



WALLENSTAM

COMMUNICATION ON PROGRESS 2021

Comments by the CEO

We have delivered a very good result for 2021 which I am both proud of and grateful for. I would like to convey a big thank you to all our employees who have made a fantastic effort! We have managed to handle the challenges that we faced during the year in an excellent way!

Through transactions and new production, we have 'polished' our property holdings further during 2021. Our apartments are located in popular residential areas in Gothenburg, Stockholm and Uppsala and our commercial holdings are concentrated in Gothenburg inner city. We like to have the properties concentrated in clusters, which is good and efficient from a management perspective. Through the transactions and the sale of our repurchased shares, we have increased the equity/assets ratio from 42 percent to 46 percent.

35.30
SEK/SHARE
IN INCREASED
NET ASSET VALUE

Income from property management increased by 13 percent. A large part came from our cost-efficient new construction, which generates both real value and contributes to a higher surplus ratio. Three years into the business plan, we have now increased our net asset value by SEK 35.30 per share. Happily, we feel that the goal of an increase in net asset value of SEK 40 per share is within reach. Naturally, this feels extremely good!

As the goal is within reach, it is stimulating that the Board has taken the decision to bring forward the work on a new business plan by one year. The Board expects that it can be unveiled during the fourth quarter of 2022.

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Strong property market

The strong demand that now prevails in the property market is reflected in property valuations. This has meant that we have seen large increases in value in our property holdings.

We have sold properties in all of our locations, where some have been vacated during 2021 and others will be vacated in early 2022. We have also sold an ongoing project in Uppsala which will be vacated when the property is completed in 2023. In total, the sales amounted to about SEK 3.75 billion, which releases both resources for further new production and increases our freedom of action to take advantage of future business opportunities.

In addition, we have acquired a large commercial property, comprising 12,000 sq m of floor space, on Östra Hamngatan right in the center of Gothenburg. The property contains large, concentrated office space and complements our other holdings in the inner city. It is really great to be able to grow our commercial holdings in such a good location!

Stable demand for our premises

The pandemic and the increased competition from e-commerce has changed the conditions for our customers' businesses on the ground floors. A natural consequence is to fill the inner city with new exciting businesses and activities, even though this is a shift that can take a little time. During the year, we have for example, made conversions of two-floor stores to stores on the ground floor and other activities on the second floor – reconstructions which have been very successful.

I can state that for the office market as a whole, the office is still important as a meeting point. Some things can be done from home and digitally, but in the longer term people need to meet and solve tasks together. I see that demand is increasing for more social space in office premises, and I think that this trend will continue.

We are experiencing stable demand for our offices. The occupancy rate for commercial premises is 95 percent, which is our goal, and rental rates are stable.

It is also gratifying that we have made many new lets, not least in our newly constructed commercial property in Kallebäck's Terrasser. Here, I would like to take this



opportunity to welcome as the first commercial tenants both Bico and their subsidiary Cellink, which together are taking half of the building.

Building housing in the right locations

Our project starts have been affected during the pandemic. Due to protracted permit processes in the municipalities and courts, we have not been able to start our projects at the rate we have wanted, something that I hope the parties concerned will address. These are projects that have therefore been delayed, and we will be able to start them gradu-

ally. Our ongoing projects have progressed as planned and we have been able to complete many new apartments – almost 1,400 units.

During 2021, the zoning plan was completed for Älta Torg and we could start construction of the first block in our latest urban development project, where we will build approximately 1,000 apartments and a new center including commercial premises for services and culture. Apart from Älta Torg, we have three further urban development projects. Umami Park in Sundbyberg with about 1,000 apartments, Mölnlycke Fabriker with about 800 apart-

Umami Park,
Sundbyberg.



ments and Kallebäcks Terrasser in Gothenburg with about 2,000 apartments. The advantage of these projects is that we can work with an entire area and it is easier for us to control when the construction starts of the various phases will occur. It is very satisfying to see how all of our urban development projects are taking shape nicely and are becoming new districts with homes for many people!

Some reports have contended that there is surplus production of rental apartments in Sweden right now. In certain locations, apartments have been built even though there is a balance in the housing market, perhaps as a result of the investment support for construction of rental housing. However, I want to stress that there is a huge housing need in the places Wallenstam operates. We see this, among other ways, in our own queue for our new production where approximately 175,000 people have now registered. We also see great interest for our apartments in our letting operations. For example, there were more than 7,000 applicants for the 84 apartments in our new construction project Stationshuset in Bandhagen, Stockholm, which will be ready in June. After 30 years as CEO, I can state as always that it is about location – building and managing properties in attractive areas where people want to live and work.

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Wallenstam's sustainability work

In particular, our housing production is one of Wallenstam's most important sustainability initiatives, by helping to provide new homes to many people every year. During 2021, we started the construction of our 10,000th apartment since the turn of the millennium and this is a milestone that we are proud of!

The climate issue is also important for us. Since 2013, we have been self-sufficient in renewable electrical energy, which is produced by our own wind turbines, and we now have an ambition to environmentally certify all of our new production. We have also made improvements to all of our four climate targets. For instance, we have reduced CO₂ emissions from our construction operations by almost 8 percent compared to 2019, which is the base year of the climate targets.

For me, it is obvious that men and women should have the same conditions and opportunities, but also the same responsibilities and requirements. I believe that this approach partly explains why Wallenstam ended up as high

as place number 16 out of 320 in the Allbright report, where the Allbright foundation examines gender equality in Sweden's listed companies.


Apart from gender equality, climate and environmental issues and providing more homes, we also work with other sustainability aspects. Ever since the company was founded, we have been careful to contribute to society, and we want to act as a responsible party. Therefore it is natural for us to collaborate with various aid organizations and support youth activities through sponsorship and donations. Wallenstam has already also 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.

Good share performance

The share has performed extremely well in 2021, with a new record price – SEK 168.70 per share. Of course, this is gratifying for all of us shareholders – there are more than 18,000 of us now. When the share price passed SEK 140 our synthetic options scheme fell due for redemption. It feels really great that all our employees can share in this excellent share performance, and extra nice that it happened in 2021 in particular, perhaps when we needed encouragement the most!

Unique position

At the end of February, the war in Ukraine began. It is a terrible situation for those affected and we are trying to provide support in the crisis through contributions to a number of aid organizations that can assist with humanitarian efforts. Although the conflict does not directly impact Wallenstam's operations, there is a constant readiness to deal with possible consequences even in Sweden. However, I feel confident given the fact that Wallenstam has a unique position with properties in the right locations and with a strong financial position. We have a solid investment program ahead of us with many future construction plans – we will continue with our new production, our management and our letting, and continue to create value growth, always with a keen awareness for changes and shifts. Wallenstam's business model stands strong even in these times!



