

Future-proofing

The long-term goal for Castellum is a future-proof asset portfolio that provides safe, healthy workplaces for tenants and employees and the value of which endures over time. This is how we ensure the company is equipped to manage changes and challenges in future. This year, 15 solar cells were installed and 36 sustainability certifications were conducted.

Castellum's commitment

We will create a sustainable asset portfolio in a changing world.

High levels of ambition for sustainability certifications

For Castellum, offering tenants and employees healthy and safe work environments is important. To achieve this, Castellum works with such processes as environmental inventories and sustainability certification of its properties.

The objective is for all properties to be environmentally inventoried and that the inventory process not to take more than ten years. 93% of the properties had environmental inventories conducted in 2021. Castellum certifies all new constructions and larger reconstructions for sustainability. If these are office projects in Sweden, they must be certified under Miljöbyggnad, level Gold. A lower certification level may only be used if there are particular reasons why Gold cannot be achieved. New offices outside of Sweden are to be certified according to the BREEAM certification system, level Excellent. By focusing on long-term sustainability in

its property portfolio, Castellum ensures that value is retained over time and that the company is equipped for future changes and challenges. Miljöbyggnad, level Silver applies to new production of logistics buildings. With new construction, the possibility of certifying the property under WELL is always investigated. WELL is a certification system that is built on promoting health and wellness among the people who are in the building. This system is based on research, and by working with this system we can achieve positive health effects that help our tenants perform and be at their best. By certifying properties under WELL, Castellum also makes a tangible contribution to achieving the UN Sustainable Development Goals, including No. 3: Good health and well-being. On page 186 there is a summary of Castellum's sustainability-certified buildings.

Sustainability programme in connection with new construction and reconstruction

Mandatory requirements for all construction projects at Castellum

Generally, the following requirements are imposed: Code of Conduct, sustainability policy, environmental management system, waste plan, environmental plan, an environmental project manager and energy-efficient product choices such as sustainable PEFC- or FSC-certified wood raw material, LED lighting and A-certified goods, in addition to the selection of sustainable building materials from both an environmental and health perspective as stipulated by the industry association Byggarbetsdömningen.

Comprehensive sustainability programme for new construction and reconstruction

Applied in addition to the mandatory requirements in all major projects

- Miljöbyggnad level Gold¹.
- Choosing renewable energy sources.
- 15% reduced climate impact per sq. m. in A1-A5².
- Healthy indoor climate and carefully prepared moisture prevention work
- Sustainable construction materials
- Near zero-energy buildings¹.
- Investigate WELL health certification³.
- Create a more attractive building through aesthetic decoration.

- Engage local artists in projects².
- Install solar cells³.
- Investigate the possibilities of outdoor offices according to Castellum's WorkOUT® concept³.
- Create inviting stairwells³.
- Energy-efficient and environmentally friendly construction sites.
- Non-fossil fuel powered vehicles at construction sites.
- Restoration and increased amount of ecosystem services.
- Climate risk management.
- Requirements that entrepreneurs create workplaces in the project for people struggling to enter the job market.
- Recycled material must be used in every project, and the selection of new material must be planned so that it can be re-used later.

1. For new production in Sweden, Miljöbyggnad level Gold applies; in Denmark and Finland, BREEAM Excellent applies. Logistics buildings are certified under Miljöbyggnad Silver.

2. Applies to newly constructed offices over MSEK 50.

3. Applies only to construction of office premises.

New technology

The “100 on Solar” project means that Castellum will build 100 solar cells on existing buildings up through 2025. In 2020, the construction of northern Europe’s largest solar cells began at Hisingen Logistics Park outside Gothenburg. The investment of MSEK 27 covers 30,000 square metres of solar cells with an annual production of 3.3 GWh. In total, 55 solar cell facilities have been constructed as part of “100 on Solar”. This figure is higher than the number of solar cells owned due to sales. In 2021, investments in “100 on Solar” totalled approximately MSEK 21.

There are 674 charging stations for electric vehicles currently in operation on Castellum’s properties. The company also imposes requirements in all major office projects that at least 25% of all parking spaces must be charging stations for electric vehicles, and there must be preparations for quickly scaling up to 50–75% of all parking spaces. For new logistics properties, the requirement is for at least one station for charging electric vehicles and preparations for 25% of all parking spaces.

EU Taxonomy Regulation

All of Castellum’s operations are taxonomy-eligible. As regards existing buildings, they must be able to demonstrate an energy performance certificate with a rating of A or be among the top 15% of the most energy-efficient buildings in the country in order to be in line with the requirements for classification as an environmentally sustainable economic activity in the taxonomy in accordance with the first environmental objective: climate change mitigation. This is provided that they fulfil measures for minimum protection and do no significant harm (DSNH) to the other environmental objectives. As regards new production pertaining to the first environmental objective, Castellum is of the opinion that the absolute majority of its new production will meet the threshold value of the EU Taxonomy Regulation for being environmentally sustainable economic activities. It has not yet been possible to conduct a complete analysis, but a preliminary analysis of Castellum’s asset portfolio can be found on page 185.

