

SUSTAINABILITY AND VALUE CREATION

This is K-Fastigheter's Sustainability Report which follows the financial year and is published annually.

K-Fastigheter's initial assumptions K-Fastigheter's long-term perspective is fundamental to the Group's sustainability work. The overarching goal is to create great homes that many people can enjoy. In K-Fastigheter's buildings, tenants shall be able to create safe and secure homes where they can thrive and develop. K-Fastigheter's buildings and neighborhoods, including local workplaces, traffic solutions and the natural environment, create positive and inclusive residential neighborhoods. The business area Prefab shall deliver attractive frame solutions to intra-Group projects and external customers.



K-FASTIGHETER'S SUSTAINABILITY REPORT

Sustainability is an important area for K-Fastigheter. Responsible and sustainable operations are part of the company's business model and long-term strategy. The sustainability work is divided into three focus areas related to the Group's stakeholders:



Homes for the many



Sustainable & environmental considerations over a life cycle



Long-term relationships

K-Fastigheter has signed the UN Global Compact's governance framework for companies relating to human rights, labor law, the environment and anti-corruption. The principles are based on the UN Declaration of Human Rights, ILO's fundamental conventions regarding human rights in the workplace, the Rio Declaration and the UN anti-corruption convention.

Sustainability is integrated into K-Fastigheter's operations and the Group's work is mainly governed by its Code of Conduct, which is based on UN Global Compact and policy documents, which shadow the Group's business concept, goals and other policies to ensure that operations are conducted in a long-term sustainable manner. The Code of Conduct is available as two separate Codes, one for the Group's employees and one for the Group's suppliers and collaboration partners.

THE UN GOALS FOR SUSTAINABLE DEVELOPMENT

The business sector plays an important role in meeting the UN's 17 global goals for sustainable development. The impact different companies have on sustainable development varies according to sector and the scale of operations. However, all businesses can contribute towards reaching the goals. K-Fastigheter's operations have varying impact on the potential to reach the goals, and the company has identified the key areas with the greatest impact and potential for meeting the goals.



ORGANIZATION FOR SUSTAINABILITY

The Board holds ultimate responsibility for K-Fastigheter's sustainability agenda and the continuous sustainability work. K-Fastigheter's CEO delegates operational responsibility to each business area manager. K-Fastigheter's CEO, deputy CEO/CFO, the Heads of the Pefab, Building and Property Management business areas, and the IR and Communications Manager work collaboratively to optimize development and support. This collaboration is an important prerequisite for K-Fastigheter achieving the intended results.

The Group's framework is based on the 17 global sustainability targets included in the UN's Agenda 2030 and other significant matters affecting K-Fastigheter's stakeholders. The framework also includes overarching goals and indicators for measuring the Group's work in areas where K-Fastigheter is currently considered to have the greatest effect and social impact, with the aim of benefiting the Group's stakeholders.

For K-Fastigheter's wholly-owned subsidiaries, the same sustainability governance and goals apply as for K-Fast Holding AB. For the sustainability work carried out in associated companies, see the relevant company websites.

MATERIALITY ANALYSIS

The Group regularly updates its assessment of key sustainability issues from a stakeholder perspective. The Board assesses that K-Fastigheter's sustainability work is making satisfactory progress and that reporting of goals and completed measures will continue to increase in scope, mainly relating to the EU Taxonomy and future CSRD reporting. A double materiality analysis has been completed within the framework of future CSRD reporting, although this does not form the basis for this report.

STAKEHOLDER DIALOG

K-Fastigheter's main stakeholders are its employees, various collaboration partners, tenants and the capital markets. K-Fastigheter's stakeholder dialog on these issues focuses on ascertaining key stakeholders' views on the Group's sustainability work, the conditions applying to existing operations, and how the various units work with planning and achieving set goals. A number of methods such as interviews, surveys and conversations are used to gather views from a range of stakeholders.



INTRESSENTGRUPP

CHANNELS FOR DIALOG

KEY SUSTAINABILITY ISSUES



Society

- Stakeholder reviews and in-depth interviews
- Local collaborations, continuous dialog for long-term engagement
- Collaborations with authorities and organizations
- Commitment to community development

- Energy production and consumption, water consumption and climate adaptations
- Local social engagement
- Compliance with legislation and regulations
- Health and safety
- Transparency
- Well-being and safety in residential areas



Employees, suppliers and collaboration partners

- Workplace meetings
- Internal training
- Communication via Group intranet
- Group websites
- Continuous dialog
- Code of Conduct
- Annual performance reviews
- Employee surveys

- Ethics and anti-corruption
- K-Fastigheter as an employer and workplace
- Competencies, diversity and equal opportunities
- Product performance from a life cycle perspective
- Well-being, health and safety



Tenants and customers

- Stakeholder reviews and in-depth interviews
- Customer survey, including annual survey
- Apartment viewings
- Continuous dialog through multiple channels, including personal meetings, apps, websites and social media
- Feedback from Prefab's customers for continuous improvement

- Energy and emissions
- Sustainable and safe living
- Customer satisfaction
- Continuous communication
- Participation in social progress
- Development of products that increase customers' competitiveness

