

SUSTAINABILITY AND GENERATING VALUE

While all of the UN's 17 sustainability goals are important, as an individual company, K-Fastigheter is not able to resolve all of the challenges that the UN describes as critical in achieving sustainable development. K-Fastigheter can contribute, and seeks to, in those areas where we believe we get the best results, and the Group's management has chosen to focus on those objectives where K-Fastigheter can today generate the greatest impact and be relevant to the Group's stakeholders.

Although K-Fastigheter is not covered by the requirement to prepare a Sustainability Report for the 2019 financial year, the Group nonetheless intends to include further information in the 2020 Annual report on ongoing and planned activities in the area of sustainability to meet the requirements of the Annual Accounts Act.

The areas judged most relevant based on both stakeholders' and K-Fastigheter's perspective is compliance with laws and regulations, including the regulations for accurate market communications, anti-corruption, customer satisfaction, employees' terms of employment and energy consumption.



Goal 3, stating that good health is a fundamental prerequisite for people's ability to reach their full potential and contribute to society's development, is crucial for all of K-Fastigheter's employees. The Group has clear regulations and efforts to ensure that all workplaces are secure from both a physical and psychological perspective. Among other things, the Group offers occupational healthcare, contributions for wellness activities, as well as efforts to prevent and treat drug abuse, including narcotics and harmful alcohol abuse.



Goal 5 involves achieving equality between women and men as a prerequisite for sustainability and peaceful development. The construction industry has done a great deal to get more women to consider the opportunities it offers, but there are still areas in the everyday working environment that must change. For K-Fastigheter, this goal primarily means that we want to create a working environment providing equal terms and opportunities for leadership at all decision levels.



Goal 7 regarding sustainability energy for all assumes that a large proportion of mankind's greenhouse gas emissions derive from how we extract, transform and use fossil energy. K-Fastigheter has a clear ambition to increase the proportion of renewable and recycled energy, which includes purchasing, both for our tenants and our production facilities.



Goal 8, which addresses decent working conditions and financial growth is the basis for all of K-Fastigheter's operations. Our most important task as an employer is to foster a safe and secure working environment for our employees. Regardless of whether they work in offices, production facilities or in our properties, we will continuously safeguard a working environment that is as favourable as possible. This is because we are convinced that skills development, safety and good working conditions are crucial for job satisfaction and commitment, which is of benefit to our tenants.

By working continuously with improvements and building long-term relationships with our tenants and our strategic partners, we obtain a safe and effective working environment throughout the value chain.



Goal 11 includes sustainable urban development with sustainable construction and planning of housing, infrastructure, public spaces, transports, recycling and more secure handling of chemicals, which, in turn, requires new technologies and collaboration between several sectors. Inclusive and innovative urban planning is needed to make cities safe, secure and sustainable for the future. This is the essence of K-Fastigheter, and something we work on every day to achieve. We build secure, safe and cost-efficient housing to foster freedom of choice and opportunities for more people.



Goal 12 summarizes sustainable consumption not only entailing environmental benefits but also social and economic benefits, such as increased competitiveness, growth in both the local and global markets, increased employment, improved health and reduced poverty. Several of the sub-goals form natural elements in K-Fastigheter's day-to-day operations and are included at all stages of production. Managing and reducing the amount of waste and inputs, such as chemicals, is a continuous process that makes us more cost-effective and competitive.

SIGNIFICANT SUSTAINABILITY ISSUES

- Customer satisfaction and business ethics
- Long-term approach and development
- Growth and profitability
- Health and safety
- Leadership and education
- Diversity and strong values

K-Fastigheter strives to build sustainably and circularly. For us, the sustainability of a building entails so much more than energy efficiency. It must also function economically and socially, both now and in the future. Our operations should be long-term, cost-efficient and attractive, meaning we must manage our shared resources and, at the same time, dare to make decisions that support our long-term development.

It shall be possible to use our concept buildings, and for them to remain functional, for many generations. The estimated life is about 100 years, meaning that the architecture, materials and construction methods we use today should be well-liked and should last for a very long time. In addition, even at the planning stage, we are already considering how it should be easy to conduct future renovations and that the buildings can be adapted to shifting future needs.

For K-Fastigheter, sustainability involves partly the economic aspect and partly the social. The first part is a matter of housekeeping and selecting resources, both during construction and throughout the lifetime of the building. But it is also about what land we use, how it can be used most efficiently and how construction can contribute to the environment in different ways. The choice of concept building is the basis for a long-term sustainable economy. Although each site is unique, we can reuse drawings from previous projects, the processes are well-known and functioning and, combined with established choices of materials, construction is faster and safer than the average project. Waste quantities are minimized and the property management of completed buildings is optimized through our familiarity with all of the details of the building's infrastructure.

The social aspect is equally important. We want our tenants to be able to create a safe and secure home, to thrive and to develop. It takes our own buildings and the whole area, with workplaces, traffic solutions and the natural environment, to join forces, creating a pleasant and inclusive living environment. We believe

in relationships and partnerships and, for us, our dialogue with tenants and other stakeholders is important for K-Fastigheter to develop as a company and to be able to build more sustainably and circularly.

