

# Sustainability Report 2023

AB | SAGAX

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*Sagax follows the definition of sustainability found in the UN report "Our Common Future," which defines sustainable development as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs."*

# The sustainability year in brief

## ENERGY CONSUMPTION

Sagax's goal is to reduce energy consumption in the property portfolio by 2% per year until 2030 in comparable portfolios with energy consumption data for the last two years. Energy use in comparable portfolios decreased 1% in 2023.

Energy consumption reduced 1% in 2023

## SOLAR POWER FACILITIES

Sagax installed ten solar power facilities in 2023. Annual production for the 48 solar power facilities installed in the property portfolio totalled 10,002 MWh. Installed output totalled 10 MWp.

10 solar power facilities were installed in 2023

## ENVIRONMENTAL CERTIFICATIONS

In total, 48 environmental certifications encompassing 482,000 square metres were completed during the year. 32 environmental certifications encompassing 420,000 square metres were ongoing at year end. At the end of 2023, properties corresponding to 777,000 square metres of the property portfolio had an environmental certification.

Environmental certifications corresponding to 1,197,000 square metres were completed or are ongoing

New build at the 13 Rue Gutenberg property in Bussy-Saint-Georges, France. The property is located 30 km east of central Paris and will have a BREEAM New Construction certification, with the aim of attaining the Very Good level.



Tulkinitie 29, in Vantaa outside Helsinki, Finland. The property is certified under BREEAM In-Use Very Good.

# Sustainability strategy and governance

## SUSTAINABILITY TRENDS AND DRIVING FORCES

Changes in the area of sustainability are largely driven by global agreements with associated goals, such as the EU sustainability agenda, the Global Compact's ten principles, the UN Sustainable Development Goals and the Paris Climate Agreement. Under the latter, the countries that have signed the Agreement undertake to limit global warming to 2°C and pursue efforts to limit it to 1.5°C by reducing greenhouse gas emissions. In addition, there are several regulations and standards that provide guidelines on how companies can measure and follow up their sustainability activities, for example, the Task Force on Climate-related Financial Disclosures (TCFD), Greenhouse Gas protocol (GHG protocol) and EU taxonomy for sustainable activities (EU taxonomy). The EU is also preparing revisions and even stricter sustainability reporting requirements through the Corporate Sustainability Reporting Directive (CSRD). Sagax will be subject to the reporting requirements under CSRD, which will come into effect in 2026 and apply to the 2025 financial year. Sagax reports its annual carbon emissions according to the GHG protocol.

The EU taxonomy is part of the EU action plan on financing sustainable growth. This action plan has three overriding objectives: Reorienting capital flows towards a more sustainable economy, mainstreaming sustainability into risk management and fostering transparency and long-termism. The EU taxonomy will be central for financial institutions and banks for identifying sustainable investments. The EU taxonomy and how it affects Sagax is described in more detail on page 163.

The construction and property sector accounts for about one fifth of Sweden's climate impact and, under the framework of the EU taxonomy, is highlighted as one of the sectors with the greatest environmental impact. A building impacts the climate over its life cycle through construction, demolition, management, renovations and remodelling. The largest climate impact is when new buildings are constructed. Sagax's investment activities primarily focus on acquiring existing buildings. Sagax carries out few new build projects. Accordingly, it is primarily the choice of energy sources, supply systems and materials in remodelling

that are most significant as regards Sagax's climate impact. Sagax's tenants are largely responsible for their supply of energy.

Investments in measures to improve energy efficiency and the environment require profitability. In 2023, Sagax continued to report a strong financial performance, creating conditions to continue investing in energy and environmental activities. The return on equity was an average of 17% in the past five years, while profit from property management per Class A and B shares has increased an average of 22% per year during the same period. In 2023, Sagax invested SEK 18 M in, for example, solar power and geothermal heating facilities, upgrading heating and ventilation control systems, installing LED lighting and providing extra insulation. Securing environmental certifications for properties continued during the year. During the year, 48 environmental certifications were completed and 32 were in progress at the end of the year.

## SUSTAINABILITY STRATEGY

Sagax's sustainability strategy is based on the company's business concept, policies, external frameworks and materiality assessment, which is updated annually.

Sagax complies with main rule (Chapter 3, Section 3) of the Swedish Companies Act as regards the company's objects. The overriding object of the operations is the long-term – meaning sustainable – generation of the maximum possible risk-adjusted return to the shareholders. To achieve this goal the company operations are consistently conducted with a long-term perspective. Sagax's opinion is that the profit objective does not conflict with sustainable enterprise: Being a good employer, a good supplier and a well-liked customer while ensuring that the company's decent conduct in society and attempts to limit its environmental impact are all fundamental conditions for Sagax's long-term ability to generate profits for its shareholders.

The long-term approach is illustrated by the inclusion in its asset management strategy to build long-term customer relationships and to limit the number of property transactions in the company's operations.

## SUSTAINABILITY ACTIVITIES ARE BASED ON

### LAWS

Companies Act  
Environmental Code  
Annual Accounts Act  
Other applicable laws

### EXTERNAL FRAMEWORKS AND INITIATIVES

UN Sustainable Development Goals  
UN Global Compact  
Global Reporting Initiative (GRI)  
Environmental certifications for properties  
Task force on Climate-related Financial Disclosures (TCFD)

### INTERNAL GUIDELINES

Sustainability policy  
Health and safety policy  
Anti-corruption policy  
Code of Conduct for suppliers  
Other policies

The company's policy is to abstain from maximising rent levels at all points of time in favour of signing leases of a longer duration with solvent tenants. This reduces the risk of vacancies, while leading to lower costs for letting premises and adapting premises to tenant needs.

The company is dependent on highly skilled and professional employees. For this reason, it is important that the company is an attractive employer that can attract and has the ability to retain highly skilled personnel in the long term.

Overall, the company's strategies are designed to ensure that Sagax's operations generate a long-term sustainable return and strong cash flows. Sagax's sustainability activities are thus a natural part of the company's business model and contribute to achieve the company's goals. Regarding information about Sagax's performance, position and earnings, refer to the 2023 Annual Report.

Sagax's sustainability activities are based on clear internal communication and division of responsibilities.

### GOVERNANCE OF SUSTAINABILITY ACTIVITIES

The planning, governance and monitoring of sustainability activities follow the company's organisational structure with well-defined delegation of responsibilities and authorities. This sustainability work is based on policies, guidelines, overall objectives, external laws, rules and regulations. The company's Board is ultimately responsible for sustainability and annually adopts the sustainability policy.

Sagax regards the precautionary approach of the Swedish Environmental Code and laws and regulations as minimum requirements. Sagax follows the UN Global Compact's principles, which encompass human rights, labour, environment and anti-corruption.

An analysis has previously been performed of the UN's 17 Sustainable Development Goals (SDGs) from Agenda 2030 to which Sagax's operations can contribute. It is assessed that the sustainability activities can primarily contribute to achieving the targets in the following SDGs:

- Good health and well-being (Goal 3).
- Affordable and clean energy (Goal 7).
- Decent work and economic growth (Goal 8).
- Sustainable cities and communities (Goal 11).
- Responsible consumption and production (Goal 12).
- Climate action (Goal 13).
- Peace, justice and strong institutions (Goal 16).

### POLICIES

Sagax's policies are adopted by the company's Board every year. Current policies and guidelines are available on the Sagax website [www.sagax.se](http://www.sagax.se) and include:

- Non-discrimination policy
- Anti-corruption policy
- Health and safety policy
- Financial policy
- Information policy
- Insider policy
- Policy regarding investments in other companies
- Policy regarding Board assignments
- Policy regarding the pledging of shares in Sagax
- Sustainability policy
- Guidelines for whistle-blower service
- Code of Conduct for Suppliers

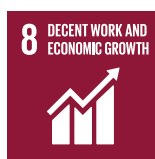
### RISK MANAGEMENT

Environmental-policy decisions could affect Sagax, for example, in the form of higher taxes or necessary investments. In addition, the company's operations, earnings and financial position could be affected by higher environmental requirements from supervisory authorities, investors, tenants or other stakeholders.

The company's long-term supply of capital and capital costs could be negatively affected if Sagax's sustainability activities do not meet market requirements. There is also the risk of additional costs for investments in the property portfolio due to, for example, changes in legislation or changed customer behaviour. In addition, Sagax's property portfolio could be impacted by climate change, such as an elevated risk of flooding. Other risks include risk of corruption, environmental pollution or higher energy costs. Furthermore, Sagax is exposed to risks related to non-compliance with Sagax's Code of Conduct among suppliers.

