



Wallenstam

**COMMUNICATION ON PROGRESS
2018**

We achieved the business plan and exceeded the goal! We achieved an average increase in net asset value of 17.4 percent per year.

GUIDING PRINCIPLES 2014–2018

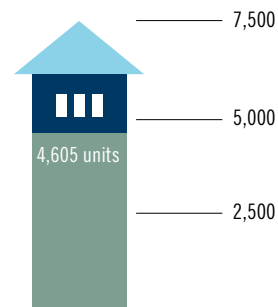
Our guiding principles aim to clarify important focus areas in our operations.

To start production of 7,500 apartments

Housing construction requires both endurance and advance planning, not least when it comes to carrying out zoning plan work together with the municipalities. Some of our major urban development projects were affected by delays in the zoning plan process, which meant that we had to defer planned construction starts. These projects will be completed, but according to a modified timetable.

We have a uniform and high construction rate of about 2,000 apartments in production. During 2018, we started construction of 1,400 apartments, of which 579 were in the Stockholm business area and 821 in the Gothenburg business area. Overall during the business plan, construction started of 4,605 apartments.

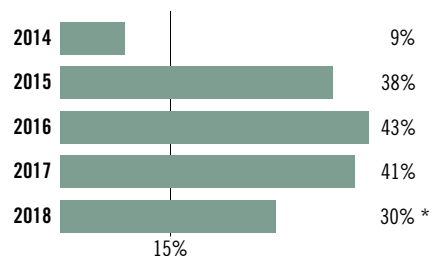
NUMBER OF APARTMENT CONSTRUCTION STARTS IN THE BUSINESS PLAN



To reduce the carbon footprint of the property holdings by at least 15 percent per sq m

The work on reducing our carbon footprint occurs in several ways, such as optimized operations, improved technical installations with modern energy units powered by internally produced carbon-neutral wind power, and by replacing fossil fuels with greener technology. Optimization of operations contributes to lower operating expenses and a reduced carbon footprint. During 2018, the carbon footprint per square meter increased by 18 percent, which is due to the fact that the district heating this year was based on larger proportion of oil, something that Wallenstam cannot influence. During the entire business plan, the carbon footprint decreased by just over 30 percent per square meter.

REDUCED CARBON FOOTPRINT PER SQ M



Shows total improvement from the start of the business plan.
* Estimated value of actual impact.

The proportion of tenants willing to recommend Wallenstam should increase annually

It is important that our customers are happy and satisfied with their apartment or premises. Over the years, tenant views and wishes have led to a number of concrete improvements, for example renegotiated supplier contracts for better cleaning of stairwells, new playground equipment and central customer service, which improved accessibility and service levels, with increased customer satisfaction as a result. Unfortunately, the proportion of residential tenants that are willing to recommend Wallenstam as a landlord decreased in 2018 compared to 2017. Among commercial tenants, the proportion of tenants that are willing to recommend Wallenstam as a landlord increased.

MORE CUSTOMERS RECOMMENDING WALLENSTAM

	Tenants Residential	Tenants Commercial
2014	✓	✓
2015	✓	✗
2016	✗	✓
2017	✓	✓
2018	✗	✓

BUSINESS PLAN

GOAL 2023:

TO ACHIEVE AN INCREASE IN NET ASSET VALUE OF

SEK 40 per share

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

The Group's net asset value amounted to SEK 25,608 million on September 30, 2018, which corresponds to SEK 79.20 per share, and is the starting point of the measurement. On December 31, 2018, the net asset value amounted to SEK 26,574 million, which corresponds to SEK 82.30 per share. This means that we have generated SEK 3.10 per share to date. Net asset value growth is created by successful letting, efficient management, value-creating investments, cost-efficient new construction and strong business operations.

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

GUIDING PRINCIPLES

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

CUSTOMER

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

EMPLOYEE

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

ENVIRONMENT

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

INCREASE IN NET ASSET VALUE, SEK/SHARE



2019–2023

HOW WE CREATE THE INCREASE IN NET ASSET VALUE



Inom Vallgraven 20:18, Gothenburg

COMMENTS BY THE CEO

We achieved the goal!

The challenging goal, which we adopted in late 2013, was that we should achieve an average net asset value growth, excluding dividends and repurchases, of at least 10 percent per year, and we have achieved this by a good measure! Net asset value growth, excluding dividends and repurchases, during the period 2014-2018 amounted to a total average of 17.4 percent per year, which is equivalent to about SEK 14 billion in total for the business plan.

The market was favorable during this period, but without our dedicated and committed employees, the company would not have been able to deliver this excellent result. Fantastic work has been done, and everyone contributed within their respective area of the business. The letting department has really worked hard on filling and negotiating all of our commercial space and on letting all of the apartments we completed over the years. Our management operations have worked diligently to streamline the operation and maintenance of our properties. The project organization has managed to raise the production rate in our new production considerably. We have also been successful in reducing the carbon footprint in our holdings, and we increased the proportion of customers who want to recommend us as a landlord.

More than SEK 1 billion in income from property management

During 2018, we achieved income from property management of more than SEK 1 billion. For me personally, this is an important milestone – especially considering the fact that as CEO of the company, I have also experienced

income from property management of SEK -50 million. Income from property management during the year increased by 25 percent. We achieved this even though during the business plan we sold properties, which were located a bit outside of our focus areas, for just over SEK 9 billion, something that has a negative impact on income from property management in the near term. However, by always working actively to increase our efficiency within all business areas and by providing newly produced properties, we have generated this positive growth in income from property management.

New challenging goal

In December, we unveiled our new business plan and our new goal: To achieve an increase in net asset value of SEK 40 per share from October 1, 2018 through December 31, 2023.

The net asset value is a metric, which is good to use in our business, since it measures many different parameters in the business; letting, management, new production, investments and the business operations. What is not included in the net asset value is the future value, for example in our planned projects – these values are added later when we start to refine or build the property.

It is worth noting that in the new goal, we are measuring in SEK per share, so it will be easier to relate to. In addition, we have opted to use the established definition of net asset value, in other words, that the net asset value is calculated by also including the effect of the dividends and any repurchases made during the period.

If we had used the same model in the previous business

We are entering the new business plan with a fantastic basis. Now we are building on this by continuing to work with everything we do today in an even better way.



We shall be a company where customers perceive that we are accessible and that we act in a professional and service-oriented way.

plan, this would have meant during the period 2014-2018 that we increased the net asset value by SEK 34.80 per share. In the new business plan, we shall deliver an increase of SEK 40 per share, consequently a new challenging goal that we will aim to achieve up to and including 2023.

