

**ESG Questionnaire for NP3 Fastigheter AB (publ)**

**General industry**

**1** The industry's three biggest sustainability-related challenges according to NP3 and briefly describe the process for identifying these challenges:

- (i) The industry's ability to integrate sustainability in the investment strategy and value creation process. A key challenge is how fast real estate companies can implement sustainability measures into their daily operations simultaneously as the return and earnings are kept on historical levels. Company actions to deal with this challenge includes collaborations with tenants, e.g. through green lease agreements, certification of new buildings
- (ii) The industry's significant emission rates and its serious impact on climate change. This goal is achieved by switching to renewable energy sources and energy savings
- (iii) Taking a broader approach to sustainability not only addressing the environmental impact into account, i.e. also social aspects as collaboration with tenants, well-being of employees and other stakeholders, social integration to support increased diversity in the society as a whole and act for anti-corruption and fraud

The process to identify sustainability-related challenges is carried out through work in the company's Green bond committee, update of strategy and business plan, and in recurring dialogues with stakeholders

**2** Does NP3 have Science Based Targets, reports to the CDP or engages in any other relevant sustainability initiatives?

- (i) Science Based Targets: No
- (ii) CDP: No
- (iii) Other: Yes, the UN Global Compact initiative

**3** Have you conducted any preliminary assessments of your company in relation to the EU Taxonomy? If so, what was the outcome?

Yes, the company has in its annual report for 2021 (page 51) made an initial and preliminary assessment of NP3's alignment of the taxonomy. The outcome was that approximately 20% eligible with the taxonomy

**Environment**

**1** List NP3's three primary risks related to climate change and list, if any, NP3's climate-related opportunities:

Three primary risks related to climate change:

- (i) Extreme and unstable weather conditions, such as snow, wind and rain
- (ii) Increased costs related to damages caused by the climate change, e.g. increased costs for restorations and insurance premiums
- (iii) The cost for complying with stricter regulations and the cost of adapting to new rules

The company's climate-related opportunities:

- Energy-efficient solutions for a low-carbon property portfolio (reduction of energy use and carbon dioxide emissions of its portfolio)
- Increased portfolio of environmental certified buildings and green eligible assets
- Environmental requirements on suppliers in the procurement process
- Investments in energy savings measures (electricity, heating, ventilation, lighting and windows)

**2** Does the firm anticipate any climate-related investments:

The company is gradually increasing its climate-related investments as a proportion of total investments in its existing portfolio. These investments comprise:

- Installation of insulated (energy) glass for windows
- Ventilation systems to increase air quality and increased energy efficiency
- Installation of geothermal heating and air heat pump
- Solar cells and charging stations for electricity cars
- Continuous development and improvement of meter system installed for energy consumption

**3** Circular economy: How are purchases and waste managed? Does NP3 rely on any scarce resources for its operations? What efforts are made to mitigate the risk of those resources becoming even more scarce in the future?

Requirements are made on suppliers in connection with procurements and waste management to comply with NP3's ESG standards. Historically, the sole scarce resource which NP3 has relied on is fossil fuels and accordingly current focus has been to evaluate alternative energy sources with the goal to phase out fossil fuels

**4** Transition-related risks (for example changed customer preferences or legislation): Do you anticipate any risks or opportunities due to the transition to a carbon-neutral society? Is there any risk of the firm's offer being negatively effected? If yes, is the firm well positioned to handle that risk?

We have commenced the transition towards only using a CO2-neutral electricity. The transition has only marginally led to higher electricity costs and has accordingly not led to any negative reactions from our tenants

**5** Disclose Scope 1, 2 & 3 GHG emissions. If not available, do you have a time plan for when to start reporting?  
Scope 1 - 11.7 (ton CO2); Scope 2 - 7,923 (ton CO2); Scope 3 - 11.2 (ton CO2)

**6** Have you set a target to become climate neutral? If so, how have you defined carbon neutrality?

We do not have a formal target. However, our internal goal is to reduce carbon dioxide emission with 75% by 2025

**7** List NP3's primary means of making a positive environmental impact or minimising negative environmental impact. List the corresponding UN SDGs. What proportion of sales can be directly linked to selected UN SDGs?

NP3's primary focus areas are Sustainable cities and communities and economic growth. NP3 has the greatest opportunity to contribute to goal: 3 (Good health and Well-being), 5 (Gender Equality), 7 (Affordable and clean Energy), 8 (Decent Work and Clean Energy), 11 (Sustainable Cities and Communities), 12 (Responsible Consumption and Production), 16 (Peace and Justice Strong Institutions). All these goals together can be linked to and have an impact on company sales, i.e. 100% of the company sales can be linked to the above goals

## **S - Social**

**1** Does the firm have a history of accidents? If so, how have these been managed? Are there any preventive measures, such as policies?

Historically, the company has not experienced any serious accidents. In case of serious incidents, the company has a crisis management plan in place

**2** If applicable, state NP3's targets for gender and cultural equality and indicate the relevant split of men/women at every level of the firm, particularly the Board of Directors and management team.

The company has not set a target for this goal. Board of Directors - 33% women, Management team - 38% women, 31% women - among all employees

**3** Does the company conduct any community engagement activities aside from those directly connected to the business?

The company is sponsoring both local and worldwide integration and charity projects as integration work at local sports clubs and supporting young women's rights abroad

**4** How often does NP3 conduct audits of its suppliers? How often do you discover incidents not compliant with your code of conduct?

Suppliers and other business partners shall apply the principles of NP3's sustainable policy. To date, no regular audits have been conducted. When evaluating current and future suppliers, the principles in the policy must be applied. Work on human rights at the supplier level is ensured through training initiatives and requirements for self-control. No incidents have been noted

## **G - Governance**

**1** Do all staff members receive continuing education on anti-corruption? Is there an external whistle-blower function? Are there any ongoing or historical incidents involving corruption, cartels or any other unethical business conduct? Have any preventive measures been taken?

Staff members have continuously education in anti-corruption. There is a whistle blower function with a policy how to act and report to the board. No historical incidents regarding corruption have occurred

**2** Please state the firm's business tax residence (i.e. where the firm pays tax) and explain why that specific tax residence was chosen:

Sweden where the operations are

**3** Are there independent members of the Board of Directors?

Yes, 4 of 6 are independent

**4** Please state if and to what extent, the company has transaction with related parties:

Historically, transactions with related parties have been limited. When these occur, they are always carried out at arm-length. There are also procedures in place for conflict of interest matters

**5** Which KPIs dictate the remuneration (particularly if sustainability and gender diversity are included)?

There are measurable goals for the remuneration which are based on the company's financial and sustainability related goals

**6** Describe the company's process for monitoring and reporting ESG issues and performance to senior management/the Board. Confirm what KPIs are monitored (if any) and how frequently reporting is undertaken.

Sustainability targets/goals are followed-up in company internal reporting on a quartely basis. The sustainability targets/goals include energy consumption, carbon dioxide emission and compliance with green bond framework. Other sustainability targets/goals are followed-up at semi-annual/annual performance reviews

**7** Have you signed a Union agreement?

Yes