Sagax's handling of environmental and climate risks and other risks and the company's risk management are described in more detail on pages 50-53. Sagax's reporting according to the TCFD framework is presented on pages 164-165.

## UN SUSTAINABLE DEVELOPMENT GOALS



The 2030 Agenda and the Sustainable Development Goals (SDGs) are an agenda for sustainable development adopted by the UN General Assembly. Sagax's sustainability activities can primarily affect the following SDGs: 3, 7, 8, 11-13 and 16.

# Sustainability targets

		TARGET	OUTCOME
FOCUS AREAS	Environmental and resource efficiency	Sagax is to reduce energy consumption in the property portfolio 2% per year until 2030 in comparable portfolios with energy consumption data for the last two years.	Decrease 1% in 2023.
		Sagax is to reduce direct and indirect greenhouse gas emissions (Scopes 1 and 2) 42% by 2030 (base year 2022) and to measure and reduce other indirect emissions (Scope 3).	Scope 1 and 2 emissions have reduced by 36% compared to the base year. Sagax collected additional Scope 3 data in 2023.
		Sagax's electricity agreements are to be green, as far as possible.	Sagax has signed agreements for green electricity in Sweden, Finland, Benelux and France.
		Sagax is to strive to implement green leases for new lettings and renegotiations.	Green leases have been implemented in all countries since 2023. 182 new green leases were signed in 2023. At year end, 10% of the total lettable area had green leases.
		Sagax is to increase the production of electricity from solar panels in the property portfolio to 15,000 MWh by 2025. Sagax is to consider installing solar panels in all new construction projects.	10 new solar panel installations were completed in 2023. The number of solar power facilities at year end totalled 48. Annual estimated electricity production from all solar power facilities amounts to 10,002 MWh.
		Sagax is to increase the share of environmentally certified properties in the property portfolio to 30% of lettable area by 2025.	48 properties were environmentally certified in 2023 and 32 ratings were in progress at year end. A total of 78 properties had environmental certifications, corresponding to 18% of the total lettable area. Ongoing environmental certifications represented an additional 10% of the total lettable area. The majority of these is expected to be completed in 2024.
	Business ethics	All new buildings and large-scale remodelling must have an environmental certification under Miljöbyggnad, level Silver at a minimum, Very Good according to BREEAM, LEED Gold or equivalent.	
		Sagax is to have zero incidents of corruption.	No incidents of corruption were reported in 2023.
	Economic sustainability	Sagax's main suppliers are to implement and comply with the Sagax Code of Conduct for Suppliers.	Sagax has implemented the Code of Conduct for all main suppliers. Sagax followed up on compliance with the Code of Conduct in France and Spain in 2023.
		Sagax's return on equity, measured over a five-year period, should not fall below 15% per year.	2023 0%. Five-year average: 17%
Professional and dedicated employees	Profit from property management per Class A and B share should increase by a minimum of 15% per year.	2023 15%. Five-year average: 22%	
	Sagax is to have zero incidents of discrimination.	No incidents of discrimination were reported in 2023.	
	Sagax is to have zero accidents among its employees, tenants and suppliers related to its properties.	No accidents were reported in 2023.	



# Sagax's four focus areas

## FOCUS AREAS

Environmental and resource efficiency

Business ethics

Economic sustainability

Professional and dedicated employees

Sagax's materiality assessment identified four focus areas for Sagax's sustainability activities. For detailed information about the materiality assessment, refer to page 167.

### ENVIRONMENTAL AND RESOURCE EFFICIENCY

#### Energy consumption

Heating of premises and the use of electricity account for the largest share of properties' energy use.

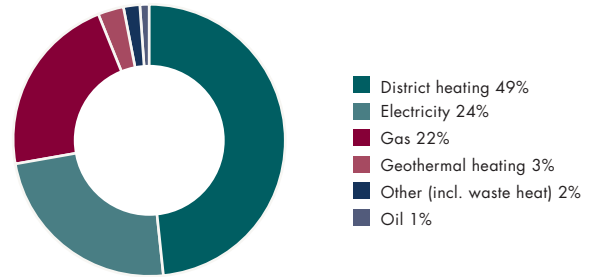
The majority of Sagax's tenants are responsible for their own heating and/or electricity supply. Since tenants pay for these costs themselves, they are directly affected by any savings. Tenants are interested in making energy savings since the use of electricity and heating usually represents a large amount of the tenants' operating expenses for the premises. It is thus important that Sagax, together with tenants, achieve energy savings and enhance the efficiency of tenants' energy use and thereby reduce the climate footprint. Sagax signs so called green leases that aim to promote cooperation on environmental and sustainability issues with the tenants by, for example, improving the conditions for collecting energy data. 182 green leases were signed in 2023. At the end of 2023, 10% of the total lettable area had green leases.

Sagax's aim is to collect energy data for all properties regardless of whether Sagax or the tenant is responsible for the energy supply. Sagax has implemented energy monitoring systems for automated data collection in several countries, and is conducting pilot projects to explore the possibility of collecting data via smart meters. Sagax had available energy data for 44% of the lettable area for 2023. Sagax is also working to develop the monitoring of water consumption in its property portfolio. Remote reading and smart water meters have been installed in parts of the property portfolio, which also reduces the risk of leakage.

About half of Sagax's properties use district heating. At year end 2023, district heating as a heating source had declined to 49% (50) of the company's lettable area, while electric heating had increased to 24% (21). The share of gas and geothermal heating was unchanged at 22% (22) and 3% (3), respectively. The differences in heating sources were due to changes to the composition of the property portfolio. The most common sources of heating are electricity in France and Spain, district heating in Sweden and Finland and gas in Benelux and Germany. Oil heating continued to be phased out in 2023 and replaced with geothermal heating. The proportion of lettable area with oil heating was 1% (1).

The share of renewable energy for the property portfolio is estimated at 40% for 2023. Estimates were used for the parts of the property portfolio for which consumption data was not available.

#### Heating sources in Sagax's property portfolio



#### Energy efficiency and investments in renewable energy

A significant share of Sagax's properties have horizontal roofs with floor areas that are particularly suited for solar power facilities. In 2023, ten solar power facilities were installed and pilot studies have been initiated for further investments in solar power. Sagax had a total of 48 solar power facilities installed at year end. Annual electricity production generates an estimated average of 10,002 MWh. This is equivalent to 2.3 kWh/sqm in relation to Sagax total lettable area.

Sagax installed charging stations for electric vehicles for tenants in several properties in Sweden, Finland, Benelux, France and Spain during the year. By the end of the year, charging stations had been installed at a total of 97 properties. Sagax also strives to reduce emissions from the company's own vehicles. All of Sagax's company cars are electric or hybrid vehicles. Sagax's travel policy states that short journeys are preferably to be by rail so as to minimise the environmental impact of the business.

Sagax takes regular measures to reduce energy consumption. In 2023, Sagax invested SEK 18 M in projects aimed at reducing its climate footprint, such as installing solar power and geothermal heating facilities, upgrading heating and ventilation control systems, installing LED lighting and providing extra insulation. Sagax updated its energy efficiency goals in 2022. The goal is to reduce energy consumption in the property portfolio 2% per year until 2030 in comparable portfolios with available data for the last two years. This corresponded to 36% of the lettable area in the property portfolio. Energy consumption in comparable portfolios decreased from 141 kWh per sqm in 2022 to 140 kWh per sqm in 2023, a decrease of 1%. The outcome variations are affected by tenants' use of the premises and tenants moving in or vacating the premises.

## Carbon emissions and climate impact

In 2022, Sagax updated its carbon emissions target. The target is to reduce direct and indirect greenhouse gas emissions (Scope 1 and 2) 42% by 2030 and to measure and reduce other indirect emissions (Scope 3). The target was validated and approved by the Science Based Targets initiative (SBTi). The SBTi is a collaboration between the UN Global Compact, World Resources Institute (WRI), the World Wide Fund for Nature (WWF) and the Carbon Disclosure Project that aims to set science-based targets aligned with the requirements for achieving the goals of the Paris Agreement. The majority of Scope 1 and 2 emissions are related to energy use at Sagax's own offices. Scope 3 emissions are largely due to upstream leased assets (let premises).

Actions that helped reduce emissions included energy savings and changing to renewable energy.

For district heating, Sagax has to use the local supplier and environmental performance varies greatly. Since 2021, Sagax has signed agreements for renewable district heating for some of the Swedish portfolio as part of efforts to reduce the climate impact of the properties. Only renewable guarantee of origin or carbon-free electricity is used in Sweden, Finland and Benelux for the properties where Sagax provides electricity for tenants. A green electricity contract was also signed in France in 2023. The goal is for all electricity agreements signed by Sagax to be green.

