



CONTENTS

Message from the CEO	1
Viable cities and communities	2
Future-proof urban development	4
Sustainability targets	6
Districts	8
Properties	10
Employees	16
Supply chain	20
Customers	22
Finance	23
Business ethics	24
About this report	26
GRI index	28

Our most important sustainability work happens on a normal working day

We pursue ambitious sustainability work on several fronts and via a number of different initiatives, which is something of which I'm very proud.

In my world, the most important sustainability work is what takes place on a normal working day, out in the field, on a daily basis at each and every one of our properties. Property management isn't just about taking care of four walls and a roof. It includes all the people who work, spend time or live in an area. It's about consideration, and helping to create a safe and healthy environment.

We aim to be proactive and constantly improve on what we do. Once we've reached our targets, we'll set new, even more challenging ones. It's a simple equation. If we can offer good, well-managed premises in effective and appealing districts, then our customers will be happy, our employees proud and our shareholders satisfied. Effective management, particularly in terms of maintenance, saves money and boosts profitability, so a sustainable company means a sound investment for shareholders. And not forgetting the fact that we're also helping create better areas, cities and thus a better Sweden as well.

Sustainability is now a hygiene factor. Companies that fail to invest in their sustainability work are building up a debt for the future, and that applies to industry as well as the property sector. Something has to be done sooner or later, and when that day comes there will be companies that can't afford to continue operating.

Commercial competition is never a bad thing, but when we're developing areas that need to be safe, functional and appealing, it's not a competition. That's not what the contest is about. What we do is ultimately about people's wellbeing. The better we and all other operators perform together, the better able we are to deliver when it comes to what's really important to us all.

Stefan Dahlbo, CEO of Fabège



.....
This sustainability report is an excerpt from
our annual report 2019, which can be
found at www.fabège.com
.....

Design and production: Narva
Print: Pipeline Nordic, Stockholm, 2020



Trycksak
4041 0820

The best of
responsible forestry



Property management isn't just about taking care of four walls and a roof. It includes all the people who work, spend time or live in an area.



Sustainability Report 2019

Viable cities and communities

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

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. Fabeges's economic, environmental and social responsibility is based on the UN's Sustainable Development Goals and the Paris Agreement. Each day, in all kinds of ways, our organisation 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 respecting human rights.

We take considerable responsibility and we work based on the following seven subareas:

- City districts
- Properties
- Employees
- Supply chain
- Customers
- Green financing
- Business ethics and moral approach

Find out more about these areas in the Sustainability Report on pages 78–103.





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.

The goals where Fabège believes it has the greatest opportunity to exert an influence are 3, 7, 8, 10, 11, 12 and 13. Our business model and core operations have a direct link to Goal 11: Sustainable Cities and Communities. We also know that our work has an impact on all 17 SDGs.

Targets

We have selected several of the 169 targets that are defined under the goals, and where Fabège has the greatest opportunity to make a difference.

- 3** Good health and wellbeing
 - 3.4 Reduce mortality from non-communicable diseases and promote mental health
- 7** Affordable and clean energy
 - 7.2 Increase global percentage of renewable energy
 - 7.3 Double the improvement in energy efficiency
- 8** Decent work and economic growth
 - 8.7 End modern slavery, trafficking and child labour
 - 8.8 Protect labour rights and promote safe working environments
- 10** Reduced inequalities
 - 10.3 Ensure equal opportunities and end discrimination

- 11** Sustainable cities and communities
 - 11.2 Affordable and sustainable transport systems
 - 11.3 Inclusive and sustainable urbanisation
 - 11.6 Reduce environmental impact of cities
 - 11.7 Provide access to safe and inclusive green and public spaces
- 12** Responsible consumption and production
 - 12.2 Sustainable management and use of natural resources
 - 12.5 Substantially reduce waste generation
- 13** Climate action
 - 13.3 Build knowledge and capacity to meet climate change



Future-proof urban development

In 2019, Fabège worked on a scenario analysis together with the Stockholm Environment Institute, municipalities and business partners, in order to future-proof operations. Climate change, rapid geopolitical changes, a soaring population, urbanisation and other challenges create uncertainty about the future. Fabège’s risks and opportunities have been analysed based on the four future scenarios described below, in order to ensure sustainable urban and regional development in Stockholm going forward.

SCENARIO 1: “THE UN CITY”

Urban development is characterised by the UN ideals, i.e. sustainable development achieved via international treaties, ambitious collaboration and fair trade, which requires society to make major changes.

Effective climate agreements have reduced greenhouse gas emissions despite increasing prosperity across the world. Sweden has invested heavily in infrastructure for renewable energy, public transport and circular materials management, while global demand for sustainable solutions for society has steadily risen.

Effects of future weather events in a future society. The average temperature in Stockholm has risen by 1.5–3 degrees. More, and stronger weather events. Change in precipitation patterns and considerable variations in weather patterns. Rise in sea levels.

Role of urban development:

Contribute towards achieving UN’s 17 Sustainable Development Goals.

Risks that affect Fabège



- More stringent demands for carbon reporting
- Cost of changing over to low-carbon building materials
- Higher costs for raw materials and waste handling
- Changes in the valuation of assets (stranded assets)

Opportunities for Fabège



- Higher values for environmentally certified, energy-efficient and energy-positive properties
- Reduced exposure to rising fossil energy prices
- Increased market value via resilience planning (for example infrastructure, land, buildings)
- Increased revenue via demand for products and services with lower carbon dioxide emissions

SCENARIO 2: “THE NETWORK CITY”

Concerns about climate change have led to a decline in global transportation and greater demand for green technology and local products.

Increasing costs for sustainable energy supply hamper the potential for global growth.

The need for supplies of local resources has resulted in new solutions, high capacity utilisation of capital goods, a large element of the sharing economy, new circular business models and networks of cooperating operators.

Effects of future weather events in a future society. The average temperature in Stockholm has risen by 1.5–3 degrees. More, and stronger weather events. Change in precipitation patterns and considerable variations in weather patterns. Rise in sea levels.

Role of urban development:

To create a dynamic local society that is integrated into global value-creating networks.

Risks that affect Fabège



- Stuck with infrastructure designed for other conditions
- Higher costs for local energy supply
- Cost of raw materials increases due to limited access to materials in the local economy
- Insufficient energy supply

Opportunities for Fabège



- Greater resource efficiency
- Higher values for environmentally certified, energy-efficient and energy-positive properties
- Potential to increase exchanging and sharing of resources
- Extend the financial relationship with the customer through maintenance, repairs and new types of service offerings.

SCENARIO 3: "THE TECH CITY"

Market-driven globalisation initially generated substantial productivity gains and a larger global middle class.

The market developed energy-smart systems, production optimisation and customised solutions with the help of robots, sensors and IoT. Meanwhile, total dependency on natural resources increased.

Growth pressure and limited resources led to regional crises and escalating climate effects.

Growing environmental problems have fuelled demand for technical solutions that can radically reduce the environmental and climate impact of the economy.

Effects of future weather events in a future society. The average temperature in Stockholm has risen by 1.8–2.5 degrees. More, and stronger weather events. Change in precipitation patterns and considerable variations in weather patterns. Rise in sea levels.

Role of urban development:

Develop sustainable, eco-friendly, low-carbon solutions for society with efficient use of materials.

Risks that affect Fabege



- Reduced focus on recreational values
- Social ill health and segregation
- Greater dependence on natural resources
- Escalating climate effects

Opportunities for Fabege



- Energy balance/self-sufficiency
- Customised solutions with the help of robots, sensors and IoT
- Higher values for environmentally certified, energy-efficient properties
- Eliminating district boundaries to reduce segregation

SCENARIO 4: "THE CITY REGION"

Conflicts and competition for global resources have led to low global growth, with major differences between countries.

Dense urban populations have caused growing environmental problems and greater inequality between social groups.

Regional and local businesses are the backbone of the economy.

Transport flows are increasingly between cities and the surrounding rural areas.

Effects of future weather events in a future society. The average temperature in Stockholm has risen by 2–4 degrees. More, and stronger weather events. Change in precipitation patterns and considerable variations in weather patterns. Rise in sea levels.

