

## SUSTAINABILITY REPORT

# SIGHT SET ON A SUSTAINABLE BUSINESS

2020 was an active year for Nyfosa. We sold properties for almost SEK 4 billion, bought properties for more than SEK 12 billion and invested MSEK 285 in existing properties. In parallel, we concentrated on achieving our sustainability targets. I can see a great commitment to sustainability issues in the organization. We are a responsible company and as our climate footprint shrinks we can contribute to both a sustainable future and to sustained profitability.

Nyfosa's vision is to be the property company in Sweden that is the best at creating value. We believe systematic sustainability work creates the best conditions to do good business, just as a focus on the business contributes to sustainable property ownership. To reduce negative climate change, we must base our work on a long-term plan that can be used in our transaction-based operations. This means we shoulder our responsibility as landlord, employer, business partner, lender and to our shareholders by, among other things, following the Ten Principles of the UN Global Compact for corporate sustainability.

In 2020, we completed a concerted effort to form procedures, develop tools and to implement systems to efficiently collect sustainability data and to integrate sustainability into our transactions and our property management. We created new areas of responsibility within the organization to drive our sustainability agenda in both property management

and in development projects and to disseminate knowledge throughout the organization. We held training sessions and increased focus on providing a green appendix to new leases. We conducted an assessment of the entire portfolio in terms of energy consumption and the potential for consumption savings. We also created the conditions for various forms of green financing as one of several tools in our sustainability agenda that also supports the business.

Work begun in 2020 will continue, with our sights set on a reduction in climate impact and greater responsibility toward our employees, tenants, business partners and shareholders. We can see both challenges and opportunities. The journey is continuing toward a sustainable business.

Stina Lindh Hök  
CEO

*"To reduce negative climate change, we must base our work on a long-term plan that can be used in our transaction-based operations."*

STINA LINDH HÖK, CEO





## SUSTAINABILITY INITIATIVES 2020

### ATTRACTIVE WORKPLACE

At Nyfosa, we believe in knowledge as a driver to achieve more. If you have the right expertise, you make good decisions, which in turn lead to better business and more sustainable communities. Knowledge also enables us to change risks into business opportunities and ensure that our actions today make a positive contribution to the future.

We work actively to be an employer that offers a creative, open and stimulating work environment with a focus on proximity to business decisions, inclusion in business development and personal development for all employees. Our offering convinces people to remain and develop within the company, at the same time as we can attract new talented employees.

“Nyfosa has so many dedicated employees, so much energy and so many people within the organization who can develop further within the company through the projects we work with, and also through the education we are planning to focus on in the future,” says Stina Lindh Hök, Nyfosa’s CEO.

In this year’s Allbright Report, Nyfosa was again among the top listed companies in terms of equality. This time, Nyfosa heads the list of all listed companies in joint first place. The report highlights Nyfosa’s equality efforts on the Board, management team and in line management as a recipe for success.

But there is more to be done. In 2021, equality efforts will focus on the property

management organization to ensure that we are constantly striving toward a corporate culture of equality.



Property management offices



## SUSTAINABILITY – GOVERNANCE AND RESPONSIBILITY

Nyfosa's target is that sustainability issues are to become a natural part of operations, and that the work will contribute to the financial targets the company is pursuing. The company is to achieve growth in the distributable cash flow per share of 10 percent per year. Growth will take place in a manner whereby the financial risks are kept at a manageable level. This means the company must not assume too much debt relative to the properties' value. Nor must the costs of debt financing become too high in relation to earnings from property management. Investments we make in the properties will, among other things, contribute to an optimized operating expense, more reliable earnings and/or lower financing costs through green financing.

Nyfosa complies with the main rule of the Swedish Companies Act as regards object and has therefore not stipulated any object in the Articles of Association other than to generate gains to be distributed to shareholders, refer to Chapter 3, Section 3 of the Swedish Companies Act. Nyfosa believes a focus on profitability does not rule out sustainable business, rather it is a prerequisite to make the right decisions when choosing the direction forward. Nyfosa is responsible in all of its relationships, as employer, landlord and lender, toward society and the climate and as manager of the shareholders' capital.

Pages 8–9 of the Annual Report include a presentation of the company's targets, strategies and business model. Sustainability is an integrated part of all of these aspects.

### Sustainability policy

Every year, Nyfosa's Board adopts the company's sustainability policy and other related policies, see [www.nyfosa.se](http://www.nyfosa.se).

The sustainability policy establishes how Nyfosa is to take environmental responsibility in transactions and property management, take social responsibility toward employees and tenants and to act with good business ethics, prevent money laundering and encourage all stakeholders in Nyfosa to come forward and report suspected misconduct at Nyfosa.

Continuous evaluation is taking place, in both the management team and on the Board, of how Nyfosa's sustainability agenda can make the best possible contribution to a sustainable society. With a growth strategy and opportunistic business concept, it is necessary to continuously return to, and reassess, previously adopted policies and goals.

### Environmental responsibility

The company's environmental policy is established in the Sustainability policy, which offers guidance to the organization.

- Work actively to enhance the energy optimization of our buildings and premises
- Be aware of the environmental risks and environmental liabilities associated with the properties and, when taking actions, draw up long-term sustainable solutions
- Work with the tenants to achieve a healthy indoor environment
- Implement environmentally compatible conversions
- Subject our suppliers to environmental and sustainability requirements
- Raise the level of environmental and sustainability expertise and awareness among our employees

## OVERALL STANDPOINT

Nyfosa works in accordance with Carbon Law and endorses the declaration of Fossil Free Sweden, which aims to halve carbon emissions from the construction and civil engineering sector between 2020 and 2030, halving them again between 2030 and 2040 to finally become climate neutral in 2045. Nyfosa subscribes to Agenda 2030 and the Ten Principles

of the UN Global Compact. The company's efforts are to contribute to sustainable development, both locally and globally. The aim of the 2030 Agenda's 17 Global Sustainable Development Goals is to eradicate extreme poverty, reduce inequality and injustice, promote peace and justice and solve the climate crisis.



The Sustainable Development Goals and the 2030 Agenda constitute an overriding structure for our sustainability agenda, how we measure our outcomes and what we should measure.



We subscribe to the Ten Principles of the UN Global Compact for corporate sustainability.



Nyfosa has endorsed the declaration of Fossil Free Sweden and the roadmap for the construction and civil engineering sector.

### CARBON LAW

Nyfosa works in accordance with Carbon Law, which means a 50 percent reduction in carbon emissions every ten years.

### Social Responsibility

Nyfosa is to offer a creative, open and stimulating work environment with a focus on inclusion and personal development. The company has decided to have a relatively small and efficient organization with short decision-making paths, where all employees have an awareness and understanding of the company's objectives and strategy.

Nyfosa is to promote health and create a healthy and secure work environment for all its employees. Equality efforts are to be a natural part of Nyfosa's operations. The conditions, rights and development opportunities of men and women must be equal within the entire company. Nyfosa is to help women and men to combine parenthood with working life. Of particular importance is that both women and men are given every opportunity to take parental leave or leave to care for children.

Nyfosa's tenants must always be able to rely on the fact that Nyfosa's properties offer a work environment that is safe, accessible and healthy. Nyfosa is to create, maintain and develop efficient procedures and methods for handling safety in and around buildings at Nyfosa's properties and to comply with prevailing requirements from public authorities.

### Governance

Good business ethics and trusting relations are important starting points both internally and in contacts with external parties. Nyfosa's employees play a key role in alerting us if they suspect someone in operations is violating the company's ethical guidelines. Misconduct could include

economic irregularities and corruption, serious harassment or discrimination, safety risks in the workplace or suspected environmental crimes. Employees are encouraged to speak with their immediate supervisor first. If they prefer to be anonymous, we offer a safe channel for reporting and dialogue through a whistleblower function.

### Sustainable Development Goals

Nyfosa has identified 12 Sustainable Development Goals on which the operations have a direct or indirect influence and that will lead sustainability efforts forward. On the basis of these 12 goals, Nyfosa has decided to prioritize two goals where we believe we have particular opportunity to influence: Gender Equality and Climate Action.

► You can read more about Nyfosa's governance and policies on the website, [www.nyfosa.se](http://www.nyfosa.se)



### Nyfosa's focus in 2021



► Read more about Nyfosa's efforts with the UN Sustainable Development Goals on [www.nyfosa.se](http://www.nyfosa.se)



## SUSTAINABILITY GOALS

### Streamlined consumption

**Goal:** By 2025, energy consumption per sqm will have fallen by 10 percent compared with 2020.

Heating and cooling our premises uses a large amount of energy. We can reduce energy consumption in our properties through the installation of new technology or investments in other measures. The return on investments in reducing energy consumption is through lower operating expenses, and also lower carbon emissions.



### Sustainability certification

**Goal:** By 2025, 50 percent of properties owned for the entire year will have sustainability certification and 100 percent by 2030.

By using different sustainability certifications in our buildings, we can ensure that sustainability issues are given a distinct focus in the organization. Certification facilitates green financing and provides a detailed documentation of the environmental performance of the building, during the time we own it and as part of a sales process.



### Green appendix leases

**Goal:** In 2021, 100 new leases or renegotiated leases will include a green appendix.

Nyfosa offers a green appendix to its leases. The appendix is based on an agreement template for new and renegotiated leases issued by the Swedish Property Federation. A green appendix represents a way for the tenant and the property owner to work together to achieve more sustainable buildings.



### Gender equality

**Goal:** In the longer term, Nyfosa is to achieve equality in the property management organization with at least 40 percent of women and men in each professional group.

Nyfosa's employee growth is a mixture of acquisition and recruitment. We have been successful in achieving equality in recruitment but must continue to strive to even out gender differences in each professional group. Accordingly, the "Equality in property management" project will be started to enable us to achieve our long-term goal to be gender equal in each professional group in property management.



### Supplier responsibility

**Goal:** In 2021, Nyfosa will adopt a Code of Conduct for Suppliers and obtain confirmation of the Code of Conduct from the largest suppliers.

Nyfosa's suppliers are considered an extension of its own operations. The reason for adopting a Code of Conduct for Suppliers is to ensure that the working conditions at the companies that supply goods and services to the company fulfill Nyfosa's requirements in terms of work environment and ethical standards and that the assignment is conducted in an environmentally conscious manner.





## SUSTAINABILITY INITIATIVES 2020

# SUSTAINABILITY CERTIFICATION

In 2020, six properties in Värnamo were given an sustainability certification at the Good level of BREEAM In Use. It is expected that it will be possible for five of these to be upgraded to the Very Good level. The properties were identified as part of a review of environmental and energy potential of the property portfolio. In conjunction with the certifications, approximately 200 windows were replaced in the Gillet 1 property and in the Jungfrun 11 property facade roller blinds were fitted that are controlled by the sun and wind for our tenants with a large share of glass surfaces in the facades at the same time as ventilation fans were replaced. In Region North, work is in progress in parallel to prepare documentation to certify three properties in 2021 and with minor basic optimization another six properties can receive certification. The Mården 11 property in Luleå is undergoing a major tenant alterations with the aim to receive a certification at the Very Good level of BREEAM In Use in 2022.

Nyfosa works with sustainability certification, not only because it is good for the environment, but also to provide clear governance and significant impact. We see a potential to increase property value, increase demand from potential tenants

and increase net operating income. We also understand that sustainability certificates help to identify improvement measures, and ensure that these are implemented and followed up. In addition to the value of property, sustainability certification also helps to build confidence and increase documentation for green financing. Nyfosa's property portfolio currently includes 11 properties with sustainability certificates within SGBC's framework for environmental certification.

Nyfosa's target is that 50 percent of its properties owned for the entire year will have sustainability certification by 2025, and 100 percent by 2030.

"Sustainability certification provides confirmation that our work with the properties makes a difference. This in turn leads to a decrease in operating expenses and greater credibility towards our tenants," comments Jan Huldegård, Regional Manager, Värnamo.



**SWEDEN  
GREEN BUILDING  
COUNCIL**

Our operational activities are based on SGBC's framework for sustainability certification of properties.



## RESULT 2020

### Evidence-based climate targets

**Target 2020:** As of 2021, Nyfosa will have adopted specific and scientific targets for reducing emissions in the company's business plan.

**Result 2020:** Work was conducted in 2020 to map Nyfosa's climate footprint. The target is to adopt an evidence-based climate target in the company's business plan in 2021.



### Consumption optimization

**Target 2020:** 100 percent of the properties (Like-for-like) will have been evaluated for unique energy consumption in 2020.

**Result 2020:** 100 percent of the properties (Like-for-like) has been evaluated for energy consumption. In addition to these, approximately 100 properties were assessed.



### Green appendix leases

**Target 2020:** In 2020, 100 percent of all new leases, excluding parking spaces and garages, will include a green appendix.

**Result 2020:** A total 79 leases were signed during the year with green appendices, corresponding to 16 percent of new leases, excluding parking spaces and garages.



### Material consumption and choice of materials

**Target 2020:** In 2020, procedures and systems for monitoring the use of materials and choice of materials in tenant-specific modifications, and for remodeling and new-builds, will be developed and implemented.

**Result 2020:** Systems to compile the choice of materials and material consumption in investment projects were implemented into the property management organization. Projects are in progress to implement LCAs.



### Training and Education

**Target 2020:** 100 percent of the organization will have received training in occupational health and safety, property owner responsibility and contractor responsibility in 2020.

**Result 2020:** 100 percent of employees in charge of staff completed occupational health and safety training. 100 percent of relevant employees in the organization received training in contractor law and property ownership rights.







## SUSTAINABILITY INITIATIVES 2020

# STARTING FROM OUR PROPERTIES

The energy consumption in the office properties in Västerås declined by 7.1 percent per square meter in 2020 compared with the preceding year (pertains to like-for-like portfolio). Through the property management office's continuous work, energy consumption changed from 6.9 GWh in 2019 to 6.4 GWh for 2020.

"We work constantly to identify ways to reduce energy consumption in our properties. Through our monitoring system, we can easily read and establish where consumption has increased or is

abnormally high. This enables us to take rapid action and find improvement potential. In several properties, we collaborated with our tenants to initiate large and small projects to optimize operations. In the Navhålet 2 property, we installed new FTX units, a new cooling unit and new solar protection to reduce radiant heat and reduce the need for cooling. In the Sågen 2 property, we replaced cooling units and in Antennen 10 and Tråden 11, we replaced the waterproofing sheets in the roof and the roof lanterns," says Bert Ohlsson, technical

property manager and sustainability officer at Nyfosa's property management office in Västerås.

During 2019, Nyfosa started work on an energy and environmental analysis throughout our property portfolio. This work continued in 2020 and is now conducted continuously in conjunction with acquisitions.



**-8.7** kWh/m<sup>2</sup>

ELECTRICITY CONSUMPTION  
SÅGEN 2

**-3.9** kWh/m<sup>2</sup>

HEAT CONSUMPTION  
SÅGEN 2

**-11.3** %

ELECTRICITY CONSUMPTION  
SÅGEN 2

**-9.3** %

HEAT CONSUMPTION  
SÅGEN 2



Consumption data is reported according to the Sustainability Accounting Standards Board (SASB), a nonprofit organization that sets financial reporting standards.