In 2023, Sagax continued to collect data from more sources of emissions, specifically for other direct emissions (Scope 3), in order to gain a correct and comprehensive analysis of emissions from both the company's own operations and in the value chain. Emissions from travel, waste and transportation account for a small share of Scope 3 emissions. Emissions from the category of upstream leased assets represented the largest portion of total emissions. Reported emissions are affected by access to data. Energy consumption data for 2023 pertained to 44% of the total lettable area.

## Environmental certifications for buildings

Sagax currently has 78 (32) environmental certifications from 77 properties, representing 18% (8) of the total lettable area. 17% of the total lettable area has environmental certifications according to at least the BREEAM Very Good level or equivalent. Two properties have environmental certifications under Green Building, three at the Silver level of Miljöbyggnad and 74 BREEAM In-Use. At the end of 2023, Sagax had a total of 32 environmental certification processes ongoing for an additional 10% of the lettable area. Most of these are BREEAM In-Use with the aim of achieving a Very Good rating. Other environmental certifications that are in progress are BREEAM for new builds and Miljöbyggnad.

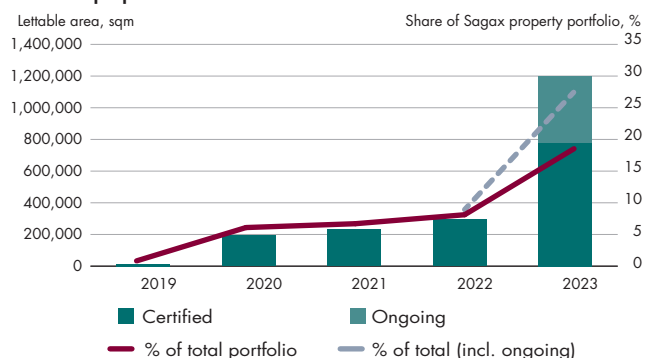
Sagax's target is that new buildings will be environmentally certified. Sagax also has its existing properties environmentally certified. Sagax evaluates continuously which properties are suitable for an environmental certification. The focus is to secure environmental certifications for properties that have a significant market value or have a lettable area of more than 5,000 square metres. The goal is for 30% of the property portfolio to have an environmental certification by 2025.

Such certifications lead to better environmental performance. The relevant environmental certifications for Sagax are: a minimum Silver rating according to Miljöbyggnad, Very Good according to BREEAM and Gold according to LEED. BREEAM assesses environmental per-

formance, such as energy use, indoor climate, water control, waste management, land use and impact on the local environment. BREEAM also analyses and scores the location of the building in relation to public transport, the choice of building materials and the pollution that may be generated. The environmental certification Miljöbyggnad sets requirements for energy, use of materials and indoor environment. LEED scores a number of criteria in the areas of energy consumption, choice of building materials, water control and waste management, which are aggregated to provide an assessment of the property's environmental impact. Environmental certifications are an independent review and rating.

In addition to environmental certifications, energy performance certificates (EU-EPC) are another way to follow up on energy performance at properties. The standards and regulations for implementing EU-EPC vary by country. Sagax strives to increase the share of properties in the property portfolio that have energy classifications. At year end, 81% of the total lettable area had an energy performance certificate. The percentage of the property portfolio that had an energy performance certificate and had a EPC A or B rating at the end of the year was 18%.

## Certified properties



## Material and resource efficiency

Sagax's properties are mainly located in established industrial zones with relatively low natural values and limited biodiversity. In addition to environmental certifications, Sagax carries out inspections to check any existence of hazardous substances and pollutants in buildings and land in connection with new builds, extensions and remodelling. If hazardous substances are detected, such as asbestos or PCB, Sagax takes the necessary sanitisation measures.

Waste at construction sites is sorted into fractions, enabling the recycling and reuse of non-hazardous waste. Sagax aims to ensure that at least 70% of non-hazardous waste from new builds and large-scale remodelling is sorted so that it can be reused.

In Sweden, Sagax applies the Byggarbeteplaneringskriterierna criteria to perform an environmental impact assessment of building products and materials used in large-scale remodelling and new build projects. The aim is to promote environmentally sound choices of materials.

In 2023, Sagax used recycled materials in several remodelling projects and one new build project. Examples of materials that were able to be reused are fittings, glass doors and windows, and purchased reinforcement for recycled steel. Besides reducing carbon emissions, reuse can also lead to lower costs of materials.



## BUSINESS ETHICS

### Anti-corruption

Sagax complies with laws and regulations in the company's various markets. The company's aim is to be transparent and credible.

A high level of sound business ethics is fundamental to Sagax's long-term maximisation of value. The company does not conduct any operations in countries with extensive corruption problems. Sagax works actively to counteract the risk of bribery, corruption, discrimination and crimes against human rights. Sagax's anti-corruption policy has been adopted by the Sagax Board and encompasses all employees. The company must never be involved in or permit corruption. The company does not accept that employees receive gifts that can be equated with bribes. The limit for receiving and giving gifts follow established guidelines on gifts in the company's anti-corruption policy. The anti-corruption policy is communicated to the organisation at the annual employee conference and is always available to employees. Corruption has not historically been a problem in the operations and the company is not aware of any incidents of corruption in 2023.

### Whistle-blower function

Sagax has an anonymous whistle-blower function on the Group's website that is administered by an external party. The purpose of the whistle-blower function is to enable both employees and external partners to report any wrongdoing. All whistle-blower cases are handled in accordance with established procedures. Sagax management, in consultation with a representative from the external whistle-blower function, assesses matters submitted. An item is not investigated by anyone affected by the reported suspicion. Individuals investigating the item can communicate with the whistle-blower via the whistle-blower function. The company's aim is to provide swift feedback to the person making a report through the whistle-blower function. All cases are handled confidentially.

No whistle-blower cases were reported in 2023 or earlier.

### Code of Conduct and follow-up of supplier requirements

Sagax has prepared a Code of Conduct for Suppliers to ensure that working conditions at the companies that deliver products and services to Sagax fulfil Sagax's requirements in terms of health and safety and ethical standards as well as that the assignments are conducted in an environmentally responsible manner. The Code of Conduct is signed and added as an appendix to framework agreements that are entered into.

The Code of Conduct has been implemented for the company's main suppliers in all countries of operation since 2023. The main suppliers have been identified based on a risk assessment according to the size of purchases and operations. Sagax also carried out a follow-up of compliance with the Code of Conduct among its main suppliers in France and Spain in 2023. The investigation included all areas of the Code of Conduct, such as business ethics, anti-corruption, anti-discrimination, occupational health and safety, work environment, the environment, loyalty and service.

The investigation showed that all of the audited suppliers had procedures and work processes in place to ensure compliance with the Code of Conduct. Over the last three years, Sagax has reviewed the compliance of its main suppliers in all countries.

## ECONOMIC SUSTAINABILITY

### Business model

Sagax is a listed property company whose business concept is to invest in commercial properties, primarily in the warehouse and light industrial segment.

Sagax's business model is characterised in all areas by a long-term approach. Short-term gains are subordinate to the company's long-term, meaning sustainable, value creation. Accordingly, sustainability work is integrated into the business model.

Properties designed as warehouses and for light industries are attractive investment opportunities, since they generate a high yield combined with a low rate of new production and stable occupancy rates. Sagax invests in add-on acquisitions and in existing properties. Property acquisitions and investments in the existing portfolio aim to increase cash flow and diversify rental revenue, thereby reducing the company's operational and financial risks.

Sagax's financial structure is designed with a clear focus on operating cash flow and interest coverage ratio. This is expected to create both good prerequisites for expansion and attractive return on equity.

Sagax pursues efficiency and sustainability in its management strategy. The asset management strategy includes working actively to build long-term customer relationships. The company's policy is to abstain from maximising rent levels at all points of time in favour of signing leases of a longer duration with solvent tenants. This is regarded as being advantageous since it reduces the risk of vacancies, while leading to lower costs for letting premises and adapting premises to tenant needs.

Sagax endeavours to attract reputable and creditworthy tenants. The company mainly enters into net leases under which the tenant pays property expenses that would otherwise have been paid by the property owner.

Sagax invests primarily in regions experiencing stable population growth and that have diversified business activities.

### Direct value generated and distributed

Long-term value creation is key to the company's strategy. Financial targets include that Sagax's return on equity over a five-year period shall exceed 15% per year and profit from property management per Class A and B share shall increase by a minimum of 15% per year.

