

**MAGNOLIA**

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**Magnolia Bostad  
Sustainability  
Report 2020**

**20**

# Sustainability Report

Sustainable business for Magnolia Bostad means that we develop economically, socially and environmentally sustainable societies.

*Magnolia Bostad's Sustainability Report 2020 is on pages 56–77 in Magnolia Bostad's Annual Report for 2020. The Sustainability Report is a separate report from the Annual Report, which in this version is presented as independent. The page references that appear in this report are references to pages in Magnolia Bostad's Annual Report.*



Since 2015, Magnolia Bostad has supported girls' and women's football teams in the locations where we operate. At the end of 2020, there were 24 teams in our football family. Magnolia Bostad organizes activities such as tournaments and summer football schools, and provides snacks for training sessions and safe transport to matches. Through our support, we contribute to increased integration and health, as well as to increased safety in the community. The photo was taken during Sättra football school in summer 2020.

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# 2,680

Environmentally certified apartments 2020,  
of 2,901 completed

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In 2020, a total of 16  
environmental audits  
were carried out on our  
projects.



# 16

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# 14

Rank on Allbright's green list of  
gender equality companies



*Our mindset of sustainability  
accompanies everything we  
do, from land acquisition to the  
completion of housing that can be  
managed in a sustainable way.*

*When I look back on 2020, I am happy about  
many things we accomplished, but most of all  
that, during the pandemic, we were able to  
adapt our working methods and become more  
digital. For example, we carried out digital  
environmental audits and were thereby able to  
ensure that our environmental certifications  
were achieved. It is also exciting that we issued  
our first green bond and that we achieved a  
good ranking on Allbright's green list of gender  
equality companies.*

*Our football family continues to grow, and  
this year we took on several new teams. Our  
investment in football makes a difference in  
the areas in which we operate and creates the  
conditions for increased integration, safety and  
health.*

*Going forward, we intend to intensify our efforts  
to reduce our impact on the climate. Enjoy  
reading about our work towards this goal and  
much more in this Sustainability Report."*

Johan Tengelin  
CEO



# Sustainable business

Magnolia Bostad strives to be a sustainable urban developer. This means that we develop economically, socially and environmentally sustainable communities.

## About this report

Magnolia Bostad's sustainability report is separate to the annual report and is issued by the Board. All information in the report refers to the period 1 January 2020 to 31 December 2020, unless otherwise stated. The sustainability report is on pages 56–76. Magnolia Bostad's business model can be found on page 5 and the GRI index is on pages 75–76.

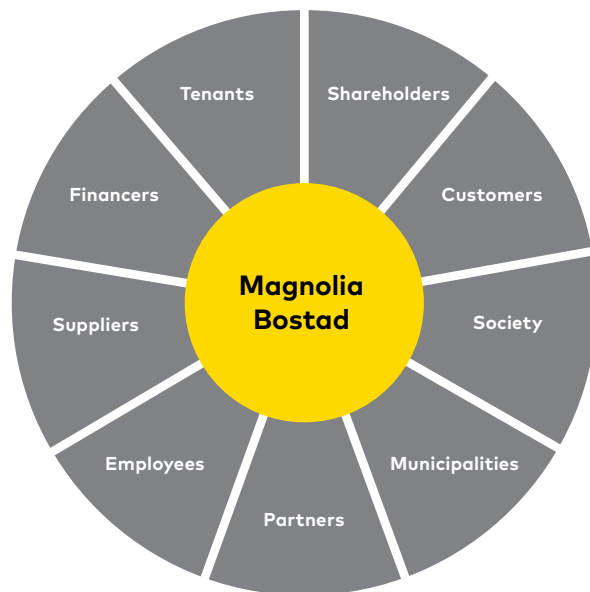
This is Magnolia Bostad's fourth sustainability report. It has been prepared in accordance with GRI Standard's global guidelines level Core. The report contains information and targets for the company's sustainability work, where the precautionary principle has been applied. For a description of Magnolia Bostad's sustainability risks and how they are managed, refer to pages 64–69. For Magnolia Bostad's general work related to risk, see pages 86–87.

## Focus areas and sustainability aspects

Magnolia Bostad has identified focus areas and sustainability aspects based on a stakeholder dialogue and materiality analysis. The sustainability aspects make up three strategic focus areas: economic, social and environmental responsibility. Magnolia Bostad's sustainability work is also based on the ten principles of the United Nations Global Compact on human rights, labour, environment and anti-corruption and on the UN Sustainable Development Goals.

Information presented under each strategic focus area relates to Magnolia Bostad's operations and significant sustainability aspects that relate to the entire value chain.

## Magnolia Bostad's stakeholders

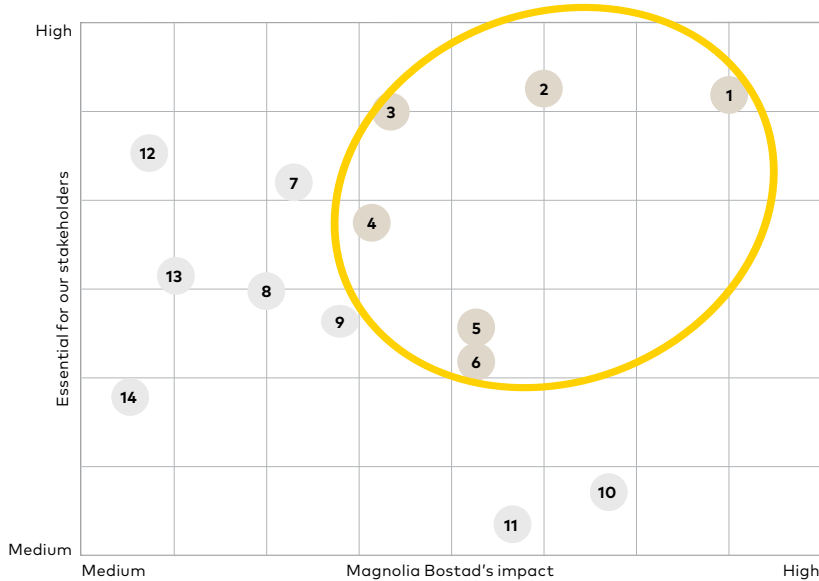


## Stakeholder dialogue and materiality analysis

In the summer of 2020, Magnolia Bostad carried out a new comprehensive stakeholder dialogue with the company's stakeholders. The results of the stakeholder dialogue were then analysed thoroughly in a materiality analysis. Following the analysis, the company can establish that Magnolia Bostad has six material sustainability aspects. The results have been discussed and determined by the management and Board of Magnolia Bostad.



## Materiality analysis



The materiality analysis was performed in 2020.