Role of urban development:

To integrate cities with surrounding areas and adjust transport flows

Risks that may affect Fabege



- Access and transport problems
- Limited electrification of transport sector
- Shortage of materials
- Local overpopulation, lack of land and high pressure in city centres, followed by people moving out

Opportunities for Fabege



- Create spaces/premises for reuse/recycling
- Digitalisation and smart technology
- Higher values for environmentally certified, energy-efficient properties
- Urban gardening leads to more attractive and healthier cities

FABEGE'S WORK OVER THE COMING YEARS

The future will be a combination of various elements of these scenarios, and events that at this point we are unable to predict. We are continually monitoring developments to evaluate the need for changes in order to manage the risks we identify. The purpose is to ensure a robust business model that is profitable and successful in the long term, whatever the

future holds. Find out more on the following pages about, for example, our goal of carbon neutral property management by the year 2030, and how we are working to create well balanced, sustainable premises, buildings and urban environments that promote people's long-term physical and social needs.

Sustainability targets

Properties	Outcome 2019	Outcome 2018	Short-term goal	Long-term goal
Proportion of renewable energy, %	91 ¹⁾	91 ¹⁾	100	100 per cent energy from renewable sources
Investment in solar panels, MWh	323	n/a		Solar panel expansion corresponding to 320 MWh per year
Energy produced from solar panels, kWh/sqm Atemp	0.36	0.16		Energy produced from solar panels 2.5 kWh/sqm Atemp by 2030
Energy performance, heating, kWh/sqm LOA	49	56		Target in energy performance, total energy
Energy performance, total energy, kWh/sqm LOA	89	108		
Energy performance, total energy, kWh/sqm Atemp	81	98	max. 77 years 2023	Average max. 77 kWh/sqm Atemp New builds, max. 50 kWh/sqm Atemp Existing portfolio, max. 85 kWh/sqm Atemp
Water consumption, thousand cubic metres	505	475		
Water consumption, litres/sqm Atemp	402	439		Reduce water consumption per sqm
Proportion of electric or hybrid cars – service vehicles and company cars, %	73	n/a	100	100 per cent
Carbon dioxide emissions, tonnes				Carbon neutral property management by 2030 – definition in progress via Science Based Targets
Scope 1	22	22		
Scope 2	1,933	2,519		
Scope 3	561	n/a		
Total	2,516	2,541		
Carbon offset by district heating supplier	-1,726	-2,303		
Net emissions after carbon offset	790	238		
Waste, tonnes				
Recycled waste	2,023	1,816		90 per cent of total quantity of waste
Waste sent to landfill	7	7		Zero
Waste sent for incineration	2,073	1,997		10 per cent of total quantity of waste
Total disposed waste	4,103	3,820		
Environmental certification, number of properties	59	56		
Environmental certification of new builds, proportion of total lettable area, %	100	100	100	All new builds and major redevelopments are to be certified according to BREEAM-SE
Environmental certification existing portfolio, proportion of total lettable area, %	100	100	100	All management properties (excluding future development properties) are to be environmentally certified to BREEAM In-Use standard.

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



We have come a long way, but we're not satisfied. This year we have further raised the level of ambition and challenged our targets.

→ Mia Häggström, Sustainability Manager

Employees	Outcome 2019	Outcome 2018	Short-term goal	Long-term goal
Satisfied employees, confidence rating, %	74	78	>80	Confidence rating will exceed 85 per cent by 2021
Recommending Fabege as an employer, %	87	88	90	>90 per cent
Low sickness absence, %	2.9	2.20	<3	Maintain low level of sickness absence, aided by regular medical check-ups and continued health and fitness programmes
Gender balance, management team, %	33	33		Aim is to achieve even gender balance
Employee turnover, %	7	6		
Response rate employee survey, %	100	100	100	100 per cent
Overall, Fabege is a great place to work, %	86	85	90	90 per cent
Customers	Outcome 2019	Outcome 2018	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
Customer dialogues, number	129	n/a	n/a	In years when a CSI survey is not carried out, a greater number of customer dialogues will be conducted
Green leases ¹⁾ , proportion newly-signed lettable area, %	94	96	100	Green leases will account for 100 per cent of newly-signed lettable area
Green leases, proportion of total lettable area, %	75	66	100	Green leases will account for 100 per cent of total lettable area
Suppliers	Outcome 2019	Outcome 2018	Short-term goal	Long-term goal
Screening of strategic suppliers, %	98	98	100	All strategic partners will be sustainability-inspected and approved (corresponds to approx. 75 per cent of total purchasing volume).
Finance	Outcome 2019	Outcome 2018	Short-term goal	Long-term goal
Green financing, %	84	60	100	100 per cent green financing

¹⁾ Lettable area above ground, excluding housing units.



The bigger picture – what it's all about

A thriving, growing district needs to be made up of mixed-use buildings and offer something for everyone who lives in, works in or visits the area. It should be attractive, accessible and safe for everyone.

Fabege's concentrated property portfolio means we have excellent 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.

Creating an attractive district

Modern buildings and good public transport links are now hygiene factors for an office tenant. At the same time, the public perception is that there is a lack of safety, despite the fact that crime figures for many types of crime have continually dropped since the 1990s. As an urban developer, it is therefore vital to consider how to create safe, inclusive spaces with a human presence throughout most of the day.

Analysis firm Evidensgruppen has carried out surveys on Fabege's behalf on the aspects that are important to office tenants. According to them, the following factors are what make a district attractive:

- Restaurants and cafés
- Dynamic feel to the area
- Easy to get around on foot
- Parks and green spaces
- A varied urban environment

Furthermore, the following specific measures make an area feel safe:

- Lighting outside and in parking areas
- Clear lines of sight so the individual can see their surroundings
- Zero tolerance of graffiti
- Inclusive settings and meeting places
- A mix of housing and offices to create a vibrant district and activity outside of office hours
- Cooperation between companies on local security issues

Fabege summarises this in three key areas that permeate our vision for our districts:

- Attractive street environments that are safe, pleasant and feature 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

We design our districts to encourage activity levels and movement. Promoting cycling and walking improves public health and creates a more appealing neighbourhood with less traffic. One great example of activities to encourage movement is the Pep Park concept, where we are working together with Generation Pep and the City of Solna to develop activity parks for daily fitness activities for people of all ages. September 2019 saw the opening of the first Pep Park in Huvudsta, which will be followed by a further two parks; one in Arenastaden and one in Hagaparken.

Cultural life between buildings

Our tenants are looking for interesting experiences and variation in an attractive district. Our latest initiative, 'Life between buildings', aims to inject some character into the street life in our areas via public art and culture. The displays will be created by established artists and local school students. For example, during the year a mural painting by artist Elina Metso was erected on one of our properties in Arenastaden. The painting is the first of many artistic projects that are planned in the area.

Travel habits

In order to achieve the 1.5 degree target adopted by the climate meeting in Paris in 2015, society needs to cut greenhouse gas emissions by half every ten years, corresponding to a reduction in emissions of at least seven per cent per year. The property sector has huge potential to influence travel between work and home, which is why Fabege is encouraging the move towards more sustainable travel 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 CERO¹⁾ 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 carried out in 2019 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.

Fabege is 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 the continued roll-out of charging points for electric vehicles, improved cycle paths, more public transport connections, flexible working alternatives and an extended range of pooling services for cars, electric mopeds and electric bikes.

Transport in the districts

We are continually installing electric car sockets 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. Fabege hopes to reduce the current amount of transportation in Arenastaden by 70 per cent by the year 2021, thus

¹⁾ Climate and Economic Research in Organizations (CERO) is a process tool developed at KTH Royal Institute of Technology that helps organisations find financially sustainable strategies for achieving established climate targets for travel.



↑ Opening of the first Pep Park.

contributing towards a cleaner, safer, quieter and more sustainable 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 develop-

ment 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. 83 per cent of our total lettable area was environmentally certified by the end of 2019.

From planning to letting:

Fabege takes responsibility throughout the entire public construction process

Traditional urban development includes municipalities, construction firms and property companies that each play their part in the process. At Fabege 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



Certified properties aiming to be carbon neutral

Climate change is one of the greatest challenges of our time. We want to contribute towards achieving the global climate commitments outlined in the Paris Agreement, which is why reducing our energy consumption and carbon footprint are high priorities. We are also proactive with our properties as regards certification, materials and health.

We need to manage the physical risks that come with climate change, and make sure that our business model is robust and that we are well equipped to handle the risks and opportunities that are a consequence of the shift in society. Fabege works systematically and purposefully to reduce its negative impact on the environment and climate throughout our properties' life cycle, from the planning, project design and construction phase, via property management, renovation and demolition. We therefore take a long-term, target-based and integrated approach towards creating more sustainable properties. Our ultimate goal is for our property management to be carbon neutral by the year 2030. This requires careful and systematic work to create well balanced and sustainable properties that meet environmental requirements, while promoting people's long-term needs.