The Board has overall responsibility for guiding operations towards the financial targets allowed by the scope of the company's policies. The outcome is followed up every quarter in conjunction with interim reports.

Detailed information about Sagax's financial position is available in the company's financial statements on pages 73-119. The economic value generated amounted to SEK 1.8 billion (4.9) in 2023 and mainly comprised rental revenue and profit from joint ventures and associated companies. For detailed information, refer to page 169.

### Green framework

Sagax established a green finance framework in 2019. The framework was updated in 2023 to reflect current market practices and to broaden the asset base for green finance. The framework was produced in accordance with the ICMA Green Bond Principles and 2023 LMA, APLMA and LSTA Green Loan Principles. ISS ESG Corporate Solutions Inc. conducted a review and confirmed that the updated framework is aligned with these standards.

Assets that can be financed under the green framework are mainly green buildings, such as environmentally certified or energy-efficient properties. In addition, the framework enables the financing of investments in energy efficiency, charging points and renewable energy such as solar power facilities. For further information about the green framework, refer to Sagax's website [www.sagax.se](http://www.sagax.se).

## PROFESSIONAL AND DEDICATED EMPLOYEES

The development of the company is dependent on highly skilled employees. For this reason, it is important that the company is an attractive employer that can recruit and has the ability to retain highly skilled personnel. In exchange, Sagax expects employees to assume responsibility of their work duties and also serve as good representatives of the company's values and culture.

### Attractive employer

Sagax attaches great value to offering favourable employment conditions for its employees. In addition to offering competitive employment conditions, the company has since 2011 also offered all employees the opportunity to participate in an Incentive Plan, refer to page 59 in the 2023 Annual Report. The purpose is to increase employee involvement in the development of the company. It is positive that employees own shares in the company and the diversity policy for the Sagax Board highlights the importance of Board members also having significant shareholdings in the company.

In 2023, five (15) employees were recruited and three (eight) employees left the company. The Group had 96 employees (94) at year end.

### Flexible and creative work environment

Sagax offers a flexible and creative environment where decision paths are short and there is a great deal of individual responsibility for planning and carrying out work tasks and, wherever possible, also their own working hours.

### Skills development and provision of skills

An important aspect for the operations is ensuring that employees have the right skills and opportunities to develop. Sagax employees have an average of 11 years of experience from relevant work duties, of which six years of experience at Sagax. The expertise of the organisation is central to the development of the company and skills development is an aspect that could be crucial for retaining high performance employees at the company. It is a natural operational risk for a company such as Sagax that key personnel may leave the company. The company endeavours to minimise this risk through market-based remuneration and a continuous dialogue with the company's employees.

Appraisals were held with every employee in 2023. The topics discussed at these appraisals included the employee's development during the year and the need for continued skills development. Employees who express a wish to participate on courses or otherwise develop their skills are encouraged to do so by the company.

Sagax holds an annual conference for all of its employees, where the company's development, challenges and opportunities are discussed for two days. The aim of the conference is to create a shared foundation of values and knowledge for the entire organisation and to provide information about Sagax's policies. This year's conference was held in September. Sagax also holds quarterly presentations of interim reports for employees.

### Non-discrimination

The ability to attract and retain skilled and competent employees is important to Sagax's development. Beyond the principle reasons against discrimination, it is consequently important that no discrimination exist for the reason that it could otherwise lead to the risk of highly skilled employees leaving Sagax. When hiring, great importance is attached to skills and relevant experience as well as personal qualifications and qualities. Recruitment always takes place in competition. As part of Sagax's recruitment process, the final candidates always meet employees from various parts of the company, and key individuals are also evaluated by the CEO and at least one Board member. Sagax has a clear anti-discrimination policy according to which Sagax must regularly take measures to combat discrimination and victimisation and promote equal rights and opportunities regardless of sex, transgender identity or expression, ethnicity, religion or other expression of faith, disability, sexual orientation or age. This applies, for example, to recruitment, salary structure, opportunities for promotion and skills development.

No reports of discrimination based on the grounds of discrimination were made in 2023.

### Employee survey

An employee survey was carried out in connection with the employee appraisals to investigate whether any discrimination or victimisation exists, or the risks pertaining to this, and to monitor and evaluate the work environment. The survey and follow-up were based on Sagax's occupational health and safety policy, anti-discrimination policy and anti-corruption policy. Employees responded to a number of questions on job satisfaction, teamwork, stress, workload, equal opportunities, diversity and equal treatment, and assigned a score of 1 to 5 to their answers, with 1 being very good and 5 very poor. The average score in the survey was 1.7 (1.7). None of the respondents had experienced discrimination. 91% (95) of those surveyed know what to do if they themselves or a colleague experiences discrimination.

# EU taxonomy

## ANALYSIS AND REPORTING ACCORDING TO EU TAXONOMY

Sagax is continuously analysing developments within the EU taxonomy and its implications for the company. According to the regulations, Sagax is not currently subject to any requirement to report in accordance with the EU taxonomy, as it has fewer employees than the threshold required for reporting.

However, Sagax believes it to be valuable to describe the extent to which the company's activities are EU taxonomy-eligible and -aligned.

The tables below presents the extent to which the company's activities are taxonomy-eligible, specified by turnover, capital expenditure (CapEx) and operating expenditure (OpEx) for the 2023 financial year and the extent to which they have been deemed taxonomy-aligned. Joint ventures and associated companies are not included. Alignment is evaluated and reported only for the environmental objectives of climate change mitigation and climate change adaptation. The objective of circular economy also applies from 2023. Sagax's economic activities do not currently fall under the other environmental objectives.

"Turnover" consists of Sagax's rental revenue. "CapEx" consists of Sagax's gross investments, see Note 13. "OpEx" consists of Sagax's costs for property maintenance, see Note 4.

Sagax has analysed the extent to which the company's *economic activities* are aligned with the taxonomy. The analysis included the following activities: acquisition and ownership of buildings, construction of new buildings, renovation of existing buildings, projects and measures described in the EU taxonomy's delegated acts on construction and property activities.

The properties' energy performance certificates affect their EU taxonomy alignment. Alignment is achieved for properties with an EU Energy Performance Certificate of "A" or those that are among the top 15% of properties in the region or country in terms of energy efficiency.

The "Do No Significant Harm" criterion entails that the property portfolio's alignment with the taxonomy is also affected by the extent to which a climate risk and vulnerability analysis has been carried out.

Certain taxonomy-eligible activities still do not have clear definitions. Moreover, energy performance thresholds are also lacking in several countries where Sagax operates. As a result, Sagax is unable to assess some properties in terms of EU taxonomy alignment under this criterion. In these cases, Sagax has declared them not taxonomy-aligned. This was the case for Spain, France and Germany, which for 2023 represented about 25% of rental revenue.

For activities related to installation of energy efficiency equipment, the criteria of *do no significant harm* pertaining to pollution could not be evaluated. Accordingly, Sagax has declared them not taxonomy-aligned.

The relevant taxonomy-aligned activities contributed to the first environmental objective of the taxonomy: climate change mitigation. The proportion of turnover, CapEx and OpEx deemed to be taxonomy-aligned increased to 16% (10), 14% (11) and 17% (10), respectively, compared with last year. The change was mainly attributable to a higher share of energy-efficient properties. The key performance indicator per activity and the activities' alignment with the EU taxonomy are reported on pages 172-175. Sagax has ensured that no activity is assessed more than once.

The social minimum safeguards according to the EU taxonomy include human rights, anti-corruption, fair competition and taxation. Sagax's governing documents and processes for upholding human rights, taxation, fair competition meet the minimum safeguard criteria as defined by the EU taxonomy. There were no legal actions or notices involving Sagax in these areas in 2023 or earlier. Information about the company's policies and processes is presented on pages 156-157.

## Proportion of taxonomy-aligned and taxonomy-eligible activities per objective in 2023

	Proportion of turnover/Total turnover			Proportion of CapEx/Total CapEx			Proportion of OpEx/Total OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective		Taxonomy-aligned per objective	Taxonomy-eligible per objective		Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	16%	100%	CCM	14%	100%	CCM	17%	100%
CCA	n/a	–	CCA	0%	100%	CCA	n/a	–
WTR	n/a	–	WTR	n/a	–	WTR	n/a	–
CE	n/a	–	CE	n/a	14%	CE	n/a	–
PPC	n/a	–	PPC	n/a	–	PPC	n/a	–
BIO	n/a	–	BIO	n/a	–	BIO	n/a	–

The codes constitute the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution: Climate Change Mitigation (CCM), Climate Change Adaptation (CCA), Water and Marine Resources (WTR), Circular Economy (CE), Pollution Prevention and Control (PPC), Biodiversity and ecosystems (BIO).

