

# Annual, Governance, and Sustainability Report

2023



**Heimstaden**  
BOSTAD

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Enrich and Simplify Lives  
Through Friendly Homes

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Cover photo from Amsterdam  
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### Administration Report and Financial Information

Heimstaden Bostad is a public Company. Corporate identification number 556864-0873. Domiciled in Malmö, Sweden. This report contains forward-looking information based on the current expectations of Heimstaden Bostad’s management. No guarantee can be provided that these expectations will prove correct, and future outcomes may vary considerably compared to what is presented herein based on, among other things, changing economic, market, and competitive conditions, changes in legal requirements and other policy measures, and exchange-rate fluctuations. The Annual Report is published in Swedish and English. The Swedish version is the original and has been audited by Heimstaden Bostad’s auditor. Figures in brackets refer to the previous year, 2022, unless otherwise stated.

Audited sections include the annual accounts and consolidated accounts of Heimstaden Bostad AB (publ) except for the corporate governance statement on [pages 30–42](#) and the statutory sustainability report on [pages 122–192](#) for the year 2023. The annual accounts and consolidated accounts of the company included on [pages 1–2, 5, 17–20, 43–100](#) in this document.

## Simplified Company Structure



Heimstaden Bostad is a leading European residential real estate company. The Company is owned by industrial investor, Heimstaden, together with long-term institutional investors who share a philosophy for evergreen and sustainable investments.

<sup>1</sup> Heimstaden Bostad/Allianz partnership owning part of the Swedish and German portfolio. Consolidated as Group companies.

# Investment Properties

**161,553**

Homes

**92.7%**

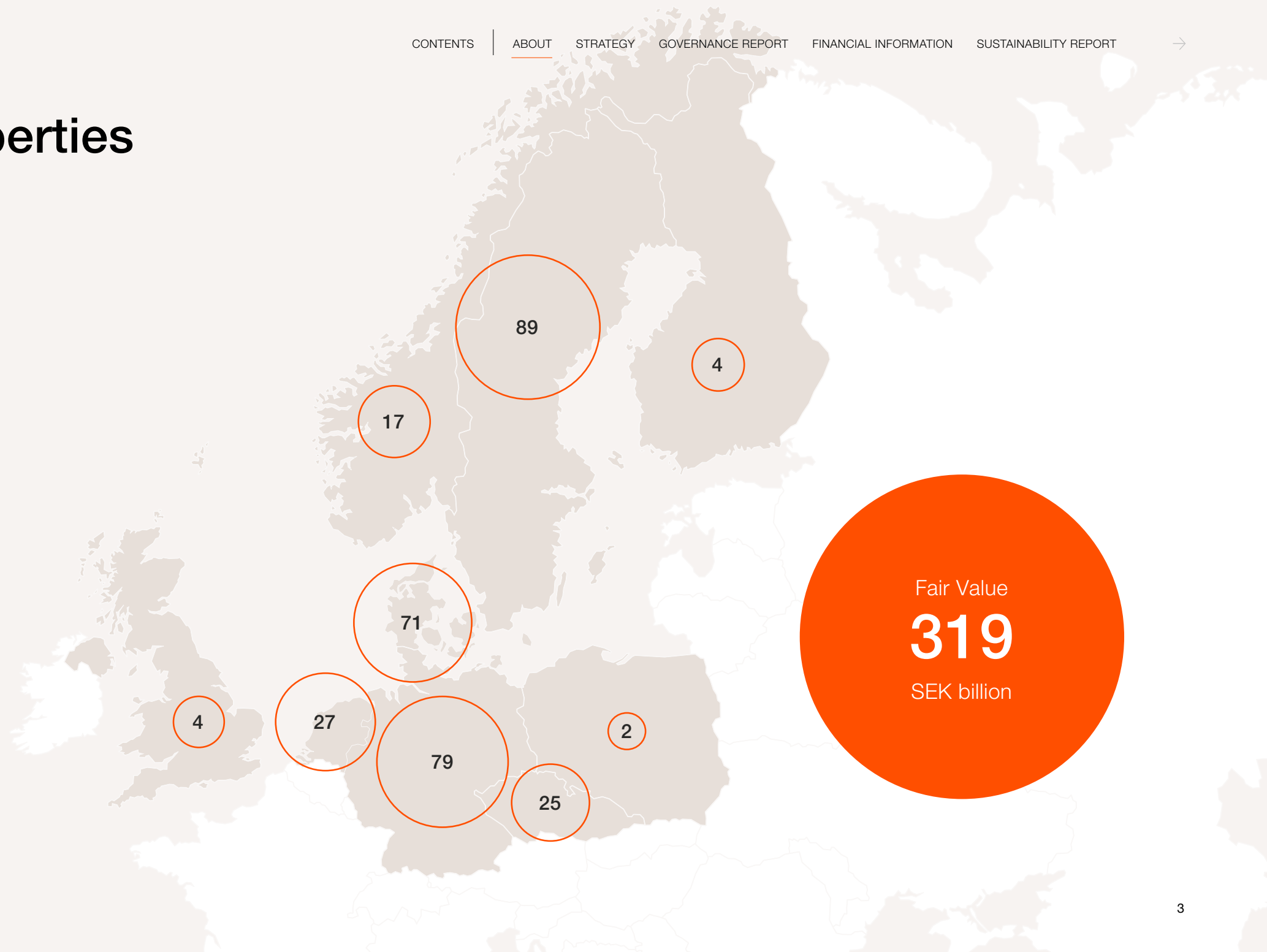
Residential Area

**57.2%**

Regulated Income

**98.2%**

Real Economic Occupancy



Fair Value  
**319**  
SEK billion

# Key Characteristics



## Long-term Ownership and Value Creation

Heimstaden Bostad is owned by Heimstaden and long-term institutional investors who share a philosophy for evergreen and sustainable investments. As Group Manager, Heimstaden has substantial experience in acquiring, developing, and actively managing residential real estate.



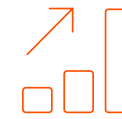
## Attractive and Resilient Asset Class

Residential real estate is the world's largest asset class and an essential part of the global economy. Noncyclical in nature, it is a basic human need without risk of disruption and with strong supportive demographic trends, such as decreasing household sizes, supply shortages, and urbanization.



## Diversified Portfolio Across Strong European Markets

Heimstaden Bostad's property portfolio is diversified across attractive European markets with growing economies and favourable residential fundamentals. The portfolio has a balanced exposure to regulated and unregulated rental regimes, which provides Heimstaden Bostad with stable and secure cash flows as well as the ability to capture upsides from positive market developments.



## Integrated Operating Platform with Proven Track Record

An integrated and scalable operating platform ensures a common experience for our customers combined with cost-efficient integration across our markets.



## Operational Resilience

Heimstaden Bostad follows a strategy for responsible growth and value creation and has continuously improved its operating performance. We adhere to conservative financial principles that support Heimstaden Bostad's long-term strategy and mission as an evergreen investor.

# The Year in Brief

- Residential real estate fundamentals remain strong, reflected in our operational results which include solid 5.1% like-for-like rental growth, high 98.2% real economic occupancy, and a NOI margin of 67.4%
- Yield expansion continued to impact property valuations negatively but is trending towards stabilisation
- We have maintained a focus on asset-backed financing, securing significant volumes with SEK 33 billion closed in 2023
- Increased the hedge position to 86% in the context of recent rate movement to improve predictability of ICR
- The privatisation plan shows strong initial results, and we have made good progress in covering funding needs
- Board has proposed that no dividend shall be paid to any of the Share Classes
- We have set new ambitious social targets, aiming for 5,000 inclusive housing contracts within the next three years, with 4,767 already signed
- On track to meet climate targets aligned with the Paris Agreement, reducing greenhouse gas emissions by 10% (Scope 1-3, downstream leased assets)
- Reduction in climate corrected energy intensity by 8% compared to 2022 for comparable properties
- Our recent Morningstar Sustainalytics ESG Risk Rating was upgraded to 'Negligible Risk' from 'Low Risk' last year

