

Samhällsbyggnadsbolaget i Norden AB (SBB) creates sustainable environments in which people want to live, work and spend time well into the future. Being the largest Nordic player in social infrastructure, SBB's local efforts contribute to general societal development that is socially, environmentally and economically sustainable. SBB's locally based property management provides close and direct customer contacts, while SBB's size provides opportunities for making the necessary investments in the properties.

SBB's business model is to own and manage rent regulated residentials in Sweden and community service properties in the Nordic region in the long term and that are developed in collaboration with municipalities in the Nordics. The long-term dividend target is to generate a steadily increasing annual dividend. The loan-to-value ratio shall not exceed 50 percent. SBB manages the company's operations in line with the UN's global goals for sustainable development. SBB has chosen to focus on goals (1), (3), (4), (5), (7), (8), (9), (10), (11), (13), (15) and (16). Through the company's sustainable financial framework, SBB secures financing, focus and follow-up in the work of contributing to these goals. SBB stands behind the Paris Agreement's

climate goals and is a member of the UN Global Compact, a worldwide initiative for sustainable business. In dialogue with its stakeholders, the company has identified energy efficiency, reduced climate impact, development of sustainable cities and communities, economically sustainable development, business ethics and being an attractive employer as areas of focus for the operations. To be in line with the Paris Agreement and Sweden's national goal of climate neutrality, SBB has an ambitious target for reducing its energy consumption. To achieve this target, SBB invests in its properties long-term, cutting emissions and costs for both SBB and its tenants.



# Sustainability strategy and targets for 2030

Sustainability is a natural part of SBB's business model and SBB strives to be the world's most sustainable property company. At the UN summit in September 2015, the world's national leaders adopted 17 global sustainable development goals.

For the period until 2030, the countries of the world have undertaken to lead the world towards a sustainable and fair future. The agenda covers the three dimensions of sustainability: social, environmental and economic. SBB has established a long-term strategy and vision for the year 2030 and a Sustainability Policy for the concrete implementation of the goals and vision describing the work in the short and medium term. The action plan to get there, with concrete targets and risk assessments within the various focus areas, has been formulated and described in detail under "Targets, results and follow-up". SBB's sustainability vision, targets and policy are adopted by the Board of Directors and followed up on an ongoing basis by the CEO together with the Sustainability Manager. SBB's climate target is classified as a Science Based Target by the independent organization SBTi, meaning that the climate target is in line with what is required to achieve the Paris Agreement. The overall targets of the vision are summarized below:

- Govern the company's operations in line with the UN's global sustainability goals: (1), (3), (4), (5), (7), (8), (9), (10), (11), (13), (15), (16) and (17).
- 100 percent climate positive by 2030 (refers to the entire value chain).

- At least 90 percent social assets in the property portfolio.
- Climate-adapted property portfolio capable of standing up to climate risks (such as regulatory and physical risks).
- Regularly improve, follow up and report on the company's sustainability work.
- The company's Code of Conduct must of course be understood and followed by all employees and partners.

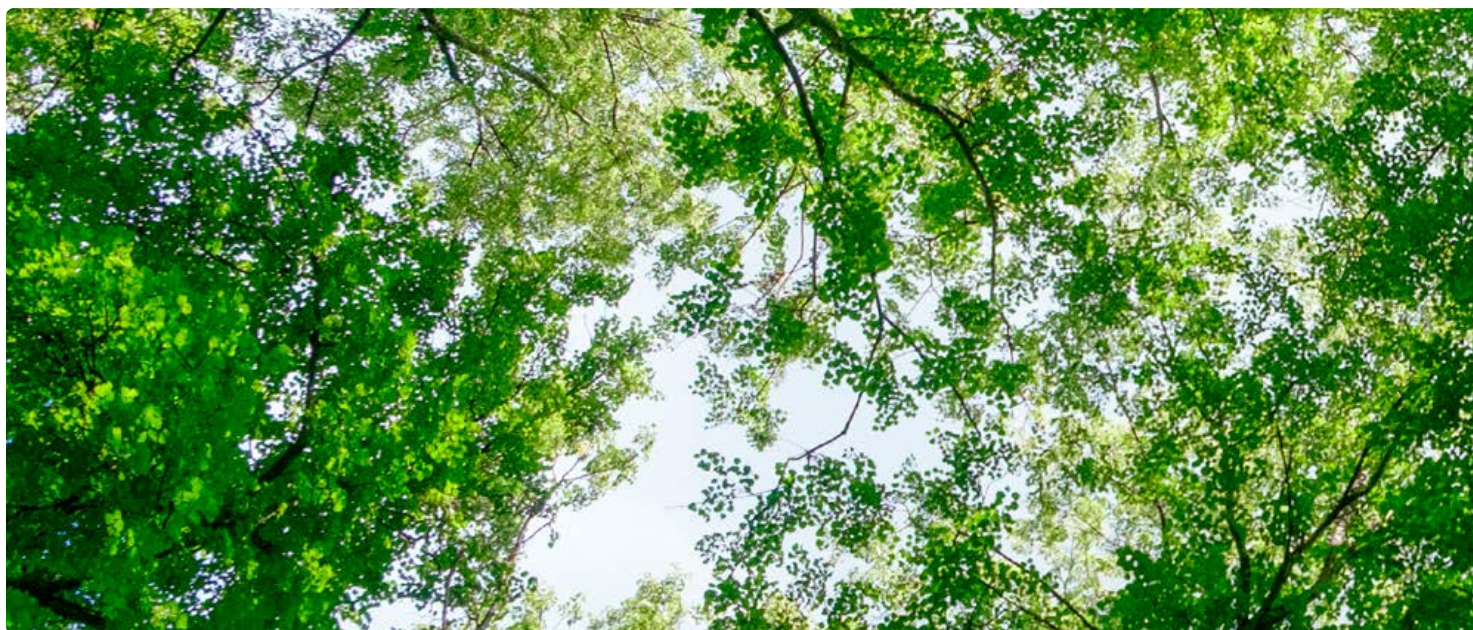
## Focus areas 2023

- Increase the proportion of sustainable financing.
- Development of sustainable cities and communities.
- Sustainability assessment of existing portfolio.
- Reduced environmental impact: electricity, consumption of water and heating, waste management, environmentally hazardous substances, energy efficiency, climate impact and environmental improvements in property renovations.
- Reduced energy consumption.
- Increase the production of renewable electricity.

- Attractive employer: developing work environment for employees.

## About the Sustainability Report

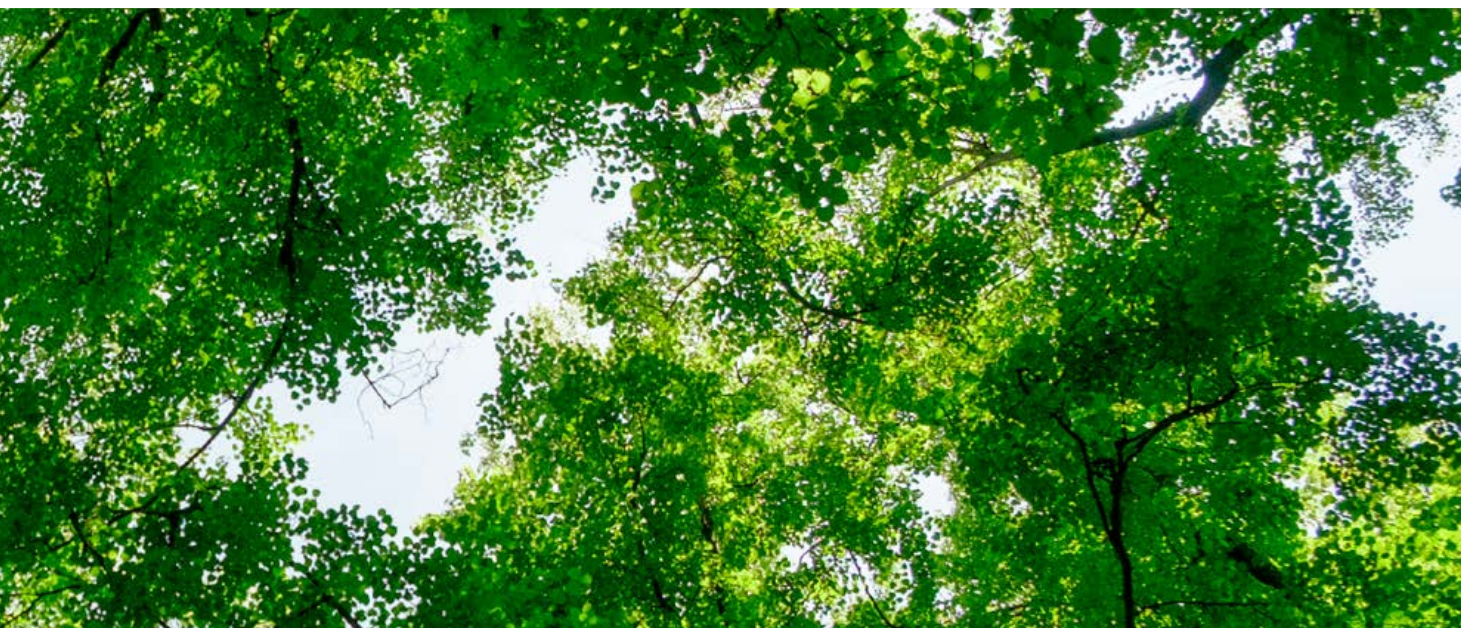
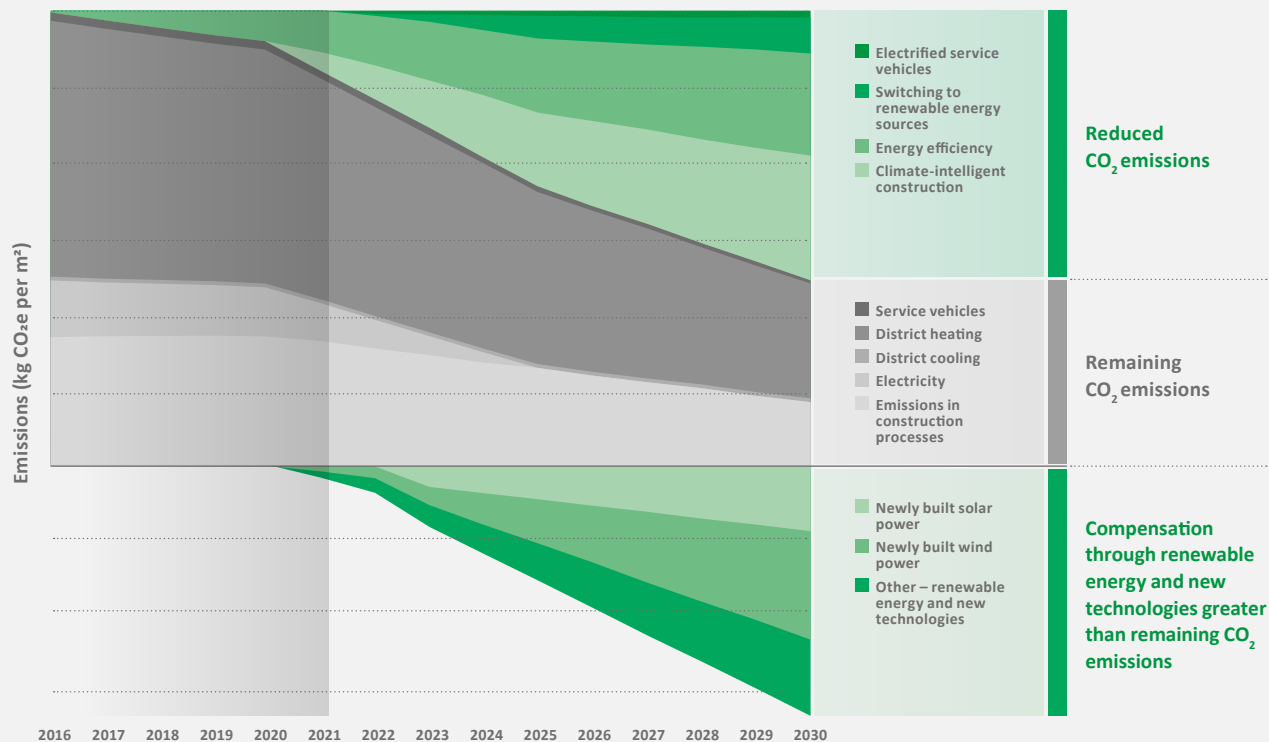
This constitutes SBB's statutory Sustainability Report and covers all of the Group's companies. SBB reports sustainability per financial year running from January to December. The report describes SBB's sustainability work and follow-up in 2022. The Sustainability Report includes SBB's property development and management, as well as wholly owned subsidiaries. Joint ventures and associated companies are responsible for their own sustainability reports and are not included in the Group's Sustainability Report. The report has been reviewed by EY. The statutory Sustainability Report, which covers the areas in SBB's Annual Report whose contents are stated on pages 35-65, has been approved for publication by the Board of Directors. The Report has been designed in accordance with the GRI's standards, with the scope being defined using the GRI Index on pages 56-57. The contact person for the Sustainability Report is Marika Dimming, IR & Sustainability Manager, [marika@sbbnorden.se](mailto:marika@sbbnorden.se). The contact persons for the Annual Report are Ilija Batljan, CEO, [ilija@sbbnorden.se](mailto:ilija@sbbnorden.se) and Marika Dimming, IR & Sustainability Manager, [marika@sbbnorden.se](mailto:marika@sbbnorden.se).





## Climate road-map

SBB's Vision 2030 was updated in 2021. The goal of climate neutrality was upgraded to climate positivity and a concrete road map was drawn up. SBB's climate target is classified as a Science Based Target by the independent organization SBTi, meaning that the climate target is in line with what is required, according to the latest scientific findings, to achieve the Paris Agreement. SBB's climate target encompasses the entire value chain, that is, everything from the extraction of raw materials to the operation and property management of completed buildings. Concrete targets have been set to reduce emissions throughout the value chain. The picture below illustrates schematically SBB's path to climate positivity and is not updated with results annually.



# Internal routines and regulations

SBB works on sustainability in a structured manner. The Board has established a Sustainability Committee, which reviews continuity, management and progress in the sustainability work. The management team has, in turn, established a Sustainability Council comprising key individuals from different parts of the company.

## Governance and responsibility

SBB's Board of Directors has an overall responsibility for the governance of sustainability issues. SBB's management team is responsible for preparing proposals on policies, targets and strategies within sustainability, which the Board approves. The adopted policy documents form the basis of the sustainability work and the overarching objectives adopted.

## Sustainability Committee

The Sustainability Committee is tasked with preparing and following-up matters to be addressed by the company's sustainability agenda. The sustainability agenda includes setting a vision, targets and objectives, managing sustainability risks and compliance with the Sustainability Policy and Code of Conduct. Follow-up includes reviewing the continuity, management and progress of the work with the sustainability agenda, as well ensuring transparency and reliability in the sustainability reporting. The CEO is ultimately responsible for following up the continuous sustainability work, including the fulfilment of sustainability targets. The Board of Directors is responsible for reviewing and approving the official reports, such as the Annual Report and the quarterly interim reports.

## Sustainability Council

For the operational work on the implementation of Vision 2030, the management team has appointed an internal Sustainability Council with key individuals from various parts of the company including representatives from the management team. The Sustainability Council holds minuted meetings every two months and works in a focused way with preparing and following up on interim targets and strategies for achieving these.

## Environment and quality management system

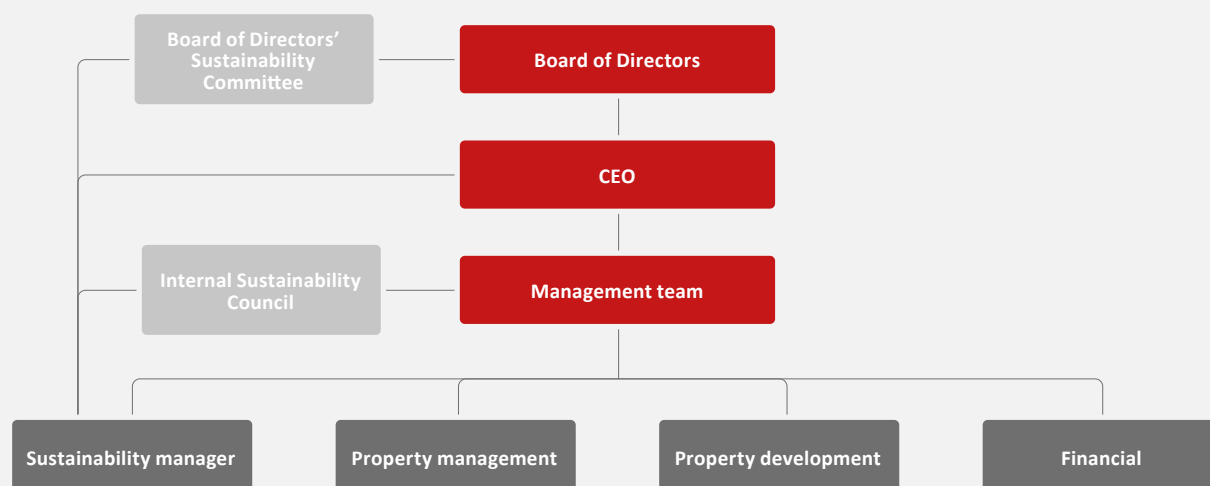
To ensure that sustainability work is conducted in a structured and uniform manner, SBB applies an environmental and quality management system. The management system describes the division of roles and responsibilities, among other aspects. SBB has a well-functioning property management organization with technical property management experts who are assigned an important role in the implementation of the ambitious energy target. Their role includes monitoring energy performance throughout the property portfolio and studying the measures best suited to each individual property, such as: heat pumps, supplemental insulation, LED lighting and improvements to ventilation systems. SBB's agreements with

operations providers regulate the follow-up of several quality and sustainability aspects, such as energy consumption, ventilation, indoor climate, occurrence of Legionella, etc. The company's technical property management experts regularly follow up on compliance with these agreements.

## Risk management

Sustainability-related risks are a central part of SBB's sustainability work and are integrated into the ordinary risk management, which is handled by the management team, with the CEO being ultimately responsible. Sustainability risks include: environmental risks, health risks, safety risks, regulatory risks, ethical risks, etc. The Board of Directors is responsible, through the Sustainability Committee, for the company's management and continuity in the management of these risks. Properties embody large values, which are at risk of being lost if the risks are not managed in a structured manner. Such as damage due to physical risks or transition risks caused by climate changes. In 2021, a thorough risk analysis with regard to climate-related issues at the property level was completed – the risk analysis was updated in 2022 to include properties recently taken possession of and new knowledge regarding the risks. Both physical

## How SBB's sustainability work is organized



and regulatory risks were assessed. The risk analysis is described in detail in the Climate and environment section. SBB has also produced an independent report accounting for climate-related risks and opportunities in accordance with the TCFD's recommendations. The report is revised annually and the most current version is available on SBB's website.

### Sustainability Appendix

In new production, SBB's Sustainability Appendix is applied, which ensures structured work with economic, environmental and social sustainability in all projects. The Sustainability Appendix serves both as a working method for the projects and as a contractually binding document. The Sustainability Appendix includes documentation that is to be discussed in the early project development phases before project planning and contracts are completed. This includes compulsory requirements on SBB's part, such as compliance with the Code of Conduct and the Sustainability Policy, project planning for low energy consumption, require-

ments for inventory-taking and assessment of building materials and waste management during construction. There are also voluntary commitments for projects that want to go further in their sustainability work. A customized sustainability appendix for smaller projects (< SEK 10m) was developed in 2022 to safeguard structured sustainability work in all projects.

### Sustainability assessment of existing portfolio

Considerable focus is placed on minimizing risks and maximizing the performance of the existing portfolio. Climate-related risks are assessed annually, procedures are in place to ensure legal and regulatory compliance, energy measures are followed up and reported on quarterly. SBB has signed an agreement with SGBC on the certification of a larger part of the existing portfolio, initially 500 buildings, to be certified in accordance with Miljöbyggnad iDrift (environmental building in operation) with an option for another 500. Eight of these certifications were completed by the end of the year, seven were completed shortly after the end of the year,

another nine were in the final stages and about 100 were in progress.

### Social bonds

Social sustainability is becoming an increasingly important issue for financiers who want to ensure that their money contributes to socially beneficial activities. The considerable social values to which SBB's properties contribute permit sustainable financing. The societal benefits of SBB's assets are described in a framework that is aligned with Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines and Green Loan Principles and reviewed by an independent rating institute focusing on sustainability.

### Stakeholder dialogue

SBB continuously engages stakeholders and local communities in its operations. Stakeholder groups include tenants, investors, employees, local communities, suppliers and financiers. SBB treats all stakeholder groups with respect and dignity; particular focus is placed on the collabo-

## Stakeholder analysis

- 1 Energy consumption in properties
- 2 Renewable energy use
- 3 Research and innovation for sustainable properties
- 4 Healthy and safe premises and housing
- 5 Sustainable building materials
- 6 Sustainable urban development
- 7 Water management
- 8 Waste and recycling in premises
- 9 Waste and recycling in construction projects
- 10 Impact on biodiversity
- 11 Direct and indirect greenhouse gas emissions
- 12 Jobs for young people (summer jobs)
- 13 Accessibility
- 14 Diversity and equal opportunities in the workplace
- 15 Safe and healthy workplace
- 16 Fair working conditions under favourable terms for earning a living for employees and suppliers
- 17 Investments in social infrastructure
- 18 Sustainable supply chain
- 19 Human rights
- 20 Anti-corruption, and business ethics
- 21 Product selection in own operations



ration with the stakeholders who share SBB's vision of a long-term and sustainable social infrastructure in the Nordic region. Dialogues are conducted through multiple forums, including open consultations in the detailed planning process, continuous contacts between customers and management, finance market days, employee interviews and questionnaires. In 2020 and 2021, efforts were undertaken to identify areas of sustainability of significance for SBB's stakeholders. Stakeholder groups have been involved through, among other things, questionnaires and in-depth interviews, which have then been analyzed and related to an internal analysis of the company's capacity for influence within each area of sustainability. The results are summarized below and point to a number of sustainability areas that are particularly important to follow up and report: direct and indirect emissions of greenhouse gases, sustainable urban development, renewable energy use, energy consumption in properties, water resource management, research and innovation for sustainable properties and sustainable building materials.

### Policy documents

The principles and values fundamental to SBB's operations and sustainability work are described in policies adopted by the Board of Directors. Policy documents lay the foundation to all sustainability work and serve to establish principles that all in the company must follow. These principles encompass, for example: respect for human rights, counteracting corruption, identifying potentially negative consequences for the environment, the economy and people of the company's operations and the implementation of measures to minimize these negative consequences. All of the policies below are publicly available on SBB's website.