Hans Wallenstam, CEO

Business plan 2019–2023

GOAL 2023

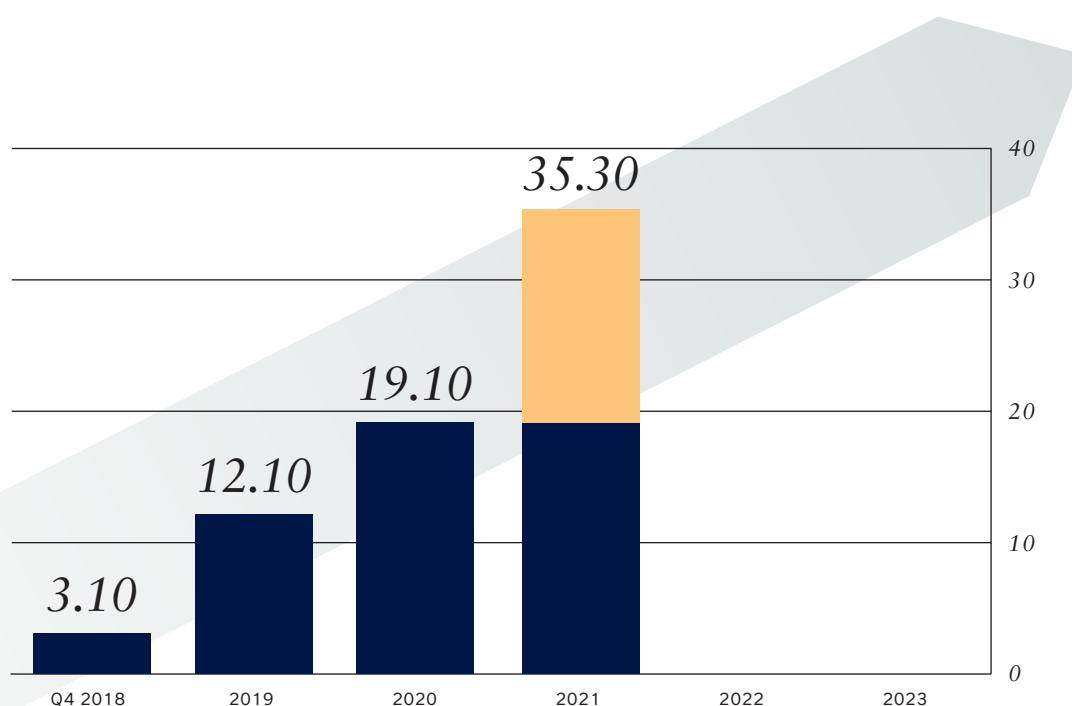
To achieve an increase in net asset value of SEK 40 per share

The goal to achieve an increase in net asset value of SEK 40 per share during the business plan 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, 2021, the net asset value amounted to SEK 37,795 million, which corresponds to SEK 114.50 per share. This means that we have generated SEK 35.30 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.

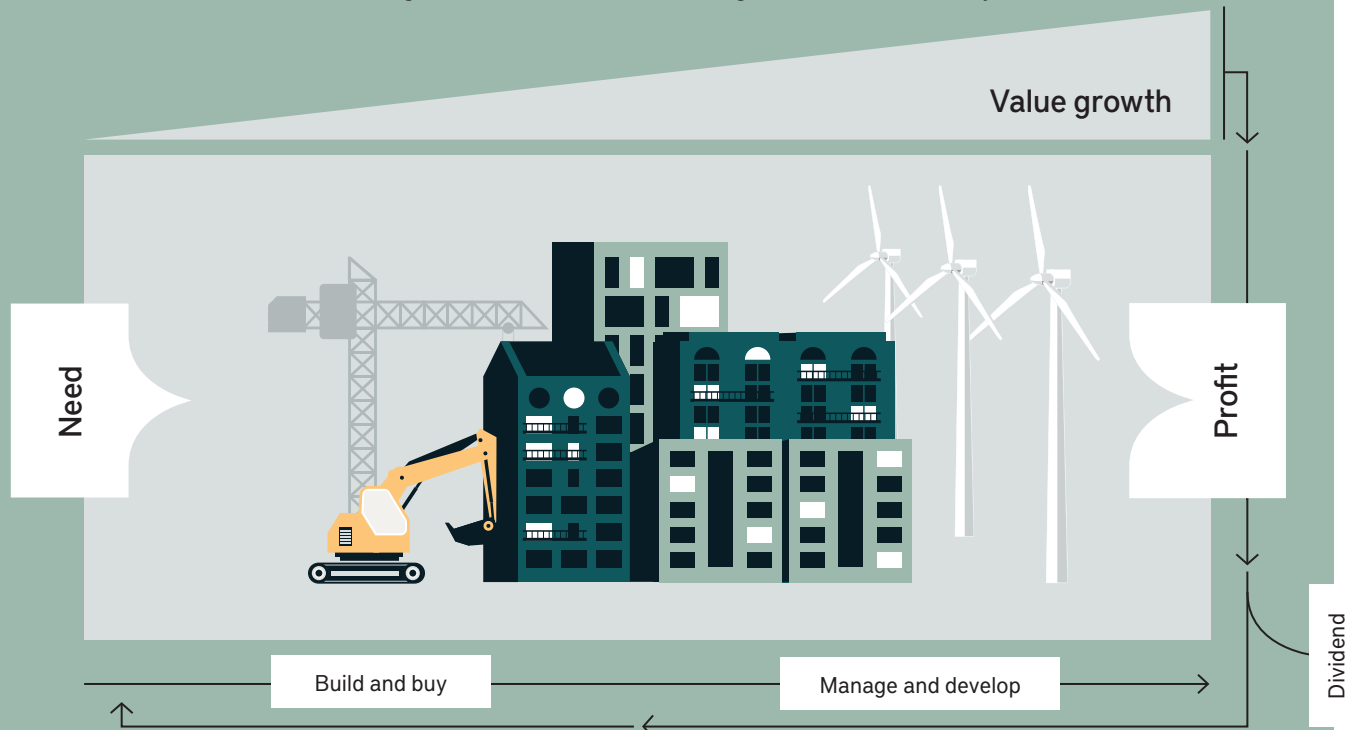
We have linked three guiding principles to our business plan – employee, customer and environment – that aim to clarify important focus areas in our operations, also see pages 14–16.

Increase in net asset value, SEK/share



This is how we create value

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



Our operations and business model

Business process



Wallenstam builds, acquires, develops and manages properties and areas based on the needs of people and society, and according to the wishes and requirements of customers. 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. The shareholders receive a share of the value growth through these reinvestments and through 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 electricity.

Successful letting organization



With good knowledge of and proximity to the local market 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 a large number of new construction projects, letting occurs of all new apartments.

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 densifying existing construction and on acquiring land and seeking land allocations in order to continually replenish our project portfolio.

Guiding principle Employee

"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.

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. We

60

ENGAGEMENT
INDEX SCORE

want to improve our Engagement Index score every year, and measure it by asking the question "Would you recommend Wallenstam as an employer to a friend or acquaintance?" 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. Wallenstam's Engagement Index score is 60 and has decreased slightly compared to the previous year, when it was 65. Of the 237 people who responded to the survey, 68 percent were classified as ambassadors for the company.

