Annual Report 2024

Operations

ESG

Financial

Plushusene, Køge Nord

Sustainability at Nordstern

Nordstern is committed to being a leader in sustainability within the Danish property development and construction industry. As we strive toward this vision, we aim to minimize the environmental and climate impact of our operations while advancing key social and responsible business objectives. To guide this journey, we introduced a comprehensive sustainability strategy in 2023, outlining ambitious targets for 2030 across all strategic areas. In 2024, we have focused on implementing the various aspects of this strategy and tracking our progress, while also keeping an eye on potential developments in our value chain affecting impacts, risk and opportunities on and from sustainability topics. In 2024, we revisited and updated the double materiality assessment informing our strategy to ensure that we continuously address the sustainability topics and challenges with the greatest impact on both people, planet and financial performance. Thus, the double materiality assessment provides an up-to-date view of how Nordstern's activities impact both people and the planet, while also identifying relevant sustainability-related financial risks and opportunities (please see page 35 for more details on the double materiality assessment).

Our sustainability strategy builds upon three key pillars, each addressing critical environmental (E) and social (S) aspects of our operations:

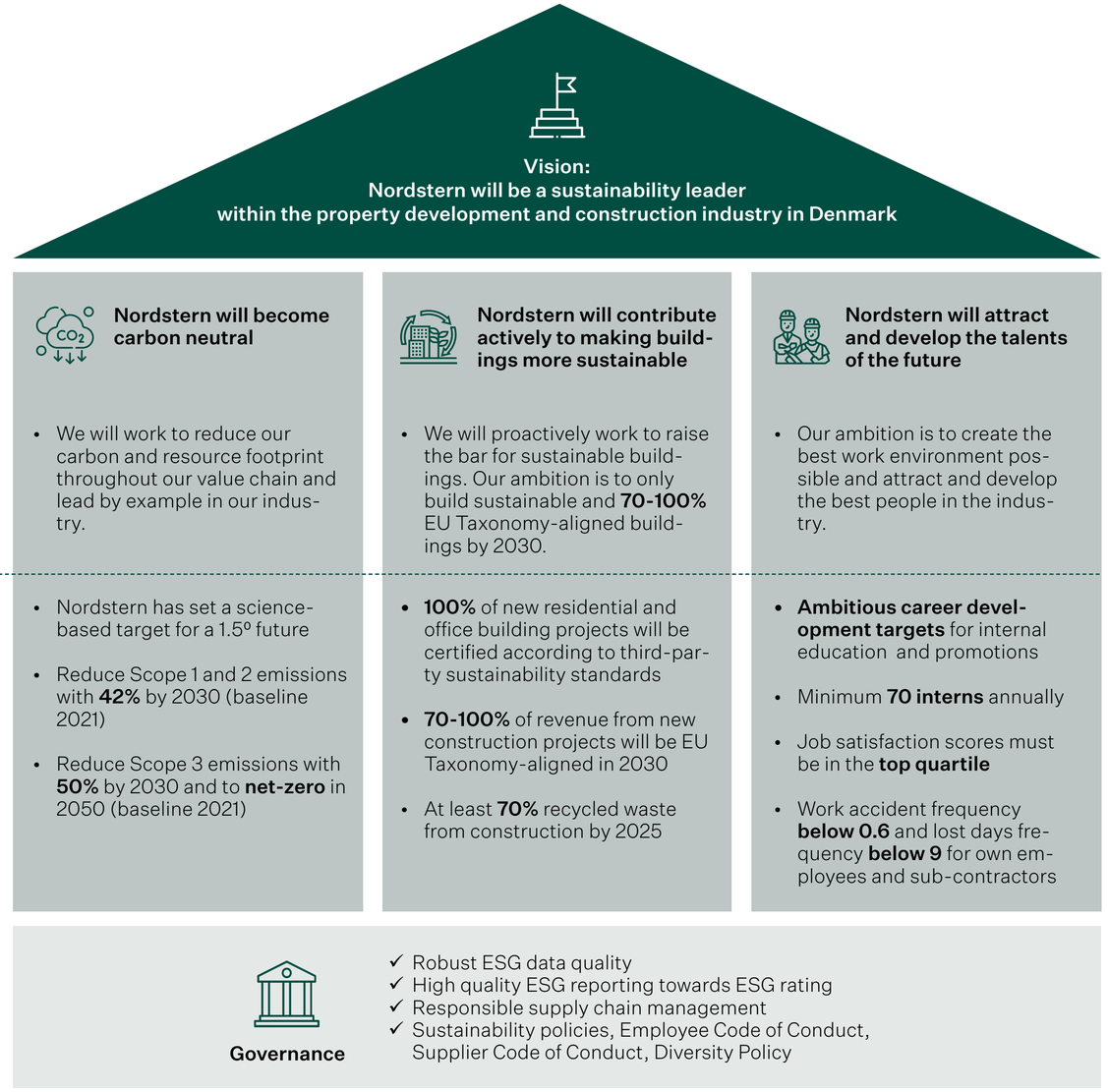
1. A long term goal of achieving carbon neutrality supported by ambitious reduction targets towards 2030 (E),
2. Actively driving the transition toward more sustainable buildings (E), and
3. Attracting and developing the talents of the future (S).

These goals are reinforced by a solid foundation of governance (G) measures, including:

1. A robust ESG data collection framework to track and report on our progress, and
2. A comprehensive set of policies and procedures that ensure responsible supply chain management and uphold high standards of internal conduct.

The structure of Nordstern's sustainability strategy is captured in the visual strategy house to the right, which outlines the primary key performance indicators (KPIs) and targets associated with each of the three pillars (E and S) as well as the governance foundation (G). For a full list of Nordstern's sustainability KPIs and targets, please refer to the ESG Key Figures on pages 56-57.

In the following sections of the annual report, we review our policies and targets, actions, and results for each of the strategic pillars, as well as the risks they are subject to. The following sections of the Annual Report constitute the statutory reporting on corporate sustainability, gender composition of the management, and explanation of data ethics, in accordance with sections 99a, 99b, and 99d of the Danish Financial Statements Act, but does not constitute reporting according to the CSRD (Corporate Sustainability Reporting Directive) which does not apply to Nordstern for the financial year 2024.



Plushusene, Køge Nord

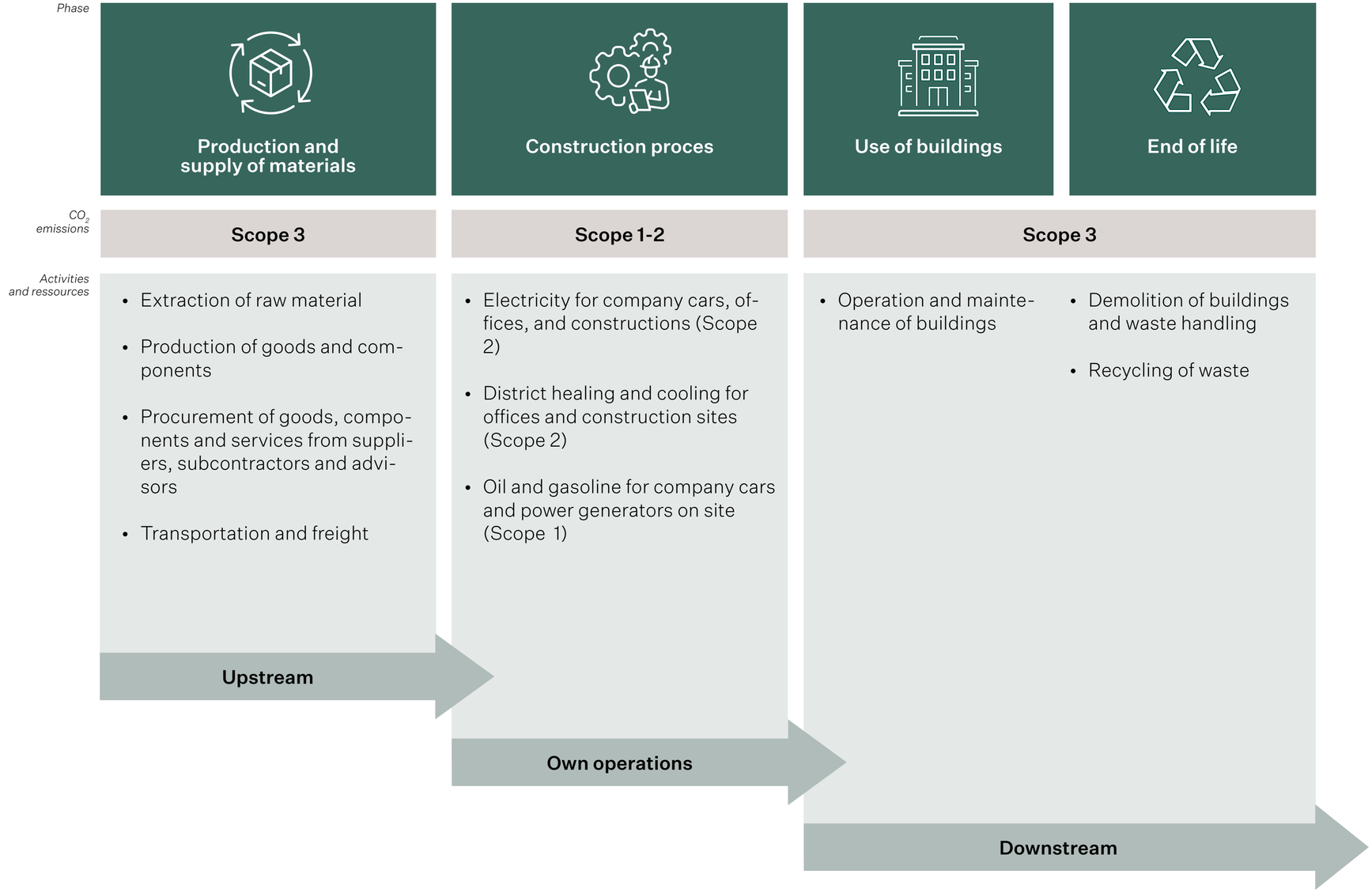
Business Model and Sustainability Organization