- Fair Employment Practices Policy
- Human Rights Policy
- Anti-Corruption Policy
- Data Protection Policy
- Code of Conduct
- Supplier Code of Conduct
- Sustainability Policy
- Sustainability Policy for Suppliers
- Whistle-Blower Policy

SBB promises to always:

- Act ethically, openly and transparently.
- Foster human rights.
- Foster employees' right to organize (ILO C87) and to bargain collectively (ILO C98).
- Respect and protect employee representatives (ILO C135) and actively combat discrimination against employee representatives.
- Guarantee trade unions' right to conduct their work effectively at SBB's workplaces.
- Strive for zero injuries and incidents at workplaces and to prevent sickness absences. Follow-up of outcomes will be reported annually in the Annual Report.

- Always actively oppose and never engage in any form of corruption, fraud, money laundering, tax evasion, extortion, bribery or illegal financing of political organizations and to always actively oppose these.
- Apply the precautionary approach when there is uncertainty regarding the business' ethical aspects or effects on people and the environment.

### Business ethics and anti-corruption

The Code of Conduct, Sustainability Policy, Anti-corruption Policy and Policy Against Tax Evasion are to guide responsible and ethical behaviour among employees. Among other sources, the Code of Conduct builds on the ten principles of the UN Global Compact, including human rights and anti-corruption. Guidelines are also included regarding gifts, entertainment, appropriate and inappropriate benefits, as well as examples of what are viewed as bribes and the penalties applied when these regulations are violated. All employees and suppliers are obliged to understand, sign and comply with these regulations. All employees were trained in the Code of Conduct, the Sustainability Policy, the Anti-corruption Policy and the Whistle-blower Policy in 2021. Renewed training will be conducted every two years for all employees. All central suppliers participated in a follow-up of sustainability at the supplier level in 2021. Comprehension of the Code of Conduct and Sustainability Policy has also been tested in this follow-up. This follow-up will also be conducted every two years. Checks have been performed to ascertain that new suppliers have signed the Code of Conduct, with 88 percent being confirmed as having signed. A follow-up is being conducted with the remaining 12 percent in those cases where it is likely that their contracts will be renewed.

A review of SBB's regulations is mandatory on commencing all projects and this applies to both new construction, as well as rebuilding projects. Since 2017, an external whistle-blower service is provided to which deviations can be reported anonymously. SBB's vulnerability regarding risks of deviations from these undertakings and internal regulations is assessed and handled by the management team in routine work with risk management headed by the CEO. The extensive dialogue with stakeholder groups provides valuable perspectives on management's work with risk management. SBB partners with a security company to counteract undeclared work and labour-related crime among contractors and subcontractors in SBB's construction projects. The work began in 2022 with an analysis of inventory and the current situation. Among other things, unannounced site visits were performed, at which all present at the construction site were required to show their ID06 cards, with comparisons being made with the attendance log. Background checks have been performed by SBB's contractors, in which an in-depth background check is conducted by the contracted companies. It was discovered, for example, that a company had other beneficial owners than those individuals

with whom the company was registered, this discovery resulted in the agreement with the contractor being cancelled and new contractors being signed. These measures are now performed routinely as part of the company's anti-corruption work.

SBB applies a policy of always offering vacant apartments through the Group's digital rental platform, where existing tenants have priority access to vacancies throughout the portfolio. Illegal trade in rental contracts is commonplace in Sweden, particularly around Stockholm where queueing times are long. SBB applies procedures to counteract this trade in contracts. In leasing, the applicant's identity, for example, is verified via Bank-ID. SBB informs all tenants of their rights and obligations in connection with lease signings. During the contract period, SBB maintains an ongoing dialogue with tenants, in which complaints, comments, suggestions for improvement, etc. are handled to contribute to increased security and customer satisfaction. Reporting of faults and other communications are easily achieved through the housing app, which is available to all residential tenants.

### External partnerships and frameworks

To safeguard transparent, accessible and consistent reporting in accordance with the ESG criteria, SBB has resolved to adhere to a number of local and global frameworks and to apply recognized standards. It is in SBB's interests to provide stakeholders with sustainability data meeting the best standards available. Examples of external partnerships and frameworks that SBB has joined and/or supported are listed below:

- UN Global Compact
- OECD guidelines for basic social protection measures
- UN Guiding Principles on Business and Human Rights
- ILO core conventions on rights in working life
- UNHCR
- Mentor, Lärhjälpen, Swedish Childhood Cancer Fund, Stadsmissionen and others.
- The Paris Agreement
- The Global Goals
- GRI
- EPRA's guidelines for sustainability reporting
- CDP
- TCFD recommendations
- Sweden Green Building Council
- Green Building Council Finland
- Byggsvarubedömningen (construction product assessment)
- LFM30 – Climate-neutral construction and civil engineering sector in Malmö 2030
- HS30 – Sustainable Stockholm 2030
- Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines, Green Loan Principles



## Biodiversity in property development

Biodiversity is one of the planetary boundaries most exposed to stress. There are great opportunities to contribute improved biodiversity in the areas that SBB develops. All places are unique and require different types of efforts. What they all share, however, is that a breadth of different plants with different lifespans is needed to attract insects. When developing property, the local conditions and needs of the site are always taken into account, as well as the local community's prioritization of focus areas. The well-being of the place can often increase, resilience to climate risks such as extreme

rain and heat waves is improved at the same time as biodiversity is strengthened. Some examples of SBB's work with biodiversity are given below. SBB's wholly owned subsidiary Sveafastigheter has built a pond on the Focken property in Västerås and built insect logs to catch surface and drainage water from roofs and hard surfaces. Water is pumped up to the dam where the water can slowly infiltrate into the ground and thus dispose of any contaminants on site. In close proximity to the dam, a fence has been built comprising logs that can become a home to insects. Insect hotels have also been installed on the

fence. The property is adjacent to a steep slope on which meadow flowers are sown in the spring. This is to bind the soil and contribute to biodiversity. Another way to increase biodiversity is through permaculture. Permacultivation is about mimicking natural ecosystems, such as having plant oases rather than lawns. When Sveafastigheter broke ground for 103 rental apartments in Enköping, this was done with a promise to increase the biodiversity on the site with the help of permaculture. This was manifested by planting an apple tree, a walnut tree and a chestnut tree.



# Targets, results and follow-up

SBB has established a sustainability vision for 2020–2030 and a Sustainability Policy for the concrete implementation of its targets and vision. SBB's sustainability vision, targets and policy are adopted by the Board of Directors and followed up on an ongoing basis by the CEO together with the Sustainability Manager.



## Climate and environment

[TCFD-RISK MANAGEMENT] [TCFD-METRICS AND TARGETS]



The climate issue is one of humanity's great challenges and SBB bears a responsibility towards future generations to contribute solutions and to mitigate its climate impact. Properties account for nearly 40 percent of total energy needs in Sweden. Accordingly, reducing energy consumption in the properties is a high-priority environmental issue. SBB seeks to act vigorously on climate change and has therefore adopted a target of climate positivity throughout the value chain by 2030, with this being an important element in SBB's promise to build a better society. SBB seeks to achieve this together with its tenants, customers, suppliers and other stakeholders. The action plan for achieving these climate and environment goals includes concrete targets to be achieved in the near future. These include reducing climate impact by 5 percent annually, encompassing the entire value chain, from production of materials to management. In the management phase, a target of reducing energy consumption by 5 percent annually is applied, resulting in reduced climate emissions. In the production phase, wooden construction is an important part of the

strategy for reducing climate emissions. Wood is a construction material with low climate impact and that also binds carbon in the structure. The target of at least 50 percent wooden construction is followed up annually. In addition to SBB's long-term visions and targets, through its sustainability appendix, SBB also imposes requirements in several different areas related to climate and the environment in connection with all new construction. The targets are described in detail in the table "Progress and initiatives in Climate and Environment in 2022". SBB has signed an agreement with SGBC on the certification of 500 buildings in accordance with Miljöbyggnad iDrift with an option for a further 500. The work has commenced and a plan has been drawn up for the certification of the first 230 properties. These correspond to about 15 percent of SBB's portfolio in terms of property value. In 2022, approximately 130 certification projects were initiated, with 38 of these continuing with spin-off company Neobo. Eight certifications were completed by the end of the year, seven were completed shortly after the end of the year, another nine were in the

final stages and about 100 were in progress. Climate change and climate adaptation entail risks for societies and for properties. Physical risks include rising sea levels, more extreme weather events and more heat waves, causing risks for particularly vulnerable groups. Risks in adaptation include amended regulations, shifting demand for premises and housing, as well as changing modes of transport and travel habits. A negligible part of the property portfolio is located in areas with a higher risk profile, but, apart from this, no significant climate risks have been identified. More information about the risk inventory conducted during the year is given in the table "progress and goals in climate and environment" on page 44 and in the table "Climate risk inventory (physical risks)" on page 60. Other environmental risks, such as radon, asbestos, PCBs, legionella, etc. are handled through sampling and studies in connection with property acquisitions and through regular inspections in the property management process. Demolition and decontamination are always performed in line with legal requirements and in partnership with certified decon-



tamination contractors. In connection with renovations and new production, SBB strives to never use materials incurring environmental risks. Materials are assessed and documented in accordance with approved assessment systems, such as Byggsvarubedömningen (building materials assessment). As a long-term property owner, it is important that we plan our property development processes and the portfolio to minimize all of these risks. Ultimately, the CEO is responsible for identifying and addressing these risks, which is part of Management's ordinary risk management. SBB performs an annual inventory of risks, in which climate-related risks, both physical and transitional, are analyzed and mapped at the property level. The extensive dialogue taking place with stakeholder groups provides valuable perspectives on management's work with risk management. More in-depth climate-related data in accordance with the TCFD recommendations are detailed in a separate report that is available on SBB's website and annually through CDP.

Some 270 energy-related projects in total were in progress in 2022. These contribute to energy savings and energy production of approximately 45 GWh annually, corresponding to about 8.1 percent of SBB's total energy consumption. The projects generated an average ROI of 6.5 percent. Energy projects are followed up quarterly – a summary of projects in progress and completed in 2022 is presented on page 60. Some examples of upgrades completed or initiated in 2022:

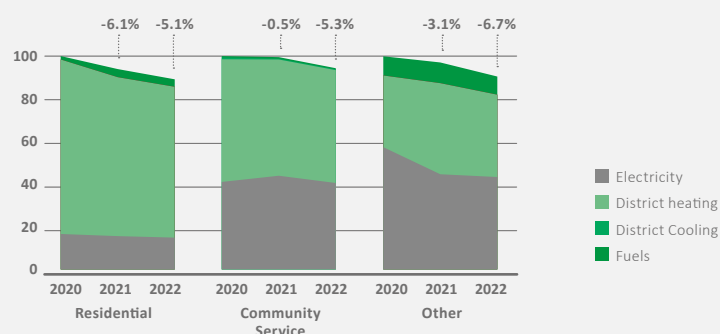
- A solar cell park with a total annual production of 10 GWh was installed in 2022, the electricity generated by the park covers about 5 percent of SBB's total electricity consumption. The park is expected to be put into operation in the first quarter of 2023.
- Projects in Avesta, involving replacing windows, lighting, heat pumps and control and regulation technology generated total energy savings of about 1.4 GWh.
- Solar cell installations at 37 properties with a total installed output of about 3.9 GWh
- Heat pump installations at 37 properties generating total annual savings of about 14.2 GWh.
- Window replacement, LED lighting, additional insulation, upgrading of ventilation systems and installation of control and regulation technology in a total of about 170 projects. Estimated savings of about 14.6 GWh annually.

SBB's largest source of greenhouse gas emissions is from energy consumption in the properties. Thereafter are emissions occurring in the construction process: from the raw material extraction, manufacture of construction products, transport, energy consumption, waste and spillage at the construction site. Emissions also derive from, for example, travel

with company cars, landscaping and waste management during operation. SBB conducts structured efforts to reduce CO<sub>2</sub> emissions in all of these areas. Energy consumption and its climate impact for all properties are monitored and analyzed centrally in an energy-monitoring system that makes it easier to detect deviations and potential improvements in the portfolio. All emissions from construction are inventoried through life cycle analyses. AS of 2022, all new construction projects must perform a life cycle analysis. The sustainability targets in Vision 2030 cover the entire value chain and three key components of the strategy to reduce emissions from construction are 1: investing in improvements to existing properties rather than demolishing them and building new ones, 2: working with wooden construction in new production. SBB targets 50 percent of new production having a wooden frame. 3: Efforts to climate optimize frameworks through, for example, slimmed-down designs and materials with lower climate impact, such as green concrete. SBB also uses local suppliers, coordinated transport and reused building materials in its own construction operations to reduce CO<sub>2</sub> emissions and the environmental impact of new construction and redevelopment. SBB's direct emissions from travel with service vehicles, company cars and pool cars correspond to about 1 percent of the emissions from the operation of the properties. At the same time, these emissions can be directly influenced by the company's behaviour and SBB is working

to reduce these emissions, among other things, through its Car Policy. SBB targets reducing CO<sub>2</sub> emissions by 2 percent annually between 2018 and 2023. Water consumption is measured and monitored in the same system used to monitor energy consumption. In this way, a good understanding of the property's environmental impact is derived from several perspectives. Water consumption derives primarily from SBB's tenants' use of water. Extraction occurs through municipal drinking water systems, water is returned through municipal sewage systems where it is thoroughly purified before being returned to the natural cycle. Waste water is thoroughly purified of particles, drugs, harmful chemicals and other substances, such as phosphorus, that should be kept separate from the natural cycle. Different municipalities apply different methods for waste water treatment and sewage sludge treatment, but all follow the water authorities' strict requirements. SBB does not manage any sewage treatment plants of its own – all waste water is handled through municipal sewage systems. All SBB properties are located in countries with an average low load on water reserves in accordance with WRI. Small parts of the portfolio are located in areas with higher levels of water stress. More information on the inventory performed can be found in the table "Water stress (WRI)" on page 62. Low-flush toilets, showers and mixer taps are installed in connection with renovations. SBB has the goal of reducing water usage by 1 percent annually.

**Energy consumption (Like-for-Like) per business area, indexed by base year 2020, degree day corrected**



Like-for-like is measured by comparing energy consumption for two consecutive years for a selection of properties that have been owned and managed for at least two consecutive years. If the property portfolio changes, through acquisitions or disposals for example, the properties in the selection will also change. To be able to follow up like-for-like over extended time series and still be able to include properties joining after the start of the base year 2020, an index has been produced in which the change between two years is indexed in relation to the base year.

## Summary of SBB's work in Climate and Environment in 2022

Zero-net climate emissions and reduced environmental impact	
<b>Energy consumption</b>	SBB monitors energy consumption for the entire property portfolio. Energy consumption in new properties is standardized. SBB targets reducing energy consumption by 5 percent annually throughout the property portfolio. The target refers to kWh per m <sup>2</sup> , as well as absolute figures in comparable portfolios. Measures in properties with high energy consumption per m <sup>2</sup> and in absolute numbers are prioritized. SBB's green bonds finance many initiatives for energy efficiency in SBB's properties, including: additional insulation, energy-efficient heaters, geothermal heat pumps, energy-efficient lighting. Outcome 2022: -5.3 percent (-3.3) energy consumption (Like-for-Like and degree day corrected).
<b>Renewable energy</b>	SBB follows up and reports quarterly on ongoing and completed projects contributing newly developed renewable energy, with both the number of projects and the number of kWh annually being reported. In 2022, SBB completed a solar park that is expected to contribute 10 GWh of renewable electricity annually. Outcome 2022: Ongoing and completed energy projects (savings + new production) corresponding to 45 GWh or approximately 8.1 percent of total energy consumption. Outcome 2022: 78 percent (78) renewable energy (share of total energy consumption).
<b>Carbon dioxide emissions</b>	SBB targets reducing its carbon dioxide (CO <sub>2</sub> ) emissions by 5 percent annually. The climate impact of newly acquired properties yet to be integrated into the follow-up system is calculated according to a standardized model. SBB considers the climate impact of its properties from a life cycle perspective. All new construction projects commenced in 2022 and onwards will calculate and declare their climate impact applying a life cycle analysis. SBB's climate target is classified as a Science Based Target by the independent organization SBTi, meaning that the climate target is in line with what is required, according to the latest scientific findings, to achieve the Paris Agreement.
<b>Sustainable property management</b>	SBB is investing in the further development of existing properties, the most sustainable building being the one that already exists. Adequate spaces for waste management and sorting at source must be located in, or adjacent to, the properties. The operation and maintenance agreements that are signed are adapted to meet requirements in accordance with certification systems, such as Miljöbyggnad, even for the properties that are not certified. SBB has signed an agreement for the certification of 500 existing buildings in accordance with the Miljöbyggnad iDrift (environmental building in operation) certification, with the agreement including an option for the certification of a further 500.
<b>Certified buildings [Cert-Tot]</b>	In 2021, SBB initiated Sweden's largest process of certification in accordance with Miljöbyggnad iDrift. In an initial stage, a total of 500 certifications will be made, after which there is an option for another 500. Eight of these certifications were completed by the end of the year, seven were completed shortly after the end of the year, another nine were in the final stages and about 100 were in progress. Certifications in progress and completed account for about 20 percent of the total portfolio measured as share of market value (an increase from 12 percent in 2021). A more detailed account of all certifications can be found on page 63 of the Sustainability Report.
<b>Environmental and climate risks</b>	In 2022, SBB conducted a thorough review of the property portfolio in Sweden, assessing climate-related risks, including energy efficiency, floods, extreme weather, natural disasters and transition risks, such as adaptation risks at the property level. Among other things, transition risks refer to the risk of incurring costs in connection with new regulations. The analysis provides a basis for management's risk management work. The analysis shows that roughly 1 percent of the property portfolio has a high or very high physical risk and that less than 1 percent has a high or very high transition risk, measured as share of value. A total five properties are in the risk zone (risk level medium or higher) for coastal flooding. About 97 percent of the portfolio is classified as very low risk or better in terms of physical risks, and 98 percent is classified as low risk or better in terms of transition risks. The analysis is conducted by MSCI and builds on established and scientifically founded scenarios, such as IAM, GCAM4, SSPs and ECMWF. The risks in the operations are mainly managed by SBB's management team supported by the Board of Directors, with SBB's CEO being responsible for leading this work. All of SBB's properties are fully insured. A more detailed account is presented on page 62.
<b>Environmental inventory and decontamination</b>	Healthy indoor environments are of the utmost importance for SBB. All new properties are environmentally inventoried and these inventories are updated at intervals of at most ten years. Among other aspects, the inventory includes any asbestos, radon or PCBs, as well as energy consumption, decontamination of substances hazardous to health and the environment (including asbestos). In new construction projects, all construction products are inventoried and registered using Byggsvarubedomningen, an online service for the assessment of construction products in terms of environmental and health risks, among other aspects. This reduces risks by aiding favourable choices of materials and improving knowledge of how and where risky materials have been used if they need to be replaced in the future. In connection with the extensive certification process in accordance with miljöbyggnad iDrift currently in progress, existing buildings will be inventoried by experts to detect the presence of hazardous substances such as mercury, lead, cadmium, PCBs, asbestos and radioactive substances.
<b>Biodiversity</b>	SBB's property development takes place through further development and refinement of already exploited land in densely built-up areas (so-called "Brownfield" sites), with only a negligible part of the developed area occupying valuable land, such as park environments or farmland. All property development includes a dialogue in which the specific conditions and needs of the site are taken into account and integrated into the development process. The process always includes an environmental assessment. Where it is uncertain what the effects on, for example, biodiversity and the local environment may be, a comprehensive environmental impact analysis is performed that shall provide the basis for preventive or compensatory measures, such as cleaning up hazardous substances in the soil or planting park environments. The damage mitigation hierarchy (avoid, minimize, recreate and compensate) and the precautionary principle are applied in connection with activities close to specially protected areas, such as cultural heritage sites (for example World Heritage and IUCN I-IV sites), key biotopes, nature reserves, green areas, arable land, etc. All of the wood construction projects developed in-house by SBB use wood from certified forestry (FSC and PEFC), ensuring a high richness of species and biodiversity. By using internationally recognized certification systems in markets with well-developed control systems, it is easy to verify and monitor the use of certified forest products in your own projects: Outcome 2022: Of all projects developed in-house, 100 percent use wood from certified forestry.
<b>Water consumption [Water-Abs] [Water-Int]</b>	In 2022, SBB began to implement a system for the automatic measurement and review of water consumption. In the event of a leakage or abnormal water consumption (for example, leaking taps and running toilets), the system also sounds an alarm. The system has entailed a more up-to-date, comprehensive and precise internal control of water use. Targets: reduce water consumption by 1 percent annually. Outcome, water consumption 2022: 3,610 thousand m <sup>3</sup> or approximately 0.65 m <sup>3</sup> /m <sup>2</sup> lettable area. More detailed statistics are reported on page 63.
<b>Sustainable building materials</b>	Of SBB's projects in progress during 2022, 21 percent, measured as the share of the completed gross area, had a wooden frame. The target is 50 percent. SBB is a pioneer in the area and has built one of the world's tallest wood buildings in Skellefteå. SBB assesses and registers building materials regarding environmental and climate risks to achieve a sustainable supply chain. As part of that work, SBB is a member of Byggsvarubedomningen, a non-profit economic association of actors in the public construction sector seeking to foster development towards a non-toxic and favourable built environment.

<b>Waste</b>	SBB strives to minimize waste, both in property management and the construction process. In property management, SBB partners with tenants, making space available for sorting at source. In the construction process, SBB sets requirements for waste minimization and sorting through its Sustainability Appendix. SBB also conducts environmental rounds, through which compliance is monitored and documented by a third party. All materials left over after our apartment renovation projects are kept for use in the next project, and this also applies to smaller items such as opened paint cans. In 2022, SBB performed an inventory of waste quantities at the property level, this is presented on page 61.
<b>Engage tenants in sustainability work</b>	A guide has been produced for tenants, making it easier for them to contribute to the sustainability work. For example, advice is given on what tenants can do to reduce energy consumption. Information is also provided on possible areas of collaboration, where the tenant can make a big difference in collaboration with SBB. The green leases that are signed contain contractual sustainability requirements for both SBB, as the landlord, and for the tenant. SBB has negotiated a favourable electricity trading agreement with 100 percent renewable electricity, which is offered to all of SBB's residential tenants, simply through SBB's housing app.
<b>Proximity to public transport</b>	SBB seeks to foster opportunities for a sustainable lifestyle and therefore invests in properties close to public transport hubs, and the proportion of properties close to public transport locations is monitored on an ongoing basis. More than 98 percent of SBB's properties are judged to be less than a ten-minute walk from public transport.
<b>Innovations in environmental technology</b>	SBB is a partner in several innovative start-up companies that work for a more sustainable construction and property sector. These companies develop technologies in areas including solar cells with integrated battery storage (Watts2U), recovery and storage of thermal energy (Ecoclimate), as well as automated internal control of ESG data at the property level (Mestro).
<b>Intelligent water metering</b>	SBB has implemented a solution for the intelligent metering and internal control of water consumption. Water consumption is verified several times per minute and registered via a portal. Water usage is automatically analyzed to identify usage patterns and detect deviations that may indicate leakage, due to dripping taps or running toilets. When deviations are detected, an alarm signals the property manager who can quickly remedy any problems. The property manager can also access the statistics easily via the portal. So far, about 1,100 meters have been installed.