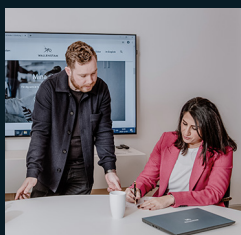
Strong corporate culture

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.



Employees in focus

Wallenstam's strategic employee plan is an important tool for effectively attracting, retaining and developing dedicated employees. During 2021, we have continued to focus on optimizing, streamlining and



simplifying the process around recruiting employees, among other ways, by introducing a new system as support. In addition, we have improved the induction process for new employees of Wallenstam. The

highly regarded introduction conferences for new employees have been supplemented with short information sections which are communicated digitally regarding Wallenstam's operations, organization and values, and an introductory meeting, which is held for the new employee within one month of the start of employment.



Read more about Wallenstam's organization and how we work with personnel-related issues on page 40.

Guiding principle 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."

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 and increased security. A satisfied customer is also a good ambassador for us as a company.

81.0%

SERVICE INDEX
RESIDENTIAL

84.5%

SERVICE INDEX
COMMERCIAL PREMISES

Our service index score increased in the 2021 survey, both among our residential tenants and our commercial tenants. In residential, the service index increased by just over 1 percentage point and in commercial premises by 2.5 percentage points. The service index is a weighting of the tenants' ratings with regard to security, response and service.

Even better 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. In the latest survey, the company's already strong ratings have improved further in several areas.

The availability and response from our customer service is still top class, our capable partners obtained high ratings in relation to property care in our properties and customers are satisfied with their apartments and their premises, for example with regard to the design and standard. The proportion of customers that want to recommend us has increased during the year, and customer satisfaction for example relating to tenant information, cleaning and sorting of refuse has improved.

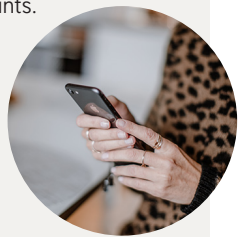
Based on the results from our surveys, we identify areas for improvement that we are continuing to work on. The action plans relate for example to security, cleaning and maintenance as well as operation, such as ventilation and indoor climate, and also targeted projects that aim to make it easier for customers to act in an environmentally-friendly way. This can, for example, involve sorting at source or recharging possibilities for electric bikes. We are also looking specifically at tenant information and 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 the housing queue, letting and occupation, information and contact with us as a landlord to termination and relocation.

Close contact with our customers

We meet our customers every day, through telephone calls, e-mail and personal contacts, including through our customer service that receives reports of defects and viewpoints.

We are careful to ensure a high level of availability for our customers and they can reach us via telephone, e-mail and our chat function. Our residential tenants also have access to the Wallenstam App where, among other things, they can communicate with us and with their neighbors. On the commercial side, account managers maintain close contact with the customers in order to quickly identify changing needs and requirements.

During 2021, most of the contacts also occurred digitally due to the restrictions in place. Towards the end of the year, we started physical apartment viewings again, but we will retain some digital solutions. For example, the signing of contracts will normally occur digitally and we will continue with digital viewings of our new construction projects as a supplement to physical viewings, since this has been highly regarded.



We are working to simplify and improve the information to the tenants so that it should be uniform and easy to understand. Through a company-wide information editorial office, we are continually developing our customer communication. This work has delivered results – the tenant information is getting a high rating from our customers.

Guiding principle Environment

“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.

Wallenstam has four climate targets that aim to reduce the company's CO₂ emissions. The goals apply until 2023, when the current business plan expires. During 2021, we have produced an action plan with 55 items that can help us to achieve the four targets.

WALLENSTAM'S FOUR CLIMATE TARGETS



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

Outcome 2021*: -7.9%

Comment: A first step has been to perform climate calculations in the planning stage in several of our projects. With these calculations as a basis, more climate-friendly material choices can then be made. In addition, certain design optimizations have been carried out to reduce the quantity of material if possible. A successful example is our Bersån project in Uppsala, read more below.



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

Outcome 2021*: -25.7%

Comment: Apart from wind power production, where we are self-sufficient since 2013, we continued to install solar cells during the year in the properties where it is possible. We have also equipped many apartments with temperature sensors, modernized several district heating substations and carried out optimization work such as adjustment of heating systems. An energy saving innovation that we have investigated is heat recovery from the properties' waste water. We have already installed this technology in two of our properties in Kvillebäcken, Gothenburg.



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

Outcome 2021*: -20.1%

Comment: During the year, we have improved the possibilities for sorting at source in several of our properties, including by supplementing environmental rooms with additional sorting units and providing clothing collection facilities. We have also started work on information to our tenants in order to reduce residual waste.



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

Outcome 2021*: Partly achieved

Comment: During 2021, Wallenstam's business trips have been relatively few, and they were mostly carried out in a climate-neutral way. In order to reach the target by 2023, additional information is required as well as a review of routines for travel bookings, which is ongoing work, sometimes also in collaboration with suppliers. Wallenstam's car pool, which the employees can use for car-bound business trips, consists exclusively of electric cars.

* The outcome refers to the current year compared to the base year 2019.



REDUCED
CARBON FOOTPRINT

Climate-improved concrete

In the Bersån project in Uppsala which is currently taking shape, Wallenstam is building apartments with climate-improved concrete. A year ago, work started together with the contractor and suppliers aimed at reducing the project's carbon footprint. In this work, concrete types were identified where the quantity of cement could be reduced and also partly replaced by blast furnace slag. Through these initiatives, we have been able to reduce our carbon footprint by approximately 15 percent compared to the climate calculation of the original material.

Wallenstam's sustainability work covers more than climate and environmental issues – read about how we work with the UN's global sustainable development goals on page 25.



Wallenstam's sustainability work

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.

This section constitutes our Communication on Progress (COP report).

When UN's 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, which results in climate change both in the short and long term.

Agenda 2030 contains ambitious goals in relation to equality, poverty, peace and justice. Wallenstam is continuing to focus on the company's 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 and operational risks, improves efficiency, generates

new solutions and business and ensures more engaged employees, more secure investors and more satisfied customers.

The practical and day-to-day sustainability work, which is based on the company's sustainability policy, strategy and the implemented climate targets, covers all parts of the operations, and all managers have a responsibility for driving the sustainability work. Outcomes are followed up and regularly reported to Group Management and the Board. The CEO is ultimately responsible for the work with the material topics and risks that are prioritized in Wallenstam's sustainability work.

Wallenstam has reported its sustainability work since 2006 and reports according to Global Reporting Initiative (GRI) since 2010. We also reported our emissions of greenhouse gases and other climate-related data during the year to the CDP (Carbon Disclosure Project).

As part of our sustainability work, Management adopted four climate targets during the previous year, which apply until the end of the business plan in 2023.

