



WALLENSTAM

COMMUNICATION ON PROGRESS
2020

This is how we create value

1 Our resources

Financial capital

SEK 26 billion in capital from shareholders and generated profits that remain in the company and SEK 27 billion from external lenders.

Produced capital

More than 200 properties – residential properties in attractive locations in the growth regions of Gothenburg, Stockholm and Uppsala as well as commercial properties in Gothenburg inner city. 66 wind turbines from Jämtland in the north to Skåne in the south, producing renewable energy.

Human capital

Approximately 270 dedicated and knowledgeable employees and combined competencies through partners within management, service and construction.

Social and relationship capital

All customers that live in our approximately 10,000 rental apartments, or that work in the offices, shops etc., which represent more than 500,000 sq m of commercial floor space. In addition, relationships with financiers, partners, municipalities and local communities.

Intellectual capital

About 17,000 potential apartments in the project portfolio which can become future homes for families through our combined experience and processes concerning management, construction and urban development with dialogue and collaboration.

Natural capital

Land, energy and building materials such as wood, stone and metal provide the basis for our construction operations.

226

PROPERTIES

Wallenstam has 1.2 million sq m of lettable area, of which just over 500,000 sq m is commercial floor space.

2 Our operations and business model

Business process



Wallenstam builds, develops and manages properties and areas based on the needs of people and society, and according to the wishes and requirements of customers and shareholders. We create value growth through construction, development and management with a high level of service and long-term sustainability. Profits are reinvested and used to further develop the business. Shareholders receive a share of the profits in the form of dividends.

Efficient management and development



Our properties and public areas adjacent to the properties are developed and refined based on maintenance plans and customer needs and wishes. Safety, comfort and long-term profitability are key words when we, for example, modernize the courtyards of residential buildings, carry out optimized operations projects, or when we develop inner city environments to contribute to meeting places and a city pulse. Through our own wind power production, we are self-sufficient in renewable energy.

Successful letting organization



With good knowledge of the local market and its needs and great commitment in taking care of customer relationships, a strong basis is created for maintaining a uniform and high occupancy rate in our commercial holdings, where we take a holistic approach to the area. The residential holdings are fully let and in line with the completion of our new construction projects, letting occurs of all new apartments – a large number every year.

Cost-efficient construction



We mainly build rental apartments for our own management, but also a smaller number of co-op apartments and commercial properties. Our process and flexible business model, makes it possible to complete our new construction projects in both economic upturns and downturns. We work continually on acquiring land and seek land allocations in order to continually replenish our project portfolio.

We create value growth through construction, development and management with a high level of service and long-term sustainability.



3

Created value for our stakeholders

Owners

- » Stable and safe investment
- » Value growth
- » Share price trend

Customers

- » Functional, safe and qualitative homes and well-adapted, flexible working environments
- » Realized entrepreneurial and residential dreams
- » Housing free from financial risk
- » Simplified everyday life – at home and at work

Employees

- » Jobs with secure and stable employer
- » Personal and professional development
- » Remuneration and benefits

Suppliers, partners and lenders

- » Jobs
- » Interest payments
- » Long-term collaborative relationships

Society and the city

- » Regional development through more housing and premises for people and companies
- » More attractive, lively cities with pleasant meeting places and developed infrastructure and service
- » Tax revenue and jobs
- » Long-term engagement in the local community and sponsorship

Environment

- » More renewable energy
- » Lower environmental impact by reduction of energy use, carbon emissions and water consumption in our properties, and during construction
- » The possibility of charging electric vehicles, solutions for sorting at source, and initiatives to promote cycling etc.

Business plan 2019–2023

GOAL 2023

To achieve an increase in net asset value of SEK 40 per share

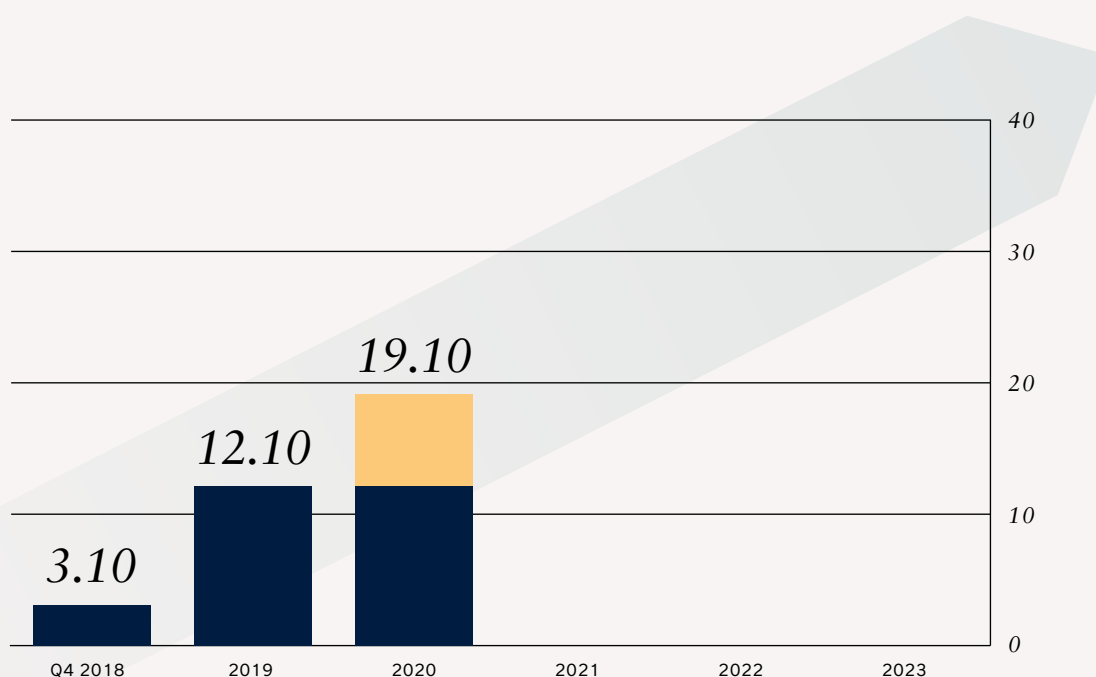
The goal to achieve an increase in net asset value of SEK 40 per share during the period is equivalent to an increase of 50 percent starting from October 1, 2018.

As of September 30, 2018, the Group's net asset value amounted to SEK 25,608 million, which is equivalent to SEK 79.20 per share and is the starting point for the measurement. On December 31, 2020, the net asset value amounted to SEK 31,746 million, which corresponds to SEK 98.30 per share. This means that we have generated SEK 19.10 per share to date. Net asset

value growth is created by successful letting, efficient management, value-creating investments, cost-efficient new construction and strong business operations.

During the business plan 2023, Wallenstam is continuing to work in the growth regions of Gothenburg, Stockholm and Uppsala. We are striving to become even more service-oriented, productive and efficient, so that we can create even more value for our shareholders, employees, customers and society as a whole. During the business plan, the equity/assets ratio shall not fall below 30 percent.

Increase in net asset value, SEK/share



Net asset value growth is created by successful letting, efficient management, value-creating investments, cost-efficient new construction and strong business operations.

Guiding principles

Our guiding principles aim to clarify important focus areas in our operations.

CUSTOMER

We shall exceed customer expectations and improve the overall impression of Wallenstam every year through attractive apartments and premises as well as good service.

READ MORE ON PAGE 6

EMPLOYEE

Through our strong corporate culture, we shall be an attractive employer and improve our Engagement Index score every year.

READ MORE ON PAGE 7

ENVIRONMENT

We shall reduce our environmental impact every year, through initiatives within the focus areas energy, transports and resources.

READ MORE ON PAGE 8

Umami Park,
Sundbyberg.



"We shall exceed customer expectations and improve the overall impression of Wallenstam every year through attractive apartments and premises as well as good service."

Our customers are at the center of our business and it is important for us to be able to offer the right product and service to our residential and commercial tenants. Satisfied customers that are happy are loyal and rent longer with us, which among other things, contributes to lower relocations, less wear and tear and increased security. A satisfied customer is also a good ambassador for us as a company.



Close contact with our customers

Through telephone calls, e-mails and personal contacts, we meet our customers every day, including through our customer service that receives reports of defects and viewpoints. This year, our customer contacts have largely been dominated by the Covid-19 pandemic, for example many meetings, occupation-related meetings and events were cancelled or were conducted digitally. We have also changed over to digital apartment viewings and signing of contracts.