## 17 hectare solar park

SBB has built a 10 MW solar park in Hallstahammar. The park, which spans an area of 17 hectares, represents a key element in our initiative to become the first climate positive property company in accordance with Vision 2030. The park will supply electricity corresponding to 5 percent of SBB's total electricity

consumption. To further increase the contribution to the global sustainability goals and to local ecosystems, the park shall also contribute to biodiversity. This is achieved by planting meadow flowers between and around the solar panels. The meadow is becoming an oasis for small insects and

pollinators. Bumblebees thrive here, honey bees, butterflies, worms and beetles, all of these little bugs and organisms are important for our entire ecosystem. SBB is also considering collaborating with beekeepers to place beehives adjacent to the site.







## Social sustainability

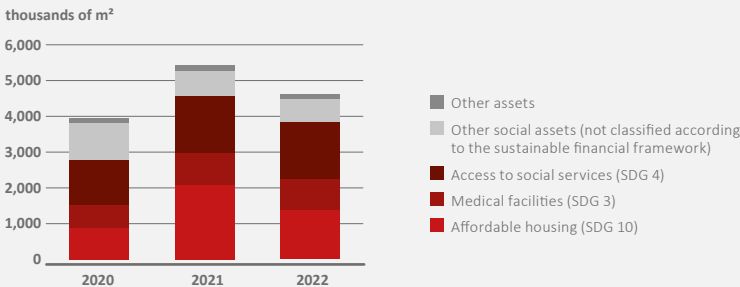


Social sustainability is an important part of SBB's promise to build a better society. The increasing differences in health and living conditions between different social groups and residential areas is one of the major challenges currently facing Sweden. The property sector has a great impact and thus considerable potential to contribute solutions for increased cohesion, confidence in the future, health and trust. SBB manages, acquires and develops properties for important societal functions in areas offering long-term development potential. Major

investments are being made to upgrade and develop the portfolio by renovating apartments, premises, common areas and facades. Outdoor environments, such as playgrounds and green spaces, are also being refurbished and new outdoor lighting is being installed to do away with dark and unsafe places and to help increase biodiversity. People's homes and local environments are made more pleasant and security is improved throughout the area. In some areas with SBB properties, security is a priority focus. For this reason, an important part of the busi-

ness model is to invest in improving these areas' social conditions, thereby contributing to favourable and socially sustainable development. Among other things, this is achieved by creating meaningful activities, such as summertime jobs, for young residents and by collaborating with local organizations on projects to improve the social environment in various ways. A basic objective of the operations is to continuously develop the properties and the residential environment, bringing well-being and security, as well as a positive local identity. As a long-term property manager, working with social sustainability and counteracting marginalization in the areas in which SBB operates is a matter of course. Risks and opportunities related to social sustainability, such as working conditions in the supply chain, security in the local community, etc., are handled by the management team. Ultimately, the CEO is responsible for identifying and addressing these risks, which is part of Management's ordinary risk management. The extensive dialogue with stakeholder groups provides valuable perspectives on management's work with risk management.

Compilation of social infrastructure, thousands of m<sup>2</sup>



## Summary of SBB's work in social sustainability in 2022

Leading in social infrastructure	
<b>Social values at the core of our business</b>	Social values are at the core of SBB's business. The inventory taking of social values in SBB's product portfolio is fully integrated into SBB's financial reporting, with data being reported quarterly. Social infrastructure generates 98 percent of SBB's rental income. SBB's operations build on an understanding of, and development in line with, the long-term demographic trends. SBB's CEO and founder Ilija Batljan is an expert in the field with a doctorate in demography and planning for elderly care.
<b>Social bonds</b>	The societal benefits of SBB's business model have been demonstrated through steadily increasing social financing. The target is for 100 percent of financing to be sustainable by 2030. Green and social financing are reported on a quarterly basis. At the end of the year, social financing accounted for 29 percent of SBB's total loan financing.
Responsible enterprise	
<b>Health and safety in SBB's assets [H&amp;S-Asset] [H&amp;S-Comp]</b>	SBB's responsibility for health and safety extends to all of SBB's assets and workplaces, including construction sites. Safety inspections are organized regularly by the employer at the company's own workplaces and those of its subcontractors, in connection with which risks are listed, assessed and addressed. Employees, contractors and safety representatives appointed by the union are invited to participate in these safety rounds. SBB wants to provide optimum conditions for its tenants and aims for all tenants to enjoy good physical, social and mental health. To examine how SBB can best contribute to tenants' health, annual tenant surveys are conducted. The results provide the basis for SBB's work for tenants' health. Among other things, regular ventilation inspections are conducted to assure good air quality, inspections of lifts, doors and alarms are also conducted regularly to safeguard a favourable working environment. Some young residents are offered summertime jobs, primarily in SBB's rent-regulated residential. This has a positive effect on the living environment and increases inclusion and security for tenants.
<b>Dialogue with, and development of, local communities [Comty-Eng]</b>	SBB develops local communities, applying a holistic perspective with regard to social, environmental and economic sustainability. SBB maintains a locally-based property management organization with close contact with customers. Risks and opportunities are analyzed. Dialogues with municipalities and residents are a mandatory part of SBB's detailed planning processes. Project-specific conditions and requirements, including local objectives, ecosystems, sound environment, etc. are noted and integrated into the continued project development.
<b>Indoor environment and accessibility</b>	Healthy indoor environments are of the utmost importance for SBB. All new properties are environmentally inventoried and these inventories are updated at intervals of at most ten years. In connection with apartment renovations, the presence of any asbestos, radon or PCBs, is inventoried, as well as energy consumption and decontamination of substances hazardous to health and the environment (including asbestos. SBB places high demands on accessibility in all of its existing newly built properties and implements initiatives for increased accessibility in the buildings it renovates. SBB owns and manages apartments that even those with limited financial resources can rent. Customer satisfaction is measured annually through a tenant survey.
<b>Number of summer workers in SBB's residential areas</b>	SBB provides jobs for young people each summer. By providing summer jobs, young people gain an initial experience of the labour market, while their commitment to their neighbourhood is enhanced when they are personally involved in caring for it. In this way, SBB improves over time the attractiveness and social inclusion of its housing areas and young people gain a positive start to adult life. Targets 2022: 200 summer workers Outcome 2022: 173 summer workers (175).
<b>Support for refugees</b>	According to the UNHCR, almost 80 million people in the world are in flight. SBB's core business is to provide high-quality social infrastructure and housing. For this reason, SBB contributes every year to UNHCR to improve the housing situation for people in flight. Targets 2022: Contribute at least 110 homes for refugees: Outcome 2022: SBB has provided the UNHCR with 10 Better Shelter refugee shelters and 130 family tents. In total, this has provided shelter, security, integrity and comfort for 980 people. In addition to this recurring support, SBB has donated SEK 50m to UNHCR to support UNHCR's disaster relief efforts in Ukraine.
<b>Supporting Läxhjälp and Mentor Sverige</b>	SBB sponsors Läxhjälp (homework support) with 30 places for pupils in socioeconomically disadvantaged areas in Swedish school years seven to nine. SBB is also a member of Mentor Sverige (which provides mentors four young people entering the labour market). SBB sponsors "Noll Tolerans mot Mobbing" (zero tolerance of bullying) in its work to counteract bullying and grooming at Sweden's primary and secondary schools.

## Secure accommodation Soluppgången (Sunrise)

SBB's objectives are to actively pursue project and property development to develop new social infrastructure – one of these projects is the Soluppgången (Sunrise) sheltered house.

Sunrise comprises 127 rental apartments in Växjö. The apartments are available to anyone over the age of 65 who wants a home of their own but, at the same time, wants to be part of a community.

Here, tenants have their own fully equipped apartments, as well as access to adjacent common areas, where they can socialize, read, watch televisions and share a coffee with their neighbours. They can also participate in weekly activities such as yoga, cooking, baking, boule, gardening and movie nights at cost price. The activities are arranged by Ingela, Soluppgångens warden, who ensures, together with the tenants, that the activities vary according to their interests and abilities.



## Mamma United

SBB supports the operations of Mamma United, which operates in Södertälje. Mamma United aims to support mothers in socioeconomically vulnerable areas to influence their own lives and those of their children, helping them to feel better, to integrate into society and to feel that they are part of something bigger. In the groups in which the operations are conducted, long-term effects can be

observed as the mothers gain basic knowledge of society, which many lack. This makes a tremendous difference for the mothers' own opportunities to determine how to live their own lives. The social network forged by Mamma United is central to maintaining the effects generated by the operations. Many mothers continue to meet and socialize.

What some of the participants have to say:

"I trust the social services now after 12 years in Sweden. Thanks to Mamma United, I now know how it all works."

"At home, I've taught my son about budgeting, about movement, about children's rights. We know so much more now."







## Employees



For several years, SBB has grown through acquisitions. As the organization grows, coordination needs also increase and the demands imposed on communications and leadership are raised. It is important to attract and retain competent employees. SBB guarantees all personnel a workplace characterized by equal opportunities, dignity, respect and justice, free from discrimination and harassment. The principles that form the basis for working conditions at SBB are described in an HR Policy adopted by the Board of Directors. All employees have the opportunity to participate in a long-term incentive programme based on warrants, enabling employees to share in the value they generate in the long term. SBB does its utmost to retain skills and expertise and allows employees to develop in their roles or to further develop in other ways within the company. SBB has identified development paths for employees within residential and community service properties, with HR being able to provide support and training initiatives for further development. At the same time, each employee's situation is unique, and every year an individual development plan is therefore formulated for each employee in consultation with their immediate manager. Recruitment decisions shall always be based on clearly defined criteria and all applicants must be treated and assessed on these grounds, without discrimination. Based on their individual capacity, all employees shall be afforded oppor-

tunities for optimal professional and personal development to enhance the success of the organization and the employee. This is also our starting point when SBB considers concepts of equality, diversity and equal treatment, which for SBB means that all people have the same value and must be treated with respect and dignity. SBB does not tolerate any form of bullying, harassment or discrimination. The notion of discrimination includes, but is not limited to, the grounds against which Swedish law provides protection: gender, transgender identity or expression, ethnicity, religion or other belief system, disability, sexual orientation and age. This is regulated by SBB's Sustainability Policy and Code of Conduct, which all employees must read, understand, sign and adhere to. SBB also contributes to work against discrimination and for equal treatment by having signed up to support the ten principles of the UN Global Compact. All new employees must participate in SBB's introductory programme, which includes policies including the Code of Conduct and the Sustainability Policy. All employees are trained and tested in the Code of Conduct, the Sustainability Policy, the Anti-corruption Policy and the Whistle-blower Policy at least every two years. Follow-up of all centrally procured suppliers' sustainability work and understanding of the Code of Conduct and the Sustainability Code is carried out at least every two years. SBB's organization is structured to be able to

manage, develop and maintain the company's properties. The company's comprehensive management organization is considered to be strategically important in guaranteeing a good living and working environment. It is also important that employees have local roots. For this reason, the company employs young people who spend their summer break working in the residential areas where they live. A personal commitment like this brings continued development of the residential environment while also providing favourable social side effects. A long and deeply-rooted tradition of respect for agreements between the social partners, trade unions and employers' organizations pervades SBB's markets. SBB values this model and also safeguards respect for human rights, the freedom of association and the ILO Declaration on Fundamental Principles and Rights at Work. SBB is also a member of the UN Global Compact.

Health and safety are key issues for SBB and the company conducts regular safety rounds at its offices, at its properties and at its construction sites. SBB's responsibilities include employees, contracted personnel, operating staff, tenants and contractors. This is a self-evident part of SBB's promise to be the world's most sustainable property company, but also a consequence of well-functioning exercise of authority and legal requirements applicable in the company's markets. Without a correct risk analysis and preparatory work, many of the

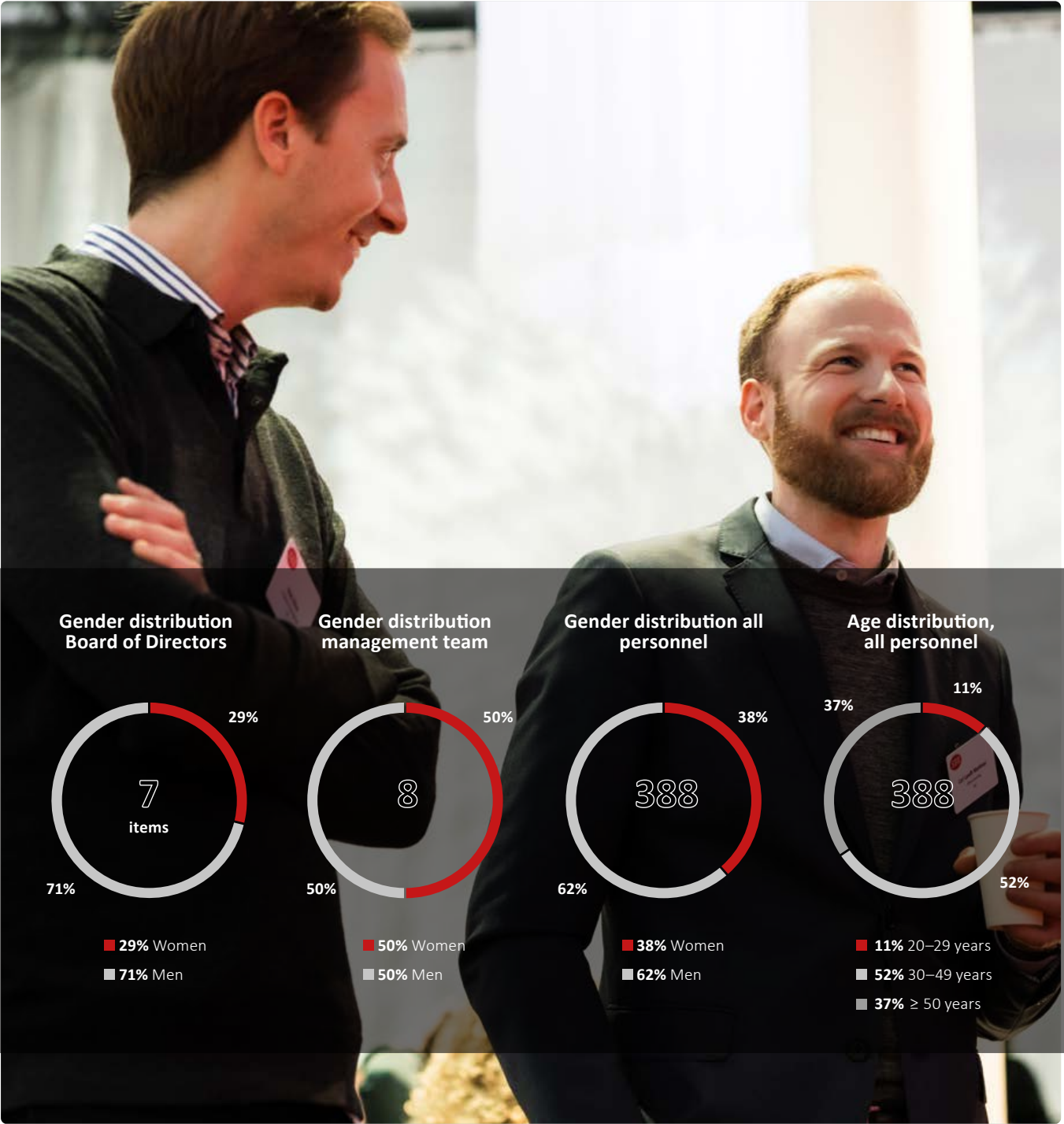
tasks performed at SBB’s workplaces and those of its contractors could be risky. SBB always takes responsibility for safety and assesses in an appropriate way the risks associated with all tasks at its own facilities and those of its contractors. SBB also conducts regular safety rounds. All of this is regulated in SBB’s internal regulations and procedures, mainly in SBB’s Management System for Health and Safety at Work and in the Environmental and Quality Management System.

All staff are covered by a training plan. This training plan includes education in quality, ethics, anti-corruption, behaviour, environment, work environment and skills development. Each professional group within SBB is provided with

a training package tailored for that particular group. Planning and status for staff training is coordinated by a training council with representatives from the management team, the training councils hold regular minuted meetings led by the HR Manager. Annual wage surveys are conducted to identify and eliminate any unfair structural differences between groups. SBB’s fundamental view is that wage differences attributable to, for example, gender should not occur. Remuneration of senior executives is determined by the Board of Directors’ Remuneration Committee.

All employees are also offered a wellness allowance of SEK 5,000 annually, which may be used for activities that promote the employee’s

health. SBB wants to adapt the workplace to the conditions of its employees, the scheduling of working hours and location of workplace must, as far as possible, be adapted to the individual’s circumstances. For example, SBB wants to make it possible to adapt meeting and conference locations and the like to meet the needs of parents. SBB also maps sick leave and the mental and physical health of the entire workforce and specific groups to avoid any group being disadvantaged by the design of the workplace or work formats.



## Summary of SBB's work on HR issues in 2022

The best employees	
<b>Attracting and retaining talent</b>	<ul style="list-style-type: none"> <li>• Market-based terms of employment</li> <li>• Collective agreements</li> <li>• Skills development</li> <li>• Beneficial working environment</li> <li>• Flexible working hours and geographical postings adapted to our employees' circumstances</li> <li>• Parental leave and parental pay in accordance with collective agreements (that is, in additions to the parental benefits provided by the Swedish Social Insurance Agency)</li> <li>• Long-term incentive programme in which all employees are offered co-ownership by subscribing for options with a term of three years</li> <li>• Annual development interviews, personal development and skills enhancement</li> <li>• Employees enjoy health insurance and occupational pension benefits</li> <li>• Membership in MERC Talent Network, which aims to expand the members' network and offer talented young people insight into potential career paths ahead.</li> </ul>
<b>Long-term incentive programme</b>	100 percent of SBB's employees, regardless of role, have the opportunity to participate in a long-term incentive programme in the form of warrants allowing employees to share in the long-term (three years) development in the value of SBB's shares.
<b>Proportion of employees covered by collective agreements</b>	80 percent (70) of all employees are covered by collective agreements, employees are covered by collective agreements whether they are union members or not.
<b>Employee benefits</b>	Wellness allowance, monitor glasses, paid vacation, company car, parental leave, occupational pension and health insurance.
<b>Flexibility and balancing work and life</b>	Flexible working hours and geographical postings adapted to SBB's employees' circumstances.
<b>Encouraging diversity and equality</b>	Initiatives to increase diversity and equality awareness in connection with personnel meetings and training.
<b>Gender pay ratio [Diversity-Pay]</b>	Salary surveys are conducted annually to detect any differences in salary and ensure that the company's salaries are equal. Provisions and practices for salaries and terms of employment are documented in SBB's HR Policy and Salary Policy. This states that salaries shall reflect employees' skills, productivity, responsibilities and development. SBB's CEO leads the work with salary mapping and immediately adjusts any differences that are discovered between women and men who perform equal work.
<b>Median compensation ratio</b>	<p>The relationship between annual total compensation for the highest paid compared with the median for all employees excluding the highest paid employee: 12.6 (10.0)</p> <p>Change in ratio between the highest paid compared with the median for all employees excluding the highest paid employee compared with the preceding year: 25.6 %</p> <p>The information has been compiled by the HR department in collaboration with SBB's partner for salary payments.</p>
<b>Improving well-being at work and fostering a balance between work and leisure [H&amp;S-Emp]</b>	Opportunities for teleworking, flexible working hours and taking the employee's personal situation into account. All employees are also offered a wellness allowance of SEK 5,000 annually, which may be used for activities that promote the employee's health.
<b>Training and development [Emp-Training] [Emp-Dev]</b>	All employees undergo at least five days of training, education and development annually. A training plan is applied to ensure that all employees keep abreast of their specific areas of responsibility. Training includes role-specific topics, as well as mandatory elements on the environment, work environment, the Code of Conduct, climate risks and risks in the supply chain. The HR Manager is responsible for the planning and implementation of the training plan. All employees have been tested and approved regarding their understanding of the Code of Conduct, Sustainability Policy, anti-corruption and the Whistle-Blower service.
<b>Employee interviews and assessment</b>	Employee interviews are conducted annually for all employees. The employee's immediate manager is responsible for employee interviews supported by the HR Manager. Employee interviews include a mutual assessment of the manager's and the employee's performance over the year, as well as strengths, weaknesses and development opportunities. Individual targets and an individual development plan are also set out at employee interviews. All employee interviews are documented and followed up one year later in connection with the next employee interview. Employee interviews include mutual assessment of the performance of both the manager and the employee.
<b>Train managers in working environment</b>	All managers must be able to identify and address risks in the work environment, such as noisy environments, heavy lifting, work at height, ergonomic aspects, etc. SBB's work environment responsibility includes both SBB's own personnel, as well as contracted personnel and consultants. Training in working environment is mandatory for all managers in the property management operations. Training is arranged on an ongoing basis to keep skills and awareness up to date.
<b>Career paths within SBB</b>	SBB is a fast-growing company with many opportunities for employees to develop within their roles or by changing roles. In property management there are opportunities to switch between areas of responsibility – by switching from property manager to area manager, or from area manager to regional manager, for example. There are also opportunities for specialization, for example by switching from being a technician to being a technical manager or by undergoing further development in other ways, by taking on a different portfolio as a manager, for example, or by changing business area. SBB also encourages employees seeking to grow through further training.
<b>Leasing agents trained in tenancy law</b>	All leasing agents are trained in tenancy law. New training opportunities were arranged in 2022 to keep skills updated.
<b>Internal recruitment</b>	Number of employees who have been recruited to a new role internally in 2022: 5 (9)



Health and safety	
<b>Health and safety and working conditions for employees, operational personnel and contractors</b>	SBB's responsibility for health and safety extends to all of SBB's assets and workplaces, including construction sites. Safety inspections are conducted regularly at the company's own workplaces and those of its subcontractors, in connection with which risks are listed, assessed and addressed. All of SBB's markets have the highest rating in Global Rights Index run by the International Trade Union Confederation. All managers are trained in working environment. Working environment is also included in the training plan for all employees with relevant content adapted to each role. Outcome 2022: short-term sick leave: 1.1 percent (0.9), long-term sick leave 1.8 percent (1.9). SBB supports the long tradition of respect for agreements between trade unions and employers' organizations that exist in all of SBB's markets. All SBB employees, except certain employees at head office, are covered by collective agreements (80 percent). Employees are covered by collective agreements regardless of whether they are union members or not. Union representatives are involved in negotiations in connection with reorganization meetings or in connection with risky tasks.
<b>Number of workplace accidents</b>	<p>Targets: zero serious workplace accidents (in accordance with the Swedish Work Environment Authority's definition of a serious accident), refers to both employees and contractors.</p> <p>Number of serious workplace accidents and incidents reported in 2022: 0 (0). A serious incident that did not result in serious personal injury, occurred in one of SBB's projects.</p> <p>Serious accidents and incidents are reported to the Swedish Social Insurance Agency and the Swedish Work Environment Authority, as well as to AFA försäkring (insurance provider).</p>
<b>Absence due to illness</b>	Targets: 0 percent sick leave caused by inadequate work environment or safety. In 2022, short-term sick leave amounted to 1.1 (0.9) percent and long-term sick leave to 1.8 (1.9) percent.
<b>Lost Time Injuries Frequency (LTIR)</b>	Number of injuries resulting in absence per million hours worked. SBB's employees: 0 (0)
New employees and employee turnover	
<b>New employees during the year</b>	94 (64) new employees in 2022. About 75 percent of these are new employees in property management.
<b>Employee turnover [Emp-Turnover]</b>	24.2 percent (16.3)



## Governance and financial sustainability



SBB's objective is to achieve good economic growth which engenders conditions for investing in the climate and the social environment. Being profitable provides opportunities to drive and develop sustainable property management and construction. Through low financial and operational risk and robust management, SBB shall deliver strong, risk-adjusted value growth with increasing cash flows and an increasing dividend to shareholders. In terms of business ethics, all employees, partners and suppliers act in line with SBB's Code of Conduct. Being a financially stable landlord with robust management means professional property management and security for tenants.