More comprehensive consumption data is reported on pages 117–118.

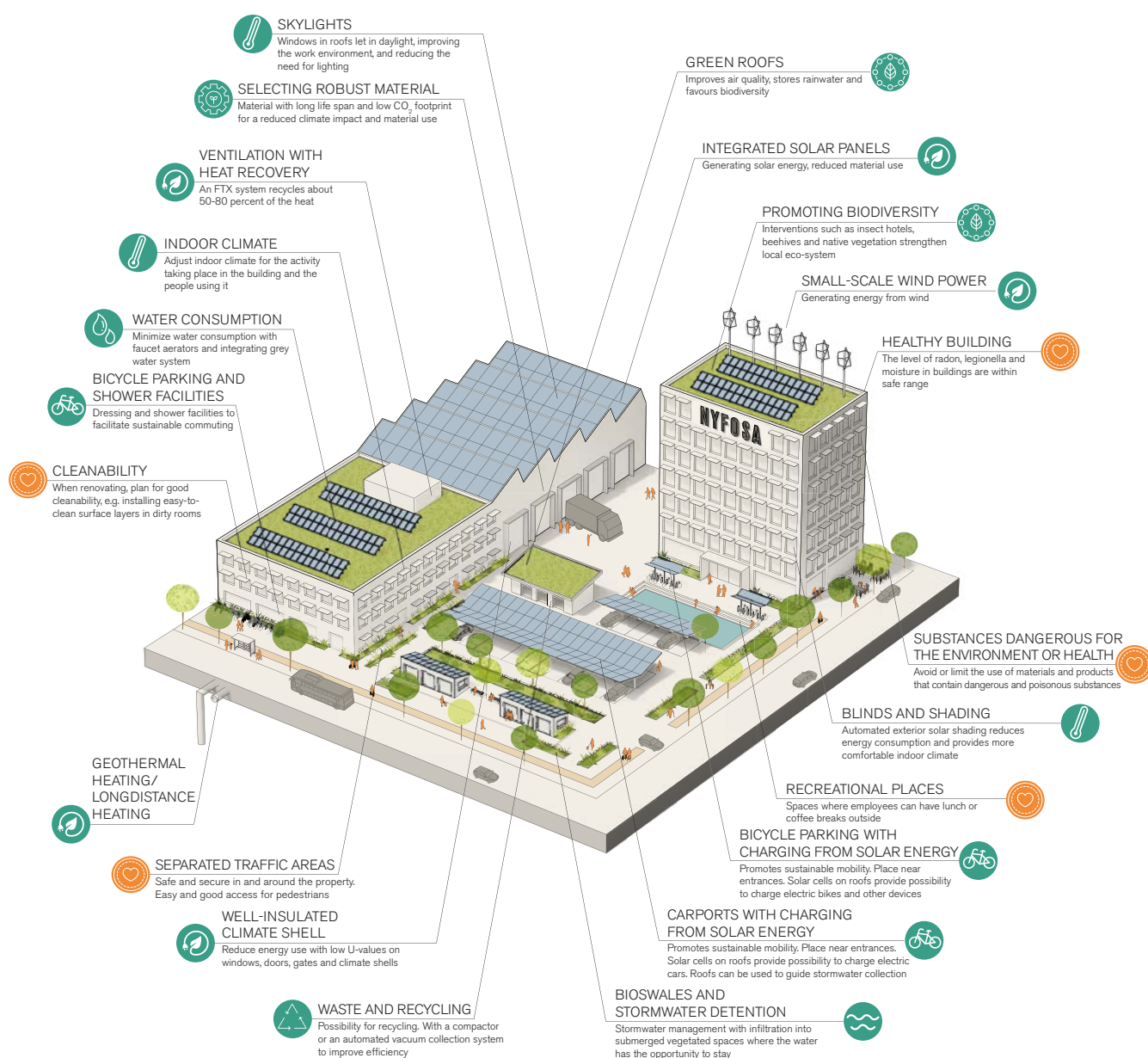
Source: Mestro



## POTENTIAL SUSTAINABILITY PROJECTS IN OUR PROPERTIES

Through our property management, we implement large and small initiatives that make a difference on an aggregated level. For example, this involves being thorough in the choice of the material we use for refurbishments and tenant-specific modifications, being able to see improvement potential in energy consumption and protecting the local environment at and around our buildings. In this manner, the conditions are created for sustainable property ownership, financially and environmentally.

These measures are based on the sustainability certifications BREEAM In-Use and Miljöbyggnad i Drift (Green Building In Use) and serve as guidelines and inspiration within the organization to integrate more sustainable solutions in our properties. The measures successively improve the standard of the building and its surroundings, and therefore also the level of sustainability certification. Read more on the next page about some of the sustainability projects we conducted during the year.



## SUSTAINABILITY PROJECTS COMPLETED IN 2020



### SUSTAINABLE ENERGY

#### District heating/Geothermal heating

Converting to district heating or geothermal heating from fossil fuel-fired heat sources such as oil furnaces not only results in a drastic reduction in operating costs, but also in environmental impact. It is important to check that the district heating does not come from the burning of fossil fuels in the region where the property is located. With geothermal heating, 60–80 percent of the energy comes directly from the sun. The energy in the form of electricity, which is needed to drive the heat pump, comprises only a small part of the energy emitted by the heat pump.

#### Examples of measures performed

In the Böttö 5 property, a new control system was installed, 267 thermostats were replaced and an inspection of the radiator circuit was conducted to ensure the flow. In Värnamo, the Filen 5 property was converted from electric heating to district heating. Geothermal heating units were installed in several properties, including the Vindrutan 1 property in Örebro. At the Knarrarnäs 3 property in Kista, Nyfosa replaced the subcenter for the district heating facility and the relevant control units.



### SURFACE WATER MANAGEMENT

#### Sunken plantations and surface water retention

Sunken plantations retain and cleanse surface water at hardened surfaces, such as roads, car parks and buildings. By guiding the water to sunken plantations, ponds and green areas, better conditions are created to mitigate the effects of strong and extensive rain.

#### Examples of measures performed

At the Karossten 5 property in Örebro, we implemented the rerouting of surface water to a surface water pond. In all major development projects, assessments are made of the risk of flooding and the possibility of local surface water retention when designing landscape and outdoor environment projects.



### HEALTHY BUILDING

#### Healthy building

Radon, legionella and moisture are factors that are investigated to ensure a healthy building. Excessive amounts of radon can result in lung damage, which could increase the risk of lung cancer. Moisture problems in buildings may cause health problems and affect the design function.

#### Examples of measures performed

Nyfosa works with emission measurements from building materials, radon measurements and PCB assessments, as well as annual checks of the hot water temperatures. In the Verkstaden 8 property in Västerås, emissions from construction materials were measured and radon measurements/PCB assessments were conducted at Karossten 5 in Örebro.



### WATER USAGE

#### Water consumption

Several small measures can be used to reduce water consumption, such as ensuring that taps and toilets do not leak and that water-efficient fittings and toilets are selected when these are to be replaced. A water-efficient toilet, for example, uses a quarter of that used by a toilet from the 1970s.

#### Examples of measures performed

In Karlstad and Värnamo, Nyfosa has replaced toilets and mixer taps with more water-efficient products. In Stockholm, Nyfosa initiated collaboration in 2020 with Smartvatten to install automatic systems for readings and alarms, which saves both time and money and reduces the risk of moisture damage.



### RECYCLING AND WASTE MANAGEMENT

#### Waste and recycling

To reduce tenant waste, it is important to ensure that there is sufficient space and enough containers to sort waste in a central location in the property. Apart from well-designed waste disposal rooms, a compressor may be an alternative for reducing the volumes of waste, freeing up space and reducing the need for transport, which is both cost-effective and good for the environment.

#### Examples of measures performed

The property management office in Örebro conducted an analysis of waste management in several properties aimed at improving options for tenants to sort their waste. At the Tyska Bryggaregården 6 property in Karlskrona, Nyfosa created a waste disposal room in 2020, giving office and residential tenants to good options to sort their waste at source.



## INDOOR CLIMATE

### Indoor climate

Indoor climate and thermal comfort are a key aspect of several sustainability certifications. Comfort during the winter depends on a combination of indoor temperature and drafts, while comfort during the summer involves a combination of sunlight, sun protection and the option of opening windows. The indoor climate should be adapted to the activity being conducted by those present in the building. Measures to improve the indoor climate could be to replace windows to achieve better U-values, review the heaters' size, location and output, as well as reviewing supply air flows and supply air temperature.

### Examples of measures performed

Nyfosa offers a healthy and energy-efficient indoor climate. We conduct regular status inspections of the properties, replace windows and doors as required, update, control, follow up and optimize installations by logging temperatures and installing new cooling machines and window units where necessary. At the Formen 1 property in Umeå, we installed climate panels as the indoor ceiling to diminish the negative effects from temperature differences in cooling and heating.



## BIODIVERSITY

### Biodiversity

Planning for the benefit of biodiversity is an indicator within several sustainability certification programs. Nurturing flora and fauna that are naturally present in the region and creating environments with many local species makes them more stable and reduces the needs to manage green spaces. Small measures can make a difference, such as boxes for birds and bats, insect hotels and beekeeping, or cultivating plants that benefit insects.

### Examples of measures performed

In 2020, the property management office in Gothenburg collaborated with BeePartners to sponsor a beehive with 30,000 honeybees at Södra Porten (Tulpanen 3 and Snödroppen 2, divested during 2020). At the end of the summer, the property management received locally produced honey that they were able to distribute to the tenants. Bee communities were also established on the rooftops of several properties in Örebro and Värnamo.



## ROBUST CHOICE OF MATERIALS

### Robust materials

Selecting robust material with a long lifetime often results in low climate impact from a lifecycle perspective. The climate impact of construction materials should always be regarded from a lifecycle perspective, with extraction, manufacturing and transport being taken into consideration, as well as the possibility for reuse or materials recovery. By selecting local materials that have a long lifetime for refurbishment and new building, not only is the climate footprint reduced through reduced materials use and transport, but also the maintenance costs of the building.

### Examples of measures performed

In Malmö, Nyfosa is participating in a research project for building design with a lifecycle perspective in cooperation with, among others, IVL the Swedish Environmental Institute and the Swedish Energy Agency. The project involves providing players with the possibility to influence climate and cost perspectives, ad energy use, at an early stage in the construction process. In 2021, case studies will be conducted, including within Nyfosa's portfolio in the Skåne region.



## SUSTAINABLE INFRASTRUCTURE

### Carports and bike parks with charging and solar panels

Roofs are suitable for solar panels. Using spaces such as the roofs of carports and bike parks for solar panels results in effective use of these spaces. Solar panels integrated in roofing serve as a waterproofing sheet and can thus also reduce materials costs. Offering charging for electric vehicles and e-bikes encourages less fossil fuel-driven transports. By installing these charging sites in the best locations, for example, close to the entrances, those who choose sustainable modes of transport are benefited.

### Examples of measures performed

In Gothenburg, the initiative continued to promote sustainable travel to and from Södra Porten in Mölndal. Preparation of a new lockable bike garage was completed, as well as establishment of a bike hire station, establishment of a vehicle hire station and extension of the number of bike parking possibilities, with better and more secure stands in strategic places. In Region North, collaboration was initiated with Övik Energi in 2020 to equip carports with solar panels and storage of solar energy.

► You can read more about completed projects on the website, [www.nyfosa.se](http://www.nyfosa.se)

## NYFOSA'S SUSTAINABILITY REPORT 2020

Nyfosa's Sustainability Report follows the guidelines from the international organization Global Reporting Initiative (GRI) and is prepared in accordance with the GRI Standards for the Core option. Consumption data is reported according to the Sustainability Accounting Standards Board (SASB). In the GRI index on pages 114–115, there are further details on where to find information in the Annual Report and in the Sustainability Report. Risk and risk management are reported on pages 51–56.

The content of the report, in addition to the formal sections according to the GRI Standards, aims to provide the reader with a broader understanding of the focus within the company related to the two global sustainability targets on which Nyfosa has chosen to focus, Gender equality and Climate action, but also areas that have proven important following dialogue with our stakeholders.

Nyfosa follows the international standard for sustainability reporting and a new feature for this year is that the sustainability report is subject to external audit. This entails that we are now placing even higher demands on ourselves and further accelerating the pace of the company's sustainability efforts in 2021.

### Stakeholder dialogue

In 2020, a stakeholder dialogue was conducted to gain an impression of what Nyfosa's stakeholders regard as the most important sustainability issues for the company. The dialogue was conducted using a web survey that was distributed to a selection of the company's tenants, creditors, partners and suppliers, shareholders and to all employees and Board members of the company. In addition, the company has a constantly ongoing dialogue with creditors, shareholders, tenants and other stakeholders in sustainability-related issues.

### Materiality analysis

The survey and other dialogues during the year with the company's stakeholders have created an image of the sustainability areas that are most important for Nyfosa to address. The areas that stood out were anti-corruption, financial results, equality, health and safety, energy use and environmental impact. With this as a starting point, the materiality analysis confirms that Nyfosa is focusing on the right aspects in its sustainability work and related reporting.

Sustainability data for the most important sustainability areas according to the stakeholder analysis are presented in the GRI section on pages 114–122.

### DIALOGUE FORM

### KEY SUSTAINABILITY AREAS

BOARD OF DIRECTORS AND OWNERS		
	<ul style="list-style-type: none"> <li>Board meetings</li> <li>Meetings with owner representatives</li> <li>Surveys</li> </ul>	<ul style="list-style-type: none"> <li>Health and safety for employees</li> <li>Anti-corruption</li> <li>Gender equality</li> <li>Economic performance</li> </ul>
TENANTS		
	<ul style="list-style-type: none"> <li>Continuous dialogue at tenant meetings, in everyday operations and meetings</li> <li>Surveys</li> </ul>	<ul style="list-style-type: none"> <li>Anti-corruption</li> <li>Energy consumption</li> <li>Environmental impact – CO<sub>2</sub> emissions</li> <li>Materials use</li> </ul>
SUPPLIERS		
	<ul style="list-style-type: none"> <li>In connection with procurements, orders and supplier agreements</li> <li>Surveys</li> </ul>	<ul style="list-style-type: none"> <li>Materials use</li> <li>Energy consumption</li> <li>Environmental impact – CO<sub>2</sub> emissions</li> <li>Health and safety for employees</li> <li>Guidelines and policies on environmental issues and health and safety</li> </ul>
CREDITORS		
	<ul style="list-style-type: none"> <li>Continuous meetings</li> <li>Surveys</li> </ul>	<ul style="list-style-type: none"> <li>Anti-corruption</li> <li>Economic performance</li> <li>Guidelines and policies on environmental issues and health and safety</li> <li>Energy consumption</li> <li>Environmental impact – CO<sub>2</sub> emissions</li> <li>Transparent reporting</li> </ul>
EMPLOYEES		
	<ul style="list-style-type: none"> <li>Continuous dialogues with regional offices</li> <li>Staff appraisals</li> <li>Surveys</li> </ul>	<ul style="list-style-type: none"> <li>Health and safety for employees</li> <li>Learning and development</li> <li>Economic performance</li> <li>Gender equality</li> </ul>
SOCIETY		
	<ul style="list-style-type: none"> <li>Dialogue in planning processes</li> </ul>	<ul style="list-style-type: none"> <li>Surface water management</li> <li>Sustainable transports</li> <li>Green structure and biodiversity</li> </ul>





## SUSTAINABILITY INITIATIVES 2020

### SUSTAINABLE STEPS IN THE NORTH

The property management office in Sundsvall manages 38 of Nyfosa's properties in Region North. In 2020, 16 green leases were signed and this work is continuing in 2021. During the year, the property management office also worked to improve ventilation and heat recovery in several properties. The focus was on upgrading units and control systems to increase optimization. In this way, a healthy indoor climate is created, at the same time as energy consumption and costs decline. Studies were also conducted to install Eco-pilot for automation and efficiency enhancement of heat, cooling and ventilation in the Formen 1 property. In the same property, two 60 kWh geothermal pumps were installed, at the same time as room regulation, the recirculated air function and pressure regulation were carried out. Consumption declined by 42 percent corresponding to approximately 600,000 kWh per year.