## Significant sustainability aspects

### Financial responsibility

- Sustainable profitable growth
- Sustainable purchasing and supplier evaluations
- Anti-corruption

### Environmental responsibility

- Reduced climate impact

### Social responsibility

- Safety
- Health and safety for Magnolia Bostad's employees

## Sustainable business model

Magnolia Bostad's business is based on developing sustainable housing, community service properties and hotels in the outer suburbs of large cities and in the central areas of medium-sized cities. Magnolia Bostad runs a number of projects for its own management, but many projects are sold at an early stage. In order for the company's business and strategy to succeed, the company depends on healthy employees who can perform in a fast and changing environment, as well as on conducting business ethically. As an urban developer in an industry that accounts for about 20% of Sweden's CO<sub>2</sub> emissions, Magnolia Bostad is obliged to work actively to reduce the company's environmental and climate impact. This means that the company must collaborate with other players in the industry to find sustainable solutions for the future as well as placing demands on the company's contractors. See page 5 for more information on Magnolia Bostad's business model and pages 37–44 for the financing and valuation of the projects.

## Sustainability Strategy

Magnolia Bostad has three general directions for its sustainability work: we want to be at the forefront of sustainable business, follow the direction of the industry towards a climate-neutral business and be an attractive employer.

## Sustainable organization and governance

Magnolia Bostad's CFO is responsible for the company's sustainability work; the Head of Sustainability reports to him. Sustainability issues are raised and decided on at management meetings and reported on at board meetings. Strategy and policy documents are revised by the Board or the CEO once a year. These are available on the company's intranet. The company has a Code of Conduct and an environmental policy that are attached to all of the company's contracting agreements. The company also has a whistleblower function, a policy for handling conflicts of interest, a policy on diversity of the board and a plan of action against harassment and bullying. The company has an ethics council, a crisis committee and a safety committee that handle suspected inequality, crises and questions regarding a safe work environment. These committees have guidelines for the decisions they can make and how they should act.

Magnolia Bostad has a sustainability council which includes representatives from all regions. The purpose is to spread knowledge at all levels and in all regions throughout the organization. In 2020, the sustainability council had three meetings.

Each project shall have a project manual that contains sustainability information about the project. The project manuals will be updated every quarter by the project developers so that the company can have a complete picture of the sustainability aspects of each individual project. All projects shall also undergo two environmental audits, one in the planning phase and one in production. The goal is to ensure that the company's turnkey contractors fulfil the company's requirements and that the project's planned environmental certification is achieved.

For the company's corporate governance report see pages 131–147. For goals and outcomes of the company's sustainability indicators see pages 72–74.

# Magnolia Bostad and Agenda 2030

Magnolia Bostad carried out an analysis of Agenda 2030 during 2020, and linked eight of the 17 Sustainable Development Goals, including sub-targets, to the company's operations.

Magnolia Bostad wants to contribute to achieving all of the 17 Sustainable Development Goals (SDGs) but sees that the company's impact mainly affects eight of them. The company estimates that its negative impact mainly affects goal 15, Life on land. In the analysis, Magnolia Bostad has taken into account the sub-targets that are linked to the SDGs and analysed how the company can actually contribute to achieving these.

## Goal 5 Gender equality

Sub-target 5.1 and 5.5



- Magnolia Bostad has slightly more female than male employees.
- The company is not completely equal on the functional level or in its offices.
- In 2020, Magnolia Bostad ranked 14th on Allbright's green list of gender equality companies.
- Magnolia Bostad has zero tolerance for harassment and discrimination and has a safety committee and an ethics council that work to prevent this.
- The company's code of conduct is signed by all employees and is attached to all major external agreements.
- Magnolia Bostad has a whistleblower function for employees and external stakeholders.

## Goal 7 Affordable and clean energy

Sub-targets 7.2 and 7.3



- The majority of Magnolia Bostad's projects are developed using largely renewable energy, which creates opportunities for increased use of renewable energy.

## Goal 8 Decent work and economic growth

Sub-targets 8.1 and 8.8



- One of Magnolia Bostad's material sustainability aspects is sustainable, long-term growth which is a requirement for the company's future.
- Magnolia Bostad works toward a safe and secure work environment through its ethics council, crisis committee, safety committee and employee forum.
- The company engages in active dialogue with its stakeholders and places demands on the working environment in contracting agreements. The company performs an audit of a contractor every year in which working environment is reviewed.
- The company's code of conduct includes Magnolia Bostad's position on human rights violations.



## Goal 10 Reduced inequalities

### Sub-target 10.3



- The company works against unequal outcomes in terms of pay through actions including mapping of salaries where any unjustified differences are corrected.
- Magnolia Bostad conducts employee surveys every year and works actively with the outcome, through internal information, discussions and evaluation of the results in smaller groups.

## Goal 11 Sustainable cities and communities

### Sub-target 11.1, 11.3 and 11.6



- By developing rental accommodation, tenant-owned apartments, community service properties and hotels, Magnolia Bostad develops communities and residential areas that attract a wide range of people.
- Magnolia Bostad develops neighbourhoods with a focus on safety, where it should be easy to do right in terms of, for example, recycling.
- The company strives to develop smart mobility solutions for each project.

## Goal 13 Climate action

### Sub-target 13.1 and 13.3



- When developing new neighbourhoods, Magnolia Bostad takes into account the risk of climate change, e.g. that sea levels are expected to rise and extreme weather is expected to become more common, in order to develop resilient buildings.
- The company is engaged in an active dialogue with other players on how we can develop resilient neighbourhoods together and reduce our climate impact.

## Goal 15 Life on land



- Magnolia Bostad's operations are about meeting the need for new housing, which affects ecosystems and biodiversity negatively. Goal 15 is therefore a challenge for the company.
- Magnolia Bostad strives to reduce this negative impact by working in close dialogue with specialists, municipalities and interest groups on how nearby habitats can be protected.
- For the projects built with wooden frames, only certified wood from sustainable forestry operations is used.

## Goal 16 Peace, justice and strong institutions

### Sub-target 16.5



- Magnolia Bostad works preventively against corruption and bribery in dialogue with partners and employees through the company's code of conduct and whistle-blower function, through dialogue and placing demands.
- In the company's projects, safety and security are mandatory aspects to consider in housing development. The company follows the guidelines of BoTryggt2030 to ensure this.

# Magnolia Bostad's life cycle perspective

A life cycle perspective is key when we develop projects – for our nature and environment, for our employees and residents and for future generations.

Magnolia Bostad strives to be a responsible urban developer. For us, this means that we do business in an ethical way, take responsibility so we have healthy employees and strive to minimize our impact on people and the environment.

We want to build sustainable housing with sound material choices and low energy consumption, where people feel good and are happy for many years.

