

SUSTAINABILITY POLICY

This Group-wide policy has been prepared by Balder's Sustainability Department, Sustainability Manager. The Group-wide policy provides guidance for all of Balder's subsidiaries, although local deviations may occur. The policy is reviewed annually and adopted by the company's Board of Directors.

1. BACKGROUND

Balder acquires, manages and develops residential and commercial properties. The company shall contribute to a sustainable society by being a long-term community builder and property owner.

2. PURPOSE

This Sustainability Policy regulates the company's stance and actions when it comes to environmental, social and financial sustainability, and it complements the company's Code of Conduct. The policy contains governance in the company's material sustainability-related issues, which have been prioritised in connection with a double materiality analysis conducted in accordance with the EU's Corporate Sustainability Reporting Directive (CSRD).

3. ENVIRONMENTAL SUSTAINABILITY

Balder has a direct and indirect impact on the climate and the environment through its operations. To promote environmental sustainability, Balder shall focus on the most material areas of sustainability based on its operations and the company's value chain. This means greenhouse gas emissions, energy consumption and water use, biodiversity, resource use and a circular economy, including waste.

The company is subject to environmental legislation in many areas and has to observe the precautionary principle in both project development and ongoing property management. Balder shall also strive to achieve greater awareness and provide encouragement and assistance to employees, customers and other stakeholders in the value chain to make sustainable choices.

Balder's goals in the area of climate and environmental sustainability are:

- to phase out fossil fuels in the business and prioritise renewable sources for electricity, heating, work machines and transportation;
- the company has climate goals, with 2022 as base year, to:
 - reduce absolute greenhouse gas emissions in Scope 1 and Scope 2 by 50% by 2030;
 - reduce emissions in Scope 3 by 55% per square metre by 2030;
 - achieve net zero emissions throughout the value chains, Scope 1, 2 and 3, by 2045;
- to conduct climate risk analyses for the property portfolio and work on climate adaptation in order to create a resilient business operation;

- to strive to provide customers and employees with good conditions for environment-friendly, fossil-free transport options;
- to reduce energy consumption by 2% per square metre per year;
- to increase the volume of renewable energy production;
- that all new in-house production shall be certified as a minimum in accordance with the Miljöbyggnad Silver rating or equivalent, which includes BREEAM Very Good, LEED Gold, DGNB Silver or the Nordic Swan Ecolabel;
- to increase the proportion of environmentally certified buildings in Balder's current property portfolio, which encompasses Miljöbyggnad Silver, LEED Gold, BREEAM Very Good, BREEAM in-use Very Good, DGNB Silver or the Nordic Swan Ecolabel;
- to reduce water use by 2% per square metre per year;
- to contribute actively to preserving and increasing biodiversity in its management of properties and in connection with property development;
- to reduce environmentally harmful substances in products and use resource-efficient materials;
- to reduce waste volumes, increase the level of sorting and strive to achieve increased reuse of materials.

4. SOCIAL SUSTAINABILITY

Through its operations, Balder has an impact on its own employees, customers, local communities and workers in the value chain. To promote social sustainability, the company shall contribute to good working conditions and at the same time promote equal treatment and equal opportunities for all, for both employees and labour in the value chain. As a major property owner, Balder can also contribute with area development and a positive local impact around the properties that the company owns, manages and develops.

Social engagement is a natural element of Balder's work and a way of contributing to the sustainable development of society. To assume its social responsibility, Balder has the following social sustainability goals:

- to implement various social initiatives and activities that contribute to the development of the following five social pillars: employment, education, meaningful leisure time, security and well-being, and participation and influence;
- to create jobs for young people in the property management organisation;
- that all employees shall be trained in the company's Code of Conduct;
- to prevent incidents of discrimination and victimisation in the company.

5. ECONOMIC SUSTAINABILITY AND GOVERNANCE

The company's operations shall be conducted in an open, long-term and business-ethical way. Balder shall be a long-term owner that creates growth through the acquisition, management and development of properties. Sustainable financing is a precondition for long-term financial stability and profitability. With green financing, which is based on certified properties and low energy use, Balder's financial targets go hand in hand with the sustainability goals. Resource efficiency, business ethics and sound finances are conditions for Balder to be able to be a sustainable actor in the long term.

Balder's financial targets:

- equity/assets ratio: min. 40%
- net debt to total assets: max. 50%
- interest coverage ratio: min. 2.0 times
- net debt/EBITDA shall not exceed 11 times over time
- increase the proportion of green financing

Balder's sustainability goal in the area of business ethics:

- no cases of corruption

6. IMPLEMENTATION AND FOLLOW-UP

Measures shall be planned and implemented every year to realise the Sustainability Policy. Measures and outcomes shall be reported to the management team and the Board of Directors, and be possible to follow up in the company's Annual Report and Sustainability Report.

Gothenburg, 9 February 2024

Board of Directors of Fastighets AB Balder