**17.9%**  
Rental Income Growth

**2.5 billion**  
Divestments, SEK

**56.3%**  
Net Loan-to-value

**2.0x**  
Interest Coverage Ratio

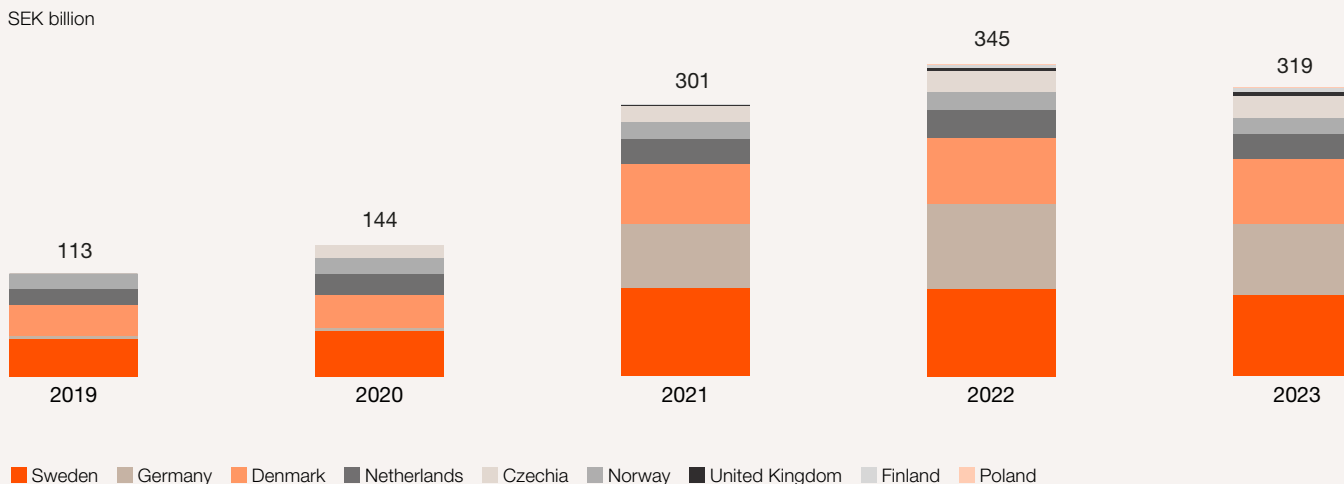
## Key Figures

SEK million

	2019	2020	2021	2022	2023
Rental income	4,135	6,332	8,608	12,702	14,974
Net operating income	2,403	3,893	5,386	8,141	10,091
Profit before unrealised fair value adjustments	2,175	3,567	2,614	7,501	9,293
Total comprehensive income/loss	4,740	4,194	22,579	8,382	-26,283
Net loan-to-value, % <sup>1</sup>	48.0	43.9	46.2	50.3	56.3
Interest coverage ratio, multiple <sup>1</sup>	2.5	2.9	4.1	3.8	2.0
Real economic occupancy, residential, %	98.8	97.5	97.9	98.4	98.2

<sup>1</sup> For definitions and calculations see [page 104](#) in Alternative Performance Measures"

## Fair Value





	Q1	Q2	Q3	Q4
Fair Value, SEK	<b>335 billion</b>	<b>340 billion</b>	<b>332 billion</b>	<b>319 billion</b>
Homes	<b>159,089</b>	<b>160,517</b>	<b>161,532</b>	<b>161,553</b>
Real Economic Occupancy	<b>98.2%</b>	<b>98.1%</b>	<b>98.1%</b>	<b>98.4%</b>
Net LTV	<b>52.7%</b>	<b>54.4%</b>	<b>55.1%</b>	<b>56.3%</b>

Greater Manchester Pension Fund, one of the largest governmental pension funds in the UK, joined as a shareholder

Completed a buyback of senior unsecured bonds of appr. SEK 10 billion financed with existing liquidity and new shareholder equity

Obtained SEK 12 billion in asset backed financing

Revised the Climate and Social Roadmaps, introducing a target to provide 5,000 inclusive housing contracts by 2026

Helge Krogsbøl became CEO and Thomas Hansen joined as CFO

Obtained SEK 3 billion in asset backed financing

The Diversity Board was established to promote a safe, inclusive workplace with equal employee opportunities

Helge Leiro Baastad appointed new Chairperson of the Board with Rebecka Elkert and Klas Åkerbäck as new Board Members

Announced Rutger Kaeding as new Head of Corporate Finance

The Board approved a privatisation plan targeting 25% of the portfolio value over 8–10 years, with a short-term target of SEK 20 billion by the end of 2025, prioritising credit metric support

The Board aligned financial policy levels with ‘BBB’ rating thresholds from S&P

Obtained SEK 13 billion in asset backed financing, including EUR 700 million in sustainability-linked bank financing from EBRD and other banks

Fitch affirmed our BBB (investment grade rating) with revised outlook to Rating Watch Negative

Morningstar Sustainalytics improved Heimstaden Bostad’s ESG Risk Rating to “Negligible Risk” from “Low Risk”

Appointed Christian Fladeland as Deputy-CEO and Louise Schaldemose as Group Director of Letting

Successful privatisation launch – sold units for SEK 1.2 billion, achieving a 32% gross premium in 2023

S&P Global Ratings lowers Heimstaden Bostad’s long-term issuer credit rating to ‘BBB-’ from ‘BBB’ and assigns Negative Outlook

Completed a buyback of senior unsecured bonds of appr. SEK 1.5 billion financed with existing liquidity

Obtained SEK 5 billion in asset backed financing and extended our banking relationships by signing our first Polish secured financing

Increased the hedge position to 86% in the context of recent rate movement to improve predictability of ICR

Appointed Rita Berg Hansen as Group Director of Privatisation and Eva Bienias as Group Director of Environmental Sustainability

# Resilience in a Challenging Market

As we enter a new year and start executing on our 2024 plans, let us reflect on the challenges and opportunities of 2023. Last year, market dynamics, interest rates, credit ratings, and news cycles repeatedly drove industry conversations and international headlines. Underneath the ‘noise’, we delivered stronger than ever operational results supported by low vacancy, strong rental growth, and industry-leading ESG performance all while delivering customer satisfaction figures we are proud of.

## Exiting a Turbulent Period

The funding environment dominated 2023 as a strong headwind impacted our S&P-defined interest cover ratio (ICR), which declined from 2.7x in Q4 2022 to 1.7x in Q4 2023. Though the decline was anticipated when entering the year, the reduction in our coverage prompted negative action from our two rating agencies in the second half of the year. These events coincided with substantial media coverage, inaccurately portraying Heimstaden Bostad as a company in crisis.

## Entering the New Year With a Stronger Foundation

Despite the turbulence, our portfolio remains resilient as we enter 2024, sustaining a strong operational performance across all nine markets. Key operational indicators, including an improving net operating margin (67.4%), strong like-for-like rental income growth (5.1%), and high real economic occupancy (98.2%), have shown consistent strength. As an operator of a unique and diversified portfolio, holding a leading position in European residential real estate, we expect these favourable trends to persist into 2024, driven by strong fundamentals across our markets.

## Accelerated Privatisation is a Major Focus in 2024

Our privatisation programme finished its first quarter of execution ahead of expectations, with a 32% premium on book value

on sales of SEK 1.2 billion by end year. As we enter the planned ramp-up phase, the new business area is firmly established in the organisation and on track to deliver on our SEK 20 billion sales value goal by the end of 2025. The proceeds will support our deleveraging efforts and improve our credit metrics.

## Support Credit Ratings With Prudent Financial Management

To maintain an investment-grade rating is instrumental for Heimstaden Bostad. While our ambition is to reestablish a ‘BBB’ rating, our current focus is resolving the negative rating outlook. We continue to engage in a close dialogue with the rating agencies, acknowledging that delivering our base case forecast – which includes a stabilised ICR well above the downgrade threshold – is key for resolving the negative outlook. In parallel, we prioritise funding access and manage maturities cautiously through key banking partnerships, having raised over SEK 50 billion in funding in 2022 and 2023. Finally, the Board’s unanimous proposal to forgo dividends will bolster liquidity, and strengthen our credit profile.

## Continuing Best Practices in Governance

Adopting the Swedish Code of Corporate Governance in 2021 initiated transformative reforms aligning our framework with in-

ternational best practices. The recent addition of Board Chair Helge Leiro Baastad in the fall of 2023 has brought great contributions, elevating governance topics as we advance our industry leading pan-European platform.

## Validation of Our Progress Towards Our Climate Commitments

As a major property owner, we are dedicated to combating climate change by reducing our greenhouse gas emissions in line with the Paris Agreement. Last year’s initiatives achieved energy reductions of 8% per square metre compared to 2022, aligning well with our ambitious 42% CO<sub>2</sub> reduction target by 2030. Attaining top rankings globally, regionally, and industrially by Morningstar Sustainalytics serves as a strong validation of our commitment to sustainability.

