesses, no. days of absence²⁾			
- Women	2.9	1.0	3.8
- Men	2.2	5.0	4.4
Total	2.4	3.4	4.3

KPI	2022	2021	2020
Average hours of training per year	166 ³⁾	376	119
Percentage of employees receiving regular performance and career development reviews, %	100	100	100
Diversity of employees, no.			
- Women <30 years	5	5	3
- Women 31-50 years	8	10	12
- Women >50 years	6	4	6
Total women	19	19	21
- Men <30 years	4	2	4
- Men 31-50 years	19	23	15
- Men >50	6	11	9
Total men	29	36	28
Total number of employees	48	55	49

1) Based on managers with line management responsibility or managers who are part of the management team.

2) Average number of days of absence based on total number of employees in December 2022.

3) The number of hours is based on training in OHS, CPR and the Code of Conduct. Other training was not logged.

FOCUS AREAS

4. FUTURE PROOFING



In order to make informed decisions about its property portfolio, Stendörren is preparing a report aligned with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). Stendörren has conducted analyses of the Swedish portfolio and will continue to document the company's climate and transition risks in 2023. Stendörren's management of the risks in the company's property portfolio will be easier to measure and monitor when this basic process and method of reporting has been established within the company.

TARGETS

- Task Force on Climate-Related Financial Disclosures (TCFD) reporting from 2023

CLIMATE RISK ASSESSMENT

In 2022, the company worked to summarize climate risks for its Swedish portfolio by using data from the Swedish Meteorological and Hydrological Institute (SMHI) to map climate risks. The company thereby obtained an overview of the magnitude of the risks and how they may change over time.

Climate change may have both a direct and indirect impact on the properties and thereby also the property owner's financial risks. The size of the risks depends on levels of greenhouse gases in the atmosphere.

The analyses used results from two different potential future development paths for our planet which are described through emissions scenarios prepared by the UN Intergovernmental Panel on Climate Change (IPCC). The analysis of change in indi-

cators compares the periods 2011–2040, 2041–2070 and 2071–2100 with the reference period 1971–2000. The Swedish portfolio's energy performance was used to understand the properties in relation to Sweden's climate roadmap. The roadmap comprises the promises given by Sweden to reduce its footprint by 2045. The tool used shows whether a property will be stranded on the intended reduction curve and what year this will occur. The tool helped Stendörren to understand which properties may have a climate risk and when this will take place.

Properties in Norway, Denmark and Finland are yet to be included in the reporting data. Properties that are currently located outside of Sweden will be studied when a suitable model for this has been developed.

TCFD

Work with TCFD reporting continued in 2022 though some parts are yet to be finalized to enable complete reporting for the company. Work will continue in 2023 with the ambition to present a complete report during the year. A large part of the groundwork is in place and scenario analyses are being prepared but not yet complete. Governance and strategies will be clarified from a sustainability perspective.

GOVERNANCE

Every year, a review is conducted of risks in the company. The management team estimates the various risks in terms of impact and probability. The company has divided the risks into the following five categories: strategic, operational, regulatory, financial and sustainability. Based on this work, the risks are sorted into high risk and black swans¹⁾. All risks have a responsible individual from the management team. Each responsible individual prepares an activity plan to identify how Stendörren is to work to minimize its impact and completely eliminate the risk. The CEO reviews risk management twice per year. Work is reported to the Board every year.

STRATEGY

As part of its sustainability strategy, Stendörren compiles all climate risks, physical and transition risks and places these in both a short-term and long-term perspective. The initial analysis phase shows that the Swedish portfolio has both physical climate risks and transition risks, albeit to a limited extent. The impact of the climate risks on Stendörren's business model and financial strength is considered limited in the short-term perspective but this may change over time. First and foremost, a warmer climate will result in a number of additional factors that will impact the company's properties. Stendörren will continue this work with risk assessments in 2023.

CLIMATE RISKS

The result of the analysis phase indicates that 24 properties have a potential climate risk by 2040. Several of these require a more detailed review to verify whether or not the risk exists in reality. The risks are linked to hydrology and cooling degree days. Cooling degree days will increase after 2040 while the hydrology risks do not increase to the same extent. Cooling degree days are strongly linked to the rising temperature and a scenario for accelerated climate change (RCP8.5²⁾) could increase the number of properties with a substantial risk from 3 to 59 by 2040.