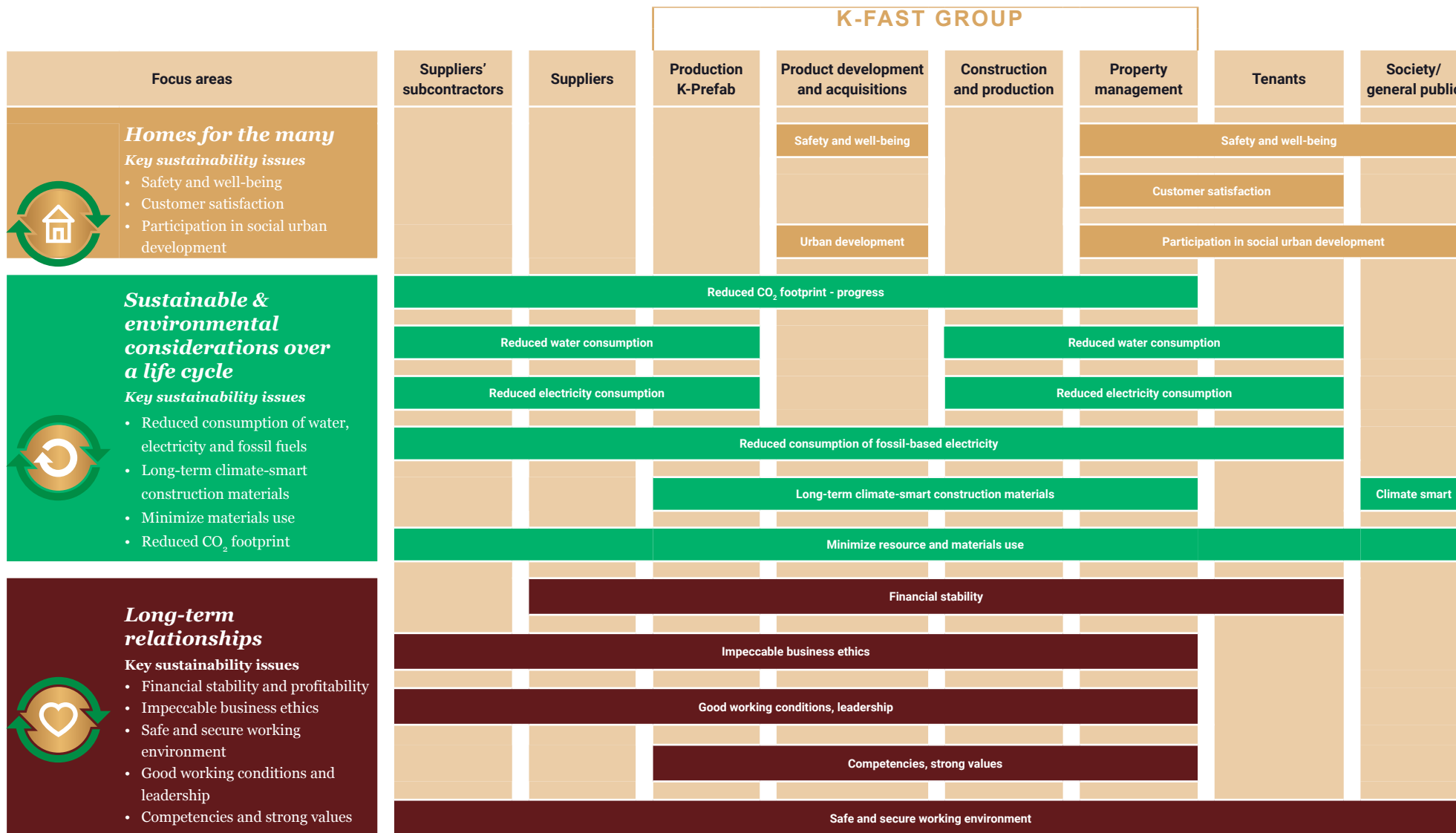


Capital markets



















- Shareholder meetings
- Financial statements
- Stakeholder reviews and in-depth interviews
- Investor and analyst meetings
- Group websites
- Press releases












- Financial performance
- Energy and emissions
- Ethics and anti-corruption
- Sustainability and commitment for long-term construction and management
- K-Fastigheter as a workplace
- Transparency

K-FASTIGHETER'S SUSTAINABILITY WORK IN THE VALUE CHAIN



TARGETS TO BE REACHED BY THE END OF 2023

Focus area	Category	UN targets	Partial targets	Actual 2023
Homes for the many 	 Satisfied customers	  	<ul style="list-style-type: none"> - At least 80% of K-Fastigheter's surveyed tenants shall be satisfied or very satisfied with their apartment, building and K-Fastigheter. 	<ul style="list-style-type: none"> - The service index was 82% and the new production index was 85%.
		<ul style="list-style-type: none"> - At least 80% of reported faults shall be addressed within 24 hours. 	<ul style="list-style-type: none"> - 69% of reported faults had been addressed and concluded by K-Fastigheter's staff within 24 hours. 	
		<ul style="list-style-type: none"> - Tenant turnover shall be below 15%. 	<ul style="list-style-type: none"> - In 2023, approximately 36 percent of K-Fastigheter's tenants moved between, or from, the company's apartments. 	
	 Social urban development	 	<ul style="list-style-type: none"> - At least 80% of K-Fastigheter's surveyed tenants shall be satisfied or very satisfied with their neighborhood and with K-Fastigheter's support of tenants' environmental initiatives. 	<ul style="list-style-type: none"> - The proportion of tenants that were satisfied or very satisfied with their neighborhood was 87%. The proportion satisfied with K-Fastigheter's contribution to their individual environmental work was 91%.
Sustainable & environmental considerations over a life cycle 	 Efficient energy and water consumption		<ul style="list-style-type: none"> - More than 95% of the properties' electricity consumption shall be derived from fossil-free energy sources. 	<ul style="list-style-type: none"> - Fossil-free energy sources provided all of K-Fastigheter's electricity consumption in investment properties. All electricity purchased for K-Prefab's production plants was derived from fossil free energy sources.
		<ul style="list-style-type: none"> - Electricity consumption in K-Fastigheter's offices and production plants shall be sourced from our own solar panels/fossil-free energy sources. 	<ul style="list-style-type: none"> - 100% of the electricity consumption in K-Fastigheter's offices in Hässleholm, Helsingborg and Kristianstad is derived from solar panels/fossil-free energy. In 2023, the solar panels on the largest of Prefab's factories were operational. This generated savings of 337 MWh and 181 tons CO₂. 	
	 Long-term climate-smart construction materials		<ul style="list-style-type: none"> - All new-build Lateral Low-Rise and Apartment Block buildings shall source electricity from solar panels. 	<ul style="list-style-type: none"> - From the third quarter 2021, solar panels have been installed on all new build Lateral Low-Rise buildings and Apartment Blocks. In 2023, 21 properties were constructed with solar panels, in accordance with the installation target for new Lateral Low-Rise and Apartment Blocks.
		<ul style="list-style-type: none"> - Water consumption for the total property holding shall be reduced to match the average for the Group's proprietary concept buildings. 	<ul style="list-style-type: none"> - In 2023, average consumption decreased in acquired buildings, while average consumption increased slightly in buildings constructed by K-Fastigheter compared to 2022. 	
 Minimize materials use	 	<ul style="list-style-type: none"> - According to K-Fastigheter's Code of Conduct, the ten largest suppliers of construction materials are subject to review from a sustainability perspective. 	<ul style="list-style-type: none"> - The Code of Conduct is available as two separate Codes, one for the Group's employees and one for the Group's suppliers. Internal training takes place on an ongoing basis. 	
		 	<ul style="list-style-type: none"> - The cost associated with waste as a proportion of production at K-Fastigheter's plants and construction sites shall be reduced by 10% compared to 2020. 	<ul style="list-style-type: none"> - In 2023, K-Prefab's estimated environmental benefit corresponded to approximately 1,250 tons CO₂. The total volume of waste K-Prefab generated decreased by around 13% compared to 2021.

