

MAGNOLIA

**Magnolia Bostad
Sustainability
Report 2018**

18

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Sustainable business

Magnolia Bostad develops financially, socially and environmentally sustainable residential areas and our work is based on cooperation and dialogue with our stakeholders.

About this report

The Magnolia Bostad sustainability report is a separate report from the annual report. All information in this report refers to the period 1 January 2018 – 31 December 2018, unless otherwise stated. The sustainability report consists of pages 48–61. The Magnolia Bostad business model can be found on pages 12–13. The GRI Index can be found on pages 60–61.

This report was prepared in accordance with GRI Standards: Core option, and is Magnolia Bostad's second sustainability report. Work on sustainability is based on stakeholder dialogue and a materiality analysis. The report contains information and targets for the company's sustainability work, where the precautionary principle has been applied. A risk analysis of the company's operations is performed annually in connection with the work on the business plan. For a description of Magnolia Bostad's sustainability risks and how they are managed, refer to the section on each sustainability aspect on pages 52–55. For Magnolia Bostad's general work related to risk, see pages 68–69.

Limitations

The information presented in each focus area refers to Magnolia Bostad's operations and material sustainability aspects referring to the entire value chain.

Focus areas and sustainability aspects

Magnolia Bostad has identified the company's sustainability aspects based on a materiality analysis performed during 2017. Sustainability aspects are of particular importance for Magnolia Bostad and our stakeholders, and make up three strategic focus areas: financial, social and environmental responsibility.

Magnolia Bostad's work on sustainability also builds on the UN's Global Compact, ten principles regarding human rights, labour law, the environment and corruption, and the UN's Agenda 2030 – Sustainable Development Goals.

"Magnolia Bostad's work on sustainability includes financial, environmental and social sustainability. Our behaviour must be responsible and forward-looking throughout.

Our new residences must be built according to a minimum standard of Sweden Green Building Council Silver, Svanen or equivalent certification. During 2018, four of our projects were certified to Sweden Green Building Council Silver standard: one project in Eskilstuna, one in Uppsala and two in Helsingborg, comprising around 1,300 residences. In addition, we carry out regular environmental audits and life-cycle analyses in order to identify how we can improve our work on sustainability."

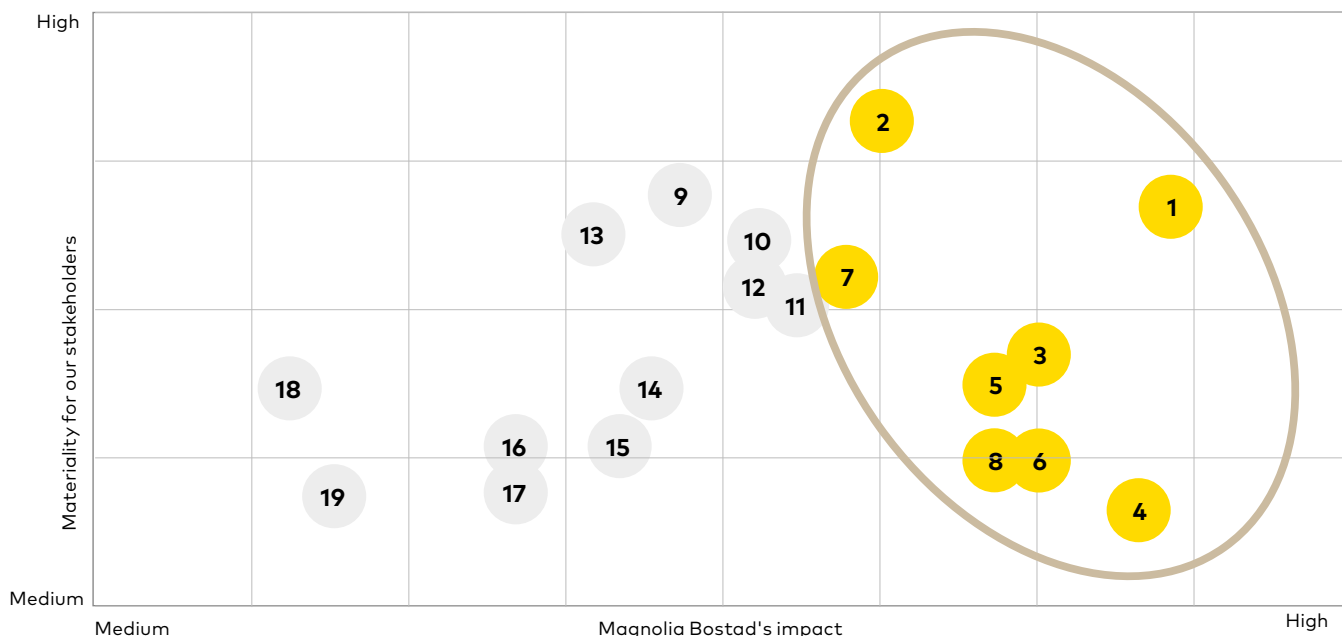
*Christina Hambäck
Head of Operational Development and Sustainability*