In 2019, Fabege linked up with the Science Based Targets initiative and has thus taken an initial step in efforts to adjust operations to contribute to the 1.5-degree target. The Science Based Targets Initiative (SBTi) 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). This global initiative supports companies in setting climate targets that are in line with the Paris Agreement. According to climate research, the 1.5 degree target is essential in order to mitigate the worst effects of climate change. This standpoint means that we will continue to measure our carbon footprint in relation to what the Earth can cope with, instead of an arbitrary reduction. Having adopted Science Based Targets, Fabege will present a climate target that satisfies SBTi's requirements as part of the next stage. This will be done within two years. Following this, the target will be reviewed and subsequently approved by SBTi. We are

understand that we have a huge task ahead of us and the industry as a whole, but we also regard the transition towards a long-term, sustainable and profitable business sector as a major opportunity.

According to the Swedish Environmental Protection Agency, homes and premises account for just over a third of Sweden's total energy consumption. Working to reduce energy consumption and climate impact is therefore one of Fabege's most important environmental issues. In 2019, we already exceeded the target in the Swedish energy policy agreement of 50 per cent more efficient use of energy by 2030 compared with 2005, and efforts are ongoing in a number of areas.

Reduced energy consumption and carbon footprint

The ultimate long-term goal is for Fabege's property management to be carbon neutral by the year 2030. By this we mean that we will have control over all the emissions associated with our operations, and that we will minimise emissions to the greatest possible extent using the tools available.

Our goal from 2020 onwards is to install 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, 2.5 kWh of the annual consumption per square metre of heated area, or 'Atemp' according to Boverket's (Swedish National Board of Housing, Building and Planning) definition, will be covered by solar electricity. Our internal target for new builds is twice that, or 5.0 kWh per year.

Since 2002, Fabege's carbon emissions have fallen by approximately 95 per cent, from about 40,000 tonnes in 2002 to some 2,000 tonnes in 2019. Our decision to replace all our service cars with electric cars also means we have managed to cut emissions

of carbon dioxide from urban driving from around 6,500 kg to roughly 141 kg per year. Our company car policy promotes electric and hybrid vehicles.

Energy efficiency improvements in operations

Our positive results in reducing emissions have been achieved in part via systematic energy optimisation by conversion to district heating, and switching from our own cooling systems to district cooling, along with recycling of cooling, improved heat recovery and building envelope measures. We produced a new energy strategy in 2019 that takes a holistic approach to the energy issue for both our properties and our districts. Ambitious environmental requirements when purchasing energy, customising energy use with the help of digitalisation and adjustments to the property portfolio to include a greater proportion of new builds, where systems for solar panels and geothermal energy can be installed during the construction phase. All these things are contributing to the positive trend.

Energy consumption is monitored and analysed hourly to identify any deviations in energy performance early on. This is achieved at a building and company level via an energy follow-up system in which all consumption values recorded are read and processed. In addition, we place great emphasis on ensuring our working methods drive energy efficiency improvements forward. We only use 'Good Environmental Choice' district heating in the properties in Solna and Sundbyberg, and in Stockholm we buy carbon neutral district heating.

We also work with tenants to help reduce their energy consumption, primarily via green leases that our property managers and letting managers endeavour to sign with tenants. The aim is for green leases to account for 100 per cent of the total lettable area above ground.

¹¹ The Greenhouse Gas (GHG) Protocol is the most widely used international calculation and reporting standard. It is used by countries and companies as a tool to help them understand, quantify and manage greenhouse gas emissions.



Our goal from 2020 onwards is to install solar panels every year corresponding to at least 320 MWh in new and existing properties.



↑ Stonecrop roof and solar panels at Hammarbyterrassen – Goodbye Kansas’ new office in Hammarby Sjöstad.

PROPERTIES

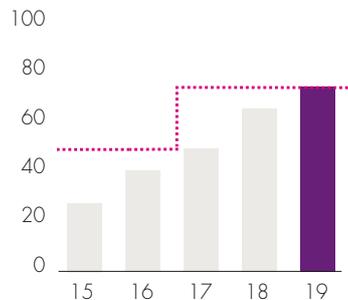
EPRA SUSTAINABILITY BEST PRACTICE PERFORMANCE MEASURES¹⁾

IMPACT CATEGORY	EPRA CODE	MEASUREMENT UNIT	INDICATOR	Absolute measures (Abs)		Like-for-like (Lfl)				
				2018	2019	2018	2019			
ENERGY	Elec-Abs, Elec-Lfl	MWh	Electricity	for landlord shared services	32,193	32,544	31,953	30,024		
				(sub)metered exclusively to tenants	22,401	22,996	22,401	22,921		
				Total landlord-obtained electricity	54,594	55,540	54,354	52,945		
				% from renewable sources	100	100				
				No. of applicable properties	62	65				
	DH&C-Abs, DH&C-Lfl	MWh	District heating & cooling	for landlord shared services	73,727	68,825	73,290	62,017		
				(sub)metered exclusively to tenants	5,355	7,506	5,355	5,224		
				Total landlord-obtained heating & cooling	79,083	76,331	78,646	67,241		
				% from renewable sources	91	91				
				No. of applicable properties	62	65				
GHG EMISSIONS	Energy-Int	MWh/m ² /year	Energy Intensity		98	81	98	86		
	GHG-Dir-Abs	Tonnes CO ₂ e	Direct	Total Scope 1	22	22 ²⁾				
				GHG-Indir-Abs	Indirect	Total Scope 2	2,519	1,933		
						Total Scope 3	n/a	561		
	No. of applicable properties			GHG disclosure coverage	78	78				
	GHG-Int	t CO ₂ /m ² /year	GHG Intensity	(Scope 1 + scope 2)/m ²	Proportion of GHG estimated	0	0	0%	0%	
						2	2			
	WATER	Water-Abs, Water-Lfl	m ³	Water	Total water consumption	475,809	505,260	474,538	438,668	
					No. of applicable properties	62	65			
Water-Int		m ³ /m ² /year	Water Intensity	Proportion of water estimated	0	0	0	0		
WASTE	Waste-Abs	Tonnes	Waste	Total hazardous	61	40				
				Total non-hazardous	3,759	4,063				
				Recycled	1,816	2,023				
				Incineration	1,997	2,073				
				Landfill	7	7				
	No. of applicable properties			Waste disclosure coverage	69	60				
CERTIFIED ASSETS	Cert-Tot	m ²	Building certification	Proportion of water estimated	0	0				
				Total number			Number of certified assets	59		
							Certified area m ²	1,043,919		
				%			% of portfolio certified by floor area	83		

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

²⁾ Based on refrigerants 2018.

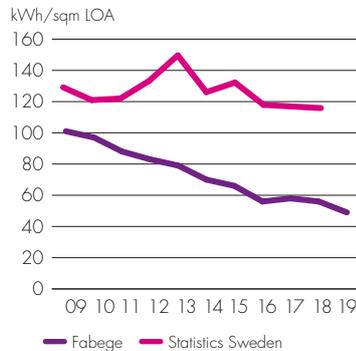
PROPORTION GREEN LEASES OF TOTAL LETTABLE AREA, %



--- Target: 100%

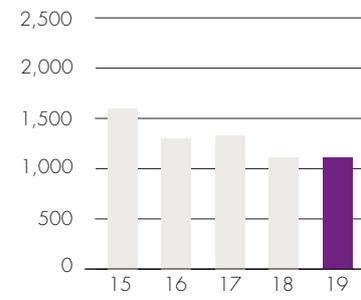
The aim is for green leases to account for 100 per cent of total lettable area.

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 2019 averaged 49 kWh/sqm LOA and 44 kWh/sqm Atemp (51). Figures from Statistics Sweden for 2019 are not yet available.

CARBON DIOXIDE EMISSIONS, TONNES



Since 2002, Fabège's carbon dioxide emissions have fallen by more than 95 per cent. There are more emissions sources included in the result for 2019, see page 89.

Reporting of emissions

Fabege reports emissions of greenhouse gases in accordance with the GHG Protocol¹⁾. 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 Fabege.

Significant indirect emissions, Scope 3, are however generated in the construction of new builds via, for example, life-cycle emissions from materials and via waste management and transportation. Fabege is in the process of analysing opportunities to produce more comprehensive reporting of these indirect Scope 3 emissions, which we believe are significant. For example, we are looking at the possibility of reporting carbon dioxide emissions for building production by working with contracts to manage our contractors, and by developing internal reporting systems.