It has been important for us to be extra available for our customers, and we have expanded through the possibility of contacting our customer service via a chat function. In addition, all our residential tenants have now gained access to our Wallenstam App where, among other things, they can communicate with us and with their neighbors. On the commercial side, account managers have had extra focus on the relationship with the customers operating in exposed sectors, in order to find solutions during the tough time that many are going through.

During 2020, we carried out digital training on how we respond to our customers through calls and personal meetings. All employees and Wallenstam Partners who have a lot of customer contact in their work, will have the opportunity to advance their knowledge and skills regarding the right response, communication and tonality.

Good ratings from our customers

We conduct regular CSI (Customer Satisfaction Index) surveys where we ask our customers what they think about our service, our product and our image. The outcome, which is summarized in a service index, showed that we obtained very high ratings in a number of areas. The availability and response from our customer service is top class, our capable partners obtained high ratings in relation to property maintenance in our properties and customers

are satisfied with their apartments and their premises, for example with regard to the design and standard.

Based on the results from our surveys, we have identified areas for improvement that we continued to work on during the year. The action plans relate for example to operation, such as ventilation and indoor climate, as well as cleaning and maintenance in our properties, but also targeted projects that aim to make it easier for customers to act in an environmentally-friendly way. This can, for example, involve sorting at source or recharging possibilities for electric bikes. We are working to simplify and improve the information to our tenants so that it should be uniform and easy to understand. We are also looking specifically at the process around handling cases of reports of defects, so that our customers can obtain even quicker help with their cases. This work occurs on a company-wide basis and is led by a process manager with the entire customer journey in focus, from letting and occupation, information and contact with us as a landlord to termination and relocation.

During 2020, we conducted targeted surveys among the tenants who moved into our new production. The overall outcome from these surveys, shows that the new tenants are particularly satisfied with the design and equipment in their kitchen and bathroom and also with the information and response from Wallenstam. Improvements are requested mainly regarding the design of the outdoor environment. We take this experience on board in order to be able to improve the customer experience going forward.

79.9%

SERVICE INDEX
RESIDENTIAL

82.4%

SERVICE INDEX
COMMERCIAL PREMISES

In our latest major survey of our entire holdings, we obtained a service index rating of almost 80 percent among our residential tenants and just over 82 percent among our commercial tenants. The service index is a weighting of the tenants' ratings with regard to security, response and service. During 2021, we will again conduct a survey in the entire holdings.

“Through our strong corporate culture, we shall be an attractive employer and improve our Engagement Index score every year.”

Knowledgeable and dedicated employees are one of our success factors as a company and the most important resource for our operations. Dedicated employees ensure more satisfied tenants and more efficient operations.

Familial corporate culture

An enterprising attitude, stability, purposefulness, security, togetherness and equality are some of the qualities that our corporate culture is based on and that are connected to our core values – respect, commitment and progress. Wallenstam’s values do not just reside in the walls of the company, but are created by all the employees together. Therefore it is important to continue the work together on strengthening our value platform and the familial corporate culture that we have at Wallenstam. It is particularly important to ensure this during new recruitments.



Measurements of Engagement Index score

The Engagement Index shows how engaged the employees are, and to what extent the employees feel satisfied, take responsibility for and feel involved in the company’s mission – our goal, our business concept and our vision. During the year, we completed the work on deciding how the follow-up should be made and how the measurements should be carried out. The first survey, where we asked the question “Would you recommend Wallenstam as an employer to a friend or acquaintance?” showed an Engagement Index score of 65. We want to improve our Engagement Index score every year, and this result provides a starting point for the coming years.

65

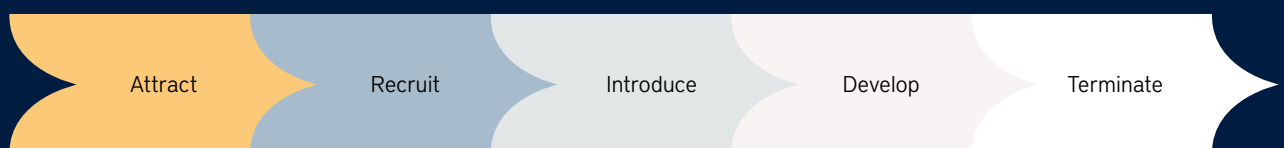
ENGAGEMENT INDEX SCORE

A value over zero shows that there are more ambassadors than detractors and a value between 20 and 30 is considered to be very good. Of the 199 people who responded to the survey, 71 percent were classified as ambassadors for the company.

During the pandemic, the engagement has been demonstrated extra clearly – engagement for our customers, for each other and for the company. The employees have really had the ability to adapt rapidly to the changed conditions and to take on duties outside of their regular roles.

Many want to work at Wallenstam

How we are perceived as a company by potential, current and previous employees is important for attracting and retaining dedicated employees. During 2020, we mainly focused on developing and optimizing the processes relating to attracting and recruiting employees, among other ways, by quality-assuring the interview process and candidate experience. Early in the year, many recruitments were paused due to Covid-19. After the summer, recruitments resumed and about 20 positions were filled during the fall. The interest in working at Wallenstam is strong, which is reflected in a large number of qualified applications for the advertised positions.



“We shall reduce our environmental impact every year, through initiatives within the focus areas energy, transports and resources.”

The property sector has a significant impact on the environment and climate. As a large property owner and construction company, Wallenstam wants to take responsibility for this impact.

Within the **energy** focus area, we are a leader today because we are self-sufficient in renewable energy from our wind turbines since 2013. We have also worked for many years on improving energy efficiency in our properties. In addition to this, we have also started to install solar cells in our properties. The term

resources is broad and we have currently been concentrating on the aspects waste and material use. As a first step in the work in the **transports** area, the focus has been on the trips that the company's employees make.

In 2020, Wallenstam took a decision on four climate targets that aim to reduce the company's CO₂ emissions. The goals will apply until 2023, when the present business plan expires.

CLIMATE TARGETS 2023



Reduce CO₂ emissions from the construction operations by 10 percent per square meter. Wallenstam has worked for a long time on improving the efficiency within its construction operations. The work on improving efficiency will now also focus on CO₂ emissions. This means, among other things, further work with choice of materials, optimization of materials, recycling of materials and a review of construction transports.



Reduce CO₂ emissions from the properties' energy consumption by 15 percent per heated square meter. Further optimization work and investments in the properties' building shell will lead to more efficient energy use. The properties will also be supplemented with solar cell units where it is practically possible. Taken together, these initiatives will lead to reduced CO₂ emissions.



Reduce the properties' residual waste by 10 percent per square meter. To improve the possibility for our tenants to sort their waste, environmental rooms will be supplemented with additional sorting units when required. By creating a change in behavior and promoting the willingness to sort, the spread of information about the climate benefit is an important factor in reducing residual waste. Reducing residual waste means that less waste is incinerated with reduced CO₂ emissions as a positive effect.



Carry out business trips using electric car, train or via completely carbon-neutral and biofuel-based air travel. Wallenstam enables climate-neutral business trips by providing a car pool that consists exclusively of electric cars. For longer trips, train should be chosen in the first instance and in those cases where air travel is necessary, it should be carried out in a completely carbon-neutral way and be biofuel-based.



Garage with solar cells in the façade

In Mölnlycke Fabriker, the area that is in the process of taking shape in a genuine industrial environment just outside of Gothenburg, Wallenstam is building a garage with 1,500 solar cell modules in the façade. The semi-transparent solar cell modules that will be used in



the construction will enable the entry of light, airflow and will create a façade that changes in shades of blue, green, orange and terracotta red. They will produce energy for the garage's lighting, charging stations for electric cars and in addition, they will also generate renewable energy for the electricity grid. For the future tenants of the more than 600 apartments in the area, the garage will become the central car park.

30 years

AS CEO OF
WALLENSTAM

Comments by the CEO

The year we have now left behind us was a very unusual one. 2020 began in the same fantastic way as most years, with new opportunities, a lot of energy and a strong belief in the future. Quite soon, many of us realized that 2020 would be anything but normal, and in March when Covid-19 was classified as a pandemic, life and conditions changed for us, the business community and for society in a dramatic, almost surreal way.

An unusual time

I have had the privilege of being the CEO of Wallenstam for 30 years, and have experienced different economic cycles during this period. The current crisis differs somewhat

from both the property crisis in the 1990s and the financial crisis in 2008-2009, primarily because the pandemic is claiming lives and many people are being affected by it in a hard and unforgiving way. This crisis has also meant that we have changed our way of living in a short time, which has also had consequences in many other respects. Some businesses have been very severely affected and are fighting for their survival. However, there are also sectors and businesses that have benefited, which are growing and thriving due to the new needs arising from our changing lifestyles.

