

Social Responsibility

The long-term goal is for Castellum to conduct its operations in a responsible manner in relation to society and stakeholders. Going beyond expectations. Worthy of trust. The Code of Conduct describes how employees are to treat tenants, suppliers, partners and other players in day-to-day operations.

Castellum's commitment

We will conduct business in a responsible manner in relation to the community as well as to our stakeholders.

Code of Conduct

Castellum's Code of Conduct, which applies to all Castellum employees, regulates behaviour towards one another as well as towards Castellum's tenants, suppliers, partners, and other stakeholders that employees meet in daily operations. It is based on Castellum's values (Personal, Passionate, Proactive and Reliable), the ten principles of the UN Global Compact, the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. The Code of Conduct clarifies Castellum's position on human rights, working conditions, business ethics and information. Castellum is to provide quality service, comply with laws and regulations, never discriminate against anyone, and ensure a healthy working environment with a high safety level at the workplace. Castellum also maintains focus on gender equality issues, as described in the company's diversity plan.

Castellum's operations are subject to each country's laws and regulations concerning, for example, working conditions, occupational safety and freedom of association. Castellum's HR manual addresses issues such as working environment, equal opportunities, salaries, pensions and company cars. Each new employee undergoes mandatory training that includes the company's Code of Conduct, sustainability initiatives and diversity. Preventive efforts regarding corruption issues, where conduct in various everyday situations is continually discussed, are conducted throughout the Group.

A pivotal element is that all employees understand and follow the Code of Conduct. All employees must undergo Castellum's mandatory training concerning the content of the Code of Conduct. Departures from the Code of Conduct must be reported and discussed with an immediate supervisor or, if this is impossible, with another representative of the company. Castellum has a whistleblower function, independent of the company, that can be reached via the Group's website and Intranet. This function is intended to help both employees and external parties to report incidents and actions that are not in line with Castellum's values or Code of Conduct, or otherwise have a negative impact on the company or people's health and safety. All whistleblower cases are handled in accordance with established procedures. Those reporting a whistleblower case receive prompt feedback and then the aim is to maintain a dialogue with the initial notifying person. All cases are handled confidentially, and the person making the report will always receive some form of feedback within ten days. In 2021, Castellum received some ten cases through the whistleblower function. Some of the cases led to a change in routines or to targeted communication efforts. In 2021, the company and management did not receive any information on the occurrence of incidents that had a negative impact on the health and safety of tenants. In the last five years, neither Castellum nor any representative of the company have been sentenced for any crime that could

be linked to a departure from the company's Code of Conduct, corruption or operations that inhibit competition. Nor was the company ordered to pay damages or any fines, linked to either violations of environmental legislation or other legislation, in 2021. Castellum has not paid any financial subsidies or otherwise compensated lobbying organisations or other non-profit operations whose purpose is to impact political campaigns or other forms of legislation.

Community engagement

For Castellum, community engagement is about offering healthy and productive urban environments where people have a high sense of well-being. It is also about contributing to urban development that encourages the integration of different societal groups. Another important aspect for Castellum is to facilitate the entry of more young people and people with varied cultural backgrounds into the labour market. Castellum holds stakeholder dialogues and participates in joint projects with other property owners and players to create better living environments together. In 2021, a total of 62 (47) young people worked at Castellum as vacation replacements, interns, apprentices, trainees or with academic degree projects. 19 (9) of these young people were apprentices (in Castellum's definition, people who are struggling to enter the job market), which is equivalent to approximately 4% of Castellum's employees. Castellum has also adopted a goal of requiring its contractors to hire apprentices in all larger projects. In addition, Castellum collaborates with organisations such as the Jobbsprånget internship programme, which is an initiative that matches companies with academics who have just arrived in Sweden. During the year, Castellum offered job experience positions to individuals with non-Swedish backgrounds who had just arrived in the country.

Property portfolio 2021

Castellum has a presence in three of the Nordic region's capitals and growth markets. We own the most properties of any Nordic property company, and our directly owned property portfolio is concentrated in select growth regions in Sweden, Copenhagen and Helsinki. Castellum is also exposed to robust sub-markets in Norway via its associated company, Entra.

Castellum's geographical markets can be characterised as stable, with good prospects for long-term positive development. The commercial portfolio consists of 58% office, 14% public sector properties, 9% warehouse/logistics, 6% retail and 5% industry. The properties are located in city centre locations and well-situated business districts, with excellent public transportation and services. The remaining 8% consists of developments and undeveloped land. Castellum has potential projects of 1,300,000 square metres estimated to start within five years, and large ongoing projects where the remaining investment volume totals approximately SEK 4.8 billion. Castellum's property portfolio at 31 December 2021 comprised 762 properties (642) with a total rental value of MSEK 9,177 (6,585) and a total lettable area of 5,853,000 square meters (4,477,000). For properties owned at year end, the net operating income after property administration expenses over the year was MSEK 5,899 (4,412).

Investments in 2021

During the period, investments totalling MSEK 59,946 (5,158) were made in properties, of which MSEK 47,258 (—) were business combinations, MSEK 8,889 (2,646) pertained to property acquisitions and MSEK 3,799 (2,512) to new construction, extensions and reconstructions. After sales and cash settlements of MSEK 17,228 (891), net investments amounted to MSEK 42,718 (4,267).

During the year, the asset portfolio changed according to the table on the right.

Sustainable property portfolio

Environmental inventories are to be carried out for all properties to identify and address environmental and health risks; currently these are 93% complete. Inventory is planned for the remaining 7%, which will be conducted over the next few years. Environmental inventories are updated every ten years.

When a property is acquired, it is analysed both in terms of energy utilisation and environmental risk; all new constructions and major reconstructions are certified for sustainability. Castellum owns the greatest number of properties among Swedish listed property companies; all together, 48% of the total area – equivalent to 206 certifications (1,853,000 square meters) – is certified for sustainability. Further certification is in progress for a further 138,000 square metres, equivalent to 4%. The purpose of certification is to reduce the property portfolio's climate impact and risks, reduce costs, create premises that are attractive to tenants and their businesses, and to improve safety and working environments for them.

The environmental risks in Castellum's property portfolio are considered small, and no fines have been paid for environmental offences.

CHANGES IN THE PROPERTY PORTFOLIO

MSEK	Fair value, MSEK	Number
Property portfolio on 1 January 2021	103,042	642
+ Acquisitions	56,147	245
+ New construction, extensions and reconstructions	3,799	1
- Sales	-16,350	-126
+/- Unrealised changes in value	6,307	—
+/- Currency translation	201	—
Property portfolio, 31 December 2021	153,146	762

CASTELLUM'S SUSTAINABILITY-CERTIFIED PROPERTIES¹⁾

MSEK	Completed properties		Ongoing projects	
	Number of	thousand sq. m.	Number	thousand sq. m.
EU Green Building	36	279	0	0
Miljöbyggnad	48	398	11	98
BREEAM	113	1,080	9	39
LEED	8	96	0	0
WELL	1	0	1	0
Sustainability-certified properties	206	1,853	21	137

1. Certifications can refer to property, land or part of property.

SHARE OF PROPERTIES CERTIFIED FOR SUSTAINABILITY

% of total area in sq. m.

