



# WALLENSTAM

SUSTAINABILITY REPORT 2023

# Comments by the CEO

**W**allenstam stands strong with good liquidity and high demand for our product, even in these turbulent times. The year 2023 began with high inflation and a Riksbank, which raised its policy rate, something that affected both us and the entire property sector during the year. In the second half of 2023, we saw inflation fall back to levels in line with the Riksbank's target. The decrease in inflation is explained by the fact that policy makers have actually succeeded in reducing growth and consumption in the economy, which naturally also has a downside. Individuals have faced cuts in real wages for a couple of years and quite a lot of companies are having a tough time. The interest rate is still comparatively high, and the hope is that interest rates will fall during 2024.

## **Strong demand for apartments**

In such an external environment, I am very happy to have properties in locations that are sought after! Our apartments are found in attractive areas. Demand is strong, over 280,000 people – in other words more than 2.5 percent of Sweden's population – have registered an interest in our apartments. This is an indication that we have attractive apartments, but also that there is a really enormous need for more housing in the market.

## **High surrender rate reflects satisfied customers**

It is noticeable that our commercial premises, which are primarily located in Gothenburg CBD, are attractive, as we made a number of lettings in the fall to stable customers. The occupancy rate for commercial premises in Gothenburg is now 95 percent. I can also state that our customers are happy with us. The surrender rate is 90 percent, which means that nine out of ten tenants choose to remain a customer of ours when their lease expires. This is extremely gratifying!

## **Belief in more transactions in 2024**

There were few transactions in the property market during 2023. We have managed to complete a few, and we also settled previously made agreements. Now as the interest rate is stabilizing, it is my belief that the number of transactions in the property market will gradually increase somewhat. Wallenstam has the financial strength to both buy and sell, and to hopefully be in a position to take advantage of the opportunities presented. Against this backdrop, Erik Klang, Business Strategist, is joining our Group Management.

## **Interest rate and electricity price affect income from property management**

Income from property management has decreased during the year, and this is primarily attributable to the increase in our interest expense, but also to the fact that the electricity expenses in our management operations have gone up radically. However, the higher electricity prices are offset by our own electricity production, which means that it is cost-neutral for the Group but it has a negative impact on our property management. In 2024, we expect that both the electricity price and interest rates will fall.

## **Financially strong**

Wallenstam is financially strong with an equity/assets ratio of 46 percent. We have a total of 98 percent of our financing in the form of bank loans from Swedish banks and the European Investment Bank and almost 60 percent of our loans are hedged using interest rate derivatives. During the quarter, we have also extended our interest rate derivatives in order to increase the fixed interest term and thereby further strengthen our financial position.

## **Hope of new project starts**

Our construction of new rental apartments has unfortunately decreased in line with the increasing global turbulence. During the year, we have adapted our new construction operations so that the organization matches the decrease in the number of project starts. We now see that the increase in construction costs has stagnated and this means that we are once again looking to start new construction projects. I hope to be able to return soon with concrete news regarding construction starts and this feels both hopeful and gratifying, particularly in view of the acute housing need in our locations.

## **Sustainability work that delivers results**

There are many challenges regarding our new construction in terms of costs, but it is also a challenge to build as

**Our apartments are found in attractive areas. Demand is strong, over 280,000 people – in other words more than 2.5 percent of Sweden's population – have registered an interest in our apartments.**



ways we strive to create improved wellbeing and security for our tenants that live and work in our properties. Probably the most important social contribution we make is to provide new homes – having a home is fundamental to a person’s life. For me, few things feel as good as seeing our residential projects take shape and being filled with new tenants!

Wallenstam has already signed the UN 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 for environmental issues.

sustainably as possible. Our climate targets are approved by the Science Based Targets initiative in line with the Paris Agreement and this means that we shall reduce the CO<sub>2</sub> emissions from our operations. One of the targets, Scope 3, specifically concerns CO<sub>2</sub> emissions from our construction operations, which we shall reduce by 55 percent through 2030. Here, we already see good results: a reduction of 19 percent compared to the base year 2019!

In 2023, we have also worked on preparing ourselves for upcoming reporting requirements according to the CSRD (Corporate Sustainability Reporting Directive). Both the CSRD and the EU’s taxonomy regulation will be compulsory for us in financial year 2025. Since last year, we have voluntarily chosen to report how large a share of our assets is defined as sustainable under the EU taxonomy. Here I can happily confirm an improvement: 42 percent of our turnover is taxonomy-aligned, compared to 37 percent in the previous year.

We have also worked on clarifying our social sustainability work. Wallenstam has a long tradition, actually ever since my father started the company in 1944, of being engaged in society and taking social responsibility, even though the efforts have not always been as structured as in recent years. We collaborate with a number of organizations that work to combat social exclusion, and in different

#### Looking forward to an exciting 2024

Despite unusually tough challenges in 2023, Wallenstam’s business has functioned well, thanks to engaged and perseverant employees and the fact that we worked diligently on the basis of our long-term strategies. Our properties are found in attractive locations and we have a diversified property portfolio with both commercial premises and residential properties. Our financing mainly consists of bank loans and we have refrained from a rating, which gives us flexibility. We focus on controlled growth – to grow and create value without risking the company’s equity/assets ratio.

I am extremely proud of what we have accomplished together in the entire organization during the year. Wallenstam has fantastic properties and a stable financial position, and I am looking forward to an exciting, challenging and hopefully brighter 2024!

Hans Wallenstam, CEO

# Wallenstam's sustainability report

Wallenstam wants to conduct responsible enterprise and contribute to a sustainable society, today and for future generations. We want to take long-term responsibility for the impact of our operations on society, people, the climate and the environment.

**B**y both developing and managing our properties, we can take long-term responsibility. We believe that integrated sustainability work and social engagement go hand in hand with long-term profitability, and therefore sustainability is a core part of our entire 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. To clarify our sustainability ambitions, we have chosen to link the business plan to our new climate targets, which are approved by the Science Based Targets initiative. Both the climate targets and the business plan extend until 2030.

Wallenstam has reported its sustainability work since 2006. For a number of years, we have chosen to prioritize five of the UN's global sustainable development goals relating to ecological, social and economic sustainability. The sustainability work is based on the materiality analysis that was carried out in 2018 with calibration in 2021 and the reporting is inspired by GRI (Global Reporting Initiative) Universal Standards 2021, see also page 15. We support the UN Global Compact and we work based on the ten principles in respect of human rights, labor, the environment and anti-corruption. The current Communication on Progress (CoP) for Wallenstam is available on the UN Global Compact's website.





Solar panels at Söra Kvarter in Åkersberga, Österåker.

Wallenstam has voluntarily chosen to report how large a share of its assets are defined as sustainable under the EU's Taxonomy regulation, see also page 9. In 2023, we also began the work on preparing ourselves for upcoming reporting requirements according to the CSRD (Corporate Sustainability Reporting Directive). During the year, we reported our greenhouse gas emissions and our water supply to the CDP (Carbon Disclosure Project).