The land we prepare and the properties we build will be used by generations to come. The materials we use should not be hazardous to health and the environment and we should be considerate about the land we use.



Strandblick in Östersund is a project that Magnolia Bostad is developing together with Slättö. Derome is the turnkey contractor. The project is close to the water, just a few minutes from the city centre. The project is built from wood to reduce the climate impact. The project consists of 216 rental apartments and move-in will take place in 2020–2021.



## Magnolia Bostad roadmap – a life cycle perspective



### Land acquisition/Ethical business

We do business in an ethically correct way and work to prevent bribery and corruption. New employees should sign our Code of Conduct, which is also attached to all major agreements. We also make a stand for human rights in the Code of Conduct.



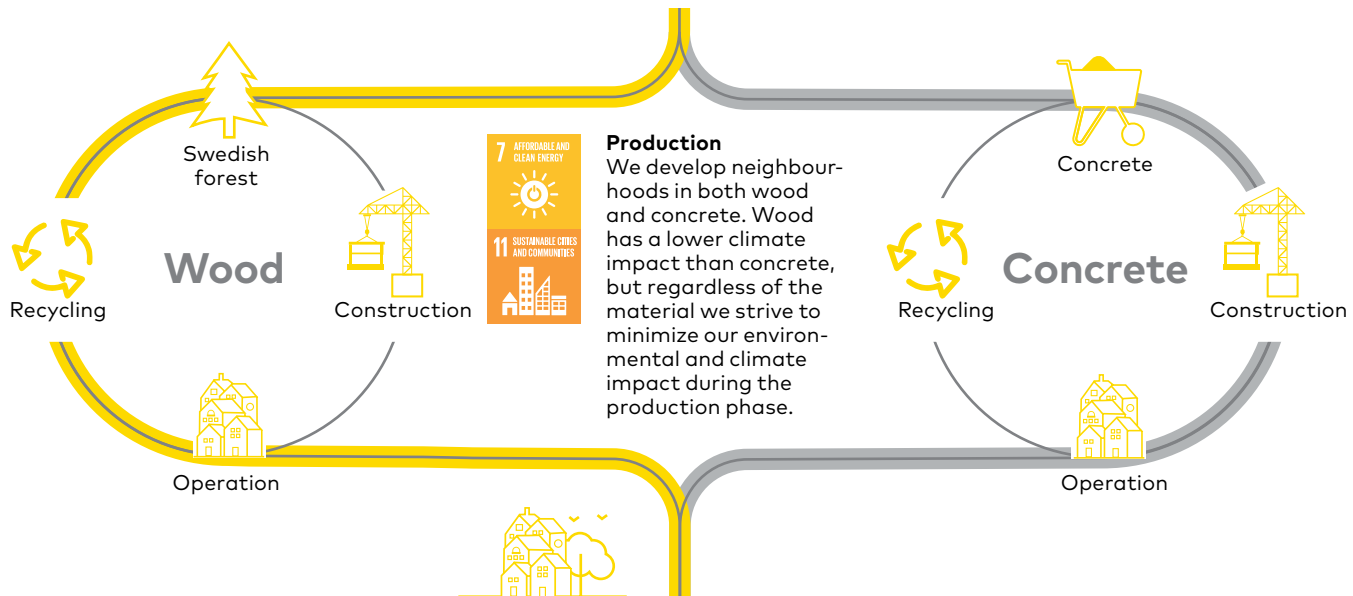
### Employees/Organization

We are an equal opportunity organization that actively works against harassment and discrimination.



### Land preparation

When preparing land to develop neighbourhoods, we work to minimize the impact on the environment and biodiversity.



### Sustainable neighbourhoods

We build environmentally certified homes and safe neighbourhoods to suit a wide range of people. We enable renewable energy and develop housing where it is easy to make environmentally smart choices.



### Demolition

By choosing materials with low environmental and climate impact and having a clear list of the materials and products we use, Magnolia Bostad counteracts the negative effects on animals, nature and the environment that can occur when hazardous substances are released through demolition.



### Long-term sustainability

Our life cycle perspective means we want to take responsibility throughout, from planning the new neighbourhood until, sometime in the future, the land is used to meet the needs of future generations.



# Strategic focus areas

## Economic responsibility

Magnolia Bostad's operations are conducted in such a manner as to promote long-term, sustainable development. Magnolia Bostad's goal is to create value for owners and other stakeholders. By working with a diversified portfolio of rental accommodation, tenant-owned apartments, community service properties and hotels, as well as a large building rights portfolio, the company minimizes its financial risk.

Magnolia Bostad wants to enable sustainable work at all levels therefore engages in active dialogue with its suppliers and contractors. The company's suppliers can be divided into three general categories: contractors, service providers and material suppliers. The majority of the company's suppliers are located in Sweden. Suppliers of material for production are largely negotiated by our turnkey contractors. Magnolia Bostad condemns all forms of corruption and makes this clear to all employees as well as to suppliers and partners.

In autumn 2020, Magnolia Bostad issued its first green bond according to the Green Bond Principles, category



### Events 2020

- Green bond issued according to Green Bond Principles, category Green Buildings.
- Magnolia Bostad carried out an audit of a turnkey contractor in Östersund.
- During the fiscal year, all new employees signed Magnolia Bostad's Code of Conduct.

Green Buildings. With the help of this bond, Magnolia Bostad can continue to develop projects with a high environmental standard.

Magnolia Bostad is an ESG Transparency Partner at Nasdaq, which means that the company reports key figures related to the environment, social factors and governance to Nasdaq's ESG database to contribute to greater transparency in the financial market.

## Risks and risk management in the area of economic responsibility

Risk	Management	Key figures
<b>Long-term profitable growth</b>		
Magnolia Bostad's goal is to create long-term profitable growth for its stakeholders. By working with a large and diversified building rights portfolio, the company minimizes its financial risk.	See the Group's financial risks and risk management on page 87. For management of the respective sustainability aspects, see pages 64–69.	Goals and outcomes of sustainability indicators, see pages 72–74. For Magnolia Bostad's financial targets, see page 13.
<b>Anti-corruption</b>		
Magnolia Bostad condemns all forms of corruption and fraud. Unethical behaviour or poor management of business ethical risks would harm Magnolia Bostad's brand and reputation. This risk is highest among employees with frequent customer interactions.	Magnolia Bostad is actively working against bribery and corruption through the company's Code of Conduct. The code is based on the ten goals of the UN Global Compact. The Code of Conduct is part of the introductory training program for new employees and is an annex to employment contracts. Magnolia Bostad has a whistleblower function that is available on the company's website and intranet where suspected violations can be reported. The company also has a policy for handling conflicts of interest.	No cases of corruption were reported in 2020.
<b>Sustainable purchasing and supplier evaluation</b>		
Magnolia Bostad's contractors often work with subcontractors, which reduces Magnolia Bostad's influence. This increases the risk of poor working conditions and environmentally hazardous activities.	Through dialogue, requirements and the monitoring of suppliers and contractors, Magnolia Bostad aims to counteract the risk of human rights violations and environmentally hazardous activities. Magnolia Bostad has zero tolerance for this, as stated in the Code of Conduct. The aim is to include the Code of Conduct in all the company's major agreements. Magnolia Bostad aims to carry out audits of at least one turnkey contractor per year.	During the fiscal year, Magnolia Bostad carried out one audit of a turnkey contractor.