The management organization in the North works over a large area, with long distances between the properties. These conditions require good cooperation, digital tools and flexible work methods to

create efficient, profitable and sustainable management. The property management office in Region North cooperates with local suppliers who are present in each location. In this way, solid knowledge about the location and good accessibility and closeness to our tenants are ensured. In parallel, digital tools are used to monitor, for example, energy and water consumption to identify savings potential and uncover any deviations.



*“Through many small and rapid steps, we can achieve very positive results, financial and environmental, in our management.”*



– PAUL HEDBERG,  
PROPERTY AND  
SUSTAINABILITY MANAGER,  
REGION NORTH

## RISKS

# RISKS AND RISK MANAGEMENT

Nyfosa is continuously exposed to various risks, which could be significant to the company's future operations, earnings and financial position. Nyfosa works systematically and continuously on managing these and other risks and uncertainties. The focus is on preventing risks and evaluating how risk management can be converted into opportunities.

Nyfosa divides relevant risks and uncertainties for the company into five categories.

<b>STRATEGIC RISKS</b>	Risks attributable to the business model
<b>OPERATIONAL RISKS</b>	Property owner risks
<b>FINANCIAL RISKS</b>	Risks attributable to external liabilities
<b>SUSTAINABILITY RISKS</b>	Environment-related risks, social responsibility and liability risks
<b>EXTERNAL ENVIRONMENT</b>	Risks that arise outside the company's operations

Risk by category	Consequence	Probability	Management of risk	Changes during the year
<b>STRATEGIC RISKS</b>				
Changes in value of properties	Major	Possible	Focus area	→
High transaction activity level	Minor	Improbable	Monitor	→
Property development	Average	Possible	Monitor	→
Employees and expertise	Minor	Possible	Monitor	→
<b>OPERATIONAL RISKS</b>				
Rental income	Average	Possible	Focus area	↗
Property expenses	Minor	Improbable	Monitor	→
Tax	Average	Possible	Monitor	→
IT and infrastructure	Average	Possible	Monitor	→
<b>FINANCIAL RISKS</b>				
Interest-rate risk	Major	Possible	Focus area	→
Financing and refinancing risk	Major	Possible	Focus area	→
<b>SUSTAINABILITY RISKS</b>				
Occupational health and safety	Average	Possible	Focus area	→
Reputation	Major	Possible	Monitor	→
Internal processes and controls	Average	Possible	Monitor	→
Environmental impact	Average	Possible	Focus area	↗
Climate issues	Major	Possible	Focus area	→
<b>EXTERNAL ENVIRONMENT</b>				
Macroeconomic	Average	Probable	Focus area	→
Crisis	Average	Probable	Focus area	↗
Regulatory changes	Minor	Highly possible	Monitor	→
Regulatory compliance	Minor	Possible	Monitor	→

↗ = Increased monitoring  
→ = Unchanged monitoring

## STRATEGIC RISKS

Risk that the company's strategy, including a high transaction level and sustainable development of the existing portfolios, does not support the financial target that is an annual growth in distributable cash flow per share of 10 percent.

Description of the risk	Risk management	Exposure and outcome
<p><b>CHANGES IN VALUE OF PROPERTIES</b></p> <p>The property portfolio's total value is the largest asset item in the statement of financial position. Small changes in components that affect the value of an individual property can in total have a major impact on the company's financial position.</p> <p>The value is affected not only by supply and demand in the market, but by several other factors that are both property specific and market specific. Because the value is based on several components with an element of assumption regarding future rent levels and leasing potential, there is a degree of subjectivity in the value ascribed to the object.</p>	<ul style="list-style-type: none"> <li>Nyfosa owns a large number of properties that are geographically spread throughout the country, which results in a balanced risk profile.</li> <li>The prioritized property category is commercial properties in high-growth municipalities where we can see an increase in relocation and business.</li> <li>To minimize the risk of errors in the value of the property portfolio, the company engages external appraisers to value all properties ahead of each quarterly closing.</li> <li>The assignment is shared by two appraisers.</li> </ul>	<p>A major negative change in value of the properties can result in the suspension of credit terms of the loan agreements. In the event of this, the company risks higher financing costs or, as a final measure, that the loan falls due for payment.</p> <p><b>Outcome</b></p> <p>The total value development in the property portfolio has been positive throughout the full-year. No credit terms have been suspended.</p>
<p><b>HIGH TRANSACTION ACTIVITY LEVEL</b></p> <p>The company's strategy is to be constantly active in the transaction market. This means that a large share of potential property acquisitions constantly need to be evaluated.</p> <p>There is a risk of misjudging the market, a property's potential or the development of a geographic area as well as risks linked to a seller who acts unethically.</p>	<ul style="list-style-type: none"> <li>There is a well-defined acquisition process and extensive capacity in the company to evaluate potential business.</li> <li>With its broad geographic presence, the organization has an extensive contact network and is highly knowledgeable of the market's commercial property players.</li> <li>Nyfosa occupies a strong position in the transaction market, with unquestioned knowledge of complex portfolio transactions, which means that sellers often contact us.</li> </ul>	<p>Difficulties finding transactions may affect the company's ability to achieve the financial target. Incorrect business decisions could constitute losses for the company.</p> <p><b>Outcome</b></p> <p>During the past 12-month period, transactions for approximately SEK 18 billion were carried out.</p>
<p><b>PROPERTY DEVELOPMENT</b></p> <p>Investments are continuously made in the existing property portfolio in the form of modifications and improvements.</p> <p>There is a risk that an investment decision will not generate the expected rent level after the investment, or that the investment is not considered value adding.</p> <p>Investment projects could be delayed or more expensive than assessed in conjunction with the investment decision.</p>	<ul style="list-style-type: none"> <li>Investments are generally carried out as a tenant conversion in conjunction with renegotiations or new leases.</li> <li>Regardless of whether the investment is associated with renegotiations or new leases, the tenant's credit rating is evaluated.</li> <li>If an investment is made in the property's public space, a thorough assessment of the investment's impact on the property's long-term value is made.</li> <li>Those property development projects that are carried out are conducted together with established and experienced suppliers.</li> </ul>	<p>Higher costs for investment projects adversely impact the company's cash flow.</p> <p>Delays of investment projects tie up capital longer than expected.</p> <p><b>Outcome</b></p> <p>No significantly higher costs or delays have been encountered during the year.</p>
<p><b>EMPLOYEES AND EXPERTISE</b></p> <p>Nyfosa's organization has been deliberately built up with a relatively small number of people in order to create flexibility and proximity to business, which could lead to dependency on existing key talent.</p>	<ul style="list-style-type: none"> <li>Competency needs are evaluated continuously in order to adapt the organization to prevailing requirements, and active work is conducted to promote internal manager sourcing.</li> <li>To minimize the dependence on individuals, the company has documented job descriptions and clear process maps.</li> </ul>	<p>Should Nyfosa fail to retain qualified staff and senior executives, or if they are frequently on sick leave, this could adversely affect Nyfosa's operations, financial position and earnings.</p> <p><b>Outcome</b></p> <p>Exceptionally low personnel turnover during the year.</p>

## OPERATIONAL RISK

The risk of not achieving the growth target for the organization's management of the existing property portfolio.

Description of the risk	Risk management	Exposure and outcome
<p><b>RENTAL INCOME</b></p> <p>The leasing rate and level of rental income are largely dependent on the company's own actions, but are also affected by economic cycles.</p> <p>Both rent levels and the leasing rate are highly affected by overall growth in the Swedish economy but also growth at regional and local levels where Nyfosa conducts operations. The risk of loss of rent and vacancies is also related to the tenant and contractual structure. For example, a concentration of tenants to a small number of larger parties leads to increased exposure.</p>	<ul style="list-style-type: none"> <li>Nyfosa's property portfolio is geographically diversified, with a large number of tenants with differentiated lease tenures.</li> <li>The risk of bad debts is managed by conducting credit assessments of tenants for all new leases and continuously during the lease term. If necessary, the lease may have to be supplemented with surety, a rental deposit or a bank guarantee.</li> <li>All rents are paid in advance on a quarterly or monthly basis.</li> <li>A certain level of vacancies may have a positive effect since it provides scope in the form of new leases and flexibility in relation to existing tenants.</li> </ul>	<p>Lower rental income and/or lower leasing rates could adversely affect the operations, financial position and earnings. When a vacancy occurs, this could entail costs for customizing the premises for a new tenant, and a risk that the vacancy will be long-term.</p> <p>If tenants fail to fully meet their commitments in accordance with the lease, this may also lead to higher vacancy rates with a resulting reduction in property value.</p> <p><b>Outcome</b> Rent losses increased in conjunction with the coronavirus pandemic, but on an overall level, the effect of the economic downturn on the company has been slight.</p>
<p><b>PROPERTY EXPENSES</b></p> <p>Risks of cost increases beyond what Nyfosa can compensate for through contractually agreed rents, index and surcharges for onward invoicing. The risks extend also to unforeseen expenses and extensive renovation needs.</p>	<ul style="list-style-type: none"> <li>Property expense analyses are performed regularly during the year. Discrepancies are followed up.</li> </ul>	<p>With the exception of interest expenses, costs such as electricity, water, heating, cooling and wastewater are, the largest expenses for the company.</p> <p>Prices for property expenses are governed by supply and demand alongside policy decisions, which could potentially change.</p> <p>The basis for calculating ground rent may be amended for future renegotiations.</p> <p>The basis for calculating property tax may be changed through policy decisions.</p>
<p><b>TAX</b></p> <p>Regulations governing the recognition of taxes and the application of these accounting regulations are complex fields. From time to time, Nyfosa has cases under review by, and ongoing dialogues with, the Swedish Tax Agency regarding individual taxation matters.</p> <p>Because it is possible to appeal Tax Agency's tax rulings and the judicial bodies' interpretation and reviews take place in many stages, it can take a long time to establish the correct application of legislation. This may adversely affect Nyfosa and investors' assessment of Nyfosa.</p> <p>The Swedish Tax Agency's tax rulings as well as court rulings may entail that actions taken or completed transactions that were previously considered permissible according to the regulatory framework may need to be reappraised at a later juncture.</p> <p>In the case of future audits or reviews, there is a risk that the Swedish Tax Agency could object to Nyfosa's assessment, for example, with respect to the deductibility of certain costs, opportunities for depreciation for tax purposes or the opportunity to deduct loss carryforwards from previous years.</p>	<ul style="list-style-type: none"> <li>Nyfosa carefully follows political developments and continuously monitors developments in the regulatory area to identify proposals for regulatory changes at an early stage. This monitoring ensures that Nyfosa understands the effects of any regulatory changes well in advance and that Nyfosa is well prepared should new regulations require an adaptation of internal processes to ensure compliance with the new regulations.</li> <li>Nyfosa monitors the taxation laws and practices that are in effect whenever it files tax returns. To further safeguard the quality of both tax returns and financial statements, Nyfosa continuously checks its judgments of complex tax matters with external experts.</li> <li>Within Nyfosa, all functions work together through clear-cut processes to satisfy regulatory requirements for continuous reporting and payment of taxes and to identify and manage tax risks.</li> </ul>	<p>Even if tenants are responsible for their share of the property taxes due at all times in the majority of Nyfosa's leases, changes to the property tax and other taxes such as corporation tax, VAT and other state levies and tax-related contributions could adversely affect Nyfosa's financial position and earnings.</p> <p>A future change in the tax situation for Nyfosa could have adversely impact the financial position and earnings.</p> <p>Nyfosa had loss carryforwards from prior years. The Tax Agency decided in a review decision in 2018 not to grant the company full deductions for these loss carryforwards. The loss carryforwards in question amount to MSEK 1,215. Unutilized loss carryforwards are valued at MSEK 221, corresponding to 20.6 percent, in the statement of financial position. Nyfosa has not remeasured this amount since it believes that it is overwhelmingly probable that the deduction claimed will be granted following a court ruling.</p>
<p><b>IT AND INFRASTRUCTURE</b></p> <p>Risks related to inadequate physical and digital IT infrastructure.</p>	<ul style="list-style-type: none"> <li>Nyfosa has chosen an external IT service supplier. The supplier is well-established in Sweden and has a business area dedicated to the property sector that has built up expertise over many years.</li> <li>Nyfosa has regular dialogues and formal meetings at strategic and operational levels with the supplier.</li> <li>The company's Board adopts every year an information security policy.</li> <li>Management follows up every year that the accounting function's continuity plan is updated.</li> </ul>	<p>Delayed financial reporting to the market.</p> <p><b>Outcome</b> No faults in the infrastructure or disruptions in access to data were reported during the year. No delays in reporting to the market occurred during the year.</p>



## FINANCIAL RISKS

The risk of not achieving the long-term growth target due to shortcomings in financial covenants for current financing or that the company breaches the financial risk limits, equity/assets ratio >25%, loan-to-value ratio <65% and ICR >2.0.