### Governance of the sustainability work

The sustainability work covers all areas of the organization and is an integrated part of our business. The work is based on the company's sustainability policy and strategy and on the climate targets approved by the Science Based Target initiative. Wallenstam's policies and guidelines are updated annually and adopted by the Board and Group Management. The Sustainability Manager regularly reports updates and results to Group Management and the Board. Our CEO has the ultimate responsibility for the sustainability work.

### MATERIAL SUSTAINABILITY AREAS BASED ON STAKEHOLDER DIALOGUE

The materiality analysis was carried out in 2018 with calibration in 2021. Stakeholder dialogues were carried out with employees, lenders, major owners, Board representatives and tenants.



# Climate and environment



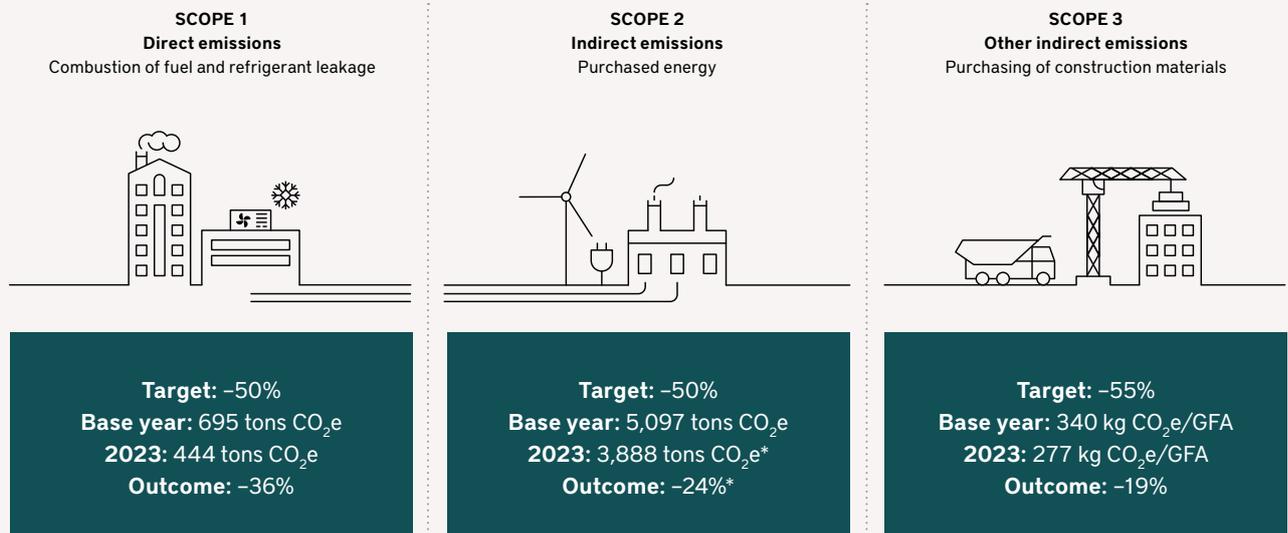
## Wallenstam's climate targets 2023–2030

The construction and property sector accounts for a significant share of the overall carbon footprint in society. We want to take responsibility and contribute to the green transition, therefore we have climate targets that are science-based and aligned with the Paris Agreement's goal of limiting global warming to 1.5 degrees Celsius. The targets were approved by the global climate action partnership The Science Based Targets initiative (SBTi) in late 2022 and are so-called near-term targets.

The validated climate targets mean that Wallenstam shall reduce its Scope 1 and 2 emissions by 50 percent through 2030, with base year 2018. Scope 1 refers to emissions from gas used for heating as well as emissions that occur in connection with

refrigerant leakage in our heat pumps. Scope 2 refers to emissions from production of district heating, electricity and district cooling. Our property electricity is carbon dioxide-free since it is produced in our own wind turbines and solar cells, thus no emissions are reported for electrical energy in Scope 2 as market based. Scope 1 and 2 are reported in absolute values.

In addition to the validated climate targets in Scope 1 and 2, Wallenstam has also chosen to define a voluntary target in Scope 3, according to the Science Based Targets initiative's methodology. This target means that Wallenstam shall measure and reduce the emissions from its construction operations by 55 percent through 2030, with 2019 as a base year. Scope 3 is reported as an intensity value, based on the year's new construction.



During the year, cooling systems with refrigerants have been replaced in our properties, reducing the risk of refrigerant leakage, which causes emissions.

We continually measure and optimize the operation of our properties to ensure increased energy efficiency, reduced energy consumption and lower emissions. The projects to improve energy efficiency, for instance include upgrades of technical equipment, replacing windows, additional insulation and solar cell installations.

\*As data for actual emissions from certain district heating providers for 2023 was not available during preparation of this report, the values are based to a lesser extent on emission data for 2022.

In order to streamline the use of materials in our new construction operations and minimize the project's overall climate impact, we perform climate calculations. Based on these calculations, we make climate-smart material choices, such as climate-improved concrete, and reduce the amount of material whenever possible. A comprehensive climate roadmap has been drawn up as support for the operations in the work on reducing the carbon footprint from our new construction.

## Renewable energy

By investing in renewable energy from solar cells and wind turbines, we are taking active responsibility for our climate impact. Wallenstam has been self-sufficient in 100 percent renewable electrical energy since 2013, the first property company in Sweden to achieve this feat. Our 53 wind turbines are located between Skåne and Gästrikland and have a total installed output of 112 MW (112). During the year, the wind turbines have generated a total of 292 GWh (338). Since Wallenstam does not own any grid, the electricity that we produce is distributed to the Nordic electricity market. We then purchase renewable wind power from that market for our properties. We have continued the work with solar cell installations and we now have 11,760 (6,300) solar cell panels in service with an installed output of 4.1 MW (1.8). The solar cells produced 1,930 MWh (1,006) during 2023.

Wallenstam supports the government's initiative *Roadmap for fossil-free competitiveness – the Heating industry*. We actively participate in research and development within urban development, construction and property management, and we have an Innovation Council at Wallenstam which works to develop and create new sustainable solutions. In addition, we are a co-owner of Ferroamp, a listed company that develops new tools for energy optimization and load balancing in properties' electrical systems, and we use their technology in parts of our new construction operations.

## Environmental certification

Wallenstam shall environmentally certify all new residential construction according to Miljöbyggnad Silver level. At the end of 2023, Wallenstam has certified a total of 18 properties according to Miljöbyggnad Silver level. We are also working on certifying our existing holdings. At present, one commercial property has been certified according to BREEAM In-Use and three commercial properties have been certified according to Miljöbyggnad iDrift (Environmental Building In-Use) Gold level.

**Biological diversity.** We want to promote biological diversity. During the year, among other initiatives, we have placed insect hotels at some of our properties, and created thriving meadow areas in several of our courtyards, in some cases close to our beehives. We have also placed dead wood in some courtyards in order to benefit biological diversity.