Above: Ground-breaking in Råbylund in south-eastern Lund, autumn 2020. Plans are for twelve buildings with 779 total rental apartments. Move-in of stage 1 planned for 2023. Magnolia Bostad is the housing developer, Heimstaden is the buyer and Serneke is the turnkey contractor. From left: Jacob Lif, Serneke, Annamaj Larsson, Heimstaden, and Kajsa Löf, Magnolia Bostad.  
Right: Magnolia Bostad's green bond framework, published in September 2020.

#### Green Bond Framework September 2020

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## Magnolia Bostad's first green bond

In autumn 2020, Magnolia Bostad issued its first green bond. The green bond is listed on the Nasdaq Sustainable Bond list. Magnolia Bostad developed a green bond framework according to the Green Bond Principles from 2018, which dictates how Magnolia Bostad can use the money from the bond. This framework is published on Magnolia Bostad's website.

Projects eligible for financing are those that are expected to be certified by according to the Sweden Green Building Council's Silver level or Nordic Swan Ecolabel. Magnolia Bostad's overall goal is for all projects to be certified according to these or equivalent standards. Projects built from wood are also eligible to be financed with the help of bond funds according to the green bond framework.

The green bond framework has been independently assessed by Cicero Shades of Green, which gave the framework the second-highest score, "medium green". Magnolia Bostad will publish an annual report on its website that shows how the company used the funds. This report will be audited by the company's auditors, Ernst & Young. The first report will be published in autumn 2021 when the bond will have been available for one year. The maturity period the green bond is 3.5 years.



*We are very pleased with the large showing of support from investors for our first green bond issuance. A major contributing factor to the interest is our strong sustainability work, which clearly creates value. The new green bonds are a key building block in the continued development of Magnolia Bostad. We hope that we will work more with green financing in the future and see this as proof that our business should be classified as green, says Fredrik Westin, CFO of Magnolia Bostad.*

#### What is a bond?

A bond is an interest-bearing negotiable instrument that provides returns in the form of interest. In purchasing a bond, investors loan money to the issuer of the bond. A green bond is a bond that contributes to environmental sustainability. This means that there are conditions on how the issuer (Magnolia Bostad) can use the bond's funds.

## Environmental responsibility

The building and property industry is one of the industries with the greatest climate impact and it is therefore important that Magnolia Bostad, like other organizations in the industry, takes responsibility to reduce this impact. Climate change also places a demand on Magnolia Bostad to develop buildings that can withstand things like extreme weather, 100-year floods and elevated sea levels.

Magnolia Bostad aims for all projects to be environmentally certified in accordance with the Swedish Green Building council's silver certificate, the Nordic Swan Ecolabel or the equivalent. Magnolia Bostad allows an independent consultant to carry out two environmental audits in each project, one in the project planning phase and one in the production phase, to ensure that the company's requirements are met. A turnkey contract is also audited every year.

Magnolia Bostad believes in the importance of co-operation and is working with Derome to develop climate-smart wooden housing, a concept we call the sustainable wooden city. We are also a member of the Building and Civil Engineering roadmap to achieve climate neutrality by 2045, and are part of LFM30, which

### Events 2020

- Achieved environmental certification for 2,680 of 2,901 completed residences according to the Swedish Green Building Council silver certification or the Nordic Swan Ecolabel.
- Performed 16 environmental audits, six in the planning phase and ten in production.
- Created a digital exhibit with Derome about the sustainable wooden city.

is the Malmö region's roadmap for climate neutrality 2030.

The part of Magnolia Bostad that develops residential care housing, the subsidiary Svenska Vårdfastigheter AB, is certified according to ISO 14001. An internal and external audit of the certification has been carried out during the financial year. Magnolia Bostad demands that the building contractors employed by the company must be ISO certified or meet the corresponding requirements in terms of quality, environment and working environment. The room description largely contains Nordic Swan Eco-labelled products to ensure eco-friendly and sustainable material choices. The room description excludes purchases from countries that are on the UN and EU sanctions lists.

## Risks and risk management in the area of environmental responsibility

Risk	Management	Key figures
<b>Reduced climate impact</b>		
The company must reduce its CO <sub>2</sub> emissions to meet the national target of climate neutrality by 2045. Otherwise, the company risks losing credibility and competitiveness as well as counteracting its sustainable development. Magnolia Bostad could also be affected by environmental policy decisions such as increased taxes or other necessary investments.	Magnolia Bostad includes climate and environmental requirements in turnkey contracts. These requirements are upheld through two environmental audits on each project, one in the planning phase and one in production. The company is developing several projects with wooden frames, which have a lower climate impact than concrete. The company performs life-cycle analyses on select projects to identify climate impact.	300 homes that will be built using wooden frames went into production this year.
<b>Climate change</b>		
Climate change leads to higher temperatures, extreme weather conditions and raised water levels. This entails a risk of property damage resulting from flash floods and buildings being unable to handle new weather conditions or changed temperatures.	Magnolia Bostad performs climate risk analyses for projects in coastal locations. In 2021 Magnolia Bostad plans to develop this analysis and develop a climate risk program for all projects developed by the company. This program will be part of the company's due diligence process.	Not applicable
<b>Environmental impact</b>		
The property industry has a large impact on the environment, with high energy consumption and waste generation.	The company aims for all projects to be environmentally certified in accordance with the Swedish Green Building Council's silver certificate, the Nordic Swan Ecolabel or equivalent. The company also places demands on its contractors regarding waste management. This is followed up on in environmental audits. The company also has an environmental policy that covers both environmental and quality assurance and follows the aims of ISO 14001 and ISO 9001.	10 completed environmentally certified projects 16 completed environmental audits





One of Magnolia Bostad and Derome's projects is Västra Erikslid, one kilometre north of Skellefteå. Magnolia Bostad is planning a new residential area there with around 300 units with varying forms of tenancy. The project will be designed as climate-smart wooden residential buildings with a mix of detached houses and apartment buildings in a neighbourhood structure.

