

**Materiality analysis**

Based on continual dialogues with various stakeholders, Castellum reviews its sustainability issues and their priority in a materiality analysis. The latest update was conducted in 2021. Additional input for the materiality analysis is obtained from comprehensive business intelligence and from discussions with in-house and external experts.

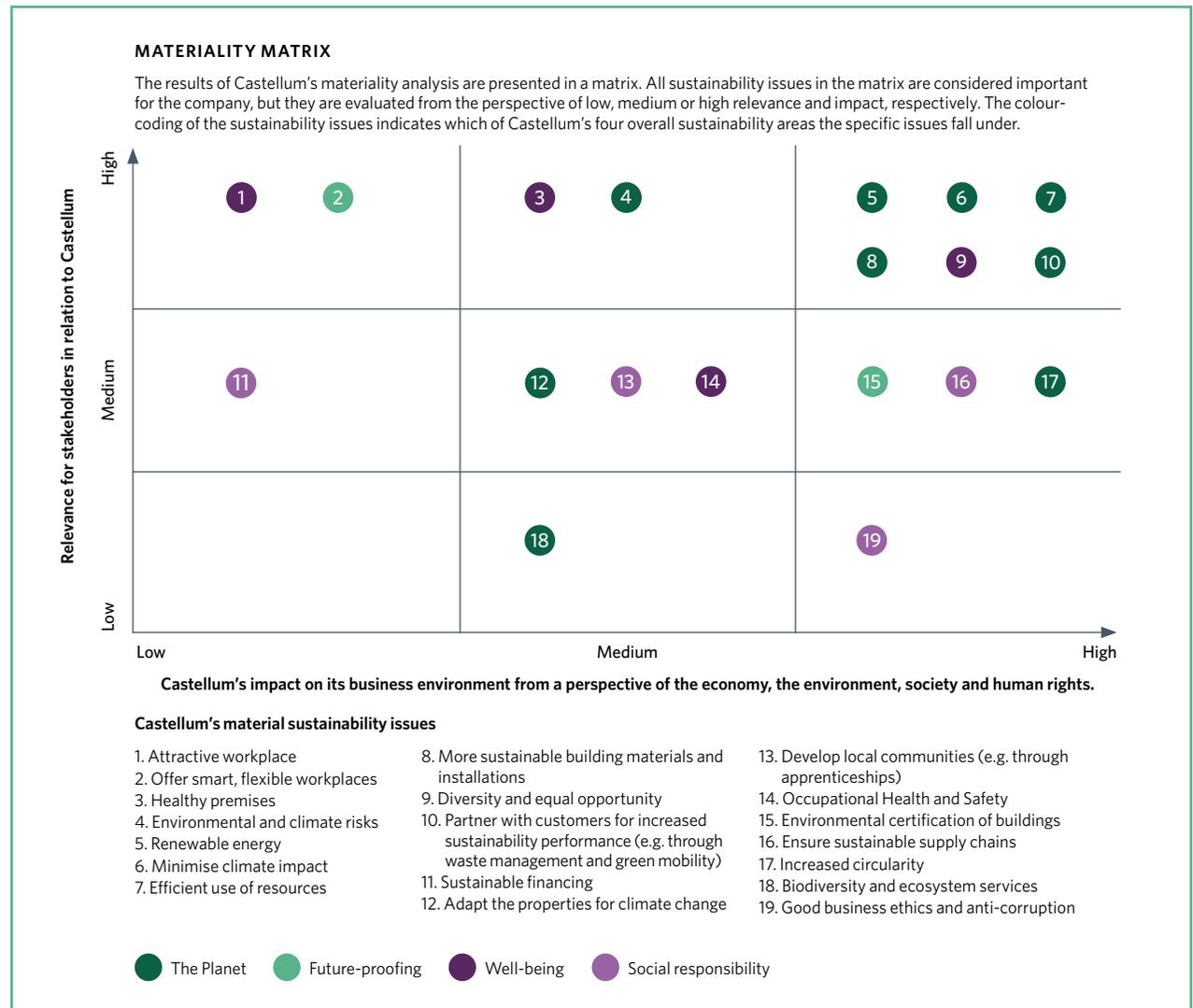
The perspectives of the stakeholder groups on which sustainability issues are relevant to them in their relationship with Castellum is reflected on the y-axis of the materiality matrix. The impact – positive or negative – that various sustainability issues have on the business environment is analysed by Castellum’s sustainability experts and is reflected on the x-axis of the materiality matrix. The final prioritisation of the material sustainability issues is validated with various experts. The sustainability issues constitute a part of the sustainability strategy of the operation, which is reviewed and approved annually by the Board of Directors and management in conjunction with the strategy initiatives.

Many of Castellum’s sustainability issues have an impact outside the company’s legal framework; for example, on our customers, suppliers, and in the communities in which the company operates. The materiality analysis is limited to the areas where Castellum or the company’s significant business relationships have a major impact, or to areas where the business environment has a major impact on Castellum’s operations. All sustainability issues in the analysis are considered important for Castellum, but they are evaluated in the matrix from the perspective of low, medium or high relevance and impact, respectively.