Description of the risk	Risk management	Exposure and outcome
<p><b>INTEREST-RATE RISK</b></p> <p>Interest-rate risk refers to the risk that changes in interest rates could affect interest expenses, which represent the company's single largest cost item.</p>	<ul style="list-style-type: none"> <li>Nyfosa mainly works with floating interest rates in its loan agreements. Mainly interest-rate caps are used to reduce interest-rate risk, but occasionally these can be combined with other derivatives such as interest-rate swaps.</li> <li>Limiting interest-rate risk increases the predictability of Nyfosa's profit from property management and changes in interest-rate levels do not fully impact the Group's interest expenses.</li> <li>Interest-rate caps and swaps are entered into to adapt the company's fixed-rate periods to the decided finance policy and existing loan agreements.</li> </ul>	<p>In the longer term, changes in interest rates have a material impact on earnings and cash flow.</p> <p><b>Outcome</b></p> <p>The interest-coverage ratio was a multiple of 3.8 during the year.</p>
<p><b>FINANCING AND REFINANCING RISK</b></p> <p>Nyfosa grows primarily through acquisitions, and the company finances growth through external capital and the accrued cash flow. A declining market or economic climate could adversely affect the company's growth opportunities if access to external capital is limited or is only possible at considerably higher costs.</p> <p>When existing bank loans and bonds are refinanced in the future, there is a risk that it will not be possible to secure new loans or renew loans, or only at less favorable terms.</p>	<ul style="list-style-type: none"> <li>The company annually adopts a finance policy that stipulates, inter alia, general rules for the company's financing and how the risks associated with financing operations are to be limited.</li> <li>The company engages in continuous discussions with existing and prospective financiers to ensure that the necessary financing can be obtained in all situations.</li> <li>The assessment is that a stable financial position combined with a strong statement of financial position and a high credit rating provides continued favorable potential for growth.</li> </ul>	<p>If raising loans becomes more difficult or more expensive, this would adversely impact the company's potential to acquire properties and implement investments and projects.</p> <p><b>Outcome</b></p> <p>Refinancing of existing bank loans and securing new bank loans in conjunction with acquisitions was carried out during the year at good terms for the company.</p>

## SUSTAINABILITY RISKS

Risks related to occupational health and safety, the company's market reputation, the quality of internal processes, the impact of the operations on the environment and climate changes that affect the company's assets. All sustainability risks could have a negative impact on the company's financial performance.

Description of the risk	Risk management	Exposure and outcome
<b>OCCUPATIONAL HEALTH AND SAFETY</b> <p>A number of significant psychosocial stresses related to working life can be found in society. The construction and property industry in particular is also affected by a high number of work-place accidents. It is Nyfosa's responsibility to ensure a healthy work environment, both physically and psychosocially, for its employees and in its capacity as the client.</p>	<ul style="list-style-type: none"> <li>Nyfosa applies occupational health and safety legislation and other regulations and requirements relevant to the company.</li> <li>A reasonability assessment is performed for tenders submitted in procurement processes for services from suppliers and partners.</li> <li>The company regularly monitors sick leave, long-term sick leave and work-place accidents.</li> <li>As part of efforts to prevent ill health, Nyfosa offers a health and well-being package and regular medical checkups to all employees, and all of Nyfosa's employees are covered by medical expenses insurance.</li> <li>The company has an anonymous whistleblower function that can be used to report any improprieties.</li> </ul>	<p>A high level of sick leave could affect the progress of the operations.</p> <p><b>Outcome</b>  All managers received training in occupational health and safety in 2020. All property managers were also trained in property owner responsibility in connection with construction contracts and projects. Absence due to illness for the year was 0.92 percent.</p>
<b>REPUTATION</b> <p>Nyfosa is to be a responsible company and a modern property owner. If the company contravenes laws or regulations or otherwise acts unethically, it could result in damage to Nyfosa's brand.</p>	<ul style="list-style-type: none"> <li>Nyfosa follows the Swedish Corporate Governance Code.</li> <li>The company has internal governing documents and policies that outline procedures and divisions of responsibility.</li> <li>The company has an anonymous whistleblower function that can be used to report any improprieties.</li> <li>Employees are continuously trained in occupational health and safety, property owner responsibility and contractor responsibility.</li> <li>Work is being conducted to ensure that larger suppliers meet the company's requirements.</li> </ul>	<p>A tarnish reputation among tenants, employees and other stakeholders.</p> <p><b>Outcome</b>  No incidents were reported. No cases were reported using the whistleblower function.</p>
<b>INTERNAL PROCESSES AND CONTROLS</b> <p>Deficient procedures, irregularities or internal or external events could cause disruptions or damage to the operations. The company's business model is based on maintaining a relatively small organization. A large part of financial management is purchased from external service providers. There is the risk that internal processes and controls among these external service providers do not meet the requirements set by the company.</p>	<ul style="list-style-type: none"> <li>The company complies with the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework for evaluating a company's internal control over financial reporting, which contains the following five components: control environment, risk assessment, control activities, information and communication, and monitoring.</li> <li>Policy documents and analyses are in place for all material processes in the company's operations.</li> <li>The Code of Conduct contains guidelines for the conduct of employees in certain situations and includes an established whistleblowing procedure. Process descriptions, procedures and control functions for processes carried out by external service providers are stipulated in agreements and governing documents.</li> </ul>	<p>Errors in the financial reporting. Financial losses due to irregularities.</p> <p><b>Outcome</b>  No deficiencies were identified during the year.</p>
<b>ENVIRONMENTAL IMPACT</b> <p>The construction and property industry accounts for a significant share of society's total environmental impact. In addition, the industry contributes to emissions in other countries through the import of building and construction products.</p>	<ul style="list-style-type: none"> <li>Nyfosa actively works to identify the areas in which the company can make the greatest difference. In 2019–2020 this included introducing green appendices and certifying properties.</li> </ul>	<p><b>Outcome</b>  Six properties were certified in 2020. 79 new leases had a green appendix, corresponding to 16 percent of total new leases, excluding parking spaces and garages.</p>
<b>CLIMATE ISSUES</b> <p>The climate changes that have partly happened and that scientists predict will happen entail the risk of a negative impact on properties. Extreme weather conditions, rising sea levels and temporary flooding are examples of risks related to climate change.</p>	<ul style="list-style-type: none"> <li>Analyzing risks is part of the acquisition process for new properties.</li> <li>Nyfosa works continuously to make an inventory of its property portfolio and takes measures as necessary. The company is monitoring developments in expertise to continuously keep this matter relevant and update procedures and work methods as necessary.</li> </ul>	<p>These risks may lead to damage to properties and people, lower property values and higher insurance premiums.</p> <p><b>Outcome</b>  No impact was reported.</p>

## EXTERNAL ENVIRONMENT

Risk that crises in the external environment, such as a virus outbreak, recession and trade wars adversely affect the company's operations. Risk that regulatory changes adversely affect the company's operations, such as higher costs when transitioning to new regulatory compliance.

Description of the risk	Risk management	Exposure and outcome
<b>MACROECONOMIC</b> Macroeconomic risks pertain to risks related to general decline in demand in the economy, low inflation or deflation, or general difficulties securing financing, alternatively financing at high credit margins.	<ul style="list-style-type: none"> <li>Market surveillance.</li> <li>Due diligence and negotiations with tenants.</li> <li>Internal reporting model for local market conditions.</li> <li>Business intelligence in management and the Board.</li> </ul>	A weak economy adversely affects demand for premises, resulting in more vacancies, falling market rents and absence of indexation in existing agreements. Further, there is a greater risk that tenants will have trouble paying or declare bankruptcy, which has an immediate adverse effect on the cash flow.  Limited access to capital inhibits the company's possibilities to conduct operations. Ultimately, a lower demand in the economy could cause property values to fall.  <b>Outcome</b> At an overall level, the effect of the coronavirus pandemic has been limited. Nyfosa has low exposure to tenants.
<b>CRISIS</b> Crises can arise when something happens in the work or within the organization that Nyfosa is unable to influence or predict. This includes terrorist attacks, cyber-attacks, virus outbreaks, extreme weather conditions and environmental disasters, or intelligence leaks.	<ul style="list-style-type: none"> <li>Crisis management plan drafted by management and the Board, published on the intranet.</li> <li>Successions planning for senior executives.</li> <li>Insurance coverage for full value of properties.</li> <li>Guidelines for information security, and create understanding and awareness among users that information is an asset to be handled carefully.</li> <li>Continuity plan for IT.</li> <li>Expand investment in digitization throughout the operations.</li> <li>Increase knowledge about the impact of climate change on operations.</li> </ul>	Can lead to economic losses.  <b>Outcome</b> At an overall level, the effect of the coronavirus pandemic has been limited.
<b>REGULATORY CHANGES</b> There is a risk of amendments in regulatory frameworks, such as tax and EU regulations, MAR or GDPR, which means higher costs and could necessitate changes in operations.	<ul style="list-style-type: none"> <li>Monitor updates and amendments in regulatory frameworks.</li> <li>Established network of advisors.</li> </ul>	Changes in regulatory frameworks could affect future opportunities to complete investments, or make these more expensive, leading to lower returns in future. New bank legislation may affect access to financing, the price on borrowed capital and trigger credit terms that also involve higher financing expenses.  Amended tax levels and tax legislation, such as amendments to rules for depreciation deductions or bans on packaging of properties, could affect the company's tax expense in future.  <b>Outcome</b> No effect on operations during the year.
<b>REGULATORY COMPLIANCE</b> Compliance with policies	<ul style="list-style-type: none"> <li>Market surveillance.</li> <li>Due diligence and negotiations with tenants.</li> <li>Internal reporting template within the organization pertaining to local market conditions.</li> <li>Network.</li> <li>Business intelligence in management and the Board.</li> </ul>	Can lead to fines and tarnished reputation.  Risk that improprieties or unethical behavior takes place internally, or among customers or suppliers. Can lead to loss of reputation.  <b>Outcome</b> Nothing to report for the year.



*“The pandemic has presented quite a challenge to the otherwise extremely social role of property manager. Much of my work during the year has involved maintaining and managing properties, and we’ve had to rethink things to find new ways of networking. A much-appreciated initiative was our customer outdoor exercise event that we organized together with two tenants. It turns out that networking, exercising and sharing a laugh is outstanding customer relationship management.”*



— SOFIA DAHL,  
PROPERTY MANAGER, ÖREBRO



## THE SHARE

# THE NYFOSA SHARE

The Nyfosa share has been listed on the Large Cap segment of Nasdaq Stockholm since November 23, 2018. On the last day of trading in 2020, the price of the share amounted to SEK 81.95, corresponding to a market capitalization of MSEK 15,120.

## Share price trend and volume of trading

The volume weighted average price on the last day of trading of the year, December 30, 2020, was SEK 81.70. The price of the Nyfosa share increased about 1.8 percent during the year. During the same period, the Nasdaq Stockholm PI index increased 10.8 percent, while the Carnegie Real Estate Index dropped 5.5 percent. A total of about 137.8 million Nyfosa shares were traded for a total value of SEK 9.4 billion in 2020. An average of 546,766 shares were traded on every day of trading.

## Share capital

On December 31, 2020, Nyfosa's share capital amounted to MSEK 92.3, distributed among 184,501,073 shares with a quotient value of SEK 0.5 per share. According to the Articles of Association, the share capital shall amount to not less than MSEK 80 and not more than MSEK 320, distributed among not fewer than 160,000,000 shares and not more than 640,000,000 shares.

## Warrants, convertibles or other share-based financial instruments

A long-term incentive program for employees of the Nyfosa Group, based on the issue of warrants, was implemented in accordance with the resolution of the Annual General Meeting on May 9, 2019. The aim of the incentive program is to help Nyfosa to recruit and retain personnel and to create joint objectives for shareholders, management and employees. The program supports the implementation of Nyfosa's growth and value-creation strategy and hones the focus of the company's employees. The program, which is targeted to all employees, is designed to reward overachievement. On full new subscription based on all warrants, 1,950,000 new shares may be issued, corresponding to dilution of approximately 1.07 percent of the total number of shares and the total number of votes in the company.

## Directed share issue, February 2020

A directed share issue of 6,462,824 shares, based on the authorization granted by the AGM on May 9, 2019, took place at a price of SEK 93 per share in February 2020, which provided Nyfosa with proceeds of about MSEK 601 before issue costs. The new share issue entailed that the number of new

shares in Nyfosa increased 6,462,824, from 167,728,249 to 174,191,073.

Share capital increased SEK 3,231,412 from SEK 83,864,124.50 to SEK 87,095,536.50. The share issue entailed a dilution of approximately 3.7 percent, based on the total amount of shares in Nyfosa after the share issue.

## Directed share issue, March 2020

Nyfosa carried out a directed share issue of 10,310,000 shares, based on the authorization granted by the AGM on May 9, 2019, at a price of SEK 71.20 per share in March 2020.

The shares were paid as part of the purchase consideration in connection with the acquisition of a property portfolio for a total value of SEK 4.2 billion.

## Dividend policy and dividend proposal

The dividend policy that applied in 2019 stipulated that the profits generated would primarily be reinvested to leverage business opportunities and achieve the growth target of a total property value of SEK 25 billion, after which a significant portion of profit was to be paid to shareholders in the form of a dividend, redemption and/or repurchase of shares.

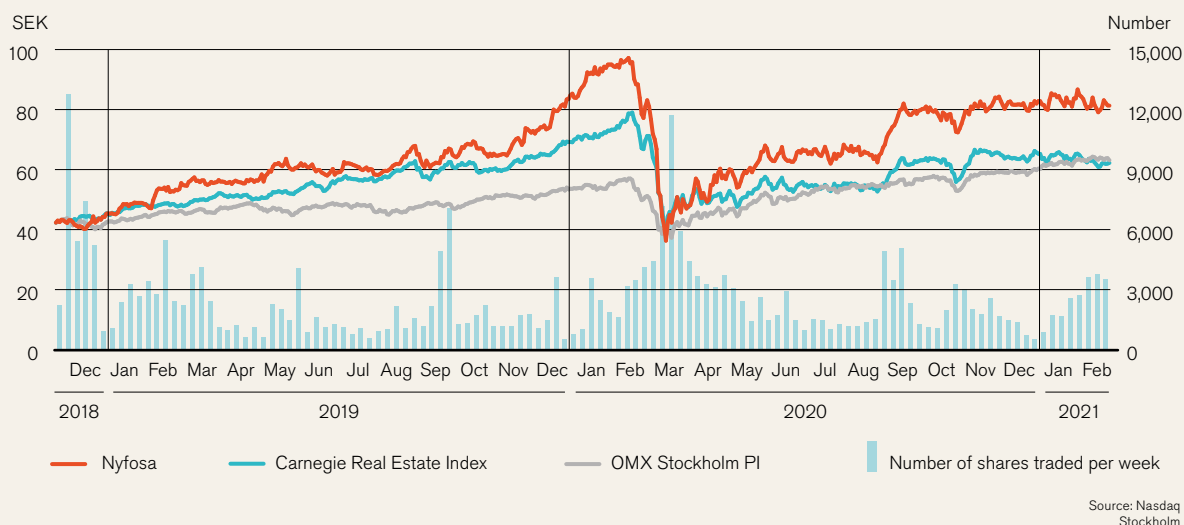
The growth target of a property value of SEK 25 billion was reached in the first quarter of 2020. Based on this, the Board resolved that at least 40 percent of the distributable cash flow is to be distributed to the owners in accordance with a new dividend policy. Dividends are, on each occasion, to be considered in light of the company's business opportunities and may comprise a distribution in kind, buyback or cash dividend.