Magnolia Bostad has decided to support women's and girls' football in many areas where the company is active. Among others, the company sponsors the girls' section of Nynäshamns IF. The club has the ambition to grow and attract more children and young people in Nynäshamn to play football.

Materiality analysis



Ranking	Material sustainability aspects
1	Long-term profitable growth
2	Anti-corruption
3	Environmental certification of buildings
4	Health and safety
5	Pre-construction and design for socially sustainable operations
6	Training and skills development
7	Sustainable purchasing and supplier evaluations
8	Diversity and gender equality
9	Sustainable construction materials
10	Pre-construction for environmentally sustainable operations
11	Discrimination
12	Energy consumption
13	Greenhouse gas emissions
14	Sewage and waste
15	Supplier evaluations on social issues
16	Free competition
17	Water consumption
18	Evaluation of human rights for subcontractors
19	Indirect economic impact

The most important sustainability aspects and focus areas for Magnolia Bostad were identified in a materiality analysis produced during the autumn of 2017. The aspects are of material significance for both Magnolia Bostad and our stakeholders. The eight most material aspects make up three strategic focus areas: financial, social and environmental responsibility. The results have been discussed, analysed and adopted by the management team and the Board of Directors of Magnolia Bostad. Clarification of one sustainability aspect for financial responsibility was made during 2018: "long-term growth" was changed into "long-term profitable growth".

Strategic focus areas and material sustainability aspects

The stakeholder engagement and materiality analysis carried out in 2017 resulted in three strategic focus areas on which Magnolia Bostad's sustainability work is based.

Financial responsibility

- Long-term profitable growth
- Anti-corruption

Environmental responsibility

- Environmental certification of buildings

Social responsibility

- Health and safety
- Pre-construction and design for socially sustainable operations
- Training and skills development
- Sustainable purchasing and supplier evaluations
- Diversity and gender equality

Magnolia Bostad's stakeholders



Sustainable business model

Magnolia Bostad's material sustainability aspects are integrated into the overarching business strategy and business plan in order to create value. See pages 12–13 for information on Magnolia Bostad's business model.

Sustainability strategy and sustainability programme

Magnolia Bostad has established three overarching, long-term targets for its sustainability work. Magnolia Bostad wants to be at the forefront of sustainable business, to be the most attractive employer in the industry and to follow industry trends towards climate-neutral operations. The sustainability programme is based on the material sustainability aspects and consists of activities linked to targets and KPIs.

Sustainable organization and governance

Sustainability issues are brought up and decided on at management meetings. The Head of Business Development and Sustainability for Magnolia Bostad is a member of the company's executive management team and sustainability work is reported on at board meetings. Strategy and policy documents are revised by the Board once a year.



