



WALLENSTAM

SUSTAINABILITY REPORT 2022

Comments by the CEO

The year 2022 has been an unusual one. The beginning was strong and hopeful with low interest rates and a pandemic that was levelling off where we all looked forward to society and our everyday lives being able to soon return to normal. Then Russia invaded Ukraine and nothing was the same. Apart from all the horrible aspects with death and destruction that a war involves, it also brought with it a number of effects on Sweden, Europe and the world. The energy crisis became a fact, deficiencies in the supply chain meant that supply did not keep up with demand and the starting shot was fired for galloping inflation, which caused interest rates to start accelerating.

Hedged interest rates early in 2022

We chose to hedge a large proportion of our interest rates already in the first quarter of 2022. Wallenstam is naturally not unaffected by the interest rate hikes, but I can state that we acted early, and thanks to that we have definitely been impacted to a lesser extent than we otherwise would have been.

We also have a secure base in our balance sheet where we have an equity/assets ratio of 47 percent and a loan-to-value ratio of 45 percent. Our operations are working well with increasing net operating income and income from property management which is on a par with the previous year despite increased financing costs and divestments.

Our position as a company is strong as we now enter a period of great uncertainty. A confirmation of this is that the Board of Directors now proposes a dividend at a maintained level of SEK 0.60 per share.

Bond repurchases

In 2022, the bond market essentially collapsed. Wallenstam has chosen to be a minor actor in the bond market and in 2022 we have – apart from the bonds of SEK 1,400 million that matured during the year – also repurchased SEK 410 million of bond loans with future maturities, and replaced them with bank loans. We have been able to do this in a flexible way since we chose not to have a rating, and therefore we do not need to take account of the limitations of the rating agencies. With a value of SEK 890 million, bonds now only represent 3 percent of our financing, while commercial paper represents 4 percent. A total of 93 percent of Wallenstam's financing is thus in banks, which feels secure.

System change creates market turbulence

The year 2022, for Wallenstam, meant unusually high activity in terms of property divestments. Many of the transactions were completed in their entirety during 2022 but some were already contracted in 2021. Since the summer, there has been low activity in the Swedish transaction

I feel secure about the valuation that has now been carried out. We have our residential properties in the most attractive residential areas in the most attractive regions – Gothenburg and Stockholm.

market, a natural consequence of the uncertainty created by the increasing inflation. We are clearly in the midst of a system change, where all actors in the market must get accustomed to operating in a high inflation environment after many years of low inflation. Suddenly, the parameters that we were previously used to no longer apply. I have personally experienced just such a system change before, in the 1990s, when we went from high inflation to low inflation. Even then there was uncertainty in the market about what parameters would apply, but this became apparent in time – and without doubt it will also be the same this time.

Increased yield requirements

The valuation of a building is not a reality until the day you sell it. Of course, we always try to get as close to reality as possible when we carry out our valuations. An uncertain and cautious property market and higher interest expenses have resulted in increased yield requirements for 2022 on average of 0.4 percentage points to 3.4 percent on our residential properties and of 0.4 percentage points to 4.8 percent on our commercial properties.

I feel secure about the valuation that has now been carried out. We have our residential properties in the most attractive residential areas in the most attractive regions – Gothenburg and Stockholm. 230,000 people are registered in Wallenstam's own queue for newly produced apartments, so there is demand. There is also demand for our commercial premises, which are located in central Gothenburg and in times like we are now entering, demand is always strongest for the most attractive product.

Investments in new construction

The pandemic resulted in delays for many of Sweden's construction projects, and the development in 2022 has meant that quite a lot of project starts have been postponed indefinitely. Our own new construction operations are progressing, although on a slightly lesser scale. We will naturally complete the projects we now have in progress and we will also invest in new production going forward, but not at the same rate as we have done historically. When



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we start new projects, we are extremely careful to ensure that deliveries are secured and that we have an investment calculation we feel comfortable with. Due to inflation and shortages of materials, we have added a risk premium and value the projects in full when they are completed.

Wallenstam's climate work

The year 2022 was also the year when electricity prices reached levels that we have not even come close to before. Wallenstam decided as far back as 2007 to become self-sufficient in renewable energy, and that was the starting shot for wind power. In the energy crisis we are now all experiencing, it feels positive that this sustainability investment can also be seen as an insurance policy for the

company from a cost perspective.

I believe that it is absolutely necessary to take the climate issue seriously. Partly for the environment in general, partly to be able to finance your business in the future, since investors will seek out companies, which have the climate issue on their agenda. We are striving to continue reducing our emissions in the construction operations, as well as in our existing holdings. We are planning to reinvest in our wind turbines in order to increase both their service life and efficiency. Aside from wind power, we are investing in solar cells, which we are installing in properties where it is possible. In addition, we regularly upgrade the properties with new technologies and to ensure optimized operation.

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 responsibility in relation to environmental issues.

New business plan and new opportunities

Yes, 2022 has really been an unusual year! In December, one year early, we could present our new business plan 2030 which means that we shall achieve a net asset value of SEK 100 per share. A challenging goal in a time with many uncertainties and a long time horizon where a lot can happen. Wallenstam has created a unique position to be able to capitalize on possible opportunities, which can arise in more uncertain times, while the company is neither unaffected by external events nor without challenges around the corner. We will take on these challenges together – all the fantastic employees in Wallenstam who with great dedication contribute to the company's development.

Hans Wallenstam, CEO

Wallenstam's sustainability reporting

Wallenstam wants to contribute to a better society, today and for future generations. We want to take responsibility for the impact of our operations on society, the climate and the environment. As part of this sustainability work, Wallenstam supports the UN's Global Compact initiative and this section constitutes our Communication on Progress.

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. The sustainability work creates further control, reduces risks and generates new transactions and solutions. In addition, the sustainability work contributes to more engaged employees, more satisfied customers and security for investors.

In order to promote a sustainable development, Wallenstam has chosen to prioritize five global goals (SDGs) relating to social, ecological and economic sustainability in the UN's Agenda 2030. In addition, we have established climate targets that aim to reduce the climate impact from our new production and management operations.