# Reporting according to TCFD

What follows below is Sagax's report on climate-related financial risks and opportunities. The report is based on the Task force on Climate-related Financial Disclosures (TCFD) framework. Sagax's ambition is to follow the recommendations. The framework includes four areas: governance, strategy, risk management and metrics and targets.

## GOVERNANCE AND STRATEGY

The Board of Directors at Sagax is responsible for sustainability work and annually establishes the sustainability policy. Risks and risk management, including climate risks, are discussed at Board meetings as necessary. Sustainability topics are reported to the Board every quarter. The materiality assessment is updated annually. The Head of Sustainability is responsible for identifying climate risks and opportunities.

Sagax works continuously with optimising energy use in the property portfolio and reducing its carbon footprint. Sagax has also been working to invest in renewable energy and solar power facilities at properties.

Sagax has its new builds as well as its existing properties environmentally certified. The property portfolio is also regularly analysed.

In 2022, Sagax updated its carbon emission reduction target. The target was validated and approved by the Science Based Targets initiative (SBTi) in 2023. The SBTi is a partnership between the Carbon Disclosure Project, the UN Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). It works to ensure that goals for reducing carbon emissions are scientifically based and are in line with the goals of the Paris Agreement.

For more information about governance and strategies as well as work with the environment and resource efficiency, refer to pages 156-157 and 159. For information about Sagax's sustainability goals, refer to page 158 and pages 64-69 for corporate governance.

## RISK MANAGEMENT

Sagax is exposed to risks that may be of significance to the company's operations, profitability or financial position. Risk management, including climate risk management, is integrated into the company's internal processes. Various methods are used to identify and evaluate risks and, if possible, manage them.

Sagax's Board is responsible for analysing and preventing risks. Management compiles relevant documentation necessary for the Board's work. The Board evaluates the company's risks based on potential impact and probability.

According to TCFD, climate-related risks can be categorised into physical climate risks and transition risks. Physical risks refer to events like flooding or extreme weather events. Transition risks refer to regulatory risks or changes in customer behaviour.

For more information about Sagax's work with risk management and climate risks, see pages 50-53.

## SCENARIO ANALYSIS

In 2022, Sagax carried out a scenario analysis to identify climate-related risks and how they might impact the company. The analysis used a time horizon of 2050 and two possible scenarios "Representative Concentration Pathways," (RCP), RCP 2.6 and RCP 8.5, developed by the UN's climate panel (IPCC). IPCC uses the RCPs to provide information about possible climate changes at various levels of carbon dioxide in the atmosphere.

RCP 2.6, the "Paris Agreement" scenario, is when the transition is relatively rapid, emissions are reduced and the temperature increase is limited to 1.5 to 2°C. RCP 8.5, the "Business as Usual" scenario, is when emissions continue to increase at their current rate and society does not successfully transition or reduce carbon emissions. All other things being equal, the probability of transition risks is greater in RCP 2.6 while the probability of physical risks is greater in RCP 8.5.

## TRANSITION RISKS

The transition risks are more comprehensive in RCP 2.6, which will likely entail more stringent regulatory requirements and increased costs.

Transition risks include more stringent regulations for construction and energy efficiency. Increased taxes and other political decisions may entail increased costs. Changes in requirements and preferences from customers and investors, such as high requirements for climate adaptations, may also entail increased costs or investment needs.

## PHYSICAL RISKS

Over time, climate change leads to changing weather conditions, rising sea levels and other effects on the physical environment. This also increases the risk of property damage. For property owners, these risks could have a material negative impact on the operations. Climate change could also result in higher operating expenses. Investments therefore risk becoming unprofitable investments if climate risk is not considered appropriately.

Physical climate risks are greater in RCP 8.5 than in RCP 2.6. In RCP 8.5 there is a somewhat higher overall risk for extreme weather events, rising water levels, flooding and heat waves than in RCP 2.6. Countries are exposed differently to physical climate risks. In central and southern Europe, there is higher risk of heat waves, forest fires and droughts, while in central and northern Europe, there is higher risk of flooding.

Sagax regularly evaluates the condition of the properties, including any need for adjustments to a property's performance to meet regulatory requirements and customer expectations. Assessment of any climate adaptation is part of the project plan for coming new production and major remodelling projects.

In 2022, Sagax carried out an analysis for the property portfolio to identify physical climate-related risks. The basis of the analysis was classifying climate-related risks in four categories: temperature-related, wind-related, water-related and solid mass-related. The investigation was carried out at country and property level. The analysis was expanded and updated in 2023. No or low physical climate risks were identified for 89% of the property portfolio. Some physical climate risks were identified for 11% of the property portfolio if no action is taken (9% at the risk level of medium and 2% at the risk level medium to high). Of the ten properties with the highest market value, the risk level was assessed as none or low for eight properties, medium for one property and medium to high for one property. The risks identified in the property portfolio were primarily related to changes in temperature, higher sea levels and erosion. The analysis will be followed up and adjustments will be made to check or reduce risks if this is deemed possible and feasible. Examples of such measures taken or planned include ensuring adequate storm water runoff, protection from sunlight penetration and monitoring the ground level. No properties were deemed at risk of becoming obsolete due to permanent flooding risk. Based on the analysis and the identified risks, the assessment is that the climate risks faced by Sagax will not have any material impact on its short-term financial position.

These risks could increase in the longer term since climate change is ongoing and there is uncertainty about what such changes will entail. This could mean a greater need for investments in properties situated in areas vulnerable to climate changes. Sagax intends to continue to develop and improve the climate risk analysis for the property portfolio.

## **OPPORTUNITIES**

Sagax has analysed the opportunities presented by energy efficiency, environmental certifications and the use of energy sources with low or no carbon emissions.

By making energy efficiency enhancements, Sagax believes that the net operating income of the property portfolio can be improved, which is expected to lead to higher market values of the properties. Production of renewable energy, such as through solar panels, can also lead to increased revenue.

Furthermore, Sagax believes that environmental certifications can result in higher demand for Sagax's premises. In addition, green or environmentally certified properties could be more attractive in both the investment and capital markets, which could lead to higher property values and more advantageous funding terms.

## **METRICS AND TARGETS**

For more information about Sagax's metrics and targets for reduced carbon emissions, refer to page 158 (Sustainability target) and pages 160 and 169-170 (Carbon emissions and climate impact and GRI reporting, respectively).

# Detailed information on sustainability

## GENERAL INFORMATION

In accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act, Sagax has decided to prepare a statutory Sustainability Report as a separate report to its Annual Report. Page references between 3 and 152 refer to the 2023 Sagax Annual Report. Sustainability risks are described in the sections where material risks have been identified, see pages 50-53 and 115-116. The Board of Directors is ultimately responsible for Sagax's sustainability work. Ernst & Young have stated that the statutory sustainability report has been prepared.

In 2019, Sagax adjusted its sustainability report in order to provide a report in accordance with the *Core* level of the Global Reporting Initiative (GRI) Standards. In 2022, Sagax transitioned to using GRI Standards 2021. The GRI Construction and Real Estate Sector Supplement was followed. Comparative figures for 2022 and 2021 are provided in the report.

The Board of Sagax adopts the company's overall sustainability policy and related policies, which are updated annually. All of these policies are available on Sagax's website [www.sagax.se](http://www.sagax.se). Sagax's sustainability policy clarifies its sustainability targets. These targets are monitored, evaluated and updated every year. In addition, sustainability risks are assessed every year.

### Boundaries

The sustainability report encompasses Sagax and its subsidiaries. Joint ventures and associated companies are not included in the sustainability report.