Become even better

We are entering the new business plan with a fantastic basis. Now we are building on this by continuing to work with everything we do today in an even better way. This will include even more cost-efficiency in our new construction and management – naturally with the same requirements for high quality – optimization of operations, as well as good service and accessibility for our customers. Our employees are one of the company's most important success factors in this work, something I often talk about. We will really safeguard the drive, engagement and the special spirit that we have at Wallenstam!

The goal in the business plan has been supplemented by three guiding principles, important areas, which we will focus on:

- We shall exceed customer expectations and improve the overall impression of Wallenstam every year through attractive apartments and premises as well as good service.
- Through our strong corporate culture, we shall be an attractive employer and improve our Engagement Index score every year.
- We shall reduce our environmental impact every year, through initiatives within the focus areas energy, transports and resources.

Our important customers

The property sector has undergone a change over a number of years, from a more distinct “property owner focus”, to a more customer-focused approach. In the case of Wallenstam, for example, it is ten years since we introduced a central customer service function in the company, something that has led to greater accessibility and a higher level of service for our customers. During the previous business plan, customer experience was already one of the most important focus areas and in the business plan we are now starting it is even more clearly defined, both as a guiding principle and in our vision and business concept.

We shall be a company where customers perceive that we are accessible and that we act in a professional and service-oriented way.

Sustainability even more in focus

Sustainability – in many senses of the word – is and is becoming increasingly important. In the environmental area, we have worked for a long time to reduce our carbon dioxide emissions and to increase the share of renewable energy in our properties, but we can and will do more. The big challenge in our properties is the existing holdings with our older buildings, which need to be gradually developed to become better from an environmental standpoint.

Sustainability is also about building sustainable cities and communities. Here, I want to say that a large part of our business concept is about building and developing good homes and areas where people feel happy and secure. We create 1,500-2,000 new homes each year, something that is extra valuable in these times of a severe housing shortage.

During the year, we advanced our sustainability strategy and appointed Karin Mizgalski as Sustainability Manager with the task of driving and developing the sustainability work at Wallenstam. Through a central function, we can gather our strengths, clarify our efforts while becoming even better and also identify new business opportunities. As of 2018, Wallenstam is a member of the UN Global Compact and supports its 10 principles regarding human rights, labour, environment and anti-corruption.

Continued strong demand

Being a player in an active market with strong demand of course is very nice and very interesting. The strong market climate in Western Sweden is continuing, with a low vacancy rate for centrally located offices as a result. In the office market, the coworking concept has strengthened its position with its flexible form of letting, and during the fourth quarter we had the privilege of becoming an owner in Convendum. Convendum has a well-developed and attractive offering where we see interesting future opportunities.

Retail in the inner city is challenged by changing consumption patterns and here, like other players, we face a challenge in terms of promoting initiatives that improve the conditions for a lively inner city – to build more housing, provide more office space, create meeting places for socializing and experiences.



Gränby 9:6, Uppsala

On the residential side, we see continued lower demand for co-op apartments, while demand for rental apartments is even higher than before – here we see no signs of a slowdown, quite the contrary. The severe housing shortage in the cities we operate in is of course one reason for the strong demand but the rental apartment concept is also very much in tune with the times, you see it is a form of “coliving”. A flexible, hassle-free form of housing, which the tenant does not have to manage himself/herself, and also with no financial risk for the tenant.

Celebrating 75 years with an eye to the future

In November 2019, Wallenstam will celebrate 75 years! It feels fantastic to think back to how my father started the company in 1944, towards the end of the Second World War. He borrowed a small amount of private capital and built a detached house, close to Slottsskogen here in Gothenburg. The construction made a loss, but the company was up and running! I had the privilege of receiving the baton in 1991, during a very special period, which even today still defines Wallenstam – with commercial properties in Gothenburg inner city and residential properties in attractive locations in growth regions. Through the pro-

perty crisis during the 1990s, I got valuable experience and saw clearly which properties have low risk and the greatest financial strength even in difficult periods.

We will mark Wallenstam’s anniversary in different ways during the year, and in this context I would like to hereby also thank everyone that in various ways has contributed to Wallenstam’s fantastic performance during these 75 years. All the competencies and experience we have gathered – in both economic upturns and downturns – we will take with us for the future challenges that await. With expectation, confidence and excitement, I look forward to another journey together with our shareholders, the Board, employees, customers, suppliers and partners!

Hans Wallenstam
CEO

THIS IS HOW WE CREATE VALUE

1 Our resources

Financial capital

SEK 22 billion in capital from shareholders and generated profits that remain in the company and SEK 21 billion from external lenders.

Produced capital

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

Human capital

More than 250 dedicated and knowledgeable employees and gathered competencies through partners within management, service and construction.

Social and relationship capital

All customers that live in our 9,000 rental apartments, or that work in the offices, shops etc., which comprise more than 500,000 sq m of commercial floor space. In addition, relationships with electricity customers, financiers, partners, municipalities and local communities.

Intellectual capital

About 11,000 potential apartments in the project portfolio which can become future homes for families through our combined experience and processes relating to management, construction and urban development with dialogue and collaboration.

Natural capital

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

2 Our operations

Business process

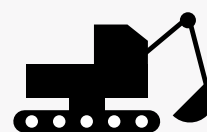
Wallenstam builds, develops and manages properties and areas based on the needs of people and society, and according to the wishes and requirements of customers and shareholders. We create value growth through cost-efficient construction, development and management as well as a high level of service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

Efficient management and development

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

Cost-efficient development and management of residential properties and commercial premises with a high level of service and long-term sustainability.