## Wooden buildings have a smaller climate footprint

Magnolia Bostad and Derome are collaborating on the vision of the sustainable wooden city. Through sustainable wooden construction, we create benefits for the climate and the community in the areas in which we operate. Studies show that wooden volume elements have a carbon load between 18 and 33% lower than concrete alternatives. Energy consumption in our housing is also lower than what Boverket's building regulations (BBR) dictate. An example is our joint project Björnbäret in Kalmar, which is at 56% of the BBR requirement.

Another benefit is that wooden buildings are quick to build, because multi-storey buildings can be delivered as prefabricated elements and assembled on site. This reduces the construction time, which means less disruption for people in the area and lower associated costs for the local government. Of course, Magnolia Bostad's goal for all projects to be environmentally certified in accordance with the Swedish Green Building Council's silver certificate, the Nordic Swan Ecolabel or equivalent standard applies to projects built from wood as well, and the same emphasis is placed on safety in development.

Magnolia Bostad and Derome began production on our first wooden project in 2019. We have now completed 234 residences and have 1,467 in production, as well as a planned project in our portfolio.



*Skellefteå Municipality is about to begin a very expansive phase and we have chosen to work with proactive partners like Magnolia Bostad and Derome. This is because we see that there is a sense of safety in their implementation and in what they stand for when it comes to sustainability. Their approach is well aligned with Skellefteå Municipality's idea of sustainability, says Therese Kreisel, Head of Planning for Skellefteå Municipality.*

### Exhibit on the sustainable wooden city

In 2020, Magnolia Bostad and Derome organized an exhibit on the sustainable wooden city. In conjunction with this, the company held three webinars on the topics:

- Building with a lower climate footprint
- Women can solve the housing crisis
- Why build your next neighbourhood from wood?

The webinars are available to watch on our joint website [trastaden.se](https://trastaden.se) (Swedish only).

## Social responsibility

Magnolia Bostad wants to be an engaged organization in the locations where we are active. Therefore, it is important for Magnolia Bostad to engage locally to get to know the area and to understand the needs of the residents. Magnolia Bostad is involved in girls' and women's football with the aim of enabling young girls to have active leisure time. The company sponsors 24 clubs and enables things like night football in Limhamn as well as safe bus transport to matches. This increases safety and involvement in the area.

Safety and security is an aspect that is crucial for the comfort of residents in their homes. Magnolia Bostad therefore works according to the BoTryggt2030 guidelines to ensure that the company develops safe housing areas. One example of safety-increasing measures is the creation of courtyards without dark corners and with well-lit entryways.

Magnolia Bostad's employees are high-performing individuals with demonstrably high engagement. This is a necessity for the company's success. As an employer, Magnolia Bostad has a serious responsibility to enable a balanced life for the company's employees and to ensure a safe and secure working environment free of discrimination, harassment and bullying. Magnolia Bostad has a zero vision for workplace accidents.

### Diversity and gender equality

Diversity and gender equality in the organization helps to increase the understanding of our partners, customers and the local market, which is an important aspect of growth and profitability. If Magnolia Bostad does not work with diversity and gender equality, there is a great risk that the company will not succeed in attracting the talents that are necessary for the company's growth and thus miss business opportunities.

Magnolia Bostad's Code of Conduct, personnel handbook and policy on diversity of the Board contain guidelines on diversity and gender equality. Today, Magnolia Bostad's employees consist of slightly more women than men. The company's board consists of 29% women, and the management consists of 40% women. During the year, Magnolia Bostad was rated 14th on Allbright's green list of gender equality companies.

In the procurement of contracts, Magnolia Bostad demands that contractors work with diversity and be a diversified working group as far as possible.

### Events 2020

- Magnolia Bostad formed a working group for working with BoTryggt2030, which developed an internal process for the company to follow when it comes to BoTryggt2030.
- Ranked 14 on Allbright's green list of gender equality companies.
- Five new football teams signed.



During the year, Magnolia Bostad started a working group that worked with BoTryggt2030. Silvio Moro, project developer at Magnolia Bostad, participated in the working group. In BoTryggt2030 published a handbook with guidelines and recommendations for working with safety when developing new neighbourhoods.

## Risks and risk management in the area of social responsibility

Risk	Management	Key figures
<b>Safety</b>		
If Magnolia Bostad does not prioritize safety and security in developing new projects or in the operation of housing under its own management, the risk is that the residents would feel unsafe, which creates a feeling of unease. It would also reduce interest from the company's investors in investing in the company's projects.	During the year, the company formed a working group that is working to adapt the new BoTryggt2030 guidelines to Magnolia Bostad's work process. The company created a checklist to be used in the development of new projects. The goal is for all projects to be developed in accordance with this checklist.	Employees received a brief introduction to BoTryggt-2030 during the year. In the future the company plans to assess the percentage of projects that follow BoTryggt2030's internal checklist.
<b>Health and safety for Magnolia Bostads employees</b>		
<p><i>The company's own employees</i></p> <p>The risk with ambitious employees is that the workload may be too great, which can lead to ill-health and stress-related illnesses, which in turn can cause employees to take sick leave. This has a negative effect on the individual, but also means that the company cannot make full use of its competencies.</p>	In order to prevent stress-related illnesses and ergonomically related injuries, the company works preventively in the event of an employee not feeling well. This is done through talks and correcting the workload, among other things. The company also conducts work environment training for new managers every year. All employees are covered by health insurance and rehabilitation insurance. To promote health and well-being, Magnolia Bostad offers all employees wellness grants and opportunities for group training.	In 2020, one employee was injured at work in Magnolia Bostad's direct activities (excluding projects). Sick leave amounted to a total of 1.72%.
<p><i>The construction company's employees</i></p> <p>As Magnolia Bostad has no employees in the construction companies, work in production is not a direct risk for the company. However, it is important that Magnolia Bostad engage in dialogue with the contractors to ensure a good working environment where everyone goes home in good health after a day of work. In addition, Magnolia Bostad's brand is also affected negatively if its contractors lack a safe working environment.</p>	Magnolia Bostad sets clear requirements for the working environment in turnkey contracts. These requirements are followed up on during construction meetings. Magnolia Bostad's position on this is also stated in the company's Code of Conduct which is attached to all turnkey contracts. Furthermore, Magnolia Bostad performs an audit of a turnkey contractor every year, in which working environment is reviewed.	During the year, the company carried out an audit of a turnkey contractor in Östersund.
<b>Discrimination, harassment and bullying</b>		
Magnolia Bostad has zero tolerance for discrimination, harassment and bullying. If an employee is subject to this, the risk is that the individual feels uneasy, which affects their professional and personal life. There is also a risk that Magnolia Bostad's brand would be negatively affected and that the company would have difficulty attracting new employees.	Magnolia Bostad has a Code of Conduct and a personnel handbook. The Code of Conduct must be signed by all employees and states the company's position on discrimination, harassment and bullying. The company also has a safety committee, a crisis committee and an ethics council that work toward a safe working environment.	<p>One claim of discrimination was investigated during the year. No cases of discrimination were determined to have occurred.</p> <p>The safety committee had three meetings during the fiscal year and performed safety inspections at all five offices.</p>

# We engage with the areas in which we operate

Magnolia Bostad wants to be an active player in the places where our projects are located. We do this in part by supporting girls' and women's football teams, but also through a number of other efforts.