## People are Our Foundation

I am deeply impressed by our colleagues’ dedication and hard work, which has been instrumental in achieving robust operational results and impactful societal contributions in the past year. They consistently place our customers at the heart of our Friendly Homes mission. The 78% overall customer satisfaction score for 2023 serves as good documentation of last year’s performance.

With unwavering commitment from our teams, we will continue to enhance our operational platform to seize opportunities and achieve our 2024 goals.



Helge Krogsbøl  
CEO Heimstaden Bostad



“We delivered stronger than ever operational results supported by low vacancy, strong rental growth, and industry leading ESG performance all while delivering customer satisfaction figures we are proud of.”

# Market Update

2023 turned out to be another year of geopolitical tensions maintaining uncertainty about economic growth and inflation. As the year progressed, macro data provided comfort that inflation had come down at a swift pace and interest rates had peaked, supporting the outlook for sectors of real estate with fundamental tailwinds, such as residential.

## Inflation Target is Within Reach

The consequences of the unprecedented pace of interest hikes have been questioned by economic commentators with opinions shifting as macro indicators continuously pointed in opposite directions. Ultimately, inflation has come down quickly allowing for a loosening of financial conditions and the 'sticky' core inflation seems to not be that sticky. With households proving to be resilient to increased interest rates and reduced purchasing power, the odds for a soft-landing look promising. Demand is cooling and supply chains have restored together with a reversal of energy prices from 2022 highs, providing comfort we will reach the ECB's 2% inflation target without forcing the economy into a deep recession.

## Consensus can Change Quickly

By end-2021, the idea of interest rates increasing seemed unimaginable. However, by end-2022, the scenario of interest rates decreasing similarly looked unimaginable. It's human nature to use recent data to explain the present and what to expect of the future, and this leads to noise in understanding structural trends in inflation. There has been a lot of events in the past two years to digest, an energy crisis fuelling expectations of significant energy transition investments and geopolitical events leading to deglobalisation trends and scaling up

military investments. These trends are indeed net inflationary but can also easily lead to confirmatory bias for why recently observed inflation levels will remain higher with limited consideration for the overall demand deterioration observed.

## Tectonic Movements Within Real Estate

Entering the financial crisis there was a uniform impact across real estate sectors: commercial real estate experienced increasing vacancy rates and decreasing rent levels, due to lowered employment rates and reduced consumption. Residential, at the time, was not widely recognised as an institutional asset class and had little investor attention.

The situation is different today, and consequently the impact is not uniform. Today, real estate sectors are not only impacted by cyclical trends or tightened financial market conditions, but fundamentally changed framework conditions. E-commerce's impact on retail has been evident for years and offices have come into the spotlight post-COVID. But has it really been only post-COVID that offices have experienced structural changes? Work-from-home trends have tangible impact on office demand, but even before this we have seen changing requirements by office tenants which include reduced space

requirements and material changes to how attractive office space looks like, resulting in significant capex requirements.

This is set to impact real estate portfolio compositions going forward, and the institutional darlings of the past are set to be replaced with the more resilient demographic-driven real estate sectors, where risk of assets becoming obsolete is low and long-term supply/demand imbalances are destined, such as residential.

## Historical Spread between Rental and Ownership Housing

Rental capital values have observed nominal setbacks in the range 5–20% over the past 18 months, reflecting real price drops of 20–35%. This is unprecedented in a non-cyclical asset class that is undersupplied and where replacement costs have increased substantially. An investment market vacuum exists with many buyers in recent years having acquired residential real estate as a low-beta fixed income substitute and with risk-free rates having risen 300–400 bps, the spread to residential yields have narrowed and these buyers disappeared. During such period, it should have been the 'true' real estate investors or long-term institutional investors who filled the gap, but with institutions having to recalibrate their portfolio allocations to a new interest rate environment and real estate companies focused at strengthening their credit metrics, this gap has been allowed to persist, causing pressure on rental capital values.

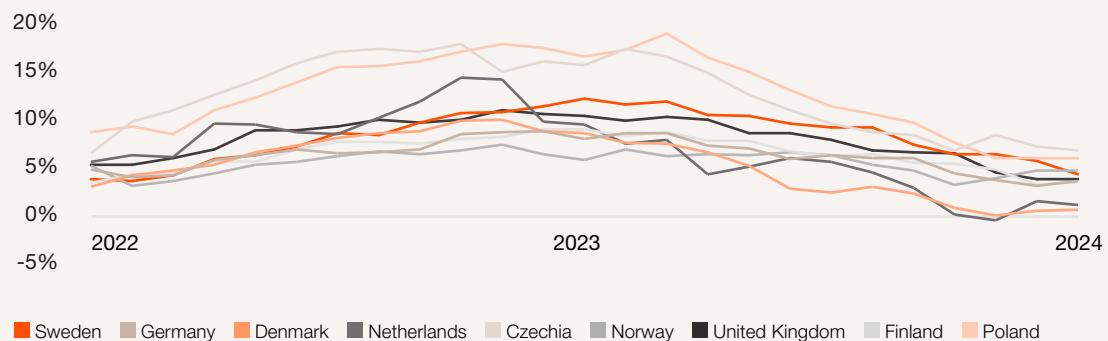
The dynamics in the private ownership market have been remarkably different. Despite rising interest rates having had an impact on affordability, the exacerbated supply/demand imbalance combined with high employment and increasing wages have made ownership housing prices highly resilient. While



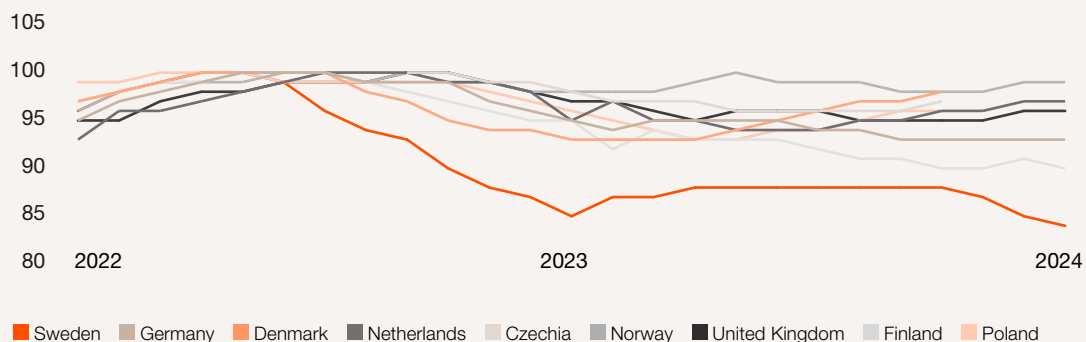
“Rising supply shortages and replacement costs suggest residential real estate values will inevitably recover—it’s a matter of when, not if.”



**Inflation rate development between Dec 2021 and Dec 2023 for Heimstaden Bostad's portfolio markets**



**House price index between Dec 2021 and Dec 2023 for Heimstaden Bostad's portfolio markets**



there are variations across markets, the ownership markets have been impacted by a factor of less than 0.5x of the rental capital values with ownership markets typically down 5–10% in real prices from peak.

**Portfolio Management More Important than Ever**

The relationship between rental capital values and ownership values is something we continuously monitor and is the key rationale for our extensive privatisation plan covering 25% of our fair value portfolio. By end-2023, we had sold more than 300 units with proceeds exceeding SEK 1.2 billion (in properties with total book value of SEK 20 billion), reflecting an average premium of 32%.

Optimising capital allocation is always important, but in an environment with swiftly changing cost of capital and inflation it becomes even more important. Yield thresholds for apartment upgrades, repairing vs replacing a roof, etc. have changed materially in the past 18 months and an organisation should be ready to embrace sudden shifts, which I'm proud to say we have succeeded in the fullest.

**Supply Shortage is Accumulating and Set to Dominate**

As the resilient ownership values indicate, residential does not follow ordinary commercial real estate dynamics and should be considered like a commodity with due consideration to its substance value and the supply/demand balance. While for a commodity the substance value can be measured as its marginal cost of exploration, residential can be measured by its replacement cost (i.e., cost of building new), which has increased materially in recent years. The supply shortage is only set to increase until residential values are to recover to motivate new supply, and as the resilience in ownership values reveal the strength of supply shortage should not be underestimated. Continuous pressure on values cannot withstand gravity of supply shortage and increased replacement costs for something as fundamental to everybody's lives as residential real estate, making it rather a question of when, and not if, values will start to recover.