Demand



Construction and acquisition



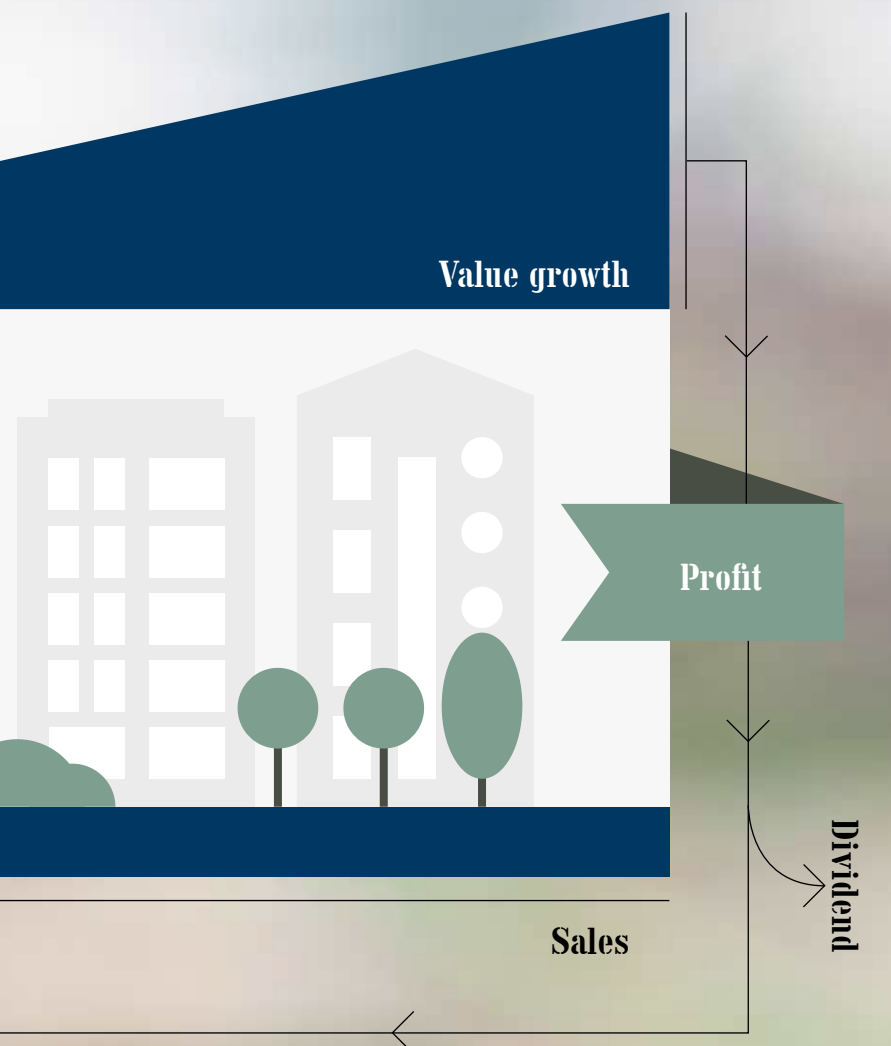
and business model

Successful letting organization

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

Cost-efficient construction

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



3

Created value for our stakeholders

Owners

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

Customers

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

Employee

- Jobs with secure and stable employer
- Personal and professional development
- Salaries and benefits

Suppliers, partners and lenders

- Paid goods and services
- Interest payments
- Long-term collaborative relationships
- Jobs

Society and the city

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

Environment

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



Seglarskon 1 and 2, Stockholm

RESPONSIBLE ENTERPRISE

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

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

For us, sustainable enterprise is also about continuous improvements. To set goals, develop our operations, where our sustainability efforts play a part. To refine and streamline our processes in order to improve our working methods.

Organization, governance and reporting

During 2018, we continued the work on developing our sustainability strategy. As a result of this work, Karin Mizgalski was appointed Sustainability Manager in May 2018, with the task of driving, developing and following up Wallenstam's sustainability work. The CEO is ultimately responsible for the work with the material topics and risks that are prioritized in Wallenstam's sustainability work. The practical and day-to-day sustainability work is conducted in all parts of the operations and all employees have a responsibility to implement and drive the sustainability work in their respective departments. Outcomes are followed up and regularly reported to the Group Management and Board.

Wallenstam has reported its sustainability work every year since 2006 and reports according to Global Reporting Initiative (GRI) since 2010.

Stakeholder dialogue

During fall 2018, as part of the work with the business plan 2019-2023, a stakeholder analysis was conducted in a questionnaire format in order to pinpoint the key issues that we should focus on within the scope of our sustainable development efforts. A web survey was sent to selected residential tenants, commercial customers, lenders and to the Board, Group Management and employees. These groups are considered to have a direct impact on our organization, and/or are directly impacted by us.

Through our stakeholder dialogues, which apart from the described stakeholder analysis occur continually in the day-to-day operations, we obtain a relevant view of external requirements and wishes. Apart from this, during the fall in internal working groups we mapped and prioritized activities and key focus areas for the guiding principles in the business plan 2019-2023. See also page 4.

Clarity with values

Our core values – progress, respect, commitment – are clearly reflected in our long-term sustainability work.

Progress shows our attitude to continual improvements, that the work is never finished. We find rewarding collaboration, for example with researchers regarding solar cells and battery storage, in the planning work with municipalities and land owners and with partners in order to offer services to our tenants relating to mobility.

Respect towards each other in the company is something natural. We want to spread the same attitude during contacts with customers, contractors, suppliers and other

MATERIAL SUSTAINABILITY AREAS



- Stable financial position and anti-corruption
 - Social conditions and employees
 - Customer
 - Environment
- | | |
|---|------------------------------------|
| ● A Financial position in balance | ● F Equality and diversity |
| ● B Anti-corruption | ● G Customer satisfaction |
| ● C Good working conditions | ● H Greenhouse gases |
| ● D Safe and secure working environment | ● I Energy efficiency |
| ● E Inclusive corporate culture | ● J Waste management |
| | ● K Sustainable building materials |



Inom Vallgraven, Gothenburg

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

stakeholders. For instance, that we comply with laws and regulations, that we do not insult or discriminate against anyone and that we work actively to ensure the equal value of everyone, both in the company and in society. Respect in business is based on active anti-corruption work. We have a declared zero tolerance policy against bribery, inappropriate gifts and the like. The boundary for what is a bribe or equivalent extends a long way. Our internal guidelines help determine how we should act in relation to bribery and inappropriate gifts.

Our drive to contribute to a better society is based on a great *commitment*. We want to be close to our customers and offer good overall solutions for housing and premises. We are committed to our commercial tenants' operations and we want to be flexible to meet their needs. Our ambition is to conduct long-term sustainable business and develop responsible enterprise for the benefit of both society and our own operations. We see that it is important for society to have attractive, vibrant inner cities and more housing. Wallenstam safeguards the rental apartment, which is a flexible form of housing for the tenant and crucial so that more people will have the chance to reside in our cities.

Code of Conduct and Ethics Council

In the construction and property sector, there are risks, for example related to the working environment, corruption, human rights and the environment. Our Code of Conduct serves as a guide for us. It is based on our core values, and provides guidance and continuity for our actions all the way to the dialogue and meeting with our stakeholders. The Code of Conduct, and a number of guidelines connected to it, set out Wallenstam's approach and clarify how we want to act as a company. The goal is

to have an environmental, social and commercial commitment in everything we do. We shall comply with laws and regulations, and apply responsible business methods – characterized by high business ethics and good business practice. We impose requirements on contractors that enter into cooperation agreements with us that they follow the content of our Code of Conduct and act according to it. Violations of the Code of Conduct, internally or by partners, can damage Wallenstam's operations and brand. The Code of Conduct, which is available in its entirety on www.wallenstam.se, is revised annually and adopted by the Board.