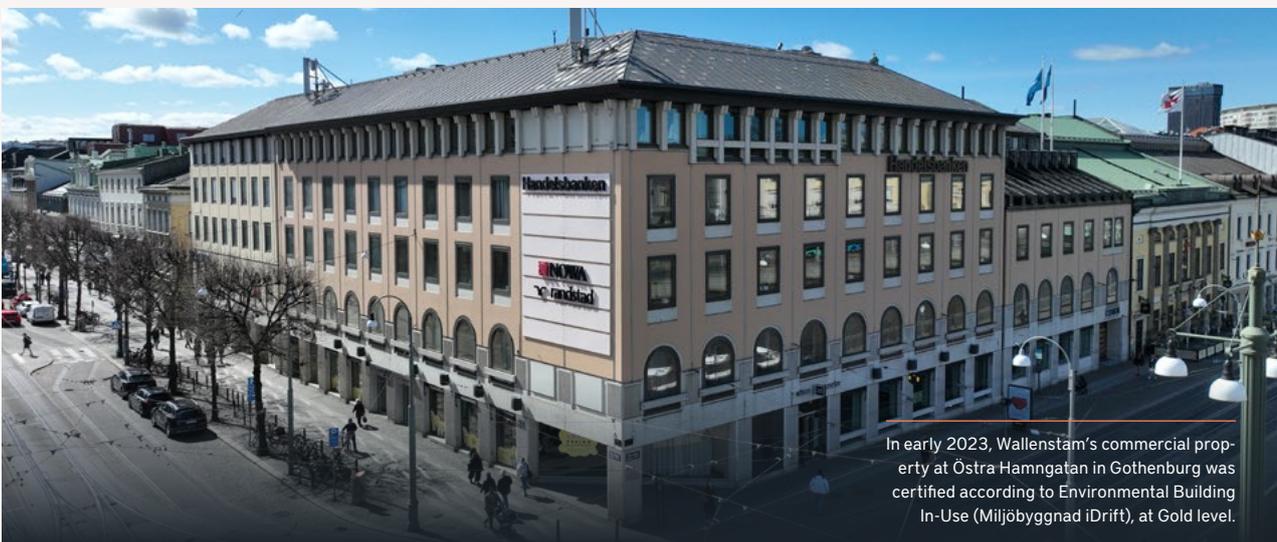
## Resource efficiency and circular construction in focus

By streamlining the use of resources such as energy, water and construction materials, we can reduce our climate impact and also lower our costs. In 2023, we have started to measure the amount and type of construction waste in our reconstruction projects, so that we can formulate relevant targets, impose requirements and encourage improvements. We strive to create flexible, optimized and sustainable premises and increase the proportion of lettings that do not require comprehensive renovations and adaptations of premises. We are doing this to reduce the use of resources and our climate impact, and this also helps to ensure a more efficient letting process. Moreover, we started offering green leases to our commercial tenants during the year, which means that we will strive to reduce the environmental and climate impact together with our tenants. Wallenstam also participates in the collaborative *Handshake* initiative for circular construction in the City of Gothenburg, where we are working to develop and establish a recycling market with other organizations in the sector.

Aside from the work on reducing our construction waste, we are continuing to make efforts to reduce the residual waste from our properties. During the year, we have introduced a new and uniform signage system in all environmental rooms, aimed at facilitating and improving the waste management process. Our textile containers, which we place at our properties, in collaboration with Human Bridge, continues to be a successful initiative. All in all, we collected 42.5 tons (41) of textiles during the year.

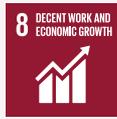
## Sustainable transports

We want to offer both our tenants and employees practical and climate-smart transport solutions. Wallenstam's employees are encouraged to use public transport, and at our offices there are electric bikes as well as carpools with electric cars, enabling carbon-free business travel. In addition, in both our new construction and in our existing holdings, we are working to develop different mobility solutions. We are also installing charging points for electric cars in both our new construction and in some existing properties.



In early 2023, Wallenstam's commercial property at Östra Hamngatan in Gothenburg was certified according to Environmental Building In-Use (Miljöbyggnad iDrift), at Gold level.

# Social responsibility



Wallenstam strives to be an engaged corporate citizen. In order to summarize and describe all the initiatives and efforts that we make, Management has adopted a strategy for Wallenstam's social sustainability work. Our social sustainability work is primarily directed towards the geographical areas where we operate and the initiatives can be divided into four focus areas:

- » Work proactively to combat social exclusion and promote equal life chances.
- » Promote wellbeing, security and participation
  - for people who live and work in our properties
  - for our employees
  - for our suppliers and contractors.
- » Contribute to a positive development of society through urban development.
- » Business ethics and anti-corruption.

## Work proactively to combat social exclusion and promote equal life chances

Wallenstam wants to take long-term social responsibility by creating equal districts and areas where everyone can feel a sense of belonging. We support marginalized groups and individuals who find themselves on the fringes of society. We collaborate with organizations such as Mitt Liv and TalangAkademin, which strive to reduce social exclusion and help people to enter the labor market. Moreover, we want to promote active leisure time for children and young people in the local communities where we operate, for example by providing premises for associations, creating meeting places and supporting various types of activi-

**Donations.** Cooperation and support mainly occur through sponsorship and non-commercial collaborations, in other words donations. On an annual basis, Wallenstam donates 1 percent of its income from property management to these non-commercial collaborations.



ties. Some of our partners include Project Playground, the City Mission, the Rescue Mission, Majornas samverkansförening, Låxhjälp foundation, Maskrosbarn, BRIS – Children's Rights in Society as well as different sports associations for children and young people.

We work to ensure that all employees at Wallenstam shall have equal conditions in relation to recruitment, development and salary setting, and we strive for an organization where preventive measures are taken in connection with all grounds of discrimination.

## Promote wellbeing, security and participation

We want to promote wellbeing, security and participation for people who live and work in our properties, for our employees and for our suppliers and contractors. We strive to ensure increased security and comfort for our tenants who live and work in our properties, and also for visitors, both during daytime and in the evenings. We want to contribute to the individual's health and wellbeing, with the aim of creating good quality of life. We do this, among other ways by creating and developing attractive indoor environments as well as inviting outdoor areas featuring greenery and recreation spaces.

Security is a focus area for us at Wallenstam and we are working systematically with our *Secure properties* action plan. Here, we are making a series of efforts both in the early stages when we design the property, and also in the day-to-day management of our residential buildings and commercial premises. Sometimes selective measures are also required to promote increased security and safety. Some examples of the efforts we are making include security inventories, surveys via AktivBo and structured collaboration and dialogue with tenants, local police, social services, municipalities, partners and other property owners. We have also developed a model, inspired by Huskurance's methodology, which we are actively working with to prevent domestic violence in our residential buildings.

A further example is Wallenstam's mobile app where it is possible for our tenants to communicate with us and with their neighbors, which promotes a sense of security and togetherness. Some of our collaborations and collaboration projects that aim to promote wellbeing, security and participation include Safer Sweden Foundation, Purple Flag, Sports Without Borders and other sports associations in the areas we operate in.