## STAKEHOLDER ANALYSIS

### STAKEHOLDER GROUPS

### FORM OF DIALOGUE

**Shareholder**

- Board meetings, of which one meeting each year is a strategy meeting
- Meetings with owner representatives for special discussions about corporate governance
- General Meeting
- Financial statements

**Employees**

- Employee dialogue
- Workshops
- Business planning
- Annual conference for all employees
- Regular reviews with all employees about the company's policies

**Lenders**

- Individual meetings with banks and representatives from the capital markets
- Dialogue regarding financial statements

**Tenants**

- Customer meetings
- Regular dialogue about property management with each facility management firm of the properties
- Dialogue between tenants and the appointed asset manager for each property

**Suppliers**

- In procurement, following-up framework agreements and purchase orders
- At supplier meetings

### MOST MATERIAL ISSUES

- Financial performance
- More efficient energy consumption
- Anti-corruption
- Regulatory requirements
- Employee skills
- Attractive employer

- Financial performance
- More efficient energy consumption
- Professional development
- Professional work environment

- Financial stability
- More efficient energy consumption
- Anti-corruption
- Climate adaptation
- Diversity and equal opportunity
- Environmental certifications for buildings
- Regulatory requirements

- More efficient energy consumption
- Good opportunities for recycling/waste management
- Good opportunities for charging electric vehicles
- Environmental certifications for buildings

- Anti-corruption
- Legal and regulatory compliance
- Environmental certifications for buildings
- Good opportunities for recycling/waste management

## STAKEHOLDER DIALOGUE AND MATERIALITY ASSESSMENT

The basis of the report consists of stakeholder dialogues that are regularly conducted in the company's normal business operations and a materiality assessment. Sagax must follow applicable laws and regulations and adopt a long-term approach in its work, adhering to principles that guarantee a high moral and ethical level in internal and external relationships.

### Stakeholder analysis

Sagax's operations affect and are affected by various groups of stakeholders, and thus, the stakeholder perspective is also incorporated into Sagax's sustainability agenda. Interaction with Sagax's stakeholders provides the company with in-depth knowledge about the expectations and concerns of its stakeholders, thus offering insight into risks and opportunities. The company's stakeholders are divided into five categories, with the stakeholder dialogues taking on different forms and conducted continuously, see table below. Alongside direct contact with Sagax's stakeholders, employees attended sustainability seminars to expand their knowledge. An employee survey focusing on the work environment and anti-discrimination was carried out in 2023, as it was in prior years.



### Materiality assessment

Sagax regularly evaluates the sustainability areas that have been deemed to be the most material. The evaluation considers overall strategies, the opinions of its stakeholders and the areas in which Sagax can contribute the most to sustainable development. The first materiality assessment was carried out in 2018 and has subsequently been updated every year.

All topics highlighted by Sagax’s stakeholders as important were evaluated. Sagax then ranked these based on the following criteria:


- Materiality for Sagax’s overall strategy
- Sagax’s ability to influence sustainable development
- Sagax’s impact on the economy, the environment, social issues and human rights

### THE FOLLOWING ISSUES WERE CHOSEN AFTER COMPLETING A MATERIALITY ASSESSMENT:

- Financial stability
- Anti-corruption
- Climate adaptation
- More efficient energy consumption
- Investments in renewable energy
- Employee skills
- Attractive employer
- Environmental certifications for buildings
- Code of Conduct for suppliers

### SUSTAINABILITY AREAS

Four focus areas for Sagax’s sustainability activities were identified using the materiality assessment based on the Group’s strategies, influence on the business environment and stakeholder expectations. These areas are regarded to be most relevant for both stakeholders and Sagax.

Focus areas	Environmental and resource efficiency	Business ethics	Economic sustainability	Professional and dedicated employees
<b>The most material topics</b>	<ul style="list-style-type: none"> <li>■ Climate adaptation</li> <li>■ More efficient energy consumption</li> <li>■ Investments in renewable energy</li> <li>■ Environmental certifications for buildings</li> </ul>	<ul style="list-style-type: none"> <li>■ Anti-corruption</li> <li>■ Code of Conduct for Suppliers</li> </ul>	<ul style="list-style-type: none"> <li>■ Financial stability and performance</li> </ul>	<ul style="list-style-type: none"> <li>■ Highly skilled employees</li> <li>■ Attractive employer</li> </ul>
<b>Sustainable Development Goals</b>  <b>THE GLOBAL GOALS</b>	    			
<b>GRI area</b>	<ul style="list-style-type: none"> <li>■ Environment (300)</li> </ul>	<ul style="list-style-type: none"> <li>■ Economic (200)</li> </ul>	<ul style="list-style-type: none"> <li>■ Economic (200)</li> </ul>	<ul style="list-style-type: none"> <li>■ Social (400)</li> </ul>
<b>GRI standards</b>	<ul style="list-style-type: none"> <li>■ GRI 302-3</li> <li>■ GRI 305-1</li> <li>■ GRI 305-2</li> <li>■ CRE8</li> </ul>	<ul style="list-style-type: none"> <li>■ GRI 205-3</li> </ul>	<ul style="list-style-type: none"> <li>■ GRI 201-1</li> </ul>	<ul style="list-style-type: none"> <li>■ GRI 401-1</li> <li>■ GRI 404-3</li> <li>■ GRI 406-1</li> </ul>

## UN SDGS

Sagax follows the UN Global Compact's ten principles on human rights, labour, environment and anti-corruption. Sagax has analysed the UN's 17 Sustainable Development Goals and targets where Sagax can have an impact through its sustainability efforts.

UN SDGs	Targets	Sagax's impact
 <p><b>3</b> GOOD HEALTH AND WELL-BEING</p>	<p>3.9 Substantially reduce the number of deaths and illnesses from hazardous chemicals</p>	<p>Sagax's properties are to be designed for the operations to be performed and the people who are to use the properties. Inspections are carried out in connection with new builds, extensions and remodelling to check any existence of hazardous substances or pollutants in buildings and land. Sanitisation measures are taken as necessary. By environmentally certifying buildings, Sagax further contributes to avoiding air, water and soil pollution.</p>
 <p><b>7</b> AFFORDABLE AND CLEAN ENERGY</p>	<p>7.2 Increase substantially the share of renewable energy in the global energy mix 7.3 Double the global rate of improvement in energy efficiency</p>	<p>By increasing the use of district heating and green electricity in the properties, and by installing solar power facilities on the properties Sagax contributes to increased use of renewable energy. In addition, the energy efficiency of the properties improves by Sagax taking measures as part of maintenance work, such as replacing control equipment, installing more energy efficient ventilation and heating systems, optimising ventilation, optimising heat recycling and replacing light fittings and adjusting lighting controls.</p>
 <p><b>8</b> DECENT WORK AND ECONOMIC GROWTH</p>	<p>8.1 Sustain economic growth in accordance with national circumstances 8.5 Full and productive employment and decent work for all women and men, and equal pay for work of equal value 8.8 Protect labour rights and promote safe and secure working environments</p>	<p>Being a good employer, a good supplier and an appreciated customer while ensuring that the company conducts itself in an acceptable manner in society and attempts to limit its environmental impact are all fundamental conditions for Sagax's ability over time to deliver profits for its shareholders.</p> <p>Sagax's business model is characterised in all areas by a long-term approach. Short-term gains are subordinate to the company's long-term value creation. Accordingly, sustainability work is integrated into the business model.</p> <p>Sagax attaches great value to offering favourable and competitive employment conditions for all employees. In addition, the company has, for a number of years, also offered all employees the opportunity to participate in an incentive plan.</p> <p>Sagax regularly monitors and takes active measures to prevent discrimination and victimisation and to promote equal rights and opportunities regardless of gender, transgender identity or expression, ethnicity, religion or other belief, disability, sexual orientation or age.</p>
 <p><b>11</b> SUSTAINABLE CITIES AND COMMUNITIES</p>	<p>11.3 Enhance inclusive and sustainable urbanization 11.6 Reduce the adverse environmental impact of cities</p>	<p>Sagax works closely with tenants, suppliers and municipalities in property planning, building and management, and thus contributes to functional and sustainable cities and societies.</p>
 <p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>12.2 Achieve the sustainable management and efficient use of natural resources 12.4 Environmentally sound management of chemicals 12.5 Substantially reduce waste generation</p>	<p>Sagax contributes to more sustainable consumption and production by working together with tenants on opportunities to sort waste at source, recycling solutions and environmental certification of properties.</p>
 <p><b>13</b> CLIMATE ACTION</p>	<p>13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters</p>	<p>Sagax reduces its climate impact by, for example, working to reduce energy use, installing solar power facilities and using green electricity in its properties. Sagax works to adjust its properties to the effects of climate change, such as preventing the risk of flooding and analysing risks in the portfolio.</p>
 <p><b>16</b> PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<p>16.5 Substantially reduce corruption and bribery in all their forms</p>	<p>A high level of sound business ethics is fundamental to Sagax's long-term maximisation of value. The company must never be involved in or permit corruption. The company does not accept that employees allow themselves to be bribed or receive gifts that can be equated with bribes.</p> <p>Sagax's suppliers are partly viewed as an extension of Sagax's own operations, which is why Sagax has prepared a Code of Conduct for Suppliers to ensure that working conditions at the companies that deliver products and services to Sagax fulfil Sagax's requirements in terms of health and safety, and ethical standards.</p>

## GLOBAL REPORTING INITIATIVE

This section provides a report on the methodologies, assumptions and conversion factors used for preparing Sagax's GRI disclosures. In addition to the above, supplementary tables, information in the Annual Report and descriptions of omitted information are presented.