Strategic Focus Areas

Financial responsibility

A long-term approach is a key condition for growth and profitability within the company. Magnolia Bostad's work is characterized by a holistic approach, and operations are conducted in such a manner as to promote long-term, sustainable development.

Long-term profitable growth

Magnolia Bostad creates long-term profitable growth and value for owners and other stakeholders by improving our competitiveness and developing buildings and areas in financial, social and environmental ways.

The reporting in "Direct economic value generated and distributed" (GRI 201-1) on page 58 follows the financial accounting principles and shows Magnolia Bostad's economic value generated in 2018. Direct costs that generate value are, for example, wages, training, taxes and fees as well as remuneration to suppliers for goods and services. Indirect costs are, for example, costs for absence due to illness and the taxes that employees and others generate.

The main reasons for the change in directly-created value between 2017 and 2018 are:

- Income from property sales was lower in 2018 than in 2017 due to fewer residences sold
- Rental income was lower in 2018 than in 2017 due to the sales of rental properties
- Salary costs have increased in 2018, primarily due to an increase in staff
- Payments to the public sector have decreased, primarily due to lower stamp duty payments
- Payments to providers of capital have increased, mainly due to higher average interest rates and an increase in total average interest-bearing liabilities.

See pages 10–11 for Magnolia Bostad's financial targets. See pages 68–69 for the Group's risk management. For targets and completion of sustainability indicator targets, see pages 58–59.

Business ethics and anti-corruption

The Magnolia Bostad Code of Conduct contains guidelines on the requirements we make of ourselves in terms of behaviour and conduct, and what we expect from our business partners. The Code reflects the company's focus areas, material sustainability aspects and values and builds on the UN's Global Compact regarding human rights, labour law, the environment and corruption, and the UN's Agenda 2030 – Sustainable Development Goals.

Magnolia Bostad's Code of Conduct also contains clear guidelines and requirements on bribes and corruption. Magnolia Bostad takes a zero-tolerance approach to bribes and corruption. Magnolia Bostad also has a poli-

cy for conflicts of interests, which has been adopted by the Board of Directors.

The Code of Conduct is part of the induction for new employees and has been an annex in employment contracts since the autumn of 2017. Furthermore, greater in-depth training in anti-corruption and conflicts of interest has been introduced. During the year, all new employees have accepted in writing that they have read and understood the company Code of Conduct.

The principle for whistleblowing is described in the company's Code of Conduct and is based on how to report suspected infractions. The Code is available both on the company's homepage and intranet. We have continued work on whistleblowing routines and an extended whistleblowing routine was launched at the start of 2019. It can be accessed by our employees and external stakeholders and makes it possible to report infractions and breaches of the Magnolia Bostad Code of Conduct or Magnolia Bostad's other policies.

During 2018, no cases of corruption were reported.

Environmental responsibility

Magnolia Bostad develops resource-efficient apartments, hotels and residential care facilities with good indoor environments and healthy materials that minimize the buildings' impact on the environment over their entire lifetime. We want to be an environmentally responsible company and conduct our operations in such a manner as to have as little of an impact as possible.

The goal of Magnolia Bostad is to have all projects environmentally certified and to follow the road-map of the building and construction sector towards climate-neutral activities. We are striving to improve our routines and processes in order to minimize the impact of activities on the environment and climate.

Through dialogue, clear requirements and policies and environmental audits and certification of buildings, Magnolia Bostad prevents any risk of suppliers and contractors not fulfilling their commitments and the final product not meeting Magnolia Bostad's extensive environmental requirements.

Magnolia Bostad is also working to reduce the environmental impact of its suppliers and contractors by placing clear requirements on everything from handling of waste and environmentally friendly and efficient transport to the recycling of materials and products. During the year, a routine for audits and the follow-up of audits has been developed and implemented. In

addition, a number of environmental audits have been carried out on our projects.