## Contribute to a positive development of society through urban development

The right to adequate housing is laid down in both the UN's Universal Declaration of Human Rights and in the Swedish Constitution, yet there is still a housing shortage in Sweden, especially in metropolitan areas. We want to help to provide the market with more homes, primarily rental apartments. Despite the strained situation in the world around us, we started the construction of

**We want to create and develop good indoor environments as well as inviting outdoor areas with greenery and recreation spaces.**

172 apartments in Stockholm while we completed 837 apartments in Gothenburg, Härryda and Uppsala.

We aim to create safe and welcoming areas and properties where people want to live, work and stay in, now and in the future. By developing and managing our buildings, we can take a long-term responsibility for our properties and their surrounding areas. We mainly develop and construct rental apartments, and sometimes we also build co-op apartments and coliving apartments as a form of tenure. Coliving apartments are a modern form of collective housing which promote a sense of togetherness for young people who want to enter the housing market. We develop these units together with Colive, of which we are a co-owner since 2020.

Already in the early stages, we plan to develop properties and areas that are safe, inclusive, lively and that have good access to services and meeting places such as restaurants, cafés, grocery stores, coworking facilities, schools, sports and public transport. We also develop our existing properties and carry out activities in collaboration with our commercial tenants, the city, other property owners and organizations in society. Some examples of collaborative organizations are Hallonbergslyftet, Handslag Hallonbergen, Innerstaden Göteborg, B(id) Stigberget and IOP Majorna.

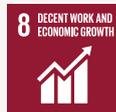
## Business ethics and anti-corruption

There are risks in the construction and property sector, for instance related to the working environment, corruption, human rights, climate and the environment. The supply chains in our projects and in our management operations are sometimes long, involving the procurement of many organizations, products and services. Our Code of Conduct with pertaining guidelines is based on the company's core values – respect, commitment and progress – and clarifies what is expected from our employees and suppliers with regard to working conditions, sustainability issues, human rights and corruption/bribery. We conduct our business in accordance with laws and other regulations, the UN Global Compact's ten principles, and apply responsible business methods, which are characterized by high business ethics.

Wallenstam's Ethics Council drives the company's central work with business ethics and anti-corruption. The council works proactively to minimize the risks internally and among our suppliers and is responsible for training and information regarding business ethics, anti-corruption and the Code of Conduct. This training is compulsory for all employees. No case was reported to the Ethics Council in 2023 that has required further investigation. 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 2023. This matter is being handled according to existing routines but does not qualify as a whistleblower case.

**Using Wallenstam's mobile app, it is possible for our tenants to communicate with us and with their neighbors, which promotes a sense of security and togetherness.**

# Economic sustainability



## Long-term sustainable finances

Long-term profitability is a fundamental requirement for us as a company and our owners want to see a return on the capital they have invested in the business. Through an efficient organization, responsibility for sustainability, cost-efficiency and a focus on locations with good 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 developing our properties profitably, we create value for society and our customers and also for the company's employees and owners.

Thanks to our sustainability work, we have been able to secure green financing. Green financing accounts for 37 percent of Wallenstam's total funding. Green bank loans and green bonds are used for financing our green assets such as wind turbines, environmentally certified properties, properties that meet energy class B or better and taxonomy-aligned properties. All of Wallenstam's bonds are green bonds and have been issued according to the company's green framework, which holds the highest rating, Dark Green.



# EU Taxonomy

**W**allenstam is not covered by the EU's taxonomy regulation this year 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 under the taxonomy. Wallenstam's operations are deemed to meet the regulation's technical screening criteria with regard to articles 4.3 *Electricity generation from wind power* and 7.7 *Acquisition and ownership of investment properties*. Wallenstam is a developer but does not carry out any construction contracts under its own management, thus it is assessed that the company is not covered by further articles.

In order to be able to report an economic activity as taxonomy-aligned, the activity must make a substantial contribution to an environmental objective and do no significant harm (DNSH) to any of the other environmental objectives and comply with minimum safeguards in relation to human rights, bribery/corruption, taxation and free competition. Wallenstam has reported alignment with the taxonomy's environmental objective 1 *Climate change mitigation*. Economic activities that are deemed to meet the requirements of the first environmental objective have an energy audit with energy class A or an energy consumption that is placed in the best 15 percent of the national building stock (Top 15 percent).

## Assumptions, delimitations and clarifications

Wallenstam has chosen a balanced interpretation of the criteria, and has preferred to define fewer economic activities as green, rather than more. Based on the fact that there is still scope for interpretation in the EU taxonomy's technical screening criteria, Wallenstam has made a number of assumptions, delimitations and clarifications:

- » All rental increments are included in turnover.
- » Capital expenditures (CapEx) include investments in taxonomy-aligned assets and investments in newly constructed buildings, which upon completion will be aligned assets.
- » Tables for nuclear power and fossil gas-related activities are not reported since Wallenstam does not perform, finance nor is exposed to this type of activity.

**Top 15 percent.** Thresholds for Top 15 percent were defined by Fastighetsägarna in December 2022 as 80 kWh/sq m  $A_{temp}$  for office properties and 81 kWh/sq m  $A_{temp}$  for apartment blocks.

## KEY PERFORMANCE INDICATORS, EU TAXONOMY 2023

Refers to articles 4.3 and 7.7.

	SEK (million)	Share Taxonomy-aligned, %
Turnover	1,255 (1,010)	42 (37)
CapEx	1,263 (1,649)	52 (37)
OpEx	95 (95)	25 (33)*

Information in parenthesis refers to outcomes in 2022.

\* Corrected data for 2022.

For complete taxonomy tables, see page 18.

# Risk management

Minimizing risks 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. This is ongoing work, which is being continually developed and the company's compliance function is responsible for the follow-up.

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

## SENSITIVITY ANALYSIS, CASH FLOW

	SEK million
Change in rental income, residential, 1%	14.7
Change in rental income, negotiable commercial contracts, 1%	2.1
Change in operating costs, 1%	7.3
Change in loan interest rate, 1 percentage point (annual basis)	125,8

## OPERATIONAL RISKS

### Construction 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.



#### Wallenstam's management

- » A 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 are 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.



#### Wallenstam's management

- » Develop long-term relationships and well-established collaboration with contractors and suppliers.
- » Developed processes and templates for procurement and purchasing, the right competencies in the process and at least two people always review tenders and agreements before they are signed.
- » Requirements on contractors to follow Wallenstam's Code of Conduct.
- » Project managers are highly knowledgeable about and closely involved in 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 conducted regularly.
- » Routines regarding supplier checks.
- » Internal spot-checks are performed.

### 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.



#### Wallenstam's management

- » Continual work with security-enhancing measures surrounding 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 and a GDPR Council that works continually with GDPR issues.



Mölnlycke Fabriker.