Climate targets

As part of our sustainability work, Management adopted four climate targets during the previous 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. During the year, the business has developed an action plan, which can be applied in order to achieve the climate targets.

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 our 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.

The Code of Conduct, which is available in its entirety on www.wallenstam.se, is revised annually and subsequently 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 Group Management and the 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 CLIMATE TARGETS 2023



Reduce CO₂ emissions from the construction operations by 10 percent per square meter. (Scope 3)



Reduce CO₂ emissions from the properties' energy consumption by 15 percent per heated square meter. (Scope 1 & 2)



Reduce the properties' residual waste by 10 percent per square meter. (Scope 3)

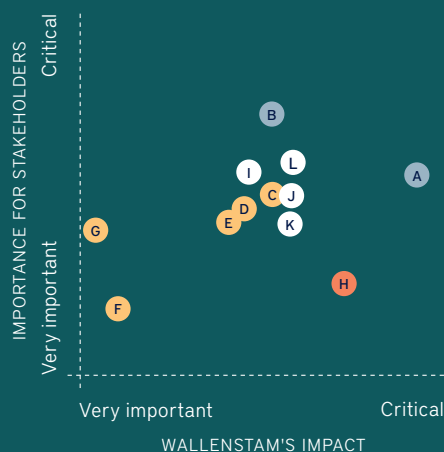


Carry out business trips using electric car, train or via completely carbon-neutral and biofuel-based air travel. (Scope 3)

See the outcome for 2021 on page 16.

MATERIAL SUSTAINABILITY AREAS BASED ON STAKEHOLDER DIALOGUE

A calibration was performed during the year of the stakeholder analysis which was conducted in 2018, which forms the basis for the sustainability work during the business plan 2019–2023. The calibrated analysis shows that both our stakeholders and Group Management believe that the climate and environmental issues have become even more important, which is why these areas have been adjusted in the chart.



Stable financial position and anti-corruption

- A Financial position in balance
- B Anti-corruption

Customer

- H Customer satisfaction

Social conditions and employees

- C Good working conditions
- D Safe and secure working
- E Inclusive corporate culture
- F Equality and diversity
- G Suppliers

Environment

- I Greenhouse gases
- J Energy efficiency
- K Waste management
- L Sustainable building material



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. We want to help to provide more homes for many people by building and managing housing, primarily rental apartments, in safe, secure and lively districts. During 2021, we started the construction of our 10,000th apartment since the

10,000

APARTMENT CONSTRUCTION
STARTS SINCE THE TURN OF
THE MILLENNIUM

turn of the millennium, and we completed 1,364 apartments during the year.

We also have a number of 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 social contracts and 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.

EU taxonomy for sustainable investments

During 2020, a new EU regulation was adopted aimed at defining which asset classes are sustainable and which can therefore be considered to be “green” in a placement and investment perspective.

Wallenstam’s business is clearly defined according to two articles in the taxonomy, in Article 4 Energy production and in Article 7 Construction and real estate activities. However, Wallenstam is not covered by a legal reporting requirement as the company has less than 500 employees and therefore makes an overall report and does not report outcomes in accordance with the taxonomy regulation. We intend to make a complete report in the coming years.

Wallenstam is represented in different forums where taxonomy is discussed and during the year we have prepared ahead of future reporting according to the taxonomy. We have reviewed and made assessments relating to the entire operations and our assets based on the information and the interpretations currently available regarding the taxonomy. All of Wallenstam’s properties and wind turbines are defined in the regulation, however, not land. So far, there is great uncertainty about the interpretation of several of the criteria that Wallenstam has to evaluate in order to



report how the company’s economic activities meet the criteria, so-called “taxonomy-alignment,” but we have identified that most of the company’s sales, investments and operating expenses are affected by the taxonomy.

Karin Mizgalski

Sustainability Manager



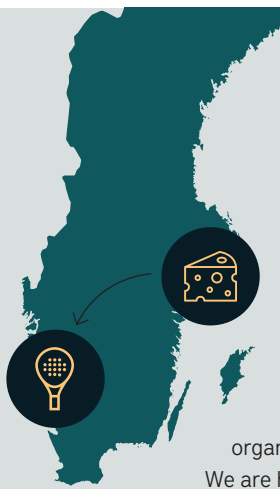
What is your reflection when you look back on the year?

"After a summer with extreme weather in large parts of the world, I feel that there is a greater understanding of the scale of the climate challenge. In Sweden, we experienced both heat-waves and extreme rainfall with flooding as a consequence in several places in the country.

For us at Wallenstam it feels, if possible, even more important to work proactively to reduce greenhouse gas emissions. It is important to remind ourselves that although the situation is acute, it is not too late to act."

What are the success factors in Wallenstam's sustainability work?

"A fundamental success factor is that our sustainability work is a prioritized area for both Wallenstam's Management team and Board. They were a driving force behind creating and anchoring both our sustainability strategy and our climate targets. As the strategy and climate targets have now been implemented



Recycling when market hall at Östermalm became a padel hall in Mölnlycke.

in the company's operations, the climate work has been made more concrete, which, among other things, is reflected in the action plan that the organization was involved in producing.

We are happy to see that our work with the climate targets during the year has resulted in great initiatives both in our production and management operations. It is important that the climate-related work covers and involves the entire company and I am very happy about the engagement that the employees are showing in this issue. One example of these initiatives is the temporary market hall at Östermalmstorg in Stockholm, which has been completely recycled and has begun a new life as a padel hall and restaurant in Mölnlycke. Other examples are the optimization of materials efforts, which have resulted in a reduced carbon footprint in our new production and the textile collection close to our properties which has reduced the properties' residual waste. Apart from the larger initiatives, we are continually implementing several selective measures, such as mounting small bird nesting boxes, insect hotels and beehives, to promote biodiversity."

What can we expect in the sustainability field?

"The financial and capital markets impose clear requirements in the sustainability field, which we see, for example, in the upcoming EU taxonomy and an increased focus on climate-related financial risks. In addition, we are preparing for the upcoming Corporate Sustainability Reporting Directive (CSRD), an updated reporting framework for corporate sustainability reporting. We welcome these frameworks and directives as they create clarity in the industry which increases transparency and enables comparisons."

Wallenstam's Ethics Council, composed of 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 were reported to the Ethics Council during the year where further investigation was required. Wallenstam also has a whistleblower function, which can be used internally and externally and is accessible via a link from Wallenstam's website. One case was reported to our whistleblower function during 2021. However, this was not classified as a whistleblower case according to the current legislation.



Green financing

Green bank loans and green bonds are used for financing our wind turbines, our environmentally certified properties and some properties that meet energy class B or better. All bonds that Wallenstam issues are green bonds, according to our green framework, which has obtained the highest rating, Dark Green. Green financing accounts for 27 percent of Wallenstam's total financing.

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.



Gender equality

Gender equality and diversity

Gender equality and diversity issues are integrated throughout the organization and its working methods, where employers should work together with employees to achieve gender equality and diversity. During recruitments and in connection with development initiatives and setting of salaries, we strive to ensure that men and women have the same conditions. We shall work together to ensure an equal 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 41.