There are currently a total of 24 football clubs in the Magnolia family. We support their activities in a number of different ways, including snacks and safe transport to matches. Another example is Sättra SK, a football club with women's and girls' programmes that we have sponsored since 2017.

"We think football is the best sport in the world. On a football team, every player is important. It doesn't matter who you are off the pitch – here you are part of the team, and you share a common goal with your teammates. It builds community," says Angelica Hjort Ståhlgren, president of Sättra SK. "I have worked in schools with younger children and have seen how children can easily get trapped in patterns that are hard to break. But on a football team, the child gets a completely different opportunity to feel seen and appreciated. They become part of a larger context, where everyone matters!"

## What are the benefits of girls-only teams?

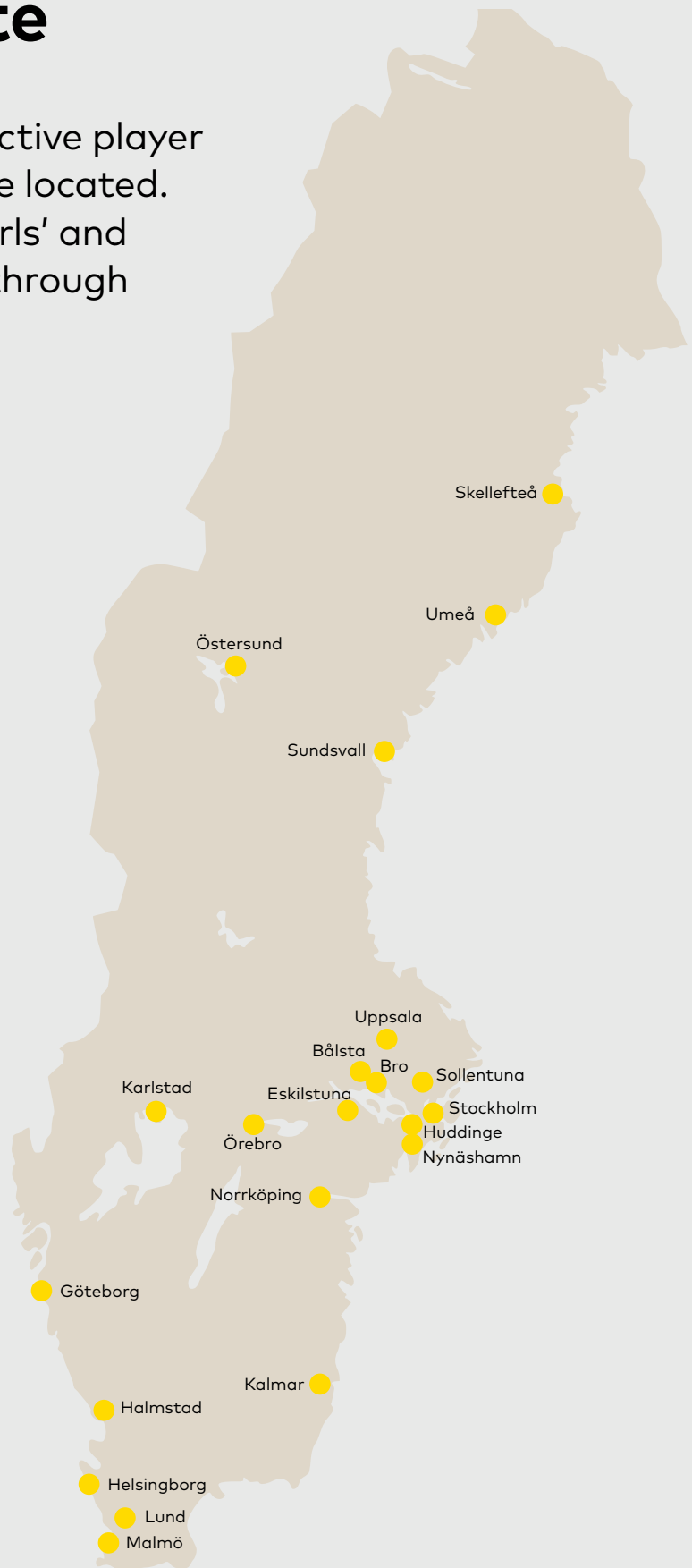
"In other associations with mixed teams, the boys often get the best practice times and the girls get the time that's left over. We don't have that problem. Our girls don't have to compete with the boys, full stop."

## What does Magnolia Bostad's support mean for you?

"A tremendous amount! Thanks to your support, for instance, we were able to put on the Sättra Girls Cup, which in ten years has grown to become Stockholm's largest girls' cup, with a focus on fun, community and development."

## How important was it to run the football school in 2020 specifically?

"The pandemic made it extra important because people's lives were turned upside-down. The players got to meet up, even though there were restrictions. They got to have fun, be active and have some form of normalcy. The football school was a great success, with happy players and parents."







Angelica Hjort Ståhlgrén, president of Sättra SK, and Tilda Carlsson, defender on Sättra SK's women's team.

## Active work for gender equality

Ownershift works to increase women's ownership and releases an annual report focused on equality. Magnolia Bostad has been a supporter since the beginning, in 2017.



Linda Waxin, Secretary General of Ownershift:

"We believe that ownership is a key to increasing women's financial autonomy and space to shape our society. We have a broad definition of women's ownership, from companies, shares, and patents to real estate. We target the general public opinion as well as politicians and business. In 2021 we are focusing on real estate in the report 'Who owns the land you walk on?' which Magnolia Bostad is sponsoring."

## Support for elderly people in Eskilstuna

Through the football association Hjärta United we support Care United, where football players offer help and support to the older generation in Eskilstuna.



Loreta Kullashi, football player with Eskilstuna United:

"The players function as extra resources and companions for the elderly. On visits we do things like 90+ gymnastics, play games and take walks. In 2020, the Covid restrictions allowed only 128 hours with Care United, but in total we have spent over 3,300 hours since the beginning."

## All children have the right to dream

All children should be able to feel hope for the future. This can be difficult for children battling serious illnesses. That is why Magnolia Bostad supports Min stora dag.