No opinions can be formed as regards the other environmental objectives in the EU Taxonomy Regulation, but efforts are under way to investigate them both internally and together with the industry. Castellum is actively partnering with the Fastighetsägarna industry association and EPRA, and also takes part in leading the efforts in Fastighetsägarna’s Task Force on the EU Taxonomy Regulation. Its purpose is to study and produce guidance and national threshold values for measuring green activities under the taxonomy.

100% of Castellum’s properties are EU taxonomy-eligible.

Castellum assumes that all rental income, as well as investment and operating costs excluding property tax and energy costs, that are associated with certain economic activities are classified the same as the economic activity. If, for example, a property is classified as environmentally sustainable under the EU Taxonomy Regulation, all rental income, investment and operating costs excluding property tax and energy costs will also be classified as green. At present, all of Castellum’s economic activity is deemed to be taxonomy-eligible. Refer further to the information on the EU Taxonomy Regulation on pages 184–185.

Clear requirements for suppliers

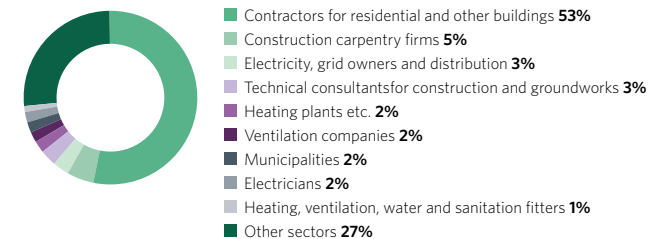
The construction and property industry involves major purchases, and there is therefore always a risk of corruption. The risk of corruption in Castellum’s operations has been identified as greatest primarily in conjunction with major procurements. As part of the evaluation in selecting a supplier, sustainability is always an assessment criteria and is weighted into the choice of supplier. The company also has a Code of Conduct for Suppliers that applies to all procurements and all partnerships with suppliers. The requirements on our suppliers concern the environment,

Guidelines for human rights

Castellum exercises zero tolerance as regards violations of human rights and children’s rights. Through its efforts at evaluations that contain risk analyses, reviews and a well-developed Code of Conduct for suppliers, Castellum ensures that there are checks in place to prevent violations of human rights and children’s rights. The company does not allow child labour and forced labour, either in its own operations or in the operations that suppliers conduct on behalf of Castellum. Castellum complies with existing international standards such as the UN Global Compact, the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

The risk for violations of human rights is a component of the company’s annual risk analysis. Over the coming years, Castellum will develop the way in which the company reviews its operations in order to ensure that no violations of human rights occur in its own value chain.

SUPPLIERS IN 2021 (SHARE OF TOTAL PURCHASE VOLUME)



work environments and safety, working conditions and human rights as well as business ethics and anti-corruption. As a result, all projects are covered by stringent requirements concerning issues such as human rights, climate initiatives and sustainability performance.

Castellum conducts systematic risk analyses of all its suppliers. The purpose is to identify suppliers with a high risk of departures from the Code of Conduct and to implement measures as needed in the form of necessary checks. To date, no high-risk suppliers have been identified. This is likely due to the fact that the company has a close and well-developed partnership with its suppliers, and that Castellum nearly always uses local Swedish, Finnish or Danish suppliers with well-developed sustainability initiatives. Over the coming years, this systematic risk analysis of suppliers will continue to be developed.

For major purchases and procurements, Castellum's ambition is to monitor suppliers and contractors in accordance with Group-wide requirements. Depending on how the supplier is classified from a risk perspective, monitoring takes place in various ways – for example, through audits, inspections, questionnaires and site visits. No major departures were identified during the year.

Castellum is unable to report quantitative data for the number of supplier audits with specific sustainability criteria, but reports only qualitatively on how the efforts to influence the sustainability initiatives of our suppliers.

In 2021, Castellum purchased services or products totalling MSEK 5,593 (3,495) from a total of 5,396 (4,105) suppliers, of which the largest suppliers with a purchase volume over MSEK 10 accounted for 62% of the purchase volume. Furthermore, no significant changes occurred in Castellum's work with its chain of suppliers during the year. As a part of enhancing efficiency and imposing clear requirements in the supplier chain, Castellum signs framework agreements with suppliers. In every procurement, the supplier must also affirm that they work systematically on sustainability and health and safety management. If a supplier



violates the Code of Conduct or sustainability and health and safety requirements, the agreement can be cancelled.

In 2021, no supplier agreements were cancelled as a result of derogations (related to the environment, or social or human rights) that can be associated with the Code of Conduct for suppliers, or sustainability and health and safety requirements. During the year, Castellum signed 1 (7) new framework agreements; in total, there are 30 (29) framework agreements in the Group for goods and services in property management. The majority of Castellum's suppliers are located in Sweden, Denmark and Finland.