ENVIRONMENT



Construction and construction materials

The fact that K-Fastigheter constructs concept buildings provides the conditions for optimal resource utilization and safeguards both a high level of quality, as well as a favourable working environment. By using standardized process at proprietary production facilities, consumption of materials, logistics and other resources can be planned in detail, reducing waste, emissions and warehousing; streamlining flows and lowering costs in areas that do not generate value.

K-Fastigheter's construction uses quality materials that are sustainable in the long term. The core of all of the concept buildings is constructed of concrete, a proven material that is durable and safe, with favourable climate traits, but that consists largely of cement, which is energy intensive in its production. Efforts are in progress to reduce the environmental impact of cement production, including reusing concrete from demolished buildings.

By building prefabricated construction elements of concrete and wood from its own production facilities, K-Fastigheter is able to control the process. Building indoors frees the process from interruptions caused by weather. Another advantage of prefabricated manufacturing methods is more optimized products requiring smaller quantities of materials, helping reduce the number of shipments of building materials, while making it easier to handle the waste that always arises during production. The production time can also be reduced by half compared with cores molded on-site, which also means that the first tenants can move

into their new homes significantly earlier than with comparable site-built structures.

Indoor environment

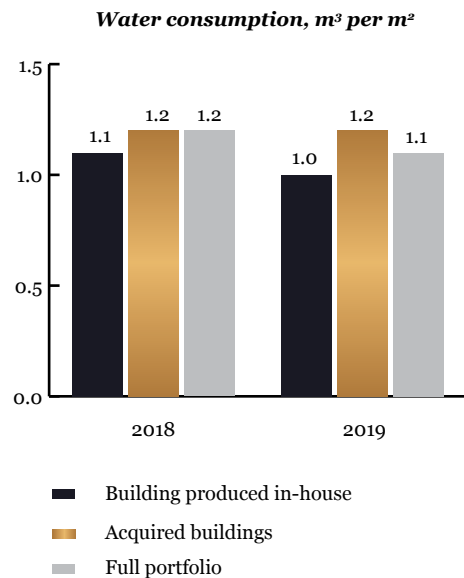
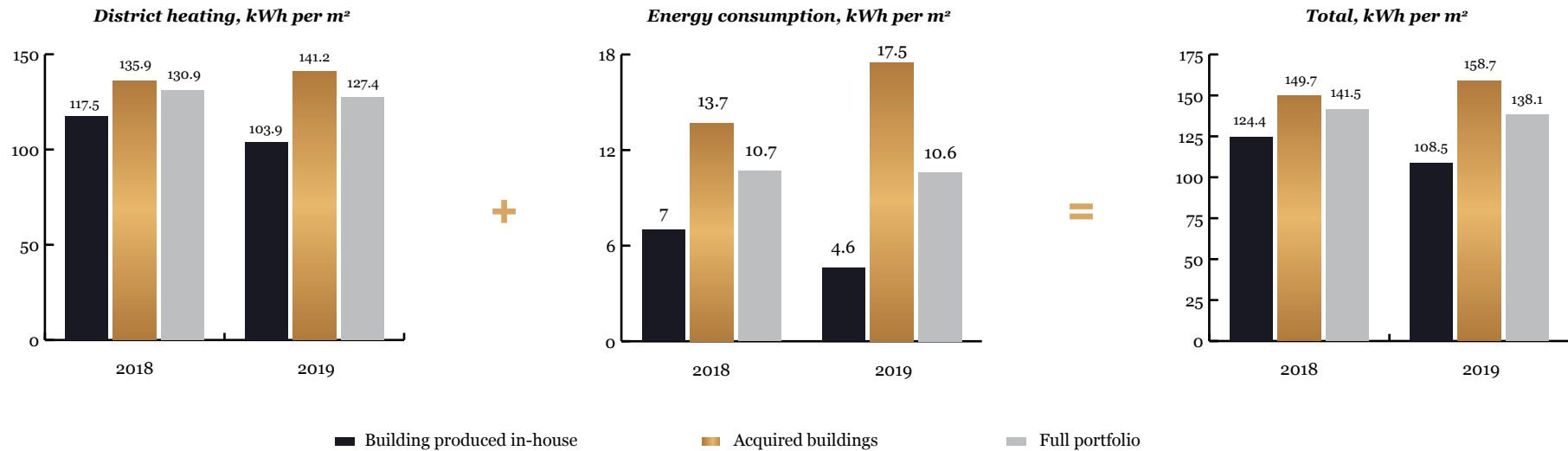
All three of K-Fastigheter's concept buildings, as well as apartments upgraded in accordance with K-Fast 2.0, are constructed with an attractive and sustainable selection of material and surfaces to create pleasant and sustainable living environments. All of the homes are, for example, equipped with kitchen worktops and window sills in stone and with energy-efficient appliances, including a washing machine, dryer, dishwasher and built-in microwave as standard.