Every year, the Allbright foundation ranks how well listed companies are at promoting women to management team positions. In the year's review of gender equality in Sweden's listed companies, Wallenstam ended up in 16th place of the 320 companies in total that are ranked in the Allbright report.



Affordable and clean energy

Renewable energy

We are self-sufficient in renewable electrical energy through the electricity production in our own wind turbines. In addition, we 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 on a larger scale and we have completed a carpark whose façade is clad in solar panels.



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 generate a profit – 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, which means that we take responsibility for the properties and the areas for a long time. By providing apartments for which there is great demand and 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 employees and customers in focus, on page 14, and page 15, respectively.

Wallenstam's supply chain

In our business, we utilize the services of more than 3,000 suppliers. Our Wallenstam Partners perform property care 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.

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.

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 during purchasing of services, the responsibilities of our partners are agreed in relation to business ethics, climate, the environment, working conditions, safety etc.



Sustainable cities and communities

Urban development of safe and sustainable 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 implementing a number of initiatives in the day-to-day management as well as selective measures. One example is our collaboration with Huskurage, an organization which works proactively through neighborhood cooperation to prevent violence in close relationships. Another is the Wallenstam App, where our residential tenants can get to know and communicate with their neighbors, which contributes to greater security and togetherness.

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. 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, where we support and cooperate with, for example Tryggare Sverige and Johanneberg Science Park. During the year, we have also invested in Ferroamp, a company that develops new energy solutions to control the properties' electrical systems. We currently use their installations and units in parts of our new production operations. Wallenstam's Innovation Council is working on creating new sustainable business opportunities and the results from our different projects become solutions in the housing of the future and town planning.

66

WIND TURBINES

Self-sufficient in renewable electrical energy

Our renewable energy investments were initiated to increase control over our electricity expenses and our carbon footprint. In 2013, Wallenstam became the first property company in Sweden to be self-sufficient in renewable electrical energy 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 turbines shall provide Wallenstam's properties with renewable electricity and thereby make the management operations less sensitive to changes in the electricity price.

Operation and production

In total, we produced 353 GWh (417) 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 2021, the uptime amounted to 97 percent. Wind power 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

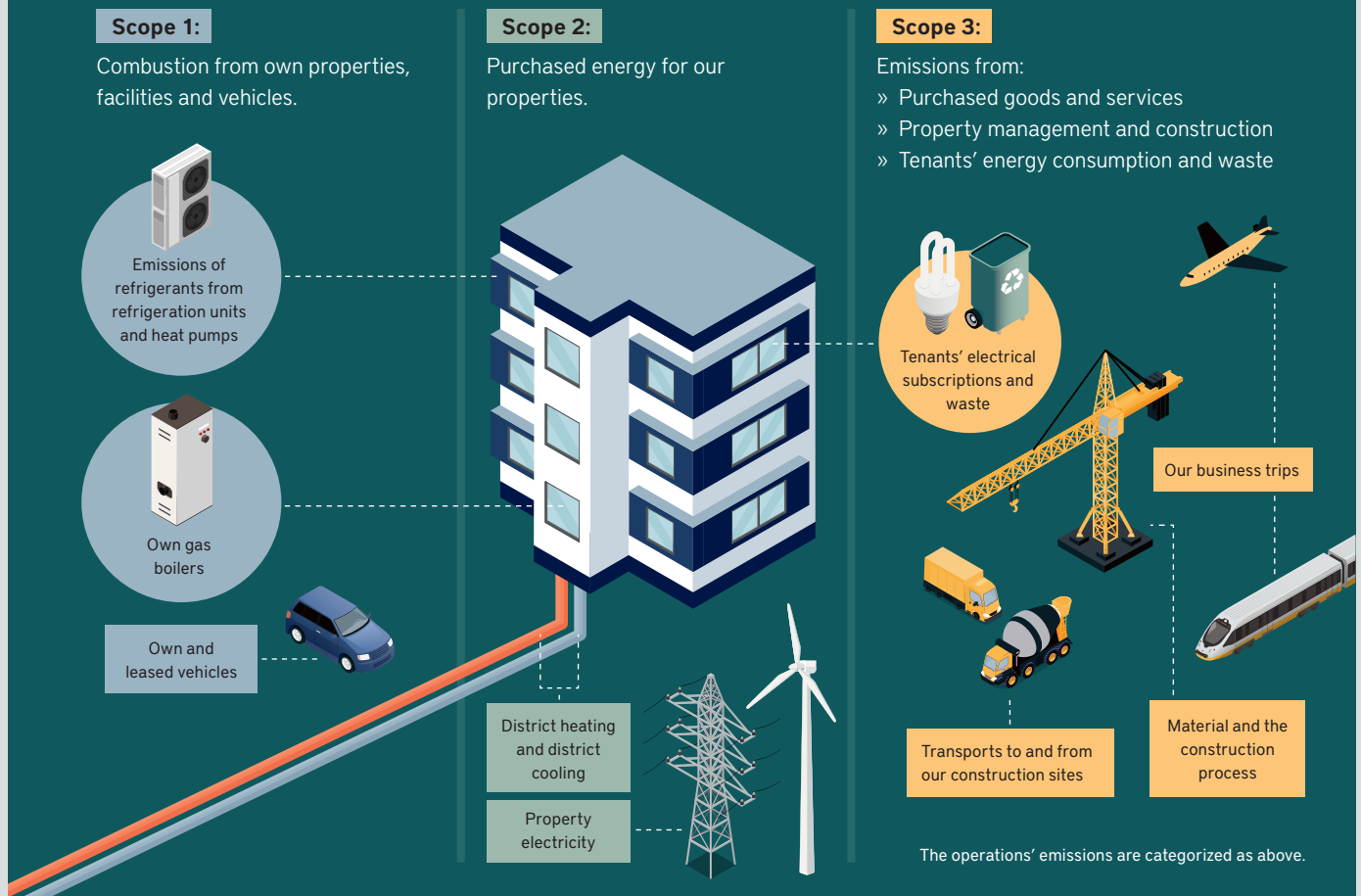
We still sell the electricity we produce to the Nordic electricity market and Wallenstam only purchases internally produced wind power for the Group's total electricity use. We follow the development of the electricity price, handle hedging and sales of renewable energy certificates.

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.



Where do the Wallenstam Group's emissions arise?



Social engagement for reduced exclusion

Wallenstam wants to fight social exclusion and to create 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. Cooperation and support mainly occur through sponsorship and through non-commercial collaborations, i.e. donations. On an annual basis, 1 percent of Wallenstam's income from property management shall go to these non-commercial collaborations.