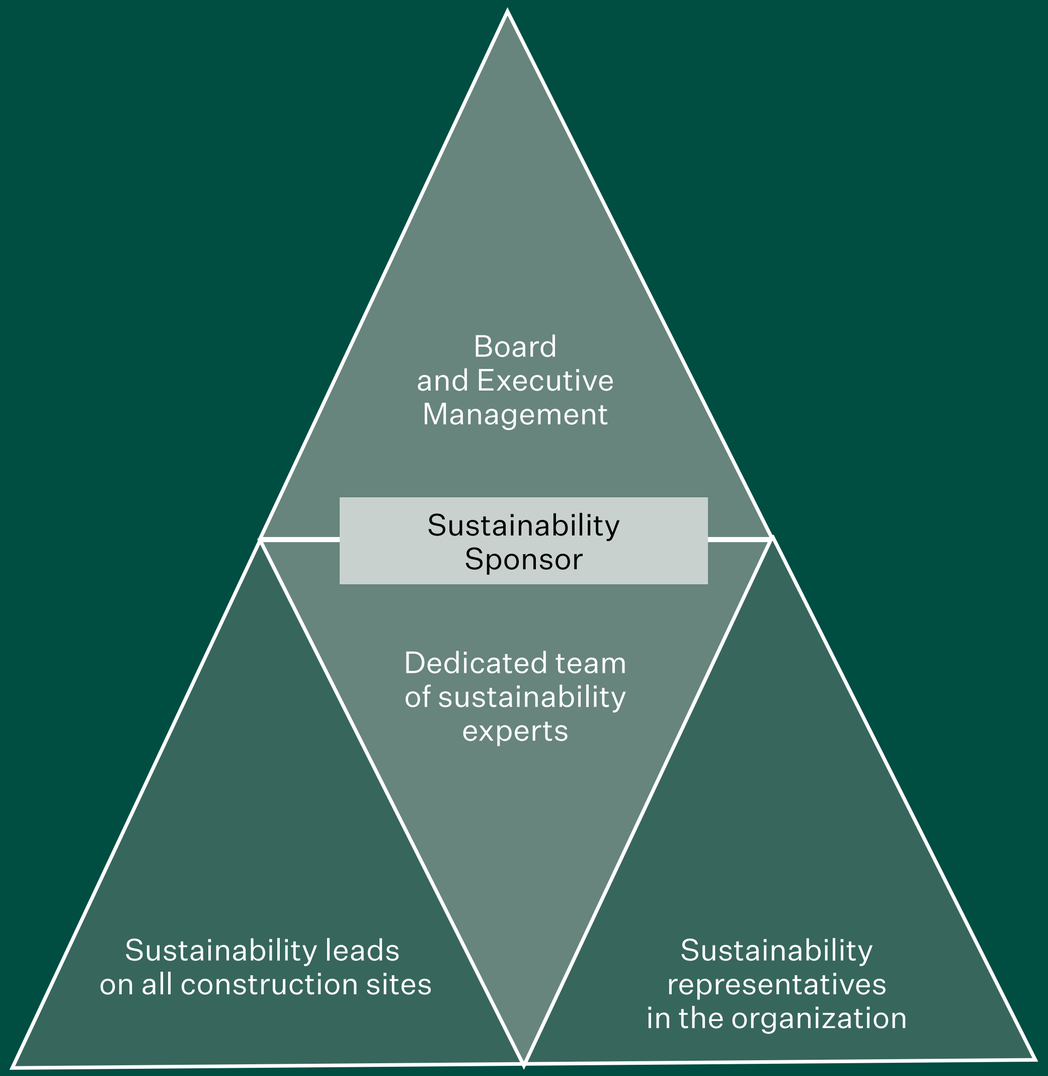
To achieve our environmental, social, and governance (ESG) targets across each strategic focus area, we are committed to integrating sustainability throughout our entire value chain. This involves addressing challenges collaboratively with our clients, suppliers, subcontractors, and other key partners, all of whom play critical roles in developing and implementing sustainable solutions. Internally, we have a dedicated team of sustainability experts responsible for driving the implementation of our sustainability strategy in close cooperation with project managers in our design department and on our construction sites with the most immediate impact on the agenda.

Sustainability Across the Value Chain
Nordstern's corporate strategy and business model are outlined on pages 11-13 of the annual report. At the core of our business model are our primary activities: the development, construction management, and sale of real estate projects. These activities are carried out daily in our offices and on our construction sites across Denmark, where we have the most direct impact and influence on the surrounding communities and our stakeholders, affecting critical environmental, social, and governance (ESG) issues.

However, our impact extends beyond our own primary activities. We also play a significant role in upstream activities, such as raw material extraction, production, and transportation of construction components, as well as downstream activities, including the operation, maintenance, and eventual demolition of our buildings, alongside waste management. These activities in our value chain have broader environmental and social impacts reaching beyond our own operations.

From a value chain perspective, our business model is depicted in the figure to the right.





Sustainability Governance in Nordstern
Nordstern's sustainability governance and organizational structure are designed to integrate sustainability into all aspects of our operations, from strategy making to project execution and delivery.

Ultimately, the Board and Executive Management are responsible for overseeing Nordstern's sustainability strategy, policies, and progress, ensuring alignment with the company's overall strategic goals. The COO acts as the internal sustainability sponsor, bridging executive management and operational teams. This role ensures strategic prioritization of sustainability initiatives and guides the allocation of resources between various sustainability efforts to most effectively advance the company's environmental and social objectives.

At the operational level, a dedicated team of sustainability experts focuses exclusively on sustainability initiatives, policies, and projects. They drive concrete initiatives and the design and roll-out of tools to guide decision-making in the design and execution of projects. They also provide education and expertise throughout the organization and ensure consistent implementation of sustainability practices across business areas and individual projects.

On construction sites, designated sustainability leads implement, monitor, and document sustainability practices to meet standards and goals at the project-level. These leads receive tailored internal training to address sustainability challenges on the construction site. Across the broader organization, several roles across departments like Design, HR, H&S, Communication, and Finance contribute to implementing initiatives as well as tracking and reporting on sustainability KPIs.

This multi-level governance model aims to promote a culture where sustainability is a priority across all organizational levels and projects and support an operational model where action and responsibility lie as close to the project execution as possible.

The structure is visually represented in the figure to the left.


Bo Midtvest afd. 630, Ikast

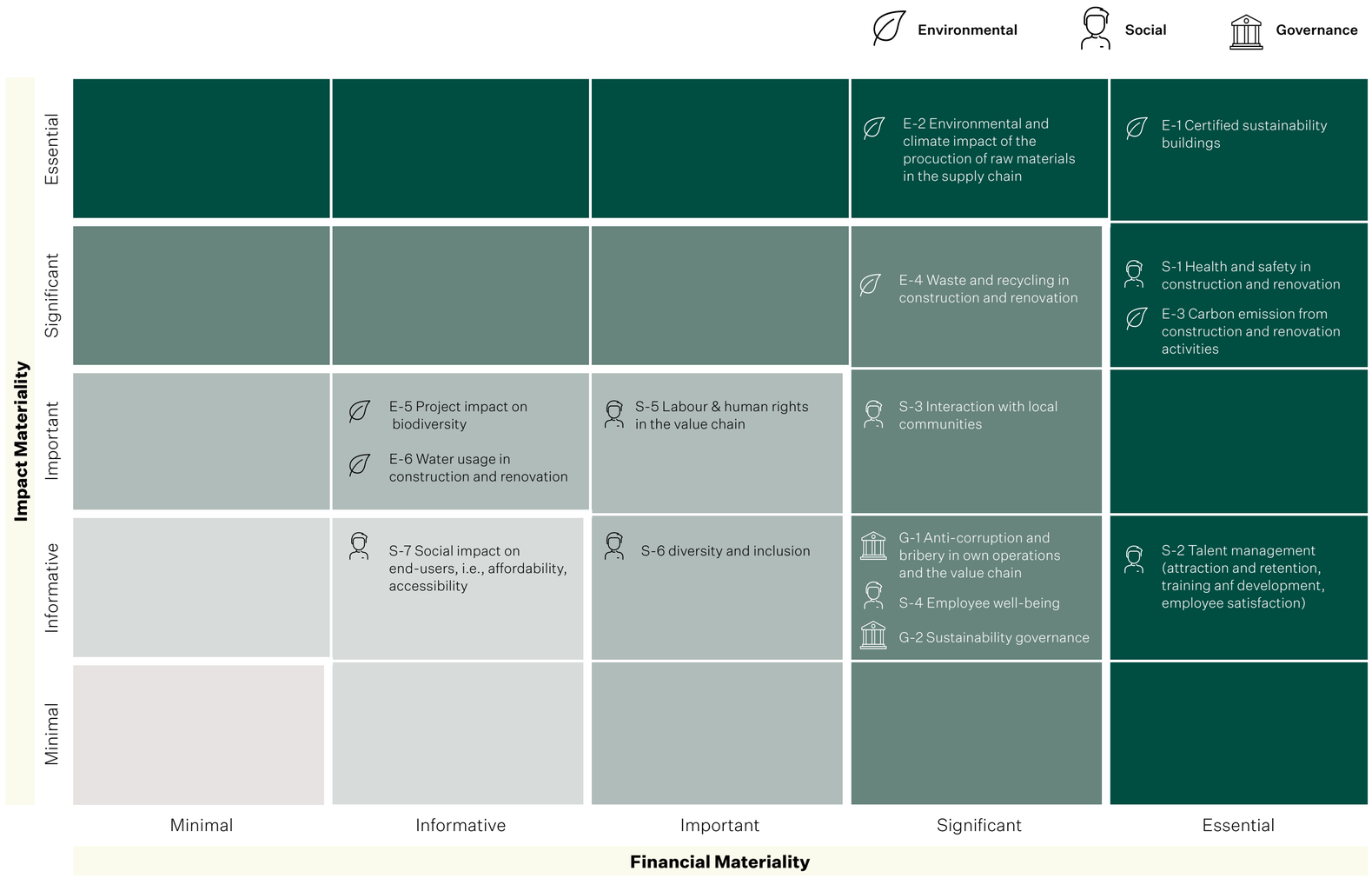
Double Materiality Assessment

Introduction to Material Sustainability Topics
In the preparation of our 2023 ESG strategy, Nordstern conducted a double materiality assessment to identify key ESG themes critical to our business and shape the scope and content of our ESG strategy.

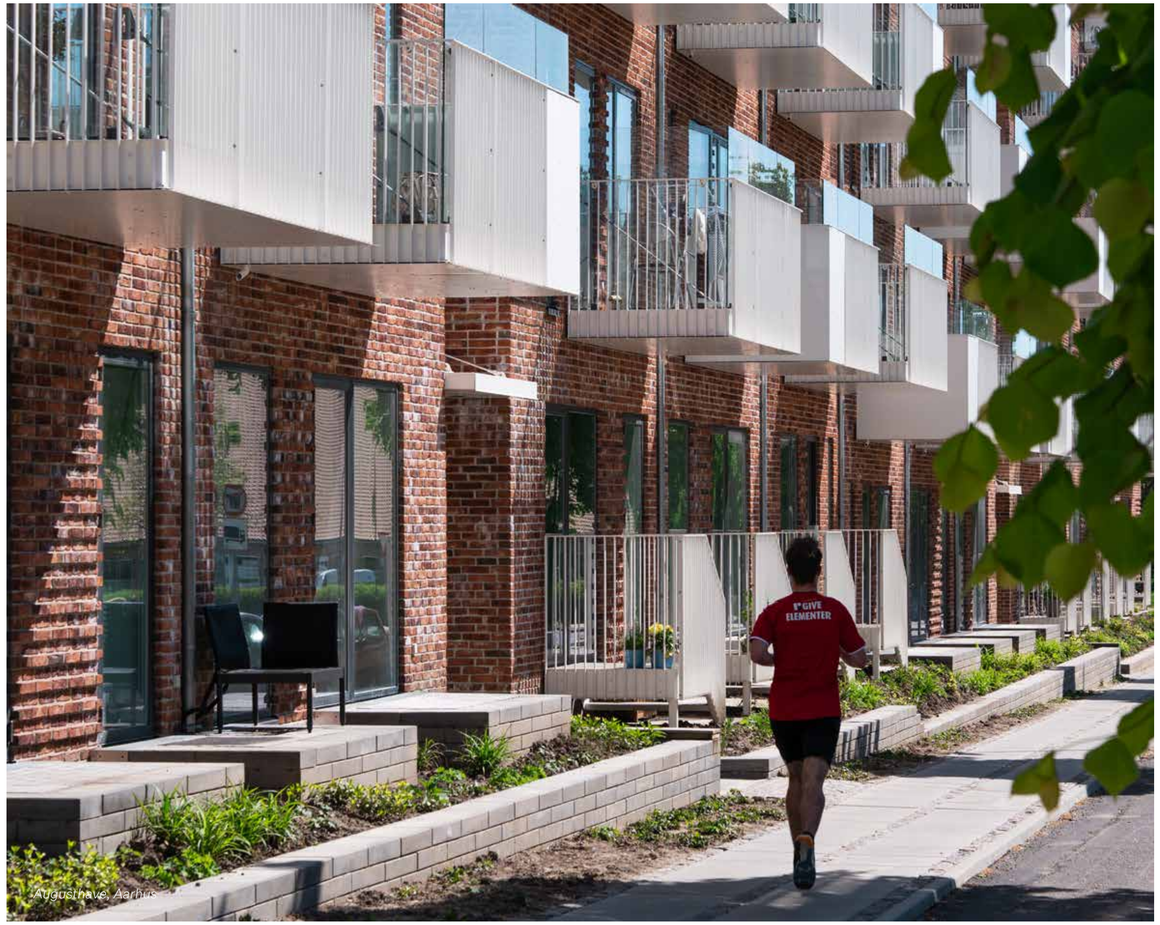
This approach examined key ESG topics across two dimensions:
1. **Impact materiality** – assessing how our activities impact society and the environment, and
2. **Financial materiality** – gauging how sustainability issues impact our operations and value creation.