TRANSITION RISK

Stendörren has also studied energy data available to the company concerning the Swedish portfolio. The study identified 16 properties that touch or will touch the curve for Sweden's emissions reduction ambitions by 2045. Stendörren works according to a scenario of a 1.5 °C temperature increase with respect to transition risk. The number will rise to 39 properties based on the above scenario by 2050. Of the 16 properties Stendörren has initially considered, several will be remediated by replacing deliveries of district heating with a mix containing a greater share of renewable energy.

For properties in Stendörren's portfolio that do not change district heating deliveries, plans will be prepared to transition each property. Continuous mapping is being conducted of properties located in other Nordic countries and these will gradually be included in Stendörren's environmental efforts. Energy data was collected in 2022 and updates will be carried out in 2023.

1) A black swan is an unlikely and unpredictable event that may have potentially severe consequences.

2) RCP8.5 refers to a climate scenario with sustained high GHG emissions. Characterized by GHG emissions that are three times higher than today's, rising methane gas emissions and continuing heavy dependence on fossil fuels.

FOCUS AREAS

5. SOCIAL RESPONSIBILITY



Stendörren shall be a committed and responsible participant in urban development that works together with municipalities and customers to create premises that make a difference. The company is involved in local business with the aim of creating the right type of pleasant premises and specify requirements for projects to create safe and green surroundings for residential tenants. Stendörren has identified great benefits from maintaining a close dialog with tenants, as this provides a good understanding of their needs and expectations on the company as landlord.

TARGETS

- Create job opportunities for people outside the labor force

COMMUNITY INVOLVEMENT

Stendörren's operations for residential development are closely linked to how the company can contribute to social sustainability. Due to the current economic and financial conditions for residential development, construction has not yet begun but only work on zoning plans was conducted, focusing on creating building rights for residential purposes. However, the company is engaged in long-term work with various KPIs to measure the impact of social sustainability for forthcoming projects. Stendörren continued to play an active part in Sustainable Stockholm 2030 (HS30) industry initiative to provide a better foundation for social sustainability, particularly in respect of residential buildings but also other property segments.

Stendörren's goal in this focus area is to create job opportunities for people outside the labor force. Stendörren has in recent years been happy to provide traineeships and practical learning for people outside the labor force. During the year, three

trainees and two seasonal workers were employed in property management. A student was employed at the company's financial department. Stendörren's property development activities include requirements that suppliers help to create traineeships and two trainees were employed in 2022. Stendörren actively makes demands on its suppliers in conjunction with procurement and follows this up annually. The goal for creating job opportunities was launched in 2021, which means comparative data is not available for the previous years. In 2022, ten people were employed as trainees, of whom two worked in Stendörren's new production projects, two at the financial department and six in property management.

The company intends to identify more KPIs to measure its social sustainability activities and has routine contact with stakeholders, including financiers, to ensure that its requirements in the area are being met.

SUSTAINABILITY

GRI CONTENT INDEX

GRI STANDARD/ OTHER SOURCE	GRI REFERENCE	DEVIATIONS		
		REQUIRE- MENTS PAGE	OMISSION	REASON
GENERAL DISCLOSURES				
GRI 2: General disclosures 2021	2-1	Organizational details	3, 22-26, 108	
	2-2	Entities included in the organization's sustainability reporting	108, 127	
	2-3	Reporting period, frequency and contact point	71-73, 108	
	2-4	Restatements of information	58, 108	
	2-5	External assurance	69, 135-138	
	2-6	Activities, value chain and other business relationships	13	
	2-7	Employees	72, 114-115	
	2-8	Workers who are not employees	114	
	2-9	Governance structure and composition	83-84, 91-94	
	2-10	Nomination and selection of the highest governance body	83	
	2-11	Chair of the highest governance body	84, 91	
	2-12	Role of the highest governance body in overseeing the management of impacts	47	
	2-13	Delegation of responsibility for managing impacts	47	
	2-14	Role of the highest governance body in sustainability reporting	47	
	2-15	Conflicts of interest	83-84	
	2-16	Communication of critical concerns	86	
	2-17	Collective knowledge of the highest governance body	86	
	2-18	Evaluation of the performance of the highest governance body	86, 89-90	
	2-19	Remuneration policies	87-88, 114-116	
	2-20	Process to determine remuneration	87-88	
	2-21	Annual total compensation ratio	114-115	
	2-22	Statement on sustainable development strategy	47, 72	
	2-23	Policy commitments	47,76	
	2-24	Embedding policy commitments	47	
	2-25	Processes to remediate negative impacts	55	
	2-26	Mechanisms for seeking advice and raising concerns	55	
	2-27	Compliance with laws and regulations	55	
	2-28	Membership associations	47	
	2-29	Approach to stakeholder engagement	51-52	
	2-30	Collective bargaining agreements	72	