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 also covered within the framework of our supplier screening process. Although indirect emissions are beyond Fabege’s control, we are able to exert an influence via choice of materials in our purchasing. Fabege endeavours to be clear when ordering materials and the aim is for environmentally safe materials to be the natural choice in day-to-day operations. 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 both the short and long term. We want to increase levels of recycling and minimise the amount of waste being sent to landfill and for incineration. We work alongside recycling companies and try to be proactive, together with our customers, in encouraging greater sorting of recyclables.

Waste management – calculation methods and results

Construction waste is handled by each contractor, and we do not currently have access to their respective statistics. However, we have specific requirements in 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. We currently receive statistics from around 62 per cent of our tenants. The fact that we do not receive data from 100 per cent is because tenants are able to choose other waste contractors for operational waste than the contractor recommended by Fabege. However, we 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, all Fabege’s investment properties with a total area of just over a million sqm have now been certified. This corresponds to 83 per cent of the company’s total lettable area, which means that in 2019 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. (Find out more about green financing on page 97.) It also has a positive impact on the value of the 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

CERTIFICATION

System	No. of	Sqm, LOA	Proportion of total space, %
BREEAM In-Use	45	678,458	53
BREEAM-SE	10	248,493	20
BREEAM Bespoke	1	7,460	1
Miljöbyggnad	3	109,508	9
Total environmentally certified properties	59	1,043,919	83

Fabege’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.

according to BREEAM-SE standard, with the aim of achieving 'Excellent'.

Health in our buildings

A healthy and sustainable work environment is largely about the lighting, sound, ventilation and furnishings of a building, but equally about psychosocial aspects. 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. Another example is our work with customers to develop offices that are health certified. 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.

During the year we also launched a strategic initiative to enable our properties to be Fitwel-certified. Fitwel is a certification standard that differs from others in that its primary focus is people's health and wellbeing in the building.

Connected buildings

Connected buildings with access to data in real time allow opportunities to create the digital solutions of the future. The properties can then be integrated with the smart city, and contribute to a sustainable and efficient use of resources. Over the past few years we have linked all our properties up to a digital fibre network. This gives us a better understanding of how the buildings are used, and enables us to optimise the use of resources, offer more proactive property management and address any faults. The network will be fully operational in summer 2020, allowing us to begin processing all the data.

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 via the specialist



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.

Environment & Technology department 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.

Details on the amount of fuel used in the company's own vehicles is not reported separately under energy use, as it is not seen to be significant in relation to the company's overall energy use.

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 technical managers, who together with the operating organisation have chief responsibility for all buildings under management, while

the project managers are responsible for energy issues relating to new construction.

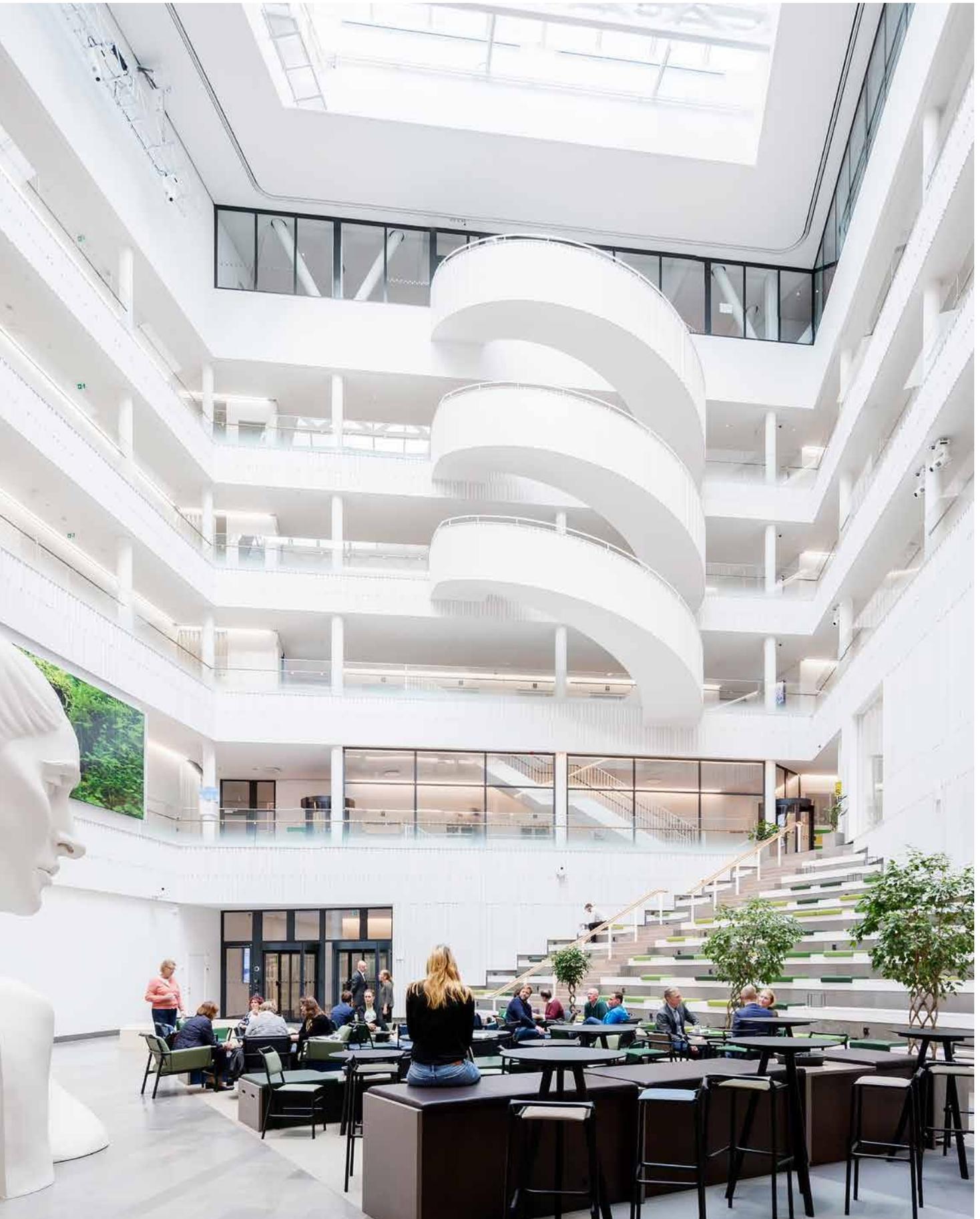
Our energy efficiency targets

Fabège'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. Work is progressing and our next milestone is to achieve average energy consumption of 77 kWh/sqm in the entire investment property portfolio by 2023, which corresponds to a reduction of over 60 per cent compared with 2005. 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 2019, Fabège's average energy consumption was 81 kWh/sqm for the entire investment property portfolio. Furthermore, we are examining opportunities to report indirect emissions as well (scope 3).

Calculation of GHG emissions

To be able to compare emissions of different gases, they are recalculated as carbon dioxide equivalents (CO₂e). Fabège 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. Fabège has opted for the 'financial approach' because as owner, Fabège controls the property's energy performance and energy sources, while tenants can only influence consumption within a limited framework. According to the GHG Protocol, the 'control approach' should be consistently applied to other calculations.

Emissions (tonnes CO ₂ e)	Emission source	2019
Scope 1	Total	22
	Refrigerant leakage	22
	Service vehicles	0
Scope 2	Total	1,933
	Heating	1,920
	Cooling	13
Scope 3	Total	561
	Waste management	110
	Leased vehicles and staff vehicles used for work	6
	Air travel	446
Total		2,516
Carbon offset by district heating supplier		-1,726
Net emissions after carbon offset		790





Strong corporate culture creates success

Fabege offers its employees a work environment in which the company's culture, based on an entrepreneurial spirit and a customer focus, is a natural element of the working day. We work actively with our core values, and are convinced that motivated employees are the key to success.

Shared 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 ten years now, and they are being constantly evolving, 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 Fabege is that all people are of equal value and all employees are to have the same opportunities, rights and obligations. No-one at Fabege 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

Fabege 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.

We design the working environment and our premises to provide 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.

A key parameter for health and well-being is the balance between work and leisure, with the immediate superior and employee engaging in ongoing dialogue and ensuring that the employee's workload allows for active leisure time.

Great Place to Work

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 Fabege's workplace culture. In 2019, we carried out Great Place to Work's employee survey for the second time to measure how we are perceived as an employer, and 86 per cent of our employees feel that overall, Fabege is a very good place to work.

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 98 per cent of employees in 2019.