### Workers' rights

Only nine countries have the highest rating in the Global Rights Index, which is run by the ITUC – International Trade Union Confederation and which monitors workers' rights worldwide. All of SBB's markets: Sweden, Norway, Finland and Denmark are among these 11 countries. The criteria assessed include the right to association, the right to collective bargaining, the right to strike, access to legal representation for workers, the prevalence of supervision and oppressive legislation. SBB's operations are physically tied to the domestic markets. This means that most of the work is conducted on site by local suppliers in the property manage-

ment and construction operations. Only a small part of the supply chain is in other markets. These are mainly certain material suppliers for construction projects, many of the basic products used in construction are produced in the domestic markets. SBB partners with a security company to counteract undeclared work and labour-related crime among contractors and subcontractors in SBB's construction projects. Procedures and control plans have been developed to combat workplace crime and undeclared work in a structured and long-term manner. See the "Workplace controls" heading below for more information.

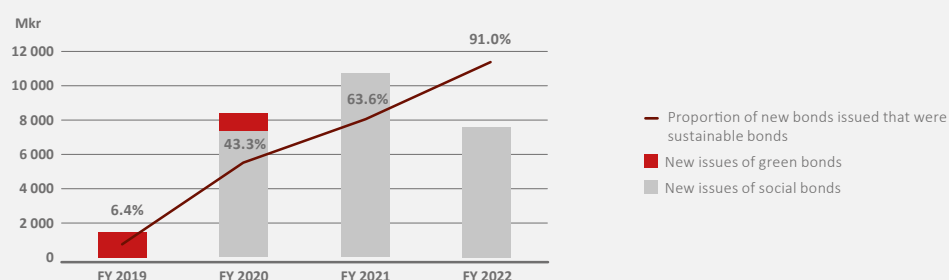
## Summary of SBB's work in Governance and financial sustainability in 2022

Industry leader in ESG	
<b>Reducing CO<sub>2</sub> emissions caused by SBB's employees</b>	Our company car policy offers opportunities for plug-in hybrids or fully electric models. Opportunities to work both locally and remotely reduces travel needs.
<b>Involving all employees in sustainable development</b>	Regional managers have been assigned with setting bonus targets linked to SBB's sustainability targets, e.g. reduced energy consumption and green leases. Initiatives in connection with personnel meetings and training to increase awareness of sustainability issues in general and of SBB's sustainability targets in particular.
<b>Involving all employees in the company's targets and commitments</b>	Involvement through exchanges of experience during training.
Effective governance	
<b>Board of Directors with the sector's deepest skills and experience</b>	Skills-enhancing initiatives are included on the agenda of every second Board meeting, including further training in a particular area of the operations. The Board of Directors maintains a Sustainability Committee that holds minuted meetings in connection with all regular Board meetings. Annual assessment of the Board of Directors performed in connection with the audit.
<b>Composition of the Board of Directors [Gov-Board]</b>	See the Corporate Governance Report and information on Board Members on pages 76–79.
<b>Board nomination and election process [Gov-Select]</b>	The 2022 Annual General Meeting resolved that the Nomination Committee should comprise representatives of at most the three largest shareholders and the Chairman of the Board. The Nomination Committee also has an adjunct member who represents the company's largest institutional shareholder to contribute additional expertise within corporate governance and Nomination Committee work. The Chairman of the Board was tasked with contacting the three largest registered shareholders in terms of votes as of 30 September 2022, requesting that each appoint one member to the Nomination Committee. The Nomination Committee assesses the work of the Board of Directors and issues a recommendation for the election of the Board of Directors to the Annual General Meeting, which makes a resolution regarding the composition of the Board of Directors. SBB applies the Swedish Code of Corporate Governance.
<b>Process for handling conflicts of interest [Gov-COI]</b>	SBB applies the Swedish Code of Corporate Governance. The Board of Directors, Remuneration Committee and Audit Committee are elected in accordance with the Code – additional information is provided in the Corporate Governance Report.
<b>Leading the sector in transparent reporting</b>	We apply industry-leading standards and frameworks in our reporting: IFRS, Swedish Code of Corporate Governance, GRI, EPRA, CDP, etc.
<b>Management assessment</b>	The Board of Directors assesses the CEO annually.
<b>Customer satisfaction</b>	Tenant surveys are conducted annually. At the end of 2022, 9,020 residential tenants were invited to participate in the survey regarding residential (RE) and in early 2023, 1,061 tenants were invited to participate in the survey for community service properties (CSP). In the survey of residential tenants, 3,241 responses were received, while the survey regarding community service properties is still in progress. Some of the lessons learned include most tenants feeling that they are well received by SBB's employees and that they receive assistance when an error is reported. A majority also feel safe and that it is easy to get through to the landlord. An area for improvement was the tenants' knowledge of SBB's sustainability vision, while most nonetheless state that sustainability important. The focus areas identified are continued work on communications with tenants, energy consumption, the properties' outdoor environments, public spaces and maintenance.
<b>Sustainable supply chain</b>	<p>SBB does not tolerate any anomalies in the supply chain. SBB works in close contact with local actors with regard to operation, maintenance and contracting alike. The local knowledge and procurement of suppliers in the property management operations makes it easier to detect and remedy any irregularities compared with large-scale, centrally procured contracts where those placing the orders have no direct connection to the place of work or those doing the work. To enable an overview and facilitate follow-up, property managers are urged to limit the number of procured suppliers. All centrally procured suppliers undergo an in-depth review and verification of their understanding of the Code of Conduct and Sustainability Policy, as well as a screening regarding significant sustainability parameters and focus areas at least every second year.</p> <p>A total of 1,538 new suppliers were used in 2022. Of these, 134 were identified as recurring suppliers who have invoiced more than SEK 100,000 as particularly important to follow up. Checks were performed to ascertain that these suppliers has signed the Code of Conduct and the Sustainability Policy was performed to ensure compliance and understanding among key suppliers. Of these larger, recurring suppliers, 89 percent have signed the Codes. A follow-up is being conducted with the remaining 12 percent in those cases where it is likely that their contracts will be renewed.</p>
<b>Human rights</b>	SBB shall always respect human rights and the ILO Declaration on Fundamental Principles and Rights at Work. SBB supports the UN Global Compact. More information can be found in SBB's Human Rights Policy. The biggest challenge in this area is to safeguard human rights and fair working conditions throughout the value chain when purchasing electronics for the properties. Raw material extraction and manufacture occur at many stages in many markets and are difficult to overview. SBB conducts a dialogue on these issues with SBB's major suppliers of electronics.
<b>Remuneration of senior executives</b>	Remuneration of senior executives is determined by the Board of Directors' Remuneration Committee
Ethics and anti-Corruption	
<b>Disseminating awareness of ethics and fostering anti-corruption throughout the workforce</b>	SBB's work for ethical and anti-corrupt behaviour is described in the Code of Conduct and in the Anti-Corruption Policy. Initiatives to increase awareness of ethics and anti-corruption, as well as the possibility of using the whistle-blower service in connection with personnel meetings and training events.
<b>Number of incidents reported to the whistle-blower function</b>	<p>Number of cases reported:  Discrimination: 0  Harassment: 0  Corruption: 0  Other: 1</p> <p>The case has been assessed by the investigation team and was discontinued with reference to the lack of necessary information and/or evidence and lack of opportunities to obtain further information/evidence.</p> <p>Number of cases under investigation: 0  The reporting and investigation process was reviewed comprehensively by the auditor.</p>



<b>Zero corruption</b>	SBB does not tolerate any form of corruption, bribery, fraud, money laundering, tax evasion, extortion, or illegal financing of political organizations and acts vigorously to prevent and counteract these. The purpose of SBB's insider policy is to reduce the risk of insider trading and other prohibited acts. The insider rules affect different positions to varying degrees, but all employees must be aware of and comply with the provisions included in the insider policy. Anti-corruption is included in all training courses conducted for SBB employees. More information can be found in the Anti-Corruption Policy and the Code of Conduct. All of SBB's markets rank highest (in the top ten) in Transparency International's anti-corruption index CPI. No cases of corruption were detected in 2022.
<b>Workplace controls</b>	SBB partners with a security company to counteract undeclared work and labour-related crime among contractors and subcontractors in SBB's construction projects. The work began in 2022 with an analysis of inventory and the current situation. Among other things, unannounced site visits were performed, at which all present at the construction site were required to show their ID06 cards, with comparisons being made with the attendance log. Background checks have been performed by SBB's contractors, in which an in-depth background check is conducted by the contracted companies. It was discovered, for example, that a company had other beneficial owners than those individuals with whom the company was registered, this discovery resulted in the agreement with the contractor being cancelled and new contractors being signed. These measures are now performed routinely as part of the company's anti-corruption work.
<b>High risk markets</b>	SBB does not operate in any high-risk markets with regard to workers' rights (Global Rights Index, ITUC) or corruption (CPI, Transparency International). Despite this, workplace crime does occur in the public construction sector. For this reason, SBB partners with a security company to counteract undeclared work and labour-related crime among contractors and subcontractors in SBB's construction projects. See the "Workplace controls" heading above for more information.
<b>Education in anti-corruption, anti-discrimination, the Code of Conduct, the Sustainability Policy and the whistle-blower function</b>	All employees (with the exception of parental leave, long-term sick leave, trainees and hourly employees) are trained and tested at least every two years in anti-corruption, countering discrimination, the Code of Conduct, the Sustainability Policy and the Whistle-blower function. In 2022, all project managers (15 out of 15) underwent training in discovering, counteracting and preventing workplace crime through measures including background checks, company investigations, digital monitoring and workplace controls.
<b>Lobbying</b>	SBB does not support any political parties, political campaigns or lobbying and only participates as members of established and recognized industry organizations such as Fastighetsägarna (Swedish property owners association), the Sweden Green Building Council and Public Housing Sweden. Total contributions to political parties, political campaigns and lobbying 2022: SEK 0.
<b>Innovation and digitization</b>	
<b>Developing SBB's properties for a high level of connectivity and control</b>	The energy usage in all of SBB's properties is registered online in SBB's energy monitoring system. A fully digitized leasing process for rental apartments. SBB has also initiated projects to connect water meters and invested in a company that develops sensors and technology for connecting properties.
<b>Innovation and new technology – R&amp;D</b>	Part of SBB's Vision 2030 is to be a pioneer in new technology and set the standard for sustainability in the property sector. Part of that work is to invest in innovative solutions with potential for complementing the core business and contributing to a sustainable society. SBB has invested in a number of innovative start-up companies, including: Mestro, Ecoclimate, Watt s2U, Amido and Avy.
<b>IT security</b>	SBB is a pioneer in digitalization. A robust system for IT security is thus necessary to minimize the risk of security incidents. SBB has a dedicated IT Security Manager, who reports to the individual responsible for IT security in the management team. The company has an IT council comprising the IT Manager and the CFO, who also has a responsibility for risk management. On the Board of Directors, Lennart Schuss, the Chairman of the Board, is particularly responsible for reviewing the company's IT security efforts.
<b>Economic sustainability</b>	
<b>Customer value</b>	Targets: Contribute to more efficient management and free up capital for SBB's customers.
<b>Rating</b>	Targets: Achieve an investment grade rating of BBB+ in the short term and of A- in the longer term.
<b>Sustainable financing</b>	Continued growth and development of SBB's green and social portfolio with financing and target fulfilment in accordance with SBB's sustainable financial framework. Targets: 100-percent sustainable financing in the longer term. Outcome 2021: 39.1 percent of all bond loans were sustainable, 63.6 percent of all new bond loans in 2021 were sustainable (green or social in accordance with SBB's sustainable financing framework). Outcome 2022: Of total loan financing (including bonds, excluding hybrid bonds), 32 percent was sustainable. Of all new bond loans in 2022, 91 percent were sustainable.
<b>Green Share</b>	Targets: SBB is to be classified as a green share on NASDAQ Stockholm in accordance with Vision 2030.
<b>Risks and opportunities</b>	The risks and opportunities in the operations are mainly managed by SBB's management team supported by the Board of Directors, with SBB's CEO being responsible for leading this work. Risks and opportunities in areas such as technological development, competitors, demographic development, climate (physical, regulatory, transition risks) are managed. SBB's management team and board are composed to maximize breadth and depth with experts in a number of different areas, as well as leading industry experts.

### Newly issued bonds



## GRI 2: General Disclosures

Samhällsbyggnadsbolaget i Norden AB has reported the information set out in this GRI Index for the period 1 January 2022 to 31 December 2022 in accordance with the GRI The standard.

GRI Index	Description	Page	Deviation	Reason	Explanation
<b>General disclosures</b>					
2 – 1	Organizational details	1, 11, 19, 88			
2 – 2	Entities included in the organization's sustainability reporting	36			
2 – 3	Reporting period, frequency and contact point	36			
2 – 4	Restatements of information	36			
2 – 5	External assurance	36, 137			
2 – 6	Activities, value chain and other business relationships	5, 17-30, 54, 68			
2 – 7	Employees	49-50, 58, 90			
2 – 8	Workers who are not employees	58			
2 – 9	Governance structure and composition	38, 54, 76			
2 – 10	Nomination and selection of the highest governance body	54, 76			
2 – 11	Chair of the highest governance body	78			
2 – 12	Role of the highest governance body in overseeing the management of impacts	38, 76			
2 – 13	Delegation of responsibility for managing impacts	38, 76			
2 – 14	Role of the highest governance body in sustainability reporting	38, 76			
2 – 15	Conflicts of interest	54			
2 – 16	Communication of critical concerns	38, 54, 76			
2 – 17	Collective knowledge of the highest governance body	38, 76			
2 – 18	Evaluation of the performance of the highest governance body	54, 76			
2 – 19	Remuneration policies	54			
2 – 20	Process to determine remuneration	54, 78			
2 – 21	Annual total compensation ratio	51, 54, 90			
<b>Strategy, policies and practices</b>					
2 – 22	Statement on sustainable development strategy	6 – 7			
2 – 23	Policy commitments	40			
2 – 24	Embedding policy commitments	36-40, 76			
2 – 25	Processes to remediate negative impacts	36-40, 54, 76			
2 – 26	Mechanisms for seeking advice and raising concerns	54, 76			
2 – 27	Compliance with laws and regulations	54			
2 – 28	Membership associations	40			
2 – 29	Approach to stakeholder engagement	39 – 40			
2 – 30	Collective bargaining agreements	51, 58			

### GRI 3: Material topics 2022

GRI Index	Description	Page	Deviation	Reason	Explanation
<b>Material Topics</b>					
3 – 1	Process to determine material topics	38 – 40			
3 – 2	List of material topics	39			
<b>Economic value generated and distributed</b>					
3 – 3	Management of material topics	38-40, 54			
201–1	Economic value generated and distributed	59			
<b>Anti-corruption</b>					
3 – 3	Management of material topics	38-40, 53			
205–2	Communication and training on anti-corruption policies and procedures	38-40, 51, 54			
205–3	Confirmed cases of corruption	54			
<b>Energy</b>					
3 – 3	Management of material topics	38-40, 54			
302–1	Energy consumption within the organization	60			
<b>Greenhouse gas emissions</b>					
3 – 3	Management of material topics	38-40, 54, 65			
305–1	Direct emissions of greenhouse gases (Scope 1)	61, 65			
305–2	Indirect emissions of greenhouse gases from energy consumption (Scope 2)	61, 65			
305–3	Other indirect emissions of greenhouse gases (Scope 3)	61, 65			
<b>Suppliers</b>					
3 – 3	Management of material topics	38-40, 54			
308 – 1	New suppliers assessed applying environmental criteria	54			
414–1	New suppliers assessed applying social criteria	54			
<b>Employees</b>					
3 – 3	Management of material topics	38-40, 54			
401–1	New employees and employee turnover	49, 58			
405–1	Diversity in the company	58			



# Sustainability tables

## Personnel – tables

### Number of employees [Diversity-Emp]

	Number (individuals)	Share, %	20 – 29 years	30 – 49 years	50 – years
<b>All employees</b>	<b>388</b>		<b>41</b>	<b>204</b>	<b>143</b>
Share, %			11%	53%	37%
Women	147	38%	20	87	40
Men	241	62%	21	117	103
<b>Managers</b>	<b>72</b>		<b>3</b>	<b>37</b>	<b>32</b>
Share, %			4%	51%	44%
Women	26	36%	0	12	14
Men	46	64%	3	25	18
<b>Management team</b>	<b>8</b>		<b>0</b>	<b>3</b>	<b>5</b>
Share, %	0		0%	38%	62%
Women	4	50%	0	1	3
Men	4	50%	0	2	2
<b>Board of Directors</b>	<b>7</b>		<b>0</b>	<b>0</b>	<b>7</b>
Share, %	0		0%	0%	100%
Women	2	29%	0	0	2
Men	5	71%	0	0	5
<b>By region</b>	<b>388</b>		<b>41</b>	<b>204</b>	<b>143</b>
Share, %					
Sweden	355	91%	40	186	129
Norway	25	6%	1	12	12
Finland	8	2%	0	6	2

### Personnel statistics, summary

	2020	2021	2022
No. of employees	227	289	388
Number of consultants	38	31	42
Number of non-employed individuals occupied in projects (estimate)*			4,800
Number of non-employed individuals occupied in management (estimate)*			1,500
Number of fixed-term positions	11	6	17
Probationary positions	10	7	37
Summer workers	134	175	173
Number of part-time employees	13	8	11
Number of hourly positions	-	-	9
New employees during the year	46	64	94
Positions terminated	49	47	134
Proportion of employees covered by collective agreements		70%	80%
Employee turnover [Emp-Turnover] [GRI 401–1]	20.3%	16.3%	24.2%
Short-term sick leave	2.7%	0.9%	1.1%
Long-term sick leave	4.8%	1.9%	1.8%

\*Estimated number of full-time equivalents. Has been estimated using financial key ratios and cost items for different types of services conducted on SBB's behalf. Such as cleaning, snow removal, accounting services, contracting, etc.

### Employee turnover [Emp-Turnover]

	Number of new employees (individuals)	Share of total (%)	Number who left during the year (individuals)	Share of total (%)
<b>Total</b>	<b>94</b>	<b>0</b>	<b>134</b>	<b>0</b>
Men	58	62%	89	66%
Women	36	38%	45	34%
<b>By region</b>				
Sweden	88	94%	131	98%
Norway	5	5%	3	2%
Finland	1	1%	0	0%
<b>By age category</b>				
20 – 29 years	15	16%	18	13%
30 – 49 years	47	50%	73	54%
50 – years	32	34%	43	32%

# Social sustainability – tables

## Summary of social assets

Classification	Area, thousand m <sup>2</sup>	Area, %	Rental income, SEK m	Rental income, %	Social classification in accordance with current framework
Rental apartments	1,280	28	1,512	22	Affordable housing (SDG 10)
Project properties, future rental residentials	89	2	47	1	Affordable housing (SDG 10)
<b>Total residentials</b>	<b>1,369</b>	<b>30</b>	<b>1,558</b>	<b>23</b>	
Elderly care units	553	12	876	13	Medical facilities (SDG 3)
LSS	278	6	466	7	Access to social services (SDG 4)
Building rights for future publicly funded housing	0	0	0	0	Affordable housing (SDG 10)
<b>Total residentials</b>	<b>831</b>	<b>18</b>	<b>1,342</b>	<b>20</b>	
Education	1,327	29	2,314	34	Access to social services (SDG 4)
<i>Preschool</i>	<i>408</i>	<i>9</i>	<i>967</i>	<i>14</i>	<i>Access to social services (SDG 4)</i>
<i>Primary school/upper-secondary school</i>	<i>681</i>	<i>15</i>	<i>963</i>	<i>14</i>	<i>Access to social services (SDG 4)</i>
<i>University</i>	<i>239</i>	<i>5</i>	<i>384</i>	<i>6</i>	<i>Access to social services (SDG 4)</i>
Hospitals and health centres	318	7	486	7	Medical facilities (SDG 3)
Central government infrastructure and town halls	280	6	437	7	Planned classification in accordance with SDG
Public offices	227	5	297	4	Planned classification in accordance with SDG
Building rights for future community service properties	120	3	180	3	Planned classification in accordance with SDG
<b>Total community service properties</b>	<b>2,272</b>	<b>49</b>	<b>3,714</b>	<b>55</b>	
<b>Total social infrastructure</b>	<b>4,472</b>	<b>97</b>	<b>6,614</b>	<b>98</b>	
Other	155	3	114	2	Non-social assets
<b>Total</b>	<b>4,627</b>	<b>100</b>	<b>6,728</b>	<b>100</b>	

## Social assets, development over time

	2020		2021		2022	
	Area, thousand m <sup>2</sup>	Area, %	Area, thousand m <sup>2</sup>	Area, %	Area, thousand m <sup>2</sup>	Area, %
Affordable housing (SDG 10)	876	16	2,077	38.3	1,369	29.6
Medical facilities (SDG 3)	621	23	898	16.6	871	18.8
Access to social services (SDG 4)	1,275	28	1,593	29.4	1,605	34.7
Other social assets (not classified according to the sustainable financial framework)	1,047	31	683	12.6	627	13.6
Other assets	136	2	174	3.2	155	3.3
	<b>3,955</b>		<b>5,425</b>		<b>4,627</b>	

## Financial value generated and distributed

SEKm	2021	2022
<b>Financial value directly generated</b>	<b>5,930</b>	<b>7,447</b>
Income	5,930	7,447
<b>Distributed financial value</b>	<b>4,849</b>	<b>6,677</b>
Operating costs excluding personnel costs	1,665	2,268
Dividends to shareholders	1,807	2,308
Salaries and remunerations to employees	392	519
Interest to financiers	737	1,287
Tax to the state	247	294
Contribution to the local community	1	1
<b>Retained economic value</b>	<b>1,081</b>	<b>770</b>

## Estimated social impact

Social Impact	2022
<b>Affordable housing (SDG 10)</b>	
Number of homes	18,000
<b>Medical facilities (SDG 3)</b>	
Capacity (patients per day)	40,000
<b>Access to social services (SDG 4)</b>	
Number of student places at school properties	76,000
Number of resident places at elderly care units	5,500