Governance of the sustainability work

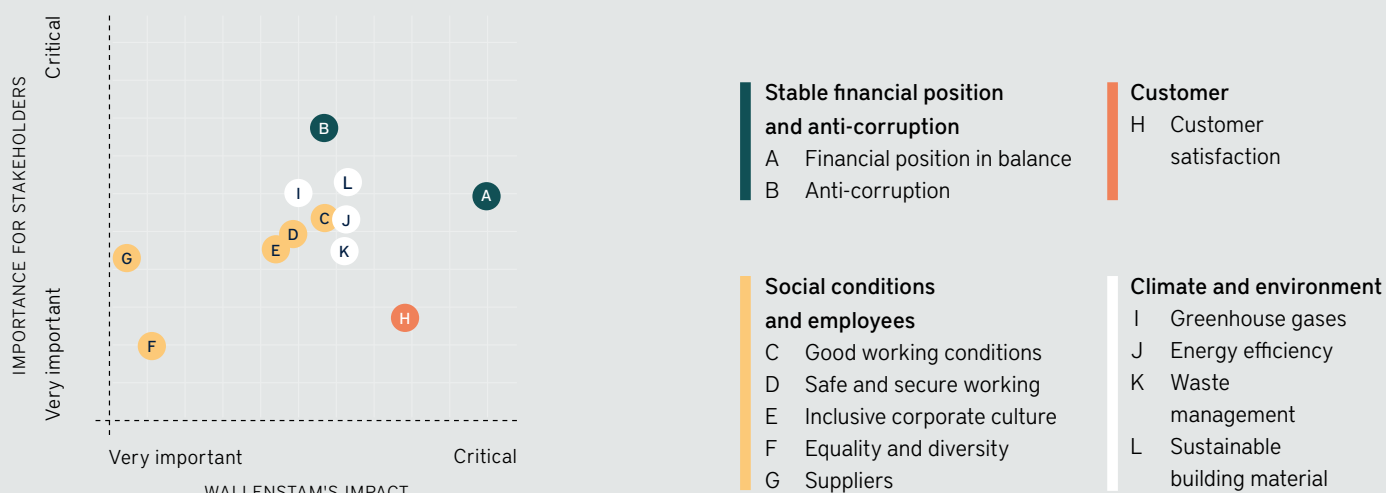
Wallenstam's sustainability work is based on the company's

sustainability policy and strategy as well as the implemented climate targets. This work covers every part of the operations and all managers have a responsibility for driving the sustainability work. Outcomes are followed up and regularly reported by the sustainability manager to Group Management and the Board. The CEO is ultimately responsible for the work with the material aspects and risks that are prioritized in Wallenstam's sustainability work.

Wallenstam has reported its sustainability work since 2006 and the reporting has been inspired by the Global Reporting Initiative (GRI) standard since 2010. We also reported our emissions of greenhouse gases and other climate-related data during the year to the CDP (Carbon Disclosure Project). This year, Wallenstam has chosen to voluntarily report how large a share of the company's assets are aligned with the new EU taxonomy. This is despite the fact that the company has less than 500 employees and is thus not covered by reporting requirements.

MATERIAL SUSTAINABILITY AREAS BASED ON STAKEHOLDER DIALOGUE

Carried out in 2018 with calibration in 2021



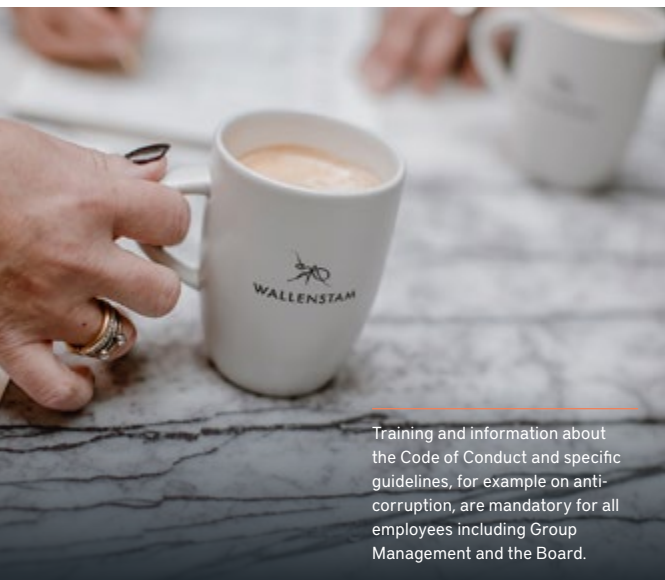
Code of conduct and compliance

In the construction and property sector, there are risks, for instance related to the working environment, corruption, human rights, climate and the environment. Our Code of Conduct with pertaining guidelines is based on the company's core values – respect, commitment and progress – and clarifies how Wallenstam wants to act as a company. The goal is to have an environmental, social and commercial responsibility 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. Training and information about the Code of Conduct and specific guidelines, for example on anti-corruption, are mandatory for all employees including Group Management and the Board. By appending the company's Code of Conduct to partnership agreements entered into with contractors, we ensure that they follow the Code of Conduct and act according to it.

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

Ethics Council

Wallenstam's Ethics Council works centrally in the Group with ethics and anti-corruption work and conducts risk analyses in the area and proposes possible measures. They also ensure that all Wallenstam employees are informed about relevant issues regarding business ethics and corruption. 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 both internally and externally and which is accessible via a link on Wallenstam's website. One case was reported to our whistleblower function during 2022. The case was dealt with according to the routines in force but it did not qualify as a whistleblower case.



Training and information about the Code of Conduct and specific guidelines, for example on anti-corruption, are mandatory for all employees including Group Management and the Board.

Climate and environment



Renewable energy

Our investment in renewable energy is a way for us to take responsibility for our climate impact. As we generate more electrical energy than our properties consume, our property electricity is entirely renewable, and it has been like this since 2013. Our 53 wind turbines are found between Gästrikland and Skåne with an installed total output of 112 MW (143). During the year, we have continued to work actively with solar cell installations and to date we have installed almost 6,300 solar cell panels in our properties. In addition, we investigate and evaluate other technical solutions for sustainable energy management, such as power control and energy storage.



During the year, our wind turbines produced a total of 338 GWh (353) and our solar cells produced 1 006 MWh (258). We work continually on boosting turbine uptime, in other words, minimizing the time that turbines do not generate electricity due to disruptions or planned stoppages. We ensure this, for example by performing maintenance work at times when there is no wind. During 2022, the uptime amounted to 97 percent (97). Wind power production is also continually optimized by various types of capacity increasing modifications and upgrades, including new software to improve production efficiency.

Wallenstam does not own any grid, therefore the electricity we generate is supplied to the Nordic electricity market. We then buy renewable wind power from the Nordic electricity market for the business. As we produce at least as much electrical energy as our properties consume, we are self-sufficient in renewable electricity.

Resources in focus

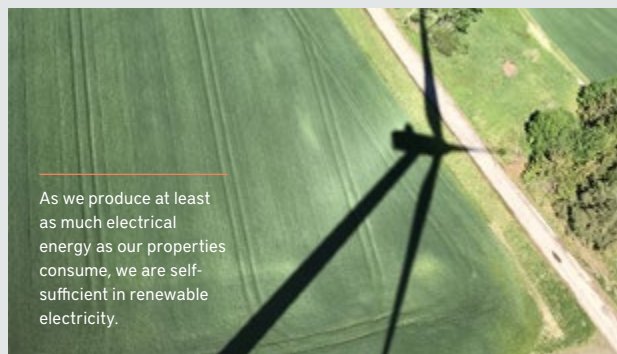
It is important that resources are used efficiently. Resources consist of several elements, such as building materials, recycling and waste management. In our new production operations, we work with climate calculations in order to streamline the use of materials and to minimize the project's overall climate impact. We have also continued to work on reducing residual waste from our properties, by increasing possibilities for sorting waste for our residential and commercial tenants. One successful initiative is the textile containers, which we place at our properties, in collaboration with Human Bridge. This year we have again increased the number of placed containers. In all, we collected 41 tons (29) of textiles during the year.