The double materiality assessment was revisited and updated in 2024 due to the evolving nature of sustainability impacts, risks, and opportunities across our value chain. The objective of the updated assessment was to ensure that our ESG strategy remains relevant and that we focus on where our business has the greatest impact and is exposed to the most material risks. The updated assessment will serve to inform decisions within our ESG strategy and form the basis for refining initiatives to meet emerging and evolving challenges.

Double Materiality Matrix
The assessment involved desktop research, interviews, and workshops with our sustainability team, managers, and employees. This thorough process captures the full scope of our operations, aligning material topics with both internal goals and external expectations. The results of the assessment guide our ESG strategy and reporting and are condensed in the figure to the right.



Climate and Environment



Augustinovej, Aarhus

Nordstern's Climate Impact

Carbon emissions significantly contribute to climate change, and our planet continues to experience the repercussions of global temperature increases. To address Nordstern's impact on the climate, we are steadfast in our efforts to reduce our carbon footprint across the entire value chain. This ongoing commitment aligns with the Paris Agreement's ambition of limiting global warming to a maximum of 1.5°C.

Strengthening Efforts in 2024
New initiatives are crucial for contractors like Nordstern to reduce greenhouse gas emissions. The construction industry in Denmark alone accounts for 30% of annual greenhouse gas emissions, stemming from material production, construction processes, and building operations. To address this challenge, Nordstern has chosen to strengthen its sustainability efforts by committing to science-based targets that align with the Paris Agreement's goal of limiting global warming to 1.5°C by 2050.

In 2024, we continued to strengthen our efforts by adopting innovative solutions, collaborating with partners, and incorporating practices across all operations. Our primary objective remains to reduce CO_2 emissions in Scope 1, 2, and 3, with measurable progress already achieved and a clear roadmap toward our 2030 targets.

Targets and Industry Challenges and Risks
We are proud to have our science-based targets officially approved and we are committed to reducing CO_2 emissions across our operations and value chain. By 2030, Nordstern aims to cut Scope 1 and 2 emissions by 42% and Scope 3 emissions by 50%, using 2021 as the baseline year.

Achieving these targets, challenging as they are, and constantly reducing CO_2 emissions are both climate and business critical. The construction industry faces increasingly stringent regulatory requirements, with new building regulations imposing tighter restrictions on CO_2 emissions over the lifespan of buildings. Beyond regulatory demands, clients and end users are setting even more ambitious sustainability targets. The continued success and relevance of Nordstern thus hinge on its ability to deliver innovative solutions for buildings with significantly lower CO_2 emissions.

Actively pursuing and keeping abreast with developments in low emission products and solutions allow us to choose the best construction methods and materials for our clients. By working closely with clients, consultants, and partners, Nordstern aims not only to meet today's standards but to actively contribute to defining future ones.

Climate Actions in Nordstern

To reduce our **Scope 1 and 2** emissions, we have taken the following actions in 2024:

- Stringently following our company car policy, which allows only electric or plug-in hybrid cars (energy class A+++).
- As part of our efforts to meet the upcoming BR18 requirements, we have been working on several projects involving the calculation of CO_2 emissions in the A4 and A5[1] phases of the projects' lifecycle (the LCA). In this context, we are testing various solutions for energy monitoring and management, such as using heat pumps as an alternative to radiators and optimizing electricity use in site facilities. To enhance these efforts, we have developed a dashboard that includes monitoring of all elements under A4 and A5. The dashboard, for example, monitors energy consumption, enabling construction sites to track and optimize their usage continuously. This solution will be implemented as a standard for all projects initiated after 1 July 2025.
- Collected retrospective A4-A5 data for projects to gain an overview of the largest emissions sources. This data has also been utilized in the development of the dashboard.
- Continued to explore alternatives to diesel-driven generators for on-site power generation. For instance, during the renovation of Bellahøj in Copenhagen, we have tested a hybrid diesel generator as a temporary solution. This generator ensured stable power supply both to the site facilities and the tools used for facade demolition. The hybrid generator was implemented due to significant challenges in connecting the project to district heating during that period.
- Explored alternatives to diesel-driven machinery on-site. At Travbyen in Billund, we are exploring the use of electric machinery (electric cranes and scissor lifts are in use) building on previous experience with electric cranes from Trælasten in Aarhus.
- Monitored diesel consumption on sites and introduced less diesel-consuming alternatives for projects with above-average consumption. For example, high diesel usage was identified during the construction of the projects CPH Pulse and Lygten, where connection to district heating was not possible. Monitoring has highlighted the need to improve our use of alternatives to diesel generators, such as hybrid generators, which are already being utilised on projects like Bellahøj in Copenhagen. From 2025 onwards, we will intensify our focus on this area, aligning with the new CO_2 inventory requirements for construction sites that will come into effect on 1st of July 2025.
- Made power generation a standard observation item at all kick-off meetings for building sites.

In 2025, we will analyze the data collected from the above initiatives to inform future projects and further reduce CO_2 emissions from our sites.

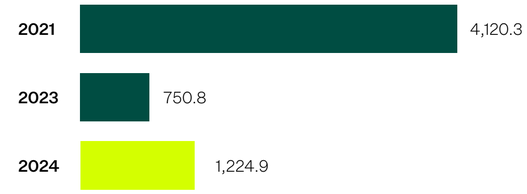
To reduce **Scope 3** emissions, in 2024 we have taken the following actions:

- Continued our work on projects with CO_2 emissions well below building regulation requirements, including several projects expected to achieve emissions of 9.5 kg CO_2e/m²/year or lower. In 2024 we have for example been working on Ry School (a public school) to meet a CO_2 emission target of 9 kg CO_2e/m2/year, Altura Kolding Centrum (a private nursing home and daycare centre) to meet a CO_2 emission target of 9.5 kg CO_2e/m2/year and a housing project to meet a CO_2 emission target of 8 kg CO_2e/m2/year incl. the A4 and A5 modules. The project teams have dedicated significant effort to designing these projects to meet the ambitious targets, further enhancing our knowledge and experience with low CO_2 emission products and solutions. This expertise has been documented and integrated into Nordstern's design department, ensuring its application in future projects to support the reduction of our Scope 3 emissions.
- Engaged in dialogues with several suppliers of building materials with low CO_2 emissions to enter partnerships with the most relevant suppliers and update our knowledge on low-emitting products.
- Projects like Travbyen in Billund have demonstrated how close cooperation with clients around sustainability ambitions play a significant role. Here, we have incorporated the recycling of wood and other materials from previous projects into the design of the new buildings. Such initiatives help shape our approach to more sustainable construction practices on projects going forward.

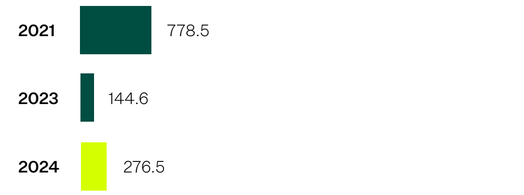
[1] The A4 phase of the LCA comprises climate impacts from transportation of supplies to the building site:
- Transport of construction materials to the site in vehicles not owned by the company (Scope 3)
- Transport of soil to the site in vehicles not owned by the company (Scope 3)
- Transport of waste (Scope 3, optional inclusion as per the GHG Protocol's guidelines).

The A5 phase of the LCA comprises climate impacts from energy consumption, transport and waste in connection with the construction process
- Electricity consumption on-site (Scope 2): Energy consumption directly relates to on-site construction processes.
- Fuel consumption on-site (Scope 1): Includes fuel used by on-site machinery and equipment. Subcontractor fuel use is included in Scope 3.
- Soil transported from the site (Scope 3)
- Waste (Scope 3)

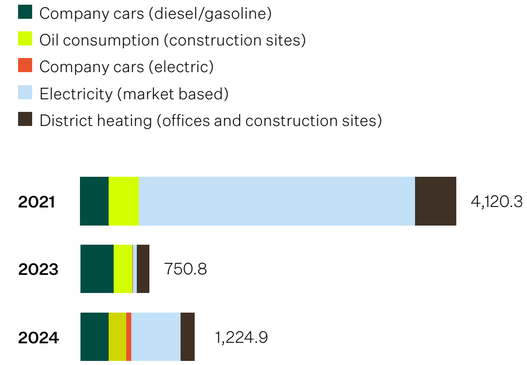
Nordstern's scope 1-2 CO_2 emissions (total)
(Ton CO_2/year)



Nordstern's scope 1-2 CO_2 emissions (per 1 BDKK revenue)
(Ton CO_2/year/BDKK revenue)



Nordstern's scope 1-2 CO_2 emissions (split according to sources)
(Ton CO_2/year)



We have reduced scope 1 and 2 CO_2 emissions by 70.3% from 2021 to 2024

- Collected data from past and ongoing projects to create a catalogue of building materials and constructions, showcasing the CO_2 emissions from various solutions. This catalogue is set to be published in early 2025.
- We have worked on an interactive LCA database where Nordstern employees can find inspiration from other projects, including data on A4 and A5. The database is a vessel for knowledge sharing and the exchange of experiences to enhance future projects by learning from both successful and less effective practices.
- We have also prioritized improving waste sorting across our sites by implementing several initiatives, including:
  - Replacing large unsorted flammable waste containers with sorting solutions.
  - Creating new, clear waste signs to better illustrate and describe proper sorting practices.
  - Engaging in a dialogue with waste suppliers to explore the potential for robotic sorting.
  - Educating site workers on the importance of waste sorting from the start of each project.

These efforts aim to enhance waste management and promote more sustainable practices on our construction sites.

Results
2024 marked the second year in which Nordstern collected data on CO_2 emissions for each of Scope 1, 2, and 3. Also in 2024, our science-based target under the Science Based Target initiative (with 2021 as the baseline year) was approved.

Scope 1 and 2
In **Scope 1**, CO_2 emissions originate from fuel consumption for company cars and oil consumption on construction sites.

Compared to the 2021 baseline, Nordstern achieved a 23% reduction in Scope 1 emissions (and a 13% reduction compared to 2023). This progress has been obtained through a reduction in oil consumption at construction sites in both 2023 and 2024, and a reduction in company car fuel consumption from 2023 to 2024. The Scope 1 emissions reductions are to some extent driven by electrification of both power generators on site and of the company car fleet, i.e., a transition from diesel-powered generators and vehicles to electric or hybrid generators and company cars. This transition comes at a price of a, though smaller, increase in electricity-related emissions in Scope 2 as described further below.

We are pleased with the reduction in Scope 1 emissions, while the results also point to where we can improve further:

- In 2024, a few projects still used diesel-powered generators for heating as district heating was not available at the required time. Of these, two projects account for more than 70% of diesel consumed at construction sites and more than 28% of Nordstern's total Scope 1 emissions showing that a targeted focus and relatively small changes can have a great impact.
- More than 60% of total Scope 1 emissions still come from company cars demonstrating the importance of the ongoing transition to electric cars.

In **Scope 2**, emissions stem from electricity and district heating consumption in offices and on construction sites, as well as electricity consumption for electric company cars.

Compared to the 2021 baseline, Nordstern achieved a 79% reduction in market-based Scope 2 emissions (however a 295% emissions increase compared to a very low 2023 level). Despite these advancements and despite meeting and exceeding our target of a 42% reduction in combined Scope 1+2 emissions, Scope 2 emissions have increased significantly from 2023 to 2024, indicating room for further improvement. Several factors have contributed to the increase in Scope 2 emissions from 2023 to 2024:

- Electrification of production equipment: The use of electric cranes and electric or hybrid power generators on construction sites have led to a material increase in electricity consumption on construction sites, reducing Scope 1 and Scope 3 (supplier Scope 1) emissions, but increasing Nordstern's Scope 2 emissions.
- Electrification of company cars: The ongoing transition towards an electric company car fleet reduces Scope 1 emissions but inevitably leads to an increase in Scope 2 emissions. The increase in company car electricity consumption alone accounted for an >20% increase in Scope 2 emissions compared to 2023.
- Production activity: One large-scale project alone accounted for 40% of the increase in electricity consumption from 2023 to 2024 due to a very significant increase in production activity compared to 2023. Even if the increase in consumption was driven by an increase in production activity, the data insight begs the question whether more energy efficient practices could be incorporated both on the project in question and across Nordstern's project portfolio.
- Change of billing practice: On another large-scale project, a substantial part of electricity billing was moved from the client to Nordstern during 2024 implicitly moving Scope 2 emissions from the client to Nordstern. This large project accounted for another 33% of the increase in electricity consumption from 2023 to 2024.
- Office expansion: The opening of a new Nordstern office in Aarhus also added to overall energy consumption.
- Company policy: Due to a procedural mistake, a few of Nordstern's construction sites did not comply with the company policy of procuring green electricity in 2024. This non-intended practice accounts for almost the entire increase in market-based Scope 2 emission compared to 2023 and highlighted a need for better information and better control of the company policy. Actions in this regard have been initiated already.