# Climate and environment – tables

## Energy – kWh

		SBB Total		Sweden		Norway		Finland	
EPRA Code	% change	2021	2022	2021	2022	2021	2022	2021	2022
Like-for-Like energy consumption									
Electricity purchased by landlord [Elec-LfL]	-8.6%	94,656,978	86,518,343	70,388,045	67,759,827	6,398,619	4,611,615	17,870,314	14,146,900
Data coverage (number of properties)*		365	365	346	346	6	6	13	13
District heating purchased by landlord [DH&C-LfL]	-10.3%	149,184,758	133,823,474	124,462,170	110,634,397	651,626	676,753	24,070,962	22,512,324
Data coverage (number of properties)*		245	245	231	231	1	1	13	13
District cooling purchased by landlord [DH&C-LfL]	-0.7%	871,375	865,308	696,585	710,568	-	-	174,790	154,740
Data coverage (number of properties)*		6	6	5	5	-	-	1	1
Fuels purchased by landlord [Fuels-LfL]	-14.8%	4,957,527	4,223,877	4,942,762	4,185,248	14,765	38,629	-	-
Data coverage (number of properties)*		9	9	8	8	1	1	-	-
Total energy consumption [LfL]	-9.7%	249,670,639	225,431,001	200,489,563	183,290,040	7,065,010	5,326,997	42,116,066	36,813,964
Energy intensity (kWh per rentable m²) [Energy-Int-LfL]		135.4	122.3	120.1	109.8	147.5	111.2	331.2	289.5
Total energy consumption – degree day corrected [LfL]	-5.3%	249,834,214	236,529,379	200,212,735	192,673,420	7,417,526	5,558,671	42,203,953	38,297,288
Energy intensity – degree day corrected (kWh per rentable m²) [LfL]		135.5	128.3	120.0	115.5	154.8	116.0	331.9	301.1
Total energy consumption									
Electricity purchased by landlord [Elec-Abs]	23.1%	169,834,955	209,070,831	151,817,981	186,958,775	4,786,611	5,892,786	13,230,363	16,219,271
Proportion from renewable sources		100%	94%	100%	100%	99.7%	100	100%	29%**
District heating purchased by landlord [DH&C-Abs]	-1.5%	338,748,828	333,684,243	315,414,148	306,429,151	1,431,211	1,444,953	21,903,468	25,810,140
Proportion from renewable sources		68%	68%	70%	70%	31%	47%	42%	42%
District cooling purchased by landlord [DH&C-Abs]	-33.7%	3,202,351	2,121,834	3,023,105	1,944,426	-	-	179,247	177,408
Proportion from renewable sources		68%	68%	70%	70%	-	-	42%	42%
Fuels purchased by landlord [Fuels-Abs]	-19.5%	7,560,768	6,086,888	7,546,003	6,048,259	14,765	38,629	-	-
Proportion from renewable sources		37%	37%	37%	37%	100.0%	100%	-	-
Total energy consumption [Abs]	6.1%	519,346,903	550,963,796	477,801,238	501,380,610	6,232,587	7,376,368	35,313,078	42,206,818
Proportion from renewable sources		78%	78%	79%	81%	84%	90%	64%	37%
Total energy use – degree day corrected [Abs]	11.3%	524,601,040	584,092,993	482,857,507	532,462,075	6,398,860	7,723,485	35,344,673	43,907,433
Total energy generation	0.0%	164,991	1,091,874	164,991	1,091,874***	-	-	-	-

\*Properties owned for two full years, data coverage >95%, limited to operational control, i.e. triple-net properties are excluded

\*\*New agreement on 100% renewable electricity has been concluded for the Finnish portfolio and is valid as of 2023

\*\*\*Several solar panel projects were commissioned in late 2022 and early 2023. Estimated capacity for 2023 is 12,330,000 kWh

## Energy projects

	Number in progress	Estimated energy savings in progress	Number completed	Estimated energy savings completed	Estimated ROI, %	Proportion of portfolio covered
Solar panels	24	12,299,000	14	1,237,000	appr. 8	4.1%
Heat pump	10	4,975,000	27	8,584,000	appr. 6	5.1%
Energy-efficient heating and ventilation	41	7,906,000	31	5,294,000	appr. 7	8.4%
Control and regulation technology	24	1,416,000	44	1,168,000	appr. 7	6.2%
Additional insulation and window replacement	3	118,000	4	259,000	appr. 3	1.9%
Energy efficient lighting	19	450,000	10	314,000	appr. 3	4.1%
Other	10	132,000	6	420,000	-	3.2%



## Waste under management – tonnes

	Total		Like-for-Like	
	2021	2022	2021	2022
<b>Classification</b>				
Hazardous waste (Waste-Abs) (Waste-LfL)	23	22	9	4
Non-hazardous waste (Waste-Abs) (Waste-LfL)	732	1,258	661	785
<b>Total</b>	<b>756</b>	<b>1,280</b>	<b>670</b>	<b>790</b>
<b>Risk management</b>				
Landfill (Waste-Abs) (Waste-LfL)	9	2	3	1
Heat recovery (Waste-Abs) (Waste-LfL)	362	439	316	361
Recovery/recycling (Waste-Abs) (Waste-LfL)	363	811	343	415
Other	22	29	8	13
<b>Total</b>	<b>756</b>	<b>1,280</b>	<b>670</b>	<b>790</b>
Data coverage (number of properties)	96	168	74	74
Data coverage (% of area)	14%	24%		14%

## Greenhouse gas emissions – CO<sub>2</sub>e tonnes

Carbon dioxide, methane and nitrous oxide are included in the reporting of CO<sub>2</sub> equivalents

EPRA Code	% change	SBB Total		Sweden		Norway		Finland	
		2021	2022	2021	2022	2021	2022	2021	2022
<b>Scope 1, total [GHG-Dir-Abs]</b>	<b>-5.9%</b>	<b>1,445</b>	<b>1,343</b>	<b>1,420</b>	<b>1,313</b>	<b>14</b>	<b>19</b>	<b>11</b>	<b>11</b>
Biofuels for heating	-10.9%	97	86	97	84	0.1	1.9	-	-
Fossil fuels for heating	-16.7%	982	818	982	818	-	-	-	-
Company cars	26.0%	348	439	323	411	14	17	11	11
<b>Scope 2 market based, total [GHG-Indir-Abs]</b>	<b>1.6%</b>	<b>16,911</b>	<b>17,182</b>	<b>12,166</b>	<b>10,869</b>	<b>26</b>	<b>24</b>	<b>4,719</b>	<b>6,289</b>
Electricity	285.4%***	835	3,216	830	83	3	0.3	1	3,133***
District heating	-13.1%	16,028	13,932	11,300	10,765	22	23	4,706	3,144
District cooling	-31.8%	49	33	36	21	-	-	13	13
<b>Scope 2 location based, total [GHG-Indir-Abs]</b>	<b>-0.9%</b>	<b>25,507</b>	<b>25,273</b>	<b>18,471</b>	<b>18,618</b>	<b>51</b>	<b>76</b>	<b>6,985</b>	<b>6,579</b>
Electricity	19.9%	9,430	11,307	7,135	7,832	28	53	2,266	3,422
District heating	-13.1%	16,028	13,932	11,300	10,765	22	23	4,706	3,144
District cooling	-31.8%	49	33	36	21	-	-	13	13
<b>Scope 3, total [GHG-Indir-Abs]</b>	<b>46.3%</b>	<b>12,285</b>	<b>17,977</b>	<b>12,097</b>	<b>17,876</b>	<b>42</b>	<b>73</b>	<b>149</b>	<b>26</b>
Water usage*	N/A*	47	433*	40	425*	3	3	4	5
Building material	51.0%	7,500	11,323	7,500	11,323	-	-	-	-
Of which, carbon storage in materials**	-42.8%	-10,092	-5,777	-10,092	-5,777	-	-	-	-
Energy-related activities not included in Scopes 1 and 2	63.4%	1,178	1,924	1,011	1,849	28	62	138	14
Transport in construction projects	8.8%	2,294	2,496	2,294	2,496	-	-	-	-
Waste in construction projects	-8.8%	1,169	1,066	1,169	1,066	-	-	-	-
Waste water management*	N/A*	73	685*	63	673*	5	4	6	7
Business travel (air)	65.7%	21	35	15	30	5	5	1	1
Business travel (rail)	N/A	-	0	-	0	-	-	-	-
Upstream leased assets	257.9%	4	14	4	14	-	-	-	-
Scope 1+2 (market based) (kg CO <sub>2</sub> e per rentable m <sup>2</sup> ) [GHG-Int]	-12.7%	3.8	3.3	3.3	2.5	0.1	0.1	13.1	17.4
Scope 1+2+3 (market based) (kg CO <sub>2</sub> e per rentable m <sup>2</sup> ) [GHG-Int]	3.0%	6.4	7.0	6.2	6.7	0.2	0.2	13.5	17.5

\*Calculation method has changed between 2021 and 2022

\*\*Net storage of carbon in building materials integrated in wooden buildings during the year

\*\*\*New agreement on 100% renewable electricity has been concluded for the Finnish portfolio and is valid as of 2023.

## Like-for-like (Lfl) per segment

	Residential			Community Service			Other		
	2021	2022	% change	2021	2022	% change	2021	2022	% change
<b>Electricity purchased by landlord</b>	<b>9,337,140</b>	<b>8,804,393</b>	<b>-5.7%</b>	<b>78,392,729</b>	<b>71,107,633</b>	<b>-9.3%</b>	<b>6,927,109</b>	<b>6,606,317</b>	<b>-4.6%</b>
<i>Data coverage (number of properties)*</i>	<i>120</i>	<i>120</i>	<i>-</i>	<i>238</i>	<i>238</i>	<i>-</i>	<i>7</i>	<i>7</i>	<i>-</i>
<b>District heating purchased by landlord</b>	<b>44,595,319</b>	<b>39,463,547</b>	<b>-11.5%</b>	<b>97,828,991</b>	<b>88,764,927</b>	<b>-9.3%</b>	<b>6,760,449</b>	<b>5,595,000</b>	<b>-17.2%</b>
<i>Data coverage (number of properties)*</i>	<i>95</i>	<i>95</i>	<i>-</i>	<i>142</i>	<i>142</i>	<i>-</i>	<i>8</i>	<i>8</i>	<i>-</i>
<b>District cooling purchased by landlord</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>871,375</b>	<b>865,308</b>	<b>-0.7%</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Data coverage (number of properties)*</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>6</i>	<i>6</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Fuels purchased by landlord</b>	<b>2,287,865</b>	<b>2,106,053</b>	<b>-7.9%</b>	<b>1,173,964</b>	<b>809,420</b>	<b>-31.1%</b>	<b>1,495,697</b>	<b>1,308,404</b>	<b>-12.5%</b>
<i>Data coverage (number of properties)*</i>	<i>4</i>	<i>4</i>	<i>-</i>	<i>3</i>	<i>3</i>	<i>-</i>	<i>1</i>	<i>1</i>	<i>-</i>
<b>Total energy consumption</b>	<b>56,220,324</b>	<b>50,373,994</b>	<b>-10.4%</b>	<b>178,267,059</b>	<b>161,547,287</b>	<b>-9.4%</b>	<b>15,183,255</b>	<b>13,509,720</b>	<b>-11.0%</b>
<i>Energy intensity (kWh per rentable m²)</i>	<i>114.0</i>	<i>102.1</i>	<i>-10.4%</i>	<i>151.5</i>	<i>137.3</i>	<i>-9.4%</i>	<i>87.5</i>	<i>77.8</i>	<i>-11.0%</i>
<b>Total energy use (degree day corrected)</b>	<b>56,243,280</b>	<b>53,386,796</b>	<b>-5.1%</b>	<b>178,455,012</b>	<b>169,039,952</b>	<b>-5.3%</b>	<b>14,986,688</b>	<b>13,975,473</b>	<b>-6.7%</b>
<i>Energy intensity – degree day corrected (kWh per rentable m²)</i>	<i>114.0</i>	<i>108.2</i>	<i>-5.1%</i>	<i>151.6</i>	<i>143.6</i>	<i>-5.3%</i>	<i>86.3</i>	<i>80.5</i>	<i>-6.7%</i>

\*Properties owned for two full years, data coverage >95%, limited to operational control, i.e. triple-net properties are excluded

## Climate risk inventory

Climate risk inventory (physical risks)	% of area	% of value
Very high	0.0%	0.0%
High	0.3%	0.5%
Medium	2.3%	1.8%
Low	0.6%	0.6%
Very low	5.4%	5.1%
Risk reduction	91.5%	92.0%

Based on MSCI's "Climate Value at Risk" model implemented for the Swedish property portfolio

## Inventory of water stress

Water stress (WRI)	% of area	% of value
High	1.2%	1.1%
Medium-High	8.8%	8.6%
Low-Medium	13.7%	13.1%
Low	76.3%	77.2%

The inventory is based on WRI's (World Resources Institute) assessment of water stress and inventoried by municipality.

## Like-for-like emissions (Lfl) per property type

	Residential			Community Service			Other		
	2021	2022	% change	2021	2022	% change	2021	2022	% change
<b>Scope 1, total</b>	<b>365</b>	<b>317</b>	<b>-13%</b>	<b>49</b>	<b>38</b>	<b>-22%</b>	<b>238</b>	<b>197</b>	<b>-17%</b>
Biofuels for heating	28	32	11%	20	13	-33%	19	20	6%
Fossil fuels for heating	336	285	-15%	29	25	-15%	220	177	-19%
<b>Scope 2, market based, total</b>	<b>2,112</b>	<b>1,855</b>	<b>-12%</b>	<b>11,215</b>	<b>7,945</b>	<b>-29%</b>	<b>107</b>	<b>85</b>	<b>-21%</b>
Electricity	8	4	-44%	3,498	2,759	-21%	6	3	-44%
District heating	2,104	1,850	-12%	7,696	5,166	-33%	102	82	-20%
District cooling	-	-	-	21	19	-6%	-	-	-
<b>Scope 2, location based, total</b>	<b>2,543</b>	<b>2,264</b>	<b>-11%</b>	<b>14,089</b>	<b>10,673</b>	<b>-24%</b>	<b>427</b>	<b>392</b>	<b>-8%</b>
Electricity	439	414	-6%	6,372	5,487	-14%	326	310	-5%
District heating	2,104	1,850	-12%	7,696	5,166	-33%	102	82	-20%
District cooling	-	0	0	21	19	-6%	-	-	-
<b>Scope 1+2 (market based) (kg CO<sub>2</sub>e per rentable m²) [GHG-Lfl]</b>	<b>5.0</b>	<b>4.4</b>	<b>-3.0%</b>	<b>9.6</b>	<b>6.8</b>	<b>-29.1%</b>	<b>2.1</b>	<b>1.6</b>	<b>-18.5%</b>

## Water use – m<sup>3</sup>

EPRA Code	% change	SBB Total		Sweden		Norway		Finland	
		2021	2022	2021	2022	2021	2022	2021	2022
<b>Municipal water [Water-LfL]</b>	<b>8.5%</b>	<b>456,682</b>	<b>495,319</b>	<b>410,095</b>	<b>456,111</b>	<b>8,881</b>	<b>7,091</b>	<b>37,705</b>	<b>32,117</b>
<i>Data coverage (number of properties)*</i>		116	116	96	96	8	8	12	12
Water intensity (m <sup>3</sup> per leasable area) [Watern-Int]	8.5%	0.60	0.65	0.70	0.78	0.18	0.15	0.31	0.27
<b>Municipal Water [Water-Abs]**</b>	<b>33.9%</b>	<b>2,692,266</b>	<b>3,606,036</b>	<b>2,624,471</b>	<b>3,543,112</b>	<b>27,434</b>	<b>24,002</b>	<b>40,362</b>	<b>38,922</b>
Water intensity (m <sup>3</sup> per leasable area) [Watern-Int]	16.0%	0.55	0.64	0.64	0.74	0.06	0.05	0.11	0.11

\*Properties owned for two full years, data coverage >95%, limited to operational control, i.e. triple-net properties are excluded

\*\*Calculation method for total water usage has been updated in 2022, with water use in 2021 having been recalculated using the new method

Green assets	2021		2022	
	Share of market value (%)	Number of properties	Share of market value (%)	Number of properties
Miljöbyggnad (Silver or better)	2.80%	9	3.70%	13
Miljöbyggnad iDrift (Silver or better)	-	-	2.30%	9
Breeam In-Use (Very Good or better)	2.70%	3	3.30%	3
Green Building	2.30%	8	1.20%	6
<b>Total completed</b>	<b>7.90%</b>	<b>20</b>	<b>10.40%</b>	<b>31</b>

## Definitions – Sustainability Report

<b>Sustainability indicators – definitions [EPRA Guidelines]</b>	The reporting follows the guidelines from the Global Reporting Initiative (GRI). Sustainability reporting is performed annually in connection with the Annual Report.
<b>Organizational boundaries</b>	SBB reports sustainability-related data for the indicators and the properties where SBB has operational control in accordance with the principles in the GHG protocol (operational control). This means that, for example, electricity, heating and water, where the tenant is a contractual party, are excluded from the report. These limits afford SBB optimum conditions for working with the indicators that SBB has the opportunity to influence.
<b>Data coverage</b>	SBB reports indicators as absolute figures (Abs) and/or like-for-like (LfL). Like-for-like refers to comparable indicators for two consecutive years. The properties must thus have been owned for two full years to be included in the accounts. Furthermore, the data coverage must be at least 95 percent in order for the indicator to be included in the accounts, to avoid incorrect underestimation of outcomes. The data coverage indicates how many measurement points have been filled with data. SBB has high data coverage for most properties and works continuously to increase the coverage for new properties. Indicators in absolute figures are (unless otherwise specified) an estimate of the consumption of the entire property portfolio, which is based on key ratios from LfL and the size of the property portfolio weighted according to the period of the year during which it was owned. LfL is always reported for at least two consecutive years. Absolute figures are reported only for the most recent financial year, previous years are not recalculated (with the exception of water consumption, where the calculation method was updated during the year, justifying a recalculation of previous years).
<b>Base year</b>	The base year is 2020, the year in which the first version of Vision 2030 was launched. Like-for-Like data always compare the change with previous years.
<b>Estimate of energy purchased by the landlord</b>	Reported data is actual data when reporting Like-for-Like. Estimates occur for energy consumption and climate impact in newly acquired properties where measurement and follow-up have yet to be integrated.
<b>Third party review</b>	SBB's Sustainability Report is reviewed by EY. The Sustainability Report follows GRI Standards.
<b>System limits – reporting of landlord and tenant consumption</b>	Energy purchased by the landlord is reported. Energy purchased directly by the tenant is not reported. SBB does not have access to statistics for the tenant's energy purchases, nor does it have the same opportunity to influence this.
<b>Normalization</b>	Intensity figures for energy consumption, CO <sub>2</sub> emissions and water use are reported. These are obtained by dividing the metric by the total area for applicable properties (triple-net properties, that is properties without energy consumption, are therefore excluded).
<b>Segmentation (property type, geography)</b>	SBB reports total energy consumption, energy consumption per country and energy consumption per segment (housing, community service properties and other properties).



<b>Accounting of own offices</b>	SBB owns most of its own offices and these are thus included in the reporting. A few offices are leased from other property owners, the climate impact of these is calculated on a standard basis based on rented area and average CO <sub>2</sub> emissions per area.
<b>Performance narrative</b>	Development during the year 2022 is described on pages 42, 46, 49 and 53, respectively, for the environment, social sustainability, personnel issues and governance, respectively.
<b>Position of EPRA Sustainability performance in the company's report</b>	The EPRA index is presented on page 64.
<b>Reporting period</b>	The reporting refers to the calendar year, that is, 1 January to 31 December.
<b>Materiality</b>	Materiality analysis is reported on page 39

## EPRA index

Code	Performance Measure	Page
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Elec-lfl	Like-for-like total electricity consumption	60
DH&C-Abs	Total district heating & cooling consumption	60
DH&C-LfL	Like-for-like total district heating & cooling consumption	60
Fuels-Abs	Total fuel consumption	60
Fuels-LfL	Like-for-like total fuel consumption	60
Energy-Int	Building energy intensity	60
GHG-Dir-Abs	Total direct greenhouse gas (GHG) emissions	61
GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions	61
GHG-Int	Greenhouse gas (GHG) emissions intensity from building energy consumption	61
Water-Abs	Total water consumption	63
Water-LfL	Like-for-like total water consumption	63
Water-int	Building water intensity	63
Waste-Abs	Total weight of waste by disposal route	61
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Cert-Tot	Type and number of sustainably certified assets	63
<b>Social Performance Measures</b>		
Diversity-Emp	Employee gender diversity	58
Diversity-Pay	Gender pay ratio	51
Emp-Training	Training and development	51
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H&S-Comp	Asset health and safety compliance	51
Comty-Eng	Community engagement, impact assessments and development programmes	51
<b>Governance Performance Measures</b>		
Gov-Board	Composition of the highest governance body	54
Gov-Select	Nominating and selecting the highest governance body	54
Gov-Col	Process for managing conflicts of interest	54

## Declaration of delimitation and basis for calculation of emissions in accordance with the GHG protocol.

Scope	Activity	Data sources	Conversion factor
1	Business trips by company car	Data from reading of mileage through partner company for company cars. Emissions are calculated per vehicle in the property management based on the number of km driven for work and the average fuel consumption measured (data from partner company).	Statistics from partner company for company cars. Unique factor per vehicle type (Autoplan)
1	Consumption of fuels for heating of buildings	Review of invoices registered for wood pellets, oil and gas, respectively	Pellets: 18 kg CO <sub>2</sub> e/MWh (Energy companies) Oil: 280 kg CO <sub>2</sub> e/MWh (IPCC 5AR) gas: 203 kg CO <sub>2</sub> e/MWh (IPCC 5AR) Biogas: 45 kg CO <sub>2</sub> e/MWh (Swedish Energy Agency) bio-oil: 5 kg CO <sub>2</sub> e/MWh (Energy companies)
2	Electricity consumption	Collection of statistics from energy monitoring systems. Refers to electricity consumption where SBB is the contracting party.	Market based – core process (Vattenfall EPD) Sweden: 0.5 g CO <sub>2</sub> e/kWh (Hydropower, wind power, bioenergy) Norway: 0.05 g CO <sub>2</sub> e/kWh (Hydropower) Finland: 0.05 g CO <sub>2</sub> e/kWh (Hydropower) Location based (Moro & Lonza (2018) Electricity carbon intensity in European Member States. Transport and Environment) Sweden: 47 g CO <sub>2</sub> e/kWh Norway: 9 g CO <sub>2</sub> e/kWh Finland: 171 g CO <sub>2</sub> e/kWh
2	Consumption of district heating	Collection of statistics from energy monitoring systems. Refers to district heating consumption where SBB is the contracting party.	Statistics from relevant suppliers of district heating (Mestro, Entro, Enerkey)
2	Consumption of district cooling	Collection of statistics from energy monitoring systems. Refers to district cooling consumption where SBB is the contracting party.	Specific emissions data for relevant suppliers (Mestro, Entro, Enerkey)
3	Purchased goods and services	Water	0.12 kg CO <sub>2</sub> e/m <sup>3</sup> incl. distribution (Wallen (1999) Life cycle analysis of drinking water. Chalmers University of Technology)
3	Capital goods	Materials in construction projects: All of SBB's construction projects. Data are based on life cycle analyses from a representative selection of projects that have been used to estimate SBB's total emissions from construction projects.	Generic LCA data for material from the National Board of Housing, Building and Planning's open database. Product-specific data from EPDs
3	Capital goods	Construction waste: All of SBB's construction projects. Data are based on life cycle analyses from a representative selection of projects that have been used to estimate SBB's total emissions from construction projects.	Generic LCA data for material from the National Board of Housing, Building and Planning's open database. Product-specific data from EPDs
3	Fuel and energy related activities not included in Scope 1 & 2	Indirect emissions from energy consumption	Market based – infrastructure and transmission (Vattenfall EPD): Sweden: 11.15 g CO <sub>2</sub> e/kWh (Hydropower, wind power, bioenergy) Norway: 10.45 g CO <sub>2</sub> e/kWh (Hydropower) Finland: 10.45 g CO <sub>2</sub> e/kWh (Hydropower)
3	Upstream transport and distribution	Transport in construction projects All of SBB's construction projects. Data are based on life cycle analyses from a representative selection of projects that have been used to estimate SBB's total emissions from construction projects.	Generic LCA data for transports from the National Board of Housing, Building and Planning's open database. Product-specific data from EPDs. Vehicle type and conversion factor vary depending on material type and transport distance (National Board of Housing, Building and Planning)
3	Waste generated in operation	Waste water management	0.19 kg CO <sub>2</sub> e/m <sup>3</sup> (Statistics Sweden)
3	Business travel	Air travel: Data from travel agency	Data from travel agency. Factor depends on the distance. 88–165 g CO <sub>2</sub> e/km (Stureplansresor)
3	Business travel	Train: Data from travel agency	Data from travel agency. Factor depends on the distance. 0.0036–0.0070 g CO <sub>2</sub> e/km (Stureplansresor)
3	Upstream leased assets	Rented office space	Standard calculation based on rented space. 2.8 g CO <sub>2</sub> e/m <sup>2</sup> (2021), 6.8 g CO <sub>2</sub> e/m <sup>2</sup> (2022) (SBB, own management)

### Comment

The calculation method for energy consumption and climate impact were updated during the 2021 financial year. Energy and climate data published before 2021 are inconsistent compared with data published in the Sustainability Report for 2021 and beyond. The data for 2020 were recalculated in 2021. SBB reports like-for-like energy consumption for properties owned for two consecutive years. Energy and greenhouse gas emissions for the entire portfolio are calculated based on intensity figures for properties owned for two consecutive years and with a data coverage

of >95 percent. The criteria used previous reports apply only to the data coverage and not the ownership period. The new method also takes into account to the total area in connection with the calculation of the intensity of total energy consumption or greenhouse gas emissions, unlike the former method in which triple-net properties were ignored in the intensity figures. These criteria are introduced to ensure that data quality is sufficient and consistent.