Environmental certification of buildings

It is Magnolia Bostad's overarching goal – and a requirement – that all buildings must be environmentally certified according to a minimum of the Sweden Green Building Council's Silver level. Magnolia Bostad is also a member of the Swedish Green Building Council (SGBC), Sweden's leading organization for urban development.

Magnolia Bostad has no building operations, and all pre-conduction and design is carried out by contractors. Production constitutes approximately 40% of the building's total impact on the environment over the life cycle of the building, and construction companies are directly responsible for resource optimization.

Magnolia Bostad procures projects as turnkey contracts and specifies that it is the responsibility of the contacting companies to comply with the requirements placed by Magnolia Bostad. Materials and products are thoroughly evaluated to ensure that they do not contain any environmental or health risks for either the residents or the people working with production.

Environmental policy

Magnolia Bostad expects its employees and partners to respect and follow both Magnolia Bostad's environmental policy and any other environmental requirements placed by the company.

Magnolia Bostad's environmental policy not only encompasses the environment and quality assurance, but also follows the intentions of ISO 14001 and ISO 9001. We also require our building contractors to have ISO certification or fulfil equivalent requirements when it comes to quality, the environment and the working environment. We maintain dialogue about sustainability in all collaboration with consultants, architects, building contractors and other suppliers for each project.

Svenska Vårdfastigheter's operations are certified in accordance with ISO 14001. Internal certification auditing and follow-up has been carried out during the year.

Energy efficiency

Energy efficiency is an important environmental aspect. The environmental and energy-related measures adopted during the course of a project vary depending on the conditions in each project. Common environmental and energy-related measures include specially insulated windows, need-based ventilation, solar panels and geothermal heating. A high percentage of natural materials, such as tile and wood, are used in projects. If geographically possible, the majority of our newly built apartment buildings are also connected to district heating.

The energy that Magnolia Bostad consumes in its direct operations and can thus directly influence is the ener-



Ted Mellin of Derome on the advantages of building with wood

Name:

Ted Mellin

Title:

Head of Operations, Derome

In September 2018, Magnolia Bostad and Derome entered into a letter of intent for a collaboration regarding the new production of wooden apartment buildings. The agreement is over a five-year period and means that Derome will deliver 600–800 residences per year for Magnolia Bostad projects.

"Building using wood is building for future generations", says Ted Mellin. "Every time we at Derome fell a tree, we plant two more. The resultant forests absorb more carbon dioxide than older trees, thereby releasing more oxygen. We are therefore doing the climate a favour by building wooden buildings."

"At the same time, the production process is more energy-efficient than using other building materials, and the low weight of the wood means that our transport uses less fuel than it would in transporting heavier materials. Also, wooden houses are quiet and pleasant to live in!"

"With the combined experience and expertise of Magnolia Bostad and Derome, we are convinced that this collaboration is leading the way for long-term success for both companies."

gy we use in our offices. Even though this amount of energy is not material, we are committed to resource-efficiency, and the energy/ electricity will derive primarily from renewable energy sources, i.e. green electricity.

Climate-neutral operations

Magnolia Bostad's long-term sustainability target is to follow the industry roadmap towards climate-neutral operations, including within projects. Cooperation with our contractors is key to achieving this target. Furthermore, our ambition has also been to work on special sustainability measures/clauses, i.e. green agreements, with our contractors to facilitate optimal resource efficiency in projects.

Magnolia Bostad is a co-sponsor and member of the reference group for a research study that is supported by SBUF (the building industry's development fund). The aim of the project is to supplement previous SBUF studies by conducting LCA calculations (life cycle analysis) of the environmental impact from the same type of building when different construction solutions are theoretically applied. The aim of the calculations is to show the different climate effects of construction solutions over the lifetime of the building.

During the year, life-cycle analyses have been carried out for three projects. The results allow us to reset and create a baseline for carbon dioxide emissions in projects. During 2018, the direct effects of carbon dioxide emissions from Magnolia Bostad's office operations were also measured. The measurements will form the basis of analysis about how Magnolia Bostad is to continue working towards climate-neutral operations. Areas we are focusing on are recycling, as well as making conscious and sustainable purchasing choices in areas such as consumables, food and office materials.