GRI STANDARD/ OTHER SOURCE	GRI REFERENCE	REQUIRE- MENTS PAGE	DEVIATIONS		
			OMISSION	REASON	
MATERIAL TOPICS					
GRI 3: Material Topics 2021	3-1	Process to determine material topics	51		
	3-2	List of material topics	51		
	3-3	Management of material topics	51		
ECONOMIC PERFORMANCE					
GRI 3: Material Topics 2021	3-3	Management of material topics	51		
GRI 201: Economic performance 2016	201-1	Direct economic value generated and distributed	68		
	201-3	Defined benefit plan obligations and other retirement plans	87,111		
ANTI-CORRUPTION					
GRI 3: Material Topics 2021	3-3	Management of material topics	51,55		
GRI 205: Anti-corrup- tion 2016	205-2	Communication and training about anti-corruption policies and procedures	60		
	205-3	Confirmed incidents of corruption and actions taken	55		
ENERGY					
GRI 3: Material Topics 2021	3-3	Management of material topics	51, 56-57		
GRI 302: Energy	302-1	Energy consumption within the organization	56-57		
	302-3	Energy intensity	57-58		
	302-4	Reduction of energy consumption	56-57		
EMISSIONS					
GRI 3: Material Topics 2021	3-3	Management of material topics	51, 58, 66-67		
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	66		
	305-2	Energy indirect (Scope 2) GHG emissions	66		
	305-3	Other indirect (Scope 3) GHG emissions	66-67		
	305-4	GHG emissions intensity	57-58		
WASTE MANAGEMENT					
GRI 3: Material Topics 2021	3-3	Management of material topics	51, 57, 68		
GRI 306: Waste 2022	306-3	Waste generated	57, 68		
	306-4	Waste diverted from disposal	57, 68		
	306-5	Waste directed to disposal	57,68		
DIVERSITY AND EQUAL OPPORTUNITY					
GRI 3: Material Topics 2021	3-3	Management of material topics	51, 59-60		
GRI 405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and employees	60		
	405-2	Ratio of basic salary and remuneration of women to men	a,b	No information available	Data exists but not compiled in the relevant format

SUSTAINABILITY NOTES

STENDÖRREN'S GREENHOUSE GAS EMISSIONS

Stendörren annually measures the company's emissions in accordance with the Greenhouse Gas Protocol (GHG Protocol). These emissions are reported in Scopes 1, 2 and 3. The calculations for Scope 3 were adjusted in 2022 and now include more climate items than in previous years.