Transports for tenants and employees

We are looking at various mobility solutions in order to offer our tenants practical and environmentally-friendly trans-

port solutions. For example, in the urban development project Kallebäck's Terrasser, those who live and work in the area have access to a car pool, bicycle pool with cargo and electric bikes and cycling studios, among other things. Both in new production and in certain existing properties, we are currently installing recharging possibilities for electric vehicles. 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. 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. Transports are still a focus area in the business plan 2019–2023, read more about our guiding principle Environment on page 16.

Resources in focus

Efficient use of resources is of critical importance and is a focus area in our current business plan. Resources consist of several elements, such as building materials, recycling and waste management.

In our new production operations, we worked with climate calculations during the year in order to streamline the use of materials. In our new construction project Bersån in Uppsala, we are reducing our carbon footprint through optimization of materials. The possibility of sorting waste is offered in our properties, both for residential tenants and for commercial tenants. One successful initiative is the textile containers

SOME OF THE ORGANIZATIONS THAT WE COLLABORATE WITH:

- Barn i Nöd
- Stadsmissionerna (the City Missions) in Stockholm, Gothenburg and Uppsala
- Räddningsmissionen
- Project Playground
- Barnens Ö
- BRIS
- Stiftelsen Lärhjälpen
- Mitt Liv
- Idrott utan gränser (Sports without borders)
- Pixbo Wallenstam
- Älta IF
- KFUM Uppsala basket



The temporary market hall at Östermalmstorg in Stockholm has been dismantled during the year and was transported away to begin a new life as a padel hall and restaurant in Mölnlycke, Gothenburg. The fittings and all materials have been reused, recycled or sold. This is a great example of a full-scale recycling project.

which we, in collaboration with Human Bridge are placing at our properties, where we collected 29 tons of textiles during the year. Read more on page 16.



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. The property sector, both in terms of new construction and management, accounts for a large proportion of the total carbon footprint in society. This means that it is a prioritized area for Wallenstam both from a climatic and economic perspective. It is this carbon footprint that we are striving to reduce through our climate targets.

In 2013, Wallenstam became the first property company in Sweden to be self-sufficient in renewable electrical energy. We use metering and optimize the operation of our properties 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 construc-

On an annual basis, 1 percent of Wallenstam's income from property management shall go to non-commercial collaborations.

tion 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 also 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”). At present, seven of our residential properties are certified according to Miljöbyggnad Silver rating. It was decided during the year that our ambition is to ensure that all new production is environmentally certified.



Risk management and opportunities

Minimizing risks and optimizing opportunities is an integrated part of our business. Through our risk management, we have been able to handle the challenges posed by Covid-19 during 2021. 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.

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 ensure that losses to the operations and our stakeholders are minimized.



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.

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 receive dialogue support regarding values in the form of an annual leadership conference, checklists and development discussion templates.

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.



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

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 equity/assets ratio and liquidity.
- » 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.





SENSITIVITY ANALYSIS

	SEK million
Change in rental income, residential, 1%	12.1
Change in rental income, negotiable commercial contracts, 1%	1.2
Change in operating costs, 1%	5.7
Change in loan interest rate, 1 percentage point (annual basis)	125

RISK AREAS EXTERNAL

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 many 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 electrical energy provides lower price sensitivity in relation to electricity.



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.

Climate



Description of risk

- » Climate changes are expected to result in larger volumes of rainfall, heat waves, more powerful winds, higher sea levels and increased flows in watercourses. These phenomena can impact our properties negatively.



Description of opportunity

- » In the work that is being carried out to handle our carbon footprint, there are opportunities to make efforts 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.
- » In the properties that are located in vulnerable locations, increased volumes of rainfall are handled using pumps and check valves, among other ways.
- » We ensure that roofs and hardened surfaces on the properties can handle large amounts of rain during a short period.
- » In order to handle risks arising from increased water flows, for example, collection reservoirs are built in the form of stone cisterns underground. Water protection equipment is also placed in vulnerable locations in properties.
- » Production of renewable energy results in a lower global climate impact, which reduces the risk of extreme weather in the longer term.

Supply and demand



Description of risk

- » Lower demand, for example for commercial premises, rental apartments or co-op 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 for the future in focus.

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 electricity.

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.



Many want to work for us! Despite the pandemic, we have been able to carry out many good recruitments and we have also accepted several interns. Helping with internships is important – it provides added value to our business and helps to ensure well-trained employees in our sector in the future.

Organization and employees

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

As an organization, we succeeded in changing over to a more digital way of working during the pandemic involving alternative forms of meetings. We chose not to close down our offices entirely, however, we encouraged home working. Now we are adapting our offices in order to meet the future needs we see for Wallenstam's employees and operations, for example with regard to working methods and the design of workplaces. We are creating additional social space for meetings and collaboration and more quiet rooms where it is possible to work undisturbed. The workplaces are ergonomically adapted with good lighting and soundproofing.

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 14 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 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 important elements of a motivating work situation. As far as possible, Wallenstam provides opportunities for advancement within the company, e.g. by announcing most 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.

Focus on health and wellness training

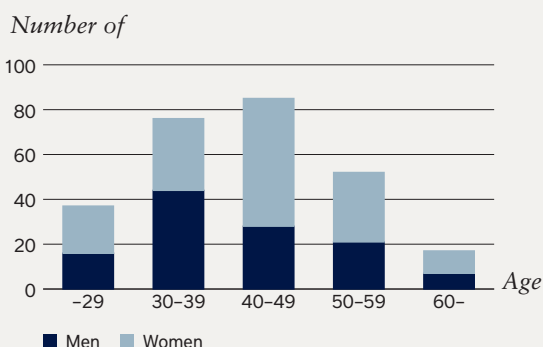
We attach great importance to the physical working environment and health-promoting activities. There are excellent opportunities for both group and individual training in fitness centers at each office, while health and wellness training is subsidized. In 2021, we have offered more group training outdoors, and since many have worked from

267

PERSONS EMPLOYED

Wallenstam had 267 employees at year-end 2021. The majority are permanent employees, with a distribution of 57 percent women and 43 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

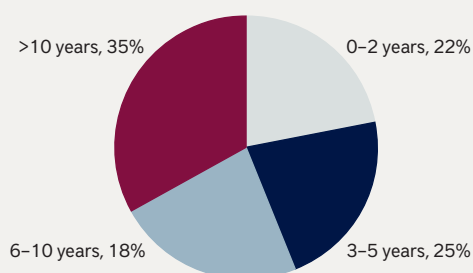


8.7 years

IS THE AVERAGE LENGTH OF EMPLOYMENT

for permanently employed personnel at Wallenstam. Absence due to illness during the year amounted to 2.2 percent (2.4). Employee turnover during the year was 8 percent (7).

PERIOD OF EMPLOYMENT



home, it has also been possible to participate in training sessions 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 Allbright's annual review of gender equality in Sweden's listed companies, we were placed 16th out of the 320 companies in total that were ranked in the Allbright report.

DISTRIBUTION WOMEN AND MEN

	Proportion women	Proportion men
The entire company	57%	43%
Middle managers	50%	50%
Group Management	50%	50%
Board of Directors	40%	60%

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 confidence in Management and a strong feeling of togetherness.

