

LSTH Svenska Handelsfastigheter AB

Real Estate Management Sweden

ESG Risk Rating

8.4

Last Full Update Jul 25, 2023

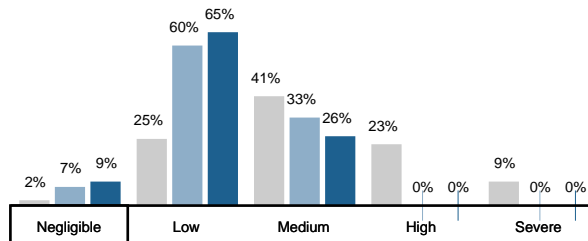
-1.1

Momentum

Negligible Risk

NEGL	LOW	MED	HIGH	SEVERE
0-10	10-20	20-30	30-40	40+

ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = Top Score)
Global Universe	104/15669	2nd
Real Estate INDUSTRY	25/1072	3rd
Real Estate Management SUBINDUSTRY	8/170	5th

Peers Table

Peers (Market cap \$0.0 - \$0.0bn)

Peers (Market cap \$0.0 - \$0.0bn)	Exposure	Management	ESG Risk Rating
1. Stockland Trust Management Ltd.	23.8 Low	72.1 Strong	7.0 Negligible
2. Vasakronan AB	21.1 Low	67.6 Strong	7.1 Negligible
3. LSTH Svenska Handelsfastigheter AB	23.4 Low	65.6 Strong	8.4 Negligible
4. Willhem AB	23.8 Low	64.5 Strong	8.7 Negligible
5. Signa Prime Selection AG	24.0 Low	60.9 Strong	9.7 Negligible

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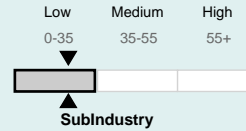
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ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

ESG Risk Exposure

23.4 **-0.3**
Low **Momentum**
 Beta = 0.98



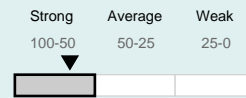
Handelsfastigheter operates in Sweden, with a property portfolio mainly comprising retail facilities, serving primarily large grocery operators. In the context of increasingly stringent environmental regulations and growing awareness of climate change, failure to effectively manage the environmental footprint of its portfolio (833,000 sqm. as of end-FY2022) could impair portfolio performance and lead to lost growth opportunities. Safety features are also a key consideration for current and prospective tenants. Incidents could lead to liability claims and tenant loss and could damage the company's reputation. Furthermore, Handelsfastigheter's continued success relies greatly on its ability to attract and retain professionals who can skillfully select properties, anticipate and manage building-related risks, and provide tenants with excellent maintenance and complaints handling services.

The company's overall exposure is low and is similar to subindustry average. Product Governance, Human Capital and ESG Integration -Financials are notable material ESG issues.

Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

ESG Risk Management

65.6 **+4.2**
Strong **Momentum**



Handelsfastigheter exhibits strong management of its material issues. It is cognizant of physical climate risks and is gradually implementing initiatives to address them, in addition to increasing the number of certified sustainable buildings in its portfolio. Moreover, it regularly gauges tenant satisfaction and conducts safety audits of its properties. With regard to human capital, it has taken initiatives to close the gender pay gap and to ensure freedom of association for employees. However, Handelsfastigheter has scope for improvement in certain areas. For instance, it is unclear whether it conducts life cycle assessments for its properties or provides employees with training on product safety. It could also bolster its disclosures on the initiatives it has taken to develop its workforce.

The company's overall management of material ESG issues is strong.

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Material ESG Issues

These are the Material ESG Issues driving the ESG Risk Rating.

Issue Name	ESG Risk Exposure Score Category	ESG Risk Management Score Category	ESG Risk Rating Score Category	Contribution to ESG Risk Rating
ESG Integration -Financials	5.4 Medium	51.6 Strong	2.6 Low	31.3%
Product Governance	4.0 Medium	52.2 Strong	1.9 Negligible	22.9%
Human Capital	4.0 Medium	60.0 Strong	1.7 Negligible	20.6%
Business Ethics	5.0 Medium	78.8 Strong	1.3 Negligible	15.1%
Corporate Governance	5.0 Medium	83.0 Strong	0.9 Negligible	10.2%
Overall	23.4 Low	65.6 Strong	8.4 Negligible	100.0%

Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

Category (Events)