To create the right conditions for recycling in the urban development project Mera Älta in Nacka, we have collaborated with an architect specialized in innovation within circular construction. In Älta, Wallenstam will build about 1,250 new apartments in a total of seven blocks. The first step was to carry out resource mapping to plan the project's resources. The goal of the recycling project is to reuse existing material in other projects, either in our own project portfolio or in collaboration with other actors. Wallenstam is also one of several organizations participating in the "handshake" for circular construction in the City of Gothenburg, in order to develop and establish a market for recycling together with several other actors from the sector.

Sustainable transports for tenants and employees

We are working on various mobility solutions in order to offer our tenants practical and environmentally-friendly transport solutions. One example is the urban development project Kallebäck's Terrasser where our tenants have access to a car pool, bicycle pool with cargo and electric bikes and cycling studios, among other things. We are currently installing recharging possibilities for electric vehicles both in new production and in certain existing properties.

Wallenstam's employees are encouraged to use public transport. Electric bicycles are available for shorter trips, enabling carbon free business travel. In addition, we have a carpool with electric cars only.



As we produce at least as much electrical energy as our properties consume, we are self-sufficient in renewable electricity.

Development for reduced climate and environmental impact

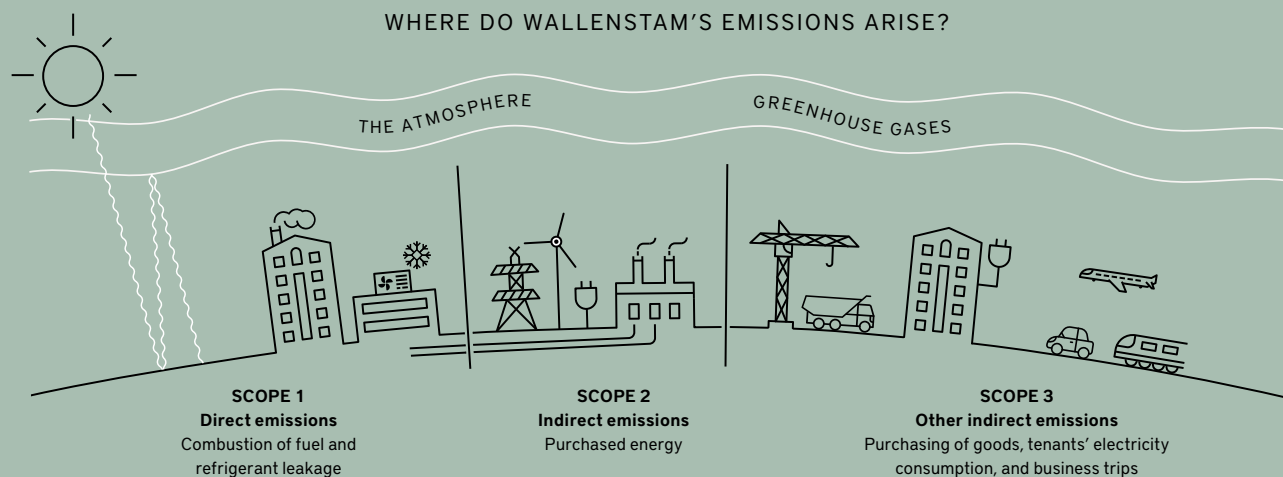
We attach great importance to limiting climate and environmental impacts in our production, operation and management of properties. In 2013, Wallenstam became the first property company in Sweden to be self-sufficient in renewable electrical energy. We use metering and optimize the operation of our properties in order to reduce the consumption of energy and resources. Wallenstam supports the Swedish government's initiative "Roadmap for fossil-free competitiveness – the Heating industry". We have invested in Ferroamp, a listed company that develops new tools for controlling properties' electrical systems. We currently use their installations and units in parts of our new production operations. During the year, we have also joined the collaboration HS30, which is striving to create a more sustainable housing sector in the Mälaren Valley.

Wallenstam shall environmentally certify all new construction according to the Miljöbyggnad Silver standard. At present, eleven of our residential properties are environmentally certified. In our commercial holdings, the Umami Central block has been certified according to BREEAM In-Use, and three properties were certified according to Miljöbyggnad iDrift (Environmental Building In-Use). Both our headquarters in Gothenburg and our regional office in Stockholm were certified at Gold level. During the year, our headquarters won a prize in the Environmental Building In-Use category (Miljöbyggnad iDrift) in the Sweden Green Building Awards 2022 competition.

FROM MARKET HALL
TO PADEL HALL



During 2021, the temporary market hall at Östermalmstorg in Stockholm was dismantled and gained a new life as a padel hall in Mölnlycke. This fullscale recycling project in 2022 won the Circular Construction Initiative of the Year award at Återvinningsgalan, arranged by magazine Recycling.



Wallenstam's climate targets 2019–2023

In 2020, Group Management adopted four climate targets with the aim of reducing our climate impact. The business plan 2019–2023 was completed one year earlier than planned and thus the business plan's climate goals are also finally reported in 2022. All measurable climate targets have been achieved.



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

Outcome*: -13.4%

Comment: In most of our projects, climate calculations were carried out in the planning stage, which resulted in more climate-friendly material choices, among other things. Design optimizations have been carried out to reduce the quantity of material, for instance hollow core slabs have proven effective in reducing the quantity of concrete. In addition, recycling projects have contributed to the overall decrease.



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

Outcome*: -28.7%

Comment: Solar cell installations have been carried out to supplement our wind power production. We have also modernized additional district heating substations, optimized more heating systems and recycled heat from the properties' waste water. District heating has gradually become cleaner and our property holdings have become more energy efficient due to the fact that newly produced properties have been added to our management operations.



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

Outcome*: -25.7%

Comment: We have improved the possibilities for sorting at source in our properties. For example, environmental rooms have been made more aesthetically appealing and have been supplemented with more sorting units. The number of clothing collection containers has also been increased. We have also worked on continually informing our tenants in order to increase the sorting rate and reduce residual waste.



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

Comment: Wallenstam's business trips were mostly carried out in a climate-neutral way during 2022. The company has electric bikes and a carpool consisting only of electric cars, which can be used for business trips.

* Accumulated outcome in the years 2020–2022, with base year 2019.

Wallenstam's climate targets 2023–2030

The construction and property sector accounts for a large share of the overall carbon footprint in society. This means that the work to reduce emissions is a prioritized area for Wallenstam. During the year, we have also taken the next step in our sustainability work by setting new Science Based Targets aligned with the Paris Climate Agreement. The targets were adopted during fall 2022 by the global climate action partnership – The Science Based Targets initiative (SBTi). The new climate targets mean that Wallenstam shall reduce its Scope 1 and 2 emissions by 50 percent through 2030, with base year 2018. Apart from SBTi's validated targets, a voluntary goal has been defined for Scope 3 emissions according to SBTi's methodology, where emissions from the construction operations shall be reduced by 55 percent through 2030, with base year 2019.