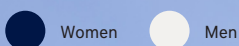
We also conduct evaluations where employees provide feedback to their manager based on a number of identified criteria which are important in the leadership at Wallenstam. The result is used as an individual development tool for the company's managers.



REPRESENTATION BOARD OF DIRECTORS



REPRESENTATION GROUP MANAGEMENT



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 Wallenstam App, web, chat function, e-mail or cost-free phone call.



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. A common working method and having the



Wallenstam logo on clothes and ID cards, creates recognition and peace of mind for the customer. 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.

Letting, 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. Letting, property management and construction operations are conducted in each business area with Wallenstam's own letting agents, managers and building project managers that co-operate with external suppliers and contractors. This local presence enables close relationships with our customers and good 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.



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 23, 2021. This report describes how the Wallenstam Group has worked with sustainability issues during 2021. 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 2021 amounted to 263. All of the Group's employees are permanent employees, with the exception of 14 people who are probationary employees and 11 people who are employed on a temporary basis, for example in the form of work as a substitute. 1 person works part-time and is a permanent employee. 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

Wallenstam is represented in the governing bodies of Paradgatan Avenyn AB, Fastighetsägarna GFR, Fastighetsägarna Centrala Hisingen (FCH), (b)id Stigberget, Innerstaden Göteborg AB, Göteborg Citysamverkan ideell förening, Göteborg & Co and Johanneberg Science Park.

201-1: DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

The table only refers to operating activities. Changes in value are not included.

SEK million	2018*	2019	2020	2021
Economic value generated				
Revenues	2,877	2,652	2,876	2,589
Economic value distributed				
Operating costs	-481	-497	-519	-561
Employee wages, benefits and pensions	-192	-210	-212	-272
Interest payments to providers of capital	-237	-223	-264	-259
Payments to government (property tax, VAT)	-556	-717	-897	-640
Dividend to shareholders	-7	-8	-14	-11
Community investments	-583	-614	-162	-392
Total economic value distributed	-2,057	-2,269	-2,068	-2,135
Economic value retained	820	383	808	454

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

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

302-1: ENERGY CONSUMPTION WITHIN THE ORGANIZATION

	Unit	2018*	2019	2020	2021
Fuel consumption					
Total fuel consumption from non-renewable sources	MWh	521	496	146	32
Heating oil	MWh	379	353	146	-
Natural gas	MWh	142	143	-	32
Total fuel consumption from renewable sources	MWh	-	-	116	257
Biogas	MWh	-	-	116	257
Energy consumption					
Electricity**	MWh	41,280	37,889	37,074	45,178
Heating	MWh	89,081	87,611	80,480	95,511
District heating	MWh	88,560	87,115	80,218	95,222
Oil	MWh	379	353	146	-
Natural gas	MWh	142	143	-	32
Biogas	MWh	-	-	116	257
Cooling	MWh	557	425	259	239
District cooling	MWh	557	425	259	239
Total energy consumption, non-renewable	MWh	49,983	47,395	42,719	47,288
Total energy consumption, renewable	MWh	80,934	78,531	75,094	93,640
Total energy consumption	MWh	130,917	125,925	117,813	140,928

The actual energy consumption, i.e., not climate-adjusted, has increased during 2021 compared to the previous year. This relates partly to the fact that we increased our holdings, resulting in increased floor space and partly due to colder winter months in 2021 than the previous year, which meant higher district heating consumption.

Heating per sq m climate-adjusted	kWh	80.4	79.9	74.7	74.7
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Own electricity production from renewable sources

Wind power	MWh	337,880	367,246	416,696	352,908
Solar cell produced electricity	MWh	n/a	n/a	n/a	258

302-3: ENERGY INTENSITY

	2018	2019	2020	2021
kWh/per sq m	110	105	96	107

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

302-4: REDUCTION OF ENERGY CONSUMPTION*

	Unit	2019	2020	2021
Total reduction	MWh	4,992	13,105	-10,011
Reduction electricity	MWh	3,390	4,206	-3,898
Reduction heating	MWh	1,470	8,601	-6,430
Reduction cooling	MWh	132	298	318

GRI 303-5: WATER CONSUMPTION

	2018*		2019		2020		2021	
	Absolute Intensity		Absolute Intensity		Absolute Intensity		Absolute Intensity	
Total water consumption, m ³	n/a	n/a	n/a	n/a	n/a	n/a	1,256,475	0.956

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

Absolute value stated in tons CO2 and intensity value stated in kg CO2/sq m.

	2018*		2019		2020		2021		Comments 2021	
	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	-	-	We have replaced oil boilers with other heating alternatives.	
Gas	30	0.026	29	0.024	5	0.004	7	0.005	During the year, we acquired a property, which was supplied with natural gas upon taking possession and then converted it to biogas.	
Refrigerant leakage	n/a	n/a	809	0.677	561	0.457	370	0.281	We had less refrigerant leakage during the year.	
Business travel by car	n/a	n/a	n/a	n/a	34	0.028	24	0.019	Refers to travel with electric cars owned by the company, leased by the company or owned by employees.	
Total Scope 1	132	0.112	932	0.780	639	0.521	401	0.305	Overall, Scope 1 emissions have decreased compared to the previous year, both in absolute value and in intensity value.	

Scope 2
305-2 INDIRECT GHG EMISSIONS

Electricity – Market-based **	-	-	-	-	-	-	-	-	Emissions are zero as all our property electricity is produced in our own wind turbines.
Electricity – Location-based **	578	0.486	493	0.413	297	0.241	256	0.195	Emissions from location-based electricity shows the emissions that would have occurred if we had not had wind power as property electricity and are reported according to the Swedish electricity mix. In 2020, it was 5.67 g CO2/kWh, source AIB.
District heating	5,097	4.288	4,690	3.929	3,135	2.551	3,866	2.943	Emissions consist of two parts, amount of energy used and district heating suppliers' fuel mix.
District cooling	-	-	-	-	-	-	-	-	District cooling generates marginal emissions.
Total Scope 2 (market-based)	5,097	4.288	4,690	3.929	3,135	2.551	3,866	2.943	Overall, Scope 2 emissions have increased compared to the previous year, due to increased energy consumption as a result of a colder year and increased floor space in our holdings.

Scope 3
305-3 OTHER INDIRECT GHG EMISSIONS

Materials in construction projects	n/a	n/a	29,118	221	8,397	185	7,100	205	This year, the calculations are based on manually collected data and on climate calculations. The intensity is reported per gross floor area (GFA).
Business travel by air, train and taxi	n/a	n/a	n/a	n/a	8	0.006	5	0.004	Travel restrictions due to the pandemic have meant that our travel has decreased significantly.
Subtotal Scope 3	-	-	29,118	221	8,405	185	7,105	205	Emissions from our new production decreased in absolute terms compared to the previous year and the intensity value decreased in relation to the base year.
Transport of district heating fuel	n/a	n/a	n/a	n/a	n/a	n/a	558	0.425	Refers to district heating suppliers' transportation of fuel. Emissions from incineration are reported in Scope 2.
Tenants' electricity consumption	n/a	n/a	n/a	n/a	n/a	n/a	74	0.11	Based on submetering in the properties where this is installed. In other cases, standard measures are used. The intensity is reported per weighted residential floor space.
Total Scope 3			29,118		8,405		7,737		The intensity values are not aggregated as they are based on different types of floor space.