# MANAGEMENT REPORT



# Management Report<sup>1)</sup>

The annual report refers to Samhällsbyggnadsbolaget i Norden AB (publ), corp. ID no. 556981-7660, hereinafter referred to as SBB or Samhällsbyggnadsbolaget alternatively the Group or the company.

## The year in brief

- Rental income increased to SEK 7,447m (5,930).
- The operating surplus increased to SEK 4,881m (4,047).
- Cash flow from operating activities before changes in working capital was SEK 3,485m (2,459).
- Profit before tax decreased to SEK -10,548m (29,294), of which:
  - Profit from property management is included in the amount of SEK 2,391m (3,286). The profit from property management includes costs for early repayment of loans and other items affecting comparability of SEK 304m (-241).
  - Changes in the value of properties are included in the amount of SEK -4,571m (21,360).
  - Profit from associated companies/joint ventures is included in the amount of SEK -1,866m (2,814). Impairment of SEK -551m was recognized in the shareholding in JM.
  - Changes in the values of financial instruments are included in the amount of SEK -1,560m (2,487).
- Profit for the year amounted to SEK -9,811m (25,601), equivalent to earnings per Class A and B ordinary share of SEK -7.23 (17.17) before dilution.
- The value of the property portfolio amounted to SEK 135.6bn (149.3).
- Long-term net asset value (EPRA NRV) was SEK 45,579m (64,516), corresponding to SEK 31.34 (44.46) per share.
- The Board of Directors proposes a dividend of SEK 1.44 (1.32) per ordinary A and B share to be paid monthly and a dividend of SEK 2 (2) per ordinary D share to be paid quarterly. Shareholders will be able to choose to receive their dividend in cash or in newly issued shares in the Company provided that the annual general meeting resolves to authorise the Board of Directors to resolve on share issues and the Board of Directors finds it practicable possible, (so called DRIP – Dividend Reinvestment Plan).  
For more information, see appropriation of profit on page 77.

## Important events during the year

- On 27 January, SBB acquired Odalen Fastigheter AB for a purchase consideration of SEK 510m. Odalen is a long-term property developer in elderly care. The acquisition comprises a total of about 60,000 m<sup>2</sup> of social infrastructure, which fully developed generates annual net operating income of about SEK 100m. In addition, the acquisition also includes about 36,000 m<sup>2</sup> of GFA of building rights for social infrastructure.
- SBB issued its first unsecured social bond of EUR 700m with a negative interest rate on issue. In addition, SBB raised a loan of about SEK 1bn with a ten-year debt maturity from a Nordic bank.
- SBB received a top ESG rating from Sustainalytics among more than 4,000 companies that Sustainalytics covers globally.
- In June, SBB issued its first unsecured Schuldschein financing in Euro, for a total of EUR 43m. The financing was priced at a three-year interest rate of Euribor plus 145 basis points and a five-year interest rate of Euribor plus 170 basis points.
- In June, SBB sold its owner loan in Svenska Myndighetsbyggnader Holding AB for SEK 1,465m to Kåpan Tjänstepensionsförening. The amount corresponds to 93.91 percent of the nominal value.
- In June, Fitch Ratings confirmed SBB's investment grade rating BBB-. Fitch confirms its rating with a positive outlook.
- In early July, SBB sold the equivalent of 25 percent of the total shares in Solon Holding to OBOS. Prior to the transaction, Solon Holding was a jointly owned company. In turn, Solon Holding holds 100 percent of the shares in Solon Eiendom AS. The purchase price for the transaction is NOK 818.6m.
- In July, SBB issued its first US Private Placement ("USPP"), which has been placed with US-based investors. The USPP was issued in a social, unsecured, format and comprises two tranches at fixed interest rates and with maturities of five or ten years. The USPP was since swapped to EUR. On the five-year USPP, SBB will pay interest of Euribor 3 months +2.645%, while the interest on the ten-year USPP will be Euribor 3 months +2.872%.
- At the end of October, SBB received a "Prime" ESG rating from ISS ESG, demonstrating the quality of SBB's performance in social and environmental areas. Furthermore, all of SBB's bonds now qualify as "responsible investments".
- During November, SBB issued a voluntary repurchase offer for outstanding hybrid instruments and senior bonds, resulting in SBB accepting repurchases for a total EUR 631m of the nominal capital amount outstanding. The total purchase price (excluding accrued interest) for the repurchases amounted to EUR 501m.
- At the end of November, SBB signed an agreement for the sale of 49 percent of its education portfolio to Brookfield, one of the world's largest investors in infrastructure, for SEK 9.2bn with additional purchase prices of up to SEK 1.2bn through cash payment. Since Brookfield will not take possession of the portfolio until 2023, the transaction has not affected the financial statements.
- On 30 December 2022, SBB distributed the shares in Neobo Fastighets AB (publ) (formerly Amasten Fastighets AB) to the holders of SBB's Class A and B shares. Neobo was listed on the Nasdaq First Growth Premier Market after the end of the period with the first day of trading being 10 February 2023. The distribution impacted the SBB group's equity by a total of SEK -9.1bn, of which SEK -3.2bn is recognized as a capital loss via the income statement. See Note 32 for further information.
- The Council for Swedish Financial Reporting Supervision is assigned by the Swedish Financial Supervisory Authority to review the financial reports of listed companies. This review is conducted on a partly systematic basis such that all major companies are reviewed within a certain time interval, and partly in connection with specific transactions/issues. Within the framework of the systematic review, the Council has reviewed SBB's Annual Reports for 2020 and 2021. No assessment can be given today as to the final outcome of the review, and this will be addressed instead in the financial reporting for 2023 or later, depending on when the process is completed.

1) The Corporate Governance Report is not part of the Management Report

### Important events after the end of the year

- In mid-January, SBB completed an initial relinquishment to Brookfield of a portfolio in social infrastructure and education, whereupon SBB received a cash payment of SEK 6.6bn.
- Out of more than 15,000 companies covered by Sustainalytics globally, SBB was named as an ESG Regional Top Rated company in 2023.
- SBB received Nordnet's "Great Saver Prize 2023" in the "Investor Communications of the Year" category". The award for "Investor Communications of the Year" is awarded to the company that most clearly fostered a transparent and lively dialogue with its shareholders over the year.
- In January, shares were acquired from Total Return Swap (TRS), reducing the cash collateral liability by about SEK 2bn.

## SBB key ratios

	2022 Jan-Dec	2021 Jan-Dec
<b>Property-related key ratios</b>		
Market value of properties, SEKm	135,616	149,335
Number of properties	2,050	2,241
Number of m <sup>2</sup> , thousands	4,627	5,425
Surplus ratio, %	66	68
Yield, %	4.1	3.8
Economic letting ratio, %	95.3	94.1
Average contract length of social infrastructure properties, years	10	11
<b>Financial key ratios</b>		
Rental income, SEKm	7,447	5,930
Net operating income, SEKm	4,881	4,047
Profit for the period, SEKm	-9,811	25,601
Cash flow from operating activities before changes in working capital, SEKm	3,485	2,459
Equity excluding non-controlling interests, SEKm	44,319	62,148
Return on equity, %	-13	38
Loan-to-value ratio, %	49	40
Secured loan-to-value ratio, %	20	12
Equity/assets ratio, %	38	43
Adjusted equity/assets ratio, %	42	47
Non-pledged quota, multiple*	2.68	2.74
Interest-coverage ratio, multiple	3.9	5.5
Total net debt ratio, %	54	47
<b>Share-related key ratios</b>		
Current net asset value (EPRA NTA), SEKm	39,665	57,354
Actual net asset value (EPRA NTA), SEK/share	27.28	39.52
Actual net asset value (EPRA NTA) after dilution, SEK/share	27.27	39.52
Long-term net asset value (EPRA NRV), SEKm	45,579	64,516
Long-term net asset value (EPRA NRV), SEK/share	31.34	44.46
Long-term net asset value (EPRA NRV) after dilution, SEK/share	31.34	44.45
EPRA Earnings (Profit from property management after tax paid), SEKm	471	2,251
EPRA earnings (EPS), SEK/share	0.32	1.63
EPRA earnings after dilution (EPS diluted), SEK/share	0.32	1.62
EPRA Vacancy rate	4.7	5.9
Earnings per Class A and B ordinary share, SEK	-7.23	17.17
Earnings per Class D ordinary share, SEK	2.00	2.00
Average number of Class A and B ordinary shares	1,453,854,227	1,379,982,887
Average number of Class D ordinary shares	193,865,905	191,331,014
Number of Class A and B ordinary shares	1,454,141,898	1,451,141,898
Number of Class D ordinary shares	193,865,905	193,865,905

See all definitions and calculations on pages 138-141.

\* This key ratio has been recalculated with pledged shares subtracted, comparative figures have been recalculated.

## Properties

At the end of 2022, SBB had a total of 2,050 registered properties (2,241). The total property value amounted to SEK 135,616m (149,335), the lettable area was 4,627 m<sup>2</sup> (5,425) and the rental value amounted to SEK 7,059m (7,456). The economic letting ratio at year-end was 95.3 percent (94.1). At the same time, the average yield on the property portfolio, excluding building rights, was 4.1 percent (3.8).

The decrease in the value of the properties was due to acquisitions for SEK 10,478m (52,474), divestitures of SEK 10,364m (19,381), investments of SEK 4,846m (3,910) and unrealized changes in value amounting to SEK -4,416m (20,620), see Note 14 for more information. Of the acquisitions, 55 percent involved community service properties, 35 percent involved residentials and 10 percent involved other kinds of properties.

Opening fair value, 1 Jan 2022	149,335
Acquisition	10,478
Investments	4,846
Sales	-10,364
Distribution of Neobo	-16,066
Translation differences	1,803
Unrealized value changes	-4,416
Fair value at year-end	135,616

In January, SBB acquired Odalen Fastigheter AB for SEK 510m. The acquisition comprises a total of about 60,000 m<sup>2</sup> of social infrastructure which, when fully developed, will generate annual net operating income of about SEK 100m.

In early July, SBB sold the equivalent of 25 percent of the total shares in Solon Holding to OBOS. The purchase price for the transaction amounted to NOK 818.6m.

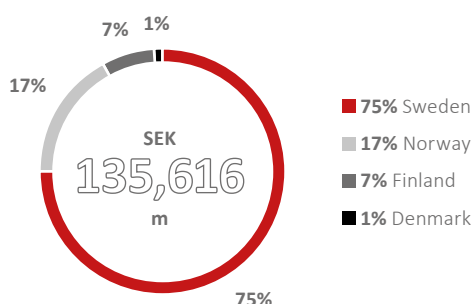
At the end of November, SBB signed an agreement to sell 49 percent of its education portfolio to Brookfield, for SEK 9.2bn, with additional purchase prices of up to SEK 1.2bn.

On 30 December 2022, SBB distributed the shares in Neobo Fastigheter AB (publ) (formerly Amasten Fastigheter AB) to the holders of SBB's Class A and B shares, this distribution decreased SBB's investment properties by SEK -10m, see Note 31 for further information on the transaction.

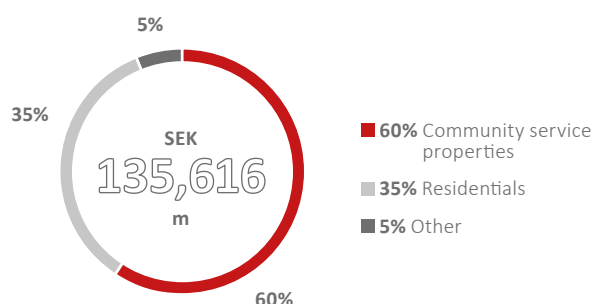
### Valuation model

SBB reports investment properties at fair value. In 2022, 100 percent of the properties were valued every quarter by external valuers. The value of the property portfolio has been based on external valuations made by Newsec, JLL, Savills, Cushman & Wakefield and Colliers. The valuations have been based on an analysis of future cash flows for each property, taking into account the current lease terms, market situation, rental levels, operating, maintenance and management administration costs and investment needs. An average yield requirement of 4.72 percent (4.34) has been used in the valuation. The value of the properties includes SEK 3,391m for building rights that have been valued through the application of the local price method, which means that the assessment of the value is based on comparisons of prices for similar building rights. Fair value has thus been assessed in accordance with IFRS 13 level 3. See further information in Note 14.

Property value, by country



Property value per segment



## Associated companies and joint ventures

SBB's engagement in associated companies and joint ventures consists partly of a shareholding in the companies and in some cases financing to the companies. As of 31 December 2022, participations in associated companies and joint ventures amounted to SEK 12,649m (16,373) and receivables from associated companies and joint ventures amounted to SEK 1,737m (3,885). Some of the companies conduct property development projects, while other companies own investment properties. The largest holdings comprise the companies: SBB Kåpan AB, Public Property Invest

AS and JM AB (publ). In accordance with IAS 36, SBB tested its holding in JM for impairment due to indications that its value could have decreased due to the recent decline in the market price of the shares. SBB calculated a right-of-use value for the JM AB (publ) holding, determining, based on this calculation, that it would be necessary to recognize impairment of SEK 551m. The impairment has reduced the carrying amount of the participation in the associated company.

# Financing

## Financial market development

The year 2022 was a tumultuous one. Russia attacked Ukraine in February 2022, choking off Russian energy supplies and causing energy prices to skyrocket in Europe. This has entailed a return to the high inflation of the early 1990s, leading in turn to strong interest rate hikes by all major central banks. The ECB has raised its key rate from 0 percent to 3 percent. Even the US central bank (the Federal Reserve) has aggressively raised its key rate from 0.5 percent to 4.75 percent. The Swedish Riksbank has followed the ECB, raising its key rate from 0 percent to 3 percent. Combined with extensive price increases on essential goods, such as food, energy, petrol and housing, the new interest rate situation has meant that consumers must save money and we are now facing weak demand throughout the economy.

## Financing

SBB's strategy is to maintain a low level of financial risk. The loan-to-value ratio shall be less than 50 percent, the interest coverage ratio shall exceed a multiple of 3.0 and the secured loan-to-value ratio shall be less than 30 percent. The trend for the year in the financial market, with significantly higher market interest rates caused SBB's average interest rate over the year to rise from 1.11 percent to 2.12 percent. Key ratios such as loan-to-value ratio and secured loan-to-value ratio have also risen, due partly to lower property valuations and partly to SBB now having a higher proportion of covered bank debt. The loan-to-value ratio increased from 40 percent to 49 percent and the secured loan-to-value ratio from 12 percent to 20 percent. The interest coverage ratio was a multiple of 3.9 (5.5).

## Rating

SBB received another official credit rating during the year, from credit rating agency Scope Ratings, with a BBB rating, confirmed since December with a stable outlook. Fitch Ratings retained its BBB- rating for the year, with a positive outlook, while S&P changed the outlook in its rating scale from a BBB- rating with a positive outlook to a BBB- with a negative outlook. Since 2021, SBB has had a short rating of F3 from Fitch and of A3 from Standard & Poor's, corresponding to an investment grade rating.

## Finance function

The finance function shall support the company's core business by minimizing the cost of capital in the long term. Its task is to manage existing debt, raise new loans for investments and acquisitions, streamline cash management and, by means of good control and analysis, limit the financial risks. The work is governed by the company's finance policy, which is adopted by the Board once a year. The finance policy regulates reporting, monitoring and control. All financial issues of strategic importance are dealt with by the Board. One of SBB's most important goals is to deliver stronger key figures to achieve a BBB+ rating in the short term and A- in the long term. Sustainability is a natural part of our business model and SBB works to ensure that 100 percent of our borrowing in the capital market and the loan market will be sustainable by 2030. This is done by entering green loans, as well as by issuing social and green bonds.

## Capital procurement and repurchases

Running a property company is capital intensive. The company is financed through equity including hybrid bonds and liabilities in the form of covered bank loans, bonds, private placements and commercial papers. SBB's most recent issue took place on 1 February. Bond XS2293906199 of EUR 600m was repaid at that time, having matured with variable interest of 3m Euribor plus 0.65 percent. The bond was refinanced through an issue of social bonds for EUR 700m and a with a coupon of 3m Euribor + 0.55 percent. Due to the strained situation in the financial market, basically causing the Swedish and international bond markets to close at the end of first quarter, SBB has worked intensively to further diversifying its funding. In March, SBB raised its first green loan of SEK 1,060m from the Nordic Investment Bank (NIB) to finance Sara Kulturhus in Skellefteå, northern Sweden. In the summer, SBB's first unsecured social Schuldschein financing was issued to global fixed-income investors. Furthermore, in July, SBB priced its first unsecured US private placement (USPP) with a long maturity of ten years.

In November, SBB announced a voluntary repurchase offer for hybrid bonds and senior bonds outstanding up to a maximum amount of EUR 650m. The total purchase consideration for the repurchase amounted to EUR 501m, of which EUR 63m pertained to hybrid bonds.

In connection with the distribution of Neobo, credits for SEK 7,500m and interest rate swaps for SEK 393m were reallocated to Neobo.

## Equity

As of 31 December 2022, SBB's equity amounted to SEK 63,337m (82,971). The equity ratio was 38 percent (43), while the adjusted equity ratio was 42 percent (47). The distribution of Neobo to holders of SBB's Class A and B shareholders in December affected consolidated equity by a negative SEK 9.1bn (of which a negative SEK 3.2bn was recognized as a capital loss through the income statement).

## Liabilities

At the end of the period, interest-bearing liabilities amounted to SEK 87,085m (87,995) of which SEK 33,896m (23,732) pertained to liabilities to credit institutions, SEK 52,078m (53,094) pertained to bond loans and SEK 1,111m (11,169) pertained to commercial papers. At the end of the period, the fair value of the interest-bearing liabilities was assessed at SEK 75,058m (87,995).

Outstanding commercial papers for SEK 1,111m (11,169) have short maturities, with all commercial papers maturing within a year. Of the remaining interest-bearing liabilities, liabilities to credit institutions and bond loans in the amount of SEK 7,250m mature within a year, corresponding to 8 percent of total interest-bearing liabilities, excluding commercial papers. SBB maintains ongoing discussions with several banks and works actively to continuously refinance and extend its outstanding debts. To manage the refinancing risk, commercial papers were secured with various back-up facilities covering the outstanding commercial papers.

### Maturity structure (including commercial paper)

Maturity year	Nominal amount, SEKm	Share, %
< 1 year	8,373	9
< 2 years	28,369	32
< 3 years	6,183	7
< 4 years	5,853	7
< 5 years	14,723	17
> 5 years	24,091	28
<b>Total</b>	<b>87,574</b>	<b>100</b>

### Debt maturity structure (excl. commercial papers)

Maturity year	Nominal amount, SEKm	Share, %
< 1 year	7,250	8
< 2 years	28,369	33
< 3 years	6,183	7
< 4 years	5,835	7
< 5 years	14,723	17
> 5 years	24,091	28
<b>Total</b>	<b>86,451</b>	<b>100</b>

## Creditors and collateral

Liabilities to credit institutions were reported at SEK 33,896m on 31 December (23,732). Property mortgages of SEK 27,129m (22,889) have been pledged as collateral for the majority of the liabilities to credit institutions. In addition, SBB provided collateral in the form of shares in property-owning companies of SEK 14,480m (19,991). Interest-bearing liabilities with no security in properties comprise commercial papers, unsecured bonds, Schuldschein and US Private Placements issued by the company. The Schuldschein financing is classified within bond loans.

## Bonds and alternative forms of financing

Bond loans had a carrying amount of SEK 52,078m (53,094) as of 31 December 2022. In 2022, SBB issued unsecured bonds, excluding hybrid bonds, of EUR 700m, repaying at the same time unsecured bonds of SEK 600m. In 2022, SBB made two major public offers to repurchase EUR bonds, as well as repaying two major maturities of unsecured bonds totalling EUR 13,630m.

In accordance with the company's strategy to diversify its funding sources, SBB succeeded in issuing a first unsecured social Schuldschein financing of a total EUR 43m in June. In July, SBB further priced its first unsecured social US Private Placement (USPP) for USD 100m.