SUSTAINABILITY RISKS

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 uphold the company's values.



Wallenstam's management

- » Offer a good working environment with attractive and market-related benefits and working conditions.
- » Strategic plan for our employee journey (Attract, Recruit, Introduce, Develop, Motivate, 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.

Anti-corruption



Description of risk

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



Wallenstam's management

- » Clear processes and templates for procurements, investments and letting. Routines where two persons jointly shall review and authorize lettings and investments and also check tenders and agreements prior to signing.
- » Internal 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, training and support through the Ethics Council.
- » Accessible whistleblower function, internally and externally.
- » Internal transparency about side-line jobs and assignments that may affect interests.

Climate change



Description of risk

- » Climate changes are expected to result in climate risks such as larger volumes of rainfall, heat waves, more powerful winds, higher sea levels and increased flows in watercourses, soil erosion as well as avalanches and landslides. These phenomena can impact our properties negatively.



Wallenstam's management

- » In connection with new construction planning, possible consequences of a changing climate are considered.
- » We ensure, among other things, 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.
- » We are working actively to reduce our Scope 1, 2 and 3 emissions.
- » Production of renewable energy contributes to a lower global climate impact.

## FINANCIAL RISKS

### Financing



#### Description of risk

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



#### Wallenstam's management

- » Attractive property holdings.
- » Proximity to the market and the banks. Good relationships with several lenders provides good financing possibilities.
- » Strong equity/assets ratio and liquidity in focus.
- » Liquidity forecasts are continually updated with the aim of optimizing cash management.

### Interest rates



#### Description of risk

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



#### Wallenstam's management

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



#### 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.

## EXTERNAL RISKS

### Infrastructure and urban development



#### Description of risk

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



#### Wallenstam's management

- » Continual monitoring of the development of our areas.
- » Cooperation with the municipality, other property owners, tenants and center associations.
- » Initiatives in collaboration 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.



#### 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.
- » Comments 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.



#### 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.



## 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.

**O**ur vision is to be the natural choice for housing and premises and we believe that society benefits from an active city life. By having our offices as a starting point, we can continue to build the culture we are proud of. A sense of togetherness and ideas are born when people meet and this is an important cornerstone in creating a workplace that our employees want to come to.

### **Attractive employer**

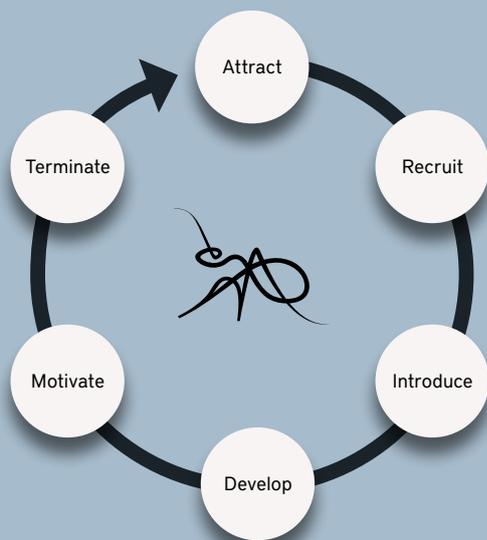
Wellbeing and consideration are key parts of our employment offer and our culture. In fall 2023, we were named for

the second year in a row as one of Sweden's most attractive workplaces by the organization Karriärföretagen with the motivation: "Wallenstam has successfully created a workplace where employers are happy and are given opportunities to grow. With a strong focus on sustainability and social engagement they give you a meaningful career where you can be proud of influencing societal developments. If you want to be part of a company that values your commitment, your development and a positive work environment, Wallenstam is the perfect employer for you."

We work actively with training and offer activities that promote our employees' development and health. In 2023,

## 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 construction 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 administrative staff supports the operations.



Our strategic work with our employees in focus is summarized in brief 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 have conducted a leadership program for all managers in order to create a shared view of what expectations we have of our leaders and what they should do to help ensure a positive employee journey. Another appreciated initiative during the year has been our quarterly health themes that focus on a different topic every three months, where we provide inspiration regarding overall health to create an understanding about what we need to feel good on a daily basis.

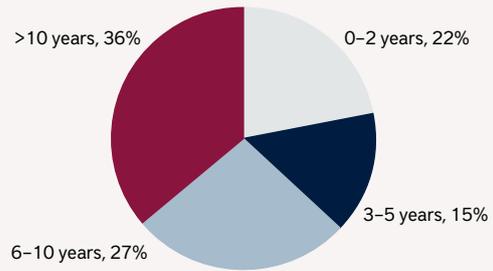
### What do our employees think?

In our latest employee survey, it was clearly shown that an important parameter for feeling happy and performing

well is to have fun at work. A good manager, interesting duties and working in a healthy work environment are other factors that many of us think are important and that will form part of our strategic agenda in 2024.

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 57 and where a total of 67 percent of our employees are ambassadors – in other words belonging to the group that can warmly recommend Wallenstam as an employer.

### PERIOD OF EMPLOYMENT



The average length of employment for permanently employed personnel at Wallenstam is 10 years. Employee turnover during the year was 9 percent (7).

### EMPLOYEES IN NUMBERS, DEC 31, 2023

	Number	Proportion women	Proportion men
The entire company	264	56%	44%
Managers/leaders	44	45%	55%
Group Management	5	60%	40%
Board of Directors	5	60%	40%

## 264

### PERSONS EMPLOYED

at year-end 2023. 92 percent are permanent employees. Our managers have line management responsibility for an average of six employees. 26 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.

## 98.4%

### HEALTHY ATTENDANCE DURING 2023

# Wallenstam's GRI Report

Wallenstam is inspired by GRI, the Global Reporting Initiative, in the preparation of the following sustainability report. 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, 2023. This report describes how the Wallenstam Group has worked with sustainability issues during 2023. 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 regarding this report 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 2023 amounted to 263. All of the Group's employees are permanent employees, with the exception of 3 people who are probationary employees and 2 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 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.

## 2-28: MEMBERSHIPS ASSOCIATIONS

Wallenstam is represented in the governing bodies of Paradgatan Av- enyn AB, Fastighetsägarna GFR, Fastighetsägarna Centrala Hisingen (FCH), (b)id Stigberget, Innerstaden Göteborg AB, Göteborg Citysam- verkan ideell förening and Johanneberg Science Park 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	2021	2022	2023
<b>Economic value generated</b>					
Revenues	2,877	2,652	2,589	3,002	3,343
<b>Economic value distributed</b>					
Operating costs	-481	-497	-561	-602	-730
Employee wages, benefits and pensions	-192	-210	-272	-194	-292
Interest payments to providers of capital	-237	-223	-259	-384	-713
Payments to government (property tax, VAT)	-556	-717	-640	-626	-602
Community investments	-7	-8	-11	-12	-10
Dividend to shareholders	-583	-614	-392	-396	-395
Total economic value distributed	-2,057	-2,269	-2,135	-2,214	-2,742
<b>Economic value retained</b>	<b>820</b>	<b>383</b>	<b>454</b>	<b>788</b>	<b>601</b>

\* Base year 2018.