Successful business model even in a crisis

For Wallenstam, I can once again confirm that we have a business model that I feel very confident about, where we

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as a company create value even in such uncertain times. During the year, we continued to provide apartments and let commercial floor space, primarily offices, and both of these markets have been stable despite the turbulence in society. However, businesses that depend on visitors such as restaurants and shops have faced a very tough time. We have done what we could to help them maintain their businesses for when society opens up again. We have given many of our tenants discounts both within the framework of the government rent support, and also helped, for example by purchasing a total of 15,000 lunches from our restaurant tenants, which we delivered to the needy in society.

Wallenstam during the pandemic

Apart from the fact that we made efforts with purchases and discounts to support our customers, the pandemic has of course also affected our business and our working methods in different ways. When it comes to residential lettings, we have changed and developed our routines, for instance with digital viewings and signing of contracts, which has functioned very well. On the commercial side, there have also been many challenges arising from the pandemic. The properties' attractive locations, great know-how and engagement have led to several new commercial lets also during 2020. We are also sensitive to changing needs and have a thorough program where we reconstruct some second floors containing retail space, into offices for example, and stores with less favorable trading locations can be converted into, e.g. housing or other activities.

Our ongoing production has worked well, in fact above expectations, without significant delays or delivery problems. However, the municipalities' permit processes such as consultation and building permits have been greatly impacted by the pandemic. For us, this has meant that project starts have been delayed. No projects have been cancelled, but they have been brought forward. I hope that next year we will return to the normal number of construction starts as planned during the business plan. Today we have more than 130,000 people in our own housing queue, which is a fantastic basis for continuing on our chosen path of developing projects and building new qualitative homes in a cost-efficient way.

Now practically all employees at Wallenstam are working from home, something that I must admit I was a bit hesitant about before the pandemic. What I have seen during this year is that our processes are functioning, and everyone is working, cooperating and delivering more or a bit more depending on their different circumstances. However, I can state that the office as a social meeting place has probably become even more important now, than before

the pandemic – and this is something we are also noticing among our commercial tenants.

Income from property management and net asset value are increasing

Despite the pandemic and its effects, we have managed to achieve higher income from property management than the previous year. This, I want to suggest, is a result of all the work that my fantastic co-workers have put in, where everyone with great commitment contributed and really battled during these very special circumstances.

We also advanced a bit further on our journey towards the goal of achieving an increase in net asset value of SEK 40 per share through 2023. So far in our five-year business plan, we have generated just over SEK 19, and I am very satisfied with this!

Value growth from new construction is increasing

Our business concept involving investments in new construction is generating positive changes in value on an ever-greater scale. In 2020, two thirds of the total change in value came from new production. It is primarily changes in net operating income that have generated the increase in value in the existing holdings.

We have also had the opportunity to further strengthen our project portfolio for future new production, and during 2020 we purchased land for future new production with construction starts planned both in the near future and with a longer planning horizon. The project portfolio now includes around 17,000 future possible apartments and in total we have around SEK 7 billion in ongoing and future projects and land, which do not generate any cash flow today, but will do so in the future. Overall, we expect to invest about SEK 15 billion in construction of new apartments during the business plan.

We have a stable foundation with an equity/assets ratio of 42 percent and a loan-to-value ratio of 46 percent. During the year and especially during the first six months, there was some turbulence in the financial market, which meant that our financing costs increased temporarily during this period. We have chosen to refrain from rating the company and mainly prefer bank financing, which feels particularly reassuring in times like these.

Record electricity production from our wind turbines

Sustainability work is important for Wallenstam, and we want to contribute to a better society in different ways. The fact that we create new apartments every year is perhaps our biggest sustainability initiative as a company. But we are also focusing on the climate issue, among other ways, through the four climate targets in the current business plan 2023, that we launched during the year.



WALLENSTAM

"During 2020, we carried out a change of our logo, which was launched in connection with our 75th anniversary in November 2019. A very nice surprise was that our new logo and visual identity won the Swedish Design Award recently in January!"

- » Wallenstam shall reduce CO₂ emissions from its construction operations by 10 percent per square meter.
- » Wallenstam shall reduce CO₂ emissions from the properties' energy consumption by 15 percent per heated square meter.
- » Wallenstam shall reduce the properties' residual waste by 10 percent per square meter.
- » Wallenstam's business trips shall be carried out using electric car, train or completely carbon-neutral and biofuel-based air travel.

In addition, we have decided that all our bonds shall be green bonds.

Since 2013 we have also been self-sufficient in renewable energy through wind power and we have now set a new record in our own electricity production. Our 66 wind turbines produced a total of 417 GWh during 2020! This is equivalent to the annual consumption of just over 20,000 houses or about 170,000 apartments.

Wallenstam has already signed the UN's Global Compact, which means that we support and work on the basis of the ten principles in the areas of human rights, labor, the precautionary approach, anti-corruption and taking of responsibility in relation to environmental issues.

Gold in the Swedish Design Award


During 2020, we carried out a change of our logo, which was launched in connection with our 75th anniversary in November 2019. Stationery, envelopes and printed material have been redone, new signs have been put up on façades and in entrances. A very nice surprise was that our new logo and visual identity won the Swedish Design Award recently in January!

Of course, it feels really great that our logo featuring the ant, which has now gained a modern look, is being recognized in this way! The ant as a symbol has been a natural part of the brand since the 1950s and symbolizes cooperation, endurance, strength and the art of building apartment blocks in carefully selected locations – qualities that are highly valued at Wallenstam.

Looking ahead to continued successful development

A big thank you to all employees, the Board, tenants, suppliers and shareholders who have accompanied us all the way here! Now we are looking ahead, and can detect light at the end of the tunnel. Hopefully, society and all of us can soon return to a more normal life, where we can once again meet colleagues, relatives and friends, shop, travel, socialize and eat in restaurants.

I see a fantastic future for Wallenstam. Our business concept has been shown to work well during the pandemic, and works even better in more normal times. We have a strong base, and we will continue to refine our offices, develop our ground floors and build even more apartments. Our results during 2020 have made it even clearer that our business model and strategy for the future are totally right for a continued successful development of the company.



Hans Wallenstam, CEO



Green façade on Södra Larmgatan
in central Gothenburg.

Responsible enterprise

Wallenstam wants to contribute to a better society, today and for future generations. This is our driving force and what makes us proud of our business. For us, sustainability is about pursuing responsible enterprise. By creating solutions that contribute to a long-term positive development, we take responsibility for the impact we have on society, the climate and the environment. As part of this work, Wallenstam supports the UN's Global Compact initiative and this section constitutes our Communication on Progress (COP report).

When Agenda 2030 was adopted, the world's countries came together to limit global warming to well under 2 degrees. Research shows that global warming continues to increase, with both short-term and long-term climate change as a result. Agenda 2030 contains ambitious goals in relation to equality, poverty, peace and justice. Wallenstam is continuing to focus on our five prioritized goals in Agenda 2030, all aimed at promoting a sustainable development.

We believe that integrated sustainability work and strong social engagement go hand in hand with long-term profitability, and for this reason, sustainability is a core part of our business. This delivers good control, minimizes business-related and operational risks, improves efficiency, generates new solutions and business and ensures more engaged employees, more secure investors and more satisfied customers.

For us, sustainable enterprise is also about continuous improvements, development of our operations and about refining and streamlining processes.

As an additional part of our climate work, Management adopted four climate targets during the year, which apply until the end of the business plan in 2023. The aim of the targets is to reduce the carbon footprint from our

construction operations and from the properties' energy consumption and residual waste. In addition, all business trips shall be carried out in a climate-neutral way. The goals have been formulated in the company's climate group, which is led by the Sustainability Manager and is composed of representatives from the construction and management operations. The climate group's mission is now also to prepare action plans for each target.

Organization, governance and reporting

During 2020, the work continued on developing and driving Wallenstam's sustainability work in accordance with the company's sustainability policy, with Karin Mizgalski as Sustainability Manager. The CEO is ultimately responsible for the work with the material topics and risks that are prioritized in Wallenstam's sustainability work. The practical and day-to-day sustainability work is conducted in all parts of the operations and all employees have a responsibility to implement and drive the sustainability efforts in their respective departments. Outcomes are followed up and regularly reported to Group Management and the Board.