For targets and completion of sustainability indicator targets, see pages 58–59.

Social responsibility

We want to be an engaged participant in the areas where we are active, an attractive employer and an industry leader in sustainable business.

Community involvement

Magnolia Bostad offers a broad range of housing forms, primarily rental apartments but also tenant-owned apartments, hotels and residential care facilities, and we develop residences available for everyone. Magnolia Bostad is also working to reduce the housing shortage that is prevalent in many areas in Sweden. We also hold an important role in society by contributing to the fulfilment of requirements on housing construction from the rising urbanization trend, with greater social and economic integration as the goal.

Engaged participant of the community

Magnolia Bostad is an engaged participant of the communities where we are active. We have a series of collaborations with women's and girls' football teams to create a natural forum for equality, diversity and integration in a context that also encourages physical exercise and meaningful leisure activities.

We also collaborate with and co-sponsor Ronjabollen in Gottsunda, Uppsala, defined by the police as one of Sweden's most deprived areas. Ronjabollen is working on equality and integration issues by gathering girls and women around one activity – football – in a natural, unforced context.

The idea of Magnolia Bostad's collaboration with Ronjabollen is to spread awareness of the Ronjabollen method and model for work with integration and girls' rights within society.

Attractive employer

Magnolia Bostad wants to be an inclusive employer that ensures health and safety and that develops and takes care of different skills. Our long-term goal is to be the most attractive employer in the industry. We are therefore working continuously with skills development, career planning and the promotion of our employees' health and well-being. As an employer, we work actively on diversity and gender equality, and we would like to offer secure, safe workplaces where all employees are treated equally and with respect. During the year, Magnolia Bostad completed its first employee survey, with a long-term target of 75% of satisfied employees.

Material sustainability aspects

Health and safety

All employees are covered by sickness insurance. The company has a safety and health committee consisting of management, employee and safety representatives. The committee held regular meetings during the year and conducted a safety round. Magnolia Bostad offers all employees wellness subsidies. During the year Magnolia Bostad employees participated in "Spring för livet", a race that donated its registration fees to UNICEF's work for orphaned children in Malawi.

Office-based employees may be subject to a risk of stress-related illnesses and ergonomic-related injuries. When it comes to workplace accidents, Magnolia Bostad has a zero-vision approach. In 2018, no employees were injured at their workplace as part of Magnolia Bostad's direct operations (excluding projects), page 59. During 2018, work started on finding a tool to collect data regarding environmental deviations within projects.

During the year, Magnolia Bostad has also developed and adopted a Crisis Communications Plan as a part of the crisis management process. In addition to the Crisis Communications Plan, we are investigating the option of

introducing a digital reporting tool in the workplace, for the reporting of workplace accidents.

Diversity and gender equality

Diversity and gender equity improve the company's ability to understand the needs of partners and local customers and the expectations of local markets, which is an important aspect for growth and profitability. Magnolia Bostad's Code of Conduct, personnel handbook and policy regarding diversity in the Board of Directors contain guidelines for diversity and gender equity, and, for example Magnolia Bostad has an even distribution between the number of women and men who work for the company.

Training and skills development

Training and skills development are key for attracting talent and expertise to the company. They are also important for the company's reputation, growth and profitability.

Training is planned and budgeted per employee, and as of 2017 the number of training hours per year and per employee, gender, and occupational category will also be tracked. We are also working on skills development and have meetings involving knowledge sharing every week with all employees. During 2018, two one-day training courses were also carried out regarding the induction of new employees, focusing on business, culture and values. In addition, a workshop was carried out with all employees regarding follow-up on the employee survey. The work on implementing measures arising has started, and a number of measures have already been implemented. During the year, a managers' working environment course was also conducted.