- Emission factor: The market-based emission factor for electricity increased with 15% from 2023 to 2024. This is beyond our control and leads to higher market-based emissions at unchanged consumption but underscores the importance of reducing electricity consumption and sourcing green electricity.

Even if certain drivers of Scope 2 emissions are beyond our control (like emission factors) and parts of the increase in Scope 2 emissions lead to similar or greater reductions in Nordstern's Scope 1 or 3 emissions and/or in the Scope 1-2 emissions of our clients or suppliers, the above insights highlight a potential for further improvement, particularly in ensuring consistent use of green energy and managing electricity consumption and energy efficiency across all projects. We remain committed to striving for additional reductions in both Scopes 1 and 2 where we have the most immediate control.

The figure to the right summarizes our market-based Scope 1 and 2 emissions as well as Scope 3 emissions in 2024 compared to 2021 and 2023 (for location-based emissions, please refer to page 56). For Scope 1 and 2 combined, we have reduced our market-based emissions by 70.3% compared to the 2021 baseline year.

CO_2reporting for Nordstern's activities, Scope 1 + 2 (market based)

	2021	2023	2024
Scope 1 (direct emissions)	CO_2 (tons)		
Company cars	312.8	361.3	300.4
Oil consumption (construction sites)	325.1	204.3	193.0
Scope 1 total	**638.0**	**565.7**	**493.4**
Scope 2 (indirect emissions)	CO_2 (tons)		
Company cars	-	13.0	53.1
Electricity (offices and construction sites – market based)	3,036.3	40.7	527.2
District heating (offices and construction sites)	446.0	131.4	151.2
Scope 2 total	**3,482.3**	**185.1**	**731.5**
Scope 1 +2	CO_2 (tons)		
Scope 1 + 2	4,120.3	750.8	1,224.9
	CO_2 (tons) / year / BDKK revenue		
Scope 1 + 2 per BDKK revenue	778.5	144.6	276.46

CO_2reporting for Nordstern's activities, Scope 3

	2021	2023	2024
Scope 3 (indirect emissions)	CO_2 (tons)		
Scope 3.1: Upstream purchased goods and services	153,839	122,406	77,192
Scope 3.3: Upstream fuel and energy related activities	596	430	506
Scope 3.5: Waste generated in operations	47	153	72
Scope 3.6: Business travel	1,214	904	824
Scope 3.7: Employee commuting	1,183	1,051	845
Scope 3.11: Use of Sold Products	48,845	49,976	24,000
Scope 3.12: End-of-life treatment of sold products	17,222	17,515	8,525
Scope 3 total	**222,948**	**192,435**	**111,962**
Construction alone (included in 3.1, 3.11 and 3.12)	157,401	158,276	81,075
Construction alone (included in 3.1, 3.11 and 3.12) % of scope 3 total	70.6%	82.2%	72.4%
	CO_2 (tons) / year / BDKK revenue		
Scope 3 per BDKK revenue	42,122	37,049	25,269

Scope 3
Nordstern's **Scope 3** CO_2 emissions account for more than 95% of Nordstern's total (Scope 1-3) emissions and originate from a variety of sources, including:

- Life cycle calculations of construction projects completed in 2024, including emissions from the production of building materials used in the projects, calculated energy consumption and replacements of materials over a 50-year period as well as the disposal of the building after 50 years of use. This element alone accounts for more than 95% of Scope 3 emissions and is by far the most important driver of Nordstern's total emissions and, thus, holds our primary focus.
- Costs related to Nordstern's operation (e.g., office supplies, hotels, restaurants).
- Costs related to Nordstern's development projects (e.g., consultants, advertising).
- Upstream emissions from Scope 1-2 related energy consumption.
- Waste from construction sites and offices.
- Business travel and employee commuting (excluding company cars).

In 2024, Nordstern achieved a 49.8% reduction in Scope 3 emissions compared to the 2021 baseline (and a 42% reduction compared to 2023), bringing us very close to our 50% reduction target. This material improvement is driven by two major factors:

1. A reduced number of projects completed in 2024 compared to previous years. This is in part due to a lower activity level in 2024, but as Nordstern's projects run over several years there is also an element of randomness involved. Due to the project portfolio composition, some years see more project completions than others and a few months of delay or advancement can move project completion (and thus all of the project's Scope 3 emissions) from one year to another.

2. Average project lifetime emissions decreased from 9.94 kg CO_2-eq/m²/year in 2023 to 9.04 kg CO_2-eq/m²/year in 2024. This key figure is crucial, as it is the most important driver of Scope 3 (and total Nordstern emissions), and it is under our own control. Thus, we are satisfied with the notable improvement (a 9% year-on-year reduction) that sees us on the right trajectory. At the same time, it is essential to advance this progress and focus on further reducing project lifetime emissions going forward.

By building on lessons from 2024 and prioritizing low emission designs, materials, and practices, Nordstern aims to further reduce Scope 3 emissions and maintain the momentum achieved so far.

Expectations for the Future
Regarding Scope 1 and 2 emissions, we have already met our 2030 target. However, we will continue to implement measures to further reduce our emissions, including location-based emissions. Our plans and expectations for 2025 are as follows:

- Our company car policy will continue to facilitate a greener car fleet with lower fossil fuel consumption and, consequently, lower emissions. A further tightening of the policy (e.g., to allow for electric cars only) will be considered.
- All our projects will meet the new emission limits for buildings and construction processes which requires us to explore new methods of reducing our climate footprint. All our projects will comply with the new building regulations, which set a maximum average emission limit of 7.1 kg CO_2/m². The new emission limits apply to all buildings, except for certain structures such as waterworks, prisons, operational buildings for the armed forces, and hospitals. Notably, CO_2 emissions from construction sites, including transportation to the site (modules A4-A5) are now also subject to an emission limit of 1.5 kg CO_2/m².
- Our newly developed dashboard for monitoring various elements relating to the A4 and A5 phases of the LCA, such as energy consumption on site and particularly waste, which is the largest emitter, is expected to contribute to reducing our emissions within Scope 1, 2 and 3.
- Our continued focus on (the avoidance of) diesel-driven power generators on-site will reduce diesel consumption and CO_2 emissions.

For Scope 3 emissions, our 2030 goal is a 50% reduction compared to 2021. In 2024, we came very close to this goal but with the help from a coincidental low in the number of projects delivered during the reporting year. Thus, to consistently reach our long-term goal, further reductions in lifetime CO_2 emissions from our projects (based on LCA calculations) are required. Our growing expertise with low emission solutions, combined with refined design guidelines and catalogues of low emission materials support this effort, alongside ongoing collaboration with clients, advisors and suppliers.

A key tool is our interactive LCA database, which provides data on emissions (from the A1-A3, A4-A5 , B4, B6, C3, and C4 modules of the LCA) from completed buildings. These data offer a more comprehensive understanding of the phases within the construction process. This approach also facilitates knowledge-sharing from past projects. By learning from successes and challenges, the database enhances our ability to integrate low emission solutions into future projects.

In 2025, we expect more projects in our pipeline to meet stricter CO_2 requirements, reducing Scope 3 emissions per project. Lifetime CO_2 emissions reductions from a project (according to LCA calculations) will be reflected in emissions reporting in the year the project is handed over.

Nordstern's total CO_2 emissions in scope 1, 2 and 3 (scope 2 market based):

	2021	2023	2024
	CO_2 (tons)		
Scope 1	638	566	493
Scope 2	3,482	188	732
Scope 3	222,948	192,435	111,962
	% of total emissions		
Scope 1	0.3%	0.3%	0.4%
Scope 2	1.5%	0.1%	0.7%
Scope 3	98.2%	99.6%	98,9%
	CO_2 (tons) / BDKK		
Scope 1	121	109	111
Scope 2	658	36	165
Scope 3	42,122	37,049	25,269

Atriet, Ørestad

Making Buildings More Sustainable

With the ongoing implementation of our updated sustainability strategy, we have intensified our efforts in 2024 to deliver more sustainable buildings. This includes a strong focus on aligning our projects with recognized third-party sustainability standards and the EU Taxonomy, which will play an increasingly central role in the coming years. These efforts aim to meet growing demands from institutional investors and support our clients in achieving their sustainability goals.

Risks

The double materiality assessment conducted as part of our sustainability strategy and updated during 2024 (see page 35) identified the greatest risks of Nordstern impacting the environment as being associated with carbon emissions, waste management, and the use of raw materials in construction. Addressing these risks is critical, as failing to do so would also pose a significant risk to Nordstern's business and performance. Clients, employees, and partners increasingly expect Nordstern to mitigate potential environmental impacts and provide solutions to the challenges facing the construction industry.

In particular, the demand for EU Taxonomy-aligned construction projects is accelerating, driven by institutional investors and other stakeholders seeking projects that align with their own sustainability commitments. This reinforces the importance of our work to position Nordstern as a leader in sustainable construction practices.

Policy and Targets: Certification and EU Taxonomy Alignment

Construction certified according to recognized third-party sustainability standards, such as DGNB, takes the above-mentioned risk factors into account. Thus, our goals of only building certified construction and steadily increasing the share of EU Taxonomy-aligned projects have been set to minimize these risks. To make buildings more sustainable, we continue our work to achieve these targets:

- All new residential and office building projects will be certified according to third-party sustainability standards.
- 70-100% of revenue from new construction projects will be EU Taxonomy-aligned in 2030.
- At least 70% of waste from our construction sites will be recycled by 2025.

Actions in Nordstern

To meet our targets, in 2024 we have initiated or strengthened the following initiatives:

- Since 2023, we have consistently advised all our clients on the benefits of certification compared to the initial investment required, ensuring certifications for all new residential and office construction projects. This effort has continued into 2024, as we remain committed to helping our clients make informed decisions about certification.

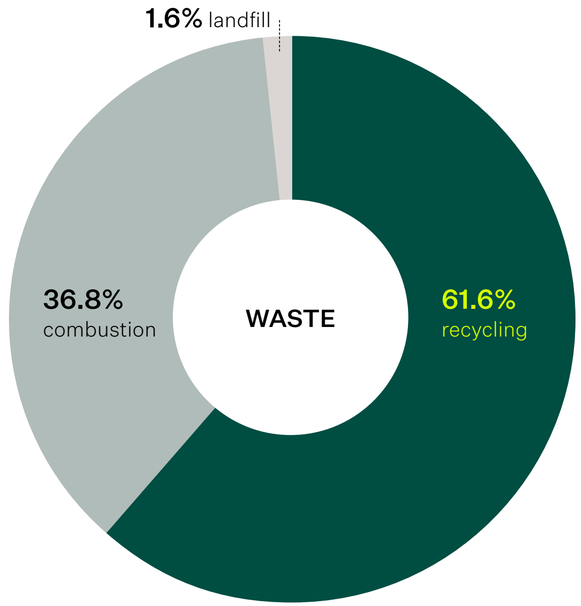
- We advise an increasing number of clients about the EU Taxonomy, including what is required for

individual projects to achieve Taxonomy alignment. For some projects, particularly those involving large pension funds, alignment is a mandatory requirement, while for others, it remains a collaborative effort to implement and integrate these standards.