Jennifer McShane, Secretary General of Min stora dag:

"We are incredibly grateful for Magnolia Bostad's support of Min stora dag. It means that more children with serious illnesses and diagnoses can have joyful experiences that give them the strength to keep fighting in a tough situation. When life is hard and centred around medicine and treatments, a happy experience makes a big difference."

# Goals and outcomes of sustainability indicators

## Economic responsibility

Sustainability aspect	Goal	Outcome
Long-term profitable growth	See Magnolia Bostad's business targets and financial target, page 13	<b>Direct financial value created and delivered, GRI 201-1 SEK m</b>
		<b>2020 2019</b>
		Created value:
		Property sales 2,161 486
		Rental income 52 16
		Project management income 21 29
		Other income 123 220
		Financial income 4 17
		Distributed value:
		Operating expenses -1,759 -705
		Salaries and remuneration to employees -63 -56
		Payment to financiers -280 -267
		(of which dividends to owners) (-97) (-78)
		Payments to the public sector -41 -35
		Unrealized changes in value 373 388
		Remaining in Magnolia Bostad 591 93
Anti-corruption	No cases of corruption	<b>Corruption incidents GRI 406-1/205-3</b>
		<b>Investigated cases Found cases</b>
		Discrimination 1 0
		Bullying 0 0
		Corruption incidents 0 0
		Violations of the Code of Conduct 2 <sup>1)</sup> 0
		<sup>1)</sup> Of which one refers to an investigation of discrimination which was also examined according to the Code of Conduct.
Sustainable purchasing and supplier evaluations		<b>2020</b>
	All new employees must sign the Code of Conduct	<b>Percentage of new employees who signed the company's Code of Conduct</b> 100%
	All employees must receive training on the Code of Conduct	<b>Percentage of employees trained in human rights GRI 412-2</b> 100%
	One audit of a contractor shall be carried out every year	<b>Number of suppliers reviewed for compliance with contracts and Code of Conduct GRI 414-1</b> 1

Magnolia Bostad creates value through the development of housing in Sweden. The economic value created is distributed among suppliers (mainly contractors), employees, society, financiers and owners. The reported distributed value to the employees differs from what is reported as personnel costs in Note 9, remuneration to employees. This is because some of the costs are capitalized on the projects and then reported as operating expenses. Furthermore, social security contributions and other staff-related taxes are reported as payments to the public sector in the Sustainability Report.

## Environmental responsibility

Sustainability aspect	Goal	Outcome		
Reduced climate impact	All projects should be environmentally certified according to the Sweden Green Building Council's Silver level Nordic Swan Ecolabel or equivalent standard.		2020	2019
		<b>Type and number of sustainability certifications, rankings and markings according to new buildings, GRI CRE-8</b>	10 of 13 projects were environmentally certified, one according to Nordic Swan Ecolabel and nine according to the Sweden Green Building Council's Silver level.	Four projects certified according to the Sweden Green Building Council's Silver level. Two projects were certified according to the Nordic Swan Ecolabel. One project was not certified.

## Social responsibility



Sustainability aspect	Goal	Outcome						
Health and safety for Magnolia Bostad's employees						2020	2019	
	All employees covered by a health and safety committee	Representation on working environment committees, GRI 403-1				100%	100%	
	No workplace accidents	Number of workplace accidents, GRI 403-9				2020		
		Sick leave <sup>1)</sup>				1.7%		
		Of which short-term				63.7%		
		Of which long-term				36.3%		
		Workplace accidents <sup>2)</sup>				1		
		Fatalities				0		
		<sup>1)</sup> Long-term sick leave is defined as sick leave lasting more than four weeks. In 2020 fewer than five people took long-term sick leave. <sup>2)</sup> The workplace injury was of a less serious nature.						
	Low employee turnover	Employee turnover 401-1				Per cent women	Per cent men	Total
		New hires				25.0%	26.5%	29
		Terminated				9.3%	12.2%	12
Training and skills development	Average hours of training per employee, per gender, per occupational category >40hrs per year	Total average hours of training, GRI 404-1						
		2020			2019			
		Women	Men	Total	Women	Men	Total	
		Management	32	19	26	69	32	47
		Managers	34	21	27	47	59	55
		Employees	24	28	26	27	30	28
	Total	26	26	26	33	36	34	
	All employees must have employee interviews and career planning every year	Employee talks and career planning GRI 404-3						2020
Percentage of employees with regular employee talks and career planning						100%		








Sustainability aspect	Goal	Outcome																																																																														
Diversity and gender equality	Equal gender breakdown between men and women	<b>Diversity of governance bodies and employees GRI 405-1</b>																																																																														
		<table><tr><th></th><th colspan="4">2020</th><th colspan="4">2019</th></tr><tr><th>Board</th><th>Management</th><th>Employees</th><th>Total</th><th>Board</th><th>Management</th><th>Employees</th><th>Total</th></tr><tr><td colspan="4">Gender distribution</td><td colspan="4"></td></tr><tr><td>Women</td><td>29%</td><td>46%</td><td>60%</td><td>59%</td><td>17%</td><td>50%</td><td>54%</td><td>52%</td></tr><tr><td>Men</td><td>71%</td><td>54%</td><td>40%</td><td>41%</td><td>83%</td><td>50%</td><td>46%</td><td>48%</td></tr><tr><td colspan="4">Age group</td><td colspan="4"></td></tr><tr><td>&lt;30</td><td>0 %</td><td>0%</td><td>7%</td><td>7%</td><td>0%</td><td>0%</td><td>11%</td><td>9%</td></tr><tr><td>30-50</td><td>30%</td><td>100%</td><td>81%</td><td>79%</td><td>33%</td><td>88%</td><td>77%</td><td>75%</td></tr><tr><td>&gt;50</td><td>70%</td><td>0%</td><td>12%</td><td>14%</td><td>67%</td><td>12%</td><td>12%</td><td>16%</td></tr></table>		2020				2019				Board	Management	Employees	Total	Board	Management	Employees	Total	Gender distribution								Women	29%	46%	60%	59%	17%	50%	54%	52%	Men	71%	54%	40%	41%	83%	50%	46%	48%	Age group								<30	0 %	0%	7%	7%	0%	0%	11%	9%	30-50	30%	100%	81%	79%	33%	88%	77%	75%	>50	70%	0%	12%	14%	67%	12%	12%	16%
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>50	70%	0%	12%	14%	67%	12%	12%	16%																																																																								
<b>Total number of employees by gender, region and type of employment GRI 102-8, Employees at Magnolia Bostad 31/12/2020</b>																																																																																
<table><tr><th></th><th colspan="3">2020</th><th colspan="3">2019</th></tr><tr><th>Region</th><th>Women</th><th>Men</th><th>Total</th><th>Women</th><th>Men</th><th>Total</th></tr><tr><td>Eastern Region</td><td>53</td><td>39</td><td>94</td><td>50</td><td>34</td><td>84</td></tr><tr><td>Central Region</td><td>3</td><td>4</td><td>7</td><td>0</td><td>4</td><td>4</td></tr><tr><td>Southern Region</td><td>3</td><td>2</td><td>5</td><td>3</td><td>5</td><td>8</td></tr><tr><td>Western Region</td><td>4</td><td>1</td><td>5</td><td>4</td><td>1</td><td>5</td></tr><tr><td>Northern Region</td><td>0</td><td>3</td><td>3</td><td>0</td><td>0</td><td>0</td></tr><tr><td>Total</td><td>63</td><td>49</td><td>112</td><td>57</td><td>44</td><td>101</td></tr></table>		2020			2019			Region	Women	Men	Total	Women	Men	Total	Eastern Region	53	39	94	50	34	84	Central Region	3	4	7	0	4	4	Southern Region	3	2	5	3	5	8	Western Region	4	1	5	4	1	5	Northern Region	0	3	3	0	0	0	Total	63	49	112	57	44	101																								
	2020			2019																																																																												
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Northern Region	0	3	3	0	0	0																																																																										
Total	63	49	112	57	44	101																																																																										
In the Eastern region, one part-time employee and one temporary employee (both are women). The Southern region has a man working part-time. These are included in the table above. Aside from these, everyone in the table is employed full time. As of 12/31/2020, the company had 10 consultants in the business.																																																																																