Focus area	Category	UN targets	Partial targets	Actual 2023
cont. Sustainable & environmental considerations over a life cycle	 Reduce CO₂ footprint		- Compared to 2020, K-Fastigheter shall double its production of renewable energy and use the electricity produced to operate and heat the Group's vehicles and properties, and sell surplus energy.	- K-Prefab's efforts to reduce the climate impact from reinforcement bars, binding agents and waste mean that the company's EPDs, which were updated in 2022, indicate an average 35% reduction in the CO ₂ footprint.
			- By 2023, the Prefab business area will halve its CO ₂ footprint compared to 2019, by means including investments in fossil-free heating and production plants.	- During the year, the Prefab operations contributed to optimizing the climate footprint of the frame on the Group's concept buildings. - K-Prefab is at the leading edge of climate-improved concrete and satisfies Level 3, which means a minimum reduction in CO ₂ emissions of 30% compared to reported typical sector values. - K-Fastigheter has started to produce climate declarations for its properties. The results show that the climate footprint of the buildings is significantly better than the sector average. - Six factories are currently entirely fossil-free in terms of heating. Five factories use biodiesel to operate trucks and vehicles.
Long-term relationships	 Financial stability		- The Group equity/assets ratio shall amount to at least 25 percent. - Interest cover shall amount to a minimum of 1.75 x. - The debt-to-equity ratio may amount to at most 70 percent relative to the Group's total assets and liabilities.	- As of 31 December 2023, the equity/assets ratio amounted to 30.3 percent, interest cover to 1.7 x and the debt-to-equity ratio to 60.2 percent.
			- All employees and hired staff shall have relevant training and experience for their work assignments.	- All new employees receive training relating to specific work tasks and the Group's regulatory frameworks, HSEQ work and Code of Conduct.
	 Safe and secure working environment		- There were no reported accidents and injuries in the workplace.	- In 2023, two serious incidents in the Prefab operations were reported to the Swedish Work Environment Authority, which involved elements became dislodged during loading which caused a risk of crushing injury. Extensive investigations into the causes have been completed and preventative measures introduced. In other operations, there were 2 accidents and 2 incident.
			- Zero tolerance of accidents. - Zero tolerance of incidents. - Zero tolerance of discrimination.	- The Group completed health and safety weeks. This forms part of the company's long-term efforts to build a positive safety culture and reduce operational risks. The content of the health and safety weeks varied for different parts of the organization. In the Prefab operations, the focus was "Stop and think" in production, assembly and office work to underline the importance of taking personal responsibility in the health & safety work. During the week, fire safety trainings and first aid/CPR were also completed. In the rest of the operations, the focus was on safety inspections, well-being initiatives, and threats and violence. - During the year, a new digital tool was introduced to facilitate control and follow-up of the health & safety work in K-Fastigheter's construction projects. - No incidences of discrimination were reported in 2023.
 Impeccable business ethics		- At least 80% of employees shall be satisfied or very satisfied with K-Fastigheter as an employer. - All employees and hired staff shall receive training in the Code of Conduct.	- Training relating to the regulatory framework and the Code of Conduct is provided regularly. E-learning tools were introduced in the Prefab operations, and all employees completing training on the Code of Conduct, health & safety, and standards of behavior. - In 2023, a Group-wide employee survey was conducted for the first time. The employee engagement index obtained a score of 3.8 of 5. The results were evaluated and an action plan for improvement produced.	
		- There were no reported incidents of corruption in K-Fastigheter.	- No incidences of corruption were reported in 2023.	

NEW SUSTAINABILITY TARGETS IN 2024

At the end of 2023, K-Fastigheter's financial and operational targets expired. This included sustainability targets. A new business plan with new targets for the period 2024-2028 is being produced and will be presented in connection with the publication of the Interim Report for the first quarter 2024.

INCREASED EFFICIENCY REDUCES CLIMATE FOOTPRINT



LIFE CYCLE OF THE BUILDING

K-Fastigheter strives to construct its buildings with sustainable materials in order to create sustainable neighborhoods and contribute to a circular economy. A sustainable building entails much more than just energy efficiency. Buildings are to be produced in financially and environmentally viable ways and work well from a social perspective, now and in the future. It should be possible to use our concept buildings, and for them to remain functional, for many generations. The estimated life span is about 100 years, meaning that the architecture, materials and construction methods we use today should be enjoyed and last for a very long time. In addition, we strive to facilitate future renovations and adaptations to changing needs at the planning stage. For example, our Apartment Block concept building has been designed with wall structures that provide access to all drain stacks from the staircase, which makes it possible to replace stacks without requiring tenants to move out.

The use of concept buildings forms the basis for a long-term sustainable economy. Even if every location is unique, we can recycle experience and solutions from previous projects. Furthermore, our

familiarity with the details of the building's infrastructure allows us to minimize waste and optimize the property management of the completed building.

Alongside our tenants, employees and collaboration partners, K-Fastigheter works to realize solutions to reduce dependence on fossil fuels and other climate-negative factors, while also aiming to improve quality and cost-efficiency over time.