Christian Fladeland  
Deputy Chief Executive Officer & Chief Investment Officer  
Heimstaden Bostad

## Strategy

# Delivering Friendly Homes

The real estate sector has undergone a transformative period marked by unprecedented financial market corrections in 2022 and 2023. This shift highlights the importance of factors such as financing access, cost efficiency, and operational excellence. Consequently, our strategy has evolved. We are shifting our focus from growth to recalibration of our capital allocation strategy. This change adapts to the higher cost of capital and is underscored by a rigorous commitment to financial and funding discipline.

Having consistently delivered strong operational results, Heimstaden Bostad is well-positioned for sustained growth once the financial turbulence resides.

### Why We Love Residential Real Estate

The allure of residential real estate lies in its irreplaceable nature as a fundamental human need, it cannot be digitised. Trends of urbanisation and smaller households drive demand for housing, while limited supply in central locations intensifies demand for rentals. With housing shortages and increasing ownership costs, rental growth is expected to outpace inflation in the coming years. Additionally, as new builds are not viable at current yields and rental levels, the risk-adjusted returns of the asset class are further supported.

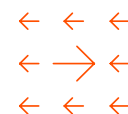
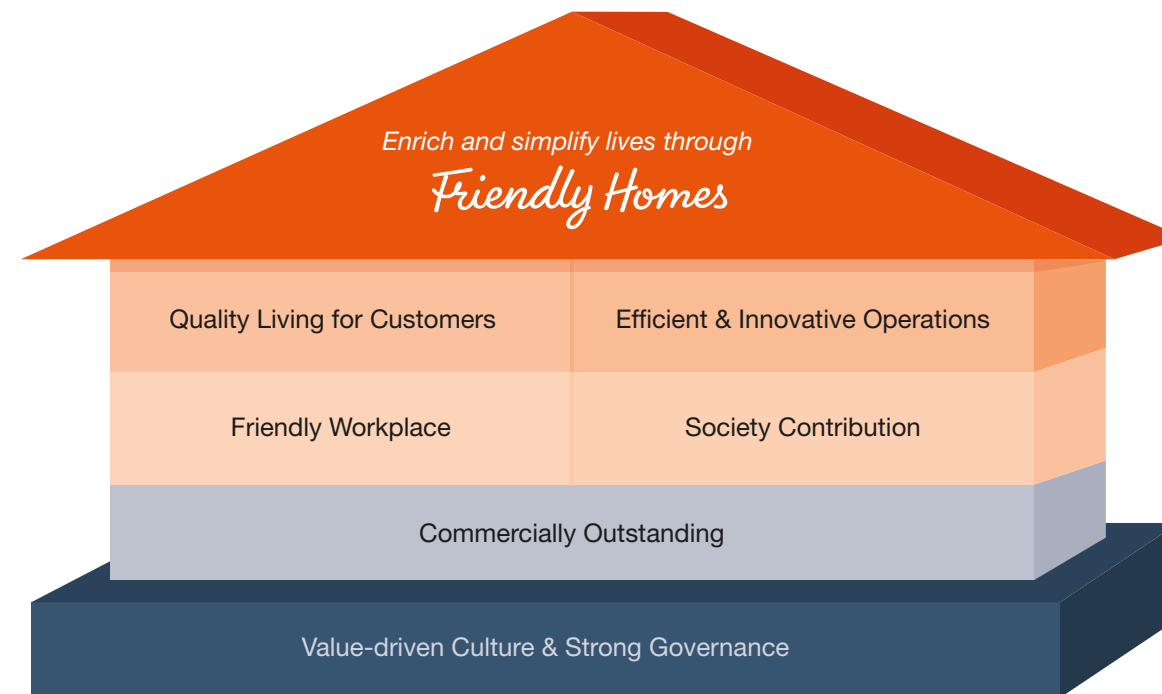
### Why Heimstaden Bostad

Heimstaden Bostad, as the only pan-European residential company, leverages its scalable digital platform for economic

profitability, sustainability, and customer satisfaction. With in-house operations and skilled local teams, we have a proven track record in operational excellence. Our unique position enables us to evaluate relative pricing across markets and ensure efficient capital allocation, optimising the risk-adjusted returns for our owners.

### Mission and Goals

Guided by Scandinavian entrepreneurial values and strong governance, we have a clear strategy to fulfil our mission of enriching and simplifying lives through Friendly Homes. Beyond providing homes, we ensure sustainable, long-term returns for our owners and meaningful contributions to society. This is facilitated by fostering a stimulating work environment and satisfying tenants. Commercial excellence is foundational, driving the creation and growth of Friendly Homes. We are focused on delivering high-quality, efficient, and innovative operations by continuously striving for improvement at every level.



### Dare

to change the world and never compromise our beliefs - meet challenges head-on and speak up.



### Care

about society, partners, customers, and colleagues - together finding sustainable solutions.



### Share

our knowledge and willingly help each other grow. We are authentic, transparent, and honest in our communication and actions.

## Top Level KPIs



### Commercially Outstanding

NOI Margin: **68%** (2024)

Privatisation:

Sales of **SEK 20 billion** (2025)

Gross Premium of **+20%**

ROE **+10%** (long term)

**BBB rating** (target)



### Efficient & Innovative Operations

Real Economic Occupancy:  
Greater than **98.5%** (2024)

Yield on Tenant Improvements:  
**+10%** (2024)

Rent increase (LFL) :  
**4.7%** (2024)



### Quality Living for Customers

Total service:  
**80%** (2026)

Take Customer Seriously:  
**86%** (2026)

Security:  
**80%** (2026)

Overall Customer Satisfaction:  
**>78%** (2024)



### Friendly Workplace

**Top 25<sup>th</sup> percentile** in Engagement, Diversity & Inclusion, and Health & Wellbeing scores (2024)

Equal gender representation (**50/50**)

Vision of zero work accidents



### Society Contribution

Reduce GHG emissions by **42%** from 2020 as base year (2030)<sup>1</sup>

Reduce the amount of purchased energy by **2%** per sqm per year (2025)

At least **1%** reduced water consumption per sqm per year (2030)

**5,000** inclusive housing contracts (2026)

**240** inclusive jobs (2026)

**100%** of employees have signed the Code of Conduct and 100% of suppliers have signed the Business Partner Principles

Require that suppliers covering **27%** of our spend should set science-based targets (2027)

<sup>1</sup> Reduce absolute scope 1, 2, and 3 GHG emissions covering downstream leased assets by 42% by 2030 from a 2020 base year.

## Property and Asset Management

# Active Asset Management to Ensure Efficient Capital Allocation

We entered 2023 with a continued mission to create long-term stakeholder value. Responding to macroeconomic changes, we increased hurdle rates for new value-add projects in-line with our commitment to safeguarding credit metrics. This disciplined approach fortifies our financial position, enabling us to continue delivering accretive results. A detailed portfolio review identified strategic privatisation of selected properties as a viable path, enhancing long-term value and operational efficiency.

### Executing on Our Ambitious Emission Targets

In 2023, we expanded our climate roadmap to include acquired properties up until the year of 2022 and strategically shifted the responsibility for the Climate Roadmap to Asset Management. This change places Asset Management at the forefront of climate roadmap project execution.