Wallenstam has reported its sustainability work since 2006 and reports according to Global Reporting Initiative (GRI) since 2010. We also reported our emissions of

Wallenstam's climate targets 2023



Reduce CO₂ emissions from the construction operations by 10 percent per square meter.



Reduce CO₂ emissions from the properties' energy consumption by 15 percent per heated square meter.



Reduce the properties' residual waste by 10 percent per square meter.



Carry out business trips using electric car, train or via completely carbon-neutral and biofuel-based air travel.

greenhouse gases and other climate-related data during the year to the CDP (Carbon Disclosure Project).

Stakeholder dialogue

During fall 2018, we conducted a stakeholder analysis, which continues to form the basis for the work with the business plan 2019–2023. Through our stakeholder dialogues, we obtain a relevant view about external requirements and wishes.

Code of Conduct and Ethics Council

In the construction and property sector, there are risks, for example related to the working environment, corruption, human rights, climate and the environment. Our Code

of Conduct, which is built on our core values, serves as a central guide for us. The Code of Conduct, and a number of guidelines connected to it, set out Wallenstam's approach and clarify how we want to act as a company. The goal is to have an environmental, social and commercial commitment in everything we do. We comply with laws and regulations, and apply responsible business methods, which are characterized by high business ethics and good business practice. We impose requirements on contractors that enter into cooperation agreements with us that they follow the content of the Code of Conduct and act according to it. Violations of the Code of Conduct, internally or by partners, can damage Wallenstam's operations and brand.

MATERIAL SUSTAINABILITY AREAS BASED ON STAKEHOLDER DIALOGUE



HUMAN RIGHTS

Having a home is a fundamental need and constitutes an important part of a functioning society. There is currently a severe housing shortage, which also means that many people are finding it hard to get their own home. We want to contribute to a good standard of living for many people by developing safe, secure and lively city districts where we build and manage housing, primarily in the form of rental apartments. We currently have about 350 social contracts with municipalities and organizations, where we make housing available for people who find it difficult to obtain a regular contract. For example, this can relate to transitional accommodation. Several of the contracts change over to regular leases when it is possible for the tenant.

Our operations are conducted in Sweden and we follow applicable rules for example relating to working conditions, the working environment and freedom of association. Wallenstam supports the UN Declaration of Human Rights and we see that we can contribute positively in many areas, including by fighting discrimination, treating everyone with respect – employees and customers as well as others we meet – and offering equal opportunities to employees.

The Code of Conduct, which is available in its entirety on www.wallenstam.se, is revised annually and adopted by the Board.

Training and information about the Code of Conduct and specific guidelines, for example on anti-corruption and information security are mandatory for all employees including the Group Management and Board. Training occurs regularly, as part of the introductory program for new employees, among other ways and as digital training for all employees.

Wallenstam's Ethics Council, with representatives from the entire business, holds about four meetings annually. The Ethics Council is the body that works centrally in the Group on continually advancing the Group's anti-corruption

work, and it conducts risk analyses in the area and proposes possible measures. The Ethics Council receives regular questions of an informational character that the Council answers. Most questions relate to what employees can give or receive, in other words, questions connected to business ethics and corruption. We provide information to all employees based on commonly asked questions. No cases arose during the year where further investigation was required. Wallenstam has a whistleblower function, which can be used internally and externally and is accessible via a link from Wallenstam's website. A few cases were reported during 2020. However, these were not classified as whistleblower cases but were other types of viewpoints, which have been handled and answered.

Only green bonds

During the year, Management decided that all bonds that Wallenstam issues going forward shall be green bonds. At present, all 66 of Wallenstam's wind turbines and some of our environmentally-certified properties are financed through green bonds.



Agenda 2030

Wallenstam has prioritized five global sustainable development goals (SDGs) in the UN's Agenda 2030. Within these goals, we are working in various ways with a number of different sub-areas in order to help reach the goals. Having a home is a fundamental need and constitutes an important part of a functioning society. There is currently a severe housing shortage.



66

WIND TURBINES

from Jämtland in the north to Skåne in the south. We have been self-sufficient in renewable energy since 2013.



Gender equality

Gender equality and diversity

For us gender equality and diversity are important. Employers should work together with employees to achieve gender equality and diversity. Gender equality and diversity issues must be integrated throughout the organization and its working methods. During recruitments and in our internal processes, for example in relation to development initiatives and setting of salaries, we work to ensure that men and women have the same conditions and we shall work together to ensure a progressive organization where discrimination on all grounds is prevented. Nevertheless, we need to maintain an ongoing dialogue about what gender equality, respect and diversity means in our company. Our Code of Conduct is clear that discrimination must not occur. Read more on page 43.



Affordable and clean energy

Renewable energy

We are self-sufficient in renewable energy through our own wind turbines. Our largest carbon footprint from heating of properties comes from district heating. To the extent that the heating is based on waste heat or is produced with renewable raw materials, district heating can be a good environmental alternative. We aim where it is possible to be able to replace district heating with our own internally-produced wind power in more and more of our properties.

We also investigate and evaluate other technical solutions for sustainable energy production, such as solar energy and energy storage. During the year, the installation of solar cells on roofs continued and construction also started of a carpark whose façade will be clad in solar panels.

Our wind turbines are still financed by green bonds. These were issued during 2019 within our green framework, which obtained the highest rating Dark Green.



Decent work and economic growth

Long-term sustainable financial position

Long-term profitability is one of the basic requirements for us as a company and our owners want to see a return on the capital they have invested in the business. Through efficient organization, climate- and cost-efficiency in the entire operations and focus on locations with growth and strong demand, we can ensure long-term economic stability. This also means that we should be profitable – profits that we can reinvest in the business.

Wallenstam is flexible in a volatile housing market in a way that provides assurance for our stakeholders. We mainly build rental apartments for our own management, and provide badly needed housing. Through profitable property development, we create value for our customers, society in general and also for the company's employees and owners. Long-term plans and investments over time also create secure jobs in production and management. Read more about how we work with our customers and employees in focus, on page 6, and page 7, respectively.



Self-sufficiency in renewable energy

Our renewable energy investments were initiated to increase control over our electricity expenses and our climate impact. We are self-sufficient in renewable energy through our own production since 2013, which covers our own and our tenants' consumption. Our 66 wind turbines are found from Jämtland in the north to Skåne in the south, and have an installed total output of 143 MW. Our high ambitions to be self-sufficient during all months mean that we shall meet our energy needs in the Group even during July when wind power production in Sweden is at its lowest. The wind turbi-

nes shall provide Wallenstam's properties with renewable energy and thereby make the management operations less sensitive to changes in the electricity price.

Operation and production

In total, we produced 417 GWh (367) during the year. We work actively on boosting our turbine uptime, in other words, minimizing the time that turbines do not generate electricity due to disruptions or planned stoppages – for example by carrying out maintenance work at times when there is no wind.

During 2020, the uptime amounted to 98 percent. Production is also continually optimized by various types of capacity increasing modifications and upgrades, including new software to improve production efficiency.

Electricity trading and prices

We still sell the electricity we produce to the Nordic electricity market and Wallenstam only purchases internally produced wind power for the Group's total electricity use. We follow the development of the electricity price, handle hedging and sales of renewable energy certificates.

Wallenstam's supply chain

In our business, we utilize the services of more than 3,000 suppliers. Our Wallenstam Partners perform property upkeep and maintenance, and we use building contractors in our new construction operations who in turn often use subcontractors. In addition, we buy goods and services, use the services of consultants and borrow capital through banks and other financial institutions. Our suppliers are usually domiciled in Sweden, but for instance, sourcing of construction material etc. also occurs in other European countries and in the rest of the world.

We aim for close and long-term collaboration, which means that we can develop together with our partners. As a client, we have both a responsibility and an opportunity to demand good operational standards in the entire production chain. During procurement of contractors and purchasing of services, the responsibilities of our partners are stipulated in agreements and codes of conduct in relation to business ethics, climate, the environment, working conditions, safety etc.



Sustainable cities and communities

Urban development of safe areas

We aim to create safe and welcoming areas and properties, that people want to live in, work in and visit. Both the physical environment and relationships with neighbors and visitors in the area, influence tenants' perceptions of security. In the work to increase security, we are making a number of efforts in the day-to-day management as well as selective measures. One example is our collaboration

GLOBAL COMPACT

Wallenstam has signed the UN's Global Compact, which means that we support and work on the basis of ten principles in the areas of human rights, labor, the precautionary approach, anti-corruption and taking of responsibility in relation to environmental issues.

with Huskurge, an organization which works proactively through neighborhood cooperation to prevent violence in close relationships.