K-Fastigheter assesses that the Group will be affected in multiple way looking ahead, including increased demands for sustainable investments to reduce the negative impact on the environment. With 88 percent of the holding constructed after 2010, and increasingly sustainable production of concrete frames and systematic sustainability work, K-Fastigheter has a good starting point for reducing the negative impact on the environment and to meet the demands and regulatory requirements introduced and that are expected in the area of climate and environmental initiatives.

CLIMATE FOOTPRINT

The construction and property sector generates a high proportion of society's environmental impact through its energy consumption and emissions from various parts of the process, such as import of construction products and components. Operators in the construction and property industry have significant potential to influence climate emissions from buildings from a life cycle perspective, by measures relating to areas such as materials production, transport, energy, heating, waste and construction.

Group-wide efforts are made to increase in-house production of fossil-free energy by means including more solar panels. Two of the Group's Prefab facilities, and Lateral Low-Rise and Apartment Block concept buildings constructed after the third quarter 2021, have been equipped with solar panels. K-Prefab's operations are committed to the construction industry standard Byggföretagens Färdplan 2045, a sector-wide plan to ensure a climate-neutral and competitive construction industry that supports Sweden's goal of achieving net zero greenhouse gas emissions by 2045.

ENVIRONMENTAL CERTIFICATION

K-Prefab's operations are certified according to ISO 14001 and seek to minimize any negative environmental impact, including avoiding materials and methods that could generate an environmental hazard when better alternatives are available, and to reduce/increase the efficiency of transports. Six factories are currently entirely fossil-free in terms of heating. Five factories use biodiesel to operate trucks and vehicles.

CONSTRUCTION AND CONSTRUCTION MATERIALS

The fact that K-Fastigheter constructs concept buildings with a high degree of prefabrication optimizes resource utilization and quality, and ensures a positive working environment. By using a standardized process in K-Fastigheter's proprietary production facilities, consumption of materials, logistics and other resources can be planned in detail, reducing waste, emissions and inventories, while also streamlining flows and lowering costs in areas that do not create value.



K-Fastigheter's construction uses quality materials that are sustainable in the long term. The Group's concept buildings are largely constructed using concrete, a material that is tried-and-tested, durable and safe, with positive climate properties, but which includes cement which has a significant environmental impact. Continuous work is underway to reduce the volume of cement used in the elements manufactured by K-Fastigheter wherever possible. This includes optimizing recipes and replacing cement with other binding agents such as ground granulated blast furnace slag and fly ash.

By building prefabricated construction elements using concrete and wood from its own production facilities, K-Fastigheter is able to control the process. Manufacturing indoors in a controlled environment means that the work is not dependent on weather conditions and temperature, compared to molding frames on site. 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. Furthermore, production times can be shortened compared to frames molded on site.

K-Prefab's goal is to gradually transition to use only concrete ballast in its concrete. This means that natural gravel can be set aside for purposes where concrete ballast cannot be used. In total, nearly 90 percent of current ballast at the Group's plants comprises ungraded crush rock, and this proportion may increase in coming years.

Since 2020, K-Fastigheter satisfies the demand to sort certain types of waste, and to store it separately from other types of waste. The aim of the sorting requirement is to rise higher in the waste hierarchy and improve preparation procedures for reuse and materials recycling

REDUCED EMISSIONS

K-Fastigheter's operations contribute indirectly to greenhouse gas emissions, mainly at supplier level in connection with procurement of cement for concrete manufacture, and transport of materials to our own and customers' construction sites.

K-Fastigheter's Prefab operations continuously seek to optimize the type and volume of binding agents used in concrete products,

thereby reducing CO₂ emissions. The Group made further progress in 2023. The work associated with replacing a proportion of cement with ground granulated blast furnace slag continued and has been complemented by adaptations to the production process.

Emissions data for 2023 includes Scope 1, data from proprietary vehicles, based on standard calculations of actual consumption. For the full year 2023, consumption corresponded to 1,778 tons CO₂e in K-Prefab's operations, and approximately 170 tons CO₂e for the rest of the Group. All electricity for the Group's production plants is derived from fossil free production. Increased energy efficiency forms part of the company's improvement work. The Prefab operations continuously strive to optimize transports from production to the customer by locating production close to customers and ensuring high capacity utilization. In partnership with our transporter, electrically powered vehicles were tested for shorter transports in 2023. Climate data from transports is regularly followed up and reported by transporters.

K-Fastigheter does not conduct operations requiring permits according to the Swedish Environmental Code. However, a reporting requirement applies to refrigerants. The Group's tenants may, however, conduct operations that require permits or notice. In 2023, K-Fastigheter did not register any infringements of environmental legislation or related regulations.

BIODIVERSITY

Questions relating to biodiversity are gaining in significance in society, both from a moral and utilitarian perspective. Biodiversity and the ecosystem services nature provides are a prerequisite for sustainable development that create benefits for all humans in a number of ways. As part of society, K-Fastigheter needs to contribute to protecting biodiversity and, wherever possible, develop environments around our properties that mitigate biodiversity loss or otherwise contribute to local flora and fauna. K-Fastigheter assesses that questions relating to biodiversity will become increasingly important for planning approval processes in future. This includes the type of land where construction takes place.

SUSTAINABILITY-RELATED RISKS

The business sector's operational methods change over time as society develops and new risks emerge. Sustainability risk is an area where demands from customers and partners, legislators, as well as planetary limitations, are gradually changing the rules of play for companies. Future climate change due to greenhouse gas emissions, for example, represents a clear sustainability risk where K-Fastigheter needs to act to reduce its climate footprint and plan for coming change with regard to areas such as property-related costs and value growth.

Examples of key sustainability risks and planned risk mitigation measures are indicated below.