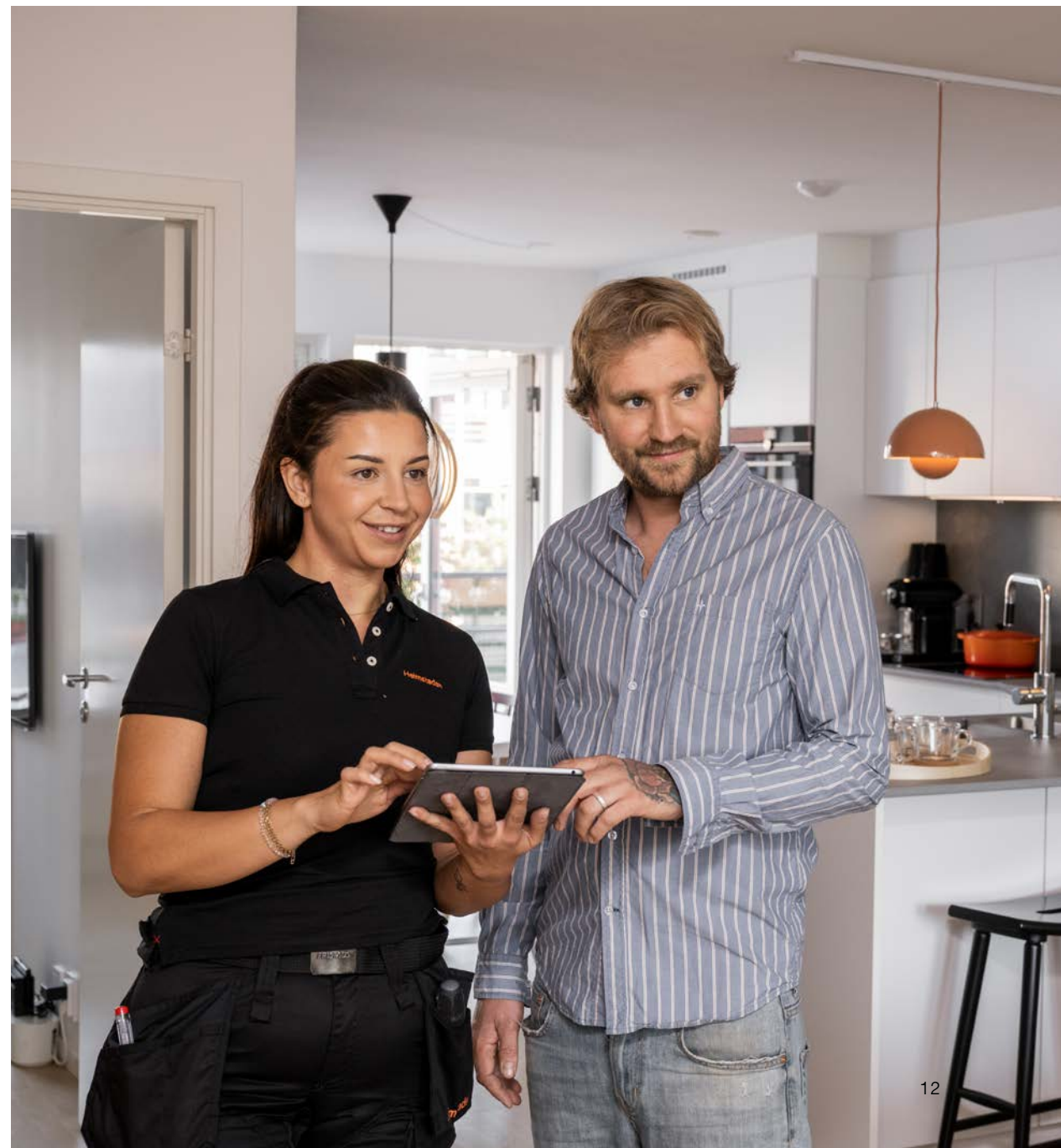
We have accelerated our efforts to reduce carbon emissions in line with the Paris Agreement and are seeing our plans in action across our portfolio. It estimates savings through energy intensity reductions of 7.5%. This demonstrates our progress towards achieving the ambitious CO<sub>2</sub> emissions reduction targets of 42% by 2030, using 2020 as the base year.

Aligned with our sustainability investment strategy, we continue to prioritise insulating buildings to reduce winter energy consumption, transitioning from fossil fuels to re-

newables, and optimising energy efficiency through digital controls. This approach not only delivers net savings for tenants but also generates a 6% unlevered yield on investment.

### Tenant Improvements Continue to Boost Rental Growth

Quickly adapting to the rising interest rates and inflation's impact on material costs, we adjusted yield thresholds for value accretive investments like Tenant Improvements (TI) and other opportunistic value-add projects. This led to reduced volumes and higher relative returns, emphasising those with immediately accretive ICR impacts while maintaining the option to execute others in the future or at the next churn. Throughout the year, we renovated 4,602 units with an average rental uplift of 40%, delivered at an 8% yield on cost with a return on investment of 35.5%.





## 2023 Performance Highlights

**4,602**

Tenants Improvements Completed

**8%**

Tenant Improvements, Average Yield

**35.5%**

Tenant Improvements, Return on Investment

**4,526**

New Development Units Completed

**1,066**

Apartments Insulated

Fewer value add projects initiated and a more cautious approach to planned maintenance, resulted in a Year on-Year decreased CAPEX of 13.4% or SEK 700 million.

Looking ahead to 2024, our focus will remain on cash management. We anticipate a reduction of TI unit volume of roughly 30%, but with an emphasis on increasing the yield on investment even further.

### Completing New Production Commitments

Following years of active investments and growth, we completed a substantial portion of new production projects, delivering 4,526 apartments in 2023. This included Forward Funding, Forward Purchase, and Own Development projects, with the majority of associated spending for the remaining pipeline already accounted for. Through bilateral negotiations with turn-key development partners, we reached agreements allowing them to buy-out of delivering 1,556 homes for a price of SEK 138 million, reducing our future funding commitments by SEK 1,713 million.

In 2024 we plan to deliver 79% of our remaining development pipeline, amounting to 2,957 units and representing an estimated SEK 305 million in additional NOI potential.

### Efficient Property Management

After implementing our Operational Handbook across all markets, which standardised our operational processes and enhanced cost efficiency, we have successfully reduced operational costs and our cost-efficiency programme will persist throughout 2024.

### Digitising the Operational Value Chain

We work in an increasingly data-driven manner, and through the implementation of our internal portal MyWork and our customer portal Heimstaden Property Platform, we have integrated useful tools in our way of working. Digitising the customer journey not only offers more opportunities to deliver best-in-class service to our tenants, but also holds the potential to improve the efficiency of day-to-day operations with controlled and readily accessible data, optimised administration,

and reduced costs. This digital transformation is also crucial for achieving our climate targets.

We have initiated the roll-out of Heimstaden Property Platform in Germany, providing on-hand relevant contract and payment documentation for our customers, enabling us to allocate resources more efficiently and enhancing customer experience.

While operational savings from the rollout are not yet fully realised, there are promising developments in our digitalisation efforts. Taking a deeper, rather than wider, approach in the German market has allowed us to digitise the entire rental process, including contract signing and complex rental calculations. These efforts drive operational efficiency and positively impact profit margins.

### Digitising Our Value Chain

With the introduction of our new digital customer portal, Heimstaden Property Platform, in Germany in 2023, we are improving the way we communicate with our tenants. Now, they have access to a transparent and 24/7/365 communication channel for all their concerns.

Tenants can access documents and data related to their homes and the properties they reside in. They can also submit service requests and report damages at any time. With the assistance of a digital tool, tenants are guided through their requests and supported in recording problems. This ensures that inquiries reach the right contact immediately.

Approximately 20% of our tenants in Germany are already taking advantage of the benefits offered by Heimstaden Property Platform, and more are joining every day.



## 2023 Privatisation Highlights

**300+**

Homes sold

**1.2**

SEK billion in proceeds

**32% / 2.8%**

Gross premium / Implied yield

### Privatisation - Crystallising Significant Premiums

In Q3, the Board approved a Privatisation Plan for unit-by-unit sales, aiming for SEK 20 billion in sales by 2025 at a +20% premium.

Based on a detailed analysis, we have identified appr. 25% of our portfolio, or about SEK 85 billion in book value, suitable for transition to the home-ownership market when tenants move out.

This assessment considered forward looking returns, achievable profits, operational fit, and existing funding. Consequently, we have selected five of our nine markets to be included and expect premiums to exceed 20% of book value.

Initial results are promising, with a 32% premium on book value from the sale of SEK 1.2 billion by end year. This plan will intensify over the coming quarters, supporting our deleveraging and improving our credit metrics. You can read more about privatisation at [page 15](#).

We have appointed a Group Director of Privatisation to spearhead this strategic initiative, overseeing the privatisations team, and advancing the ramp-up of privatisation across our markets.

### Sustainability-Linked Financing

In September 2023, Heimstaden Bostad secured EUR 700 million in sustainability-linked financing from European Bank for Reconstruction and Development (EBRD) and a consortium of Central European banks. These funds will support sustainability projects in our Czech properties, including thermal insulation, heat pumps, and renewable fuel adoption. EBRD, with the support of 71 countries, the EU, and the European Investment Bank, promotes responsible and sustainable development.