5 Severe (0)

4 High (0)

3 Significant (0)

2 Moderate (0)

1 Low (0)

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Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

Category (Events)

⚠ None (14)

Accounting and Taxation

Anti-Competitive Practices

Bribery and Corruption

Business Ethics

Carbon Impact of Products

Data Privacy and Security

Environmental Impact of Products

Labour Relations

Lobbying and Public Policy

Marketing Practices

Quality and Safety

Sanctions

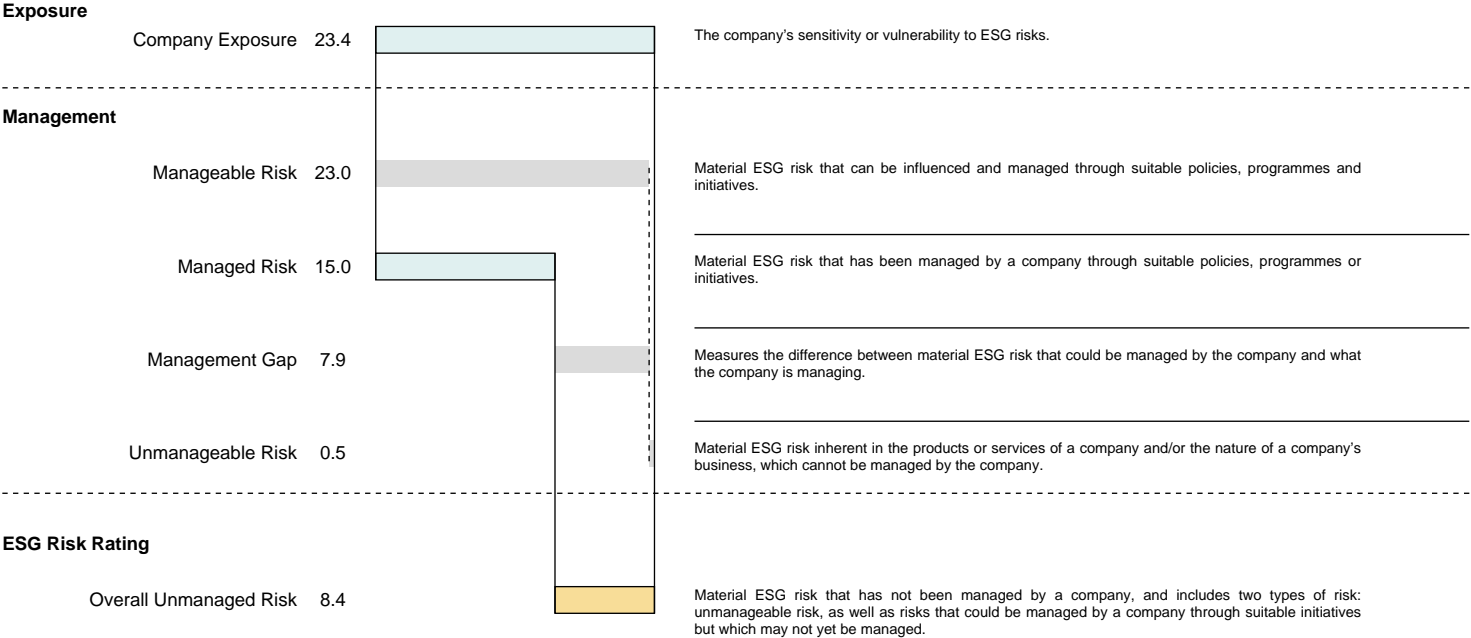
Social Impact of Products

Society - Human Rights

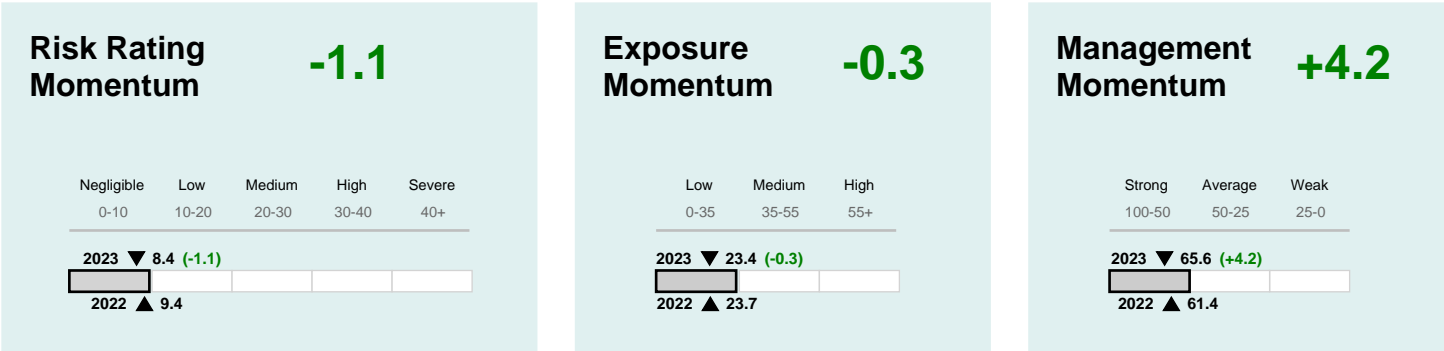
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Risk Decomposition



Momentum Details



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GLOSSARY OF TERMS

Beta (Beta, β)

A factor that assesses the degree to which a company's exposure deviates from its **subindustry's** exposure on a **material ESG issue**. It is used to derive a company-specific issue exposure score for a material ESG issue. It ranges from 0 to 10, with 0 indicating no exposure, 1 indicating the subindustry average, and 10 indicating exposure that is ten times the subindustry average.

Corporate Governance Pillar

A pillar provides a signal about a company's management of a specific Corporate Governance issue.

ESG Risk Category

Companies' **ESG Risk Rating scores** are assigned to five ESG risk categories in the **ESG Risk Rating**:

-  **Negligible risk:** enterprise value is considered to have a negligible risk of material financial impacts driven by ESG factors
-  **Low risk:** enterprise value is considered to have a low risk of material financial impacts driven by ESG factors
-  **Medium risk:** enterprise value is considered to have a medium risk of material financial impacts driven by ESG factors
-  **High risk:** enterprise value is considered to have a high risk of material financial impacts driven by ESG factors
-  **Severe risk:** enterprise value is considered to have a severe risk of material financial impacts driven by ESG factors

Note that because ESG risks materialize at an unknown time in the future and depend on a variety of unpredictable conditions, no predictions on financial or share price impacts, or on the time horizon of such impacts, are intended or implied by these risk categories.

ESG Risk Rating Score (Unmanaged Risk Score)