Risk	Management
Increased energy costs in property management and Prefab operations	Increased energy efficiency and increased internal production of renewable energy, e.g. solar panels.
Increased demands on reporting of sustainability data	Systems for gathering and verification of relevant data
Physical effects on properties such as flooding, torrential rain, heat waves and other extreme weather	Improved information gathering, continuous monitoring of changes, and strengthened collaborations with municipalities and experts
Increased customer demands on sustainable products	Continued product development of concrete frames in the Prefab operations to reduce the climate footprint and continuous improvement of the Group's concept buildings
Increased recycling	Continued development of ongoing projects, for example by replacing cement in concrete with recycled materials
Decisions by authorities, e.g. tax increases and more stringent demands on measures to mitigate climate change	Improved information sourcing and strengthened collaborations with municipalities and experts
Difficulty recruiting employees with the right competencies	Being an attractive employer by offering attractive terms and continuous training opportunities
Personal injury in the Prefab operations and on construction sites	Systematic HSEQ work with the aim of continuous improvement
Changed requirements for obtaining financing related to climate change and sustainability	Effective dialog with Nordic merchant banks and adaptations to meet requirements
Increased costs for input goods due to more stringent environmental demands	Efficient procurement of large volumes. Efforts to reduce the volume of input goods such as steel and cement through product development
Unethical behavior such as fraud and bribes	Code of Conduct, strong corporate culture and whistleblower tools

HOMES FOR THE MANY



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 materials 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. Of the property holding, 88 percent was built after 2010 and a total of 66 percent after 2020.

K-Fastigheter has developed a proprietary concept that the Group applies in raising the standard of the older apartments in its holdings. K-Fast 2.0 safeguards the quality and durability of vital building infrastructure, 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 for our newly-produced buildings, we also generate increased volumes and better negotiating conditions for our procurement organization.

ENERGY CONSUMPTION

The roll-out of fossil-free electricity production in Sweden continues, and K-Fastigheter contributes by installing solar panels on suitable properties. All Lateral Low-Rise buildings and Apartment Blocks constructed after the third quarter 2021 are built with solar panels in place. In 2023, the company completed 21 properties with solar panel systems. K-Prefab's production plant in Hässleholm, which produces lightweight elements such as separating walls and ceiling cassettes, is self-sufficient in terms of electricity, which is produced by the plant's solar panels. K-Prefab's largest production plant located outside Hässleholm has solar panels that produced 337 MWh of electricity, generating savings of 181 tons CO₂ in 2023. The production facility manufactures concrete elements, including various wall panels, joists and balconies as well as plinth foundations. Further investments in solar panels may be made in other proprietary plants.

To limit K-Fastigheter's long-term environmental impact and keep property management costs down, the concept buildings have been

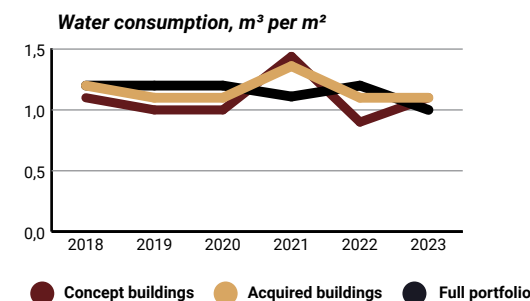
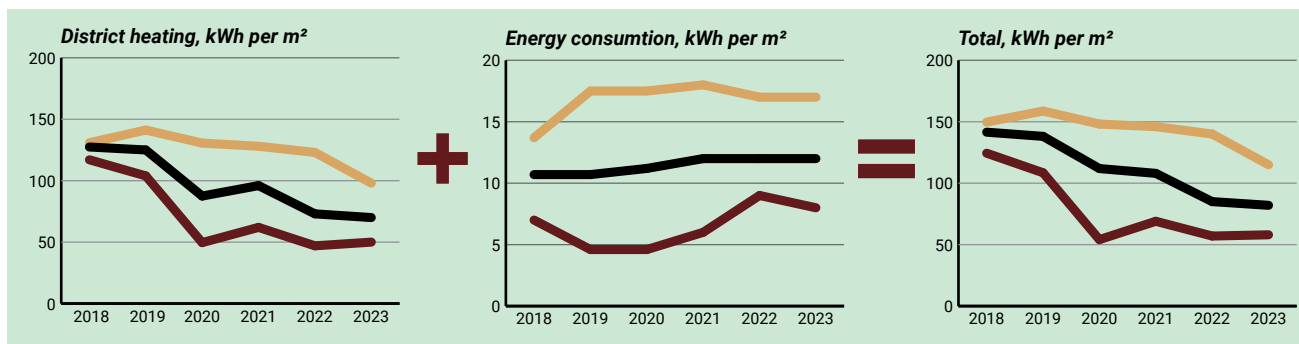
designed to minimize energy consumption. The concept buildings are included in energy class B according to classification dating from September 2020.

When purchasing electricity, the Group chooses suppliers that provide electricity from renewable sources, primarily wind- and hydropower. Since 2023, all electricity agreements relate to renewable energy. In 2022, 95% of all property electricity was derived from renewable production. In order to sharpen the focus on energy in our properties, a dedicated Energy & Technology team works to optimize the properties' energy consumption.

WATER CONSUMPTION

Water consumption in K-Fastigheter's proprietary buildings was approximately 25 percent lower than in acquired properties in 2023.

	Water m ³ /m ²	District heating kWh/m ²	Electricity kWh/m ²
2023 (distributed over entire holding)			
Entire holding	1.07	70	12
Buildings constructed by K-Fastigheter	1.10	50	8
Acquired buildings	1.04	98	17



LONG-TERM RELATIONSHIPS



FINANCIAL STABILITY

K-Fastigheter takes a structured approach to its financing, mainly through conventional bank loans. The Group's financial reports are presented in the Directors' Report on pages 55–65.

CONTINUOUS PERSONAL AND PROFESSIONAL DEVELOPMENT

K-Fastigheter aims to support its employees' long-term development on the basis of individual needs, the company's operations and future market requirements. 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. In 2023, the Group introduced a new digital system for measuring employee engagement throughout the company. The response rate was high and measured average engagement of 3.8 of 5 in the Group. We achieved excellent results in several areas, including Meaningful participation, Manager relations and Colleague relations. Areas where more work remains to be done include health consideration related to workload and dietary habits. Each department produced an action plan based on its results alongside the employees, and works to maintain and develop engagement in various areas.

Compliance with and awareness of the Group's Code of Conduct and other policies is reviewed annually and has been included in the company's internal training program. The content of these documents is also reviewed annually to ensure it corresponds to the company's operations and key issues.

