



# ESG Questionnaire

September 2024

K2A Knaust & Andersson Fastigheter AB (publ)



## GENERAL INDUSTRY

**Please list the industry's three biggest sustainability (ESG) related challenges and briefly describe the process for identifying these challenges:**

1. To reduce the carbon footprint.
2. Regulations due to climate change, i.e. The EU Taxonomy.
3. Climate change impacts – flooding, fires, increased rainfall, heat waves, etc.

Through external and internal dialogues with relevant stakeholders

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

- K2A has committed to the Science Based Target initiative (SBTi)
- K2A has worked with wooden buildings for seven years, long before industry peers.
- K2A was the first company to receive a green bank loan in Sweden.
- K2A was the first company in the world to launch a Green Equity Framework.
- K2A is currently involved in several sustainability development projects that are in the forefront on sustainability in the real estate and construction sector.
- K2A has committed to the Cicero Shades of Green framework for both equity and debt financing.
- K2A is reporting according to UNGC
- The majority of our buildings are environmentally certified in accordance with the Nordic Swan Ecolabel (sw.Svanenmärkt) and Miljöbyggnad

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

Yes K2A has reported according to EU taxonomy in 2023 and was aligned:

- Turnover: 63 %
- Capex 86 %
- Opex 19 %

## ENVIRONMENT

**Please list the company's three primary risks related to climate change and list, if any, the company's climate-related opportunities:**

Risks:

1. Future regulations can make fossil fuels (for transports, electricity and heating) expensive. Heat waves can make buildings vulnerable to indoor over-temperatures. Increased rainfall can lead to building moist and flooding.
2. Market and legal regulations that leads to increased costs (Opex) and/or increased investments (Capex) due to climate change.
3. In order to meet this, K2A is performing a climate risk analysis for the portfolio.]

Opportunities:

All new developed buildings are produced with a wooden frame and constructed to be energy efficient. This method produces a comparatively low carbon footprint and making the product less sensitive towards future regulations. K2A is a market leader in the Nordic region within the green building segment – K2A have classified all buildings according to the Cicero framework Shades of Green, where the total score is medium green.

**Does the firm anticipate any climate related investments, and if so to what extent?**

K2A invests in low GHG-technologies (materials, technical systems, etc.), continues to implement water management systems in all new development projects and implement climate measures for buildings at risk. In addition, K2A is focusing on biodiversity measures in order to lower climate change impact.

**Circular Economy: how are purchases and waste managed? If the firm rely on any scarce resources, please describe what efforts are made to mitigate the risk of those resources becoming scarcer in the future, e.g. recycling, reusing substitutes or improved resource efficiency?**

Purchases are evaluated on criteria for minimizing the use of scarce resources mainly through the Sustainability Policy and the extensive building environmental certification process.

**Transition-related risks: Does the company anticipate any risks or opportunities due to the transition to a carbon-neutral society? Is there any risk of the company's offer being negatively effected? If yes, is the company well positioned to handle that risk?**

Opportunities:

- K2A has extensive experience in developing wooden buildings (eco-friendly and low-carbon technology) and K2A owns a modern and eco-friendly property portfolio. This mean that K2A's business model already is adapted to a low carbon economy.
- K2A's sustainability profile might also be an advantage since eco-friendly property developers might be preferred in future land allocation.
- Consumer behaviour is changing, and tenants will request green, low-carbon housing without hazardous construction materials. K2A has certified their newly produced houses from own factories, according to the Nordic Swan Eco Label (Svanenmärkt), which takes all above into consideration.

Risks:

K2A has analysed and prepared for eventual transition related risks. Some we have identified are:

- Stricter regulations and market practice.
- Higher maintenance costs.

**Please disclose Scope 1, 2 & 3 GHG emissions. If not available, do you have a time plan for when to start reporting?**

2023 K2A:s GHG emissions were:

- Scope 1: 3 tonne CO<sub>2</sub>e
- Scope 2: 854 tonne CO<sub>2</sub>e
- Scope 3: 434 tonne CO<sub>2</sub>e
- Total Scope 1-3: 1 291 tonne CO<sub>2</sub>e

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

Yes, K2A targets to be climate positive 2027 according to the CLIPOP based on the ISO 14021-standard for climate neutrality.

**Please list the company'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?**

- The main material for K2A's self-produced buildings is wood. By mainly using wood, K2A is able to reduce the carbon footprint. The carbon footprint from transportation (from factory to construction site) is low. The buildings have a low energy demand, approximately 50% lower than national legislation. In addition, K2A use measures to reduce the risk for flooding and heat waves.
- 12 Responsible Consumption and production and 13 Climate action
- 75 % of revenues and 92 % of Capex are considered green according to our green framework.