TONS CO ₂ E	2020	2021	2022	EMISSION FACTOR	SOURCE OF EMISSION FACTOR
SCOPE 1					
Purchased energy fuel (natural gas, oil, pellets)	192	29	16	Oil: 0.268 kg CO ₂ e/kWh	Swedenergy
Fuel for company cars and machinery	386	110	84	Gasoline: 2,114 kgCO ₂ e/l Diesel: 1,958 kgCO ₂ e/l Biodiesel (HVO 100%): 0.00 kgCO ₂ e/l E85: 0.463 kgCO ₂ e/l Gas: 0.358 kgCO ₂ e/l Biogas: 0.00 kgCO ₂ e/l	Swedish Environmental Protection Agency
Refrigerant leakage	-	71	151		
Total Scope 1	578	210	251		
SCOPE 2					
District heating	941	1,268	1,080	Emission factor from each supply (1-year delay)	Swedenergy
Purchased electricity (location based) ¹		1,222	1,060	Nordic electricity mix: 0.072 kgCO ₂ e/kWh	IVL Swedish Environmental Research Institute
Purchased electricity (market based)		1	1	Electricity hydropower: 0.0000383 kgCO ₂ e/kWh	EPD Vattenfall hydropower
Total Scope 2 (location based)	941	2,490	2,140		
Total Scope 2 (market based)	941	1,269	1,081		
SCOPE 3					
Major purchases and maintenance (3.1) ²	-	-	0		
New production (Refers to A1-A5 in the climate declaration) (3.2) ³	-	-	5,529	Generic representative values according to Swedish National Board of Housing, Building and Planning's climate database EPDs for each specific material where	Construction sector's Environmental Calculation Tool (BM) EPD International is available
New production (in addition to climate declaration) (3.2) ⁴	-	-	2,088	Standard construction stage 7 and 8 depending on type of building ⁷ Earthwork under building: 30 kgCO ₂ e/sqm Asphalted area: 0.049 kgCO ₂ e/kg	Standard construction stage 7, 8 and earthwork IVL Swedish Environmental Research Institute Asphalt: Swedish Transport Administration Code BM (from BM)
ROT (Repairs, Conversion, Extension) (value adding) (3.2)	-	-	2,058	Standard Small: 29 kgCO ₂ e/sqm Standard Medium: 55 kgCO ₂ e/sqm Standard Large: 80 kgCO ₂ e/sqm	Standard prepared together with IVL Swedish Environmental Research Institute ⁸

TONS CO ₂ E	2020	2021	2022	EMISSION FACTOR	SOURCE OF EMISSION FACTOR
SCOPE 3, FORTS.					
Upstream: Purchased energy fuel (natural gas, oil, pellets) (3.3.)	-	2	1	Heating oil: 0.022 kgCO ₂ e/kWh	Värmeforsk
Upstream: District heating (3.3)	-	159	132	Emission factor for each supplier (1-year delay)	Swedenergy
Upstream: Purchased electricity (location based) (3.3)	-	361	314	Nordic electricity mix: 0.0213 kgCO ₂ e/kWh	IVL Swedish Environmental Research Institute
Upstream: Purchased electricity hydropower (market based) (3.3) ¹	-	45	40	Electricity hydropower: 0.00295 kgCO ₂ e/kWh	EPD Vattenfall hydropower
Upstream impact fuel	-	16	20	Gasoline: 0.49 kgCO ₂ e/l Diesel: 0.46 kgCO ₂ e/l Biodiesel (HVO 100%): 0.46 kgCO ₂ e/l E85: 0.563 kgCO ₂ e/l Biogas: 0.563 kgCO ₂ e/l	Swedish Environmental Protection Agency (3.3)
Procured transportation (3.4) ⁵					
Waste management in own operations (3.5) ⁶					
Business travel (3.6)	-	5	10	Air travel: approximately 0.315 kgCO ₂ e/km No travel using private cars Other modes of transport: 0 kgCO ₂ e	Zero emissions
Employee commuting (3.7)	-	-	17	Gasoline: 0.154 kgCO ₂ e/km: Diesel: 0.131 kgCO ₂ e/km Diesel (100%bio): 0.00 kgCO ₂ e/km Electric car: 0.00 kgCO ₂ e/km Plug-in hybrid: 0.066 kgCO ₂ e/km Other modes of transport: 0 kgCO ₂ e/km	Swedish Environmental Protection Agency
Leased assets (3.8)	-	0	0	Nordic electricity mix: 0.072 kgCO ₂ e/kWh Emission factor for district heating supplier	
Downstream transportation and distribution (3.9)					Not applicable
Product processing (3.10)					Not applicable
Use of sold products (3.11)					No data available
End-of-life treatment of sold products (3.12)					No data available
Leased assets (3.13)					No data available
Franchise (3.14)					Not applicable
Investments (3.15)					Not applicable
Total Scope 3 (location based)	0	543	10,169		
Total Scope 3 (market based)	0	227	9,895		
Total carbon footprint (location based energy)	1,519	3,243	12,560		
Total carbon footprint (market based energy)	1,519	1,706	11,227		

1) No relevant data available for Norway, Denmark or Finland

2) No data available

3) Based on four projects and the annual consumption of materials in projects.