Social responsibility



Urban development of safe and sustainable areas

There is a great need for housing in Sweden. Wallenstam mainly builds rental apartments for the company's own management and this means that we take responsibility for the properties and the areas for a long time. This creates a long-term and sustainable perspective both when we develop and produce our properties.

We aim to create safe and welcoming areas and properties, that people want to live in, work in and visit. This means that already during the planning and zoning plan work in urban development projects, we plan for various types of activities such as offices, stores as well as geriatric and child care. We also develop our existing properties and carry out activities in collaboration with our commercial tenants, the city and other organizations in society. The aim is to create a lively inner city.

Wallenstam has an Innovation Council, which works on creating new sustainable solutions for the housing of the future and town planning. We also actively participate in research and development within urban development, construction and management. We support and cooperate with, for example, Johanneberg Science Park and the Safer Sweden foundation.

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 to work proactively through collaboration 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 a greater sense of security and togetherness.

Social engagement for reduced exclusion

Wallenstam wants to be engaged in taking long-term social responsibility by creating urban districts where everyone can feel a sense of belonging. We support vulnerable groups and people who face social exclusion and enable active leisure time for young people in the local community where we operate. Examples of initiatives include letting premises to associations, creating meeting places and supporting different forms of activities.

In addition to this, we collaborate with organizations that strive to reduce social exclusion and that help people to enter the labor market. Cooperation and support mainly occur through sponsorship and through non-commercial collaborations, in other words donations. On an annual basis, 1 percent of Wallenstam's income from property management shall go to these non-commercial collaborations.

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 by building and managing housing, primarily rental apartments, in safe and lively districts. During 2022, we started the construction of our 10,000th apartment since the turn of the millennium, and we completed 710 apartments during the year.

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, including by fighting discrimination, treating everyone with respect – employees and customers as well as others we meet – and offering equal opportunities to all employees.

Gender equality and diversity

Gender equality and diversity issues are integrated throughout the entire organization and in our working methods. Employers should work together with employees to achieve gender equality and diversity, and work to ensure an organization where discrimination on all grounds is prevented. We strive to ensure that men and women have the same conditions, both during recruitments and in connection with development initiatives and setting of salaries. Our Code of Conduct is clear that discrimination must not occur.

SOME OF
THE ORGANIZATIONS
THAT WE COLLABORATE
WITH

- Barn i Nöd
- The City Mission in Stockholm, Gothenburg and Uppsala

- The Rescue Mission
- Project Playground
- Barnens Ö
- BRIS

- Stiftelsen Läxhjälp
- Mitt Liv
- Idrott utan gränser (Sports without borders)

- Pixbo Wallenstam
- Älta IF
- KFUM Uppsala basket

Economic sustainability

8 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. Long-term profitability also means that we should generate a profit, which we can reinvest in the business. By providing apartments and profitably developing our properties, we create value for our customers, society in general and also for the company's employees and owners.

Green financing accounts for 31 percent of Wallenstam's total financing. Green bank loans and green bonds are used for financing our wind turbines, our environmentally certified properties and a number of the properties that meet energy class B or better. All bonds that Wallenstam issues are green bonds and are issued according to our green framework. During the year, we have renewed our green framework, which again obtained the highest rating, Dark Green.

Wallenstam's supply chain

During procurement of contractors and purchasing of services, the responsibilities of our partners are agreed in relation to business ethics, climate, the environment, working conditions, safety etc. As a client, Wallenstam has both a responsibility and an opportunity to influence the supply chain.

We aim for close and long-term collaboration, which means that we can develop together with our partners. Our Wallenstam Partners perform property caretaking and maintenance. In our new production operations, we work together with contractors and suppliers, who in turn often use subcontractors and subsuppliers. All in all, in our business, we utilize the services of more than 3,000 suppliers. Our suppliers are usually domiciled in Sweden, but for instance, sourcing of construction material also occurs in other European countries and in the rest of the world.

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.



The EU Taxonomy

The EU taxonomy is a regulation that aims to define which assets can be considered to be sustainable in a placement and investment perspective according to six environmental objectives, of which two have been defined at present. Wallenstam is not covered by a legal reporting requirement as the company has less than 500 employees, but we have voluntarily chosen to report how large a share of our assets are defined as sustainable according to the taxonomy as these make a substantial contribution to environmental objective 1 (Climate change mitigation). After analysis of Wallenstam's operations, the company is deemed to meet the regulation's technical screening criteria with regard to articles 4.3 *Electricity production from wind power* and 7.7 *Acquisition and ownership of buildings*. Wallenstam does not carry out any construction contracts under its own management, but only has the role of client in the company's new construction operations, and therefore we consider that we are not covered by further articles.

We have reviewed and assessed our assets based on the above assumptions and on the information and the interpretations currently available regarding the taxonomy. Our delimitations and assessments are based on information received in December 2022 from the trade association

Wallenstam is not covered by a legal reporting requirement as the company has less than 500 employees, but the company has voluntarily chosen to report how large a share of its assets are defined as sustainable according to the EU taxonomy.



Fastighetsägarna, which has interpreted the taxonomy's wordings and made them applicable to the Swedish property sector. Environmental objective 1 covers properties that have energy class A according to their energy audit. In addition, properties are eligible whose energy consumption is placed in the best 15 percent (Top 15 percent) of the national building stock. In order to define the Top 15 percent, Fastighetsägarna has been assisted by CIT Energy Management, which has established thresholds regarding the energy performance of buildings.

For the properties that meet environmental objective 1, a climate risk assessment has been performed, in order to clarify that they do not negatively impact other adaptation efforts, environmental objective 2. For the properties that are assessed as being subject to climate risk, a detailed climate risk and vulnerability assessment has been carried out.

Assumptions, delimitations and clarifications

There are uncertainties in the interpretation of which economic activities meet the taxonomy's criteria, and the EU's work on clarifying the regulation was postponed during the year. Wallenstam has therefore chosen a balanced interpretation of the criteria, and has preferred to define fewer economic activities as green, rather than more.

In view of these remaining issues, Wallenstam has made a number of assumptions, delimitations and clarifications:

- » A number of energy audits relating to newly constructed properties were carried out on the basis of energy calculations.
- » As the EU has only published technical screening criteria regarding environmental objectives 1 and 2, we are only reporting these two objectives. The proposed tables that FAR (the organization for the accountancy profession in Sweden) has drawn up are based on six environmental objectives, thus we have made a departure from FAR's table format.
- » Capital expenditures include investments in taxonomy-aligned assets and investments in newly produced buildings, which upon completion will be aligned assets.
- » With regard to article 4.3 *Electricity production from wind power*, we have chosen to treat all operating expenses as taxonomy eligible.
- » Regarding the effect on the value of wind turbines as a result of climate change, an assessment has been made that the consequences of climate risks will not arise during the remaining technical service life of the turbines.
- » All rental increments are included in sales.

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2022.

Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Substantial contribution criteria		DNSH criteria ('Does Not Significantly Harm')						Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, year 2022 (18)
				Climate change mitigation (5)	Climate change adaptation (6)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Biodiversity and ecosystems (16)			
		SEK million	%	%	%	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%
A. TAXONOMY-ELIGIBLE ACTIVITIES													
A.1. Environmentally sustainable activities (Taxonomy-aligned)													
Electricity generation from wind power	4.3	200	7.4	100		–	Yes	Yes	Yes	Yes	Yes	Yes	7.4
Acquisition and ownership of buildings	7.7	810	30.0	100		–	Yes	–	–	–	–	Yes	30.0
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		1,010	37.4										37.4
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)													
Electricity generation from wind power	4.3	0	0										
Acquisition and ownership of buildings	7.7	1,680	62.1										
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		1,680	62.1										
Total (A.1+A.2)		2,691	99.5										37.4
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES													
Turnover of Taxonomy-non-eligible activities (B)		14*	0.5										
Total (A+B)		2,705**	100										

1. As reporting is prepared voluntarily, the tables this year do not include columns regarding (15), (19), (20) and (21).
2. Based on outstanding green bonds, which were issued according to Wallenstam's green framework dated April 2019, the turnover in article 4.3 in A.1 shall be adjusted to SEK 0 million.
- * Other income according to Note 11.
- ** Note 3 and 11.

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2022.

Economic activities (1)	Code(s) (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Substantial contribution criteria		DNSH criteria ('Does Not Significantly Harm')					Minimum safeguards (17)	Taxonomy-aligned proportion of CapEx, year 2022 (18)
				Climate change mitigation (5)	Climate change adaptation (6)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Biodiversity and ecosystems (16)		
		SEK million	%	%	%	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%
A. TAXONOMY-ELIGIBLE ACTIVITIES												
A.1. Environmentally sustainable activities (Taxonomy-aligned)												
Electricity generation from wind power	4.3	0	0	100		–	Yes	Yes	Yes	Yes	Yes	0
Acquisition and ownership of buildings	7.7	1,649	36.8	100		–	Yes	–	–	–	Yes	36.8
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		1,649	36.8									36.8
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)												
Electricity generation from wind power	4.3	0	0									
Acquisition and ownership of buildings	7.7	2,033	38.0									
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		2,033	38.0									
Total (A.1+A.2)		3,682	74.8									74.8
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES												
CapEx of Taxonomy-non-eligible activities (B)		797	25.2									
Total (A+B)		4,479*	100									

1. As reporting is prepared voluntarily, the tables this year do not include columns regarding (15), (19), (20) and (21).
 2. A.1 includes investments in new construction and investments in existing property holdings.
- * Note 14, 15 and 17.

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2022.

Economic activities (1)	Code(s) (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Substantial contribution criteria		DNSH criteria ('Does Not Significantly Harm')					Minimum safeguards (17)	Taxonomy-aligned proportion of OpEx, year 2022 (18)
				Climate change mitigation (5)	Climate change adaptation (6)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Biodiversity and ecosystems (16)		
		SEK million	%	%	%	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%
A. TAXONOMY-ELIGIBLE ACTIVITIES												
A.1. Environmentally sustainable activities (Taxonomy-aligned)												
Electricity generation from wind power	4.3	64	29.8	100			Yes	Yes	Yes	Yes	Yes	29.8
Acquisition and ownership of buildings	7.7	31	14.4	100			Yes	–	–	–	Yes	14.4
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		95	44.2									44.2
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)												
Electricity generation from wind power	4.3	0	0									
Acquisition and ownership of buildings	7.7	119	55.8									
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		119	55.8									
Total (A.1+A.2)		214	100									44.2
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES												
OpEx of Taxonomy-non-eligible activities (B)		0	0									
Total (A+B)		214*	100									

1. As reporting is prepared voluntarily, the tables this year do not include columns regarding (15), (19), (20) and (21).
 2. Based on outstanding green bonds, which were issued according to Wallenstam's green framework dated April 2019, operating expenditures in article 4.3 in A.1 shall be adjusted to SEK 0 million.
- * Equivalent to the operating expenditures that shall be included as defined by the taxonomy.

Risk management and opportunities

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 guidelines, strategies and measures to reduce the risks and optimize opportunities.

This is ongoing work, which is continually being 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.

OPERATIONAL RISKS

Production and management



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 throughout 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 completed/ 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.
- » Secure and efficient processes for purchasing and signing of contracts, ensuring secure collaboration.
- » Good business ethics and satisfactory working conditions among contractors and subcontractors.



Wallenstam's management

- » Developing long-term relationships and well-established collaboration with contractors and suppliers.
- » Developed processes and templates for procurement and purchasing, the right competencies to the process and at least two people always review tenders and agreements before they are signed.
- » Requirements for contractors about following 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 regularly conducted.
- » Routines regarding supplier checks.

Information and IT security



Description of risk

- » That IT systems are attacked and the operations manipulated or that information falls 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 regarding IT security, upgrades of firewalls, antivirus protection and systems, anti-hacking tests, routines for IT security etc.
- » Policy and guidelines for information security as well as continual internal information and training. Routines for information sharing and handling.
- » A Data Protection Officer who works continually with GDPR issues.

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 meet payment 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.

Interest rates

**Description of risk**

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

**Description of opportunity**

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

**Wallenstam's management**

- » Loan portfolio with different maturities, spread among various forms of credit and lenders.
- » 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.

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 to make investments during an economic downturn.

**Wallenstam's management**

- » Having properties in attractive locations lowers the risk of falling values during an economic downturn.
- » Profitability is also ensured in the event of a change in market conditions through high demands in relation to return on invested capital.
- » Own production of renewable electrical energy ensures lower price sensitivity in relation to electricity.

Norra
Djurgårdsstaden,
Stockholm.

SENSITIVITY ANALYSIS, CASH FLOW

	SEK million
Change in rental income, residential, 1%	13.3
Change in rental income, negotiable commercial contracts, 1%	2.0
Change in operating costs, 1%	6,0
Change in loan interest rate, 1 percentage point (annual basis)	115

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, strong 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 jointly shall 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.

Employees



Description of risk

- » Less confidence or attractiveness among existing and potential employees.
- » To be unable to recruit and retain employees with the right competencies and commitment.
- » That employees do not comply the company's values.



Description of opportunity

- » To be perceived as an attractive employer for the right target group.
- » To engage and motivate our employees to become ambassadors for our brand and our values.



Wallenstam's management

- » Offer attractive and market-related benefits and working conditions.
- » Strategic plan for our employee journey (Attract, Recruit, Introduce, Develop, Retain, Terminate) with clear areas of responsibility that require collaboration between HR and managers/leaders.
- » Continual management support and management training for all managers/leaders in order to create the right conditions for desirable leadership.
- » Continual work with our values and corporate culture and employeeship (own responsibility).
- » Regular employee surveys resulting in action plans aimed at maintaining and increasing engagement.
- » Synthetic options scheme for employees which offers clear participation in the company's 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 the climate impact, 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 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 contributes to a lower global climate impact.

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 measures that can raise our properties' attractiveness.



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.