Within the scope of our urban development projects, we want to create the conditions for safe communities already during the projecting and zoning plan work. We can achieve this by planning premises in certain areas for various types of activities, such as offices, stores, geriatric and child care etc. We are developing our existing properties and carrying out activities in collaboration with our commercial tenants, the city and other organizations in society, with the aim of creating a vibrant inner city.

We actively participate in research and development within urban development, construction and management. We support and cooperate with for example KTH, Johanneberg Science Park and Mälardalen University. Development efforts can relate to all from new technology in management operations to modern mobility solutions in new city districts. Supported by Wallenstam's Innova-

Where do the Wallenstam Group's emissions arise?

Scope 1

Fossil-fuel combustion from own properties, facilities and vehicles.



Own and leased vehicles

Own boilers

Emissions of refrigerants

Scope 2

Purchased energy for our properties.



Property electricity

District heating and district cooling

Scope 3

Emissions from:

- » Purchased goods and services
- » Property management and construction
- » Tenants' energy consumption and waste



Our business trips

Transports to and from our construction sites

Material and the construction process

Tenants' electrical subscriptions and waste

The operations' emissions are categorized as above.

tion Council, Daniel Svartling, the company's Innovation Manager, is working on creating new sustainable business opportunities. Results from our different projects become solutions in the housing of the future and town planning.

Social engagement for reduced exclusion

Wallenstam is passionate about fighting exclusion and about creating city districts where everyone can feel safe and a sense of belonging. We believe that supporting youth activities in the local communities where we operate is a recipe for success. For this reason, we participate in many local projects, which focus on helping young people to have active leisure time. Examples of our initiatives include letting premises for associations, creating meeting places and supporting activities for young people and particularly vulnerable groups. The aim to reduce exclusion is also the background for our collaboration with organizations such as Project Playground, Barnens Ö, Stiftelsen Lärhjälpen, Mitt Liv, Stockholm City Mission, the Refugee Mission in Gothenburg and many sports associations.

Cooperation and support mainly occur through sponsorship and participation in different sustainability-related initiatives.

Transports for tenants and employees

We are looking at various mobility solutions in order to offer our tenants practical and environmentally-friendly transport solutions. Composite mobility solutions involving bicycles, cars and other types of transports are still under development in some of our urban development projects, for example in Kallebäck's Terrasser in Gothenburg. Today we are installing recharging possibilities for electric vehicles in our new construction projects. Trans-

ports will continue to be a focus area during the business plan 2019–2023 through the establishment of our climate targets.

Internally, we encourage the use of public transport to and from the workplace with the possibility of buying an annual travel card through a net salary deduction. However, due to the pandemic during the year, we encouraged our employees to avoid public transport as far as possible. Electric bicycles are available for shorter trips and we have a carpool with electric cars, which reduces the need for employees to take their own car to work. The use of electric pool cars generates much less carbon emissions.

Resources in focus

How we use our resources is becoming increasingly critical, which is also evident in our internal work and in dialogues with stakeholders. For this reason, in our current business plan, we have defined it as a focus area in our sustainability work for the coming years. Resources consist of several elements, such as waste management, recycling, building materials etc.

The possibility of sorting at source is offered in our properties, both for residential tenants and for commercial tenants. Needs vary with the tenants' businesses and the possibilities also vary depending on the design and location of the properties. Within this area, there are improvements to be made, both to make it easier for tenants and to reduce our carbon footprint. During the year, a benchmark measurement was carried out in order to be able to follow up our climate target for residual waste. There is also great potential to reduce the carbon footprint from our new construction operations, when it comes to sorting at source, recycling and materials.



Lunches for the Rescue Mission

The company's founder Lennart Wallenstam was involved in supporting the Rescue Mission already from the start back in 1952. We still support the organization today through contributions and participation in various projects. In 2020, we provided extra support in the form of lunches from our restaurant tenants and through, for example, face masks and gift vouchers to families.



Climate action

Drive the development for reduced climate and environmental impact

We place great importance on limiting climate and environmental impacts in our production, operation and management of properties. During 2020, the last oil heating in our property holdings was discontinued based on our strategy of completely avoiding fossil-fuel based heating. In addition, we have converted our gas-heated properties from natural gas to fossil-free biogas. The property sector in Sweden uses a lot of energy and accounts for a large proportion of the overall carbon footprint in society, which means that it is a prioritized area for Wallenstam from a climatic and economic perspective. It is this carbon footprint that we are working to reduce through our climate target relating to construction.

Environmental legislation impacts many parts of our business and includes health protection, waste management and potential disruptions from properties such as noise, smoke and odors. There are also rules for maximum energy usage for our properties and soil remediation measures based on soil investigations prior to construction starts.

The standard of our work is not always based on legislation or external requirements but we create solutions ourselves, not least by becoming the first property company in Sweden to be self-sufficient in renewable energy in 2013. In the operation of properties we optimize and operate metering in order to reduce consumption of energy and resources and to create a good financial position with continuous improvements. Individual electricity and water metering has been standard in our new construction since 2006. Such an installation usually contributes to a reduction in consumption by tenants of 10–25 percent following a running-in period.

Wallenstam is also driving developments for a lower climate and environmental impact through different collaborations and initiatives. For example, we support the government initiative "Roadmap for fossil-free competitiveness – the Heating industry", and we collaborate with Mälardalen University, which conducts research and innovation for energy-efficient construction and housing. There are several programs and certification systems for buildings' climate and environmental impact in the market, such as Green Building and Miljöbyggnad ("Sweden Environmental Building"). Four of our residential properties in the environmentally-designed Kvillebäcken district in Gothenburg, and a residential property in Mölndal are currently certified according to Miljöbyggnad Silver rating.



Textile collection reduces the amount of waste

During the year, together with Human Bridge we placed collection containers for clothes and textiles at several of our properties. In just six months, 16 tons of clothes and textiles were collected. The clothes go directly to aid initiatives, or generate income for various aid projects. The collection of clothes and textiles also reduces the amount of waste from the properties.



Risk management and opportunities

Covid-19 has had a significant impact on our business during the year, and through our risk management we have been able to handle the challenges posed by the pandemic. The effects of the pandemic are reflected, among other things, in the risks we describe relating to financing, interest rates, supply and demand and the economic situation.

Minimizing risks and optimizing opportunities is an integrated part of our business. Wallenstam's employees participate in both the risk inventory and the preventative work. The risks are assessed based on harmfulness and probability, and are prioritized by Management and the Board. The work aims to develop strategies and measures to reduce the risks and optimize opportunities. This is ongoing work, which is continually developed and the company's compliance function is responsible for the follow-up.

All events cannot be foreseen. For this reason, part of our risk work is to be prepared for crisis management. We conduct regular drills of our crisis management organization based on special guidelines and crisis checklists. This helps to minimize losses to the operations and our stakeholders.

RISK AREAS OPERATIONS

Production and management of properties



Description of risk

- » Occupational accidents.
- » Unpredictable events that result in increased costs, such as environmental factors, for example substances in soil or leakage that requires decontamination or areas of natural value that need to be protected.



Description of opportunity

- » Safe working environment without personal injuries.
- » Good financial position and environmental performance.
- » Value growth through new construction projects.



Wallenstam's management

- » Working environment plan is prepared early on and followed up during the entire project. Building work environment coordinators are appointed to ensure occupational safety in the planning stage. In contractor agreements, coordinators are appointed with equivalent responsibility during the construction phase. Sufficiently long time plans to avoid stress and mistakes.
- » Analysis of environmental risks during acquisition of land, soil investigations during new construction and continual investigations of environmental risks.
- » Efficient organization of projecting, planning, procurement, construction and choice of contractor.



Opportunities and risks connected to the operations refer to matters that are related to our core business.

Partners

**Description of risk**

- » Competition for contractors.
- » That procurements are not conducted/ agreements not correctly entered into, which can cause uncertainty about responsibility and increased costs.
- » That partners do not follow entered into agreements or our Code of Conduct.

**Description of opportunity**

- » Good collaboration, long-term planning, good financial position and high quality.
- » That we have secure and efficient processes for purchasing and signing of contracts, providing secure collaboration.
- » Good business ethics and satisfactory working conditions among contractors and subcontractors.