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

Wallenstam's Ethics Council, with representatives from the entire business, holds about four meetings annually. The Ethics Council is the body that works centrally in the Group on advancing the Group's anti-corruption work, and it conducts risk analyses in the area and proposes possible measures. The Ethics Council receives regular questions of an informational character that the Council answers. Most questions relate to what employees can give or receive, in other words, questions connected to business ethics and corruption. We provide information to all employees based on commonly asked questions. No cases arose during 2018 where further investigation was required. The Council has developed a whistleblower function, which was introduced during 2018, and routines have been created for how these cases should be handled. No cases were reported via the whistleblower function during 2018.

AGENDA 2030.

Wallenstam has prioritized five global sustainable development goals (SDGs) within the UN's Agenda 2030. Within these, we are working in various ways with a number of different sub-areas in order to help reach the goals.



GENDER EQUALITY

Equality and diversity

For us equality and diversity are important principles. During recruitments and in our internal processes we work to ensure that men and women have the same conditions, for example in relation to development initiatives and setting of salaries. Nevertheless, we always need to maintain an ongoing dialogue about what equality, respect and diversity means in our company. Our Code of Conduct is clear that discrimination must not occur. Read more on page 40.



AFFORDABLE AND CLEAN ENERGY

Renewable energy

Through our wholly-owned wind power company, Svensk NaturEnergi, we can offer all tenants and customers in our properties a renewable alternative for electrical energy. The production in our 66 wind turbines covers Wallenstam's overall electrical energy needs.

Our largest carbon footprint comes from district heating, which supplies the heating in many properties. To the extent that the heating is based on waste heat or is produced with renewable raw materials, district heating can be a good environmental alternative. Wallenstam participates in a dialogue with district heating producers about finding new solutions to deliver a better environmental performance. We aim to be able to replace district heating with renewable energy from our own wind turbines in more and more of our properties. We are also investigating and evaluating other technical solutions for sustainable energy production, such as solar energy, energy storage etc.



DECENT WORK AND ECONOMIC GROWTH

Long-term sustainable financial position

We create the right conditions for a long-term sustainable financial position in harmony with the environment and social development. 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, cost-efficiency in the entire operations and focus on locations displaying growth and strong demand, we can ensure long-term economic stability. This also means that we should be profitable – profits that we can reinvest in the business.

Wallenstam is flexible in a volatile housing market in a way that provides assurance for our stakeholders. We mainly build rental apartments for our own management, and provide badly needed housing. During the business plan, we will work for even more efficient processes in our management, letting, new production and other activities. Through profitable property development, we create value for our customers, society in general and also for the company's employees and owners. One of our guiding principles means that with attractive apartments and premises and good service, we shall exceed customer expectations and improve the overall impression of Wallenstam every year. We regularly measure what our customers think, see page 50. Long-term plans and investments over time also create secure jobs in production and management.

Wallenstam's supply chain

In our business, we utilize the services of more than 6,000 suppliers, including our Wallenstam Partners that perform property upkeep and maintenance, and building contractors who are involved in our new construction operations. We buy goods and services from energy, IT,



Viewing point on the hill at Kallebäck's Terrasser, Gothenburg

and telecommunications companies, and borrow capital from banks. In addition, we use the services of consultants such as technical consultants and architects, and others. Often suppliers in turn use the services of subcontractors. Our suppliers are usually domiciled in Sweden, but for instance, sourcing of construction material etc. also occurs in other European countries and in the rest of the world.

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



SUSTAINABLE CITIES AND COMMUNITIES

Urban development of safe areas

We aim to create safe and welcoming areas and properties that people want to live in, work in and visit. Both the

physical environment and relationships with neighbors and visitors in the area, influence tenants perceptions of security. In the work to increase security, we are making a number of efforts in the day-to-day management as well as selective measures. One example is our collaboration with Huskåring, which works proactively to prevent violence in close relationships through neighborhood cooperation.

Within the scope of our urban development projects, we want to create the conditions for safe communities already during the projecting and zoning plan work. We can achieve this by planning premises for various types of activities, such as offices, stores, geriatric and child care etc. In collaboration with our commercial tenants, the city and other organizations in society, we are pursuing activities to create a vibrant inner city. Taken together, this is creating a 24-7 pulse in the area while we can meet various needs at the same time.

We actively participate in research and development within urban development, construction and management. Development efforts can relate to all from new technology in management operations to modern mobility solutions in new city districts. A large part of our development work occurs in collaboration with others. During 2018, Daniel Svartling, IT Manager, was also appointed Innovation

Manager in the company. In his role, he is supported by Wallenstam's Innovation Council whose goal is to channel and create new business opportunities for the company. Results from our different projects become solutions in the housing of the future and town planning.

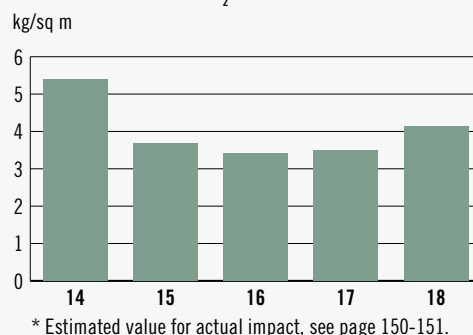
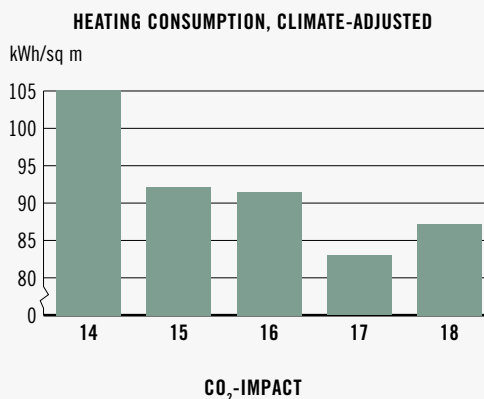
Social engagement for reduced exclusion

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

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

Transports for tenants and employees

We are looking at various mobility solutions in order to offer our tenants practical and environmentally-friendly transport solutions. We have previously conducted a pilot project where we offered a carpooling service to our tenants. The concept has been further advanced and we will launch the service in several of our areas in conjunction with AVIS. We are currently developing composite mobility solutions involving bicycles, cars and other types of transports in some of our urban development projects, for example in Kallebäck's Terrasser in Gothenburg. Today we are building in recharging possibilities for electric vehicles in our new construction projects.



GLOBAL COMPACT.

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

HUMAN RIGHTS

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

Having a home is a fundamental need and constitutes an important part of a functioning society. Ultimately, we want to contribute to a good living standard for many people by producing and managing residential properties, primarily rental apartments, and develop safe, secure and lively city districts. There is currently a severe housing shortage, which means that many people are finding it hard to get a home. We have more than 280 social contracts with municipalities and organizations, where we make housing available for people who find it difficult to obtain a regular contract. For example, this can relate to transitional accommodation or various types of sheltered accommodation and housing for new arrivals. Several of the contracts change over to regular leases when it is possible for the tenant.