For the 2020 financial year, the Board proposes that the AGM resolves that an ordinary dividend of SEK 3.00 per share with quarterly payment of SEK 0.75 per share, and an extra dividend of SEK 1.00 per share.

## Shareholder information

On the final day of trading of the year, Nyfosa had 19,232 shareholders, of which Swedish investors, institutions and private individuals owned 63.8 percent of the shares and voting rights, and the remaining shares and votes were owned by foreign shareholders. The ten largest owners jointly controlled 45.5 percent of the share capital and voting rights. The table below presents Nyfosa's largest shareholders on December 31, 2020, based on information from Modular Finance Monitor.

## SHARE PERFORMANCE



## THE COMPANY'S SHARE CAPITAL TREND

Date	Event	Change in share capital (SEK)	Change in number of shares	Share capital after change (SEK)	Number of shares after change
October 17, 2017	New formation	–	–	50,000.00	500
May 21, 2018	Division of shares	–	99,500	50,000.00	100,000
May 21, 2018	New share issue	78,814,124.50	157,628,249	78,864,124.50	157,728,249
August 21, 2018	New share issue	5,000,000.00	10,000,000	83,864,124.50	167,728,249
February 17, 2020	New share issue	3,231,412.00	6,462,824	87,095,536.50	174,191,073
March 9, 2020	New share issue	5,155,000.00	10,310,000	92,250,536.50	184,501,073

## SPECIFICATION OF SHAREHOLDERS

December 31, 2020

Shareholders	Number of shares	Percentage share	
		Capital, %	Votes, %
Länsförsäkringar Funds	15,717,792	8.5	8.5
Swedbank Robur Funds	12,424,228	6.7	6.7
Handelsbanken Funds	11,225,131	6.1	6.1
AB Sagax	8,725,000	4.7	4.7
SEB Funds	7,277,991	3.9	3.9
BlackRock	6,060,420	3.3	3.3
Norges Bank	5,970,860	3.2	3.2
Fourth Swedish National Pension Fund	5,968,408	3.2	3.2
Vanguard	5,654,446	3.1	3.1
Jens Engwall	5,243,857	2.8	2.8
<b>Total ten largest owners</b>	<b>84,268,133</b>	<b>45.5</b>	<b>45.5</b>
Other shareholders	100,232,940	54.3	54.3
<b>Total</b>	<b>184,501,073</b>	<b>100</b>	<b>100</b>

Source: Modular Finance Monitor

## OWNERSHIP STRUCTURE BY SIZE

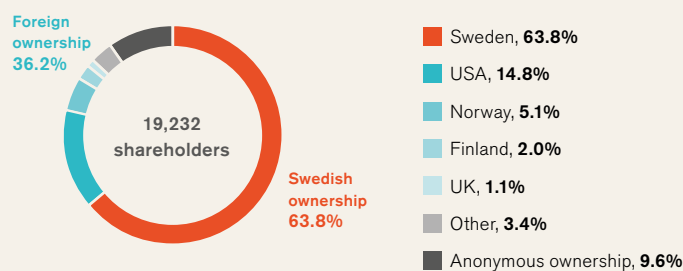
December 31, 2020

Ownership structure	No. of share-holders	Share, %
1 – 500	14,224	73.4
501 – 1,000	2,420	12.5
1,001 – 5,000	2,075	10.7
5,001 – 10,000	237	1.2
10,001 – 15,000	91	0.5
15,001 – 20,000	50	0.3
20,001 –	275	1.4
<b>Total</b>	<b>19,372</b>	<b>100.0</b>

Source: Euroclear

## GEOGRAPHIC DISTRIBUTION OF SHAREHOLDING

December 31, 2020



## CORPORATE GOVERNANCE

# CORPORATE GOVERNANCE REPORT 2020

Corporate governance at Nyfosa is based on Swedish law and other generally accepted good practice in the securities market as well as internal rules and guidelines. Nyfosa also follows the Swedish Corporate Governance Code (“the Code”) and applied it without any deviations in 2020.

## General Meetings

The General Meeting is Nyfosa's highest decision-making body, at which the shareholders exercise their voting rights. The Swedish Companies Act (2005:551) and the Articles of Association prescribe how notice of the Annual General Meeting (AGM) and Extraordinary General Meetings are to take place and who is entitled to participate in and vote at such Meetings. In addition to laws on a shareholder's right to participate in a General Meeting, Nyfosa's Articles of Association stipulate that shareholders must notify their intention to attend the General Meeting not later than the date indicated in the notice of the Meeting, and also give notification if they intend to be accompanied by an assistant. There are no restrictions on the number of votes that each shareholder may cast at the Meeting. Nyfosa's General Meetings are held in Nacka or Stockholm. The company does not apply any special arrangements to the function of the General Meeting, either based on the provisions of the Articles of Association or any shareholders' agreements known to the company.

## NYFOSA'S 2021 ANNUAL GENERAL MEETING

Nyfosa's 2021 AGM will be held on April 21, 2021. More information about the AGM (including instructions on how to notify attendance) is available at [www.nyfosa.se](http://www.nyfosa.se).

Resolutions adopted at a General Meeting are announced after the Meeting in a press release, and the minutes from the Meeting are published on the company's website. The AGM held on April 23, 2020 authorized the Board on one or more occasions for the period before the next AGM, by applying or disapplying shareholders' preferential rights, to decide to issue new shares in the company, although not more than 20 percent of the total number of shares in Nyfosa on the date of the AGM.

The AGM held on April 23, 2020 also authorized the Board to, on one or more occasions for the period until the

## THE WORK OF THE BOARD

The work of the Board follows the adopted rules of procedure pertaining to the year's Board meetings in addition to regular Board matters including major acquisitions, divestments and investments and the CEO's review.



end of the next AGM, resolve to acquire shares in the company so that, as a maximum, the company's holding following the acquisition does not exceed ten percent of all the shares in Nyfosa at any time. Further, the AGM authorized the Board to, on one or more occasions for the period until the end of the next AGM, resolve to transfer the company's shares. The number of shares to be transferred may not exceed the total number of shares held by Nyfosa at any time.

In addition, the 2020 AGM resolved to amend Section 1 of the Articles of Association so that Swedish word "firma" is replaced with "företagsnamn", and Section 9 so that the article, due to anticipated upcoming legislative changes, does not stipulate on which date the record date shall occur.

### The share and shareholders

Information about Nyfosa shares and major shareholders is provided on pages 58–59 of this Annual Report. No shareholders, directly or indirectly, hold shares that represent one tenth or more of the votes for all shares in the company.

### Nomination Committee

The AGM of Nyfosa on May 9, 2019 adopted instructions for the Nomination Committee's composition and work within the company. According to these instructions, which apply until further notice, the Nomination Committee is to comprise the Chairman of the Board and four members appointed by the four largest shareholders in the company in terms of voting rights on July 31. If any of the four largest shareholders in terms of voting rights does not exercise their right to appoint a member, this right to appoint such a committee member is transferred to the next largest shareholder who is not already entitled to appoint a member of the Nomination Committee. The chairman of the Nomination Committee is to be the member representing the largest shareholder in terms of voting rights, unless the members agree otherwise. The composition of the Nomination Committee is to be announced not later than six months before the AGM. If a Committee member leaves or major changes take place in the ownership structure, the composition of the Nomination Committee may

change to reflect this. Such a change will then be announced as soon as possible. The task of the Nomination Committee is to prepare proposals on the election of Board members and auditors, remuneration of the Board members and auditors, the election of the Chairman of the Meeting and any necessary amendments to the instructions for the Nomination Committee. For more information about the current instructions for the Nomination Committee, visit the company's website.

Nyfosa's Nomination Committee ahead of the 2021 AGM comprises Johannes Wingborg, Länsförsäkringar Fondförvaltning AB (Chairman of the Nomination Committee), Lennart Francke, Swedbank Robur Funds, Olof Nyström, Fourth Swedish National Pension Fund, Suzanne Sandler, Handelsbanken Fonder and Johan Ericsson, Board Chairman of Nyfosa.

The Nomination Committee applied the Code's rule 4.1 on diversity policy for its work. The aim of the diversity policy is to satisfy the importance of sufficient diversity on the Board of Directors in respect of gender, age and nationality, as well as experience, professional background and lines of business. The Board comprises three women and four men, meaning that the percentage of women is almost 43 percent, which was established to accord with the Swedish Corporate Governance Board's stated objective of about 40 percent for the least represented gender. Additional information is available in the Nomination Committee's reasoned statement regarding the Nomination Committee's proposals to the 2021 AGM.

### Board of Directors

According to the Articles of Association, Nyfosa's Board of Directors is to comprise at least four and no more than ten members, with no deputy members. The Articles of Association contain no specific clauses governing the appointment or dismissal of Board members or regarding amendment of the Articles of Association. The members of the Board are elected by the AGM for the period until the end of the next AGM. The AGM held on April 23, 2020 reelected Johan Ericsson, Marie Bucht Toresäter, Lisa Dominguez Flodin, Jens Engwall, Per Lindblad, and Mats Andersson as Board members and Jenny Wärmé was elected as Board member.

JUN	JUL	AUG	SEP	OCT	NOV	DEC
<b>Board meetings</b> Economic climate Market and market analysis Review of competitors	<b>Board meetings</b> Quarterly closing Q2 Report from the Audit Committee	<b>Board meetings</b> Strategy Organization Review of code of conduct		<b>Board meetings</b> Quarterly closing Q3 Report from the Audit Committee Meeting with auditors Accounting and audit matters and audit report Business plan, financial targets and review of finance policy Evaluation of the Board Succession planning Talent management Evaluation of the CEO and senior executives		<b>Board meetings</b> Capital structure Forecasted earnings capacity Internal audit



Kristina Sawjani declined reelection. Johan Ericsson was also reelected Chairman of the Board. For more information about Nyfosa's Board members and information about their independence in relation to the company and management, refer to pages 62–63. Board member Jens Engwall served as CEO, and employee in the company until October 26, 2020. However, he was replaced as CEO by Stina Lindh Hök as of October 26, 2020, at which time his role as employee in the Group employee ceased. Jens Engwall remains as advisor to the company in a consultant capacity for a two-year period. No other Board member has been or is employed in the Group. Information about the company's largest shareholders is provided on page 59.

The Board is the company's highest administrative body, and its duties are regulated by the Swedish Companies Act, the Articles of Association and the Code. The Board of Directors is thus responsible for the company's organization and the administration of the company's affairs. The Board is also charged with monitoring financial developments, ensuring the quality of financial reporting and the internal control and evaluating the operations based on the established objectives and guidelines adopted by the Board. Furthermore, the Board decides on significant investments and major changes in the Group's organization and operations. This work is based on rules of procedure adopted by the Board every year that regulate the distribution of work and responsibilities between

## BOARD OF DIRECTORS



**Johan Ericsson**

*Chairman of the Board*

**Year of birth:** 1951

**Board member since:** May 7, 2018

**Education and professional experience:** Master in Business Administration, Stockholm School of Economics. FRICS. Previous experience from senior positions and various roles in the Catella group (1993–2015).

**Other ongoing assignments:** CEO of Logistea AB (publ) with subsidiaries and Solnaberg Property AB (publ). Chairman of the board of SHH Bostad AB (publ), Aktiebolaget Oscar Robur, Market Art Fair Intressenter AB and other board assignments in the Group, Castar Europe AB and Fastighetsbolaget Emilshus AB, and other board assignments in the Group, as well as board member of Brinova Fastigheter AB (publ).

**Shareholding in the company as of Dec 31, 2020 (incl. any shares held by related parties):** 30,000

*Independent in relation to the company, Group Management and the company's major shareholders.*



**Marie Bucht Toresäter**

*Board member*

**Year of birth:** 1967

**Board member since:** May 7, 2018

**Education and professional experience:** Master in Business Administration, Uppsala University. Previous experience from senior positions at, inter alia, Headlight International AB (2015–2017), Skanska ID (2013–2015), NCC Property Development Nordic AB (2012–2013) and Newsec Advice AB (1999–2012).

**Other ongoing assignments:** CEO of Novi Real Estate AB and board member of MVB Holding AB.

**Shareholding in the company as of Dec 31, 2020 (incl. any shares held by related parties):** 4,796

*Independent in relation to the company, Group Management and the company's major shareholders.*



**Lisa Dominguez Flodin**

*Board member*

**Year of birth:** 1972

**Board member since:** May 7, 2018

**Education and professional experience:** Bachelor's degree in accounting and auditing, Mid Sweden University, Östersund, and MBA, San Jose State University. Previous experience as, inter alia, CFO of Grön Bostad AB (2016–2021), CEO of Cibus Nordic real Estate AB (publ) (2018) and board member (including member of the audit committee) of NP3 Fastigheter AB (publ) (2014–2017) as well from senior positions at Oscar Properties AB (2017), Cityhold Property AB (2012–2016) and NBP Group (2011–2012).

**Other ongoing assignments:** CFO of Midroc, board member of LCF Financial Services AB and Flodin Kapital AB.

**Shareholding in the company as of Dec 31, 2020 (incl. any shares held by related parties):** 7,500

*Independent in relation to the company, Group Management and the company's major shareholders.*



**Jens Engwall**

*Board member*

**Year of birth:** 1956

**Board member since:** November 15, 2017

**Education and professional experience:** Master of Engineering, Royal Institute of Technology, Stockholm. Experience as the founder and CEO of Nyfosa AB (2018–2020) and Hemfosa Fastigheter AB (2009–2018), CEO of Kungsliden AB (1993–2006) and experience from the property sector through, inter alia, previous positions at Skanska AB.

**Other ongoing assignments:** Chairman of the board of the property company Söderport Holding AB and other board assignments in the Söderport group, Chairman of the board of Torslanda Property Investment AB (publ), board member of Bonnier Fastigheter AB and Quantafuel AS.

**Shareholding in the company as of Dec 31, 2020 (incl. any shares held by related parties):** 5,243,857, of which 503,900 via companies

*Not independent in relation to the company and Group Management. Independent in relation to the company's major shareholders.*

## ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

Board member	Board meetings	Audit Committee meetings	Remuneration Committee meetings
Johan Ericsson (Chairman of the Board)	26/26	–	6/6
Marie Bucht Toresäter	25/26	6/6	–
Lisa Dominguez Flodin	26/26	6/6	–
Jens Engwall	25/26	–	–
Mats Andersson	26/26	–	6/6
Per Lindblad	24/26	–	6/6
Jenny Wärmé	14/15 <sup>1</sup>	3/3 <sup>1</sup>	–
Kristina Sawjani	11/11 <sup>2</sup>	3/3 <sup>2</sup>	–

1) Elected Board member at the AGM on April 23, 2020.

2) Stepped down at the AGM on April 23, 2020.



### Mats Andersson

*Board member*

**Year of birth:** 1954

**Board member since:** May 9, 2019

**Education and professional experience:** Master in Business Administration, Stockholm University. Previous experience from inter alia Fourth Swedish National Pension Fund, where he was CEO for ten years, Third Swedish National Pension Fund as well as senior positions at Skandia Liv, Deutsche Bank, S.G. Warburg and Häggblöf & Ponsbach. Mats has been board member of several listed companies.