Sustainable purchasing and supplier evaluations

Magnolia Bostad would like to contribute to a sustainable society and facilitate sustainable work throughout the organization. We are working to counteract the risk of human rights violations in the supply chain through dialogue, requirement specifications, and audits of suppliers and contractors. Our Code of Conduct contains a detailed description of the approach we take to each other and our stakeholders.

We place the same demands on our business partners as we place on ourselves, and our goal is to include the Code of Conduct (or equivalent) in all partnership agreements. We are also striving for sustainable purchasing in the entire supply chain, and our target is to carry out supplier evaluations along with the auditing of at least one turnkey contractor per year. An audit of a turnkey contractor has been ordered.

Pre-construction and design for socially sustainable operations

The Safety and security aspect is high on the list of what residents think is most important in and around

their home. It is therefore important to be involved locally to get to know the area and the residents who live there and to best understand their needs.

Magnolia Bostad is a partner of the "BoTryggt 2030" project, which was started by the Swedish Police in 2000. We are part of the project group that is developing a new standard for safe and secure residential areas and homes. During the year, all Magnolia Bostad employees received an introduction to the BoTryggt concept.

By supporting team sports in areas where the company is active, Magnolia Bostad supports social issues such as equality and integration. These activities also give us an insight into the social issues the areas and towns are working on. In Huddinge municipality, Magnolia Bostad started a collaboration with Huddinge's women's and girls' football teams. In addition, Magnolia Bostad has initiated a collaboration between Ronjabollen and Huddinge Fotboll with the intention of introducing methods and models as well as knowledge regarding integration and equality issues.

Magnolia Bostad's target is to include pre-construction and design for socially sustainable operations in its projects. This means that we design and pre-construction so that operational use encourages a socially-sustainable living environment. An example is the creation of courtyards without dark corners to increase the sense of security for residents.

Through dialogue, clear requirements in terms of procurement and follow-up of pre-construction and design of socially sustainable operations, we prevent any risk of suppliers and contractors not fulfilling their commitments and the final product not meeting Magnolia Bostad's requirements in terms of socially sustainable operations. In order to meet and understand the local needs and expectations of stakeholders on socially sustainable operations and design, Magnolia Bostad works with municipalities, customers, contractors and other local stakeholders and community services (police, schools, local sports clubs, etc.). Through dialogue and cooperation, Magnolia Bostad is developing socially sustainable residential areas and districts.

Furthermore, Magnolia Bostad is addressing socially-sustainable operations by designing sustainability programmes at the early stage of projects. During the year, Magnolia Bostad has started development of a sustainable quarter in Huddinge, Vårby Udde, where Magnolia Bostad has produced a concrete sustainability programme together with Huddinge municipality. The sustainability programme is the basis of the work on town planning.

For targets and completion of sustainability indicator targets, see pages 58–59.

Women's soccer for diversity, integration and equality



Clubs supported by Magnolia Bostad:

Bålsta	Håbo FF
Eskilstuna:	Eskilstuna United
Halmstad:	IS Halmia
Helsingborg:	Stattena IF
Huddinge	Huddinge IF
Karlstad:	QBIK
Malmö:	LB07
Norrköping:	Lindö FF
Nynäshamn:	Nynäshamns IF
Sollentuna:	Sollentuna fotbollsklubb
Stockholm:	Huddinge IF Sätra SK
Sundsvall:	SDFF Sundsvall
Södertälje:	Södertälje FK
Uppsala:	Uppsala fotboll Ronja FK
Örebro:	Örebro SK



Sevana Bergström, founder of Ronjabollen.

"Helps us reach people we would have had difficulty reaching"

Ronjabollen is a soccer project for girls who normally would not be active members of a soccer team. The association is aimed at girls from areas low in resources and offers football training immediately after the last lesson at school. In 2018, the association was awarded an award in the Children's section by the Swedish Inheritance Fund.

Magnolia Bostad has supported Ronjabollen for a number of years, and the collaboration has been expanded and extended in 2018.