### Energy Efficiency Efforts

Throughout the year, we introduced an advanced AI control system to enhance heating system efficiency, as described in our Sustainability Report on [page 141](#) and [172](#). Our primary goal has been to bolster our ability to report property-related sustainability data, facilitating monthly updates across our markets.

The AI control system will help identify and follow up on where we can save the most energy in the most efficient way to cut costs and lower our CO<sub>2</sub> emissions.



## Investments and Divestments

# Consolidation and Exploration of Opportunities

Following years of growth, we consolidated our business in 2023 and continued realising synergies from recent years acquisitions, while calibrating capital allocation to reflect the higher interest rate environment, supporting shareholder value creation and our financial objectives.

### A Stagnant Transactional Market

By late 2023, after consecutive quarters of rising interest rates and record inflation, rates have started to compress while inflation has come down significantly, bringing inflation closer to central banks' targets.

Uncertainty about real rate stabilisation and the varying ability of different real estate segments to pass through inflation to net operating income has resulted in a stagnant transactional market.

As a result, residential development has reached a decade-long low, exacerbating supply/demand imbalance in all our markets. Therefore, we expect like-for-like rent increases to exceed inflation in the coming years and capital values to gradually recover after six quarters of yield expansion dominating value development.

Limited residential transactions reflect a significant bid-ask spread. Buyers are cautious as they await stabilisation in yields, while sellers feeling the tailwinds of the asset class through historical strong operations and fundamentals that are only set to improve with the increased replacement costs and yield requirement keeping new supply constrained.

Residential real estate uniquely benefits from a broad consumer market, providing transaction alternatives between homeownership and rental strategies. Homeownership markets have been significantly less exposed to the increasing interest rates due to prudent credit restrictions in the zero-interest rate environment and the non-cyclical nature of residential demand. Transactions are occurring across all cycles and supply/demand are the primary determinants of equilibrium price points.

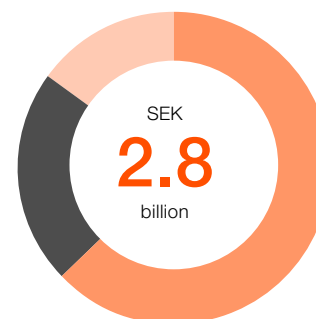
Based on these dynamics observed in our markets, we expect that the significant value declines are in the past, and residential values will recover in the coming years.

### Privatisation Plan

In 2023, despite a slow professional transaction market, the private homeowner market remained resilient with minimal price drops. The Board approved the Privatisation Plan in Q3 to capitalise on the strong homeownership market, selling selected assets at attractive premiums, and creating substantial shareholder value.

Our portfolio assessment revealed a substantial opportunity for unit-by-unit sales (privatisation), instead of bulk property sales.

Acquisitions Closed in 2023<sup>1</sup>  
SEK billion



Denmark	1.8
Netherlands	0.6
Poland	0.4

<sup>1</sup> No acquisitions in Sweden, Germany, Czechia, Norway, United Kingdom, and Finland.



We aim to achieve SEK 20 billion in sales by the end of 2025 at an above 20% premium to book value, contributing to deleveraging and strengthening our credit metrics.

While our long-term growth strategy remains unchanged, we will continually engage in active portfolio management to optimise profitability. Currently, this entails leveraging a robust homeownership market. At the latter part of 2023, we built a competent and experienced privatisation team, setting the stage for acceleration in 2024.

### End of Interest Hikes and the 'Transition'

Residential real estate sustains strong fundamentals, due to its universal necessity and a fundamental supply shortage in our markets, reinforcing its value. The ongoing demand growth for residential real estate is reassuring, especially amid urban population and household expansions. In many markets, new construction has significantly decreased, and its eventual re-

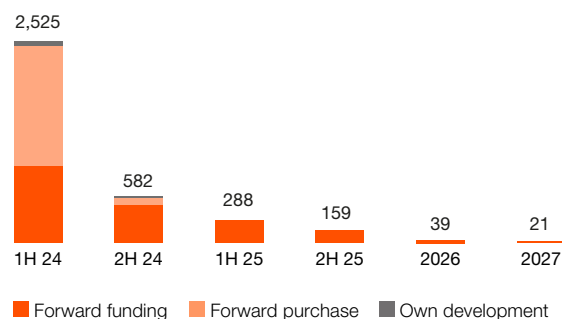
sumption would necessitate capital values higher than pre-inflation levels in early 2022.

Our operations continue to demonstrate strength, with rental growth again exceeding inflation and consistent improvement in NOI margins. This, combined with supply and demand imbalances in our markets, supports high occupancy and the long-term prospects of our business.

With strong evidence that inflationary pressures have levelled off and the increased interest rates feeding into the economy, where the slowdown is increasingly apparent, we consider it fair to say the transition to a new interest rate level has completed. The question is now whether it has become too restrictive and how quickly we will see a pivot by the central banks. The 'higher for longer' narrative is surely set to be tested with the rapid slowdown in inflation and economic activity during second half of 2023.

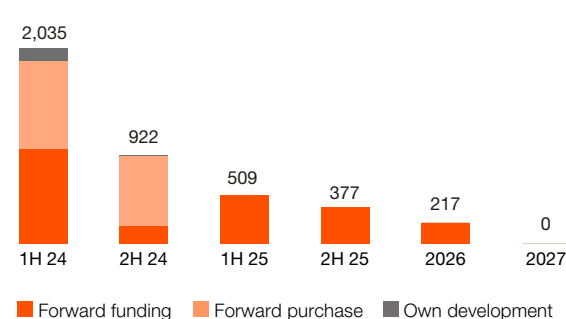
### Committed Acquisitions<sup>1,2</sup>

SEK million



### Committed Acquisitions<sup>3</sup>

Units



<sup>1</sup> For more information about investment obligations see [Note 8.3](#)

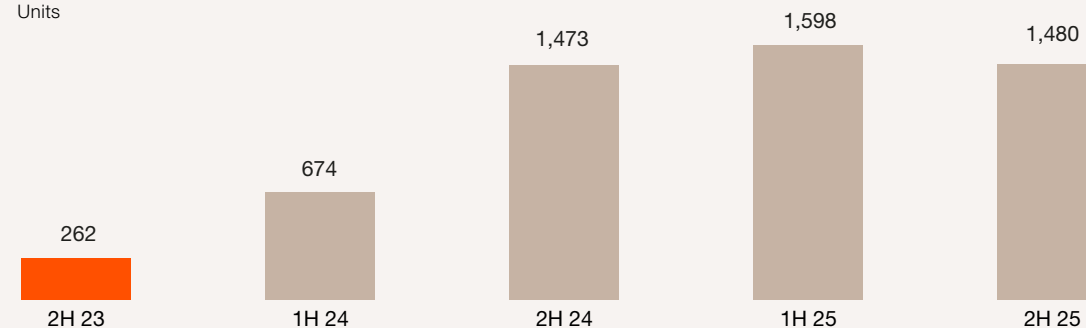
<sup>2</sup> Graph reflect all commitments made to forward funding, forward purchase and own development. It does not include JVs nor does it include extensions or conversions. Figures are based on actual liquidity needs and as such exclude book value cost of building rights which can be paid in the final month.

<sup>3</sup> Discrepancy between commitment and units relates to lagged payments in the final quarter after completion and clearing of relevant defects.

## Privatisation Plan

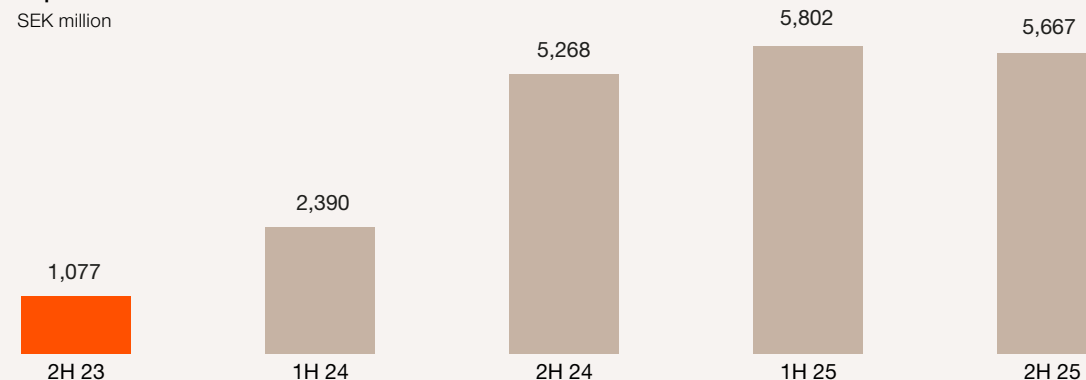
### Expected Number of Sales

Units



### Expected Sales in Value

SEK million





# Investment Properties

The real estate market has the last two years faced a higher interest rate environment than the past decade and low transaction volumes were observed as buyers and sellers adjusted to the new economic conditions. Asset prices have undergone significant adjustments due to higher yields, outweighing the effects of increasing rental levels. Towards the end of the year, however, we have seen signs that bid-ask spreads are narrowing, transaction volumes are starting to pick up, and values are beginning to stabilise across most markets.