## GRI 201-1 DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

	2023		2022		2021	
	SEK M	%	SEK M	%	SEK M	%
<b>Economic value generated</b>						
Rental and other revenue	4,657	253	3,962	80	3,236	26
Profit from property management, joint ventures	937	51	766	16	713	6
Changes in value	-3,752	-204	209	4	8,306	68
<b>Total</b>	<b>1,842</b>	<b>100</b>	<b>4,937</b>	<b>100</b>	<b>12,255</b>	<b>100</b>
<b>Economic value distributed</b>						
Operating expenses	950	52	734	15	578	5
Employees	154	84	135	3	119	1
Tax	65	35	937	19	1,294	11
Creditors	734	40	492	10	419	3
Owners (proposed dividend)	1,301	71	1,111	23	936	8
<b>Economic value retained</b>	<b>-1,362</b>	<b>-74</b>	<b>1,528</b>	<b>31</b>	<b>8,909</b>	<b>73</b>

## GRI 205-3 CONFIRMED INCIDENTS OF CORRUPTION AND ACTIONS TAKEN

	2023	2022	2021
Number of reports to whistle-blower service	-	-	-
Number of measures taken	-	-	-
Number of reports received in other ways, e.g. direct to manager or Board	-	-	-
Number of measures taken	-	-	-

## GRI 401-1 NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER

Sagax does not report the number of employees or the employee turnover specified by gender or age since the company believes that these factors are irrelevant to the company's ability to achieve its objectives. Sagax measures employee turnover based on the number of employees who left the company and were replaced by a new employee.

	2023	2022	2021
Employees at the beginning of the year	94	87	77
Number of new employees	5	15	17
Number of employees who left the company	3	8	7
Employees at year end	96	94	87
Employee turnover	3%	9%	9%

## GRI 404-3 PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS

	2023	2022	2021
Percentage of personnel who have had employee reviews	100%	100%	100%

## GRI 406-1 INCIDENTS OF DISCRIMINATION AND CORRECTIVE ACTIONS TAKEN

	2023	2022	2021
Number of reports to whistle-blower service	-	-	-
Number of measures taken	-	-	-
Number of reports received in other ways, e.g. direct to manager or Board	-	-	-
Number of measures taken	-	-	-

## GRI 302-3 ENERGY CONSUMPTION WITHIN THE ORGANISATION

Sagax reports energy consumption for properties that have data available. The ambition is to collect energy consumption data for as much of the property portfolio as possible. For the largest portion of the portfolio, tenants are responsible for the energy supply. The variation in outcome of energy consumption can, to a certain extent, be attributed to changes in the property portfolio and the fact that access to data has increased and improved. Use of electricity includes some electricity for tenant's operations. For some of the properties, this includes electric heating. Total energy consumption, expressed in MWh, is reported for properties where there is data available, which for 2023 is equivalent to 44% (39) of the total lettable area. The energy consumption increase expressed in MWh pertains to the increase of available energy data for the property portfolio. Energy consumption in comparable portfolios decreased 1% in 2023.

	2023 MWh	2022 MWh	2021 MWh
Electricity	120,194	145,595	125,896
Heating	120,027	84,057	89,441
<b>Total energy consumption</b>	<b>240,221</b>	<b>229,652</b>	<b>215,337</b>

	2023 kWh per sqm	2022 kWh per sqm	2021 kWh per sqm
Electricity	67	67	*
Heating	74	74	*
<b>Total energy consumption</b>	<b>140</b>	<b>141</b>	<b>*</b>

\* Comparable data unavailable. The outcome is reported for comparable portfolios with data available for the past two years.

## GRI 305-1, 305-2, 305-3 GHG EMISSIONS

Sagax reports Scope 1, 2 and 3 GHG emissions according to the GHG protocol. For most of the properties, Sagax's tenants are responsible for the energy supply. When Sagax is responsible for providing electricity to tenants, it is guarantee of origin green electricity in Sweden, Finland and Benelux. Acquired and divested properties are included in relation to the ownership period. The majority of Scope 1 and 2 emissions pertain to energy consumption at Sagax's offices. Scope 3 emissions include emissions related to downstream leased assets. As of 2022, emissions related to energy use in downstream leased assets is reported in all properties where there is access to Scope 3 data and is based on actual consumption. Data for 2021 has thus been updated similarly to maintain comparability. The increase in Scope 3 emissions for downstream leased assets pertains to increased access to data for energy consumption. Scope 3 emissions also include freight, transportation of goods, waste paper at the head office and business travel. Emissions that are reported for production of energy carriers pertain to upstream emissions from the lifecycle of fuel and electricity, including losses upon transfer to the power grid.

## GHG emissions

Scope	Activity	2023	2022	2021
		Emissions tCO <sub>2</sub> e	Emissions tCO <sub>2</sub> e	Emissions tCO <sub>2</sub> e
Scope 1	<i>Direct emissions</i>	6	11	16
Scope 1	Direct emissions	6	10	0
Scope 1	Direct emissions	0	0	7
Scope 1	Direct emissions	0	2	9
Scope 2	<i>Indirect emissions</i>	42	62	22
Scope 2	Indirect emissions	15	34	6
Scope 2	Indirect emissions	10	14	4
Scope 2	Indirect emissions	0	0	0
Scope 2	Indirect emissions	27	29	16
Scope 3	<i>Other indirect emissions</i>	49,498	45,874	16,121
Scope 3	Other indirect emissions	97	79	44
Scope 3	Other indirect emissions	2	1	0
Scope 3	Other indirect emissions	0	0	0
Scope 3	Other indirect emissions	0	0	0
Scope 3	Other indirect emissions	49,390	45,780	16,072
Scope 3	Other indirect emissions	9	14	5
Total CO <sub>2</sub> emissions		49,542	45,948	16,159

## GHG emissions, origin

Scope	Activity	Data source	Conversion factor
Scope 1	Refrigerants	Standard calculation	UK Department for Business, Energy and Industrial Strategy (BEIS) 2023
Scope 1	Mobile combustion	Internally collected information	BEIS 2023, Green Deal NL 2023
Scope 2	District heating and district cooling	Supplier and standardised data	Swedish Energy Agency 2023, Finnish energy statistics 2023, factor derived from South Pole, Stockholm Exergi 2023, Swedish Environmental Protection Agency 2023, Green Deal NL 2023
Scope 2	Electricity	Supplier data	Swedish Energy Markets Inspectorate 2023, IPCC 2014, Association of Issuing Bodies (AIB) 2023, Ecoinvent v3.10, German Environmental Protection Agency UBA 2023, Green Deal NL 2021, International Energy Agency (IEA) 2023, IEA Renewable Energy Progress Tracker 2024
Scope 3	Business travel	Internally collected information	Refers to air travel, emissions from vehicles (cars, taxis) and hotels. BEIS 2023, Green Deal NL 2023, ADAME 2023, BC V8.9, Cornell Hotel Sustainability Benchmarking 2023
Scope 3	Purchased goods and services	Supplier data	ADAME 2023, BC V8.9, BEIS 2023, factor based on Ecoinvent v3.10, RISE open list 2022, Industry data 2.0
Scope 3	Upstream transportation and distribution	Supplier data	Unknown (emissions reported directly from supplier)
Scope 3	Waste	Supplier data and internally collected information	BEIS 2023, Ecoinvent v3.10
Scope 3	Upstream leased assets	Supplier data	See the sources for cooling medium, fuel, district heating, district cooling and electricity above
Scope 3	Production of energy carriers	Supplier data	See the sources for cooling medium, fuel, district heating, district cooling and electricity above

## CRE 8 – TYPE AND NUMBER OF SUSTAINABILITY CERTIFICATION, RATING AND LABELLING SCHEMES FOR NEW CONSTRUCTION, MANAGEMENT, OCCUPATION AND REDEVELOPMENT

Environmentally certified buildings means buildings that have received environmental certifications from independent certification bodies. The

environmental certification schemes included in Sagax's evaluation are BREEAM, BREEAM In-Use, LEED, Green Building and Miljöbyggnad.