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.

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, close collaboration with municipalities, and several concurrent development projects.
- » Land acquisition for the future in focus.



Umami Park,
Sundbyberg.



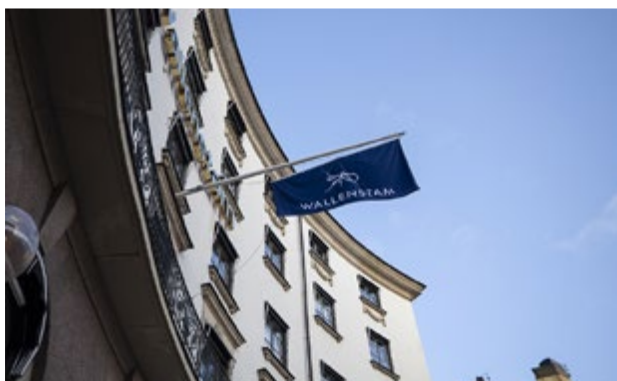
Employees at Wallenstam

We believe in the connection between dedicated employees and our profitability. We are proud of the corporate culture that we have developed and continue to nurture with great dedication and care in order to create a positive journey for all employees who work at Wallenstam.

During the year, we prepared our offices and one another to finally be able to mix without restrictions. Togetherness and ideas are born when people meet, and therefore after the pandemic we chose to gather all of our employees at the offices in order to continue building the culture we are proud of. Our vision is to be the natural choice for housing and premises and we believe that society benefits from an active city life. This is our starting point in terms of striving to create a workplace that our employees want to come to.

Attractive employer

Wellbeing and consideration are key parts of our employment offer and our culture. In fall 2022, we were named as one of Sweden's most attractive workplaces by the organization Karriärföretagen with the motivation: "Wallenstam is a modern but also an experienced employer. With a great focus on equality and respect, they have created a strong and positive corporate culture. In addition, there is a strong focus on employee health with many benefits in this area. An attractive employer that really cares for its staff."



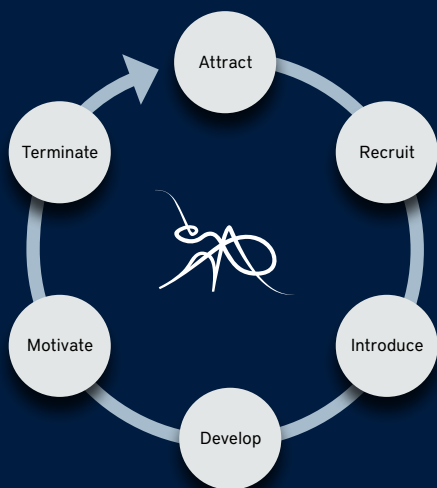
We are happy and proud to once again be placed on Allbright foundation's green list of Sweden's most equal listed companies.

"As CEO, I am always proud when I meet tenants, suppliers and other partners who say that all the employees they have contact with at Wallenstam are so pleasant and professional."

– HANS WALLENSTAM, CEO

Wallenstam's organization

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 who collaborate with external suppliers and contractors. This local presence enables close relationships with our customers and good knowledge about the local property market, 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 customer service is organized as a central function within the company. Our staff, specialized in e.g. finance, law, IT, HR, sustainability, security as well as information and market, supports the operations.

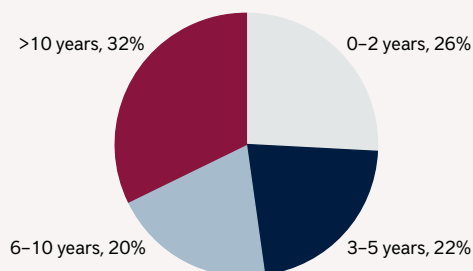


Our strategic work with our employees in focus is briefly summarized in our employee plan. The goal is to offer everyone a positive and memorable employee journey, from the time we are noticed as a potential employer until we part company.

We work actively on training and offering activities that promote the health of our employees.

During 2022, we implemented a new HRM system, which makes it possible to continue the digitization of our employee processes. We have also invested in a new training platform where we will continue to develop our internal academy, to ensure that each employee will have the best possible basis to succeed in their role. Another highly regarded initiative during the year involved working proactively with our management support in order to give all managers good opportunities to lead in a motivating way.

PERIOD OF EMPLOYMENT



The average length of employment for permanently employed personnel at Wallenstam is 9.1 years. Employee turnover during the year was 7 percent (8).

EMPLOYEES IN NUMBERS, DEC 31, 2022

	Number	Proportion women	Proportion men
The entire company	274	54%	46%
Managers/leaders	41	45%	55%
Group Management	5	60%	40%
Board of Directors	5	40%	60%

274

PERSONS EMPLOYED

at year-end 2022. 93% are permanent employees. Our managers have line management responsibility for an average of seven employees. Approximately 27 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.

98.7%

HEALTHY ATTENDANCE DURING 2022

What do our employees think?

In our latest employee survey, it was clearly shown that an important parameter to feel happy and perform well is to have fun at work. A good leader, opportunity for development and shown appreciation are other factors that many of us think are important and that will be part of our strategic agenda during 2023.

We use the generally accepted eNPS method for measuring engagement and to what extent our employees can recommend us as an employer. According to this method, an outcome above 50 is considered excellent. We are proud of our latest result, where the eNPS value was 67 and where a total of 74 percent of our employees are ambassadors – in other words belonging to the group that can warmly recommend Wallenstam as an employer.

Wallenstam's GRI reporting

Wallenstam is inspired by GRI, the Global Reporting Initiative, in the preparation of the following sustainability reporting. The reporting follows the financial year and is published annually as part of the annual report. The latest GRI Report was published on March 24, 2022. This report describes how the Wallenstam Group has worked with sustainability issues during 2022. Wallenstam has defined the scope of the reporting 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.

2-7: EMPLOYEES

The average number of employees in 2022 amounted to 268. All of the Group's employees are permanent employees, with the exception of 9 people who are probationary employees and 5 people who are employed on a temporary basis, for example in the form of work as a substitute. 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.

2-23: POLICY COMMITMENTS

In many instances, Wallenstam acts in accordance with the pre-cautionary 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.