WORKING ENVIRONMENT

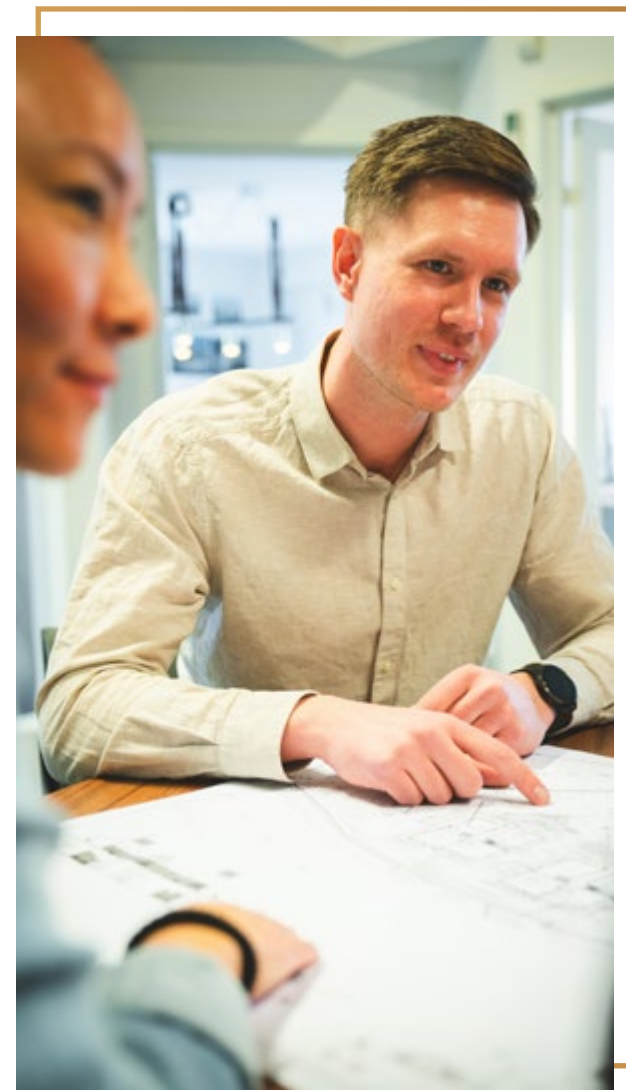
It is K-Fastigheter's objective that no workplace accidents should occur and the Group works preventively to minimize risks in and around the working environment. In 2023, K-Fastigheter and K-Prefab held health and safety weeks to further strengthen this work.

TRANSPARENCY AND ETHICS

An important part of K-Fastigheter's sustainability work is to encourage employees and other representatives, internally and externally, to behave in a manner compatible with K-Fastigheter's fundamental values. Accordingly, K-Fastigheter has introduced a number of policy documents, including a Code of Conduct that addresses areas such as sustainability, anti-corruption, business ethics, and a Whistleblower Policy.

Our employees play an important role in sounding the alarm if they suspect illegal activities or other regulatory breaches or activities that run contrary to K-Fastigheter's ethical guidelines. This gives us the opportunity to prevent such behaviors and to take remedial measures if something has gone awry. Our employees (including suppliers and collaboration partners) can anonymously and confidentially report potential departures through an independent whistleblower channel.

K-Fastigheter's business system/intranet is intended to facilitate internal communication and a proportion of administration, and



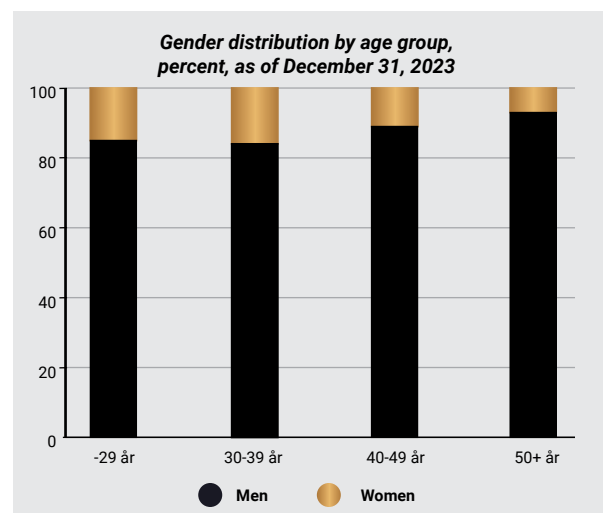
increase engagement on Group-wide issues such as sustainability.

DIVERSITY

K-Fastigheter believes that everyone, regardless of sex, ethnicity, religion or other beliefs, sexual orientation, age, transgender identity or functional disability should be able to participate in working life on equal terms. It is important that the equal value of all individuals is respected. K-Fastigheter does not see differences, we focus on the person. Their results are what count. Accordingly, K-Fastigheter has adopted a HR policy that includes a diversity policy, and an associated plan of action for achieving equal rights and opportunities for all employees.

Human rights

K-Fastigheter respects and follows a number of conventions



At the end of 2023, there were 550 (732) employees in the Group, of which 65 (69) women and 485 (663) men. 332 employees are party to collective agreements (656).

relating to human rights which means that child labor, unpaid overtime, forced labor and other infringements of human rights are counteracted. Risks can arise, mainly when employing subcontractors. Accordingly, K-Fastigheter continuously evaluates its suppliers and subcontractors to ensure they comply with the Group's Code of Conduct.

SPONSORSHIP AND COMMUNITY ENGAGEMENT

K-Fastigheter collaborates with various parties to create 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. We prioritize collaborations where the Group's employees participate actively in organizations/associations that report results and benefits of our sponsorship or support. On this basis, K-Fastigheter contributes financially or with other resources. K-Fastigheter also contributes to other projects that benefit society. Some examples of K-Fastigheter's engagement follow:

K-Fastigheter partners with OV Helsingborg HK in a Handball School for all (HFA), a partnership that offers handball training, homework support and other social activities for children aged 7–10 living in deprived areas of Helsingborg. More information about HFA: www.ovhelsingborg.myclub.se

We believe that community and an understanding of other people's circumstances are important for ensuring safe neighborhoods, as well as engendering self-respect and respect for the surrounding community. Through a partnership with Dandelion, K-Fastigheter participates in a project for underprivileged children in South Africa. In the latest initiative alongside Dandelion, K-Fastigheter is co-financing the construction of an entirely new orphanage. More information about Dandelion: www.dandelionchild.nu

K-Fastigheter has collaborated with the 'Her House' foundation for a number of years. The aim is to support women to find safe housing when leaving womens' shelters. When women who have lived in Swedish womens' shelters are ready to return to living independently, they can be faced with problems associated with securing housing. Here, K-Fastigheter can provide a helping hand. More information about Her House can be found at: www.herhouse.se.