\*\* The item electricity includes electricity consumption for heat pumps.

Outcomes for 2020 can be found in previous GRI reports.

## 302-1: ENERGY CONSUMPTION WITHIN THE ORGANIZATION

	2018*	2019	2021	2022	2023
<b>Fuel consumption, MWh</b>					
<b>Non-renewable/fossil fuel use</b>	<b>521</b>	<b>496</b>	<b>32</b>	<b>-</b>	<b>-</b>
Heating oil	379	353	-	-	-
Natural gas	142	143	32	-	-
<b>Renewable/recycled/fossil-free fuel use</b>	<b>-</b>	<b>-</b>	<b>257</b>	<b>281</b>	<b>413</b>
Biogas	-	-	257	281	413
<b>Energy consumption, MWh</b>					
<b>Electricity**</b>	<b>41,280</b>	<b>37,889</b>	<b>45,178</b>	<b>42,459</b>	<b>38,775</b>
<b>Heating</b>	<b>89,081</b>	<b>87,611</b>	<b>95,511</b>	<b>82,724</b>	<b>82,608</b>
District heating	88,560	87,115	95,222	82,443	82,195
Heating oil	379	353	-	-	-
Natural gas	142	143	32	-	-
Biogas	-	-	257	281	413
<b>Cooling</b>	<b>557</b>	<b>425</b>	<b>239</b>	<b>598</b>	<b>354</b>
District cooling	557	425	239	598	354
<b>Non-renewable/fossil energy</b>	<b>49,983</b>	<b>47,395</b>	<b>47,288</b>	<b>40,762</b>	<b>10,204</b>
<b>Renewable/recycled/fossil-free energy</b>	<b>80,934</b>	<b>78,531</b>	<b>93,640</b>	<b>85,018</b>	<b>111,533</b>
<b>Total energy consumption</b>	<b>130,917</b>	<b>125,925</b>	<b>140,928</b>	<b>125,780</b>	<b>121,737</b>

Actual energy consumption, i.e., not energy index corrected, decreased during 2023 compared to base year and previous year.

	2018	2019	2021	2022	2023
Electricity kWh/sq m **	34.7	31.7	34.4	31.2	27.4
Heating kWh/sq m actual energy consumption	74.9	73.4	72.7	60.8	58.4
Heating kWh/sq m energy index corrected	80.4	79.9	74.7	63.4	59.1

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

## Own electricity production from renewable sources, MWh

	2018	2019	2021	2022	2023
<b>Wind power</b>	<b>337,880</b>	<b>367,246</b>	<b>352,908</b>	<b>338,020</b>	<b>291,637</b>
<b>Solar power</b>	<b>n/a</b>	<b>n/a</b>	<b>258</b>	<b>1,006</b>	<b>1,930</b>

Lower wind power production, due to sale of 13 turbines at mid-year 2022. Increased solar power production, due to more solar panel installations.

## 302-3: ENERGY INTENSITY

	2018	2019	2021	2022	2023
kWh/sq m	110	105	107	92	86

Refers to property electricity and actual consumption of district heating, district cooling and bio-gas. Reported per total floor space incl. garage. Not including tenants' electricity consumption.

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

	2019	2021	2022	2023
<b>Total reduction</b>	<b>4,992</b>	<b>-10,011</b>	<b>5,136</b>	<b>9,180</b>
Reduction electricity	3,391	-3,898	-1,179	2,505
Reduction not energy index corrected heating	1,470	-6,430	6,357	6,473
Reduction cooling	132	318	-41	203

Energy consumption decreased in all types of energy.

## 303-5: WATER CONSUMPTION, sq m

2021		2022		2023	
Absolute	Intensity	Absolute	Intensity	Absolute	Intensity
1,256,475	0.956	1,211,462	0.890	1,236,428	0.874

Intensity values decreased marginally. Intensity values are reported per total floor space incl. garage.

### 305: GREENHOUSE GAS (GHG) EMISSIONS CO<sub>2</sub>e\*\*\*\*

Absolute value stated in tons CO<sub>2</sub> and intensity value stated in kg CO<sub>2</sub>/sq m.

	2018		2019		2021		2022		2023		Comments 2023
	Absolute	Intensity									

#### Scope 1\*

##### 305-1 DIRECT GHG EMISSIONS

Oil	102	0.086	94	0.079	-	-	-	-	-	-	Since 2020, oil boilers have been phased out.
Gas	30	0.026	29	0.024	7	0.005	0	0.000	0	0.000	Only biogas is used.
Refrigerants	n/a	n/a	809	0.677	370	0.281	1,264	0.929	444	0.314	We had decreased refrigerant leakage during the year.
<b>Total Scope 1</b>	<b>132</b>	<b>0.112</b>	<b>932</b>	<b>0.780</b>	<b>377</b>	<b>0.286</b>	<b>1,264</b>	<b>0.929</b>	<b>444</b>	<b>0.314</b>	<b>Scope 1 emissions decreased due to less refrigerant leakage. Intensity values are reported per total floor space incl. garage.</b>

#### Scope 2\*

##### 305-2 INDIRECT GHG EMISSIONS

Electricity – Market-based ***	-	-	-	-	-	-	-	-	-	-	Emissions are zero as our property electricity is produced in our own wind turbines and solar cells.
Electricity – Location-based ***	578	0.486	493	0.413	256	0.195	326	0.239	257	0.181	Shows what the emissions would have been if we did not have only wind and solar power as property electricity. Reported according to the Swedish electricity mix. In 2022, it was 6.62 g CO <sub>2</sub> /kWh (7.67), source AIB.
District heating	5,097	4.288	4,690	3.929	3,866	2.943	3,826	2.811	3,888	2.747	Calculated on amount of energy used and district heating suppliers' emissions. Properties with agreements for lower climate impact have been taken into account.
District cooling	1	0.001	4	0.004	4	0.003	2	0.002	0	0.000	District cooling generated no emissions in 2023.
<b>Total Scope 2 (market-based)</b>	<b>5,098</b>	<b>4.289</b>	<b>4,694</b>	<b>3.933</b>	<b>3,870</b>	<b>2.946</b>	<b>3,829</b>	<b>2.812</b>	<b>3,888</b>	<b>2.747</b>	<b>Intensity emissions in Scope 2 decreased. Intensity values are reported per total floor space incl. garage.</b>

#### 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	7,100	205	11,564	154	10,923	157	Based on climate calculations. Intensity values are reported per GFA.
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###### Category 3. Fuel- and energy-related activities

Emissions from district heating and district cooling	n/a	n/a	n/a	n/a	558	0.425	418	0.307	573	0.405	Refers to emissions from district heating suppliers' fuel transports.
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###### Category 6. Business travel