We aim to be able to replace district heating with renewable energy from our own wind turbines in more and more of our properties.

Internally, we encourage use of public transport to and from the workplace by offering the possibility of buying an annual travel card through a net salary deduction. Bicycles are available for shorter trips and we are expanding the number of internal pool cars, which reduces the need for employees to take their own car to work.

During the business plan, we want to focus more on how we can find solutions for reducing the environmental impact from transports in our operations.

Resources in focus

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

The possibility of sorting at source is offered in all of our properties, both for residential tenants and for commercial tenants. Needs vary with the tenants' businesses and the possibilities also vary depending on the design and location of the properties. Within this area, there are improvements to be made, both to make it easier for tenants and to reduce our environmental impact. There is also great potential for a reduced environmental impact in our new production operations, when it comes to sorting at source, recycling and materials.

This work has begun, and action plans, activities and routines for statistics and follow up will be gradually developed during the business plan.



CLIMATE ACTION

Drive the development for reduced environmental impact

We place great importance on limiting environmental impacts in our production, operation and management of properties. The property sector in Sweden uses a lot of energy and accounts for a large proportion of the overall carbon footprint in society, which means that it is a prioritized area for Wallenstam from an environmental and economic perspective.

Environmental legislation impacts many parts of our

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

The standard of our work is not always based on legislation or external requirements but we create solutions ourselves. This occurs to a large extent in operation of properties, where we continually optimize and operate metering in order to reduce consumption of energy and resources and create a good financial position with continuous improvements. During 2018, we implemented major energy saving projects in four commercial properties and in two residential properties, which delivered a reduction in energy use of 10–45 percent in each property.

Individual electricity and water metering has been standard in our new construction since 2006.

Such an installation contributes to a reduction in consumption by tenants of 10–25 percent following a running-in period. Our efforts in the environmental area are delivering good results. During the period 2014–2018, we reduced the carbon footprint in our property holdings by just over 30 percent per square meter. More efficient energy use is also a focus area in the business plan 2019–2023.

Environmental certification of properties

There are several environmental programs and certification systems for buildings in the market, such as Green Building and Miljöbyggnad (“Sweden Environmental Building”). We use environmental programs as a specification for requirements concerning energy usage, quality of indoor environments and climate as well as choice of material for both new construction and existing buildings.

Our aim is to achieve at least a Miljöbyggnad silver rating for our new production and many of our properties meet the requirements for certification under this standard although they are not certified. We have chosen to certify our buildings when required, for example by a municipality or customer. Four residential properties in the environmentally-designed Kvillebäcken district in Gothenburg are currently certified according Miljöbyggnad silver rating. In our commercial holdings, we are working to reduce energy use so that properties meet the requirements for Green Building certification. Six of our properties meet the requirements for Green Building certification.

RISKS THAT GENERATE OPPORTUNITIES

Minimizing risks and optimizing opportunities is an integrated part of our operations. Wallenstam's employees participate in both the risk inventory and the preventative work.













Employees at Wallenstam participated in seminars aimed at conducting an inventory of risks in the operations. An impact assessment of the identified risks was performed based on an estimate of harmfulness and probability. The company management and Board subsequently prioritized the most important risks. This work aims to develop strategies and measures to reduce the risks and optimize opportunities. This is ongoing work, which is continually developed and the company's compliance function is responsible for 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.



Operations

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

<p>RISK AREA: PRODUCTION AND MANAGEMENT OF PROPERTIES</p> <hr/>  <p>DESCRIPTION OF RISK</p> <p>Occupational accidents.</p> <p>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, which need to be protected.</p>  <p>DESCRIPTION OF OPPORTUNITY</p> <p>Safe working environment without personal injuries.</p> <p>Good financial position and environmental performance.</p> <p>Value growth through cost-efficient new construction projects.</p>  <p>WALLENSTAM'S MANAGEMENT</p> <p>Working environment plans are prepared early on and followed up in the entire project. Building work environment coordinators are appointed to ensure occupational safety at 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.</p> <p>Analysis of environmental risks during acquisition of land, soil investigations during new construction and continual investigations of environmental risks.</p> <p>Efficient organization of projecting, planning, procurement, construction and choice of contractor.</p>	<p>RISK AREA: PARTNERS</p> <hr/>  <p>DESCRIPTION OF RISK</p> <p>Competition for contractors.</p> <p>That procurements are not conducted/agreements not correctly entered into, which can cause uncertainty about responsibility and increased costs.</p> <p>That partners do not follow entered into agreements or our Code of Conduct.</p>  <p>DESCRIPTION OF OPPORTUNITY</p> <p>Good collaboration, long-term planning, good financial position and high quality.</p> <p>That we have secure and efficient processes for purchasing and signing of contracts, providing secure collaboration.</p> <p>Good business ethics and satisfactory working conditions among contractors and subcontractors.</p>  <p>WALLENSTAM'S MANAGEMENT</p> <p>Develop long-term relationships and well-established collaboration with contractors and suppliers.</p> <p>We have developed processes and templates for procurement and purchasing, we bring in the right competencies to the process and at least two people always review tenders and agreements before they are signed.</p> <p>Information to and dialogue with contractors about requirements for compliance with Wallenstam's Code of Conduct.</p> <p>Project managers are highly knowledgeable and very closely involved in their projects. Improved routines for follow-up of agreements and on-site checks.</p> <p>Routines for logbooks and ID checks etc. have been introduced at workplaces and random checks are regularly performed at partners.</p> <p>Training and development of routines regarding supplier checks.</p>	<p>RISK AREA: INFORMATION AND IT SECURITY</p> <hr/>  <p>DESCRIPTION OF RISK</p> <p>That IT systems are attacked and the operations manipulated or that information gets into the wrong hands.</p> <p>That sensitive information is circulated to the wrong people.</p> <p>Non-compliance with legal requirements.</p>  <p>DESCRIPTION OF OPPORTUNITY</p> <p>Well-functioning and fit-for-purpose IT security for our operations and that information is handled securely.</p> <p>Increased administrative efficiency due to new IT security routines.</p>  <p>WALLENSTAM'S MANAGEMENT</p> <p>Continual work with security-enhancing measures surrounding IT security, upgrades of firewalls, antivirus protection and systems, anti-hacking tests, routines for IT security etc.</p> <p>New policy and guidelines for information security as well as internal information and training.</p> <p>New routines for information sharing and handling.</p> <p>A Data Protection Officer who works continually with GDPR issues.</p>	<p>RISK AREA: ANTI-CORRUPTION</p> <hr/>  <p>DESCRIPTION OF RISK</p> <p>Risk for corruption linked to allocation of apartments/premises.</p> <p>Risk for corruption during procurements and purchasing.</p>  <p>DESCRIPTION OF OPPORTUNITY</p> <p>Good control of business operations, strong credibility for business partners and other stakeholders and assurance for employees with clarity regarding rules and routines.</p>  <p>WALLENSTAM'S MANAGEMENT</p> <p>Improved, 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.</p> <p>An Ethics Council tasked with driving and monitoring the anti-corruption work at Wallenstam.</p> <p>Internal information and support through the Ethics Council.</p> <p>Introduction of a whistleblower function.</p> <p>Internal transparency about side-line jobs and assignments that may affect interests.</p>
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**RISK AREA:
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.