In relation to the previous materiality analysis from 2020, some of the issues are deemed to have become more or less material. For example, the issue of environmental and climate risks is considered to be more material than previously, while the issue of developing local communities is deemed to be somewhat less material. Both minimising climate impact and increased circularity have been added as material sustainability issues in the 2021 analysis. In Castellum’s dialogue with stakeholders and in taking both the business environment and its own operations into account, it emerged that these issues are material for reducing our potential negative impact on the environment.

The materiality analysis and sustainability issues form the basis of Castellum’s analysis of key risks and business opportunities. It also forms the basis of the company’s sustainability strategy and sustainability goals. Castellum’s efforts around these sustainability issue are collected in Castellum’s Agenda for the sustainable city. The specific targets can be found on page 171.

Castellum reports background descriptions for each material sustainability issue and precisely where in the company’s value chain this topic has an impact. These are summarised in the table on page 175.



# Sustainability governance

Castellum's sustainability governance must ensure an efficient organisation that develops the company's sustainability initiatives and realises its sustainability strategy. Key starting points are the 17 Sustainable Development Goals, the Paris Agreement and the ambition of achieving the company's own long-term sustainability goals that run up through 2030.

## The work of the Board on sustainability issues

Castellum's Board of Directors annually adopts a sustainability policy and Codes of Conduct, and routinely discusses and follows up on the sustainability initiatives and the work on the sustainability strategy. The Board of Directors, together with Executive Management, are ultimately responsible for adopting Castellum's sustainability goals. Every year, the company's risk analysis is reported to the Board of Directors, which means that sustainability risks – including climate-related risks and risks linked to human rights – as well as opportunities and measures are reviewed. The Board of Directors and CEO together approve Castellum's sustainability report on an annual basis in conjunction with its signing. The Board has not appointed either a sustainability or a climate committee.

Significant deviations and actions linked to Castellum's sustainability initiatives and Code of Conduct are reported to the Board of Directors when such incidents occur. During the year, no significant deviations linked to sustainability initiatives and the Code of Conduct were reported to the Board.

## The work of Executive Management on sustainability issues

Castellum's CEO is ultimately responsible for all sustainability initiatives. This responsibility also encompasses climate-related risks and opportunities. The Head of Sustainability pursues and develops sustainability and climate initiatives for the Group, and reports directly to the Chief Operating Officer in Executive Management. The Head of Sustainability informs Executive Management of the results of the initiatives at least four times a year, or when the need arises. Executive Management annually approves the sustainability report, and the materiality analysis when it is updated. There has not been a need to inaugurate a special climate committee at the management level, since the sustainability managers in the organisation pursue climate initiatives as an integral part of the operation. The Head of Sustainability and the sustainability managers are responsible for supervising

## Policies for sustainability initiatives

Regulations that control Castellum's sustainability initiatives:

### External laws and guidelines

- The Swedish Companies Act
- The Swedish Annual Accounting Act
- The Swedish Environmental Code
- The Swedish Work Environment Act
- Building Regulations from the National Board of Housing, Building and Planning
- UN Guiding Principles on Business and Human Rights
- UN Convention on the Rights of the Child
- EU Taxonomy Regulation
- Other applicable laws and regulations

### External initiatives

- GRI Standards
- UN Sustainable Development Goals
- Paris Agreement
- Sweden's road map to Fossil-Free Sweden
- UN Global Compact
- OECD Guidelines for Multinational Enterprises
- TCFD
- ISO 14001
- Science Based Targets

- Sustainability certifications
  - Green Building
  - Miljöbyggnad
  - BREEAM
  - LEED
  - WELL
  - Noll CO2
- Local sustainability programmes and climate adaptation plans

### Important internal regulations

- Sustainability Policy
- Work environment handbook
- Code of Conduct
- Code of Conduct for suppliers
- Internal environmental management system
- Internal control processes
- Other instructions

climate-related risks and opportunities, monitoring compliance with the company's sustainability policy, realising the sustainability strategy and achieving the sustainability goals.

## Governance of sustainability initiatives

All of Castellum's operations are encompassed by the sustainability initiatives, and this is governed with the use of a management system that consists of Group-wide policies, guidelines, short- and long-term measurable goals and detailed action plans. The aim of this work is to monitor, document, evaluate and improve Castellum's sustainability activities. Castellum follows the precautionary principle, which is integrated into Castellum's sustainability policy and business processes, and is monitored via the company's environmental management system. To ensure and maintain systematic sustainability initiatives, all Swedish and Danish operations are certified under ISO 14001.

Castellum's sustainability initiatives are based on committed, skilled employees and training in sustainability issues on a regular basis. The efforts to identify and manage our social, environmental and economic impact has been delegated to Castellum's Sustainability Team. All of

Castellum's employees undergo mandatory web-based training in sustainability, diversity and codes of conduct, which is also a part of the onboarding of new employees.

## Basis for sustainability initiatives

Castellum is a responsible community developer that intends to be part of promoting sustainable development. Castellum regards the precautionary principle and society's requirements under laws and regulations as minimum requirements. To achieve properly functional sustainability initiatives, Castellum will:

- Act in accordance with the UN Global Compact.
- Promote the realisation of the UN Sustainable Development Goals and the Paris Agreement.
- Follow Castellum's Code of Conduct and the Code of Conduct for suppliers. All Castellum's employees and partners must understand and comply with their respective Codes of Conduct.
- Continually increase competence in sustainability through education and communication of sustainability issues.
- Routinely monitor, report on and improve the company's sustainability initiatives.