## Currency risk

SBB holds assets in Sweden, Norway, Finland and Denmark and liabilities in SEK, NOK, EUR, DKK and USD, meaning that SBB is exposed to currency risks. This currency risk is mainly attributable to income statement and balance sheet items in foreign currencies being translated into Swedish kronor. SBB mainly hedges currency exposure by means of natural hedging with net assets in foreign subsidiaries being matched by foreign currency loans and by signing forward exchange contracts and interest rate swaps when issuing bonds in foreign currencies.

## Interest rate maturities and derivatives

SBB has continued to work actively to maintain low interest rates on its interest-bearing liabilities. We are achieving this by continuously reviewing our portfolio of interest rate derivatives. SBB's exposure to variable interest rates is 22 percent (26) of the debt portfolio. The average period of fixed interest for all interest-bearing liabilities was 3.2 years (3.6) and the average debt maturity was 3.9 years (4.1). At the end of the year, the fair value of the interest-rate derivatives and FX derivatives amounted to SEK 725m (517).

## Cash and cash equivalents

SBB's available liquidity amounted to SEK 4,429m (9,837), with liquid investments amounting to SEK 421m (53). SBB also has approved but unutilized credit commitments of SEK 4.7bn. In March 2023, SBB expects to complete the divestment of a 49 percent share of its education infrastructure portfolio. The buyer of the minority share is Brookfield and the purchase price amounts to SEK 9.2bn, of which SEK 6.6bn was already received in early 2023, with a further SEK 2.6bn expected to be paid before the end of the first quarter of 2023.

## Covenants and risk-taking

SBB's financial risk taking and position can be assessed by, among other things, the key ratios of equity ratio, interest coverage ratio and loan-to-value ratio. In credit agreements, there are sometimes established limits,

known as covenants, for the three key ratios. Covenants are present in SBB's EMTN (European Medium Term Note Programme), but also in longer-term bank loans and credit facilities. The fact that covenants have not been broken is checked on a quarterly basis. At year-end 2022, the company fulfilled the banks' covenant requirements in all credit facilities and the covenant requirements for each bond. See the table below for covenants linked to the EMTN programme.

EMTN covenants	SBB's financial targets	Covenant	Outcome
Total net debt ratio		Lower than 65%	54%
Interest coverage ratio	Lowest, multiple of 3.0	Lowest, multiple of 1.5	Multiple of 3.9
Secured loan-to-value ratio	Lower than 30%	Lower than 45%	20%

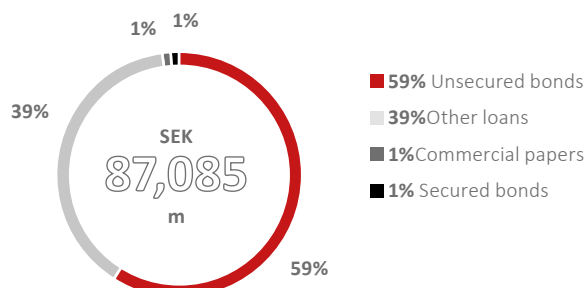
## Covenants related to credit rating

At the end of the year, bonds within the EMTN programme amounted to SEK 49,744m, of which SEK 23,848m is subject to loan terms, referred to as covenants, related to SBB's credit rating. The loan terms include step-up clauses that, in the event of SBB no longer holding a credit rating equivalent to investment grade (that is, lower than BBB-), the financing costs for these bond loans increase by 125 basis points. At end of the period, this would entail increased interest expenses for such liabilities of SEK 298m on an annual basis.

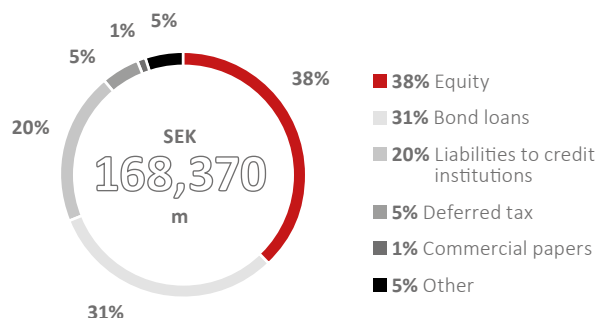
To be able to cover short-term commitments when necessary, SBB has a revolving credit facility that amounted to SEK 1,335m at the end of the period. This credit is reported within Liabilities to credit institutions. In the event that SBB's credit rating is no longer equivalent to investment grade, the bank is entitled to revoke the credit with immediate effect.

In addition to the above, SBB has a secured property loan for SEK 636m for which the loan agreement includes a loan term stipulating that the interest rate rises by 20 basis points, corresponding to SEK 1.3m, in the event that SBB's credit rating is no longer equivalent to investment grade.

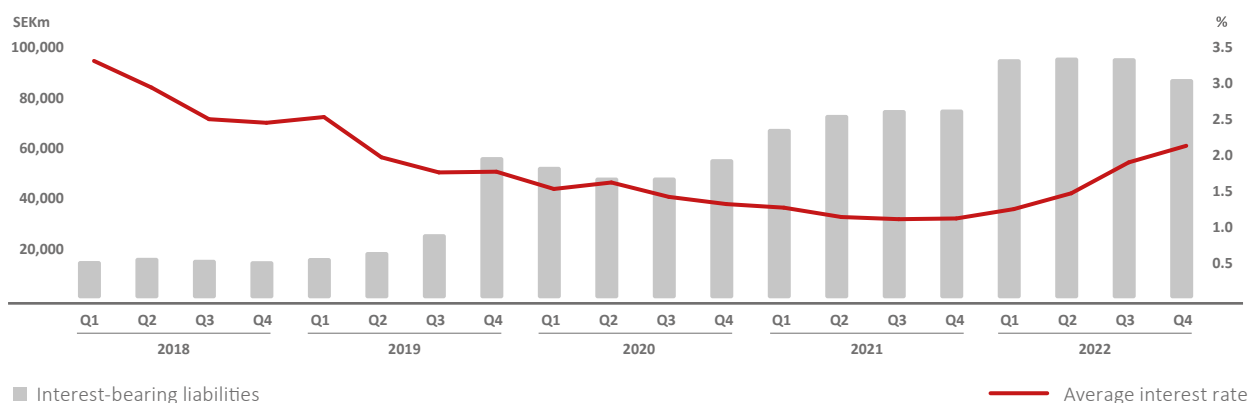
## Distribution of interest-bearing liabilities



## Capital structure



## Development of the Group's average interest rate



# Shares and share capital

Samhällsbyggnadsbolaget's Class B share (ticker SBB B) and Class D share (ticker SBB D) are traded on Nasdaq Stockholm, Large Cap.

As of 31 December 2022, the number of Class B ordinary shares totalled 1,244,164,407 and the number of Class D ordinary shares totalled 193,865,905. There are also 209,977,491 Class A ordinary shares in the company.

The three largest shareholders from a voting rights perspective were Ilija Batljan (31.61% of votes, 8.30% of capital), Arvid Svensson Invest (12.68% of votes, 4.04% of capital) and Dragfast AB (11.47% of votes, 4.86% of capital).

On 31 December 2022, share capital amounted to SEK 164,800,780 at a quotient value of SEK 0.1 per share. At the Annual General Meeting, holders are entitled to one vote per Class A ordinary share and to 0.1 votes per Class B and D ordinary share. Holders of Class D ordinary shares are entitled to five times the total dividend on Class A and B ordinary shares, although not to more than SEK 2 per share and year.

## Risk and sensitivity

A property company is exposed to various risks and opportunities in its operations. To limit the exposure to various risks, SBB has set out and adheres to internal regulations and policies.

### PROPERTY VALUES

#### Risk

The Group's properties are reported at market value in the Group's consolidated balance sheet and changes in value are reported in the income statement. Changes in value are affected partly by property-specific factors such as rental levels, letting ratios and operating costs, and partly by macroeconomic factors such as the general economic situation, growth, unemployment levels, the rate of growth of new builds, population growth, inflation and interest rates. If the value of properties decreases, there can be a number of consequences including breach of loan covenants, which can lead to loan repayments being accelerated. A significant reduction in the market value of the properties could also have a negative impact on the ability to divest these properties without incurring losses, which in turn could have a material adverse effect on the Group's financial position and results.

### Risk management

SBB's property portfolio has a good geographical spread with residential properties in Sweden and community service properties in the Nordics. 78 percent of the property portfolio is in the metropolitan regions. In Sweden, SBB owns, manages and develops residential properties in high growth municipalities where there is high demand for residential properties near city centres and there is access to good transport links. The community service properties include properties that are used by tenants that are directly or indirectly tax financed with long leases. In summary, SBB's property portfolio with the combination of community service and residential properties constitutes assets with low risk of impairments.

### FINANCING

#### Risk

Apart from equity, the Group's operations are mainly financed through bond loans and through loans from credit institutions. As a result, SBB is exposed to financing and interest rate risks. Financing risk is the risk that SBB may not have access to financing or only have access to refinancing at an increased cost for refinancing, investments and other payments. Furthermore, certain loan agreements and bond terms contain terms that may limit the Group's ability to enter into new debt securities. If the Group is unable to obtain funds for refinancing or new borrowing or only at less favourable terms, it may have a material adverse effect on the Group's financial position.

Interest rate risk is described as the risk that arises from changes in the interest rates which may adversely impact the Group's interest expense, which is one of the Group's main expense items. Interest expenses are mainly affected by, apart from the level of interest-bearing liabilities, the level of the current market interest rate, credit institutions' margins and the strategy for fixed interest periods. The Swedish market interest rate is mainly affected by the expected rate of inflation and the Riksbank's repo

rate. The interest rate risk can lead to changes in market value and cash flows as well as fluctuations in the Group's earnings.

### Risk management

The financing risk is managed through targets in the finance policy striving to have good diversification in terms of the loans' maturity structure, forms of borrowing and lenders, and to have good advance planning for refinancing and a well-balanced liquidity reserve. As of 31 December 2022, the average remaining maturity of the loan portfolio was 3.9 years (4.1). At the same time, available liquidity, including cash and cash equivalents, financial investments, loan commitments and unutilized lines of credit, amounted to SEK 21,765m (45,846). The objective of SBB's interest rate risk strategy is to achieve stable cash flows to allow property investments and meet the requirements and expectations of external parties whilst achieving the best possible financial cash flow. The interest rate risk strategy's aim is to maintain a balanced combination of variable and fixed interest rates, taking into account the sensitivity of SBB's total cash flows to changes in the fixed income market over a long-term horizon. The average fixed interest term at the end of the year was 3.2 years (3.6) and the share of the loan portfolio with fixed interest terms through interest rate derivatives or fixed interest loans was 78 percent (74).

### ENVIRONMENT

#### Risk

Property management and property development have an environmental impact. The Environmental Code (1998: 808) states that anyone who engages in activities that contributed to pollution are also responsible for decontaminating the property. If the responsible entity cannot carry out or pay for this decontamination of a polluted property, the entity that has acquired the property is responsible for ensuring that decontamination takes place, as long as that entity, at the time of acquisition, knew of or should have detected the pollution. This means that the Group may be subject to claims, under certain conditions, for land remediation or for remediation regarding actual or suspected pollution of land, water areas or groundwater in order to restore the property to the condition required under the Environmental Code. Such claims can have a material adverse effect on the Group's operations, financial position and income. There is also a risk that future environmental risks may adversely affect the Group's operations or financial position. Furthermore, amended laws, ordinances and requirements from authorities in the environmental area can result in increased costs for the Group regarding sanitation or remediation for existing properties or properties acquired in the future. Such changes may also result in increased costs or delays for the Group to be able to carry out its property development as it sees fit.

### Risk management

As part of the acquisition process, a thorough analysis of possible environmental risks is carried out prior to each acquisition. SBB does not undertake any activity that requires special environmental licences, but property management and property development can have an

environmental impact. At present there is no knowledge of any significant environmental requirements to which SBB could be subject.

In accordance with Chapter 6, Section 11 of the Annual Accounts Act, SBB has chosen to prepare the statutory Sustainability Report as a separate report from the Annual Report. The Sustainability Report has been submitted to the auditor at the same time as the Annual Report. The Sustainability Report is on pages 35-65.

## **RENTAL INCOME AND LETTING RATIO**

### **Risk**

In the long term, a property's rental income is affected by, among other things, supply and demand in the market. The Group's rental income is affected by the letting ratio of the properties, contracted rental levels and the ability of tenants to pay their rent. Reduced letting ratios or rental levels will, regardless of reason, affect the Group's revenue negatively. The risk of large fluctuations in the letting ratio and loss of rental income increases with the number of large tenants for a property company. The risk is that large tenants will not renew or extend their rental agreements at the end of the lease, which in the long run may lead to a reduction in rental income and a reduction in the letting ratio. SBB is also dependent on the tenants paying their rents on time. Revenue and cash flow can be adversely affected if the tenants stop paying, or in any other way do not fulfil their obligations.

### **Risk management**

SBB's strategy is the long-term ownership, management and development of residential properties in Sweden and community service properties in the Nordic region, i.e. a market with stable and strong underlying driving forces. The property portfolio is characterized by a high letting ratio and, for the community service properties, long leases. Residential properties are located in Swedish growth municipalities close to town centres and access to good transportation links and where demand for housing is high. The community service properties include properties that are used by tenants that are directly or indirectly tax financed with long leases. The average contract length for community service properties was 10 years (11) as of 31 December 2022. The letting ratio was 95.3 percent (94.1). SBB's rental policy contains requirements for managing rental risk. On the assessed credit risk, certain leases are supplemented by a guarantee, deposit or bank guarantee. All rents are payable in advance. In the case of residential properties, a credit report is required to check any payment remarks and the income level of the potential tenant. In addition, a affordability test is carried out to ensure that the potential tenant's financial situation allows for the payment of the rent while meeting the demands of the Consumer Agency on a reasonable standard of living.

## **TAX**

### **Risk**

SBB's utmost intention is to comply with laws and regulations, not least within the area of taxation. However, if SBB's interpretation of tax law, treaties and regulations or their application is incorrect, or if one or more governmental agencies successfully make negative tax adjustments or if the applicable laws, treaties, regulations or state interpretation of them or administrative practice regarding them changes, even with retroactive effect, the Group's previous or current taxation can be questioned. If tax authorities were to succeed with such claims, this could lead to an increased tax expense, as well as tax supplements and interest, which could have a material adverse effect on the Group's operations, financial position and income.

Since laws, treaties and other tax regulations, as well as other tax fees, tax surcharges and interest on unpaid taxes have historically been subject to frequent changes, further changes are expected in the future within the jurisdictions in which the Group operates, possibly with retroactive effect. Such a change may have a significant impact on the Group's tax burden.

### **Risk management**

SBB aims to continuously monitor changes in laws, practices and court decisions in the tax area and employs tax experts from several reputable companies.

## **PROPERTY COSTS**

### **Risk**

Tenants renting community service properties usually have relatively comprehensive responsibilities for operation and maintenance. Operating expenses are mainly costs that are tariff-based, such as electricity, cleaning, water and heating costs. Several of these goods and services can at certain times only be purchased from one supplier, which can also affect the price. When a cost increase is not compensated by rent adjustment, or an increase in the rent through renegotiation of the lease agreement, this can have a material adverse effect on SBB's financial position and results. In the event of vacant rental properties, effect is mainly loss of revenue. Maintenance costs include costs that are necessary to maintain the properties' standard in the long term. Unforeseen and extensive renovation needs of the properties can have a material adverse effect on SBB's income and cash flow.

### **Risk management**

SBB has an organization with extensive knowledge and experience of property management and has very good control of its properties. The management organization is constantly working on cost optimization. The property portfolio is characterized by properties with long contracts and a high letting ratio and thus there are few vacant rental properties. The standard of the properties is high and there are no major extensive renovation needs in the portfolio.

## **PROPERTY DEVELOPMENT**

Property development projects (including new construction and renovation of existing buildings or change of use) are subject to permits and decisions by authorities in so far as they do not already exist. Such permits and decisions cannot always be guaranteed and can cause delays, increased costs and can even hinder the realization of a project. Furthermore, changes in municipal planning can lead to detailed plans not being approved, which causes delays and increased costs attributable to necessary restructuring of the project. If the necessary permits or approvals are not received, delays can be caused, costs increase or even jeopardize the realization of the project, which can have a material adverse effect on the Group's financial position and results.

### **Risk management**

SBB's organization has extensive knowledge and extensive experience of conducting property development projects. SBB's business model is to acquire properties that generate a positive cash flow up to the detailed plan and further development. The acquisitions are often made off-market after SBB has held a dialogue with the respective municipality to ensure that the property with the local area is prioritized for urban development. In cases where SBB has entered into a joint venture with another party for the development of the property, SBB takes a very limited implementation risk in that the other party takes responsibility for project planning, sales, production and project management.

## **OTHER RISKS**

### **Operating risk**

Operating risk is the risk of incurring losses due to inadequate procedures and/or irregularities. Adequate internal control, administrative systems adapted for this purpose, skills development and access to reliable valuation and risk assessment models provide a good basis for ensuring operational safety. Shortcomings, defective procedures and/or irregularities in operational security may have a material adverse effect on SBB's operations. SBB works continuously to ensure the company's safety and internal control.

### **Employees**

The knowledge, experience and commitment of SBB's employees are important for the Group's future development. If SBB fails to retain the members of the management and other key personnel, or manages not to recruit new members to the management or other key personnel to replace those who leave, it can have a material adverse effect on the Group's operations, financial position and results. SBB works actively to be an attractive employer; among other things, an incentive programme has been established.

# Corporate governance report

## Corporate governance

Corporate governance at Samhällsbyggnadsbolaget i Norden AB (publ) (hereinafter referred to as “SBB” or “the company”) aims to ensure that rights and obligations are distributed among the company’s bodies in accordance with applicable laws, rules and processes. An effective and transparent corporate governance gives the owners the opportunity to assert their interests vis-à-vis the company’s management, at the same time as the division of responsibility between the management and the Board, but also otherwise within the company, is clear. An effective and transparent corporate governance results in decisions being made effectively, which enables SBB to act quickly when new business opportunities arises.

SBB is a Swedish public limited company whose B shares and D shares are listed on Nasdaq Stockholm Large Cap. SBB has also issued bond loans that are listed on Nasdaq Stockholm. SBB’s corporate governance is based on law, articles of association, Nasdaq Stockholm’s rules for issuers, Nasdaq Stockholm’s rules for issuers of interest-bearing financial instruments, and the rules and recommendations issued by relevant organizations. The Swedish Code of Corporate Governance (the “Code”) shall be applied by all companies whose shares are trading on a regulated market. The Code is available at [www.bolagsstyrring.se](http://www.bolagsstyrring.se), where the Swedish corporate governance model is also described. This Corporate Governance Report is presented in accordance with the Annual Accounts Act and the Code and describes SBB’s corporate governance during the 2022 financial year. This year’s Corporate Governance Report strives to avoid repetition of information on what follows from applicable regulations and focuses on reporting on company-specific circumstances for SBB.

## Annual General Meeting

SBB’s Annual General Meeting 2023 will take place on 28 May 2023 in Stockholm. Shareholders have the right to raise issues for discussion at the Annual General Meeting if the written request has been received no later than seven weeks before the meeting. The request is to be made to the Board of Directors. Contact information is available on the company’s website, [www.sbbnorden.se](http://www.sbbnorden.se). SBB always strives for the Board, the management team, the nomination committee and the auditor to be present at the Annual General Meeting. The Annual General Meeting is, according to the Swedish Companies Act, the company’s highest decision-making body and it is at a General Meeting that shareholders have the right to make decisions regarding the company. Rules governing the Annual General Meeting are included in the Swedish Companies Act, the Code and Articles 7 – 9 of the Articles of Association. Apart from what is stipulated by law regarding a shareholder’s right to participate in the Annual General Meeting, SBB’s Articles of Association state that pre-notification to the Annual General Meeting shall take place no later than the date stated in the notice to the meeting. Notice of the Annual General Meeting is made by keeping the notice available on the company’s website and being advertised in the Swedish Official Gazette. At the same time as the notice is given, an announcement is made in Dagens Nyheter. The General Meeting shall be held at the place where the Board has its registered office, i.e. Stockholm and the Annual General Meeting shall be held within six months from the end of the financial year. The company’s financial year runs from 1 January to 31 December. SBB’s Annual General Meeting in 2022 resolved, to among other things, authorize the Board of Directors to, on one or more occasions until the end of the next Annual General Meeting, with or without deviating from the preferential rights of existing shareholders, to determine new issues of all share Classes stated in the Articles of Association. The number of ordinary and/or preference shares that it shall be possible to issue supported by the authorization shall, if the issue takes place for the purpose of properties or property-owning companies and, if payment is made in cash or offset, shall not be limited in any way other than by the Articles of Association’s limits on share capital and number of shares. If the issue occurs for a purpose other than the aforementioned or if payment is to be made in cash, the number of ordinary and/or preference shares issued supported by the authorization, shall however amount to a maximum of 10 percent (10) of the number shares outstanding at the time of the 2022 Annual General Meeting. The Board of Directors has not made use of this authorization.

At the Annual General Meeting, a resolution was also passed to authorize the Board, for the period until the next Annual General Meeting, to decide on acquisitions and transfers of ordinary shares of Class B and Class D in the company. Acquisitions may take place of a maximum number of shares, such that the company’s own holdings do not at any time exceed 10 percent (10) of all shares in the company. The Board of Directors has not utilized this authorization.

## The Share and Shareholders

On 31 December 2022, the number of registered shares in the company amounted to 1,648,007,803 divided into three classes of shares: 209,977,491 Class A ordinary shares, 1,244,164,407 Class B ordinary shares and 193,865,904 Class D ordinary shares. Class A ordinary shares can be converted into Class B ordinary shares at the request of the holder. The Class D ordinary shares are entitled to five (5) times the total dividend on the ordinary Class A and the Class B ordinary shares, however, no more than SEK 2 (2) per share and year. The Class A ordinary shares entitle the holder to one vote per share and the Class B ordinary shares and Class D ordinary shares entitle the holder to 1/10 vote per share. At year-end, the share capital was SEK 164,800,780.30 and the quota value per share was SEK 0.1. The largest shareholder is Ilija Batljan.

## Articles of Association

SBB’s Articles of Association, which were adopted at the Annual General Meeting on 27 April 2022, can be found in their entirety at [www.sbbnorden.se](http://www.sbbnorden.se). The Articles of Association stipulate that the company shall, directly or indirectly, own and manage properties and/or shares and carry out related activities. The Board has its registered office in Stockholm and shall consist of 3 – 10 members with no deputies. The Articles of Association contain no specific provisions regarding appointment or dismissal of Board Members or amendments to the Articles.