After six quarters of falling property values, we believe we are well into the current correction and expect that on a like-for-like basis aggregate portfolio values will stabilise in the first half of 2024. This view is based on Heimstaden Bostad’s expected portfolio operational performance and our assessment of how current sentiment will feed into the market in the coming quarters.

The privatisation plan launched during Q3 2023 is gradually being ramped up with initial results trending above expectation. In 2023, a total book value of SEK 1.2 billion has been disposed at a blended average yield of 2.8%. The scarce supply of units in our locations and at our price point is supporting the levels achieved. We are also continuing to upgrade the portfolio, delivering on our sustainability strategy, and supporting affordability for our tenants. Affordability continues to be a key priority for us across all markets.

As of the balance sheet date, the investment properties portfolio includes 161,553 (161,532) homes across nine markets.

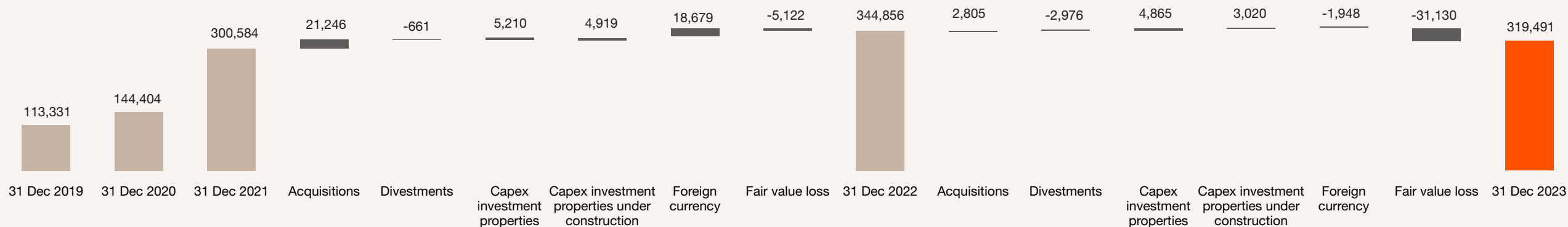
Independent external valuers perform the valuation of Heimstaden Bostad’s portfolio. For more details, see [Note 3.1](#) on [page 61](#) of this report.

The fair value of investment properties decreased to SEK 319 billion, from SEK 345 billion on 31 December 2022, mainly through an unrealised fair value loss of SEK 31.1 billion, divestment of SEK 3.0 billion and negative currency effects of SEK 1.9 billion, partly offset by capital expenditures of SEK 7.9 billion.

The decrease in fair value in Q4 2023 was primarily driven by negative valuation movements in Sweden and Germany, where yield increases (supported by a limited number of individual comparable transactions) outweighed the positive effects of rental increases. In Norway, declining prices in the owner-occupier market led to a weakening valuation. Meanwhile, in Denmark and the Netherlands, values have stabilised as rental performance and owner-occupier price developments mitigated the effects of increasing yields. Strong rent roll performance in the Czechia, United Kingdom, and Poland positively impacted values.

## Fair Value of Investment Properties

SEK million



# Portfolio Overview

Country	Fair Value, SEK million	Homes	Fair Value/sqm, SEK	Residential, %	Regulated Income, <sup>1</sup> %
Sweden	89,262	46,572	26,567	90.6	100.0
Germany	79,404	29,713	39,750	91.0	100.0
Denmark	71,446	20,757	35,491	94.5	14.4
Netherlands	27,337	13,296	25,737	99.1	57.6
Czechia	25,185	42,352	9,713	95.6	24.7
Norway	17,109	3,973	82,719	87.0	0.0
United Kingdom	4,305	949	55,548	98.4	0.0
Finland	3,627	3,164	19,468	95.8	0.0
Poland	1,815	777	42,876	89.3	0.0
<b>Total</b>	<b>319,491</b>	<b>161,553</b>	<b>27,771</b>	<b>92.7</b>	<b>57.2</b>

<sup>1</sup> Residential units

## Capital Structure

# Funding Overview

Owning, operating, and optimising residential real estate benefits from stable and favourable access to capital. We safeguard the availability of borrowed capital at attractive terms through a well-diversified financing structure. Heimstaden Bostad's portfolio quality makes it attractive to finance given its highly resilient cash flow, supported by locations in areas with housing shortages and strong affordability metrics.

### Funding Strategy

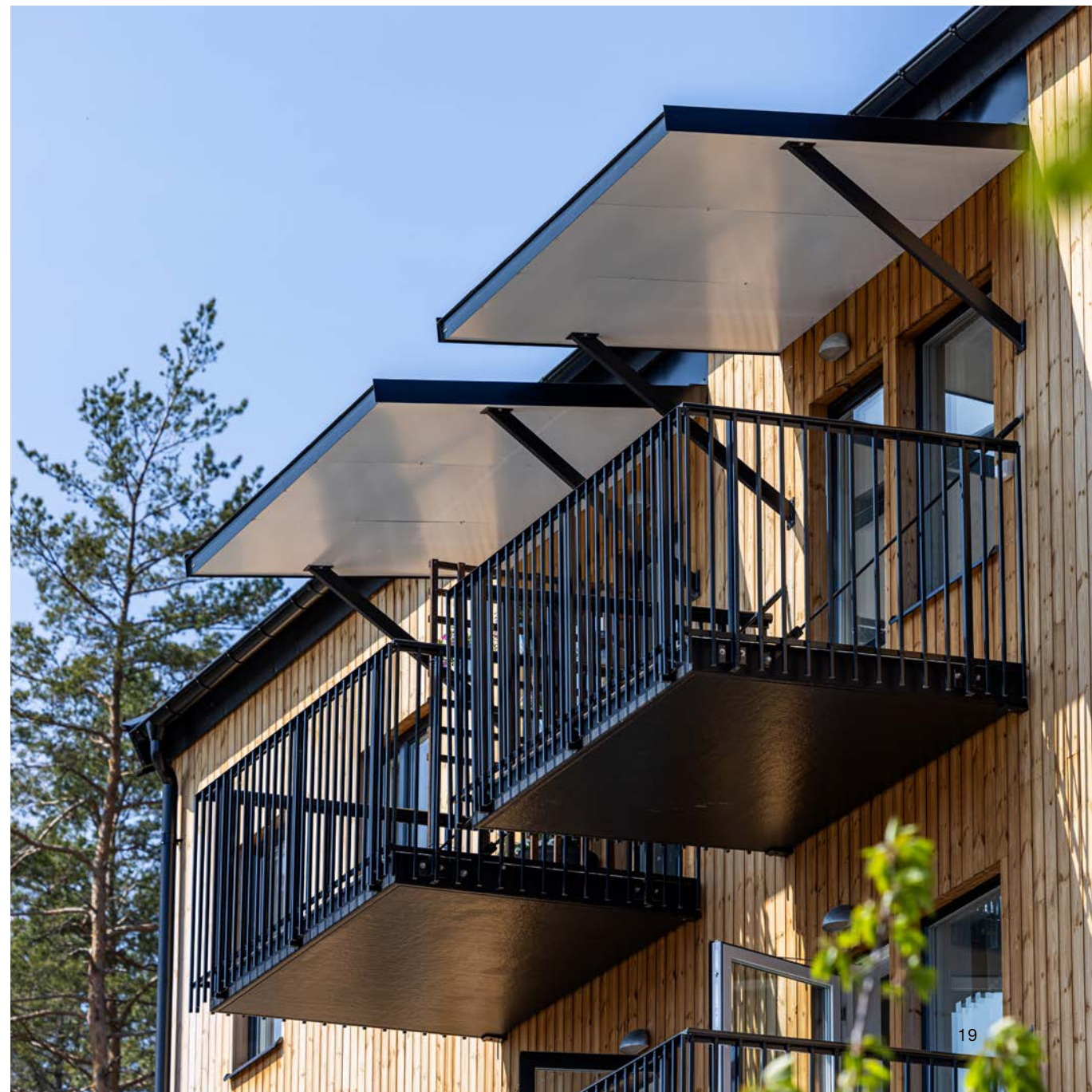
With persisting constraints in the capital markets, we continue to focus our funding efforts on obtaining local asset-backed financing. Our portfolio diversification with a presence in nine countries benefits the strategy by limiting the required volumes in any single market. So far, the tightening credit market and the increasingly selective approach banks have adopted towards real estate have not affected Heimstaden Bostad materially. We are continuously securing sizeable volumes of secured credit facilities. In 2023, we signed credit facilities totalling SEK 33 billion, primarily from Danish, German, and Czech banks. In Q4, we successfully raised SEK 5 billion, and further extended our banking network with the closing of the first bank financing in the Czechia and signing of the first facility in Poland. Secured financing is taken out by local property subsidiaries within Heimstaden Bostad with group-level recourse as an extra guarantee for the banks, providing support for larger credit lines.