2-28: MEMBERSHIPS ASSOCIATIONS

Wallenstam is represented in the governing bodies of Paradgatan Avenyn AB, Fastighetsägarna GFR, Fastighetsägarna Centrala Hisingen (FCH), (b)id Hisingen, (b)id Stigberget, Innerstaden Göteborg AB, Göteborg Citysamverkan ideell förening 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	2022
Economic value generated					
Revenues	2,877	2,652	2,876	2,589	3,002
Economic value distributed					
Operating costs	-481	-497	-519	-561	-602
Employee wages, benefits and pensions	-192	-210	-212	-272	-194
Interest payments to providers of capital	-237	-223	-264	-259	-384
Payments to government (property tax, VAT)	-556	-717	-897	-640	-626
Community investments	-7	-8	-14	-11	-12
Dividend to shareholders	-583	-614	-162	-392	-396
Total economic value distributed	-2,057	-2,269	-2,068	-2,135	-2,214
Economic value retained	820	383	808	454	788

* 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

	2018*	2019	2020	2021	2022
Fuel consumption, MWh					
Total fuel consumption from non-renewable sources	521	496	146	32	-
Heating oil	379	353	146	-	-
Natural gas	142	143	-	32	-
Total fuel consumption from renewable sources	-	-	116	257	281
Biogas	-	-	116	257	281
Energy consumption, MWh					
Electricity**	41,280	37,889	37,074	45,178	42,459
Heating	89,081	87,611	80,480	95,511	82,724
District heating	88,560	87,115	80,218	95,222	82,443
Heating oil	379	353	146	-	-
Natural gas	142	143	-	32	-
Biogas	-	-	116	257	281
Cooling	557	425	259	239	598
District cooling	557	425	259	239	598
Total energy consumption, non-renewable	49,983	47,395	42,719	47,288	40,762
Total energy consumption, renewable	80,934	78,531	75,094	93,640	85,018
Total energy consumption	130,917	125,925	117,813	140,928	125,780
<i>Actual energy consumption, i.e. not energy index corrected, decreased during 2022 compared to the previous year.</i>					
Electricity kWh/sq m **	34.7	31.7	30.2	34.4	31.2
Heating kWh/sq m	74.9	73.4	65.5	72.7	60.8
actual energy consumption					
Heating kWh/sq m energy index corrected	80.4	79.9	74.7	74.7	63.4

All intensity values decreased compared to the previous year. Intensity values are reported per total floor space incl. garage.

Own electricity production from renewable sources, MWh

Wind power	337,880	367,246	416,696	352,908	338,020
Solar cell produced electricity	n/a	n/a	n/a	258	1,006

Lower wind power production, due to sale of 13 turbines at mid-year 2022.

302-3: ENERGY INTENSITY

	2018	2019	2020	2021	2022
kWh/kvm	110	105	96	107	92

Refers to property electricity and actual consumption of district heating, district cooling, biogas and natural gas. Reported per total floor space incl. garage. Does not include tenants' electricity consumption.

302-4: REDUCTION OF ENERGY CONSUMPTION WITH BASE YEAR 2018, MWh

	2019	2020	2021	2022
Total reduction	4,992	13,104	-10,011	5,136
Reduction electricity	3,391	4,206	-3,898	-1,179
Reduction not energy index corrected heating	1,470	8,601	-6,430	6,357
Reduction cooling	132	298	318	-41

303-5: WATER CONSUMPTION, m³

	2018*	2019	2020	2021	2022
Absolute Intensity	n/a	n/a	n/a	n/a	n/a
Absolute Intensity	n/a	n/a	n/a	1,256,475	0.956
Absolute Intensity	n/a	n/a	n/a	1,211,462	0.890

Water consumption decreased. Reported per total floor space incl. garage.

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		2022		Comments 2022
	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	-	-	-	-	We have replaced oil boilers with other heating alternatives since 2020. Biogas is mostly used. We had increased refrigerant leakage during the year.
Gas	30	0.026	29	0.024	5	0.004	7	0.005	0	0.000	
Refrigerants	n/a	n/a	809	0.677	561	0.457	370	0.281	1,264	0.929	
Total Scope 1	132	0.112	932	0.780	605	0.493	377	0.286	1,264	0.929	Scope 1 emissions increased from the previous year, due to increased refrigerant leakage. Intensity values are reported per total floor space incl. garage.
Scope 2											
305-2 INDIRECT GHG EMISSIONS											
Electricity – Market-based **	-	-	-	-	-	-	-	-	-	-	Emissions are zero as 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	326	0.239	Shows what the emissions would have been if we did not have only wind power as property electricity. Reported according to the Swedish electricity mix. In 2021, it was 7.67 g CO ₂ /kWh (5.67), source AIB.
District heating	5,097	4.288	4,690	3.929	3,135	2.551	3,866	2.943	3,826	2.811	Emissions are calculated on the amount of energy used and district heating suppliers' emissions. Properties with agreements for lower climate impact have been taken into account. The emissions decreased.
District cooling	1	0.001	4	0.004	3	0.003	4	0.003	2	0.002	District cooling generates marginal emissions. Restatement of historical values occurred as new information was obtained for a few suppliers.
Total Scope 2 (market-based)	5,098	4.289	4,694	3.933	3,139	2.554	3,870	2.946	3,829	2.812	Scope 2 emissions decreased compared to the previous year. Intensity values are reported per total floor space incl. garage.
Scope 3											
305-3 OTHER INDIRECT GHG EMISSIONS											
Category 1. Purchased goods and services											
Materials in new construction	n/a	n/a	29,118	221	8,397	185	7,100	205	11,564	154	Based on climate calculations. The intensity value is reported per GFA and decreased significantly from the previous year.
Category 3. Fuel- and energy-related activities											
Emissions from district heating and district cooling	n/a	n/a	n/a	n/a	n/a	n/a	558	0.425	418	0.307	Refers to district heating suppliers' fuel transports. Incineration emissions are reported in Scope 2. District cooling has marginal emissions.
Category 6. Business travel											
Car	n/a	n/a	n/a	n/a	34	0.028	24	0.019	20	0.015	Travel by car with leased or staff-owned cars. Reported according to the Swedish Transport Administration's air pollution handbook, 2020.
Air	n/a	n/a	n/a	n/a	8	0.006	5	0.004	7	0.005	Increased business travel compared to previous year when there were travel restrictions.
Taxi	n/a	n/a	n/a	n/a	0	0.000	0	0.000	0	0.000	The company's taxi trips generate marginal emissions.
Train	n/a	n/a	n/a	n/a	0	0.000	0	0.000	0	0.000	The company's train trips generate marginal emissions.
Category 13. Downstream leased assets											
Tenants' electricity consumption	n/a	n/a	n/a	n/a	n/a	n/a	74	0.11	76	0.11	Based on submetering in 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		8,439		7,762		12,085		The range of the company's Scope 3 increases annually. 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		2022		Comments 2022
	Absolute reduction	Intensity per sq m	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****	-	-	-	-	327	0.29	555	0.49	-332	-0.15	Increase from base year (932) and from 2021 (377).
Scope 2	-	-	404	0.36	1,959	1.74	1,228	1.34	1,269	1.48	Decrease from base year (5,098) and from 2021 (3,870).
Scope 3****	n/a	n/a	-	-	20,679	-	21,356	-	17,033	-	Decrease from base year (29,118) and from 2021 (7,762).

306-2: WASTE BY TYPE AND DISPOSAL METHOD	2018*		2019		2020		2021		2022		Comments 2022
	Absolute	Intensity	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	3,439	5.02	Reporting is based on weight data from some municipalities, and otherwise on our company average. Intensity is reported per weighted residential floor space. Residual waste decreased and food waste increased due to a higher sorting rate.
Food waste, for composting and biogas production	n/a	n/a	n/a	n/a	n/a	n/a	260	0.39	350	0.51	

401-1: NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER

New employees 2022

Age	Number of persons	of whom women/men	of whom in Gothenburg/Stockholm
Under 30 years	14	10/4	7/7
30-50 years	11	5/6	5/6
Over 50 years	1	1/0	0/1
Total	26	16/10	12/14

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)	114% (113)
Excluding Group Management	86% (87)	117% (115)

The proportion of women in property management and operation amounts to 48 percent, the proportion of women in project and business development amounts to 49 percent and the proportion of women in business support amounts to 63 percent.