# GRI index

GRI Standard	Details	Page reference	Comments
<b>GENERAL INFORMATION</b>			
GRI 102: General Disclosures 2016	102-1	Name of the organization	97
	102-2	Brands, products and services	4–5, 78
	102-3	Location of headquarters	97
	102-4	Location of operations	4–5, 22–23
	102-5	Ownership and legal forms	10, 78
	102-6	Markets served	3–4, 10
	102-7	Scale of the organization	4–5, 72, 88–90
	102-8	Information on employees and other workers	73–74
	102-9	Supply chain	64
	102-10	Significant changes to the organization and its supply chain	No significant changes
	102-11	Precautionary principle or approach	58
	102-12	External initiatives	58
	102-13	Membership of associations	64, 66, 68
	102-14	Statement from the CEO, Head of Sustainability and the Chairman of the Board of Directors	6–7, 57, 131
	102-16	Values, principles, standards and norms of behaviour	10–11, 15, 59, 66
	102-18	Governance structure	59, 64, 66, 69, 131–148
	102-40	List of stakeholder groups	58–59
	102-41	Collective bargaining agreements	Not affiliated
	102-42	Identifying and selecting stakeholders	58–59
	102-43	Approach to stakeholder engagement	58–59
	102-44	Key topics and concerns raised	58–59
	102-45	Entities included in the consolidated financial statements	58
	102-46	Defining report content and topic boundaries	58–59
	102-47	List of material topics	58–59
	102-48	Restatements of information	No corrections made
	102-49	Changes in reporting	No corrections made
	102-50	Reporting period	58
	102-51	Date of most recent report	31/3/2020
	102-52	Reporting cycle	58
	102-53	Contact point for questions regarding the report	Fredrik Westin, CFO
	102-54	Claims of reporting in accordance with the GRI Standards	58
	102-55	GRI content index	75–76
	102-56	Policy for external assurance	The report has not been externally reviewed

GRI Standard	Details	Page reference	SDG <sup>1)</sup>	Comments
<b>SIGNIFICANT FOCUS AREAS</b>				
<b>Economic</b>				
<i>Long-term profitable growth</i>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundaries	58–59, 64	
	103-2	The management approach and its components	64	
	103-3	Evaluation of the management approach	64	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	72	
<i>Anti-corruption</i>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundaries	58–59, 64	
	103-2	The management approach and its components	64	
	103-3	Evaluation of the management approach	64	
GRI 205: Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken	72	

GRI Standard	Details		Page reference	SDG <sup>1)</sup>	Comments
<i>Sustainable purchasing and supplier evaluations</i>					<i>Number of hours not reviewed</i> <i>Percentage not stated.</i>
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundaries	58–59		
	103-2	The management approach and its components	58–59		
	103-3	Evaluation of the management approach	58–59		
GRI 412: Human Rights Assessment 2016	412-2	Employee training on human rights	74		
	414-1	Number of suppliers evaluated for compliance with contract and Code of Conduct.	64, 72		
<b>Environment</b>					
<i>Reduced climate impact</i>					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundaries	58–59, 66		
	103-2	The management approach and its components	66		
	103-3	Evaluation of the management approach	66		
GRI Construction and Real Estate Sector Supplement	CRE-8	Type and number of sustainability certifications, rankings and awards for new construction	66, 73		
<b>Social</b>					
<i>Health and safety for Magnolia Bostad's employees</i>					Not completely reported
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundaries	58–59, 68–69		
	103-2	The management approach and its components	68–69		
	103-3	Evaluation of the management approach	68–69		
GRI 403: Occupational Health and Safety 2016	403-1	Representation on work environment committees	68–69, 73		
	403-9	Work-related injuries and illnesses	68–69, 73		
<i>Training and education</i>					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundaries	68–69, 73		
	103-2	The management approach and its components	68–69		
	103-3	Evaluation of the management approach	68–69		
GRI 404: Training and Education 2016	404-1	Average number of training hours	73		
	404-3	Percentage of employees with regular employee talks and career planning	73		
<i>Diversity and gender equality</i>				 	
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundaries	68–69		
	103-2	The management approach and its components	68–69		
	103-3	Evaluation of the management approach	68–69		
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity among management and employees	74		
<i>Safety</i>					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundaries	58–59, 68–69		
	103-2	The management approach and its components	68–69		
	103-3	Evaluation of the management approach	68–69		

<sup>1)</sup> SDG: Sustainable Development Goals.

## Auditor's report on the statutory sustainability statement

To the general meeting of the shareholders of Magnolia Bostad AB (publ), corporate identity number 556797-7078

### Engagement and responsibility

It is the Board of Directors who is responsible for the statutory sustainability statement for the year 2020 on pages 56–77 and that it has been prepared in accordance with the Annual Accounts Act.

### The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability statement. This means that our examination of the statutory sustainability statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally

accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

### Opinions

A statutory sustainability statement has been prepared.

Stockholm, 30th of March 2021  
Ernst & Young AB

Fredric Hävrén  
*Authorized Public Accountant*