Strong liquidity and high equity/assets ratio.

Liquidity forecasts are updated continuously with the objective of optimizing cash management.

**RISK AREA:
EMPLOYEES**



DESCRIPTION OF RISK

Less confidence or attractiveness among existing and potential employees.

Not to be able to recruit and retain employees with the right competencies and commitment.

That employees do not live and act according to the company's values.



DESCRIPTION OF OPPORTUNITY

To be perceived as an attractive employer.

Possibility of recruiting employees with the right profile and competencies.

Development of employees and the company.

To develop employees, the operations and the brand based on strong common values.



WALLENSTAM'S MANAGEMENT

Focus on employees is regarded as important for quality and satisfied customers. Offer a good working environment, attractive and market-related working conditions, health and wellness training, skills development and internal recruitment for new positions.

The synthetic options scheme for employees, which offers clear participation in the company's development.

Recruitment is prioritized as a strategic area. The processes are being strengthened and HR competencies should always be engaged during recruitments.

Regular employee surveys are a tool for improvements, connected to the guiding principle of an annual improvement in the Engagement Index score, which is followed up during the business plan.

Introduction program with conference about the company's history, values, policies and guidelines etc.

Managers are supported in dialogues about values in the form of checklists, templates for development discussions etc.

External

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

**RISK AREA:
MARKET CONDITIONS**



DESCRIPTION OF RISK

Weaker property values. Increased land prices.

Lower electricity prices, which means lower wind turbine values.

Lack of resources and increased costs.



DESCRIPTION OF OPPORTUNITY

Positive development in the value of our properties.

Increased access to land and land allocations as most other players do not have the same long-term possibilities for investments during an economic downturn.

Higher electricity prices, which means increased wind turbine values.















WALLENSTAM'S MANAGEMENT

Having properties in attractive locations lowers the risk of falling values during an economic downturn.

Cost-efficient new construction means less sensitivity to changing property values, since we generate surplus value in our construction, mitigating the effects of a downturn. Profitability is also ensured in the event of a change in market conditions through the yield requirement prior to construction start.

Self-sufficiency in renewable energy provides lower price sensitivity.

RISK AREA: INTEREST RATES	RISK AREA: SUPPLY AND DEMAND	RISK AREA: CHANGES IN LAWS AND REGULATIONS	RISK AREA: INFRASTRUCTURE AND URBAN DEVELOPMENT
 <p>DESCRIPTION OF RISK</p> <p>Interest rate increases that result in higher costs and a large impact on profits.</p>	 <p>DESCRIPTION OF RISK</p> <p>Lower demand, for example for commercial premises, co-op apartments, or rental apartments.</p>	 <p>DESCRIPTION OF RISK</p> <p>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.</p>	 <p>DESCRIPTION OF RISK</p> <p>Changes and construction of infrastructure or other matters that can affect the attractiveness of our properties negatively.</p>
 <p>DESCRIPTION OF OPPORTUNITY</p> <p>Long-term assurance and control over financing costs.</p>	 <p>DESCRIPTION OF OPPORTUNITY</p> <p>Protracted planning processes and a shortage of available land.</p>	 <p>DESCRIPTION OF OPPORTUNITY</p> <p>Changes in laws and regulations, which result in reduced costs and less administration.</p>	 <p>DESCRIPTION OF OPPORTUNITY</p> <p>Changes and construction of infrastructure or other matters that can affect the attractiveness of our properties positively.</p>
 <p>WALLENSTAM'S MANAGEMENT</p> <p>Loan portfolio of different maturities and spread among various forms of credit and lenders. Assessment of the term for capital tied-up is based on factors such as pricing and refinancing risk in the capital market.</p> <p>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.</p>	 <p>WALLENSTAM'S MANAGEMENT</p> <p>Heavy and stable demand for our products.</p> <p>Good access to land for new construction.</p> <p>Own and manage properties in attractive areas, which are characterized by growth and strong demand.</p> <p>Follow market trends.</p> <p>Flexible business model with the possibility to convert and adapt supply, form of tenure and conditions etc. in the case of changing demand.</p> <p>Long-term planning, close collaboration with municipalities, several concurrent development projects.</p> <p>Land acquisition in focus.</p>	 <p>WALLENSTAM'S MANAGEMENT</p> <p>Follow development of issues concerning our operations. Interpret legal cases and regulatory changes that may result in changed conditions.</p> <p>Proactivity in order to meet new requirements, practice and laws.</p> <p>Comments on proposals, meetings with decision-makers in order to clarify the consequences for the property and energy sectors.</p> <p>Energy-efficient construction and renewable energy investments.</p>	 <p>WALLENSTAM'S MANAGEMENT</p> <p>Continual monitoring of the development of our areas.</p> <p>Co-operation with the municipality, other property owners, tenants and center associations.</p> <p>Initiatives in cooperation with tenants to strengthen the attractiveness of the inner city through events, offers, accessibility, marketing and communication etc.</p>

SENSITIVITY ANALYSIS

Property value using other yield requirements	SEK million
0.50 percentage points lower	52,799
0.25 percentage points lower	49,022
Property value according to our estimate	45,811
0.25 percentage points higher	43,039
0.50 percentage points higher	40,625

Cash flow	SEK million
Change in rental income, residential, 1%	8.8
Change in rental income in negotiable commercial contracts, 1%	1.6
Change in operating costs, 1%	4.8
Change in loan interest rate, 1 percentage point (annual)	124



ORGANIZATION AND EMPLOYEES

Today, more than 250 people work in the Wallenstam Group and are strongly engaged in the company's development. We are careful to maintain an atmosphere where consideration is shown to employees and offer challenges that provide individuals with the opportunity to grow in their professional roles.

Attractive employer

Dedicated people with the right competencies in the right place is one of the key factors for successful enterprise, as well as a pleasant workplace, which offers employees the opportunity to develop and grow along with the company. One of our guiding principles is to be an attractive employer through our strong corporate culture and to improve our Engagement Index score every year.