Car	n/a	n/a	n/a	n/a	24	0.019	20	0.015	13	0.009	Travel by car with leased or staff-owned cars decreased. Reported according to the Swedish Transport Administration's air pollution handbook, 2020.
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Air	n/a	n/a	n/a	n/a	5	0.004	7	0.005	2	0.001	Number of flights decreased and a larger proportion was made using biofuels.
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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.
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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.
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###### Category 13. Downstream leased assets

Tenants' electricity consumption	n/a	n/a	n/a	n/a	74	0.11	76	0.11	49	0.07	Based on properties with submetering. Standard values are used for properties without submetering. Intensity values are reported per weighted residential floor space.
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<b>Total Scope 3</b>			<b>29,118</b>		<b>7,762</b>		<b>12,085</b>		<b>11,560</b>		<b>Scope 3 emissions decreased. Intensity values are not aggregated as they are based on different types of floor space.</b>
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##### 305-5: REDUCTION OF GHG EMISSIONS

	2018		2019		2021		2022		2023		Comments 2023
	Absolute reduction	Reduction per sq m									
Scope 1**	-	-	-	-	555	0.49	-332	-0.15	488	0.47	Decrease from base year (932) and from 2022 (1,264).
Scope 2*	-	-	404	0.36	1,228	1.34	1,269	1.48	1,210	1.54	Decrease from base year (5,098) increase from 2022 (3,829). Refers to district heating and district cooling.
Scope 3**	n/a	n/a	-	-	21,356	-	17,033	-	17,558	-	Decrease from base year (29,118) and from 2022 (12,085).

#### 306-2: WASTE BY TYPE AND DISPOSAL METHOD

Absolute value stated in tons and intensity value stated in kg.

	2018		2019		2021		2022		2023		Comments 2023
	Absolute	Intensity									
Waste, for incineration and energy recovery	n/a	n/a	n/a	n/a	3,415	5.12	3,439	5.02	3,182	4.60	Reporting is based on weight data from some municipalities, and otherwise on our company average. Intensity values are reported per weighted residential floor space. Residual waste and food waste decreased.
Food waste, for composting and biogas production	n/a	n/a	n/a	n/a	260	0.39	350	0.51	331	0.48	

#### 401-1: NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER

##### New employees 2023

Age	Number of persons	of whom women/men	of whom Gothenburg/Stockholm
Under 30 years	4	4/0	2/2
30-50 years	5	3/2	3/2
Over 50 years	0	0/0	0/0
<b>Total</b>	<b>9</b>	<b>7/2</b>	<b>5/4</b>

#### 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 years' figures are provided in parenthesis.

	Women's salary	Men's salary
Including Group Management, excluding CEO	87% (88)	116% (114)
Excluding Group Management	84% (86)	119% (117)

The proportion of women in property management and operation amounts to 59%, the proportion of women in project and business development amounts to 49% and the proportion of women in business support amounts to 57%.

#### 406-1: INCIDENTS OF DISCRIMINATION AND CORRECTIVE ACTIONS TAKEN

No incidents of discrimination were reported in 2023.

\* Base year 2018.

\*\* Base year 2019.

\*\*\* The item electricity includes electricity consumption for heat pumps.

\*\*\*\* All data regarding CO<sub>2</sub> in this table is based on inputs from suppliers, which report according to prevailing accounting standards. As data for the actual impact in 2023 was not available during preparation of this report, the heating data is based to a minor extent on estimated values based on emission factors for the year 2022.

Outcomes for 2020 can be found in previous GRI reports.

# GRI content index

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GRI 302: Energy 2016	302-1	Energy consumption within the organization	107		
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GRI 305: Emissions 2016	305-1	Direct GHG emissions	108		
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Wallenstams Own Disclosure (WOD)	WOD-2	Key conclusions of customer surveys	28		
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GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	25-26, 52, 95		
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GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	108		

## \* 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.

**Proportion of turnover** from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023.

Economic activities (1)	2023			Substantial Contribution Criteria							DNSH criteria (Do No Significant Harm)							Proportion of Taxonomy-aligned (A.1) or eligible (A.2) turnover, year 2022 (18)	%	Y/N	E	T
	Code (2)	Turnover (3) SEK (million)	Proportion of turnover (4) %	Climate change mitigation (5) Y; N; N/EL	Water (7) Y; N; N/EL	Pollution (8) Y; N; N/EL	Circular economy (9) Y; N; N/EL	Biodiversity (10) Y; N; N/EL	Climate change mitigation (11) Y/N	Water (13) Y/N	Pollution (14) Y/N	Circular economy (15) Y/N	Biodiversity (16) Y/N	Minimum safeguards (17) Y/N								
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																						
<b>A. 1 Environmentally sustainable activities (Taxonomy-aligned)</b>																						
Electricity generation from wind power	CCM 4.3	258*	8.6	Y	N	-	-	-	-	Y	Y	Y	Y	Y	Y	Y	Y	7.4	-	-		
Acquisition and ownership of investment properties	CCM 7.7	997	33.2	Y	N	-	-	-	-	Y	-	-	-	-	-	-	-	30.0	-	-		
<b>Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>		<b>1,255</b>	<b>41.8</b>	<b>41.8</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	<b>37.4</b>	-	E		
Of which Enabling		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	T		
Of which Transitional		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	T		
<b>A. 2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																						
Acquisition and ownership of investment properties	CCM 7.7	1,733	57.7	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	62.1	-	-		
<b>Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		<b>1,733</b>	<b>57.7</b>	<b>57.7</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	<b>62.1</b>	-	-		
<b>Turnover of Taxonomy-eligible activities (A.1 + A.2)</b>		<b>2,988</b>	<b>99.5</b>	<b>99.5</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	<b>99.5</b>	-	-		
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																						
<b>Turnover of Taxonomy-non-eligible activities (B)</b>		<b>14**</b>	<b>0.5</b>																			
<b>Total (A+B)</b>		<b>3,002***</b>	<b>100</b>																			

**Turnover** – Revenue from rental income and electricity generation less discounts provided, value added tax and other taxes directly linked to turnover.

\* Based on outstanding green bonds issued according to Wallenstam's green framework dated April 2019, the turnover in article 4.3 of A.1 shall be adjusted to SEK 171 million.  
 \*\* See the Group's Note 11.  
 \*\*\* See the Group's Notes 3 and 11.