- We are involved in the development of the new DGNB manuals at Rådet for Bæredygtigt Byggeri (the former Green Building Council Denmark) to ensure that the content of the manuals is ambitious and operational and to keep us informed and prepared for future measures. Additionally, we have participated in a pilot project for the upcoming 2025 manual, further strengthening our contribution to and understanding of the latest sustainability standards.
- To establish clear roles and responsibilities during the construction phase and to improve the execution of all certified projects, a dedicated DGNB and Sustainability Manager is appointed on all construction sites.
- All DGNB and Sustainability Managers are trained internally through a program developed by Nordstern, specifically tailored to address the challenges encountered during the construction phase of a DGNB project. In 2024, 56 Nordstern employees completed the training, which was conducted over four dedicated sessions.
- We have implemented auxiliary tools in the Dalux platform for all DGNB projects to streamline data collection and perform required controls: 1) A DGNB supervision plan for construction management that includes all relevant DGNB elements, and 2) Input to control plans for all subcontractors specifying the DGNB elements individual subcontractor must document.
- In 2024, we further developed these tools, incorporating feedback from our construction sites to improve usability. Additionally, we introduced a new feature addressing ENV1.2 and EU Taxonomy requirements through material approvals within the Dalux platform.
- We have refined our process to ensure that Nordstern's sustainability department provides support and guidance at the critical stages of a certified project. This process includes at least three mandatory meetings: 1) Start-up of design, 2) Submission of authority project, and 3) Start-up of the construction site.
- In 2024, we enhanced this process by introducing kick-off meetings where all site personnel are briefed on DGNB, with a stronger focus on engaging everyone on-site in sustainability efforts. During these meetings, a sustainability lead is appointed, and a DGNB introduction meeting is scheduled to ensure it takes place. Additionally, Nordstern's sustainability experts have become more actively involved in the start-up of the design phase to meet the increasing requirements to obtain certification of our projects.
- In 2024, we began collecting final documentation for EU Taxonomy alignment at Kilehaven, a residential project in Birkerød. Through this process, we have gained valuable experience in how to incorporate EU Taxonomy requirements into our daily operations. By actively working with these standards, we have identified the need for new tools and learned how processes can better align the EU Taxonomy with DGNB certifications and be integrated into workflows on construction sites.
- Additionally, we have developed a red/green list for chemicals in building materials to clearly identify which products can be used in the future.

Results

- 100% of all Nordstern's residential and office buildings initiated in 2024 (100% of revenue) will be certified according to third-party sustainability standards (DGNB and/or the Nordic Swan).
- In this statistic, we have included turnkey contracts (design and build) only. Main contracts (build only) have been omitted as we have limited influence on whether such projects are certified[2].
- Although our certification goal applies to residential and office buildings only, we are actively incorporating sustainability initiatives into other projects. For example, during the construction of Ry School, we are working to comply with a maximum CO2 emission requirement of 9 kg CO2e/m²/year, using certified wood, and selecting indoor climate-labelled products for interior surfaces.
- In 2024, Nordstern entered its first contract for a residential project aiming to be EU Taxonomy-aligned. By the end of 2024, we had unconditional contracts for a total of four projects expected to meet the EU Taxonomy criteria and planned to be EU Taxonomy-aligned.
- In 2024, 61.6% of waste from our construction sites was recycled, while 36.8% went to combustion and 1.6% to landfill. This is a step in the right direction compared to 2023 where 58% of waste from construction sites was recycled, and we are pleased to register this progress. However, we still have some way to go to meet our target that 70% of waste is recycled.
- In 2025, we will focus on further improvements of waste management and waste sorting. This includes exploring the potential of sorting robots and introducing new types of signage for containers to facilitate more effective source sorting. Additionally, we will leverage our experience in preparing resource catalogues for building components and collaborate closely with decomposers to enhance recycling efforts. In addition to our own goal of ensuring that 70% of waste from construction sites is recycled or reused, waste sorting has a direct impact on the CO2 emissions captured by the A5 module of the LCA. A5 comprises construction site activities, including the handling and disposal of waste, which form a significant part of a project's environmental impact. Effective waste sorting reduces the amount of waste sent to incineration or landfill while increasing the proportion that is recycled. This contributes to minimizing CO2 emissions from waste handling and further supports compliance with the EU Taxonomy's requirement for 70% waste recycling or reuse.



[2]For this reason, the Sølund main contract in Copenhagen, which comprises a nursing homes, senior housing, and youth homes, is not included in the statistic. This project was taken over from another contractor, further limiting our ability to influence certification decisions.

Copenhagen's First Pre-Certified DGNB Platinum Office Building

CPH Pulse is a state-of-the-art multi-user office building located on Havneholmen in Copenhagen. Spanning 15,076 m² across ten floors, it is the first office building in Copenhagen to achieve pre-certification for DGNB Platinum – the highest accolade from the Danish Council for Sustainable Construction.

Facilities and Design
The ground floor will house a lobby, foyer, meeting facilities, canteen, and a commercial kitchen, while the upper floors will be converted into office spaces. On the roof, there will be 700 m² of solar panels, a sedum roof, and a shared roof terrace. The project also includes a 3,008 m² underground car park with capacity for 52 cars, 416 bicycles, and a bicycle workshop, alongside 46 additional bicycle parking spaces at ground level.

Sustainability and Innovative Solutions
To achieve DGNB Platinum certification, the following sustainable solutions have been implemented:

- Green Concrete LCC (low carbon concrete) used in concrete elements for passive environmental class applications, such as hollow slabs, columns, and beams.
- DELTABEAM® Green Composite Beams, which reduce CO_2 emissions by up to 50%. These beams are made from more than 90% recycled materials and produced using renewable energy. The environmental impact is verified through Environmental Product Declarations (EPD) and project-specific CO_2 emissions calculations.
- Recycled bricks for the façade.
- District cooling, which reduces CO_2 emissions by up to 70%. The building also benefits from energy sourced from solar panels and wind turbines, providing both economic and environmental advantages.

Advanced Technology
CPH Pulse is equipped with a BMS/CTS system for monitoring and managing the building's technical systems, along with an IBI system (Intelligent Bus-based Building Systems). The IBI system optimises comfort, operations, and energy consumption by locally managing lighting, solar shading, heating, cooling, and ventilation in spaces such as offices and meeting rooms.

Certification
The building adheres to the DGNB manual for new office buildings (2016) and received pre-certification for DGNB Platinum on 8 September 2022. Final certification is anticipated upon the project's completion at the end of 2025.

Herning+: A Nordic Swan Ecolabelled Construction

In 2024, the project team at Herning+ celebrated two significant milestones with the handover of Sister Ane's House in July and Sister Fanny's House in November. Both housing projects are expected to achieve the Nordic Swan Ecolabel certification. This certification ensures that the buildings meet stringent requirements for environmental standards, quality, and health.

The Nordic Swan Ecolabel sets strict criteria, including requirements related to indoor climate and material choices. Both projects have been developed with a focus on minimising environmental impact. For instance, energy-efficient appliances and eco-labelled products have been used, and all wood utilised in the construction is certified to FSC or PEFC standards. Additionally, targeted efforts to prevent moisture have been implemented, including a control plan prepared by an external moisture expert. This helps to ensure durable, healthy buildings free from the risk of mould.

During the design phase, particular attention was paid to daylight calculations to ensure an optimal indoor climate that meets the higher standards of the Nordic Swan Ecolabel, exceeding the requirements of building regulations.

The two completed buildings are part of a wider certification process that also includes a third project, scheduled for completion in 2025. When Herning+ is fully developed in 2026, the new urban area will comprise approximately 600 homes across 56,000 m², including both social and private housing, grocery stores, café spaces, and underground car parks.

Sister Ane's House provides 87 homes, while Sister Fanny's House offers 44 homes. Both projects meet the A2020 energy label standard.

MCH Arena, Herning

Social

In 2024, Nordstern focused on implementing the ESG strategy adopted in 2023. As part of this process, we adjusted some of the KPIs to ensure that they reflect our ambition to continuously challenge ourselves and achieve the best possible results. While the strategy addresses environmental, social, and governance aspects, this year's efforts prioritized operationalizing the initiatives and systems necessary to embed ESG principles into daily business practices. This approach has allowed us to begin systematically tracking and documenting our progress, ensuring a measurable and transparent impact across all three dimensions.

Social Strategy
Nordstern recognizes the significant impact it has on the local communities in which it operates. The buildings we construct shape neighborhoods for decades or even centuries, influencing not only those who use or build them but also the broader surrounding community. For this reason, we strive to leave a positive mark, both physically and socially.

In 2024, this commitment once again translated into concrete actions. We employed more people in 'fleksjob' positions and socially marginalized individuals, including refugees from countries such as Ukraine. The interim employment of socially marginalized colleagues is often the result of collaborations with municipalities or job centers, and more often than not, it leads to permanent contracts. These initiatives aim to provide opportunities to individuals on the margins of society, helping them build a foundation for a better future.

Additionally, our projects continue to create value for local communities, whether through new green spaces, affordable social housing, or improved infrastructure.

When measuring progress on the social aspects of our ESG strategy, our employees remain our primary focus. We aim to provide the safest and healthiest work environment in the Danish construction industry, directing much of our strategy and targets toward the well-being of our employees and the contractors who work on our projects.

Risks
The most significant risks for Nordstern of failing our social strategy are if we – unconsciously – create an unhealthy work environment that leads to dissatisfaction and/or work-related accidents, or if we fail to attract, train, and develop the best talent in the industry. We strive to minimize these risks through different policies and KPIs, which are further explained and reported on below.

Developing the Talents of the Future

Nordstern is committed to educating the next generation and contributing to their integration into the workforce. One key initiative is employing interns on our projects across the country. In 2024, we had a total of 60 interns, representing not only a nominal increase compared to 2023 but an even larger percentage-wise growth, as the number of full-time employees (FTEs) at Nordstern decreased throughout the year. With a KPI of employing 70 interns annually starting in 2025, we view this progress as a clear indication that we are on track to achieve our ambitions, including ensuring broad representation from across Danish society, with a particular focus on maintaining a balanced gender distribution.

Resource Management System
In 2024, Nordstern implemented a new data-driven resource management system, marking a significant advancement in workforce planning and allocation. This system provides dynamic insights into our resource needs on a rolling basis, with projections extending 24 months into the future. Input data is sourced directly from our construction management systems, ensuring real-time updates that reflect changes as they occur. For example, when a colleague chooses to leave Nordstern, the system enables us to assess the impact within minutes and identify available capacity in other departments, facilitating seamless operational adjustments.
The strength of the system lies not only in its dynamic nature but also in its ability to unify resource management across all departments. This gives us a tool that provides a holistic view of our workforce, enabling us to locate the right resources at the right time. This integrated approach supports better collaboration across teams and ensures that every project benefits from optimal staffing. By centralizing resource planning, we can address potential capacity gaps more efficiently and maintain high levels of productivity.

From an employee perspective, the system offers significant advantages. It ensures that we can consistently allocate work to all team members and match their skills with projects at the right level of complexity. This not only optimizes individual contributions but also supports career development by providing employees with opportunities to take on challenges that align with their competencies and aspirations.

Education and Development of Employees
At Nordstern, we are dedicated to the education and advancement of our employees. Career development and employee progression remain central to Nordstern's social strategy.

One of the most effective ways to ensure both personal and professional growth is through education and training. Each year, employees are offered a variety of courses taught by internal or external specialists. These courses are provided free of charge and integrated into our career development program. To further advance knowledge and improve accessibility, we launched a new internal online catalog of courses at the end of 2024, allowing employees to explore and enroll in training opportunities more efficiently.

As part of this program, selected employees are invited to participate in our multi-stage management education initiative. In 2024, 52 employees took part in our project management program, demonstrating strong engagement with this opportunity for professional growth.

We are progressing steadily toward our 2025 target of 60 participants annually, with participation numbers showing increasing interest year over year.
In terms of internal career progression, Nordstern promoted 36 employees in 2024, exceeding our target of 25 internal promotions per year. This underscores our commitment to fostering talent within the organization.

Employee Turnover
In 2024, the total number of full-time employees (FTEs) at Nordstern decreased to 400, compared to 422 in 2023. This represents a year-on-year reduction of approximately 5%. The change reflects adjustments in staffing levels across the organization, with reductions primarily occurring through natural attrition and other measures.