The calculation shows stage A1-A5 which refers to the GHG emissions in the construction phase

4) Asphalted area amounts to 22,611 sqm. The remainder refers to completed projects

5) Transportation in connection with construction projects is included in 2, capital goods

6) Waste in connection with construction projects is included in 2, capital goods

7) Construction stage 7 refers to interior surface finish and furnishing, construction stage 8 refers to technical installations excluding solar panels.

8) The standards are based on project costs per area that are then multiplied by the corresponding standard for carbon dioxide. Standards refer to three different cost intervals

TENANT WASTE

YEAR	RECYCLING TONS	ENERGY RECYCLING TONS	DESTRUCTION* TONS	LANDFILL TONS	HAZARDOUS WASTE TONS
2022	75	328	0	10	31

* It was not possible to break down the amounts allocated to destruction but not energy recycling.

DIRECTLY GENERATED ECONOMIC VALUE PER DEC 31, 2022

YEAR	2017	2018	2019	2020	2021	2022
Total income	452.30	537.40	591.58	631.03	652.87	732.82
Operations	124.30	167.20	171.45	149.77	150.41	158.95
Salary and remuneration of employees	42.33	67.49	62.35	59.42	63.80	67.80
Payment to financiers	105.20	131.30	166.35	133.58	135.43	207.86
Payment to public sector	23.10	23.80	30.01	31.68	28.99	58.51
Retained economic value	157.38	147.61	161.41	256.58	274.25	239.71
Dividend	49.70	59.20	31.53	-	-	-

INDEPENDENT AUDITOR'S ASSURANCE REPORT ON THE GROUP SUSTAINABILITY REPORT OF STENDÖRREN FASTIGHETER AB (PUBL)

To the Board of Directors of Stendörren Fastigheter AB (publ)
Org.no. 556825-4741

INTRODUCTION

We have been engaged by the Board of Directors of Stendörren Fastigheter AB (publ) to provide limited assurance on the group sustainability report of Stendörren Fastigheter AB (publ) for the year 2022.

THE RESPONSIBILITY OF BOARD OF DIRECTORS AND MANAGEMENT

The Board of Directors is responsible to present the sustainability report in accordance with relevant criteria. The criteria are set out in pages 53 and 64-65 of the sustainability report, and consist of the parts of the sustainability reporting framework published by GRI (Global Reporting Initiative) that are applicable to the sustainability report, as well as the company's own developed accounting and calculation principles. This responsibility also includes the internal control deemed necessary to prepare a sustainability report that is free from material misstatement, whether due to fraud or error.

THE RESPONSIBILITY OF THE AUDITOR

Our responsibility is to express a conclusion on the sustainability report based on our limited review.

We have conducted our limited review in accordance with ISAE 3000 Assurance engagements other than audits and reviews of historical financial information. A limited review consists of making inquiries, primarily to persons responsible for preparing the sustainability statement, performing analytical reviews and performing other review procedures. A limited review has a different focus and a significantly smaller scope compared to the focus and scope of an audit in accordance with International Standards on Auditing and generally accepted auditing standards in general.

The audit firm applies ISQM 1 (International Standard on Quality Management) and thus has a comprehensive quality control system, which inclu-

des documented policies and procedures regarding compliance with professional ethics, standards for professional practice and applicable requirements in laws and regulations. We are independent in relation to Stendörren Fastigheter AB (publ) and their subsidiaries in accordance with generally accepted auditing standards in Sweden and have otherwise fulfilled our professional ethical responsibilities in accordance with these requirements.

The audit procedures taken in a limited review do not allow us to obtain sufficient assurance to be aware of all the important facts that could have been identified if an audit had been carried out. Therefore, the stated conclusion based on a limited review does not have the certainty of an explicit conclusion based on an audit.

Our limited review of the sustainability report is based on the criteria selected by the Board of Directors, as defined above. We believe that these criteria are appropriate for the preparation of the sustainability report.

We believe that the evidence obtained during our limited review is sufficient and appropriate to support our opinions below.

STATEMENTS

Based on our limited review, no circumstances have emerged that give us reason to believe that the sustainability report has not, in all material respects, been prepared in accordance with the criteria set out above by the Board of Directors.

Stockholm the 24th of april 2023

BDO Mälardalen AB

Markus Håkansson
Authorized Public Accountant