**Wallenstam's management**

- » Develop long-term relationships and well-established collaboration with contractors and suppliers.
- » We have developed processes and templates for procurement and purchasing, we bring in the right competencies to the process and at least two people always review tenders and agreements before they are signed.
- » Information to and dialogue with contractors about required compliance with Wallenstam's Code of Conduct.
- » Project managers are highly knowledgeable and very closely involved with their projects. Routines for follow-up of agreements and on-site checks.
- » Routines for logbooks and ID checks etc. at workplaces. Spot checks at partners are performed regularly.
- » Training and development of routines regarding supplier checks.

Employees

**Description of risk**

- » Less confidence or attractiveness among existing and potential employees.
- » Not to be able to recruit and retain employees with the right competencies and commitment.
- » That employees do not live and act according to the company's values.

**Description of opportunity**

- » To be perceived as an attractive employer. Possibility of recruiting employees with the right profile and competencies.
- » Development of employees and the company.
- » To develop employees, the operations and the brand based on strong common values.

**Wallenstam's management**

- » The guiding principle focused on employees is important for quality and satisfied customers. Offer a good working environment, attractive and market-related working conditions, health and wellness training, skills development and internal recruitment for new positions.
- » The synthetic options scheme for employees, which offers clear participation in the company's development.
- » Recruitment is prioritized as a strategic area. The processes are being strengthened and HR competencies shall always be engaged during recruitments.
- » Regular employee surveys are a tool for improvements, connected to the guiding principle of an annual improvement in the Engagement Index score, which is followed up during the business plan.
- » Introduction program with conference about the company's history, values, policies and guidelines etc.
- » Managers are supported in dialogues about the values in the form of checklists, templates for development discussions etc.

Anti-corruption



Description of risk

- » Risk for corruption linked to allocation of apartments/premises.
- » Risk for corruption during procurements and purchasing.



Description of opportunity

- » Good control of business operations, credibility for business partners and other stakeholders and assurance for employees with clarity regarding rules and routines.



Wallenstam's management

- » Clear processes and templates for procurements, purchasing and letting. Routines where two persons shall jointly review and authorize lettings and purchasing and also check tenders and agreements prior to signing. Spot checks for checking agreements. Focus on checking existing contracts, for example unlawful subletting.
- » An Ethics Council tasked with driving and monitoring the anti-corruption work at Wallenstam. Internal information and support through the Ethics Council.
- » Accessible whistleblower function.
- » Internal transparency about side-line jobs and assignments that may affect interests.

Financing



Description of risk

- » Weak liquidity impedes investments and the ability to meet payment obligations.



Description of opportunity

- » Strong liquidity provides the freedom of action to complete approved investments and obligations.



Wallenstam's management

- » Proximity to the market and the banks. Good relationships with several lenders provides good financing possibilities.
- » Financing is always secured before new construction starts, which eliminates the risk of low liquidity.
- » Focus on strong liquidity and high equity/assets ratio.
- » Liquidity forecasts are updated continuously with the objective of optimizing cash management.

Information and IT security



Description of risk

- » That IT systems are attacked and the operations manipulated or that information gets into the wrong hands.
- » That sensitive information is circulated to the wrong people.
- » Non-compliance with legal requirements.



Description of opportunity

- » Well-functioning and fit-for-purpose IT security for our operations and that information is handled securely.
- » Increased administrative efficiency due to IT security routines.



Wallenstam's management

- » Continual work with security-enhancing measures surrounding IT security, upgrades of firewalls, anti-virus protection and systems, anti-hacking tests, routines for IT security etc.
- » Policy and guidelines for information security as well as internal information and training. Routines for information sharing and handling.
- » A Data Protection Officer who works continually with GDPR issues.

Economic cycle

**Description of risk**

- » Weaker property values. Increased land prices.
- » Lack of resources and increased costs.

**Description of opportunity**

- » Positive development in the value of our properties.
- » Increased access to land and land allocations as most other players do not have the same long-term possibilities for investments during an economic downturn.

**Wallenstam's management**

- » Having properties in attractive locations lowers the risk of falling values during an economic downturn.
- » Our new construction means less sensitivity to changing property values, since we generate surplus values in our construction, mitigating the effects of a downturn. Profitability is also ensured in the event of a change in market conditions through high demands in relation to return on invested capital.
- » Self-sufficiency in renewable energy provides lower price sensitivity in relation to electricity.

Supply and demand

**Description of risk**

- » Lower demand, for example for commercial premises, co-op apartments, or rental apartments.
- » Protracted planning processes and a shortage of available land.

**Description of opportunity**

- » Heavy and stable demand for our products.
- » Good access to land for new construction.

**Wallenstam's management**

- » Own and manage properties in attractive areas, which are characterized by growth and strong demand.
- » Proximity and close relationships with tenants.
- » Follow market trends and be prepared for changes in demand.
- » Flexible business model with the possibility to convert and adapt supply, form of tenure and conditions etc. in the event of changing demand.
- » Long-term planning and close collaboration with municipalities and several concurrent development projects.
- » Land acquisition in focus.



Opportunities and risks connected to the external environment exist outside of our operations, e.g. in the form of changing market conditions. These are risks that we have little ability to influence in the short term, but which we must take into account in the planning of strategic development.

Interest rates

**Description of risk**

- » Interest rate increases that result in higher costs and a large impact on profits.

**Description of opportunity**

- » Long-term assurance and control over financing costs.

**Wallenstam's management**

- » Loan portfolio of different maturities and spread among various forms of credit and lenders. Choice of the term for capital tied-up is based on factors such as pricing and refinancing risk in the capital market.
- » Interest derivatives are used to diversify risk, to protect the underlying portfolio and as a flexible means of influencing the fixed interest terms in the loan portfolio.

Changes in laws and regulations

**Description of risk**

- » Changes in laws, regulations and regulatory requirements, for example relating to the environment, design, tax issues, charges etc., which result in increased costs and additional administration.

**Description of opportunity**

- » Changes in laws and regulations, which result in reduced costs and less administration.

**Wallenstam's management**

- » Follow development of issues concerning our operations. Interpret legal cases and regulatory changes that may result in changed conditions.
- » Proactivity in order to meet new requirements, practice and laws.
- » Comment on proposals, meetings with decision-makers in order to clarify the consequences for the property sector.
- » Energy-efficient construction and self-sufficient in renewable energy.



Infrastructure and urban development



Description of risk

- » Changes and construction of infrastructure or other matters that can affect the attractiveness of our properties negatively.



Description of opportunity

- » Changes and construction of infrastructure or other matters that can affect the attractiveness of our properties positively.



Wallenstam's management

- » Continual monitoring of the development of our areas.
- » Co-operation with the municipality, other property owners, tenants and center associations.
- » Initiatives in cooperation with tenants to strengthen the attractiveness of the inner city through events, offers, accessibility, marketing and communication etc.

Climate



Description of risk

- » Climate changes are expected to result in larger volumes of rainfall, warmer periods, increased flows in watercourses and more powerful winds which can impact our properties negatively.



Description of opportunity

- » In the work that is being carried out to handle the climate impact, there are opportunities to create synergies that benefit our construction and management operations.



Wallenstam's management

- » In connection with planning new construction, the possible consequences of a changing climate are considered.
- » Existing properties in vulnerable locations have preparedness, for example water protection equipment.
- » Ensure hardened surfaces around properties in order to handle large amounts of rain during a short period.
- » Production of renewable energy results in a lower global climate impact.

SENSITIVITY ANALYSIS, CASH FLOW

	SEK million
Change in rental income, residential, 1%	10.7
Change in rental income, negotiable commercial contracts, 1%	2.1
Change in operating costs, 1%	5.2
Change in loan interest rate, 1 percentage point (annual basis)	135





Many activities have been adapted to the new conditions during 2020. For example, our introductory conference for new employees and response training for letting agents has occurred digitally. We also conduct digital training for all employees in preventing the risks of improper influence, corruption and other irregularities.

Organization and employees

About 270 employees work in the Wallenstam Group, who with great dedication have contributed to the company's development. We are careful to maintain a working environment where consideration is shown to employees and to offer challenges that provide individuals the opportunity to grow in their professional roles.

When Covid-19 became a tangible reality at the beginning of the year, it meant several changes for all employees at Wallenstam. Early in the year CEO Hans Wallenstam began to hold daily – later weekly – digital group meetings with the entire company, in order to inform about the situation and current action plans, and to provide the opportunity for all employees to share small and large things that are happening in the business.

As an organization, we have successfully managed to change over to a more digital way of working involving home working and alternative forms of meetings, a shift which imposed great demands on both individual employees and on the respective managers. The personal responsibility and consideration for each other has been demonstrated in a clear way as Covid-19 has also meant a significantly higher workload for certain parts of the organization. The employees who have had a lower workload have with great commitment provided reinforcement to departments that have faced greater pressure.