Health
At Nordstern, we have maintained a low level of absence due to sickness. We have a set target of a sick leave percentage lower than 2%, and in 2024 we exceeded this goal with an average of 1%, excluding long-term sickness. Including long-term sickness, the sick leave percentage was 2.5%, a slight decrease from 2023's 2.7%.

Long-term absence is taken very seriously at Nordstern, as it affects not only the individual who is ill but also their colleagues and, ultimately, the business. The reasons for long-term absence in 2024 have included cardiac disease, cancer, stress, and other conditions. All individuals experiencing long-term sickness are closely supported by their manager and HR to ensure they receive the care and assistance needed to recover in the best possible way. This includes access to internal health insurance, which is available to all employees, as well as tailored support for each individual's specific needs during their illness.

Safety
In 2023, we obtained the official Work Environment Certification, an ISO standard. In 2024, we continu-

ed our efforts to maintain this certification, which is validated by the third-party agency Bureau Veritas, responsible for conducting external audits at our offices and construction sites.

Ensuring a safe working environment is a priority not only for our employees but also for our partners on construction sites. To this end, Nordstern has set ambitious standards and targets to minimize accidents. Our target for the number of accidents per 100 MDKK of revenue is 0.6. In 2024, we recorded 1.2 accidents per 100 MDKK—a slight improvement from 2023, though still above our target. Fortunately, none of these accidents were serious. Most incidents reported were minor, such as tripping, and we remain focused on reducing these types of occurrences.

Another key safety KPI at Nordstern is our target of no more than 9 lost working days due to accidents per 100 MDKK of revenue. Unfortunately, we did not meet this target in 2024, as we recorded 11.5 lost working days per 100 MDKK. However, this represents a significant improvement from 2023, when we registered 13 lost working days per 100 MDKK of revenue. This progress marks a step in the right direction, and we remain committed to further reducing these numbers.

Diversity

In 2024, 16% of Nordstern's employees were women, representing a slight increase from 2023 (15%). Most female employees work in administrative business support within i.e. the legal, human resources, finance, and communications departments, where women accounted for 49% of the workforce by year-end. In comparison, women accounted for a mere 11% in our construction workforce.

At the management level (defined as executive management and managers reporting to executive management), only 6% of managers were female by the end of 2024, a significant decrease from 19% in 2023. Out of a total of 17 managers, only one was female. This decrease was primarily due to the departure of two female managers during the year. In both cases, the best candidates for their replacements were male. Despite this setback, Nordstern remains committed to increasing female representation in management. However, it is unlikely that a target of 30% female representation will be met by 2025, as initially planned. Increasing female representation requires focused recruitment efforts, which 2024 has shown can be challenging, even with the best intentions. Thus, we have set a new challenging target of reaching 25% female representation by 2027. There are currently no women on the Board of Directors, which consists of only two members, and there are no immediate plans for changes in the composition of the Board. Due to its small size, there are no set target figures for gender diversity at this level.

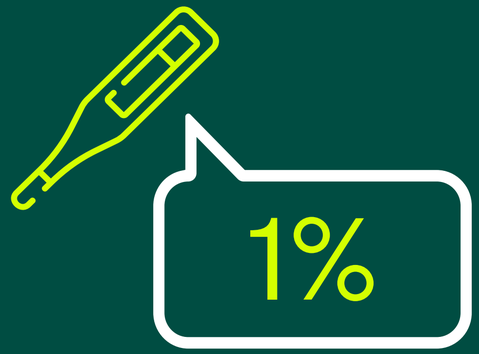
In 2024, we developed a more detailed diversity policy to supplement our existing non-harassment policy. While the policy details were finalized by year-end, implementation will take place in 2025. This diversity policy goes beyond gender and addresses other aspects such as age, nationality, ethnicity, sexual orientation, and anti-discrimination measures.

Nordstern aspires to be a more diverse and inclusive company that reflects the society around us and attracts the most competent employees, regardless of gender or other diversity factors. Achieving this vision requires fostering an inclusive culture and ensuring that Nordstern remains an attractive workplace for everyone.

PERCENTAGE OF WOMEN

1.2

ACCIDENTS PER 100 MDKK



SICK LEAVE (%)


Bryggertårnet, Randers

Governance

In 2024, Nordstern strengthened its governance through a more data-driven approach. We upgraded our ERP system from Business Central 13 to the 24 edition, enhancing our operational efficiency. Additionally, we developed new analytical tools to gain deeper insights into key metrics such as win rates and resource allocation, enabling more precise and informed decision-making.
Other governance measures build on our comprehensive ESG strategy, adopted in 2023, which emphasizes strong management practices, clear policies, and robust ESG data quality.
Nordstern continues to comply with Danish and international labor and anti-corruption legislation while reinforcing good governance through our internal policies.

Human Rights
At Nordstern, we prioritize upholding human rights across all aspects of our operations. We adhere to Danish and European regulations and collaborate with trusted partners who share our commitment to human rights and the rule of law. Our risk assessment indicates that the likelihood of human rights violations within our business is very low, and in 2024, we observed no instances of such violations. Furthermore, no reports of human rights concerns were submitted to our whistleblower scheme available on nordstern.dk.

To ensure compliance with International Labour Organization (ILO) conventions, Nordstern requires all construction contractors to adhere to contractual obligations guaranteeing Danish collective agreement-based pay and working conditions. We also emphasize that suppliers must report wages, withhold A-tax, and meet other regulatory requirements, reserving the right to request supporting documentation. Nordstern employees work under conditions that meet or exceed collective agreement standards.

In 2024, there has been a welcome industry-wide focus on working conditions at construction sites, particularly regarding issues such as the employment of illegal immigrants and handling dangerous materials like asbestos. While Nordstern has not encountered these challenges, this increased attention has prompted us to revisit our contractual framework and review daily work routines. These efforts aim to reaffirm our commitment to ensuring that poor working conditions are not present at any of our sites and to proactively address potential risks in the future.

In 2023, we adopted and began implementing Nordstern's Supplier Code of Conduct, which includes our human rights policy toward suppliers. By year-end 2024, our Head of Procurement had engaged with all Nordstern suppliers, of whom 100% have signed the Code of Conduct. Since the Code of Conduct has been included in all supplier contracts since its adoption, we are pleased to note that our goal of integrating it into all agreements has been achieved.

Anti-Corruption
As a responsible and ethical Danish company, Nordstern maintains a zero-tolerance policy towards corruption and bribery. Our internal Code of Conduct provides clear guidelines on appropriate behavior in collaboration with our value chain, including business partners, construction contractors, suppliers, and clients. This includes a strict prohibition on any form of bribery, whether as the giver or the receiver.

While our planned internal courses to reinforce awareness of the Code of Conduct faced delays due to challenges with a new course system, these courses are now scheduled for 2025. In the interim, all new employees are introduced to the Code of Conduct upon signing their contracts, and the document remains accessible to all employees via the company intranet.

Similarly, Nordstern's Supplier Code of Conduct requires all suppliers to commit to a firm stance against corruption and bribery. In 2024, Nordstern's Head of Procurement continued to introduce the Supplier Code of Conduct during negotiations, ensuring that suppliers not only receive the written material but also engage in discussions to fully understand its principles and expectations. This proactive approach reinforces a shared commitment to ethical business practices across our partnerships.

The construction industry has historically faced challenges related to cartels and violations of competition law, which undermine both fair competition and the industry's reputation. Nordstern strongly opposes such practices and has implemented robust policies to prevent anti-competitive behavior. These policies prohibit the exchange of sensitive information or agreements with competitors, clients, construction contractors, or suppliers that could restrict free market competition.

In 2024, no breaches of our anti-corruption or anti-competition policies were identified. With continuous monitoring and follow-up procedures in place for both internal and external stakeholders, we remain confident in our ability to uphold these critical standards in the future.

Looking ahead, Nordstern will further strengthen its anti-corruption efforts through monitoring and training initiatives. In 2025, we will introduce additional training sessions for employees on the construction sites regarding procurement and continue to reinforce the Supplier Code of Conduct.

Data Ethics
The processing of personal data is neither a critical part of nor closely linked to Nordstern's business activities. As a business-to-business (B2B) company with very few transactions with private clients, Nordstern processes personal data in respect of clients and suppliers only to a very limited extent – and only for client/supplier administration purposes. Other than that, the processing of personal data mainly relates to internal activities involving employees' personal data for human resource (HR) administration purposes. Thus, we do not use data to track the movements or consumer preferences of any private individuals, and we do not use machine learning, artificial intelligence or similar to profile clients, employees, or other private individuals.

For these reasons, we have assessed that it is not necessary for Nordstern to have a formalized policy on data ethics beyond those described in our General Data Protection Regulation (GDPR) policies, which are available to all Nordstern employees and included in employment contracts.


Braineparken, Haderslev

Corporate Governance

The responsibility for the overall and strategic management of Nordstern lies with the Board of Directors, elected by the shareholders.

The Board of Directors has appointed the Executive Board to handle the day-to-day management of the company. The division of responsibilities between the two governing bodies is described in the rules of procedure for the Board of Directors and the Executive Board.

Management Structure
Nordstern has a two-tier management structure comprised of the company's Board of Directors and its Executive Board. No single person is a member of both governing bodies.

The role of the Board of Directors is to establish the overall purpose of and strategy for accomplishing the company's business goals. The Board of Directors also ensures that the company has the right management and organizational structure; monitors the Executive Board to ensure that it is pursuing the established goals, strategies, and guidelines; and appoints and removes members of the Executive Board.

The Executive Board is responsible for the day-to-day management and execution of the strategy as well as for providing systematic and accurate feedback to the Board of Directors at board meetings and through ongoing reporting.

Board Committee
The Board of Directors has established an Investment and Contract Committee, which assists the Board in the risk assessment and approval of the company's construction contracts above a certain value. The Committee also assesses and approves investment proposals concerning land acquisitions as well as the sales of property development projects.

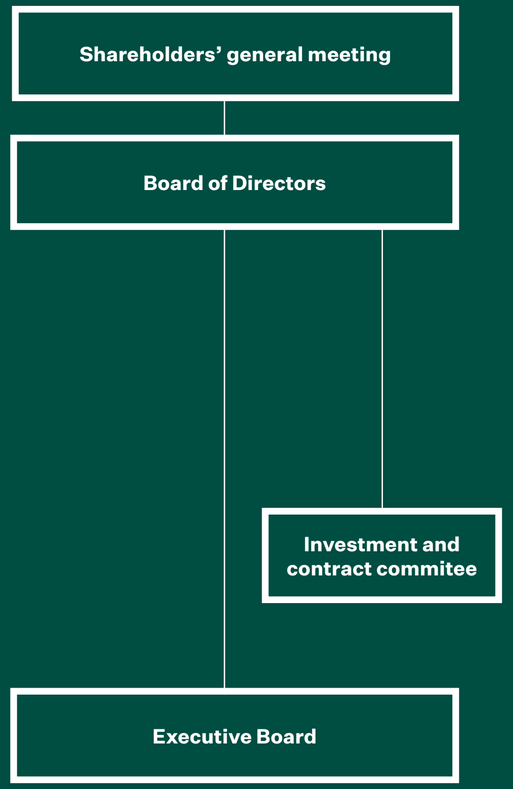
Board of Directors and Executive Board
The Board of Directors consists of two members, both elected by the shareholders in a general meeting for terms of one year. Johannes Vielberth serves as Chairman of the Board. There are no set targets for female representation on the Board, as there are only two members.

There are at least four board meetings a year; in 2024 five were conducted. All met Nordstern's target of a 100% attendance rate.

The meetings of the Board follow a fixed structure to ensure a high level of information and transparency. Furthermore, the Chairman is in continuous close dialogue with the Executive Board, including at regular status meetings held during months without board meetings.

The Executive Board of the company consists of CEO Torben Modvig, CCO Johnny Hey, CFO Jan Aarestrup, and COO Michael Storgaard.