## SOCIAL

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

In 2023 K2A had 7 accidents. None of them were severe. They were analysed, action plans were made, and actions were taken.

K2A has a work environment policy which describes K2A's activities in order to create a good and safe work environment. The policy also describes our routines, for instance, that the work environment is reviewed on a regular basis, and in case of changes in the organisation or when introducing new technique, a risk review is performed.

**If applicable, state the company'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:**

- Board of directors: 86 %- 14 %
- Management: 78 %-12 %
- Company: 63 %-37 %

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

K2A has initiated a collaboration with Ensamhetsrevolutionen (eng: the Loneliness Revolution) aiming to reduce the mental illness amongst our tenants.

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

K2A has a Code of Conduct which our suppliers are bound to follow when signing with us. When the contract is renewed, K2A perform a review of the supplier and evaluate whether they fulfil their obligations according to the Code of Conduct or not.

**Please list the firm's (1-2) primary means of making a positive social impact or minimising negative social impact. Please list the corresponding most relevant UN Sustainable Development Goals. What proportion of sales can be directly linked to selected UN SDGs?**

By building well-designed and space-efficient apartments in a rational construction process, K2A can keep rents low and offer affordable new-build apartments for many customer groups. The apartments meet high standards with fully equipped kitchens, fully tiled bathrooms and washing machines and tumble dryers. As a form of housing, rental apartments provide the conditions for secure living with limited financial risk, even for people without large amounts of equity. K2A has a strong focus on creating social meeting places in and around residential buildings where courtyards and apartments are always adapted for people with accessibility needs. 10 Reduced inequalities and 11 Sustainable cities and communities are the most important SDGs.

## GOVERNANCE

**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?**

- Yes, all the employees receive information on anti-corruption and internal policies as part of the introduction.
- Yes, K2A has an external whistle blower function on our website: <https://k2a.se/om-k2a/#visselblasning>

- No, K2A has not had any, nor has any current incidents involving corruption, cartels or any other unethical business conduct.

**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

**How many independent members sits on the Board of Directors?**

- 3 out of 7 members:
  - Independent in relation to the company and the company management.
  - Dependent in relation to the company's major shareholders.
- 1 out of 7 members:
  - Dependent in relation to the company and the company management.
  - Independent in relation to the company's major shareholders.
- 1 out of 7 members:
  - Dependent in relation to the company and the company management.
  - Dependent in relation to the company's major shareholders.
- 2 out of 7 members:
  - Independent in relation to the company and the company management.
  - Independent in relation to the company's major shareholders.

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

K2A buys ongoing legal advice from the law firm Lindahl. Sten Gejrot is a board member of K2A and is also employed by Lindahl.

**Which KPIs dictate the remuneration to management (are sustainability and diversity goals included)?**

Remuneration is solely based on market premises and not according to any KPIs.

**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.**

ESG reports are provided quarterly.

**Have you signed a Union agreement:**

Yes

**PAI – Principle Adverse Impacts (Numeric)**

<b>Revenue (EUR)</b>	<b>38 700 000</b>
<b>Greenhouse gas emissions; Scope 1, Scope 2, Scope 3</b>	<ul style="list-style-type: none"> <li>• Scope 1: 3 tonne CO2e</li> <li>• Scope 2: 854 tonne CO2e</li> <li>• Scope 3: 434 tonne CO2e</li> <li>• Total Scope 1-3: 1 291 tonne CO2e</li> </ul>
<b>Share of non-renewable energy consumption</b>	0
<b>Share of non-renewable energy production</b>	0
<b>Energy consumption in GWh</b>	20,7
<b>Tonnes of emissions to water</b>	0
<b>Tonnes of hazardous waste and radioactive waste generated</b>	0
<b>Unadjusted gender pay gap</b>	N/A
<b>Board gender diversity</b>	86% - 14%

**PAI – Principle Adverse Impacts (Yes/No)**

<b>Fossil fuel operations</b>	No
<b>Sites/operations located in or near to biodiversity sensitive areas where activities negatively affect those areas</b>	No
<b>Science Based Target</b>	Yes
<b>Reports to CDP</b>	No
<b>UN Global Compact Signatory</b>	Yes
<b>Involved in the manufacture or selling of controversial weapons</b>	No
<b>Whistle blower policy</b>	Yes
<b>Supplier code of conduct</b>	Yes