Attractive employer

While it has been a year with many special challenges, our work on improving, refining and harmonizing our organization and our internal routines continued, with the aim of continuing to be an attractive employer. We want to be

able to offer a good and pleasant workplace, which offers employees the opportunity to develop and grow along with the company. Wallenstam works actively on offering good conditions and an excellent working environment and places great weight on competencies, personal attributes and qualities. Read more on page 7 about our guiding principle where the focus through our strong corporate culture, is on being an attractive employer and on improving our Engagement Index score every year.

Training and development

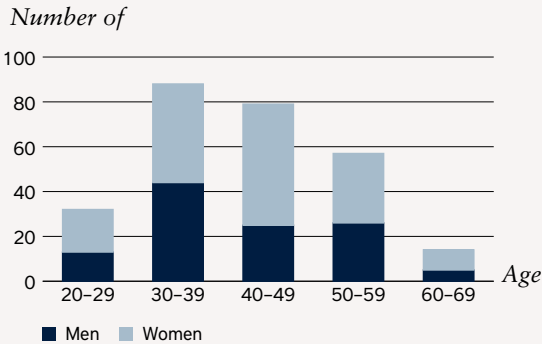
Employee performance reviews are conducted annually to support career and personal development, follow up jointly-established goals, gauge the work situation and plan future skills development efforts. Skills development occurs continually via external and internal training courses and through exchange of knowledge among colleagues. This, as well as challenges in the day-to-day work are other important elements of a motivating work situation. As far as possible, Wallenstam provides opportunities for advancement within the company, e.g. by announcing vacant positions internally first. The development of the individual employee within the company is also promoted in other ways, for example through the exchange of experience in improvement projects with participants representing different departments and regions.

270

PERSONS EMPLOYED

Wallenstam had 270 employees at year-end 2020. The majority are permanent employees, with a distribution of 58 percent women and 42 percent men. Approximately 30 percent of the employees are based in Stockholm, the rest are in Gothenburg. Wallenstam's employees are covered by the collective bargaining agreement with Fastigo.

AGE DISTRIBUTION IN THE GROUP

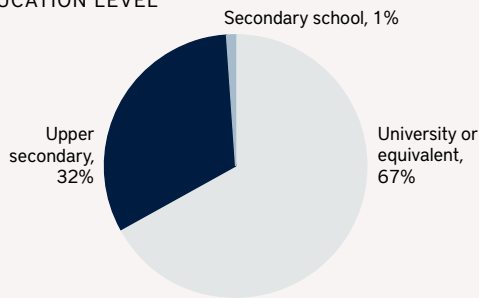


9 years

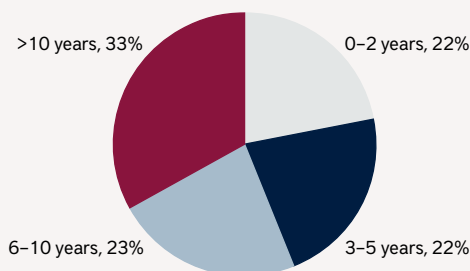
IS THE AVERAGE LENGTH OF EMPLOYMENT

for permanently employed personnel at Wallenstam. Absence due to illness during the year amounted to 2.4 percent (3.5). Employee turnover during the year was 7 percent (7).

EDUCATION LEVEL



PERIOD OF EMPLOYMENT



Focus on health and wellness training

We attach great importance to the physical working environment and health-promoting activities. There are excellent opportunities for both group and individual training in fitness centers at each office, while health and wellness training is subsidized. In 2020, we have offered more group training outdoors, and since many are working at home, we have been extra careful to encourage employees to move around in their everyday lives, for example, through break exercises and training sessions where it is possible to participate digitally. All employees are also offered regular occupational healthcare with the purpose of promoting continued good health. We have clear policies and routines in place to identify ill health among our employees.

Working for gender equality

At Wallenstam, women and men have the same conditions. Gender equality initiatives based on several different aspects, for example during recruitments, development initiatives and setting of salaries, are an ongoing process, which we as a company are continually working to maintain and improve.

In the Group Management, the distribution between women and men is perfectly uniform. At middle management level, the distribution is 51 percent women and 49 percent men, while in the company as a whole, it is 58 percent women and 42 percent men. In the Board of Directors, the distribution is 40 percent women and 60 percent men.

Values and Code of Conduct

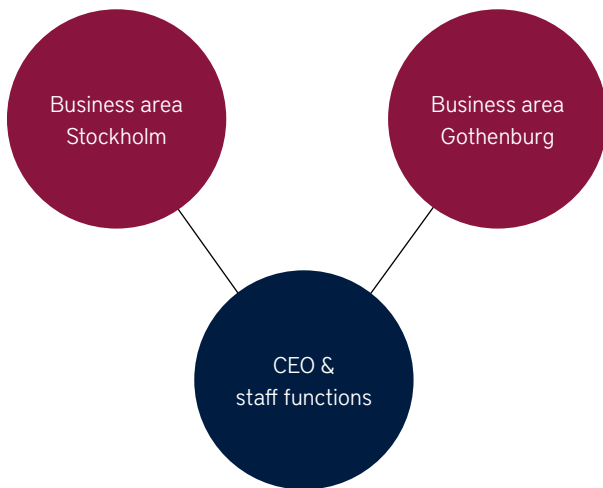
The day-to-day operations are conducted on the basis of the Group's core values; respect, commitment and progress. Overall, the work at Wallenstam is governed by policies, guidelines and instructions and by decision-making and authorization procedures, which are all important for clearly defining the company's standpoints and working methods for the entire organization. The Code of Conduct is based on our core values and emphasizes the policies and guidelines that govern the Group in relation to employees, customers, suppliers and partners. The goal is to have an environmental, social and commercial commitment in everything we do. We shall comply with laws and regulations, and apply responsible business methods, which are characterized by high business ethics and good business practice.

Improvement metrics

We conduct regular employee surveys to measure employees' views of their personal work situation, the company and its management. Here we also continually follow up our Engagement Index score. The results are used as one of a number of tools for improvements in the company. Areas singled out in the surveys for Wallenstam were mainly highly-regarded leadership, confidence in Management and a strong feeling of togetherness. We also conduct regular evaluations where employees provide feedback to their manager based on a number of identified criteria which are important in the leadership at Wallenstam. The result is used as an individual development tool for the company's managers.

Management and construction operations with a local presence

Wallenstam is organized into two regions: the Gothenburg business area, and the Stockholm business area, which also includes the operations in Uppsala. Property management and construction operations are conducted in each business area with Wallenstam's own managers and building project managers that cooperate with external suppliers and contractors. This local presence enables knowledge about the local property market, changes and business opportunities and provides the basis for understanding our customers' needs and businesses. This promotes commitment and drive, both in the organization as a whole and on the part of each employee. Our staff, specialized in e.g. finance, law, IT, personnel, information and market, supports our operations.



Central customer service

Our customer service is organized as a central function within the company, which enables longer opening hours and a high level of accessibility for our customers who can reach us via the web, e-mail or cost-free phone call. Systematic work and well-developed routines ensure that cases are handled in the best way and we report back to customers during the process. Follow-up and improved routines help us in our continual ambition to increase customer satisfaction.

Partner concept for property care

Property care and maintenance are services we procure from external suppliers through a well-developed partner concept, Wallenstam Partner. Recognition and peace of mind for the customer are created by a common working method and by having the Wallenstam logo on clothes and ID cards. Close collaboration, frequent partner meetings and visits to buildings by our own property managers on a rolling schedule are important for assuring the quality of property care.

REPRESENTATION BOARD OF DIRECTORS

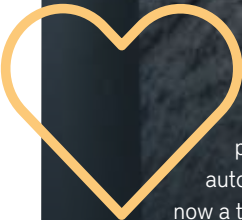


REPRESENTATION GROUP MANAGEMENT



● Women ● Men

Cardiopulmonary resuscitation (CPR) increases the chance to survive a cardiac arrest



Refresher training in cardiopulmonary resuscitation was offered to all employees during 2020. The training was paused due to Covid-19, and will be resumed as soon as possible. We have also increased the number of automatic external defibrillators so that there are now a total of 14 in our three offices.

Wallenstam's GRI reporting

Wallenstam applies Global Reporting Initiative, GRI Standards. The reporting follows the financial year and is published annually as part of the annual report. The latest GRI Report was published on March 19, 2020. This report describes how the Wallenstam Group has worked with sustainability issues during 2020. Wallenstam has defined the scope of the report as the areas referred to in the GRI index. A table is provided on the following pages of what GRI disclosures are reported and where information about the disclosures is found in Wallenstam's reporting. This report has not been reviewed by an external party.