Gender equality

The property sector is Sweden's first gender-equal industry, with 40 per cent female managers according to the 2019 report from the foundation Allbright. European Women on Board's ranking for 2019 also features companies from our sector among the best performers in terms of gender equality. However, the construction industry has traditionally been male dominated and has sometimes been accused of encouraging a

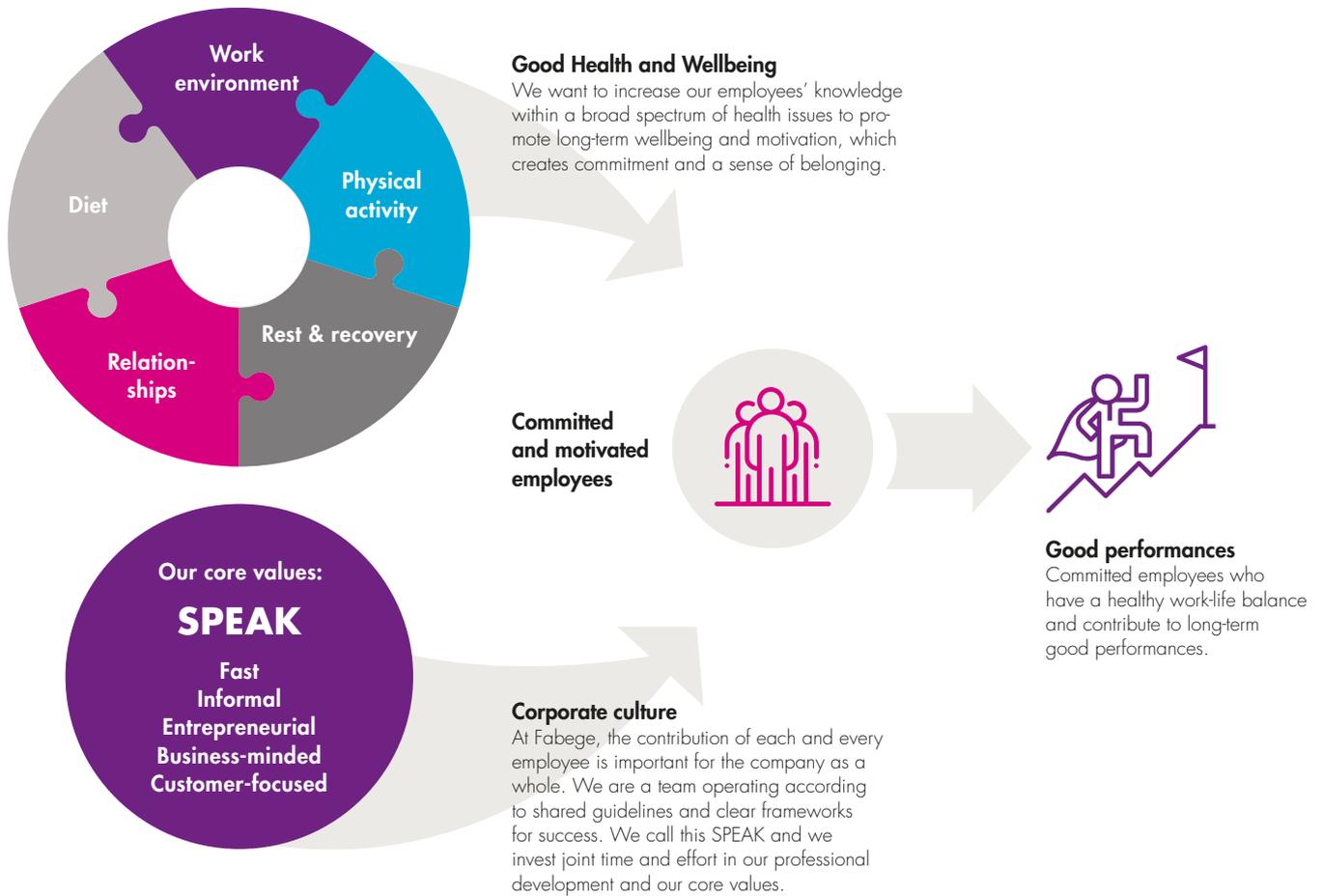
macho culture in many regards. Fabege has therefore been working systematically for many years on encouraging female project managers, and our efforts have proved effective. In the organisation for both redevelopments and for new build projects, over 40 per cent of the project managers are women. We are also seeing a substantial increase in the number of women working for our contractors. We are witnessing a clear, positive shift in the industry, which is having a positive effect on the working atmosphere. Looking ahead, the challenge will be working equally systematically to attract more women to the operational organisation, a task that has only just begun.

At year-end, Fabege'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. The total proportion of women working at the company was 33 per cent. An increasing number of men at Fabege are taking extended parental leave, and we see this as a positive from a gender equality perspective.



In 2019, European Women on Boards (EWOB) conducted its first gender equality study among 600 listed companies. Fabege stood out among the companies that are ranked in the top 15 in Europe as regards gender-equal corporate governance.

Sustainable and motivated employees create a positive corporate culture



Gender balance in project management

Fabège is creating Bilia's new offices at the heart of the emerging district of Haga Norra. The project is being managed by employees from Fabège and building contractor Zengun, and the team is made up of 50 per cent women and 50 per cent men.

Emilie Larsson is responsible for the project from Fabège's side. She has two female project manager colleagues who help her manage day-to-day issues on site.

– My experience of construction projects is that the atmosphere is often better when you have a mix of genders, ages and backgrounds. It improves harmony and respect within in the group. But it doesn't just happen automatically, you have to be proactive about these issues. That's why it's important to have female managers

and leaders, because that way it's easier to attract other women to work on the projects.

Emilie feels the trend is definitely moving in the right direction, but perhaps not at the kind of pace she would like to see.

– So it's important for construction companies to work with these issues too, and to encourage them to recruit women to managerial roles. Fabège could also be more proactive on these matters when we're taking on contractors.

Emilie Larsson works for Fabège as a project manager for new builds.



We share our success

Fabege has few employees in relation to the market and stock exchange value of the company, making each individual crucial to the business and its success. One way of showing our appreciation of our employees' contribution to the company's success is through our profit-sharing scheme, which is open to all employees and in which the amounts set aside are the same for all. 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 2019 would amount to 1.75 price base amounts per full-time employee, which corresponds to a value of SEK 82,775.

Low-carbon, efficient travel

Fabege is constantly endeavouring to make business travel more environmentally

sustainable. 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 eco-cars. Fabege also provides travelcards on public transportation for employees, which can be borrowed for business trips.

Continual improvements to work environment

Fabege provides a safe and healthy work environment for its employees. An occupational health and safety committee, represented by managers or 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 eleven 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⁾

	2019					2018				
	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	4	4	0	1	7
Executive management, number	2	4	0	1	5	2	4	0	1	5
Main management team (excluding Executive management team)	10	14	0	17	7	9	13	1	18	3
All employees	66	122	18	103	67	59	122	19	107	55

¹⁾ Summary of the company by gender and age for various levels within the company. Fabege 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	4.5	37.3	26.9	26.9	4.5	43 years
Men	0	12.3	17.2	32	31.1	7.4	44 years
Total	0	9.5	24.3	30.2	29.6	6.3	44 years

Percentage of women within each area, %

Property Management incl. operations	20
Projects & Business Development	50
Business support	70

Percentage of entire company employees within each area, %

Property Management incl. operations	60
Projects & Business Development	26
Business support	14

EPRA SUSTAINABILITY BEST PRACTICE PERFORMANCE MEASURES

Social & Corporate Governance impacts	EPRA code	Measurement unit	Indicator	2018	2019	% change	
Health and safety	H&S-Emp	Days per employee	Absentee rate	Direct employees	2.2%	2.9%	27%
			Board of Directors members	50%	50%	0%	
Diversity	Diversity-Emp	% of female employees	Diversity Employees	Executive Management	33%	33%	0%
				Managers	45%	45%	0%
				All employees	32%	33%	3%
				New hires	Total number new employees	30	20
Employees	Emp-Turnover	Total number and rate	Departures – Turnover	Proportion new employees	17.5%	11%	-37%
				Total number of departed employees	10	13	30%
				Proportion of departed employees	8%	7%	17%
				Total employees number	181	188	4%
				Composition of the highest governance body	8	8	0%
Corporate Governance	Gov-Board	Total number	Executive	28	30	7%	
			Non executive	153	158	3%	

SICKNESS ABSENCE

Total sickness absence in relation to ordinary working hours, %	Women	Men	Total sickness absence
Age 0–29	1.4	5.52	4.69
Age 30–49	2.29	2.32	2.31
Age 50+	2.4	3.63	3.29
Total			2.88

188²⁾

number of employees at year-end, of which

- 66 women and 122 men
- 184 permanent employees and 4 fixed-term contract employees
- 185 full-time employees and 3 part-time employees
- The proportion of employees with collective agreements was 100 per cent

²⁾ All employee statistics are taken from Fabege's salary or personnel system.