305-5: REDUCTION OF GHG EMISSIONS

	2018*		2019		2020		2021	
	Absolute reduction	Intensity per sq m	Absolute reduction	Intensity per sq m	Absolute reduction	Intensity per sq m	Absolute reduction	Intensity per sq m
Scope 1****	-	-	-	-	292	0.26	531	0.48
Scope 2	-	-	407	0.36	1,962	1.74	1,231	1.35
Subtotal Scope 3****	n/a	n/a	-	-	20,713	36	22,013	16

Reduction or increase is related to the base year 2018. New indicators for the year are not covered by GRI 305-5, but are reported when two years of data are reported (i.e. transport of district heating fuel and tenants' electricity consumption).

306-2: WASTE BY TYPE AND DISPOSAL METHOD

	2018*		2019		2020		2021		Comments 2021
	Absolute	Intensity	Absolute	Intensity	Absolute	Intensity	Absolute	Intensity	
Waste, for incineration and energy recovery	n/a	n/a	n/a	n/a	n/a	n/a	3,415	5.12	The reporting is based on weight data in cases where available from municipalities. In other cases, the reporting is based on a Wallenstam average. The intensity value is reported per weighted residential floor space.
Food waste, for composting and biogas production	n/a	n/a	n/a	n/a	n/a	n/a	260	0.39	

401-1: NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER
New employees 2021

Age	Number of persons	of whom women/men	of whom in Gothenburg/Stockholm
Under 30 years	19	11/8	8/11
30-50 years	9	2/7	7/2
Over 50 years	1	1/0	1/0
Total	29	14/15	16/13

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

The ratio 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. The previous year's figures are provided in parenthesis.

	Women's salary	Men's salary
Including Group Management, excluding CEO	88% (88)	113% (114)
Excluding Group Management	87% (88)	115% (114)

The proportion of women in property management and operation amounts to 44 percent, the proportion of women in project and business development amounts to 45 percent and the proportion of women in business support amounts to 70 percent.

406-1: INCIDENTS OF DISCRIMINATION AND CORRECTIVE ACTIONS TAKEN

No incidents of discrimination were reported in 2021.

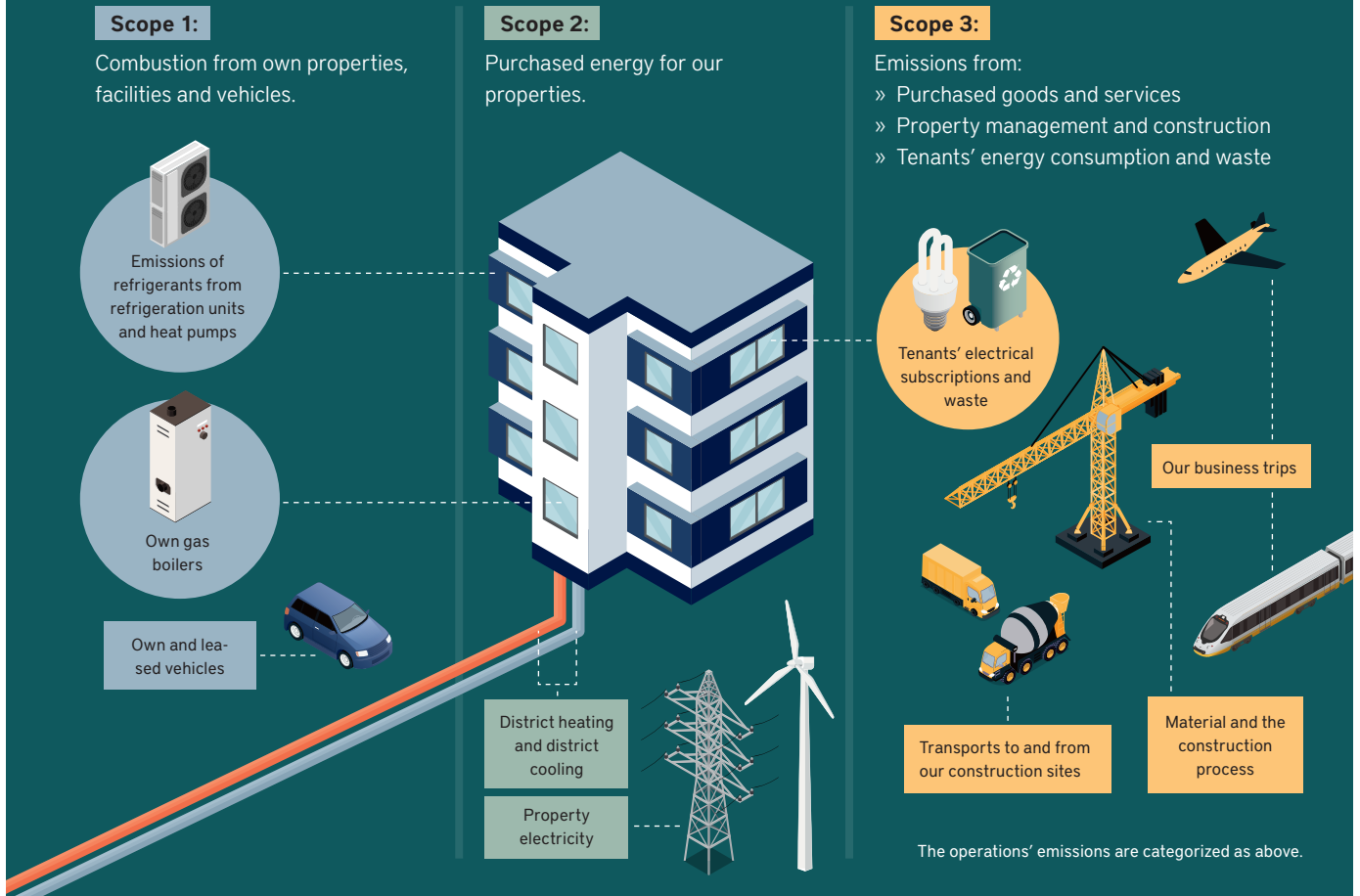
* Base year 2018 – commences from start of the business plan 2019–2023.

** 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 2021 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 2020.

**** As regards 2018, Scope 1 was not fully reported and Scope 3 was not reported at all, thus a reduction is calculated from 2019.

Where do the Wallenstam Group's emissions arise?















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** 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 26, 2022
Interim report Q1	April 26, 2022
Interim report Q2	July 14, 2022
Interim report Q3	October 25, 2022

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

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