The contact person with regard to the reporting and its content is Sustainability Manager Karin Mizgalski, karin.mizgalski@wallenstam.se. Information is provided below on the disclosures that are not reported elsewhere in the annual report.

102-8: INFORMATION ON EMPLOYEES AND OTHER WORKERS

The average number of employees in 2020 amounted to 252. All of the Group's employees are permanent employees, with the exception of 13 people who are probationary employees and 9 people who are employed on a temporary basis, for example in the form of work as a substitute. 8 people work part time, all of whom are permanent employees. Wallenstam had no significant variation in the number of employees during the year. Temporary employees are not reported, as Wallenstam uses temporary employees to a minor extent.

102-11: PRECAUTIONARY PRINCIPLE OR APPROACH

In many instances, Wallenstam acts in accordance with the precautionary approach, even though we do not use it as a concept in governance and strategies. For example, the precautionary approach is used in our work on identifying, analyzing and following up risks.

102-13: MEMBERSHIP OF ASSOCIATIONS

Representatives of Wallenstam are represented in the governing bodies of Avenyöreningen, Fastighetsägarna GFR, Fastighetsägarna Centrala Hisingen (FCH), (b)id Stigberget, Innerstaden Göteborg AB, Göteborg Citysamverkan ideell förening, Göteborg & Co, Mölnlycke Centrumförening and Johanneberg Science Park.

201-1: DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

SEK million

Economic value generated	
Revenues	2,844
Economic value distributed	
Operating costs	-519
Employee wages, benefits and pensions	-209
Interest payments to providers of capital	-264
Payments to government (property tax, VAT)	-897
Dividend to shareholders	-162
Community investments	-18
Total economic value distributed	-2,069
Economic value retained	775

302-1: ENERGY CONSUMPTION WITHIN THE ORGANIZATION

Unit	2018*	2019	2020	2021	2022	2023
Fuel consumption						
Total fuel consumption from non-renewable sources	MWh	521	496	146		
Heating oil	MWh	379	353	146		
Natural gas	MWh	142	143	-		
Total fuel consumption from renewable sources	MWh	-	-	116		
Biogas		-	-	116		
Energy consumption						
Electricity**	MWh	41,280	37,889	37,074		
Heating	MWh	89,081	87,611	80,480		
District heating	MWh	88,560	87,115	80,218		
Oil	MWh	379	353	146		
Natural gas	MWh	142	143	-		
Biogas	MWh	-	-	116		
Cooling	MWh	557	425	259		
District cooling	MWh	557	425	259		
Total energy consumption, non-renewable	MWh	49,983	47,395	42,719		
Total energy consumption, renewable	MWh	80,934	78,531	75,094		
Total energy consumption¹	MWh	130,917	125,925	117,813		
Heating per sq m climate-adjusted	KWh	80.4	79.9	74.7		
Own electricity production from renewable sources						
Wind power	MWh	337,880	367,246	416,696		

302-3: ENERGY INTENSITY

	2018	2019	2020	2021	2022	2023
kWh/per sq m	110	105	96			

Refers to energy use in Wallenstam's property holdings, not climate-adjusted, including wind power, district heating, district cooling, oil and natural gas. Does not include tenants' electricity use.

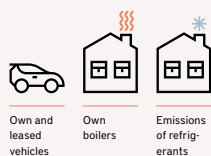
302-4: REDUCTION OF ENERGY CONSUMPTION*

Unit	2019	2020	2021	2022	2023
Total reduction	MWh	4,992	13,105		
Reduction electricity	MWh	3,390	4,206		
Reduction heating	MWh	1,470	8,601		
Reduction cooling	MWh	132	298		

Where do the Wallenstam Group's emissions arise?

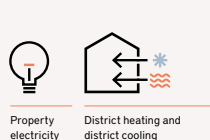
SCOPE 1

Fossil-fuel combustion from own properties, facilities and vehicles.



SCOPE 2

Purchased energy for our properties.



SCOPE 3

Emissions from:

- Purchased goods and services
- Property management and construction
- Tenants' energy consumption and waste



GRI 305: GREENHOUSE GAS (GHG) EMISSIONS CO₂E***

Absolute value stated in tons CO₂ and intensity value stated in kg CO₂/sq m. We have expanded our reporting of CO₂ emissions this year to also include refrigerants, business travel and materials for construction projects.

	2018*		2019		2020		2021		2022		2023	
	Absolute	Intensity	Absolute	Intensity	Absolute	Intensity	Absolute	Intensity	Absolute	Intensity	Absolute	Intensity
Scope 1												
305-1 DIRECT GHG EMISSIONS												
Oil	102	0.086	94	0.079	39	0.032						
Gas	30	0.026	29	0.024	5	0.004						
Refrigerants	n/a	n/a	809	0.677	561	0.457						
Business travel by car	n/a	n/a	n/a	n/a	34	0.028						
Total Scope 1	132	0.112	932	0.780	639	0.521						
Scope 2												
305-2 INDIRECT GHG EMISSIONS												
Electricity – Market-based method												
100% internally produced wind power	-	-	-	-	-	-						
Electricity – Location-based method												
Average emission factor for Swedish-produced electricity	578	0.486	493	0.413	297	0.241						
District heating	5,097	4.288	4,690	3.929	3,135	2.551						
District cooling	-	-	-	-	-	-						
Total Scope 2 (market-based)	5,097	4.288	4,690	3.929	3,135	2.551						
Scope 3												
305-3 OTHER INDIRECT GHG EMISSIONS												
Materials in construction projects	n/a	n/a	29,118	221	8,397	185						
Business travel by air, train and taxi	n/a	n/a	n/a	n/a	8	0.006						
Total Scope 3			29,118	221	8,405	185						
305-5 REDUCTION OF GHG EMISSIONS												
	Absolute reduction	Reduction per sq m	Absolute reduction	Reduction per sq m	Absolute reduction	Reduction per sq m	Absolute reduction	Reduction per sq m	Absolute reduction	Reduction per sq m	Absolute reduction	Reduction per sq m
Scope 1	-	-	-799	-0.67	-507	-0.41						
Scope 2	-	-	407	0.36	1,962	1.74						
Scope 3****	n/a	n/a	-	-	20,713	36						

401-1 NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER

New employees 2020

Age	Number of persons	of whom women/men	of whom in Gothenburg/Stockholm
Under 30 years	11	6/5	6/5
30-50 years	12	6/6	4/8
Over 50 years	0	-	-
Total	23	12/11	10/13

405-2 RATIO OF BASIC SALARY AND REMUNERATION OF WOMEN TO MEN

The ratio in this case describes the relationship between the agreed average salary of men and women and is calculated by dividing women's salary by men's salary, and men's salary by women's salary.

	Women's salary	Men's salary
Including Group Management, excluding CEO	88 %	114 %
Excluding Group Management	88 %	114 %

406-1: INCIDENTS OF DISCRIMINATION AND CORRECTIVE ACTIONS TAKEN

No incidents of discrimination were reported in 2020.

* Base year 2018 – commences from start of the business plan 2019–2023.

** The electricity item includes electricity consumption relating to heat pumps.

*** All data regarding CO₂ in this table is based on inputs from suppliers, which report according to prevailing accounting standards. As data for the actual impact in 2020 was not available during preparation of this reporting, the heating data is based to a minor extent on estimated values based on the emission factors for the year 2019.











**** As regards 2018, Scope 3 was not reported, of which a decrease is expected from 2019.

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	102-11 Precautionary Principle or approach	11, 33, 150	
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*During the year, Wallenstam continued to map this focus area in order to define goals.

** UN Global Compact Principles

Principle 3, Labour: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4, Labour: Businesses should uphold the elimination of all forms of forced and compulsory labour.

Principle 6, Labour: Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Principle 7, Environment: Businesses should support a precautionary approach to environmental challenges.

Principle 8, Environment: Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9, Environment: Businesses should encourage the development and diffusion of environmentally friendly technologies.

Principle 10, Anti-corruption: Businesses should work against corruption in all its forms, including extortion and bribery.

CALENDAR

Annual General Meeting	April 27, 2021
Interim report I	April 27, 2021
Interim report II	July 8, 2021
Interim report III	October 22, 2021

Information regarding Wallenstam's business operations, financial reporting and press releases can be found at www.wallenstam.se.

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