Nordstern's management structure is illustrated below:



Board of Directors

Johannes Vielberth
Chairmann of the Board
Director, Corporate Transactions ActivumSG

David Bannerman
Member of the Board
Manager ASG Luxemborg

Executive Board

Torben Modvig
CEO

Jan Aarestrup
CFO

Michael Storgaard
COO

Johnny Hey
CCO

NEST45, Ørestad

Risk Management

Because of its business activities, Nordstern is exposed to a number of risks, some of which are related to the industry and others more directly to Nordstern's organization and activities. These risks are a natural part of our everyday operations and can have varying degrees of impact on Nordstern's reputation, future activities, and earnings. We strive to reduce risks to an acceptable level through effective risk management.

The management of strategic, operational, and financial risks must ensure that negative effects are minimized or avoided altogether. This can be done by reducing the probability of negative consequences and by reducing the potential effects of negative consequences.

Risk management is based on continuous monitoring to identify relevant risks. On this basis, the identified risks are analyzed and assessed to allow for the implementation of the measures that are required to address them.

The Board of Directors has the overall responsibility for risk management at Nordstern and defines the overall framework for identifying and addressing risks. The Executive Board has the day-to-day responsibility for implementing the overall framework and for developing Nordstern's risk management concept as well as reporting on developments in the most important risk areas to the Board of Directors.

As part of the risk management process, a classification of identified relevant risks is made based on whether they are likely to occur and what the probable effects will be. The classification is divided into three levels: low, medium and high. When it comes to the assessed effects, most of the identified risks will be of a financial nature. Preventive measures are defined and prepared based on the classification.

Market Risks

Economic Growth

Identified risk areas

Macroeconomic conditions set the scene for economic growth, which traditionally plays a significant role for companies operating in a cyclical industry, where construction and property development to some extent belong. Nordstern's business activities are focused on selected geographical areas in Denmark and are primarily targeted at business-to-business transactions and only indirectly at business-to-consumer transactions. An economic recession involves a certain risk that Nordstern's business volume and earnings will come under pressure due to lower demand from institutional investors, developers, and consumers. However, strong growth may also imply a certain risk exposure related to resource scarcity, supply chains under pressure, and price increases, which again may cause inflation and an upward pressure on interest rates. These factors can eventually cause delays, weakened demand from investors due to increasing yield demands, and may put Nord- stern's earnings under pressure.

Probability ○ ● ○ **Impact** ○ ● ○

Preventive measures

The macroeconomic conditions are, obviously, beyond Nordstern's sphere of influence. It is therefore key that we constantly monitor all aspects of the market so that we can quickly respond to changes in market assumptions.

A business model which includes new construction as well as renovation of residential and non-residential construction, and where the clients can come from both the private sector and the public and semi-public sectors, entails a level of diversity which makes it possible, during a business cycle, to focus on the areas with the highest growth. Since our business model is based on outsourcing and a constant focus on process and cost optimization, we have ensured a significant scalability to reduce our vulnerability during a market downturn. In general, long-term planning and measures against project execution risks play an important role in handling the risks related to longer periods with high economic growth.

Political Risks

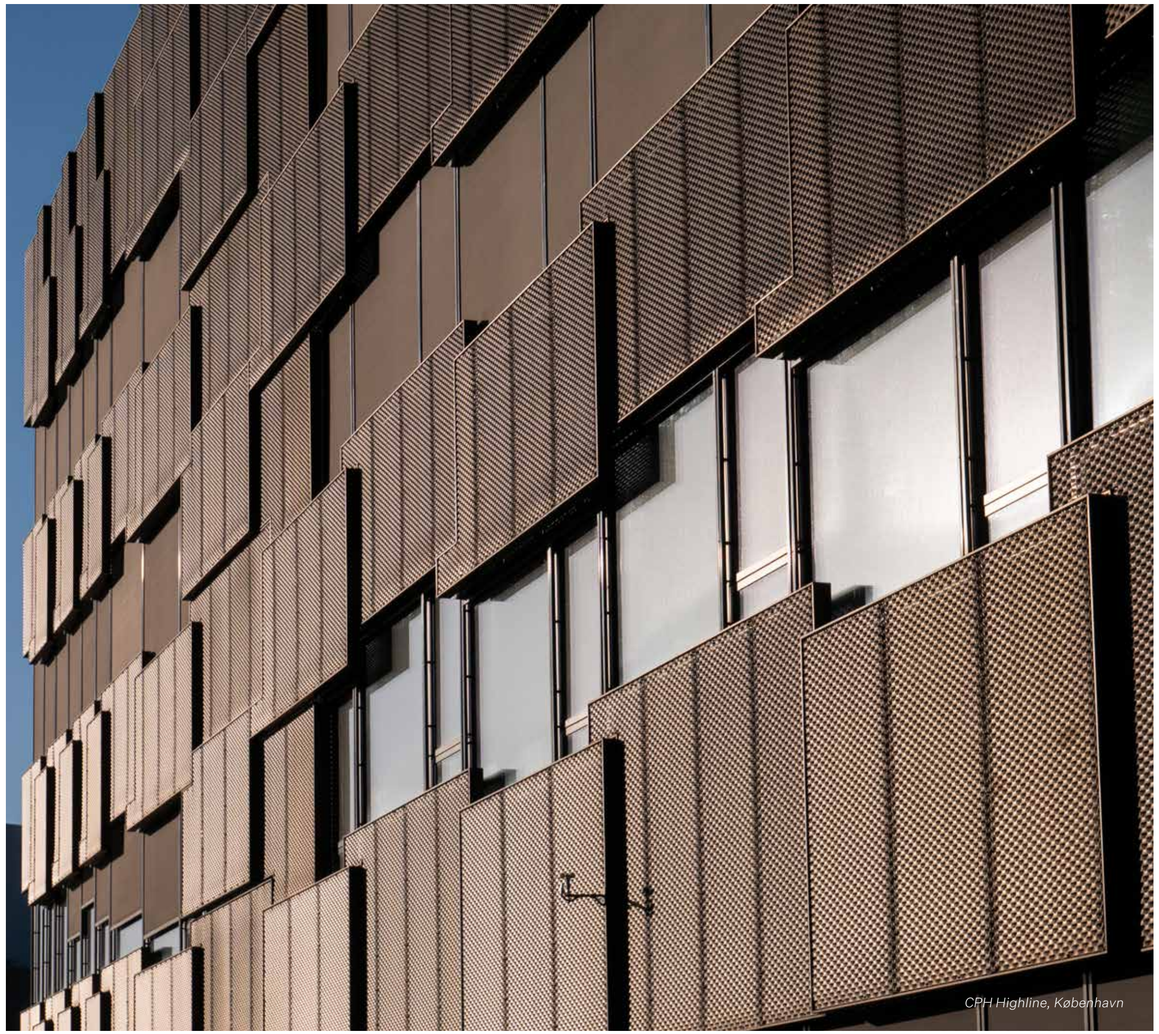
Identified risk areas

Political risks relate to decisions that may, directly or indirectly, change the preconditions for Nordstern's business activities. These could be legislative changes to areas such as construction, personal taxation, corporate taxation, property taxation, tenancy legislation, financial legislation, VAT, and taxes. However, they may also be planning changes at state, regional, and municipal levels.

Probability ● ○ ○ **Impact** ● ○ ○

Preventive measures

Nordstern generally has no influence on risks related to political decisions. To be able to respond quickly to political initiatives and changes that may have an impact on Nordstern's business activities, we closely monitor the political landscape.



CPH Highline, København

Operational Risks

Project Execution Risks

Identified risk areas

Project execution risks include the risks associated with the execution of building projects on a turnkey contract or main contract basis, partly in respect of the management and control of the project and partly in respect of the contractual relationships with subcontractors and material suppliers. Poor management and control can lead to failure to comply with the timetable and the quality of execution, which may affect the relationship with both clients and collaboration partners and may have unwanted economic consequences. From the time where Nordstern signs a contract with a client to the time where the different contractual elements are covered by final and signed subcontracts, Nordstern will be exposed to potential price increases and bottlenecks. Nordstern will also be exposed to potential bankruptcies among subcontractors and material suppliers with whom contracts have been concluded.

Probability ○ ● ○ **Impact** ○ ○ ●

Preventive measures

Great attention is paid to the correct staffing of building projects to meet the resource needs, necessary experience, and required professional and managerial skills. Well-designed processes, such as continuous follow-up and reporting in cooperation with business controllers, ensure a high level of transparency regarding the progress, quality, and financial aspects of the projects.

According to Nordstern's contract policy, a final approval of a potential turnkey or main contract requires that offers covering all essential subcontracts have been obtained. To a certain degree, this requirement serves as hedging against price increases and bottlenecks. We require performance guarantees from subcontractors to hedge the risk of bankruptcy.

Development Risks

Identified risk areas

The most important risks related to property development include conditions that may entail an unintended tie-up of capital and unsatisfactory earnings, including, in a worst-case scenario, losses. If a development property is acquired which is not covered by a local development plan that supports the prerequisites of the project, certain risks relating to areas such as timing and building rights potential will be attached to it.

The process of a local development plan can be protracted, and the outcome is typically subject to uncertainty. In the absence of a binding agreement with an investor on the sale of a completed project (a newly built and/or newly renovated property) at the time of takeover of the development property, there is a risk that the project cannot subsequently be sold at the assumed price or within the expected timeframe. Commencing construction without a final agreement with an investor — construction at Nordstern's own expense — entails the same risk scenario as above but with even greater exposure when it comes to both funds tied up and earnings. In both cases, the risks are markedly increased in case of negative market development.

Probability ○ ● ○ **Impact** ○ ● ○

Preventive measures

Nordstern seeks to acquire development properties covered by a local development plan in force so that the project conditions and framework are fixed at the time of purchase. However, attractive new opportunities regularly emerge. Here, realizing the potential requires a new local development plan. In these cases, Nordstern will only conclude a purchase agreement contingent on a satisfactory and legally approved local development plan.

For Nordstern, the starting point is that an agreement with an investor must be concluded before a development prop- erty is acquired. This is often ensured by making an acquisition conditional on Nordstern's conclusion of an agreement with an investor within a certain period. A deviation from this principle can be accepted if Nordstern acquires a development property without prior agreement with an investor but is in close dialogue with potential investors or if the potential sale of the project has been confirmed by one or several property agents. In such cases, higher requirements will be made for the financial potential of the project and the time frame for the conclusion of an agreement with an investor must be foreseeable. Commencement of construction prior to a final agreement with an investor will only take place in exceptional cases. In such cases, it would only be minor projects where the commercial arguments for commencement carry more weight than the potential risk exposure.

HR Risks

Identified risk areas

HR risks include the attraction and retention of employees. Employees play a key role in Nordstern's path to success. In view of the complexity of its business activities, Nordstern relies on management and employee teams with strong skills in a number of areas of expertise. The competition for skilled employees is particularly intense during a booming economy. Here, there is a risk of losing employees and of not being able to attract the right employees to the extent necessary. The consequence of many unfilled positions would be a negative effect on the ability to realize the revenue and earnings targets.

Probability ○ ● ○ **Impact** ○ ○ ●

Preventive measures

The key to attracting and retaining the right employees is that Nordstern is viewed as an attractive place to work. Nordstern aims to be the most attractive place to work in the industry based on our strong culture and values, and by providing opportunities for professional and personal development with great co-determination on day-to-day tasks. The implementation of an employee share scheme for all employees helps underpin this ambition.

The remuneration of management and other employees is set by taking specific tasks and responsibilities, as well as value creation and conditions in comparable companies, into account.

Safety Risks

Identified risk areas

Safety risks are mainly associated with Nordstern's building projects, which involve several potentially dangerous activities and therefore carry a risk of severe accidents. This can affect Nordstern's own employees as well as the employees of subcontractors and other on-site collaboration partners. The risk of accidents is, of course, increased if established procedures and guidelines are not observed.

Probability ● ○ ○ **Impact** ○ ○ ●

Preventive measures

Nordstern's work is based on an occupational health and safety policy and working environment certification, which is approved by the Board of Directors and aims to avoid all types of injuries and accidents at our building sites. Nordstern ensures continuous follow-up and reporting on occupational safety to the Board of Directors. Specific plans, routines, and systems for handling any inci- dents or near misses have been implemented.