**Other ongoing assignments:** Vice Chairman of The Global Challenges Foundation, board member of Carneo, LMK Industri and Carnegie Fonder and a couple of advisory assignments.

**Shareholding in the company as of Dec 31, 2020 (incl. any shares held by related parties):** 13,000

*Independent in relation to the company, Group Management and the company's major shareholders.*



### Per Lindblad

*Board member*

**Year of birth:** 1962

**Board member since:** May 7, 2018

**Education and professional experience:** Master of Science in Agriculture Economics, Swedish University of Agricultural Sciences (SLU), Uppsala. Previous experience from inter alia senior positions at SEB (2008–2017).

**Other ongoing assignments:** CEO of Landshypotek Bank Aktiebolag and chairman of the board of Lyckås Aktiebolag.

**Shareholding in the company as of Dec 31, 2020 (incl. any shares held by related parties):** 10,000

*Independent in relation to the company, Group Management and the company's major shareholders.*



### Jenny Wärmé

*Board member*

**Year of birth:** 1978

**Board member since:** April 23, 2020

**Education and professional experience:** Master of Laws, Stockholm University. Previous experience as lawyer at Manheimer Swartling Advokatbyrå, Head of Legal and Corporate Affairs at Hemla (formerly D. Carnegie & Co AB), board member of Stendörren Fastigheter AB, board member of Amasten Fastighets AB (publ) and law clerk at the Norrtälje District Court.

**Other ongoing assignments:** Board member of Tre Kronor Property Investment AB. General Counsel and senior partner at Slättö Förvaltning AB.

**Shareholding in the company as of Dec 31, 2020 (incl. any shares held by related parties):** 362

*Independent in relation to the company, Group Management and the company's major shareholders.*

the Board members and CEO. The Board also adopts a delegation of authority and instructions for financial reporting, the CEO and the Board's Committees, and decides on a number of general policies for the company's operations. These include an insider policy, finance policy, IT policy, information security policy, sustainability policy, communication policy and policy on related-party transactions. All of these internal governing documents are reviewed at least once annually and also regularly updated as necessary.

#### *The work of the Board*

In addition to the statutory Board meeting, elected held immediately after the AGM, the Board meets at least six times a year (scheduled Board meetings). The dates of meetings and the main standing items on the agenda to be discussed at the scheduled meetings follow a set plan in the Board's rules of procedure. Extra Board meetings can be convened when required. Nyfosa's Board held 26 meetings during the year, one of which was a statutory Board meeting. For information about attendance at these meetings, refer to the table on page 63. The secretary at the Board meetings is either the company's lawyer or Head of Legal. Prior to each meeting, the Board members receive an agenda and written material for the items to be discussed at the meeting. The agenda ahead of each scheduled Board meeting included a number of standing items: The CEO's review of the operations, acquisitions, divestments and investments as well as financial reporting.

In 2020, besides regular Board matters, including major acquisitions, divestments and investments, the Board addressed issues related to a new CEO, the organization, sustainability and digitization.

#### *Evaluation of the Board and the CEO*

Once annually, in accordance with the Board of Directors' rules of procedure, the Chairman of the Board initiates an evaluation of the Board's work. In 2020, the Chairman had in consultation with the Nomination Committee some separate contact with the members as part of this evaluation. The purpose of the evaluation is to assess the results of the Board's and the Committees' work, the effectiveness of the work method and how it can be improved. The evaluation also aims to identify the type of matters that the Board should be given more scope to address and the areas that could potentially require additional experience and expertise on the Board. The result of the evaluation was discussed by the Board and reported to the Nomination Committee by the Chairman. The Board also continuously evaluates the work of the CEO. An evaluation is carried out at least once a year without the CEO attending.

#### *Board Committees*

The Board has established two committees from within its ranks: an Audit Committee and a Remuneration Committee, which both follow instructions adopted by the Board. These committees are sub-committees that prepare matters for the Board and do not have any own power of decision.

The matters addressed at committee meetings are minuted and reported as necessary at the next Board meeting.

#### *Audit Committee*

The Audit Committee is to assist the Board in completing its supervisory role of audit matters. The Committee's main task is stipulated in the Companies Act. These include overseeing the company's financial reporting, risk management and the effectiveness of internal control and governance as well as maintaining contact with and evaluating the work, qualifications and independence of the external auditor. The Committee is also to assist in preparing proposals for the General Meeting to resolve on the election and remuneration of auditors. The results of the Committee's work in the form of observations, recommendations and proposals for decision or action are continuously reported to the Board. Until the AGM held on April 23, 2020, the Audit Committee comprised Board members Lisa Dominguez Flodin (Chairman), Kristina Sawjani and Marie Bucht Toresäter, after which newly elected Board member Jenny Wärmé replaced outgoing Board member Kristina Sawjani. The Audit Committee held six meetings in 2020, at which all members participated and matters were addressed regarding the company's internal control, sustainability efforts and quarterly reporting.

#### *Remuneration Committee*

The main tasks of the Remuneration Committee are to assist the Board by presenting proposals, providing advice and preparing matters regarding remuneration of and other terms of employment for the company's CEO and principles for remuneration of company management. Furthermore, the task of the committee is to monitor and evaluate the outcome of variable remuneration programs, and Nyfosa's compliance with the remuneration guidelines adopted by the General Meeting. The Remuneration Committee comprises Board members Johan Ericsson (Chair), Per Lindblad and Mats Andersson. In 2020, the Remuneration Committee held six meetings at which all members participated and matters were addressed regarding remuneration of senior executives including terms of employment for the CEO, the buyback of warrants and the design of new guidelines for remuneration of senior executives.

#### *Remuneration of Board of Directors*

The AGM on April 23, 2020 resolved that the fees to the Board members remain unchanged, meaning that until the next AGM an annual fee of SEK 170,000 was to be paid to each of the Board members who are not employed by the company and that SEK 425,000 was to be paid to the Chairman of the Board. It was also resolved that fees for Committee work amounting to SEK 60,000 were to be paid to the Chairman of the Audit Committee and SEK 30,000 to each of the other members of the Audit Committee and that fees of SEK 40,000 were to be paid to the Chairman of the Remuneration Committee and SEK 20,000 to each of the other members of the Remuneration Committee.

## CEO and Group Management

The CEO is appointed by the Board and is responsible for the daily management of the company and the Group's activities in accordance with the Board's instructions. The CEO instruction states that the CEO is responsible for the administration of the Board and Board reporting as well as preparing matters that require a decision by the Board, for example, adopting the interim report and Annual Report, decisions on major acquisitions, sales or investments and raising large loans. The CEO has appointed a Group Management team that is responsible for different parts of the operations. Nyfosa's Group Management currently comprises the CEO, Head of Financial Control, Head of Transactions and Head of Finance. The CEO functions as chairman of Group Management and makes decisions in consultation with other members of Group Management. The work of Group Management follows an annual cycle of eight scheduled meetings. Extra meetings are convened as required.

## Guidelines for remuneration of senior executives

The AGM on April 23, 2020 resolved on guidelines for the remuneration of Nyfosa's senior executives for the period until the 2021 AGM. These guidelines include the fact that Nyfosa is to apply market-based and competitive forms of remuneration that are simple, long-term and measurable. Remuneration may comprise a fixed and variable portion. The guidelines include requirements for the structure of remuneration and a cap on variable remuneration. The Board may deviate from the guidelines if there are special reasons to do so in an individual case. Such deviations are to be presented at the next AGM. The complete guidelines are available on the company's website. The amount of remuneration paid in 2020 is presented in Note 8. The proposed guidelines for remuneration of senior executives are available in the Annual Report on page 74 and on the company's website [www.nyfosa.se](http://www.nyfosa.se).

## SENIOR EXECUTIVES



**Stina Lindh Hök**

CEO

**Year of birth:** 1973

**Education and professional experience:** Master of Science in Engineering, KTH Royal Institute of Technology, Stockholm. Experience as Transaction Manager at Hemfosa Fastigheter AB (2010–2018), COO at Nyfosa (2018–2020), project manager for transactions at Atrium Ljungberg AB (2009–2010) and Leimdörfer Fastighetsmarknad AB (2006–2008) and as head of property management at Fabège AB (2005).

**Shareholding in the company as of Dec 31, 2020 (incl. any shares held by related parties):** 74,210

**Warrants in the company as of Dec 31, 2020:** 120,000 warrants



**Johan Ejerhed**

Head of Finance

**Year of birth:** 1976

**Education and professional experience:** Master of Engineering, international industrial economics (finance), Linköping University. Experience of structured real estate financing at SEB (2004–2018).

**Shareholding in the company as of Dec 31, 2020 (incl. any shares held by related parties):** 2,000

**Warrants in the company as of Dec 31, 2020:** 145,000 warrants



**Josephine Björkman**

Head of Transactions

**Year of birth:** 1975

**Education and professional experience:** Master in Business and Economics from the School of Business, Economics and Law at the University of Gothenburg. Experience of Head of Transactions at Jernhusen (2011–2017), Business Developer Manager at GE Real Estate Norden (2004–2011), Master black belt GE Real Estate Norden (2001–2004) and analyst GE Capital London (1999–2001).

**Shareholding in the company as of Dec 31, 2020 (incl. any shares held by related parties):** 1,890

**Warrants in the company as of Dec 31, 2020:** –



**Ann-Sofie Lindroth**

Head of Financial Control

**Year of birth:** 1976

**Education and professional experience:** Master of Science in Business Administration, Lund University. Previous experience as Controller and Head of Finance at Hemfosa Fastigheter AB (2012–2018), auditor at EY Real Estate (2004–2012) at real estate agent at Svensk Fastighetsförmedling (1996–1999).

**Shareholding in the company as of Dec 31, 2020 (incl. any shares held by related parties):** 9,626

**Warrants in the company as of Dec 31, 2020:** 120,000 warrants

*Jens Engwall and Anders Hörnqvist were CEO and Head of Property Management respectively, and members of the Nyfosa Group Management during parts of 2020.*



# AUDITOR

## KPMG AB

Auditor-in-Charge Mattias Johansson, born in 1973, is an Authorized Public Accountant, partner of KPMG Sweden and member of FAR (institute for the accountancy profession in Sweden).

### Auditor

At the AGM on April 23, 2020, KPMG AB was elected to serve as auditor until the end of the next AGM. Auditor-in-Charge Mattias Johansson was born in 1973 and is an Authorized Public Accountant and member of FAR (institute for the accountancy profession in Sweden).

The auditor examines the Annual Report, accounts and the administration by the Board and CEO. The auditor then reports to the AGM. In addition to the audit assignment, KPMG was engaged for additional services in 2020, primarily tax advice. Such services have always, and solely, been provided insofar as they are consistent with the regulations in the Swedish Auditing Act (1999:1079) and FAR's rules of professional conduct pertaining to the objectivity and independence of auditors.

### Internal control and governance

The Board's responsibility for the internal control and governance is regulated by the Companies Act, the Annual Accounts Act (1995:1554) and the Code. Information about Nyfosa's system for internal control, governance, risk management and the Board's measures to monitor the effectiveness of the internal control and governance is to be included in the company's corporate governance report. The Board, which has ultimate responsibility, is to ensure, inter alia, that Nyfosa has effective internal control and formalized procedures to ensure compliance with established principles for financial reporting, internal control and governance. The Group's Head of Financial Control is responsible for implementing and maintaining the formalized procedures.

Nyfosa's procedures and processes for internal control, governance and risk management are based on the COSO framework (Committee of Sponsoring Organizations of the Treadway Commission). The process has been designed to ensure adequate risk management, including reliable financial reporting in accordance with IFRS, applicable laws and regulations as well as other requirements to be applied by companies listed on Nasdaq Stockholm. This work involves the Board, Group Management and other personnel.

### Control environment

Nyfosa's control environment is founded on governing documents, processes and structures that set the basis for establishing internal control and governance in the organization. The Board monitors and ensures the quality of the internal control and governance in accordance with the Board's rules of procedure, the instructions for the CEO and the Committees and the associated delegation of authority and attestation ordinance. In addition, the Board has adopted a risk management policy that includes fundamental guidelines governing risk management, internal control and governance. These guidelines pertain to, for example, risk assessment, risk measures, control activities, action plans, evaluation and reporting. The internal control and governance activities are also presented in other governing documents, such as Nyfosa's accounting manual, sustainability policy and finance policy. These activities include regular checks and follow-ups of outcome compared with expectations and previous years, and supervision of, for example, the accounting policies applied by Nyfosa. In addition, Nyfosa provides an anonymous whistleblower function for all employees that is regulated in separate guidelines and monitored by the Chairman of the Audit Committee.

Since the Group's ongoing accounting activities and the preparation of the quarterly and annual accounts, etc. have been partly outsourced to an external service provider (Newsec Asset Management AB), Nyfosa's accounting manual also addresses the cooperation with this provider. The responsibility for maintaining an effective control environment and the continuous work on risk assessment and internal control and governance regarding the financial reporting is delegated to the CEO. However, the Board has ultimate responsibility. The Audit Committee is responsible for monitoring the efficiency of the company's internal control, governance and risk management regarding the financial reporting. Group Management regularly reports to the Board and the Audit Committee following established procedures. Responsibilities, authorities and governing documents comprise the control environment for Nyfosa, together with laws and regulations. All internal governing documents are regularly updated to include changes in, for example, legislation, accounting standards or listing requirements.

### Risk assessment

Every year, Nyfosa's Group Management performs a risk evaluation of strategic, financial, operational and compliance risks in connection with the business planning process. The risks identified as the most material are documented in a risk list that is evaluated by Nyfosa's Group Management and a

risk owner is appointed for every risk to clarify the division of responsibilities and ownership. The risk analysis also includes an assessment of the control activities established throughout the operations to manage the risks. Taking into account these existing control activities, the probability of a risk occurring within a defined period of time is evaluated, as is its impact on established targets. The risk assessment provides insight into the consequences for the Group if no action is taken, the risk-reducing measures that are in place and the level of risk that the organization wants to achieve by taking further action. The outcome of the risk analysis and accompanying action plan is presented to the Audit Committee and Board.

#### *Control activities*

Nyfosa's control activities are established based on identified risks, with the aim of ensuring Nyfosa's internal control and governance over the company's financial reporting. Identified risks are managed by implementing well-defined key processes with integrated control activities, such as dividing and delegating responsibility, cooperation and principles for distribution of responsibility between Nyfosa and Newsec and a defined decision-making process. Nyfosa's key processes include activities and controls intended to manage and minimize identified risks. In addition to these key processes, Nyfosa's control activities comprise ongoing monitoring of financial results and financial position, company-wide controls and general IT controls.