The Group also contributes to developing the city of Hässleholm where the company's head offices are located, including through membership in and financing of HesseCity and BID Hässleholm, with the aim of developing the city center, retailing, tourism and jobs. K-Fastigheter also contributes to the funding of improved exterior lighting in locations in and around Hässleholm that are considered unsafe.

PREPARATIONS FOR CSRD REPORTING

In 2023, we started preparing the Group for forthcoming CSRD reporting. A double materiality analysis was completed to identify the Group's material impact, risks and opportunities by consequential and financial materiality with the aim of supporting the design of future sustainability reporting. The double materiality analysis does not form the basis of the contents of this report

REPORTING ACCORDING TO THE EU TAXONOMY DIRECTIVE

K-Fast Holding AB (publ) is subject to the EU taxonomy directive. This stipulates requirements for providing information about the extent to which operations are eligible for and comply with the taxonomy directives. The purpose of the taxonomy is to identify the proportion of investments that are environmentally sustainable, and is an important tool for reaching the EU's six environmental goals.

In order for operations to be classified as environmentally sustainable, they need to make a material contribution to at least one of the taxonomy's six environmental goals, do no harm to any of the other goals, and satisfy the requirements outlined in the defined social minimum protective measures.

The review criteria for the first two environmental goals, mitigation of and adaptation to climate change, have been determined. The type of economic activities encompassed by the taxonomy directive are defined on the basis of these criteria.

THE SIX ENVIRONMENTAL GOALS ACCORDING TO THE EU TAXONOMY

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy, including preventing waste and increased use of secondary raw materials
5. Pollution prevention and control
6. Protection and restoration of biodiversity and sound ecosystems, and the recreation of damaged ecosystems

Economic activity

K-Fastigheter develops and builds rental apartments for proprietary management, and develops, produces and assembles concrete frames for its own and external construction. Operations are focused on southern Sweden and the Västra Götaland, Mälardalen and Copenhagen regions.

	Total, SEK million	Proportion of economic activity	
		eligible in the taxonomy, %	not eligible in the taxonomy, %
Sales	1,083.2	44%	56%
Operating expenses	699.0	26%	74%
Capital expenditure	2,421.7	98%	2%

Accounting principles

K-Fastigheter's operations relating to project development, construction and management of proprietary rental apartments are considered to be eligible under the EU taxonomy directive, while the Prefab business area's external operations are not considered eligible.

The proportion of the company's operations that is environmentally sustainable according to the EU taxonomy directive is determined by three financial key performance indicators: turnover, capital expenditure and operating expenses. The company is required to identify the proportion of these KPIs that are aligned with the EU taxonomy directive by contributing to one of the environmental goals, adheres to the directive's minimum protective measures and simultaneously does no significant harm to any of the other environmental goals. We have chosen to report only on Goal 1 Climate Change Mitigation (CCM) under the EU taxonomy, as this target is most relevant to our operations. In terms of capital expenditure, K-Fastigheter could contribute to Goals 2 and 4, but as

all material capital expenditure is captured by Goal 1 K-Fastigheter only reports Goal 1. All operations fall within the framework of the taxonomy Goal 1 and the activities that comprise a majority of our operations are included under CCM 7.7 Acquisitions and ownership of buildings and CCM 7.1 Construction of new buildings. However, other activities may also be relevant to a lesser extent.

In the company's assessment, because principles for detailed reporting have yet to be correctly determined and because assumptions can also be regarded as uncertain, K-Fastigheter has chosen to exercise restraint in its reporting and has not included the proportion of operations that complies with the taxonomy directive in its current sustainability reporting.

As a result of active sustainability work throughout the value chain, from project development and construction to management of our rental apartments, we foresee considerable potential for ensuring that a high proportion of our economic activities comply with the directive as principles and reporting progress.

In 2021, K-Fastigheter signed Global Compact, the UN's international principles aimed at companies relating to human rights, labor law, the environment and anti-corruption. The Group's Code of Conduct, which applies to both employees and suppliers and collaboration partners, is also based on Global Compact and shadows the Group's business concept, goals and other policies to ensure that operations are conducted in a long-term sustainable manner. We also work continuously to identify and manage risks, relevant business ethics and other questions relating to labor law and human rights. This means that the company can be considered to be in compliance with the taxonomy directive's requirements for minimum protective measures.

Sales

Sales include all income associated with the investment properties included in the economic activity outlined above. Income relates to rental income including customary additions. This income is presented in Note 3. Income and total sales correspond to Group comprehensive income. The proportion of sales that is not taxonomy-eligible primarily comprises the Prefab business area's income from external sales.

Capital expenditure

Capital expenditure of SEK includes acquisitions and capitalized investment expenses associated with the management properties included in the economic activity outlined above. These expenses are indicated in Note 16 Investment properties, and comprise Acquisitions and investments in investment properties and Construction in progress. The proportion of investments that is not taxonomy-eligible primarily relates to capital expenditure for investments in business properties and property, plant and equipment in the Construction business area and Prefab's operations. Total capital expenditure is indicated under Investment activities in the Group's cash flow.

Operating expenses

Operating expenses include costs of property maintenance, ongoing repairs and maintenance to ensure the basic standard and functionality of the properties. The proportion that is not taxonomy-eligible primarily consists of the Prefab business area's costs for external sales and property administration, and operating costs for electricity, heating, water and waste in the Group's management properties.