**Proportion of CapEx** from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023.

Economic activities (1)	Financial year 2023		Substantial Contribution Criteria							DNSH criteria (Do No Significant Harm)							Proportion of Taxonomy-aligned (A.1) or eligible (A.2) CapEx, year 2022 (18)	%
	Code (2)	CapEx (3) SEK (million)	Proportion of CapEx (4) %	Climate change mitigation (5) Y; N; N/EL	Climate change adaptation (6) Y; N; N/EL	Water (7) Y; N; N/EL	Pollution (8) Y; N; N/EL	Circular economy (9) Y; N; N/EL	Biodiversity (10) Y; N; N/EL	Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water (13) Y/N	Pollution (14) Y/N	Circular economy (15) Y/N	Biodiversity (16) Y/N	Minimum safeguards (17) Y/N		
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																		
<b>A.1 Environmentally sustainable activities (Taxonomy-aligned)</b>																		
Electricity generation from wind power	CCM 4.3	-	-	Y	N	-	-	-	-	-	Y	Y	Y	Y	Y	Y	-	
Acquisition and ownership of investment properties	CCM 7.7	1,263	51.7	Y	N	-	-	-	-	-	Y	-	-	-	Y	-	-	
<b>CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>		<b>1,263</b>	<b>51.7</b>	<b>51.7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>Y</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>Y</b>	<b>36.8</b>	<b>-</b>	
Of which Enabling		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	E	
Of which Transitional		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	T	
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																		
Acquisition and ownership of investment properties	CCM 7.7	1,084	44.3	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	45.4*	
<b>CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		<b>1,084</b>	<b>44.3</b>	<b>44.3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45.4*</b>	
<b>CapEx of Taxonomy-eligible activities (A.1 + A.2)</b>		<b>2,347**</b>	<b>96.0</b>	<b>96.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>82.2*</b>	
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																		
<b>CapEx of Taxonomy-non-eligible activities (B)</b>		<b>97***</b>	<b>4.0</b>															
<b>Total (A+B)</b>		<b>2,444</b>	<b>100</b>															

**CapEx (capital expenditure)** – New investments in newly constructed assets, which are taxonomy-aligned on completion and investments in existing taxonomy-aligned assets.

\* Identified errors that have been corrected.

\*\* See the Group's Notes 15 and 16.

\*\*\* See the Group's Notes 18 and 20. SEK 3 million investments in intangible assets.

**Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023.**

Economic activities (1)	Financial year 2023		Substantial Contribution Criteria							DNSH criteria (Do No Significant Harm)							Proportion of Taxonomy-aligned (A.1) or eligible (A.2) OpEx, year 2022 (18)	%	Y/N	E	T
	Code (2)	OpEx (3) SEK (million)	Proportion of OpEx (4) %	Climate change mitigation (5) Y; N; N/EL	Climate change adaptation (6) Y; N; N/EL	Water (7) Y; N; N/EL	Pollution (8) Y; N; N/EL	Circular economy (9) Y; N; N/EL	Biodiversity (10) Y; N; N/EL	Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water (13) Y/N	Pollution (14) Y/N	Circular economy (15) Y/N	Biodiversity (16) Y/N	Minimum safeguards (17) Y/N					
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																					
<b>A.1 Environmentally sustainable activities (Taxonomy-aligned)</b>																					
Electricity generation from wind power	CCM 4.3	57*	15.0	Y	N	-	-	-	-	-	Y	Y	Y	Y	Y	Y	22.2**	-	-		
Acquisition and ownership of investment properties	CCM 7.7	38	10.0	Y	N	-	-	-	-	-	Y	-	-	-	Y	Y	10.7**	-	-		
<b>OpEx of environmentally sustainable activities (Taxonomy-aligned)(A.1)</b>		<b>95</b>	<b>25.0</b>	<b>25.0</b>	-	-	-	-	-	-	Y	-	-	-	Y	Y	<b>32.9**</b>	-	-		
Of which Enabling		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	E	-	
Of which Transitional		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	T	
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																					
Acquisition and ownership of investment properties	CCM 7.7	284	75.0	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	67.1**	-	-		
<b>OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		<b>284</b>	<b>75.0</b>	<b>75.0</b>	-	-	-	-	-	-	-	-	-	-	-	-	<b>67.1**</b>	-	-		
<b>OpEx of Taxonomy-eligible activities (A.1 + A.2)</b>		<b>379</b>	<b>100</b>	<b>100</b>	-	-	-	-	-	-	-	-	-	-	-	-	<b>100</b>	-	-		
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																					
<b>OpEx of Taxonomy-non-eligible activities (B)</b>		<b>0</b>	<b>0.0</b>																		
<b>Total (A+B)</b>		<b>379</b>	<b>100</b>																		

**OpEx (operating expenditure)** – Direct costs that are not booked as assets and which refer, among other things, to maintenance, repair and building renovation. Operating expenditure necessary to ensure the ongoing and proper functioning of the assets.

\* Based on outstanding green bonds issued according to Wallenstam's green framework dated April 2019, OpEx in article 4.3 of A.1 shall be adjusted to SEK 38 million.

\*\* Identified errors that have been corrected.

# Annual General Meeting 2024

Wallenstam's Annual General Meeting 2024 will take place on Thursday, April 25, 2024, at 4.00 p.m. at Elite Park Avenue Hotel, Kungsparksavenyen 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](http://www.wallenstam.se/arsstamma).

## Glossary

### A<sub>temp</sub>

The total internal area of each floor, attic and basement that are heated to more than 10°C.

### 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.

### Gross floor area GFA

Gross floor area is the total area of all the floors which is limited by the exterior of the surrounding parts of the building.

### 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 (megawatt 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, solar 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](http://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 during a given period.

### Return on equity

Profit after tax on a rolling 12-month basis in relation to average equity. See page 35.

### Return on total capital

Profit before tax with reversal of interest expenses for the latest rolling 12-month period in relation to average total assets. See page 35.

### Loan-to-value ratio

Interest-bearing liabilities and lease liability less cash and cash equivalents in relation to the Group's investments in properties, site leasehold rights, development properties, wind power and land leases 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.

### Development property

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

### Income from property management

Rental income from investment properties less operating expenses, management costs and administrative expenses and net financial items attributable to investment properties.

### Average interest rate

Interest expenses for the period in relation to interest-bearing average debt.

### Average yield requirement

Normalized net operating income in accordance with the valuation model in relation to the estimated market value of yielding investment properties.

### 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 per average number of outstanding shares for the latest rolling 12-month period.

### Earnings per share after tax

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

### Interest coverage ratio

Profit or loss before changes in value and impairment losses with reversal of net financial items in relation to net financial items.

### Public use property

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

### 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 – floor space

Let floor space in relation to total floor space, excluding garage, project properties and voluntary vacation.

### Changes in value, investment properties

Profits or losses from sales of investment properties during the period less expenses and the assessed market value of the properties at the immediately preceding reporting period and profits or losses from the change in the assessed market value of investment properties compared to the immediately preceding reporting period.

### Surrender rate

Proportion of commercial leases, which are extended, in relation to the proportion of cancellable commercial leases.

### Surplus ratio

Net operating income as a percentage of rental income.

For further information, please refer to: [www.wallenstam.se/glossary](http://www.wallenstam.se/glossary)

\* *Operational key ratios, are not considered alternative performance measures according to ESMA's guidelines. See page 34.*

## CALENDAR

Interim report Q1	April 24, 2024
Annual General Meeting	April 25, 2024
Interim report Q2	July 8, 2024
Interim report Q3	October 22, 2024

Information regarding Wallenstam's business operations, financial reporting and press releases can be found at [www.wallenstam.se](http://www.wallenstam.se).

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