As far as possible, Wallenstam provides opportunities for advancement within the company, e.g. by announcing vacant positions internally first. Continual skills development and challenges in the day-to-day work are other elements of a positive work situation.

Absence due to illness during the year amounted to 3.3 percent, which was in line with previous years. We have

policies and well-functioning routines in place to identify ill health among our employees, and we attach great importance to the physical working environment and health-promoting activities. There are excellent opportunities for both group and individual training in fitness centers at each office, while health and wellness training is subsidized. All employees are also offered regular occupational healthcare with the purpose of promoting continued good health.

During 2018, all permanent employees in the company were invited to participate in a new synthetic options scheme, which is used as a further incentive for employees to actively contribute to value creation in the business. More than 99 percent have opted to participate in the scheme, see also page 86.

Wallenstam works actively on offering good conditions



and an excellent working environment. The company also has clear and well-functioning routines for new recruitment. Great importance is attached to personal characteristics and qualities, and a welcoming and effective introduction for new employees enables them to quickly become acquainted with the business. There is also an introduction and support process for new managers.

Dedicated employees

Employee performance reviews are conducted annually to support career and personal development, follow up jointly-established goals, gauge the work situation and plan future skills development efforts. Skills development occurs via external and internal training courses and through exchange of knowledge among colleagues. During 2018, Wallenstam's employees participated in training courses in property management and operation, updates to construction rules, law and finance, among other areas.

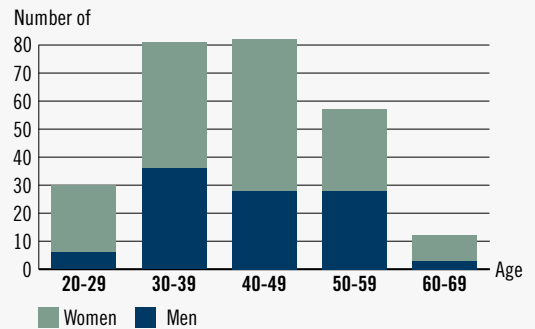
We conduct regular employee surveys to measure employees' views of their personal work situation, the company and its management. Here we will also continually follow up our Engagement Index score, in accordance with our guiding principle.

Areas singled out for Wallenstam in the survey were a high level of satisfaction, great dedication, highly-

251

Wallenstam had an average of 251 employees (244) during 2018. The majority are permanent employees, with a distribution of 58 percent women and 42 percent men. Approximately 30 percent of the employees are based in Stockholm, the rest are in Gothenburg. Wallenstam's employees are covered by the collective bargaining agreement with Fastigo.

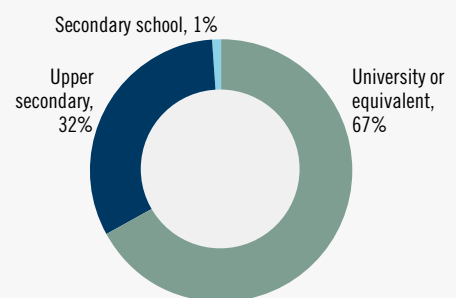
AGE DISTRIBUTION IN THE GROUP



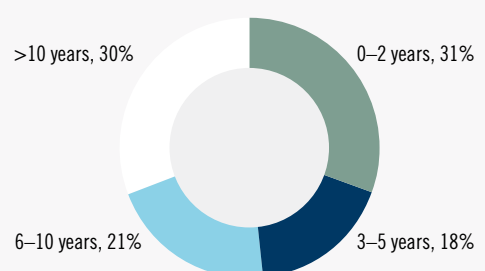
8 years

is the average length of employment for permanently employed personnel at Wallenstam. Absence due to illness during the year amounted to 3.3 percent. Employee turnover during the year was 6 percent.

EDUCATION LEVEL



PERIOD OF EMPLOYMENT



Wallenstam has a uniform distribution between women and men, both at a Board and Group Management level.

regarded leadership and confidence in the management. The results are used as one of a number of tools for advancement of the company. We also conduct regular evaluations where employees provide feedback to their manager based on a number of identified leadership qualities. The result is used as an individual development tool for the company's managers.

Working for equality

During recruitments and in our internal work we aim to ensure that men and women have the same conditions, for example in relation to development initiatives and setting of salaries. Wallenstam currently has a uniform distribution between women and men, both at a Board and Group Management level. At middle management level, the distribution is 62 percent women and 38 percent men, while in the company as a whole, it is 58 percent women and 42 percent men. Equality initiatives are based on several different aspects and are an ongoing process, which we as a company continually work to maintain and improve.

Values and Code of Conduct

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



Vallgatan, Gothenburg



MANAGEMENT AND BUILDING OPERATIONS WITH A LOCAL PRESENCE

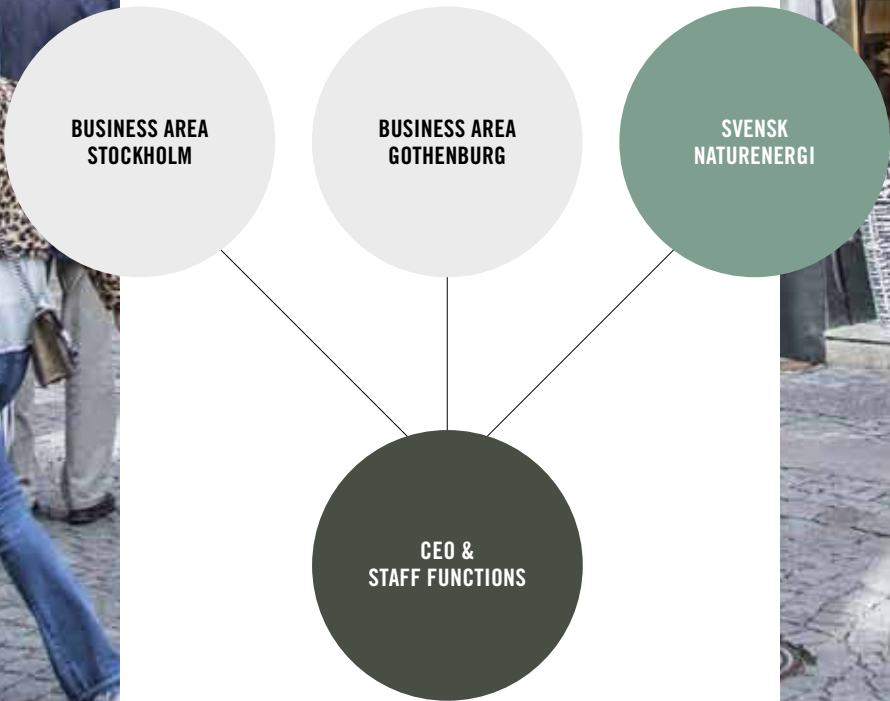
Wallenstam is organized as follows: the Stockholm business area, also including the operations in Uppsala, the Gothenburg business area, also including Helsingborg, and Svensk NaturEnergi. Property management and building operations are conducted in each business area with Wallenstam's own managers and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

CENTRAL CUSTOMER SERVICE

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

PARTNER CONCEPT FOR PROPERTY CARE

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



WALLENSTAM'S GRI REPORTING

Wallenstam applies Global Reporting Initiative, GRI Standards. The reporting follows the financial year and is published annually as part of the annual report. The latest GRI Report was published on March 22, 2018.