#### *Information and communication*

Nyfosa has built an organization, procedures and systems for information and communication aimed at providing the market with relevant, reliable, correct and up-to-date information about the Group's performance and financial position and ensuring that the financial reporting is correct and effective. The internal governing documents clarify who is responsible for what, and the daily interaction between the officers concerned ensures that the necessary information and communication reaches all relevant parties. Every month, Group Management receives certain financial information about the company and its subsidiaries in respect of the development of leasing and other property management work, reviews and monitoring of ongoing and future investments and liquidity planning. The Board receives regular financial reports on the Group's financial position and earnings performance. In addition, the Board receives a report every year from Group Management on consolidated risks for the Group with an accompanying action plan, which in turn is followed up by the Board and Group Management once per year. For external

disclosure of information, a communications policy has been adopted by the Board, designed to ensure that the company complies with the requirements for disseminating correct information to the market at the right time.

#### *Monitoring*

The Board continuously evaluates the information provided by Group Management. Nyfosa's financial position, investments and operating activities are normally discussed at each Board meeting and Group Management meeting. The Board is also responsible for monitoring the internal control and governance. This work includes ensuring that measures are taken to address any shortcomings, and following up proposals to address issues highlighted in connection with the external audit.

Follow-ups and separate evaluations are continuously carried out in accordance with an adopted risk management policy and accounting manual at various levels within the Group. The risk owner appointed in the risk management policy is responsible for the management of a specific risk by regularly analyzing developments, monitoring risk measures and providing status reports to management. Approved measures and risk owners are also monitored based on the Board's and Group Management's annual follow-up of the action plan, at the same time as line managers are given the opportunity to highlight relevant risk information. The risk management process is in turn evaluated once a year to identify opportunities for improvement.

#### *Internal audit*

In light of Nyfosa's operations, organizational structure and the organization of the financial reporting, the Board has not found any reason to establish a separate internal audit function. Instead, the company's Group-wide controller function has been adapted to also manage the internal control activities. The matter of establishing a separate internal audit function is discussed by the Board every year.

## SUSTAINABILITY REPORT

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201-1	Direct economic value generated and distributed	116	17.1	
<b>205</b>	<b>Anti-corruption</b>			
205-3	Confirmed incidents of corruption and actions taken	116	16.5	
<b>Environmental responsibility</b>				
<b>301</b>	<b>Materials</b>			
301-1	Materials used by weight or volume	117	12.2	
<b>302</b>	<b>Energy</b>			
302-1	Energy consumption	117-118	7.2, 7.3,	
CRE1	Building energy intensity	117-118	7.4	
<b>303</b>	<b>Water and effluents</b>			
303-1	Interactions with water as a shared resource	118	6.3, 6.4	
CRE2	Building water intensity	118		
<b>305</b>	<b>Emissions</b>			
305-1	Direct (Scope 1) GHG emissions	119	9.4, 12.2,	
305-2	Energy indirect (Scope 2) GHG emissions	119	12.6, 13.1,	
305-3	Other indirect (Scope 3) GHG emissions	119	13.3	
CRE3	Greenhouse gas emissions intensity from buildings	119		
<b>306</b>	<b>Effluents and waste</b>			
306-2	Waste by type and disposal method	120	11.6, 12.4, 12.5	
<b>CRE8</b>	<b>Type and number of sustainability certification, rating and labeling schemes for new construction, management, occupation and redevelopment</b>			
CRE8	Properties with sustainability certification	120	12.6	
<b>Social responsibility</b>				
<b>403</b>	<b>Occupational health and safety</b>			
Own indicator	Accidents and absence due to illness	121	3.4, 3.6	403-2 has been replaced with the company's own indicator.
<b>404</b>	<b>Training and education</b>			
404-1	Average hours of training per year per employee	121	5.5, 8.5	
404-3	Percentage of employees receiving regular performance and career development reviews	121		
<b>405</b>	<b>Diversity and equal opportunity</b>			
405-1	Diversity of governance bodies and employees	121-122	5.1, 5.5, 10.3	
<b>406</b>	<b>Non-discrimination</b>			
406-1	Incidents of discrimination and corrective actions taken	122	5.1, 5.5, 10	
<b>414</b>	<b>Supplier social assessment</b>			
414-1	New suppliers that were screened using social criteria	122	12.6	
<b>416</b>	<b>Customer health and safety</b>			
Own indicator	Measures taken to maintain a high level of safety and security in and around the properties	122	3.4, 3.6, 3.9, 8.8	416-1 has been replaced with the company's own indicator.



# ECONOMIC RESPONSIBILITY



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

The prerequisite for achieving Nyfosa's financial objective of generating 10-percent annual growth in distributable cash flow per share and being able to meet our stakeholders' economic expectations is that we assume economic responsibility and have sound finances.

### Boundaries

Reporting covers the economic value generated within Nyfosa and its joint venture, Söderport.

### Governance and monitoring

The Board of Directors has overall responsibility for ensuring that the business is governed towards the financial objectives within the framework of what is permitted by the company's policies. The outcome is evaluated quarterly in connection with interim reports.

### Outcome

The generated economic value amounted to MSEK 3,533 (2,327) in 2020 and comprised rental and interest income, profit from property management from participations in joint ventures and value changes in the Group and joint ventures.

### DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

MSEK	2020	2019
<b>Economic value generated</b>		
Rental and other revenue	2,065	1,371
Profit from property management in joint ventures	404	491
Changes in value	1,064	465
<b>Total</b>	<b>3,533</b>	<b>2,327</b>
<b>Economic value distributed</b>		
Operating costs	-692	-498
Salaries and employee benefits	-86	-57
Interest to creditors	-357	-195
Tax to society	-361	-210
Dividends to shareholders	-	-
<b>Remaining in the company</b>	<b>2,037</b>	<b>1,367</b>



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

Nyfosa's organization must always act credibly, honestly and transparently. We expect that our employees, business partners and others with whom the Group has contact or does business with, and who have serious concerns about fraud, corruption or similar action within the Group's operations, come forward and voice their concerns.

### Boundaries

Reporting only comprises the number of confirmed incidents of corruption and actions taken within Nyfosa AB and its subsidiaries.

### Governance and monitoring

Nyfosa's sustainability policy and whistleblower function are examples of tools that the Board uses to promote good business ethics and to counter all forms of corrupt behavior.

Suspensions of irregularities can be reported anonymously through a whistleblower function, which is accessed via the company's website and intranet. Reported suspicions may either be investigated internally or handed over to the police.

You can read more about the anonymous whistleblower function on Nyfosa's website, [www.nyfosa.se](http://www.nyfosa.se).

### Outcome

No suspicions of fraud or corruption were reported in 2020.

# ENVIRONMENTAL RESPONSIBILITY

## Explanatory key

Control means that Nyfosa has the possibility to exercise an influence when, for example, choosing agreements or suppliers. Atemp refers to heated floor area in the buildings. Like-for-like portfolio refers to properties that were owned during two entire fiscal years as per December 31, 2020 and December 31, 2019, respectively, and over which Nyfosa has control of at least one type of energy: electricity, district heating or district cooling. Accordingly, there are two partly different portfolios whose outcome is reported in the tables below. For information on the properties included in the portfolio as per December 31, 2020, refer to the list of properties on pages 124–133.

## LIKE-FOR-LIKE PORTFOLIO

	Dec 31, 2020		Dec 31, 2019	
	No. of properties	Area, 000s sqm	No. of properties	Area, 000s sqm
Offices	63	603	56	567
Logistics/Warehouse	45	562	22	227
Retail	16	128	16	118
Other	10	88	11	96
<b>Total</b>	<b>134</b>	<b>1,381</b>	<b>105</b>	<b>1,008</b>



## 301-1, MATERIALS USED BY WEIGHT OR VOLUME

Nyfosa's target is to recycle and reuse as much material as possible in order to benefit from an environmental and economic perspective. Ahead of every remodeling and tenant conversion, we investigate the potential to minimize the undertaking and to reuse construction materials and products.

## Governance and monitoring

By implementing systems for documenting materials used in remodeling and tenant-specific modifications in our premises, we can focus on how we use materials and establish goals for reduced consumption.

## Outcome

Follow-up systems will be deployed in the organization in 2021; for that reason, no outcomes are available for 2020. During 2021, continuous reporting will occur with the aim of creating a foundation for establishing a base year for reporting the indicator in forthcoming years.



## 302-1, ENERGY CONSUMPTION WITHIN THE ORGANIZATION

### CRE1, BUILDING ENERGY INTENSITY

Nyfosa strives to improve the energy performance of its properties. This increases the value of our property portfolio and reduces negative climate impact.

## Boundaries

Nyfosa can influence energy consumption in those buildings whose consumption goes via Nyfosa's main subscription. Reporting pertains to a like-for-like portfolio in which each specific building that has been owned by Nyfosa during the two most recent calendar years is measured over this period, as well as the main subscription that gives Nyfosa control over at least one of the following energy classes: electricity, district heating or district cooling. Control can vary between energy classes and properties. For the report on 2020, this corresponds to 42 percent of the total portfolio and encompasses both property energy and energy used in the operations. Consumption data is reported in accordance with SASB.

## Governance and monitoring

The Board of Directors has set a goal that energy consumption will be reduced by 10 percent per sqm between 2020 and 2025. Monitoring occurs annually in conjunction with the annual report and sustainability report. Nyfosa purchases electricity from Vattenfall, which is 100 percent eco-labeled and renewable, and thus has low carbon

emissions. The tenants that sign green leases with us contribute, for example, in that we jointly map energy consumption in the building, and use eco-friendly materials in remodeling and cleaning.

Nyfosa continuously performs energy and environmental audits of its property portfolio in order to identify energy-saving potential. Energy, water and environmental data from our properties is monitored continuously via an energy monitoring system.

## ENERGY PERFORMANCE

	Like-for-like portfolio Dec 31, 2020 <sup>1</sup>		Like-for-like portfolio Dec 31, 2019	
kWh/sqm	2020	2019	2019	2018
Offices	114	128	138	151
Logistics/ Warehouse	68	68	52	51
Retail	142	147	149	147
Other	78	85	87	91
<b>Total</b>	<b>101</b>	<b>109</b>	<b>125</b>	<b>101</b>

<sup>1)</sup> See definition of like-for-like portfolio under Explanatory key.

## Outcome

Energy consumption per sqm in the like-for-like portfolio as per December 31, 2020 amounted to 101 kWh per sqm (109), corresponding to a decrease of 7 percent.

Total energy consumption in the like-for-like portfolio as per December 31, 2020 amounted to 104.0 GWh (99.0). The increase was due to the fact that the total data collection in the portfolio was higher in 2020 than in 2019.

## ENERGY CONSUMPTION, LIKE-FOR-LIKE PORTFOLIO

GWh, Dec 31, 2020	Offices		Logistics/Warehouse		Retail		Other		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Electricity	21.2	20.2	10.3	9.3	4.3	4.0	2.0	2.1	37.8	35.6
District heating	37.8	34.9	14.6	13.5	8.3	8.5	3.9	4.8	64.6	61.7
District cooling	1.0	1.2	0.0	0.0	0.5	0.6	0.0	0.0	1.6	1.7
<b>Total</b>	<b>60.0</b>	<b>56.3</b>	<b>24.9</b>	<b>22.8</b>	<b>13.1</b>	<b>13.0</b>	<b>5.9</b>	<b>6.9</b>	<b>104.0</b>	<b>99.0</b>

GWh, Dec 31, 2019	Offices		Logistics/Warehouse		Retail		Other		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Electricity	27.7	29.0	1.3	1.3	3.4	3.3	2.5	2.7	34.9	36.3
District heating	32.2	34.0	4.6	4.8	8.0	7.6	5.1	5.4	49.9	51.8
District cooling	1.2	1.7	0.0	0.0	0.6	0.6	0.0	0.0	1.7	2.3
<b>Total</b>	<b>61.1</b>	<b>64.7</b>	<b>5.9</b>	<b>6.0</b>	<b>12.0</b>	<b>11.6</b>	<b>7.5</b>	<b>8.1</b>	<b>86.5</b>	<b>90.3</b>



## 303-1, INTERACTIONS WITH WATER AS A SHARED RESOURCE

### CRE2, BUILDING WATER INTENSITY

Nyfosa owns properties throughout Sweden. In several parts of the country, ground water levels have been low in recent years. Consequently, water consumption has been of major importance for contributing to a sustainable infrastructure.

## Boundaries

Nyfosa is able to influence water consumption in its building through investments in technical systems and new water fittings. The report covers the total water consumption in all documented properties in the like-for-like portfolio for 2020 and 2019, which accounts for 40 percent of the total portfolio, and with an average per sqm. It does not cover water usage where the tenant is the subscriber. Consumption data is reported in accordance with SASB.

## Governance and monitoring

Nyfosa has set a goal that 100 percent of the properties owned for the entire year will have sustainability certification by 2030. Low water consumption is a prerequisite for green certification of the buildings with a high score, which puts the focus on consumption. Nyfosa offers its tenants green leases, which provide a starting point for jointly reducing water consumption in both the buildings and in the tenants' operations. Monitoring occurs annually in conjunction with the annual report and sustainability report.

Nyfosa continuously monitors the energy, water and environmental data from its properties via an energy monitoring system.

## Outcome

Total water consumption in the like-for-like portfolio as per December 31, 2020 amounted to 238 thousand cubic meters (241).

Water intensity amounted to 0.25 cubic meters per sqm (0.25).

## INTERACTIONS WITH WATER AS A SHARED RESOURCE

m³/sqm	Like-for-like portfolio Dec 31, 2020		Like-for-like portfolio Dec 31, 2019	
	2020	2019	2019	2018
Offices	0.40	0.39	0.26	0.26
Logistics/ Warehouse	0.10	0.08	0.05	0.08
Retail	0.22	0.22	0.22	0.22
Other	0.15	0.20	0.19	0.16
<b>Total</b>	<b>0.25</b>	<b>0.25</b>	<b>0.22</b>	<b>0.21</b>



### 305-1, DIRECT (SCOPE 1) GHG EMISSIONS

### 305-2, ENERGY INDIRECT (SCOPE 2) GHG EMISSIONS

### 305-3, OTHER INDIRECT (SCOPE 3) GHG EMISSIONS

### CRE3, GREENHOUSE GAS EMISSIONS INTENSITY FROM BUILDINGS

A large part of Nyfosa's environmental impact stems from emissions of greenhouse gases from heating and cooling, as well as energy usage in our buildings.

#### Boundaries

The report focuses on direct emissions from passenger transport, coolants and fossil fuels (Scope 1), indirect emissions occurring through heating, cooling and hot water in the properties (Scope 2) and renewable electricity, business travel, commuter travel and waste from tenants (Scope 3). Reporting of carbon emissions connected to heating, cooling and electricity refers to all documented properties in the total portfolio where Nyfosa has control over the subscription, which corresponds to 81 percent (76) of the total portfolio. Reporting of passenger transport pertains to company cars and service vehicles. Reporting of coolants pertains to equipment subject to reporting requirements according to Swedish law. Reporting of fossil fuels pertains to incineration at any of Nyfosa's properties. Reporting of business travel pertains to travel that Nyfosa's employees have carried out while on duty.