Cost efficient renovation and improved standard with K-Fast 2.0

K-Fastigheter has developed a proprietary concept that the Group applies in raising the standard of the older apartments in its holdings. Fundamental for K-Fast 2.0 is safeguarding quality and durability in vital parts, such as wiring, plumbing and other types of technical installations. Surfaces and equipment are also adapted so that the long-term operating costs can be minimized in a way that meets the tenants' expectations of a modern living environment.

By using the same selection of materials as in our newly-produced buildings, we also generate larger volumes and better negotiating conditions for our procurement organization.

K-Fastigheter's long-term perspective is fundamental to the Group's sustainability efforts, entailing, among other things, constructing high-quality buildings that ensure rational property management over time, preserving the surrounding environment and maintaining good relations with tenants and other key stakeholders. Value for shareholders shall be generated in compliance with applicable laws and regulations, both ethical and statutory, and with respect for the environment.



Environmental classification

We construct the concept buildings we have developed in-house ourselves with the ambition of meeting requirements corresponding to those set by the Swedish Miljöbyggnad Silver certification system with regard to energy, interior environment and chemical substances.

Energy consumption

Demand for fossil-free energy is increasing and K-Fastigheter is participating in this trend by, among other things, installing solar cells on suitable properties. One example is K-Fastigheter's new production facility in Hässleholm, which is to be self-sufficient in energy from renewable sources.

To limit K-Fastigheter's long-term environmental impact and to keep property management costs down, the concept buildings have been designed with a focus on achieving minimal energy consumption. The concept buildings are included in the A and

B energy classes and K-Fastigheter's concept buildings have, on average, 32 percent lower energy consumption than the Group's acquired properties.

In procuring electricity, the Group chooses, as far as possible, suppliers offering electricity from renewable sources, primarily wind and hydropower.

To encourage multiple tenants to opt to pay their rents via more environmentally friendly direct debit, K-Fastigheter decided to contribute by planting a tree for each additional autogiro.

Water consumption

Water consumption in K-Fastigheter's total property stocks decreased by 6 percent in 2019 compared with the preceding year. In the buildings that K-Fastigheter produces in-house, water consumption was 16 percent lower than in the properties the Group has acquired. This is mainly explained by the use of low-flush tap nozzles and toilets.

Read more about Sweden Green Building Council (SGBC) and the organization's environmental certification:
<https://www.sgbc.se/certifiering/miljobyggnad/certifera-med-miljobyggnad/>

SOCIETY



Continued employee development

K-Fastigheter targets developing each employee in the long term, on the basis of the individual, the operations and in line with future market needs. Employees who enjoy going to work every day are fundamental to the Group's success and health, wellness and continued training also play an important role in the terms of employment.

Working environment

It is K-Fastigheter's objective that no workplace accidents should occur and the Group works preventively to minimize risks in and around the working environment.

Transparency and ethics

An important part of K-Fastigheter's sustainability work is to encourage employees and other representatives, both internally and externally, behaving in a manner compatible with K-Fastigheter's fundamental values. Accordingly, K-Fastigheter has implemented several control documents, including a Code of Conduct that addresses aspects including sustainability, anti-corruption work, business ethics and a Whistleblower Policy.

Our employees play an important role in sounding the alarm if they suspect any illegal activities or activities in violation of other demands or running contrary to K-Fastigheter's ethical guidelines. This gives us an opportunity to prevent such behaviours and to make corrections if something has gone awry. Our employees (including contracted personnel) can report potential deviations confidentially by means of a whistleblower channel that is independent of the Group's.

Diversity

K-Fastigheter believes that everyone, regardless of gender, ethnic background, religion or other beliefs, sexual orientation, age,

cross-gender identity or functional disability should be able to participate in working life on equal terms. It is important that the equal value of the individual be respected. K-Fastigheter does not see the difference but the person, and their results are what count. Accordingly, K-Fastigheter has adopted a gender equality policy with an associated plan of action for achieving equal rights and opportunities among employees.

Sponsorship and community commitment

K-Fastigheter collaborates with various players to foster the conditions necessary for tenants to feel at home. This includes providing clear information about agreements and other terms, rapid feedback in the event of any faults in the home or its surroundings, and cooperation with parties such as the municipality, other property companies or local associations to increase engagement, service and security in the area.

We attach great importance to safety and well-being in and around our properties and therefore sponsor youth activities and safety-building initiatives where we can find common ground for objectives and implementation. On this basis, K-Fastigheter contributes financially or with other resources.

A few examples are K-Fastigheter's partnership with OV Helsingborg HK in a Handball School for all (HFA), a partnership that includes handball training, homework help and other social activities for children aged 7–10 and living in vulnerable areas of Helsingborg. More information about HFA: <https://ovhelsingborg.myclub.se/menu/pages/15594>

We believe that community and an understanding of other people's circumstances are important prerequisites for generating security and respect for oneself and the surrounding community. Through a partnership with Dandelion, K-Fastigheter participates in a project for under-privileged children in South Africa - "Chickenrace 2019 featuring gardening". More information about Dandelion: <http://www.dandelionchild.nu/?lang=en>



A favourable working environment that fosters development promotes K-Fastigheter's skills development of the Group's employees.



K-Fastigheter is one of Dandelion's partners for education projects in South Africa.