This report describes how the Wallenstam Group has worked with sustainability issues during 2018. Wallenstam has defined the scope of the report as the areas referred to in the GRI index. A table is provided on the following pages of what GRI disclosures are reported and where information about the disclosures is found in Wallenstam's reporting. This report has not been reviewed by an external party.

The contact person with regard to the reporting and its content is Sustainability Manager Karin Mizgalski, karin.mizgalski@wallenstam.se.

Information is provided below on the disclosures that are not reported elsewhere in the annual report.

102-8: INFORMATION ON EMPLOYEES AND OTHER WORKERS

The average number of employees in 2018 amounted to 251. All of the Group's employees are permanent employees, with the exception of five people who are probationary employees and 16 people who are employed on a temporary basis, for example in the form of work as a substitute. 14 people work part time, all of whom are permanent employees. Wallenstam had no significant variation in the number of employees during the year. Temporary employees are not reported, as Wallenstam uses temporary employees to a minor extent.

102-11: PRECAUTIONARY PRINCIPLE OR APPROACH

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

102-13: MEMBERSHIP OF ASSOCIATIONS

Representatives of Wallenstam are represented in the governing bodies of Avenyöreningen, Fastighetsägarna Göteborg i:a regionen, Fastighetsägarna Inom Vallgraven (FIVA), Göteborg Citysamverkan ideell förening, Mölnlycke Centrumförening, Nordisk Byggdag and Barn i Nöd, among other organizations.

201-1: DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

SEK million

Direct economic value generated	
Revenues	2,877
Economic value distributed	
Payments to suppliers	-3,026
<i>Of which, VAT without right to deduction</i>	-395
Employee wages and benefits, incl. pensions and taxes	-231
Fees and benefits to the Board and CEO, incl. pensions and taxes	-10
Paid energy tax, stamp duty, property tax	-111
Interest payments to providers of capital, net	-1,011
Dividend to shareholders and repurchase of shares	-812
Economic value retained	-2,324

* Base year 2013 – commences from start of the business plan 2018.

** 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 2018 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 2017.

302-1: ENERGY CONSUMPTION WITHIN THE ORGANIZATION

Unit	2018	2017	2016	2015	2014	2013*	
Fuel consumption							
Total fuel consumption from non-renewable sources	MWh	521	483	624	600	574	608
Heating oil	MWh	379	377	447	499	487	530
Natural gas	MWh	142	107	177	101	87	78
Fuel consumption from renewable sources							
Non-applicable	-	-	-	-	-	-	-
Energy consumption							
Electricity**	MWh	41,280	35,526	35,742	34,254	35,065	46,687
Heating	MWh	96,033	87,475	93,684	89,891	97,060	122,452
District heating	MWh	95,512	86,992	93,060	89,291	96,486	121,844
Oil	MWh	379	377	447	499	487	530
Natural gas	MWh	142	107	177	101	87	78
Cooling	MWh	557	621	707	783	692	684
District cooling	MWh	557	621	707	783	692	684
Green cooling	MWh	-	-	-	-	-	-
Total energy consumption, non-renewable	MWh	46,148	40,661	44,374	44,974	97,752	123,136
Total energy consumption, renewable	MWh	91,721	82,961	85,758	79,954	35,065	46,687
Total energy consumption	MWh	137,869	123,622	130,133	124,927	132,817	169,823
Heating per sq m climate-adjusted	KWh	87.2	82.9	91.5	92.1	105.1	106.6
Own electricity production from renewable sources							
Wind power	MWh	337,880	381,440	351,794	415,284	321,200	281,452

302-3: ENERGY INTENSITY

2018	
kWh/per sq m	116

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

302-4: REDUCTION OF ENERGY CONSUMPTION*

Unit	2018	2017	2016	2015	2014	
Total reduction	MWh	-14,247	6,511	-5,206	7,889	37,007
Reduction electricity	MWh	-5,754	217	-1,489	812	11,622
Reduction heating	MWh	-8,557	6,208	-3,793	7,169	25,393
Reduction cooling	MWh	64	86	76	-91	-8

305-1: DIRECT GREENHOUSE GAS EMISSIONS***

Unit	2018	2017	2016	2015	2014	2013*	
Direct greenhouse gas emissions	ton	132	124	158	156	145	159

305-2: INDIRECT GREENHOUSE GAS EMISSIONS***

Unit	Comment	2018	2017	2016	2015	2014	2013*
Electricity	ton CO ₂ Market-based method: 100% internally generated wind power	0	0	0	0	0	0
	ton CO ₂ Location-based method: Average emission factor for Sweden (Svensk Energi)	578	462	465	445	456	700
District heating		4,774	3,763	3,473	3,416	4,010	8,160
District cooling		0	0	16	19	24	24

305-4: GHG EMISSIONS INTENSITY***

2018	
g CO ₂ per sq m	111

Refers to Scope 1 and 2 CO₂ emissions in Wallenstam's property holdings excluding tenants.

305-5: REDUCTION OF GREENHOUSE GAS EMISSIONS***

	Unit	2018	2017	2016	2015	2014	2013*
Reduction of greenhouse gas emissions	ton CO ₂	-1,019	-241	-56	589	4,163	
Total emissions CO ₂ per sq m		4.13	3.49	3.40	3.69	5.4	5.93
Reduction of CO ₂ per sq m	%	-18.1	-2.8	7.9	31.7	8.9	
Accumulated reduction since 2013 per sq m	%	30.4	41.1	42.7	37.8	8.9	

401-1 NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER

New employees 2018

Age	Number of persons	of whom women/men	of whom in Gothenburg/Stockholm
Under 30 years	9	6/3	6/3
30-50 years	12	10/2	7/5
Over 50 years	3	2/1	2/1
Total	24	18/6	15/9

406-1: INCIDENTS OF DISCRIMINATION AND CORRECTIVE ACTIONS TAKEN

No incidents of discrimination were reported in 2018.

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* This is a new important focus area for Wallenstam. During 2019, strategies and processes for follow-up and reporting will be developed.

** 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.