Sustainability screening of supply chain

Working with suppliers who help us achieve our sustainability targets is a given as far as Fabege is concerned, but nevertheless still challenging. Maintaining a sustainable supply chain is the responsibility of all parts of the business, including suppliers and business partners. It is also directly linked to limiting risk for the organisation’s brand, security and reputation.

Construction industry faces numerous significant challenges

There are a number of key challenges that we manage within the framework of our supply 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 Fabege’s suppliers or their subcontractors, and there is still a great deal to do in order to reduce our carbon footprint.

- 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.
- The construction industry is overrepresented when it comes to bribery convictions. The 2019 construction managers barometer reveals that companies in the public construction sector are proactive about tackling corruption, but that there are still significant shortcomings in these efforts.

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

Positive workplaces

A positive and safe work environment, free from corruption and inequality, is an individual right and a significant challenge for the entire construction industry. Although the work environment and employer liability at building sites are the responsibility of the contractors, Fabege 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.

Regular reviews of financial management, quality and sustainability parameters

Fabege has a huge number of suppliers of various sizes, from small-scale suppliers for everyday operations, to contractors for entire office blocks. For ongoing operations we have categorised all suppliers and chosen to prioritise strategically important business partners for sustainability screening. These partners include just over 40 major suppliers, which corresponds to roughly 75 per cent of Fabege’s annual purchasing volume under framework agreements. Our ambition is for them to undergo regular inspections to guarantee that they are satisfying the requirements imposed in these agreements. Every year, the screening process focuses on a specific area. All Fabege’s framework agreement suppliers are also monitored by a credit rating firm engaged by the company. The aim is to quickly recognise any financial deviations that could have an adverse impact on the cooperation concerned. The inspections are carried out both internally and externally. Sustainability screenings are carried out by an independent third party.



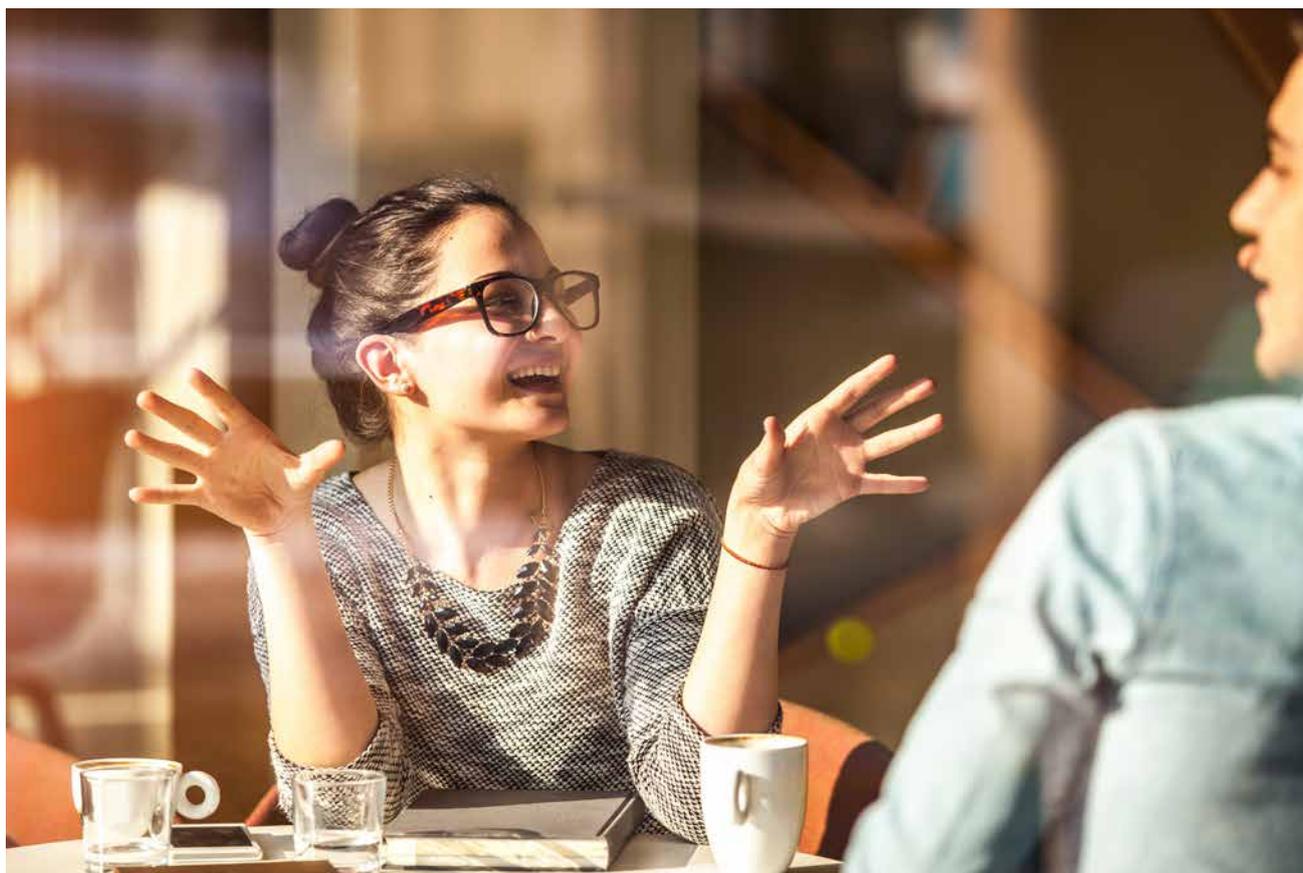
Review cycle

Fabege has a supplier review cycle that extends over four years. The majority of Fabege’s strategic business partners have undergone a sustainability screening process

within the established review cycle. Of our current 44 strategic suppliers, 80 per cent have been screened according to sustainability criteria within the stated four-year period.

Sustainability screening

Sustainability screening is partly carried out to check that our suppliers satisfy Fabege’s requirements, but also to inspire suppli-



ers to continue working with sustainability issues. 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, Fabege may decide to discontinue the relationship.

Subcontractors

Faberge 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 Faberge's requirements.

100 per cent target

The aim is for all of Faberge'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 2019

Faberge produced a new, more clearly defined Code of Conduct for suppliers in 2019, which

is included in all newly signed agreements. The changes impose tougher requirements in relation to business ethics, health and safety, working conditions, privacy, the environment, human rights and compliance and follow-up. In 2019, 14 inspections were carried out with a focus on anti-corruption and human rights. Issues related to such areas as policies and procedures, for example work regarding bribery and working conditions. Of the suppliers inspected, nine were approved while five inspections led to action plans being drawn up. Three suppliers joined our current 44 strategic suppliers in 2019. Two of these were screened according to social sustainability criteria and one according to environmental criteria prior to signing agreements.

The review revealed active work regarding these issues and willingness on the part of our suppliers to continue making internal improvement. Faberge plans to conduct a comprehensive review of selected suppliers in 2020.

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 Faberge'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 Faberge's requirements, including with regard to working conditions and human rights.

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.



Fabege's success is built on the success of our customers

Fabege is landlord to over 900 companies, and more than 100,000 people spend time in our buildings every day. Our approach is long-term, purposeful and systematic, and we aim to be a cooperative partner to our customers to establish mutual loyalty and develop sustainable concepts for our customers and their employees.

Close relationships enable effective management

Fabege's 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 each area to enable us to work closely with customers as regards both decisions and service, and we have a sound knowledge of our customers, properties and areas. All management is carried out by our own staff, both in operations and property management. We handle all issues arising with a professional and constructive approach, whether it is a customer who has outgrown their premises, or who needs a quick response due to an unexpected incident.

Work Away from Work – WAW

Fabege has developed its own concept to make it easier for our customers' employees to achieve a healthy work-life balance. Fabege's office hubs under the brand WAW can be found in Arenastaden, City and Hammarby Sjöstad. In these locations we offer spaces where our customers' employees can check in as needed and work in a professional office environment.