"Magnolia Bostad's support means a huge amount to us," says Sevana Bergström, founder of Ronjabollen. "Partly from a purely financial point of view, but also through the opportunity to talk about our organization to people we otherwise would have had difficulty reaching. For example, last summer, through Magnolia Bostad, I had the opportunity to talk about Ronjabollen at Almedalen Week, the most important forum in Swedish politics."

"Our ambition for 2019 is to continue to spread our message, and of course to develop the Ronjabollen concept in even more clubs around the country."



IK Uppsala fotboll.

"The support helps us increase the number of girls participating"

In collaboration with Örebro University, the youth section of Örebro SK is running the Studiehjälpen project, which offers young people at the club help with homework on club premises after school. The aims include to prevent young people stopping sport due to increasing demands from school.

"One of our focus areas in 2019-2020 is to increase the number of actively-participating girls and female leaders. The support from Magnolia Bostad gives us the opportunity to devote more time and resources on this. We will also introduce specific measures such as the recruitment of female leaders and work to maintain and increase the number of actively-participating girls."

Sara Larsson-Ullbrand,
CRM and communications manager, Örebro SK

"During 2019, we will be working to spread Ronjabollen to more schools"

"During 2018, with the support of Magnolia Bostad, we started Ronjabollen in two schools in Eskilstuna, and in 2019 we will increase operations to more schools. Thanks to Magnolia Bostad's support, we were also able to organize spontaneous football matches during breaks at Lagersbergsskolan."

Emre Gürler
Manager of Hjärta United, Eskilstuna United's organization for equality in sport



Social sustainability within Magnolia Bostad

Magnolia Bostad has chosen to support local football teams where we are active. Our support is primarily aimed at girls' and women's teams. Football is a widespread sport that crosses all social classes, national borders and genders. By supporting team sports, the company is helping a large number of participants and promoting equality, diversity and integration.

Targets and target attainment

Financial responsibility

Sustainability aspect	Target	Outcome	2018	2017
Long-term profitable growth	See Magnolia Bostad's economic and financial targets, page 11.	Direct financial value created and delivered, GRI 201-1 SEK m		
		Created value:		
		Property sales	789	1 347
		Rental income	24	47
		Project management income	28	24
		Other income	214	363
		Financial income	8	6
		Distributed value:		
		Operating expenses	-902	-1 320
		Salaries and remuneration to employees	-39	-34
		Payments to financiers	-236	-211
		(of which dividends to owners)	(-86)	(-96)
		Payments to the public sector	-29	-34
		Unrealized changes in value	65	-9
Remaining in Magnolia Bostad	-79	180		
Anti-corruption	No cases of corruption	Corruption incidents GRI 205-3	2018	2017
		Violations of the Code of Conduct	0	0
		Corruption incidents	0	0

Environmental responsibility

Sustainability aspect	Target for 2022	Outcome	2018	2017
Environmental certification of buildings	Projects environmentally certified to a minimum of the Sweden Green Building Council's Silver level.	Type and number of sustainability certifications, rankings and markings according to new buildings, GRI CRE-8		
		Sweden Green Building Council Silver – 4		No projects completed since the target was introduced in 2016.