#### Governance and monitoring

The Board of Directors has set goals for reduced energy consumption and for sustainability certification of our buildings. The assessment is that both of these goals will result in a reduction in carbon emissions. Monitoring occurs in conjunction with the annual report and sustainability report.

Nyfosa continuously performs energy and environmental audits of its property portfolio in order to identify energy-saving potential. Energy, water and environmental data from our properties is monitored continuously via an energy monitoring system.

Coolants, fossil fuels and waste from tenants are reported annually by the respective suppliers. Business travel is monitored annually through reports from the company's supplier of company cars. Nyfosa climate compensates for air travel and travel by car.

The Board has also set a goal to increase the number of green leases. The tenants that have signed a green lease with us contribute to an increased focus on reducing carbon emissions by focusing on reduced electricity consumption, a high proportion of renewable electricity and ensuring that waste is managed efficiently and safely.

#### Outcome

The estimates are from the energy monitoring system Mestro and are based on standard estimates. CO<sub>2</sub> emissions from electricity production are based on Nyfosa's electricity supply contract with Vattenfall, based on the lifecycle for electricity production, 8.45g

per kWh (8.30). CO<sub>2</sub> emissions from district heating are based on the energy companies' own figures, which are compiled annually by the organization Swedenergy and have not been adjusted. When the report is published in the middle of the year, the environmental values for district heating lag behind by one year. For district cooling, the emission factor for Swedish average district cooling is used, which is 19.96 g per kWh (14.0). Emission factors from Tricorona are used for all travel.

Passenger transport and fossil fuels are reported in Scope 1, with 2020 representing the first measurement year. Reported quantity of fossil fuels pertains to energy requirements for back-up power.

Within Scope 2, the sum total of emissions has increased by 30 percent, which is explained by a larger property portfolio. Emission intensity (kg/sqm) has been reduced from 3.5 to 2.9, corresponding to 17 percent.

Within Scope 3, emissions from electricity consumption increased by 41 percent, which is explained by a larger property portfolio. Emission intensity (kg/sqm) has been reduced from 0.29 to 0.27, corresponding to 7 percent. For business travel, 2020 is the first measurement year.

#### SCOPE 1

Tons CO <sub>2</sub>	2020	2019	2018
Passenger transport	112	–	–
Fossil fuels	5	–	–
<b>Total</b>	<b>117</b>	<b>–</b>	<b>–</b>

#### SCOPE 2

Tons CO <sub>2</sub>	2020	2019	2018
Heating	4,700	3,614	2,347
Cooling	50	21	27
<b>Total</b>	<b>4,750</b>	<b>3,635</b>	<b>2,374</b>

#### SCOPE 3

Tons CO <sub>2</sub>	2020	2019	2018
Electricity	538	382	302
Business travel	3	–	–
<b>Total</b>	<b>541</b>	<b>382</b>	<b>302</b>

Source energy consumption: Mestro





## 306-2, WASTE BY TYPE AND DISPOSAL METHOD

To reduce tenant waste, it is important to ensure that there is sufficient space and enough containers to sort waste in a central location in the property. The national target for waste entails that actions be taken so that 70 percent of the weight of all non-hazardous building and demolition waste will be recycled or reused.

### Boundaries

The report focuses on waste from tenants, broken down into hazardous waste, recycled waste and waste for incineration in the properties in which Nyfosa has control over waste management. At present, not all waste management suppliers are able to report quantities and type of waste. In a number of cases, Nyfosa is not able to switch supplier. The report is limited to available data, which corresponds to 768 thousand sqm or 32 percent of the total portfolio for sorted waste, 149 thousand sqm or 6 percent of the total portfolio for residual waste and 84 thousand sqm or 4 percent of the total portfolio for hazardous waste.

### Governance and monitoring

To be able to set tangible goals, an initiative is under way in 2021 to enable reporting of waste management.

The tenants who have currently signed green leases with us contribute to a greater focus on waste management and the use of materials. In the event that Nyfosa is responsible for agreements with the supplier, it is Nyfosa's responsibility to make sure that there are possibilities for recycling and efficient waste management. It

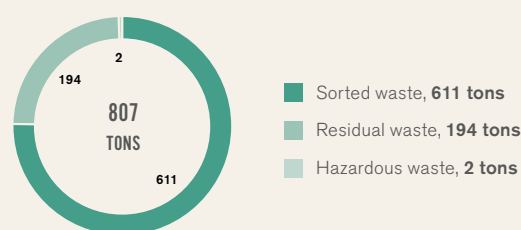
is also Nyfosa's responsibility to ensure that the spaces for waste management maintain a good standard. Monitoring of work pertaining to this indicator occurs annually in conjunction with the annual report and sustainability report.

### Outcome

The outcome is based on reports from Nyfosa's suppliers. Reported waste during 2020 consisted of 611 tons of sorted waste, 194 tons of residual waste and 2 tons of hazardous waste.

Sorted waste corresponded to 0.8 kg per sqm, residual waste to 1.3 kg per sqm and hazardous waste to 0.03 kg per sqm.

WASTE WEIGHT BY TYPE



## CRE8, PROPERTIES WITH SUSTAINABILITY CERTIFICATION

By using different sustainability certifications in our buildings, we can ensure that sustainability issues are given a distinct focus in the organization. Certification facilitates green financing and provides a detailed documentation of the environmental performance of the building, during the time we own it and as part of a sales process.

### Governance and monitoring

The Board of Directors has set a goal for sustainability certification of our buildings. Monitoring occurs annually in conjunction with the annual report and sustainability report.

### Goal

By 2025, 50 percent of properties owned for the entire year will have sustainability certification and 100 percent by 2030.

Nyfosa continuously examines the possibility to secure sustainability certification for its buildings, which sustainability certification systems are relevant and at which level certification can be achieved for each building.

### Outcome

During 2020, the number of properties with sustainability certification amounted to 11 in the total portfolio and nine in the like-for-like portfolio, corresponding to 6 percent.

### BREEAM In-Use at level Good

The Bodarna 2, Gillet 1, Jungfrun 11, Vindruvan 15, Vindruvan 4 and Lejonet 11 properties

### Green Building

The Tackan 9 and Högom 3:178 properties

### LEED level Gold

The Stensholm 1:754 property

### SGBC Levels Bronze and Silver, respectively

The Byrådirektören 3 and Söder 18:19 properties

# SOCIAL RESPONSIBILITY



## OWN INDICATOR, ACCIDENTS AND ABSENCE DUE TO ILLNESS

Nyfosa wants to promote good health and create a healthy and secure work environment for all its employees.

### Boundaries

Reporting covers absence due to illness and accidents involving people employed by Nyfosa and the accidents reported at our work-places. Because the number of employees within the organization is low (67), only total absence due to illness is reported and is not presented according to gender or occupation category.

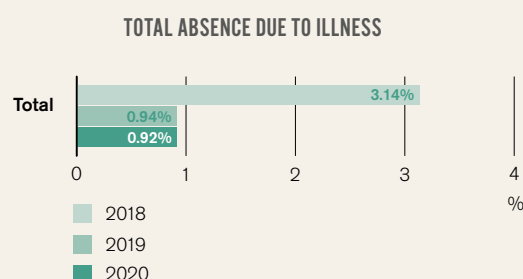
### Governance and monitoring

The Employee Handbook, which is available on the company's intranet, summarizes the health-promoting benefits that are offered to personnel, including health checks, and what is offered in the form of rehabilitation in connection with illness. All Nyfosa employees are covered by health insurance.

Monitoring of absence due to illness and long-term absence is performed monthly and over a rolling 12-month period. The number of work accidents is followed up annually.

### Outcome

Total absence due to illness in 2020 amounted to 0.92 percent (0.94). In 2020, one accident (–) was reported among Nyfosa's employees.



## 404-1, AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE

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

Nyfosa works actively to be an employer that offers a creative, open and stimulating work environment with a focus on proximity to business decisions, inclusion in business development and personal development for all employees. To a significant extent, Nyfosa can influence its employees' personal development through, for instance performance reviews and hours of training.

### Boundaries

The report encompasses all employees in Nyfosa.

### Governance and monitoring

Nyfosa does not have a policy decision stipulating that regular performance and career development reviews should be held within the organization. All employees who wish to receive performance and career development reviews are to be given an opportunity to do so. The need for performance and career development reviews is assessed and monitored by the particular manager.

### Outcome

In 2020, 100 percent of the employees who in their professional role deal with matters involving investments in existing properties and tenant relations underwent training in construction law and property owner responsibility.



## 405-1, DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES

Nyfosa's ambition is that gender equality efforts will be a natural part of our operations. The conditions, rights and development opportunities of men and women must be equal within the entire company and not related to gender or origin. During 2020, the number of employees averaged 63 (27). All employees are permanent employees. 3 percent are employed part time, all of whom are women who have themselves requested part-time employment.

Nyfosa has chosen to outsource the majority of financial management to an external service provider. Property upkeep is largely outsourced to a number of local service providers.

### Boundaries

Reporting covers only people employed at Nyfosa.

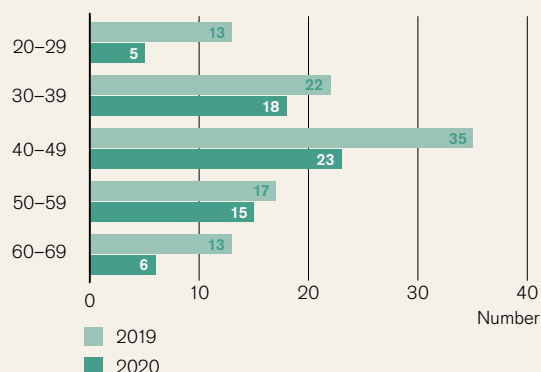
### Governance and monitoring

The Nomination Committee is responsible for ensuring that the Board of Directors has an even gender distribution in terms of members. The company's management is responsible for equality work within the company and annually monitors statistics concerning age and gender distribution. If cases of discrimination are uncovered, employees are urged to report this to their immediate superior, HR Manager or to Nyfosa's whistleblower function.

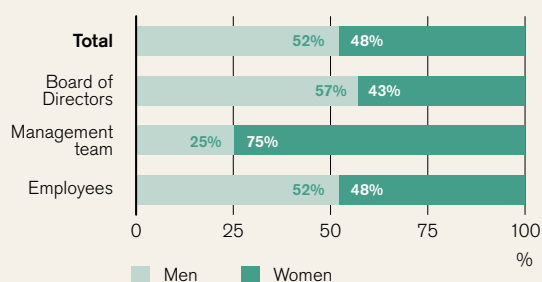
### Outcome

The percentage of women was 43 percent (43) on the Board of Directors, 75 percent (50) in the Executive Management Team and 48 percent (52) among the employees.

AGE DISTRIBUTION



GENDER DISTRIBUTION



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

At Nyfosa, all employees, partners and customers will be treated with respect and no one is to feel violated, discriminated or uncomfortable on the grounds of gender, ethnicity, religion, sexual orientation or age. Nyfosa has zero tolerance for harassment or bullying of any kind.

### Boundaries

Nyfosa can influence the impact that occurs internally in the organization. The report pertains to incidents that take place within the organization.

### Governance and monitoring

Nyfosa has zero tolerance for all forms of discrimination. Anti-discrimination efforts are governed through Nyfosa's whistleblower function and Code of Conduct. In 2021, the governance structure will be supplemented with a Code of Conduct for Suppliers and the largest suppliers will be asked to confirm their compliance with the code.

Employees of the in-house organization are urged to report all forms of perceived discrimination to their immediate superior, HR Manager or via the whistleblower function.

### Outcome

In 2020, no incidents of discrimination (–) were reported.



## 414-1, NEW SUPPLIERS THAT WERE SCREENED USING SOCIAL CRITERIA

Nyfosa purchases a large amount of materials and services from various suppliers, of which electricity, district heating, water and property upkeep and repairs account for a significant share. Financial property management is performed primarily by an external service provider based in Gothenburg and property upkeep is performed by a number of local service providers. Operating costs for materials and services totaled MSEK 692; see GRI 201-1. The assignments of the external service providers increase as the property portfolio grows. The suppliers are considered an extension of the company's own operations. The reason for adopting a Code of Conduct for Suppliers is to ensure that the working conditions at the companies that supply goods and services to the company fulfill

Nyfosa's requirements in terms of work environment and ethical standards and that the assignment is conducted in an environmentally conscious manner.

### Governance and monitoring

The Board of Directors has set a goal for 2021 that the Code of Conduct for Suppliers will be adopted and that the largest suppliers will confirm their compliance with it. Monitoring occurs annually in conjunction with the annual report and sustainability report.

### Outcome

No outcome to report for 2020.



## OWN INDICATOR, MEASURES TAKEN TO MAINTAIN A HIGH LEVEL OF SAFETY AND SECURITY IN AND AROUND THE PROPERTIES

Nyfosa's tenants must always be able to rely on the fact that Nyfosa's properties offer a work environment that is safe, accessible and healthy. Feeling safe and secure is a prerequisite in and around all our properties. Examples of important safety features include handling icicles and snow falling from roofs, fire safety and electricity audits.

### Governance and outcome

In 2020, 100 percent of the employees who in their professional role deal with matters involving investments in existing properties and tenant relations underwent training in construction law and property owner responsibility.

## AUDITOR'S LIMITED ASSURANCE REPORT ON NYFOSA AB'S SUSTAINABILITY REPORT AND STATEMENT REGARDING THE STATUTORY SUSTAINABILITY REPORT

To Nyfosa AB corporate ID 559131-0833

### Introduction

We have been engaged by the Board of Directors of Nyfosa AB to undertake a limited assurance engagement of Nyfosa AB's Sustainability Report for the year 2020. The company has defined the scope of the Sustainability Report to pages 38-55 and 114-122 in this document, which also constitutes the Statutory Sustainability Report.

### Responsibilities of the Board of Directors and the Group Management

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report including the Statutory Sustainability Report in accordance with applicable criteria and the Annual Accounts Act respectively. The criteria are defined on page 49 in the Sustainability Report and are part of the Sustainability Reporting Guidelines published by GRI (The Global Reporting Initiative), that are applicable to the Sustainability Report, as well as the accounting and calculation principles that Nyfosa AB has developed. This responsibility also includes the internal control relevant to the preparation of Sustainability Report that is free from material misstatements, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to express an opinion regarding the Statutory Sustainability Report. Our assignment is limited to the historical information that is presented and does not cover future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 Assurance engagements other than audits or reviews of historical financial information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. Our examination regarding the Statutory Sustainability Report has been conducted in accordance with FAR's accounting standard RevR12. The auditor's opinion regarding the Statutory Sustainability Report. A limited assurance engagement and an examination according to RevR 12 is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Nyfosa AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed and the examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusions below.

### Conclusions

Based on the limited assurance procedures performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and the Group Management.

A Statutory Sustainability Report has been prepared.

Stockholm, 18 March 2021

KPMG AB

Mattias Johansson  
Authorized Public Accountant

Torbjörn Westman  
Expert Member of FAR