Surveys and dialogue promote stronger relationships

Satisfied customers are central to our business. In order to understand and meet the needs and requests of our customers in the best possible way, we have several tools for dialogue, follow-up and evaluation. Feedback from our various customer dialogues is used to develop sustainable concepts and implement quality improvements in areas that our tenants feel are important. To complement this, we also carry out Customer Satisfaction surveys every three years, in which our aim is to achieve a rating of 80. The next CSI survey will take place in autumn 2020. Insights from the various customer dialogues and customer meetings

create more points of contact, strengthen relationships and boost understanding of each other's businesses and proactive improvement efforts.

Swift response to fault reports

We receive prompt feedback about how well we have done our job via the feedback function 'Moment of truth'. When reporting faults, customers can give an immediate response as to how well we have managed the incident, by choosing one of three symbols: highly satisfied, satisfied or dissatisfied. 98 per cent of our customers currently say they are satisfied or highly satisfied, and we are working towards the goal of 100 per cent

satisfaction. In addition, we continuously follow up on customer satisfaction linked to each service or fault case registered.

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.



In an evaluation of WAW carried out by Fabege's tenant Upphandlingsmyndigheten, the concept was without exception awarded 10 of a possible 10 points. Of the advantages stated, employees mention that it cuts a great deal of travel time, enables them to work temporarily in the city where their contact networks are, and gives them a base in attractive premises that encourage creativity and enable them to concentrate, and that it offers a change of scene and variation. Upphandlingsmyndigheten concludes its report by noting that the WAW concept is highly consistent with the agency's way of working, that it is a popular alternative for employees and that being able to offer potential employees a flexible way of working makes a positive contribution to their employer brand.



Green financing – a rapidly growing area

Green financing is a natural extension of the sustainability work that is conducted throughout the organisation. It gives us a broad investor base, trusting relationships with our financiers and proud, committed employees.

The proportion of green financing is growing steadily as our properties achieve environmental certification, and during the year rose from 60 to 84 per cent. The aim is for 100 per cent of the company’s financing to be green by 2020.

Green financing is to be used exclusively for investments to promote the transition to low-carbon, climate resistant and 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.

Green financing generates value at all levels

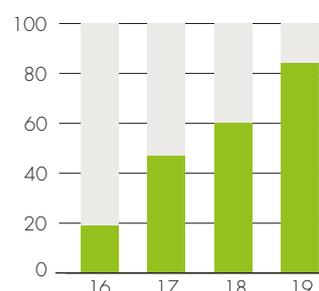
Besides favourable terms on both the capital market and for green bank loans, green financing also brings other benefits. Commitments to maintain properties at a

high level of certification keep us constantly on our toes in relation to all of the company’s work with sustainability. In the longer term, our environmental and sustainability efforts also raise the value of our properties, which benefits us, our lenders and other external stakeholders. The work also boosts internal pride as all our employees are able to feel that they are contributing to the company’s long-term vision and creating value throughout the business.

Green framework

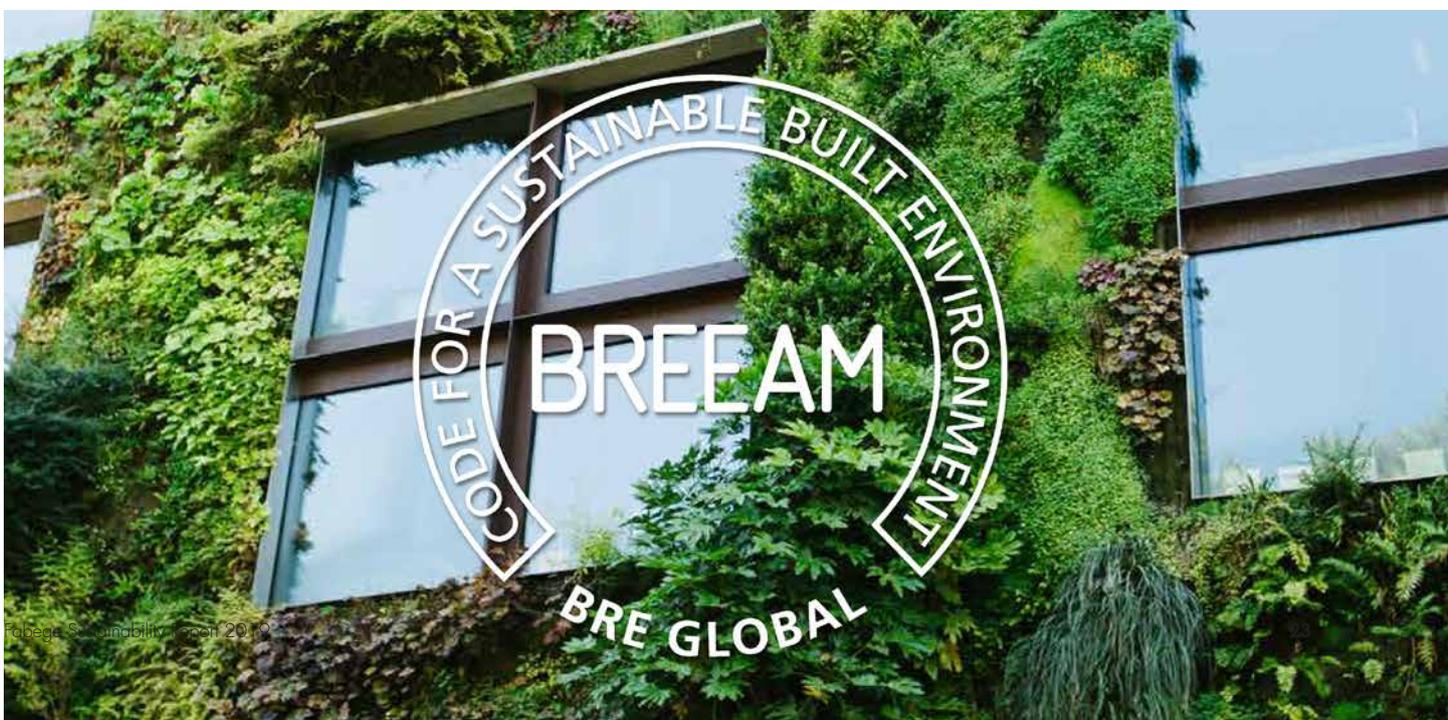
Fabege’s framework for green financing sets a standard that can be used for all our sources of financing. Our medium-term note programme (MTN), which Fabege established in 2016, is linked to the framework. This includes special terms regarding sustainability and the environment. Fabege’s green commercial paper programme is also part of the framework. It means that we issue green commercial paper, intended to be used to finance assets that are approved according to the framework. The backup facility for the commercial paper programme is also linked to the framework, and therefore green.

PROPORTION OF GREEN FINANCING, %



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 fulfills the terms imposed by the framework is prepared each quarter and published at <https://www.fabege.se/en/greenfinancing/>. The report is more detailed at year-end and is also examined by the company’s auditors at this point.





Responsible work for a sustainable business

Good business ethics that promote fair competition and avoid all forms of corruption are the foundation of our relationships with customers, suppliers, partners and lenders. A responsible approach in this area contributes to sustainable societal development and is a prerequisite for creating long-term profitability.

Anti-corruption and sound business ethics

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. 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.

Fabege's Ethics Council

Fabege's Ethics Council, which reports to the Executive Management Team, serves as support in day-to-day work. The role of the Council is to direct the work, monitor relevant external issues and pursue specific ethical matters. The Council is made up of representatives from different departments. The Ethics Council met four times in 2019. The CEO and Chairman took part in discussions at one of these meetings.

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 the Head of Treasury, Head of HR and General Counsel. The group makes sure appropriate action is taken. A report was received from an anonymous external source in 2019, which after further investigation did not lead to any action. The report did not relate to corruption or any senior executive.

Transparency around tax payments

We want to take responsibility for sustainable societal development, and this includes contributing to society by paying taxes. Fabege 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. Fabege's tax policy is published on the company's website in full.

Partnerships

Fabege 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 Fabege works to build activity parks for young people, Childhood Foundation, which combats the sexual exploitation of children, the Arne Ljungqvist Anti-Doping Foundation, which promotes good health and pure sport, and the sports associations AIK and Djurgården, with a 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

Fabege has board or committee assignments in the following organisations:

- Chair BREEAM council, Sweden Green Building Council
- Board member, Byggherrarna Sverige AB (Swedish Construction Clients)
- Samling för sol



About this report

This is Fabège's ninth Sustainability Report according to the GRI guidelines for voluntary reporting of sustainability information. Fabège reports on its sustainability work annually and the Sustainability Report is included as part of Fabège's 2019 Annual Report, which pertains to the 2019 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 2019. 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 Fabège'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. Fabège's intention is for the sustainability section together with other information contained in the 2019 Annual Report to satisfy stakeholder information requirements, and to provide a comprehensive overview of Fabège's economic, environmental and social work and results. The information in the report pertains to the entire Fabège Group. However, associated companies fall outside the parameters for the report, as Fabège has limited access to the relevant data. Influence is exercised through Board representation.