Social responsibility

Sustainability aspect	Target for 2022	Outcome	2018	2017						
Health and safety	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 403-2 Covers direct Magnolia Bostad activities	0	0						
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								
			2018			2017				
			Women	Men	Total	Women	Men	Total		
		Management	51	32	41	26	23	24		
		Managers	59	42	48	19	35	27		
		Employees	34	41	37	17	26	20		
		Total	38	40	39	18	27	22		
	Performance reviews and career planning for all employees per year	Employee talks and career planning GRI 404-3		2018						
		Percentage of employees with regular employee talks and career planning		100%						
Diversity and gender equality	Gender breakdown between women and men	Diversity of governance bodies and employees GRI 405-1								
			2018				2017			
			The Board	Man-agement	Em- ployees	Total	The Board	Man- age- ment	Em- ployees	Total
		Gender distribution								
		Women	17%	41%	56%	52%	17%	37%	57%	51%
		Men	83%	59%	44%	48%	83%	63%	43%	49%
		Total	100%	100%	100%	100%	100%	100%	100%	100%
		Age group								
		<30	0%	0%	14%	12%	0%	0%	18%	14%
		30-50	33%	100%	76%	79%	33%	100%	70%	70%
>50	67%	0%	10%	9%	67%	0%	12%	16%		
Total	100%	100%	100%	100%	100%	100%	100%	100%		
Sustainable purchasing and supplier evaluations				2018						
	The Code of Conduct is attached to the employment contract for all employees	Percentage of employment agreements with employees that include the Code of Conduct		100%						
	All employees undergo training in the Code of Conduct	Percentage of employees trained in human rights GRI 412-2		100%						
	One audit per year of one contractor	Number of suppliers audited regarding agreement fulfilment and Code of Conduct, GRI 414-1		1 st						

Changes in reporting scope, GRI 102-49

Change	Explanation
The KPI "Number of projects including pre-construction and design for socially sustainable operations" has been removed.	All projects take this into account to a greater or lesser extent, so measurement is not appropriate.
The KPI "Number of agreements with partners where the Code of Conduct was included" has been removed.	The total number of agreements signed within the organization is extensive. The information is not available.
The KPI "Number of workplace accidents" refers to direct operations and not contractors.	Data from projects and contractors is not available. During 2018, work started on finding a method to collect data regarding environmental deviations within projects.

GRI Index

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	102-42	Identifying and selecting stakeholders	51	
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102-52	Reporting cycle	48		
102-53	Contact point for questions regarding the report		Christina Hambäck, Head of Operational Development and Sustainability	
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102-56	Policy for external assurance		The report has not been externally reviewed	
SIGNIFICANT FOCUS AREAS				
Finances				
<i>Long-term profitable growth</i>				
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<i>Anti-corruption</i>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundaries	52	
	103-2	The management approach and its components	52	
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Environment				
<i>Environmental certification of buildings</i>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundaries	54	
	103-2	The management approach and its components	54	
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GRI Construction and Real Estate Sector Supplement	CRE-8	Type and number of sustainability certificates, ranking and marking of new construction	52, 58	

GRI Standard	Details		Page reference	Comments
Social				
<i>Health and safety</i>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundaries	54	
	103-2	The management approach and its components	54	
	103-3	Evaluation of the management approach	54	
GRI 403: Occupational Health and Safety 2016	403-1	Workers representation in formal joint management-worker health and safety committees	54, 59	
	403-2	Work-related injuries and illnesses	54, 59	
<i>Training and skills development</i>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundaries	55	
	103-2	The management approach and its components	55	
	103-3	Evaluation of the management approach	55	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	55, 59	
	404-3	Percentage of employees receiving regular performance and career development reviews	55, 59	
<i>Diversity and gender equality</i>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundaries	55	
	103-2	The management approach and its components	55	
	103-3	Evaluation of the management approach	55	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	59	
<i>Sustainable purchasing and supplier evaluations</i>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundaries	55	
	103-2	The management approach and its components	55	
	103-3	Evaluation of the management approach	55	
GRI 412: Human Rights Assessment 2016	412-2	Employee training on human rights policies or procedures	52, 59	
	414-1	Number of suppliers audited regarding agreement fulfilment and Code of Conduct	55, 59	
<i>Pre-construction and design for socially sustainable operations</i>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundaries	55	
	103-2	The management approach and its components	55	
	103-3	Evaluation of the management approach	55	

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 on pages 48–61 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 corporate governance statement is different and substantial-

ly 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 28 March 2019
Ernst & Young AB

Fredric Hävrén
Authorized Public
Accountant

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Authorized Public
Accountant

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