The company's final score in the **ESG Risk Rating**; it applies the concept of **risk decomposition** to derive the level of **unmanaged risk** for a company.

Event Category

Sustainalytics categorizes events that have resulted in negative ESG impacts into five event categories: Category 1 (low impact); Category 2 (moderate impact); Category 3 (significant impact); Category 4 (high impact); and Category 5 (severe impact).

Event Indicator

An indicator that provides a signal about a potential failure of management through involvement in controversies.

Excess Exposure

The difference between the company's **exposure** and its **subindustry** exposure.

Exposure

A company or **subindustry's** sensitivity or vulnerability to ESG risks.

Idiosyncratic Issue

An issue that was not deemed material at the **subindustry** level during the **consultation process** but becomes a **material ESG issue** for a company based on the occurrence of a Category 4 or 5 event.

Manageable Risk

Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives.

Managed Risk

Material ESG Risk that has been managed by a company through suitable policies, programmes and initiatives.

Management

A company's handling of ESG risks.

Management Gap

Refers to the difference between what a company has managed and what a company could possibly manage. It indicates how far the company's performance is from best practice.

Management Indicator

An indicator that provides a signal about a company's management of an ESG issue through policies, programmes or quantitative performance.

Material ESG Issue

A core building block of the **ESG Risk Rating**. An ESG issue is considered to be material within the rating if it is likely to have a significant effect on the enterprise value of a typical company within a given **subindustry**.

Subindustry

Subindustries are defined as part of Sustainalytics' own classification system.

Unmanageable Risk

Material ESG Risk inherent from the intrinsic nature of the products or services of a company and/or the nature of a company's business, which cannot be managed by the company if the company continues to offer the same type of products or services and remains in the same line of business.

Unmanaged Risk

Material ESG risk that has not been managed by a company, and includes two types of risk: **unmanageable risk**, as well as risks that could be managed by a company through suitable initiatives, but which may not yet be managed (**management gap**).

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