406-1: INCIDENTS OF DISCRIMINATION AND CORRECTIVE ACTIONS TAKEN

No incidents of discrimination were reported in 2022.

* 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 2022 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 2021.

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

GRI content index

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GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	127

* 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.

Annual General Meeting 2023

Wallenstam’s Annual General Meeting 2023 will take place on Wednesday, May 3, 2023 at Elite Park Avenue Hotel, Kungsportsavenyen 36–38 in Gothenburg.

Shareholders can exercise their voting rights at the Annual General Meeting by attending in person, by proxy or by postal voting.

More information and instructions on how to register are provided in the notice convening the Annual General Meeting, which is announced through a separate press release and is available, for instance, on www.wallenstam.se/arsstamma.

Glossary

Yield requirement

The yield an owner demands for an investment with due consideration for how risky the investment is.

Beta value

A statistical measurement that describes a share’s risk. A beta value greater than 1.0 means that the share’s yield changes more than its comparative index and the share is deemed to have a high risk. Conversely, the share is deemed to have a low risk in the case of a beta value less than 1.0.

Derivative instruments

A financial instrument whose value is related to an underlying asset or obligation. Used to create a hedge against undesirable price trends in the underlying asset. Examples of normal derivative instruments are futures and swap agreements.

Renewable energy certificates

The renewable energy certificate system is based on the provision of certificates to the producers of renewable electricity. Each MWh (megawat hour) equals one certificate. The sale of certificates is intended to provide producers with revenue in addition to the revenue from electricity sales.

Renewable energy

Energy that comes from renewable sources such as wind power, hydroelectric power and bio-fuels.

GRI

Global Reporting Initiative, a framework for recording and reporting sustainability information. GRI provides guidelines for the content of sustainability reports, how they should be prepared and the disclosures that should be reported.

Covenant

A contract between a lender and a borrower where the borrower guarantees to fulfil certain key ratios, such as a given equity/assets ratio, as a condition of the loan.

Standard deviation

A statistical measurement that describes the share’s volatility in relation to the share’s average value.

Synthetic options scheme

A share-related options programme aimed at employees. Synthetic options provide the holder with the right to a final settlement in cash at a given point in time based on the current share price.

Swap agreement

Swaps are financial instruments that entail an exchange of cash flow between two parties on an underlying nominal amount. An interest rate swap is an example of an agreement where an operator lending at fixed interest rates (e.g. fixed for five years) may wish to swap the interest flow with another operator lending at variable rates.

Vacancy rate

Unlet floor space in relation to total floor space.

Volatility

A measurement of how much a price of something varies over a given period.

For additional clarifications, refer to www.wallenstam.se

Definitions

Share yield

The proposed dividend as a percentage of the share price at the end of the period.

Share total yield

The share price trend during the year including distributed dividend as a percentage of the share price at the start of the period.

The number of shares

The number of registered shares at any given time. *Number of shares outstanding*: the number of registered shares less repurchased own shares at any given time. *Average number of shares*: weighted average number of shares outstanding at any given time.

Loan-to-value ratio

Interest-bearing liabilities and lease liability less cash and cash equivalents in relation to the Group’s investments in properties, development properties and wind power at the end of the period.

Residential property

Property, which predominantly consists of residential space.

Market capitalization

Share price multiplied by the number of registered shares on the closing day.

Net operating income

Rental income less operating and maintenance expenses, and property tax.

Effective average yield requirement

Normalized net operating income in accordance with the valuation model in relation to the estimated market value of yielding properties after deductions and additions in accordance with the valuation model.

Development property

A property that is held for refinement with the intention of being divested, either in its entirety or per share, upon completion.

Rental value*

Rental income and the estimated market rent for vacant space.

Cash flow per share

Cash flow for the period in relation to the average number of shares outstanding.

Cash flow from operating activities per share

Cash flow from operating activities for the period in relation to the average number of shares outstanding.

Commercial property

Property, which predominantly consists of commercial space.

Average number of employees

The total number of hours worked during the year divided by normal annual working hours.

P/E ratio

Share price at the end of the period in relation to profit after tax for the average number of shares over the latest rolling 12-month period.

Earnings per share after tax

Profit after tax in relation to the average number of outstanding shares.

Return on equity

Profit after tax in relation to average equity, calculated on a rolling 12-month basis. See page 45.

Return on total capital

Profit before tax with reversal of interest expenses and early redeemed derivatives for the latest rolling 12-month period in relation to average total capital employed. See page 45.

Interest coverage ratio

Profit or loss before changes in value and impairment charges with reversal of net financial items and early redeemed interest rate derivatives for the latest rolling 12-month period in relation to net financial items and early redeemed interest rate derivatives for the latest rolling 12-month period.

Public use property

Property, which is predominantly used by tax funded activities and is specifically adapted for community services.

Average interest

Interest expenses for the period including profit or loss on swap agreements realized during the period in relation to interest-bearing liabilities.

Equity/assets ratio

Equity in relation to total capital employed at the end of the period.

Net asset value

Equity with the addition of deferred tax liabilities related to investment properties.

Net asset value per share

The Group’s net asset value in relation to the number of outstanding shares at the end of the period.

Occupancy rate – lettable area

Let floor space in relation to total floor space.

Changes in value, investment properties

Gains or losses from sales of investment properties during the period less expenses and the assessed market value of the properties at the previous reporting period and gains or losses from the change in the assessed market value of investment properties compared to the previous reporting period. *Changes in value, New construction*: The increase in value is gradually recognized during the construction of the property until the first year the property is taken into operation. Change in value new construction recognizes the difference between the cost of construction of a new rental apartment and the value it has on completion. *Change in value Other*: Refers to changes in the value of investment properties, which have been in operation for one calendar year or more.

Surrender rate

Proportion of leases extended in relation to the proportion of cancellable leases.

Surplus ratio

Net operating income as a percentage of rental income.

For further information, please refer to: www.wallenstam.se/glossary

** Operational key ratios, are not considered alternative performance measures according to ESMA’s guidelines. See page 44.*

CALENDAR

Annual General Meeting	May 3 ,2023
Interim report Q1	May 3, 2023
Interim report Q2	July 14, 2023
Interim report Q3	October 20, 2023

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

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Visualization images:
pages 39, 40 Zynka Visual
pages 41, 42 Liljewall Arkitekter
page 43 Wingårdhs arkitekter
Unattributed photos/images are Wallenstam’s own.

Production: Newsroom
Translation: David Murphy, Word of Mouth
Repro and printing: Billes Tryckeri
Printed on: cover Edixion 300 g, insert Edixion 120 g.