Regulatory Risks

Identified risk areas

Regulatory risks fall under the area of compliance and includes the risk that applicable legislation, rules, agreements, and policies are not observed. This may be in the form of deliberate or unintentional actions and can affect Nordstern negatively in several areas.

Probability ● ○ ○ **Impact** ○ ● ○

Preventive measures

With due respect to our reputation and in any other context, Nordstern cannot accept that the organization and its individual employees fail to observe applicable legislation, rules, agreements, or policies governing our business and administrative activities. Using effective and secure systems, separation of functions, internal controls, and communicating and monitoring applicable policies and guidelines, etc., we aim to ensure compliance in all areas.

IT Risks

Cyber Incidents

Identified risk areas

Cyber incidents encompass a range of threats, including ransomware attacks and data breaches. These incidents can lead to significant financial losses, reputational damage, and operational disruptions, which can negatively impact the operation and management of the company's business activities. The causes can be malicious cyber-attacks, vulnerabilities in IT systems, and breaches of security protocols. The risk of experiencing a cyber incident appears to be increasing, and the sophistication of cyber threats is evolving, with attackers employing more advanced techniques to exploit weaknesses in technology and human behavior.

Probability ○ ● ○ **Impact** ○ ● ○

Preventive measures

To mitigate the risk of cyber incidents, the company has implemented robust cybersecurity measures on different layers and conducts regular security audits and tests. Employee awareness training is conducted to raise alertness to phishing attacks and other common cyber threats. Nordstern also maintains a comprehensive incident response plan to address and contain any security breaches quickly. Regular updates to security infrastructure and adherence to industry standards and best practices are prioritized to ensure compliance with regulatory requirements and maintain stakeholder trust.

Business-Critical Applications

Identified risk areas

Interruptions to business-critical applications, such as IT system failures and supply chain disruptions, can cause significant operational delays and financial losses, impacting Nordstern's business operation. The interconnected nature of modern IT architecture and reliance on SaaS (Software-as-a-Service) business-critical applications add another risk layer, as IT security measures are the vendors' responsibility. This dependency highlights the importance of thorough vendor risk management.

Probability ○ ● ○ **Impact** ○ ● ○

Preventive measures

The company has robust business continuity and disaster recovery plans regularly tested and updated to address evolving threats. Strong relationships with key suppliers and partners help mitigate potential disruptions. Investments in backup infrastructure ensure operational resilience and minimize downtime. For critical SaaS applications, Nordstern emphasizes thorough vendor risk management, including due diligence of security and compliance processes, and collaborates continuously with vendors to minimize disruption risks.

Financial Risks

Credit Risks

Identified risk areas

Credit risk is the risk that Nordstern's clients are unable to make payments in accordance with existing contracts.

Probability ● ○ ○ **Impact** ○ ● ○

Preventive measures

Nordstern generally requires guarantees from clients to obtain satisfactory assurance that payments are received in step with deliveries made under existing contracts. Additionally, Nordstern has well-planned processes for continuous monitoring and reporting of due payments.

Funding Risks

Identified risk areas

Funding risk includes the lack of access to required credit facilities and guarantee frameworks. Nordstern's sale of turnkey and main contracts generally do not require funding. Development projects that are forward sold with hand-over at the time of completed construction are typically financed through a combination of Nordstern's own funds and external financing – typically a building credit facility from a bank. These activities depend on the ability to obtain the necessary credit facilities on satisfactory terms. In relation to clients, Nordstern needs to provide performance guarantees, which are provided through an externally established framework.

Probability ○ ● ○ **Impact** ○ ● ○

Preventive measures

Over a long period, Nordstern has had strong financial resources in the form of a solid cash position. Furthermore, Nordstern has well-established guarantee frameworks with four of the leading guarantee providers.

We strive for good, long-term relationships with our financial partners, which we seek to maintain through a high level of transparency, continuous reporting, and satisfactory financial performance.

The Board of Directors and the Executive Board continuously assess whether Nordstern's capital structure sufficiently supports the achievement of the targets set for current and future activity levels and earnings.

ESG Key Figures

Strategic KPIs	Unit	Target	2024	2021	
Environment					
CO_2e, scope 1	Tons	Reduce Scope 1 CO_2 emissions with 42 % by 2030	493	638	*reduction of 23% from 2021*
CO_2e, scope 2 – Market based	Tons	Reduce Scope 2 CO_2 emissions with 42% by 2030	732	3,482	*reduction of 79% from 2021*
CO_2e, scope 2 – Location based	Tons	Reduce Scope 2 CO_2 emissions with 42% by 2030	569	1,560	*reduction of 64% from 2021*
CO_2e, scope 3	Tons	Reduce Scope 3 CO_2 emissions with 50% by 2030	111,962	222,948	*reduction of 50% from 2021*
Total GHG emissions (market based)	Tons	Reduce total GHG emissions with 50% by 2030	113,187	227,068	*reduction of 50% from 2021*
GHG intensity per net revenue	Tons/revenue	Reduce GHG intensity per net revenue with 50% by 2030	0.000026	0.000043	*reduction of 40% from 2021*
Energy consumption	GJ	No specific target set	34,650	58,512	
Energy intensity per net revenue	GJ/revenue	No specific target set	0.0000067	0.000011	
Water consumption	m^3	No baseline and no specific target set	20,188	N/A	
Total waste volume from construction sites	Tons/revenue	No baseline and no specific target set	0.0000012	N/A	
Recycled waste from construction sites	%	70% recycled waste from construction by 2025	62%	N/A	
EU Taxonomy-aligned revenue	%	70-100% of revenue from new construction projects to be Taxonomy-aligned in 2030	0	N/A	
Sustainability certifications	%	100% of residential and office buildings certified as sustainable	100 / 100	N/A	*100% based on the number of projects* *100% based on revenue*

Strategic KPIs	Unit	Target	2024	2023
Social				
Full time equivalents	FTE	No target	400	432
Interns	Number	Minimum 70 interns annually by 2025	60	48
Gender diversity: Board and Management (Executive Management and reports to Executive Management)	%	No target for Board of Directors as long as there are only two Board members Target for Management: 25% women by 2027	BoD: 0% Management: 6%	BoD: 0% Management: 18%
Sick leave /absence	Days/FTE	Sick leave < 2 %	1%	1.5%
Reported work accidents	Frequency	Below 0.6 accidents per 100 MDKK revenue	1.2	1.3
Lost-time injury frequency	Frequency	Below 9 lost days per 100 MDKK revenue	11.5	13
Internal promotions	Number	> 25 annually	36	N/A

Strategic KPIs	Unit	Target	2024	2023
Governance				
Proportion of the underrepresented gender on board of directors	%	No target for BoD as long as there are only two board members	0	0
Attendance rate at board meetings	%	Target: 100% attendance	100	100
Suppliers who have signed Supplier CoC	Number	CoC part of all supplier contracts	100	65
Employees trained in Employee CoC	%	Develop online training program and onboarding CoC training	N/A	N/A

ESG Accounting Practices

KPI	Accounting practices
Environment	
CO_2e, scope 1	Emission factors: DEFRA 2024 Petrol and diesel used in company cars in 2024 Oil used on construction sites (purchased by Nordstern) in 2024
CO_2e, scope 2 – Market based	Emission factors electricity: Energinet 2023 Emission factors district heating: The specific company's emission factor for their district heating product (for 2023 or 2024). Where this does not exist for 2023 or 2024 we have used the national emission factor from Energistyrelsen 2023 Electricity and district heating used in offices and on construction sites (purchased by Nordstern)
CO_2e, scope 2 – Location based	Emission factors electricity: Energinet 2023 Emission factors district heating: The specific company's emission factor for their district heating product (for 2023 or 2024). Where this does not exist for 2023 or 2024 we have used the national emission factor from Energistyrelsen 2023 Electricity and district heating used in offices and on construction sites (purchased by Nordstern). We have used the principals from the Greenhouse Gas Protocol (GHG Protocol)
CO_2e, scope 3	Scope 3.1 Purchased goods and services: Emissions from spend costs: DEFRA 2024 Amount of spend costs in 2024: From Nordstern's ERP Emissions from buildings, product stage: Ökobaudat and specific EPD's Included projects handed over in 2024. For all projects where there is a specific LCA, data from this has been used (phase A1-A3). For the rest, we have used a 9,8 kg CO2e/m2/year for new construction residential projects and 10 kg CO2e/m2/year for new construction office projects and 7,5 CO2e/m2/year for renovation projects (office and residential) based on Build's reports (total for the phases A1-A3, B4, B6, C3, and C4): https://vbn.aau.dk/ws/portalfiles/portal/506319104/Klimap_virkning_fra_renovering.pdf https://vbn.aau.dk/ws/portalfiles/portal/414195266/BUILD_Rapport_2021_13.pdf Scope 3.3 Fuel and energy related activities: Upstream emissions from consumption: Emission factors: DEFRA 2024 Consumptions from Scope 1 and 2 Scope 3.5 Waste generated in operations: Emissions from waste: DEFRA 2024 Amount of waste: information from the waste handling companies

KPI	Accounting practices
CO_2e, scope 3 (continued)	Scope 3.6 Business travel: Emissions from spend costs: DEFRA 2024 Amount of spend costs in 2024: From Nordstern's ERP Scope 3.7 Employee commuting: Emissions from employee commuting (by car): DEFRA 2024 Driven km by employees: Calculation of distance between each employee's home and their workplace (and return) times 166 working days times 95 % (it is estimated that 5 % of employees travel by bicycle, public transport or another way). From Dansk Statistik we have information on the part that drives in petrol car, diesel car, hybrid car or electricity. Scope 3.11 Use of sold products: Emissions from buildings, use stage: Ökobaudat and specific EPD's Included projects handed over in 2024. For all projects where there is a specific LCA, data from this has been used used (phase B4 and B6). For the rest, see scope 3.1. Scope 3.12 End-of-life treatment of sold products: Emissions from buildings, use stage: Ökobaudat and specific EPD's Included projects handed over in 2024. For all projects where there is a specific LCA, data from this has been used used (phase C3 and C4). For the rest, see scope 3.1.
Total GHG emissions	Total of scope 1, 2 and 3 emissions
GHG intensity per net revenue	Total of scope 1, 2 and 3 emissions divided by revenue (DKK)
Energy consumption	Electricity and district heating used in offices and on construction sites (purchased by Nordstern). Information from Nordstern's ERP
Energy intensity per net revenue	Electricity and district heating used in offices and on construction sites (purchased by Nordstern) divided by revenue (DKK).
Water consumption	Water consumption from offices and on construction sites (purchased by Nordstern). Information from Nordstern's ERP.
Total waste volume from construction sites	Waste (tons) from offices and construction sites where Nordstern is responsible for handling the waste. Waste amounts (tons) are documented by the different waste carriers. Waste amounts (tons) are measured in different fractions. The total waste amount is divided by revenue (DKK).
Recycled waste from construction sites	The waste carriers have informed how their different fractions are handled (recycling, combustion and landfill).
EU Taxonomy-aligned revenue	Not relevant in 2024
Sustainability certifications	All new residential constructions and offices, Nordstern has signed an unconditional contract for during the past year, has been included in the overview. Only turnkey contracts (design and build) have been included in the statistic, while main contracts (build only) have been omitted, as we have limited influence on whether such projects achieve certification.

KPI	Accounting practices
Social	
Full time equivalents	ATP accounting method
Interns	Data from HR Management system
Gender diversity, all employees	ATP accounting method
Gender diversity, management	ATP accounting method
Sick leave /absence	Data from time registration system, Intempus (excluding long-term illness)
Reported work accidents	Data from internal reports on health and safety
Lost-time injury frequency	Data from internal reports on health and safety
Internal promotions	Data from HR Management system

KPI	Accounting practices
Governance	
Proportion of the underrepresented gender on Board of Directors	Not relevant
Attendance rate at board meetings	Data logged in ‘Minutes from the Board meeting’
Suppliers who have signed CoC	Data from internal log compiled by Nordstern’s Head of Procurement
Employees trained in CoC	Data from HR Management system (to be implemented from 2025)