Fabège's GRI index on pages 101–102 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 dialogue

Fabège's principal stakeholders are customers, employees, creditors, shareholders and analysts, suppliers and the other parts of society in which the company operates. The company enjoys a continuous dialogue with all stakeholder groups, and in 2019 we conducted more in-depth dialogues with customers, creditors and shareholders. See summary of Stakeholder dialogue on page 100.

A more in-depth customer dialogue was carried out in 2018 via a survey sent out to 652 office employees in 13 districts, along with interviews with 20 decision-makers. The purpose was to compile information to assess Fabège's impact on stakeholders and on sustainable urban development.

Significant issues

The basis of the materiality analysis was established in 2015, when Fabège organised internal workshops and carried out an anonymous survey about the company's sustainability work with some fifty representatives of the company's key stakeholder groups. Based on the survey, work was carried out to prioritise key sustainability aspects for the purposes of developing the company's sustainability work and further improving the relevance of sustainability reporting.

The foundations that were laid in 2015 define the issues that stakeholders regard as the most important, and where Fabège has the greatest opportunity to influence. The results of the analysis and ongoing evaluation show that the following areas are the most significant for Fabège:

- Collaboration with other players for sustainable urban development
- Environmental risks and soil remediation
- Energy efficiency enhancements
- Choice of materials and safe products
- Emissions and waste management
- Skills development
- Health and safety
- Employment terms and human rights
- Supply chain sustainability screening
- Anti-corruption and sound business ethics

Fabège established a new framework for green financing in 2019. The purpose of the framework is to create a standard for green financing that can be used with a number of Fabège's various sources of funding. The framework establishes the terms and conditions for the management of funds and for follow-up and reporting to lenders and investors. Reporting will take place quarterly, as well as in a more comprehensive form annually.

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 • 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 and also strengthens their position in the labour market as a whole • 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 creditors 	<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 ¹¹	COMMENTS/OMISSIONS
Organisational profile				
GRI 102: General disclosures (2016)	102-1	Name of the organisation	29	
	102-2	The most important brands, products and/or services	Inside cover, 29	
	102-3	Location of headquarters	47	
	102-4	Countries where the Group operates	29	
	102-5	Ownership structure and corporate structure	116, 29	
	102-6	Markets in which the organisation operates	29, 105	
	102-7	Size of the organisation	3, 41, 42	
	102-8	Workforce	93	
	102-9	The organisation's supply chain	94	
	102-10	Significant changes	99	
	102-11	Description of, and how the organisation follows the Precautionary Principle	99	
	102-12	Membership of sustainability initiatives	20, 65	
	102-13	Involvement in organisations	98	
Strategy and Analysis				
	102-14	Message from the CEO	4-7	
Ethics and integrity				
	102-16	The company's values, principles, standards and norms for conduct	39, 65, 90-91	
Governance				
	102-18	Statement of corporate governance	64-65, 67, 89	
Stakeholder dialogue				
	102-40	Stakeholder groups engaged in the company	99-100	
	102-41	Percentage of employees covered by collective bargaining agreements	93	All employees are covered by a collective bargaining agreement. Fabège is a member of the employer organisation Almega.
	102-42	Basis for identification and selection of stakeholder groups	99	
	102-43	Approach to stakeholder engagement	99-100	
	102-44	Key areas highlighted via communication with stakeholders	99-100	
Report profile				
	102-45	Entities included in the consolidated financial statements	60-61, 99	
	102-46	Defining report content and topic boundaries	99	
	102-47	Identified material aspects	99	
	102-48	Restatements of information	99	
	102-49	Significant changes that have been made since the previous reporting period with regard to boundaries and scope	99	
	102-50	Reporting period		2019 calendar year
	102-51	Date of most recent report		2018 Sustainability Report, published February 2019
	102-52	Reporting cycle		Calendar year
	102-53	Contact for the report	121	
	102-54	Claims of reporting in accordance with the GRI Standards	99	
	102-55	GRI index	101-102	
	102-56	External assurance	103	

¹¹ Page references refer to the Annual Report 2019.

SPECIFIC DISCLOSURES

GRI STANDARDS/AREAS	DISCLOSURE	DESCRIPTION	REFERENCE ¹⁾	COMMENTS/OMISSIONS
Environment				
<i>Energy</i>				
<i>Boundary: Material internally/externally through the carbon dioxide emissions produced by energy consumption.</i>				
GRI 103: Management approach (2016)	103-1, 103-2, 103-3	Management approach	69, 87–89, 101	
	302-1	Energy consumption within the organisation	87–89	
GRI 302: Energy (2016)	302-3	Reduction of energy consumption	86, 87, 89	
<i>Emissions</i>				
<i>Boundary: Material internally/externally through the carbon dioxide emissions produced by energy consumption.</i>				
GRI 103: Management approach (2016)	103-1, 103-2, 103-3	Management approach	69, 86, 88–89, 101	
	305-1	Direct (Scope 1) GHG emissions	20, 82, 86, 87, 88 and 89	
	305-2	Energy indirect (Scope 2) GHG emissions	20, 82, 86, 87, 88 and 89	
GRI 305: Emissions (2016)	305-4	Reduction of GHG emissions	86–87	
<i>Effluents and waste</i>				
<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	69, 88–89, 102	
GRI 306: Effluents and waste (2016)	306-2	Waste by type and disposal method	87	
Customer relations				
<i>Boundary: Relevant internally and externally as good customer relations affect both retention rate and new lettings.</i>				
GRI 103: Management approach (2016)	103-1, 103-2, 103-3	Management approach	69, 89, 96, 102	
CRE: Environmentally-certified buildings	CRE8	Environmentally-certified buildings	88, 89	
Occupational health and safety				
<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>				
GRI 103: Management approach (2016)	103-1, 103-2, 103-3	Management approach	65, 69, 89, 90–92, 102	
GRI 401: Employment (2016)	401-1	New employees and staff turnover	53, 93	Fabège does not report in full according to GRI standards. Only a proportion of total number of employees is reported.
GRI 103: Management approach (2016)	103-1, 103-2, 103-3	Management approach	65, 69, 89, 90–92, 102	
GRI 403: Occupational health and safety (2016)	403-1	Percentage of workforce represented in formal health and safety committees	92	
GRI 103: Management approach (2016)	103-1, 103-2, 103-3	Management approach	65, 69, 89, 90–92, 102	
GRI 404: Training and education (2016)	404-3	Percentage of employees receiving regular career development reviews	90	Fabège does not report in full according to GRI standards. Only a proportion of total number of employees is reported.
GRI 103: Management approach (2016)	103-1, 103-2, 103-3	Management approach	65, 69, 89, 90–92, 102	
GRI 405: Diversity and equal opportunity (2016)	405-1	Breakdown of employees, Board of Directors and management composition by indicators of diversity	53, 93	
GRI 103: Management approach (2016)	103-1, 103-2, 103-3	Management approach	65, 69, 89, 90–92, 102	
GRI 406: Non-discrimination (2016)	406-1	Total number of incidents of discrimination and how they are addressed	65	
Business ethics				
<i>Boundary: Relevant internally and externally as Fabège's Code of Conduct imposes stringent requirements on both employees and business partners.</i>				
GRI 103: Management approach (2016)	103-1, 103-2, 103-3	Management approach	39, 65, 69, 89, 98, 102	
GRI 205: Anti-corruption (2016)	205-3	Confirmed incidents of corruption and action taken	98	
Suppliers				
<i>Boundary: Relevant externally as Fabège imposes stringent requirements on its suppliers, and internally as this work generates awareness and pride among employees.</i>				
GRI 103: Management approach (2016)	103-1, 103-2, 103-3	Management approach	39, 89, 94–95, 102	
GRI 414: Supplier social assessment (2016)	414-1	New suppliers that were screened using social criteria	94–95	
GRI 308: Supplier environmental assessment (2016)	308-1	New suppliers that were screened using environmental criteria	94–95	

¹⁾ Page references refer to the Annual Report 2019.

Fabege

Creating the right conditions