ECONOMIC ACTIVITIES – SALES

Economic activities (1)	Code (2)	Absolute sales (3)	Proportion of sales (4)	Criteria for significant contribution						Criteria for do no significant harm (DNSH)						Minimum protective measures (17)	Proportion, taxonomy-aligned (A.1.) or encompassed by the taxonomy (A.2.) sales, year 2022 (18)	Category enabling operations (19)	Category transition activities (20)
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)				
Unit		SEK m	%	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Operations, taxonomy-eligible (applicable)																			
A.1 Environmentally sustainable (aligned) operations																			
Construction of new buildings	CCM 7.1	0		N	N/EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	Y	0	-	-
Acquisition and ownership of buildings	CCM 7.7	0		N	N/EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	Y	0	-	-
Sales, environmentally sustainable (aligned) (A.1)		0		-	-	-	-	-	-	-	-	-	-	-	-	0			
A.2. Non-sustainable (non-aligned) taxonomy-eligible operations																			
Construction of new buildings	CCM 7.1	0		EL; N/ EL	EL; N/ EL	EL; N/ EL	EL; N/ EL	EL; N/ EL	EL; N/ EL								0		
Acquisition and ownership of buildings	CCM 7.7	480.2	44%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								28%		
Sales, non-sustainable (non-aligned) taxonomy-eligible operations (A.2)		480.2	44%	-	-	-	-	-	-								28%		
A. Sales, taxonomy-eligible operations (applicable) (A.1 + A.2)		480.2	44%	-	-	-	-	-	-								28%		
B. Operations, not taxonomy-eligible (not applicable)																			
Sales, operations not taxonomy-eligible		603.0	56%																
Total (A+B)		1,083.2	100%																
	Taxonomy-aligned per goal (aligned)	Goals, taxonomy-eligible (non-aligned)																	
CCM	0%	44%																	
CCA	0%	0%																	
WTR	0%	0%																	
CE	0%	0%																	
PPC	0%	0%																	
BIO	0%	0%																	

ECONOMIC ACTIVITIES – OPERATING EXPENSES

Economic activities	Code (2)	Absolute operating expenses (3)	Proportion of operating expenses (4)	Criteria for significant contribution						Criteria for do no significant harm (DNSH)						Minimum protective measures (17)	Proportion, taxonomy-aligned (A.1.) or taxonomy-eligible (A.2.) sales, year 2022 (18)	Category enabling operations (19)	Category transition activities (20)
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)				
Unit		SEK m	%	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Operations, taxonomy-eligible (applicable)																			
A.1 Environmentally sustainable (aligned) operations																			
Construction of new buildings	CCM 7.1	0	0	N	N/EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	Y	0	-	-
Acquisition and ownership of buildings	CCM 7.7	0	0	N	N/EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	Y	0	-	-
Operating expenses, environmentally sustainable (aligned) (A.1)		0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	0		
A.2. Non-sustainable (non-aligned) taxonomy-eligible operations																			
Construction of new buildings	CCM 7.1	0		EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL								0		
Acquisition and ownership of buildings	CCM 7.7	71.8	10%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								5%		
Operating expenses, non-sustainable (non-aligned) taxonomy-eligible operations (A.2)		71.8	10%	-	-	-	-	-	-								5%		
A. Operating expenses, taxonomy-eligible operations (applicable) (A.1 + A.2)		71.8	10%	-	-	-	-	-	-								5%		
B. Operations not taxonomy-eligible (not applicable)																			
A. Operating expenses, operations not taxonomy-eligible		627.2	90%																
Total (A+B)		699.0	100%																
	Taxonomy-aligned per goal (aligned)	Goals, taxonomy-eligible (eligible)																	
CCM	0%	10%																	
CCA	0%	0%																	
WTR	0%	0%																	
CE	0%	0%																	
PPC	0%	0%																	
BIO	0%	0%																	

ECONOMIC ACTIVITIES – CAPITAL EXPENDITURE

Economic activities (1)	Code (2)	Absolute capital expenditure (3)	Proportion of capital expenditure (4)	Criteria for significant contribution						Criteria for do no significant harm (DNSH)						Minimum protective measures (17)	Proportion, taxonomy-aligned (A.1.) or taxonomy-eligible (A.2.) capital expenditure, year 2022 (18)	Category enabling operations (19)	Category transition activities (20)
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)				
Unit		SEK m	%	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Operations, taxonomy-eligible (applicable)																			
A.1 Environmentally sustainable (aligned) operations																			
Construction of new buildings	CCM 7.1	0.0		N	N/EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	Y	0	-	-
Acquisition and ownership of buildings	CCM 7.7	0.0		N	N/EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	Y	0	-	-
Capital expenditure, environmentally sustainable (aligned) (A.1)		0.0		-	-	-	-	-	-	-	-	-	-	-	-	-	0		
A.2. Non-sustainable (non-aligned) taxonomy-eligible operations																			
Construction of new buildings	CCM 7.1	2,035.0	84%	EL; N/ EL	EL; N/ EL	EL; N/ EL	EL; N/ EL	EL; N/ EL	EL; N/ EL								66%		
Acquisition and ownership of buildings	CCM 7.7	327.8	14%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								28%		
Capital expenditure, non-sustainable (non-aligned) taxonomy-eligible operations (A.2)		2,362.8	98%	-	-	-	-	-	-								94%		
A. Capital expenditure, taxonomy-eligible operations (applicable) (A.1 + A.2)		2,362.8	98%	-	-	-	-	-	-								94%		
A. Operations not eligible in the taxonomy (not applicable)																			
A. Capital expenditure, operations not taxonomy-eligible		58.9	2%																
Total (A+B)		2,421.7	100%																
		Taxonomy-aligned per goal (aligned)	Goals, taxonomy-eligible (non-aligned)																
CCM		0%	98%																
CCA		0%	0%																
WTR		0%	0%																
CE		0%	0%																
PPC		0%	0%																
BIO		0%	0%																

AUDITOR'S STATEMENT REGARDING THE STATUTORY SUSTAINABILITY STATEMENT

To the general meeting of the shareholders of K-Fast Holding AB (publ), corporate identity number 556827-0390

Engagement and responsibility

It is the Board of Directors who is responsible for the statutory sustainability statement for the year 2023 on 121–138 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

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

Opinions

A statutory sustainability statement has been prepared.

Norrköping, 9th of April, 2024

Ernst & Young AB

Peter von Knorring

Authorized Public Accountant