### Environmentally certified buildings

	2023		2022		2021		Ongoing projects	
	No.	sqm	No.	sqm	No.	sqm	No.	sqm
Green building	2	10,051	2	10,051	2	10,051	–	–
BREEAM In-use	74	750,192	28	271,868	22	202,919	24	360,206
BREEAM	–	–	–	–	–	–	6	37,468
Miljöbyggnad	3	24,641	2	21,176	1	19,158	2	23,200
Total	78	777,694	32	295,895	25	232,128	32	420,874

## SUSTAINABILITY RATING



BREEAM assesses environmental performance in a number of different areas, such as energy use, indoor climate, water control, waste management, land use and impact on the local environment. BREEAM is available for both new builds and as a rating for existing portfolios, BREEAM In-Use.



GreenBuilding

The Green Building certification is for both residential properties and commercial properties. To become certified, the building must use 25% less energy than previously or compared with the new building requirements of BBR (the building regulations of the Swedish National Board of Housing, Building and Planning).



Miljöbyggnad is a Swedish environmental certification. This certification focuses on energy, indoor environment and materials.

# EU taxonomy

Turnover																			
Proportion of turnover from products or services associated with taxonomy-aligned economic activities				Substantial contribution criteria						Do no significant harm criteria						Minimum safeguards			
Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1) or eligible (A.2) turnover, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
A. Taxonomy-eligible activities %																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Acquisition and ownership of buildings	CCM 7.7	697	16%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	-	-	-	-	Y	10%	-	-
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		697	16%	16%													10%		
Of which Enabling										-	-	-	-	-	-	-			
Of which Transitional										-	-	-	-	-	-	-			
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Acquisition and ownership of buildings	CCM 7.7	3,596	84%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								90%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		3,596	84%														90%		
Total (A.1 + A.2)		4,293	100%																
B. Taxonomy-non-eligible activities		0	0%																
Total (A+B)		4,293	100%																



CapEx																			
Proportion of CapEx from products or services associated with taxonomy-aligned economic activities				Substantial contribution criteria						Do no significant harm criteria						Minimum safeguards			
Economic activities (1)	Code(s) (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
		SEK M	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities %																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Construction of new buildings	CCM 7.1	67	1%	Y	N	N/EL	-	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	0%	-	-
Installation, maintenance and repair of charging stations for electric vehicles in buildings	CCM 7.4	1	0%	Y	N	N/EL	-	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	0%	-	-
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	2	0%	Y	N	N/EL	-	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	0%	-	-
Acquisition and ownership of buildings	CCM 7.7	794	13%	Y	N	N/EL	-	N/EL	N/EL	-	Y	-	-	-	-	Y	11%	-	-
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		864	14%	14%													11%		
Of which Enabling										-	-	-	-	-	-	-			
Of which Transitional										-	-	-	-	-	-	-			
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Construction of new buildings	CCM/CCA 7.1, CE 3.1	294	5%	EL	EL	N/EL	EL	N/EL	N/EL								6%		
Renovation of existing buildings	CCM/CCA 7.2, CE 3.2	430	7%	EL	EL	N/EL	EL	N/EL	N/EL								9%		
Installation, maintenance and repair of energy efficiency equipment	CCM/CCA 7.3	23	0%	EL	EL	N/EL	N/EL	N/EL	N/EL								1%		
Acquisition and ownership of buildings	CCM/CCA 7.7	4,379	73%	EL	EL	N/EL	N/EL	N/EL	N/EL								73%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		5,126	86%														89%		
Total (A.1 + A.2)		5,990	100%																
B. Taxonomy-non-eligible activities																			
		0	0%																
Total (A+B)		5,990	100%																

OpEx																			
Proportion of OpEx from products or services associated with taxonomy-aligned economic activities			Substantial contribution criteria							Do no significant harm criteria									
Economic activities (1)	Code(s) (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
		SEK M	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Acquisition and ownership of buildings	CCM 7.7	17	17%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	-	-	-	-	Y	10%	-	-
OpEx of environmentally sustainable activities (Taxonomy-aligned) [A.1]		17	17%	17%													10%	-	-
Of which Enabling										-	-	-	-	-	-	-			
Of which Transitional										-	-	-	-	-	-	-			
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Acquisition and ownership of buildings	CCM 7.7	87	83%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								90%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) [A.2]		87	83%														90%		
Total (A.1 + A.2)		104	100%																
B. Taxonomy-non-eligible activities		0	0%																
Total (A+B)		104	100%																

Nuclear and fossil gas related activities		
Nuclear energy related activities		
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
Fossil gas related activities		
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

## GRI CONTENT INDEX

	GRI Standard number	Reference	Comments/Deviations
Applied GRI 1: Foundation 2021			
General disclosures			
GRI 2: General disclosures 2021	2-1 Organisational details	Pages 54-57, 58 and 84	
	2-2 Entities included in the organisation's sustainability reporting	Page 58	
	2-3 Reporting period, frequency and contact point	Page 84	
	2-4 Restatements of information	Page 166	
	2-5 External assurance	Page 178	
	2-6 Activities, value chain and other business relationships	Pages 3-35, 59 and 161	No material changes occurred in the sectors where Sagax operates, in the value chain or other relevant business relationships.
	2-7 Employees	Pages 58-59, 70-72, 90-91 and 169	Sagax does not measure the number of employees specified by gender or age since the company believes that these factors are irrelevant to the company's ability to achieve its objectives.
	2-8 Workers who are not employees	Pages 58-59 and 90-91	
	2-9 Governance structure and composition	Pages 64-69	
	2-10 Nomination and selection of the highest governance body	Pages 64-65	
	2-11 Chair of the highest governance body	Pages 65 and 70	
	2-12 Role of the highest governance body in overseeing the management of impacts	Pages 8-10	
	2-13 Delegation of responsibility for managing impacts	Pages 8-10	
	2-14 Role of the highest governance body in sustainability reporting	Page 157	
	2-15 Conflicts of interest	Page 67	
	2-16 Communication of critical concerns	Page 68	
	2-17 Collective knowledge of the highest governance body	Pages 70-71	
	2-18 Evaluation of the performance of the highest governance body	Pages 4-7	
	2-19 Remuneration policies	Pages 67 and 90-91	
	2-20 Process to determine remuneration	Pages 59, 66-67 and 90-91	
	2-21 Annual total compensation ratio	Pages 64 and 90-91	
	2-22 Statement on sustainable development strategy	Pages 4-7	
	2-23 Policy commitments	Pages 69 and 156-157	The precautionary approach is fundamental in Sagax's sustainability work and is included in Sagax's Sustainability Policy and Code of Conduct for Suppliers. For policy commitments, refer to Sagax's Code of Conduct for Suppliers and sustainability policy.
	2-24 Embedding policy commitments	Pages 66-67	
	2-25 Processes to remediate negative impacts	Page 161	
	2-26 Mechanisms for seeking advice and raising concerns	Pages 68 and 161	
	2-27 Compliance with laws and regulations	Pages 52-53 and 156	
	2-28 Membership associations	Page 176	Sagax is a member of SNS (Center for Business and Policy Studies).
	2-29 Approach to stakeholder engagement	Pages 166-167	
	2-30 Collective bargaining agreements	Page 176	No employees are covered by collective bargaining agreements.

	GRI Standard number	Reference	Comments/Deviations
Material topics			
GRI 3: Material topics 2021	3-1 Process to determine material topics	Pages 166-167	
	3.2 List of material topics	Pages 166-167	
Economic			
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 156-167	
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	Pages 161 and 169	
Environment			
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 156-162, and 166-167	
GRI 302: Energy 2016	302-3 Energy intensity	Pages 159-160 and 169	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Pages 169-170	
	305-2 Energy indirect (Scope 2) GHG emissions	Pages 169-170	
	305-3 Other indirect (Scope 3) GHG emissions	Pages 169-170	
Social			
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 156-162, 166-167	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Page 169	
GRI 406: Non-discrimination 2016	GRI 406-1 Incidents of discrimination and corrective actions taken	Page 169	
Product responsibility			
CRE8	CRE8 Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment	Pages 160 and 170	

# Auditor's report on the statutory sustainability statement

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TO THE GENERAL MEETING OF THE SHAREHOLDERS OF AB SAGAX, CORPORATE IDENTITY NUMBER 556520-0028

## **ENGAGEMENT AND RESPONSIBILITY**

It is the Board of Directors who is responsible for the statutory sustainability statement on pages 153-178 and that it has been prepared in accordance with the Annual Accounts Act.

## **THE SCOPE OF THE AUDIT**

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

## **OPINION**

A statutory sustainability report has been prepared.

Stockholm, 15 April 2024

Ernst & Young AB

Jonas Svensson  
Authorised Public Accountant





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