## Nomination Committee

At the Annual General Meeting of SBB on 27 April 2022, instructions for the Nomination Committee’s work were adopted. The Nomination Committee, which shall consist of the Chairman of the Board and up to three representatives appointed by the three largest shareholders in the company as of 30 September 2022, has, according to the instructions, the task of preparing and submitting proposals to the Annual General Meeting for the Chairman of the Annual General Meeting, the election of the Chairman of the Board and other members of Board of Directors, Board remuneration divided between the chairman and other members and the principles for any remuneration for committee work, election and remuneration of the auditor and deputy auditor (if applicable) and decisions on principles for the appointment of a new Nomination Committee. SBB’s Nomination Committee for the Annual General Meeting 2023 consists of Mia Batljan (Ilija Batljan and Ilija Batljan Invest AB), Sven-Olof Johansson (Compactor Fastigheter AB), Rikard Svensson (AB Arvid Svensson), Lennart Schuss (Chairman of the Board) and Johannes Wingborg (co-opted member, Länsförsäkringar Fondförvaltning AB). Mia Batljan is Chairman of the Nomination Committee. Prior to the 2023 Annual General Meeting, the Nomination Committee has held two meetings at which minutes were recorded. In its work, the Nomination Committee has to apply the diversity policy established by the Board. Item 4.1 of the Code forms the basis for this diversity policy. As a whole, the Board of SBB shall have suitable combined competence and experience for the work carried out for the work of the Board, and to be able to identify and understand the risks that the business entails and the regulations that regulate the activities carried out. When new Board Members are elected, the suitability of the individual member must be examined in order to achieve a Board with a combined competence that is sufficient for an appropriate management of the company. The Board’s composition shall be characterized by versatility and breadth of the chosen members’ competence, experience, gender, age, education and professional background.

## Board of Directors

According to the Articles of Association, SBB’s Board of Directors must consist of at least three and at most ten members with no deputies. At the Annual General Meeting on 27 April 2022, Lennart Schuss (Chairman of the Board), Ilija Batljan, Sven-Olof Johansson, Hans Runesten, Anne-Grete Ström-Erichsen, Ewa Swartz Grimaldi and Fredrik Svensson were re-elected to the Board of Directors of the company. For information on the Board Members and their assignments outside the Group and the holding of shares in SBB, see the section “Information about the Board Members” below. The Board of Directors shall safeguard the shareholders’ long term interests and bear the utmost responsibility for the company’s organization and the management of the company’s affairs. The Board of Directors has established rules of procedure for the Board and an instruction for the CEO. In addition, the Board has also decided on a number of comprehensive policies, guidelines and instructions for the company’s operations. This includes, among other things, the finance policy, information policy, insider policy, IT policy, policy for related party transactions, instructions



for financial reporting, whistle-blower policy and ethical guidelines for the company's conduct (code of conduct). All these internal governance documents are processed by SBB at least once a year and are updated on an ongoing basis to comply with laws and when otherwise needed. According to the Code, a majority of the Board Members elected by the AGM must be independent in relation to the company and the company's management. At least two of these must also be independent in relation to the company's major shareholders. The company's Board of directors has been deemed to meet the requirements for independence, since six of the seven members elected by the AGM are independent in relation to the company and Group management. The company's CEO, Ilija Batljan, has not been deemed to be independent in relation to the company and the company management. Five out of seven members have been deemed to meet the requirement for independence in relation to major shareholders.

### Chairman of the Board

The Chairman of the Board is elected at the Annual General Meeting and leads the work in the Board of Directors. The Chairman of the Board must ensure that the work of the Board is carried out efficiently, that the Board fulfils its duties and that the Board's decisions are executed by the company and the management. The Chairman shall ensure that the Board receives the information and the documentation required to make well-founded decisions. At the Annual General Meeting on 27 April 2022, Lennart Schuss was re-elected as Chairman of the Board.

### Board of Directors work in 2022

During 2022, the company's Board of Directors held 51 meetings, of which one constituting meeting. On the agenda for each ordinary Board meeting, there are a number of standing items: The CEO's review of operations, acquisitions, divestitures, investments, organization development and financial reporting. During 2022, the Board decided on several major acquisitions, divestitures, investments, financing and refinancing.

Name	Elected year	Year of birth	Independence of company/management	Independence of major shareholders	Attendance at Board meetings
Lennart Schuss	2017	1952	Yes	Yes	51/51
Ilija Batljan	2017	1967	No	No	51/51
Sven-Olof Johansson	2017	1945	Yes	Yes	50/51
Hans Runesten	2014	1956	Yes	Yes	51/51
Fredrik Svensson	2018	1961	Yes	No	50/51
Eva Schwarz Grimaldi	2017	1956	Yes	Yes	48/51
Anne-Grete Strøm-Erichsen	2017	1949	Yes	Yes	46/51

### Evaluation of the Board of Directors and the CEO

Once a year, the Chairman of the Board initiates an evaluation of the work of the Board in accordance with the Board's rules of procedure. The 2022 evaluation has been carried out so that each Board Member answered a questionnaire. The Chairman of the Board also had certain individual contacts with the Board Members. The purpose of the evaluation is to get an idea of the Board Members' views on how the work of the Board is conducted and what measures can be implemented to streamline the work of the Board. The intention is also to get an idea of what kind of issues the Board considers should be prioritized and in which areas it may require further experience and competence on the Board. The result of the evaluation has been reported within the Board and has been presented to the Nomination Committee.

### Committees

The Board of Directors had three committees at the end of the year: an Audit Committee, a Remuneration Committee and a Sustainability Committee. The members of the committees are appointed for one year at a time at the statutory Board meeting and the work and the authority of the committees are governed by the annual committee instructions. The committees have a preparatory and acting role. The issues that have been discussed at committee meetings are recorded and reported at the next Board meeting.

### Audit Committee

The Audit Committee works according to an annual agenda and its task is to monitor the company's financial reporting and the effectiveness of the company's internal control and risk management. The Audit Committee also keeps itself informed of the audit of the annual accounts and consolidated accounts.

The committee shall also review and monitor the auditor's independence and impartiality and in particular follow up if the auditor provides the company with services other than auditing services. The committee also supports proposals for the AGM's decision on the election of auditors. According to the Code, the Audit Committee must consist of at least three members, of which the majority must be independent in relation to the company and Group management and at least one independent in relation to the company's major owners. The Audit Committee consists of the entire Board except the CEO whereby committee meetings were an integral part of the Board work.

### Remuneration Committee

The Remuneration Committee shall prepare matters regarding remuneration principles for the CEO and other senior executives as well as individual remuneration to the CEO in accordance with the remuneration principles. The principles include, among other things, the relationship between fixed and possible variable remuneration and the correlation between performance and remuneration, main conditions for any bonus and incentive program, as well as the main conditions for non-monetary benefits, pension, termination and severance pay. For the CEO, the Board of Directors as a whole sets the remuneration and other terms of employment. However, share-related incentive programmes for Group management are decided by the Annual General Meeting. The committee shall further assist the Board in monitoring the system by which the company complies with the law, stock exchange rules and the Code governing the disclosure of information relating to remuneration to the CEO and other senior executives, and to monitor and evaluate any ongoing and completed programmes for the year, variable remuneration for the CEO and other senior executives, the application of the guidelines for remuneration to the CEO and other senior executives that the Annual General Meeting resolves by law, as well as applicable remuneration structures and remuneration levels. The Remuneration Committee consists of the Board Members Eva Swartz Grimaldi (Chairman) and Lennart Schuss who are deemed to be independent in relation to the company and Group management. In 2022, the Remuneration Committee held two meetings. The members of the committee were present at all meetings. At the meetings, among other things, the company's guidelines for remuneration of senior executives and remuneration levels for the CEO and other senior executives have been addressed. At SBB's 2020 Annual General Meeting, guidelines for remuneration of senior executives were adopted. The Board of Directors shall prepare proposals on new guidelines when a need arises for substantial changes to the guidelines although at least once every four years. The guidelines cover Board Members, the CEO and vice presidents, as well as other individuals in Group management. The Board deems it to be critical to a successful implementation of the company's business strategy and the safeguarding of the company's long-term interests, including its sustainability, the company's ability to recruit and retain senior executives with expertise and capacity to achieve set goals. For this, it is required that the company can offer competitive overall remuneration that motivates senior executives to do their utmost. Variable remuneration covered by these guidelines shall be based on criteria that aim to promote the company's business strategy and long-term interests, including its sustainability. The remuneration and other terms of employment of senior executives shall be market based. The remuneration is comprised of basic salary, variable remuneration, pension and certain other benefits. In addition to this – and independent of these guidelines, the General Meeting can resolve to implement share- or share-price-based remuneration. The guidelines do not cover remuneration that is decided by the General Meeting. In accordance with the Swedish Companies Act, the Board of Directors must prepare a report for every financial year on paid and outstanding remuneration that is covered by the guidelines. At SBB's 2022 Annual General Meeting, the Board's remuneration report regarding the 2021 financial year was adopted. The size of remuneration paid for 2022 and information on current incentive programmes is presented by Note 8.

### Sustainability Committee

The Sustainability Committee is responsible for reviewing and monitoring the continuity and progress of work on sustainability objectives, management of sustainability risks, and compliance with the Sustainability Code and with the Code of Conduct. The Sustainability Committee consists of Sven-Olof Johansson as the chairman, and Eva Swartz Grimaldi, and Mats Andersson, former CEO of the Fourth Swedish National Pension Fund and a pioneer within sustainable investments, is on the committee as an external member.

## Information about the Board of Directors

### Lennart Schuss, born 1952

#### Chairman of the Board

Chairman of the Board of the company since 2017 and member of the Remuneration Committee. Chairman of the Board of the Group since 2016.

**Education:** Graduate in Business Administration and MBA, Stockholm School of Economics.

**Previous assignments:** Deputy CEO of Catella Group, Executive Chairman of the Board of Catella Corporate Finance. Catella specializes in property investment with operations in 14 countries. Director, Property Management Board of Catella Real Estate AG.

**Other assignments:** Equities Analyst at SEB, Advisor to Genesta Property Funds and Chairman of the Swedish Society of Friends of the Weizmann Institute of Science. Lennart is co-founder of Gimmel Fastigheter, Catella Corporate Finance, ESWÖ & Partner Fund Commission and Stockholm Fund Commission.

**Shareholding in the company (including any related party holdings):** 20,713,334 Class B shares and 190,000 Class D shares. Independent in relation to the company, Group management and the company's principal shareholders.

### Ilija Batljan, born 1967

#### Board Member and CEO

Board Member and CEO of the Company since 2017. Founder of the company, CEO and Board assignments within the Group since 2016.

**Education:** Ph.D. in demography and planning for elderly care, Stockholm University. Bachelor of Economics, Stockholm University.

**Other assignments:** Chairman of the Boards of Ilija Batljan Invest AB, Health Runner AB and Cryptzone Group AB (previously listed on First North).

**Shareholding in the company (including any related party holdings):** 109,053,868 Class A ordinary shares, 19,195,259B Class B ordinary shares and 530,000 Class

D ordinary shares, as well as 5,000,000 warrants. Not independent in relation to the company and Group management. Is the company's largest shareholder.

### Sven-Olof Johansson, born 1945

#### Board Member

Board Member of the company since 2017.

**Education:** Master in political science from Stockholm University and Stockholm School of Economics.

**Other assignments:** Founder and Managing Director of FastPartner AB (publ), Chairman of the Board and Managing Director of Compactor Fastigheter AB and Board Member of Autoropa Aktiebolag and STC Interfinans AB.

**Shareholding in the company (including any related party holdings):** 22,315,456 Class A shares and 31,081,315 Class B shares. Independent in relation to the company, Group management and the company's principal shareholders.

### Hans Runesten, born 1956

#### Board Member

Board Member of the company since 2017.

**Education:** Master of Business Administration, Stockholm University.

**Other assignments:** Chairman of the Board of Effnetplattformen AB (publ).

**Shareholding in the company (including any related party holdings):** 5,200,258 Class B shares. Independent in relation to the company, Group management and the company's principal shareholders.

### Eva Swartz Grimaldi, born 1956

#### Board Member

**Education:** Bachelor's Degree in Languages (Italian, Spanish and French) as well as from Kulturvetarlinjen.

**Other assignments:** Chairman of Doberman AB, Apotea AB and Nordstedt publishing team and Board Member of

Stockholm University, Stockholm Concert Hall, Forget Foundation and Royal Patriotic Society.

**Shareholding in the company (including any related party holdings):** 932,138 Class B shares. Independent in relation to the company, Group management and the company's principal shareholders.

### Anne-Grete Strøm-Erichsen, born 1949

#### Board Member

Board Member of the company since 2017.

**Education:** B.A. in Computer Science from Bergen Technical School (University of Bergen), South Dakota School of Mines & Technology 1980-1981, and studies in statistics.

**Other assignments:** Partner at Rud Pedersen Public Affairs Norway AS. Board Member of Kongsberg Gruppen ASA and Dips AS

**Shareholding in the company (including any related party holdings):** 0. Independent in relation to the company, Group management and the company's principal shareholders.

### Fredrik Svensson, born 1961

#### Board Member

Board Member of the company since 2018.

**Education:** MBA from Linköping University.

**Other assignments:** Board Member of Balder AB. Chairman of the Board of Arvid Svensson Invest AB. CEO of Aktiebolaget Arvid Svensson.

**Shareholding in the company (including any related party holdings):** 42,444,700 Class A shares and 23,144,429 Class B shares. Independent in relation to the company and Group management. Dependent in relation to the company's principal shareholders.

Information on the company's major shareholders is presented on page 72.

## Remuneration of the Board of Directors

At the 2022 Annual General Meeting, it was resolved that Board fees shall be payable in an amount of SEK 3,500,000, of which the Chairman receives SEK 1,000,000 and the other members elected by the General Meeting, who are not employed in the company receive SEK 500,000 each. For committee work on the Remuneration Committee, total fees of SEK 225,000 are to be paid, of which SEK 150,000 to the chairman of the Committee and SEK 75,000 to each of the other members. For committee work on the Sustainability Committee, total fees of SEK 250,000 are to be paid, of which SEK 150,000 to the chairman of the Committee and SEK 50,000 to each of the other members. For the Audit Committee, which comprises all Board Members, the fee for participation is included in the ordinary Board fee.

## CEO and senior executives

The CEO is appointed by the Board and is responsible for the day-to-day management of the company and the Group's operations in accordance with the Board's instructions and regulations. The division of responsibilities between the CEO and the Board of Directors is stated in the Board's rules of procedure and the CEO's instructions drawn up by the Board. The CEO acts as the chair of the management team and makes decisions in consultation with the others in the management team. This consists, in addition to Ilija Batljan (CEO), of seven people: Krister Karlsson (COO and Deputy CEO), Eva-Lotta Stridh (CFO and Deputy CEO), Annika Ekström (Head of Property Management and Deputy CEO), Rosel Ragnarsson (Finance Director), Viktor Mandel (Head of Sveafastigheter), Carl Lundh Mortimer (Business Development) and Jenny Asmundsson (Head of Public Tenders and Procurement).

## Auditor

The company's financial accounting records and bookkeeping, as well as the administration of the Board and management, are reviewed and audited by the company's auditor. At the Annual General Meeting on 27 April 2022, the registered auditing firm Ernst & Young AB was re-elected as auditor for the period until the Annual General Meeting 2023. Mikael Ikonen, Authorized Public Accountant, has been appointed as the Auditor-in-Charge from Ernst & Young AB. The auditors' task is to examine the company's and the Group's annual accounts and accounts, as well as the Board's and the CEO's

management of the company and the Group. The auditors must report to the Audit Committee on significant errors in the accounting and suspicions of irregularities. The auditors must report to the company's Board of directors at least one to two times a year, normally in conjunction with the annual report, about their observations during the audit of the company and its assessment of the company's internal control. The auditors also participate at the Annual General Meeting to present the audit report that describes the audit work and observations made. In addition to the audit assignment, Ernst & Young was hired for additional services in 2022, accounting issues, but also issues related to dividends of shares in Neobo, and reviews of transactions. Such services have always and only been provided to the extent that is consistent with the rules of the Auditing Act and FAR's professional ethics rules regarding the auditor's impartiality and independence.

## Internal control

Internal control of financial reporting and risk management

SBB's internal control of financial reporting is designed to manage risks and ensure high reliability in the processes regarding the preparation of the financial reports and to ensure that applicable accounting requirements and other requirements for SBB as a listed company are complied with. The Board is responsible for the internal control of the company regarding financial reporting. SBB follows the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework to evaluate a company's internal control over financial reporting, the Internal Control – Integrated Framework, which consists of the following five components: control environment, risk assessment, control activities, information and communication and follow-up.

## Control environment

Distribution and delegation of responsibility have been documented and communicated in internal documents governing the Board and the company such as:

- The Board's Rules of Procedure
- Instruction to the CEO
- Delegation scheme
- Authorization scheme
- Other internal control documents (for example, financial manual)

All internal control documents are regularly updated when changes are made to, for example, legislation, accounting standards or listing requirements and when otherwise needed.

### Risk assessment

In accordance with the rules of procedure, the Board of Directors, as well as the Audit Committee, review the company's internal control once a year. Identification is made of the risks that are assessed and measures are set to reduce these risks. The auditor is invited to report on his/her internal control report at a Board meeting and to the Audit Committee. The significant risks identified by SBB are errors in accounting and valuation of properties, credit risks, refinancing risks, interest rate risks, tax and VAT, and the risk of fraud, loss or misappropriation of assets.

### Control activities

Since the company's financial system is structured so that the conclusion of agreements and payment of invoices, etc. must comply with the decision paths, company signatures and authorizations stated in the internal control documents, there is basically a control structure to counteract and prevent the risks that the company has identified. In addition to these control structures, a number of control activities are carried out to further detect and correct errors and deviations. Such control activities consist of follow-up at various levels in the organization, such as follow-up and reconciliation in the Board of Directors made decisions, review and comparison of profit items, account reconciliation, approval and reporting of business transactions with the finance department.

### Communication

SBB has built up an organization to ensure that financial reporting is correct and effective. The internal control documents clarify who is responsible for what and the daily interaction between the concerned people means that relevant information and communication reaches all parties concerned. The management regularly receives financial information about the company and its subsidiaries regarding the development of letting and other management, review and follow-up of ongoing and future investments and liquidity planning. The Board is informed by the management team regarding risk management, internal control and financial reporting. The company's information policy ensures that all information provided externally and internally becomes correct and is given at any suitable time. All employees at SBB have, at various reviews, been involved in influencing the design of relevant internal policies and guidelines and have thus been directly involved in the preparation of these internal control documents. Employees are encouraged to seek advice from their immediate manager regarding the implementation of the company's policies. If the immediate manager is unable to advise the employee, he/she may seek advice from (in order): the immediate manager's manager, the HR Manager, the CEO and the Chairman of the Board.

### Review

As has been explained above, a continuous process takes place on an ongoing basis at all levels of the organization. The Board regularly evaluates the information provided by the company management and the auditors. In addition, the company's auditor reports directly to the Board of directors their observations from the audit and its assessment of the internal control. Of particular importance is the Board's monitoring of the development of the internal control and to ensure that measures are taken regarding any deficiencies and proposals that emerge. The effectiveness of the Code of Conduct is assessed annually in connection with the updating of the Code. All deviations from the Code shall be reported without delay to the immediate manager, the manager's manager or the whistle blower function. Deviations from the Code are to be reported on the website and in the Annual Sustainability Report.

### Evaluation of the need for a separate internal function

No internal audit function is currently established within SBB. The Board has examined the issue and assessed that existing structures for follow-up and evaluation provide a satisfactory basis. All in all, this means that it is not considered justified to have a special unit for internal audit. The decision is reviewed annually.

### Deviations relating to the Code

As mentioned, the code is based on the principle "follow or explain". This means that a company that applies the Code may deviate from individual rules, but must then give an explanation where reasons for the deviation are reported. SBB followed the Code in 2022 without deviations.

### Appropriation of profit

The Board proposes the following distribution of profits to the Annual General Meeting:

At the Annual General Meeting the following earnings are available for distribution:

Share premium fund	26,305,051,033
Retained earnings	-15,830,681,565
Hybrid bonds	16,823,356,559
Profit for the year	-1,518,910,152
	<b>25,778,815,875</b>
The following allocation is proposed:	
Dividends to shareholders (SEK 1.44 per Class A and B ordinary share)	2,093,964,333
Dividends to shareholders (SEK 2.00 per Class D ordinary share)	387,731,810
To be carried forward	23,297,119,732
	<b>25,778,815,875</b>

### Statement by the Board of Directors regarding the proposed dividend

The Board of Directors hereby issues the following statement in accordance with Chapter 18, Section 4 of the Swedish Companies Act (2005:551). Below is the Board's justification for the proposed profit distribution being in accordance with the provisions of Chapter 17, Section 2, paragraph 3 of the Swedish Companies Act.

The nature and scope of the operations are stated in the Articles of Association and the annual report. The business that is conducted in the company does not entail risks beyond what is or may be assumed to occur in the industry or the risks that are generally associated with conducting business activities. The financial position of the company and the Group as of 31 December 2022 is stated in the annual report. The principles applied for the valuation of assets, provisions and liabilities can be found in Note 1 in the annual report.

It is clear from the proposed distribution of profits that the Board of Directors propose a dividend of SEK 1.44 per Class A and B ordinary share, equivalent to SEK 2,093,964,333, and SEK 2.00 per Class D ordinary share, equivalent to SEK 387,731,810. In total, the proposed dividend amounts to SEK 2,481,696,143, which represents 9.6 percent of the Parent Company's equity and 3.9 percent of the Group's equity. The Group's equity ratio was 38 percent on 31 December 2022. Distributable funds in the Parent Company as of 31 December 2022 amounted to SEK 25,778,815,875.

The proposed dividend does not jeopardize the investments planned or the fulfilment of other obligations. The company's financial assessment does not give rise to any other assessment than that the company can continue its operations and that the company can be expected to fulfil its obligations in the short and long term. With reference to the above and what has otherwise come to the Board's knowledge, the Board's assessment is that a comprehensive assessment of the company's and the Group's financial position means that the dividend proposal is justifiable according to Chapter 17, Section 3, Paragraphs 2 and 3 of the Swedish Companies Act, with reference to the requirements of the business. nature, scope and risks impose the size of the company's equity and the company's and the Group's consolidation needs, liquidity and position in general.

Shareholders will be able to choose to receive their dividend in cash or in newly issued shares in the Company provided that (i) the annual general meeting resolves to authorise the Board of Directors to resolve on share issues according to item 18 in the agenda for the Annual General Meeting and (ii) the Board of Directors finds it practicable possible to offer shareholders to receive their dividend in shares. The Board of Directors will announce if the Board of Directors finds it practicable possible to offer shareholders to receive their dividend in shares and from which record date such possibility will be offered. Such an offer is expected to be presented during the third quarter 2023. Payment of dividend in shares may only be offered to the extent the number of newly issued shares, within the scope of the authorisation, do not exceed 10 percent of the number of shares as of the date of the Annual General Meeting 2023. The subscription price may at the lowest amount to the total dividend amount per share, i.e. SEK 1.44 per Class A share and B share, respectively, and 2.00 per Class D share. Provided that the conditions for dividend in shares would be fulfilled from and including the first record date, and that the shares entitle to dividend from and including the day new shares are entered into the share register kept by Euroclear Sweden AB, the profit distribution could increase with a maximum of approximately SEK 225,389,042.