The process to obtain new credit lines is work-intensive and lengthy and usually involves 3–6 months of work with banks analysing detailed portfolio documentation. The debt service capacity is key in the bank's assessments. Following higher interest rates, the obtainable LTV levels have fallen as the

ICR and debt yield requirements have become the deciding factor in terms of achievable volumes on a specific portfolio. Even though bank lending margins have increased marginally throughout the year (10 – 20 basis points), bank lending remains a competitive option.

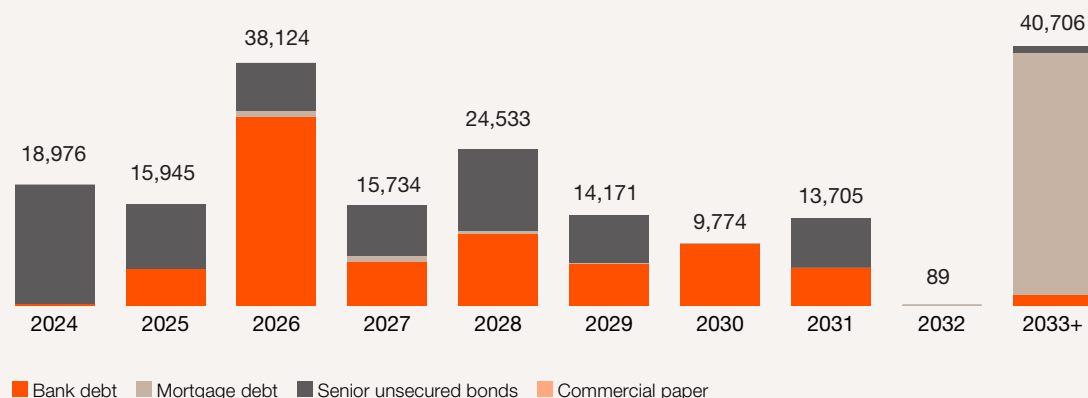
We consider the capital markets to remain closed due to the less favourable pricing. However, we continue to prioritise active investor relations engagement and transparent communication to the market in order to support our longer-term ambition of being an active capital markets issuer with a continued diversified capital structure. During the year we repaid in Q3 a EUR bond of EUR 350 million outstanding at maturity and in Q4 two SEK bonds of SEK 950 million outstanding at maturity. In Q4 we bought back senior unsecured bonds for a total consideration of SEK 1.5 billion with volumes coming from tenders on NOK and SEK Floating-Rate Note bonds, all paid with cash at hand.

Accumulated over the year the total buyback amount was close to SEK 12 billion and have overall reduced the capital market commitments with SEK 17 billion. The share of secured loans has consequently increased to 61% (49%) and the secured LTV increased to 31.8% (22.6%).



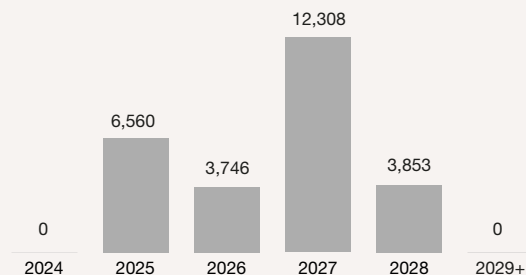
### Interest Bearing Debt Maturity

SEK million



### Hybrid Bonds Reset Dates

SEK million



<sup>1</sup> Net the issuers own holding of respective hybrid.

At the end of the year, Heimstaden Bostad had SEK 74,037 million in senior unsecured bonds and SEK 26,468 million in hybrid bonds outstanding.

See [Note 8.4, page 85](#) for more information on exchange and debt issuance/repayments after the balance sheet date.

For more detailed information on Heimstaden Bostad's debt instruments, see our website.

As a supplemental strategy to strengthen Heimstaden Bostad's financial position, the rollout of the privatisation program was initiated in Q3. All proceeds from the program will be directed for debt servicing, and as such gradually will limit financing needs and be stabilising factor for credit metrics. For more detailed information on the privatisation please see [page 15](#).

### Financial Policy and the Credit Rating

To adapt to the current market circumstances, in Q3 2023 the Board did a thorough review and updated the financial policy. This better aligns with the current market circumstances and longer-term fluctuations of business cycles of varying inflationary and interest rates environments and is in accordance with

S&P's 'BBB' rating guidelines. In line with the policy, Heimstaden Bostad's rating ambition remains at 'BBB'.

The key credit metrics, Interest Coverage Ratio (ICR) and Net loan-to-value (LTV) continued to weaken due to the increasing cost of debt and valuation yields, with particularly the declining ICR being a driver for negative rating actions from both agencies. Fitch affirmed the BBB Investment grade rating but revised outlook from negative to rating watch negative, while S&P lowered Investment Grade Rating to 'BBB-' with negative outlook. Our immediate rating focus is to resolve the negative outlook with the ambition to return to a 'BBB' rating in line with policy.

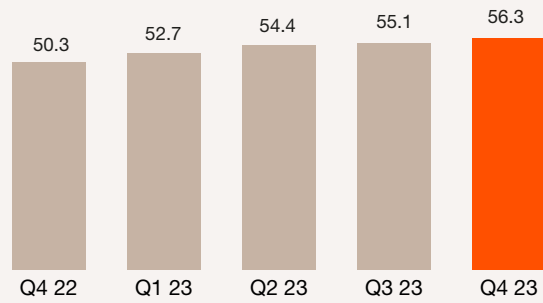
In December 2023, the hedge ratio was increased to 86% from 76% in the previous quarter using interest rate swaps. The decision to increase the hedge position was assessed in the context of recent rate movement and the benefit of gaining certainty on future interest expense and, correspondingly, the ICR. The average term of fixed interest in the loan portfolio, including derivatives, was 3.28 years as of Q4 2023. In line with the general market view, we anticipate interest rates to trend down gradually. Our hedge position will be monitored and altered accordingly and, in line with financial policy, be at a minimum of 75%.

### Financial Policy

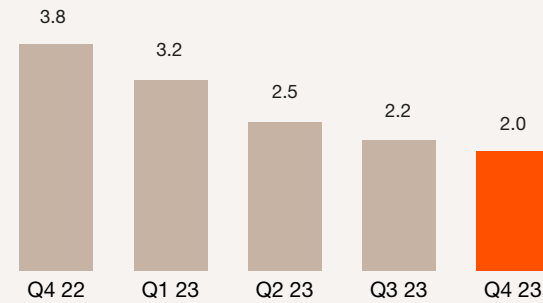
		Policy	2023	2022
Interest coverage ratio, S&P method	Multiple	≥ 1.8	1.7	2.7
Net debt / net debt + equity, S&P method	%	≤ 60	58.6	52.6
Average loan tenor	Years	≥ 4	8.0	8.3
Loan maturity in individual year	%	≤ 25	20	18
Loans from individual lender	%	≤ 20	7.7	8.1
Interest rate hedge ratio	%	≥ 75	86	76
Liquidity ratio	Multiple	≥ 1.25	1.40	1.49

## Credit Metrics

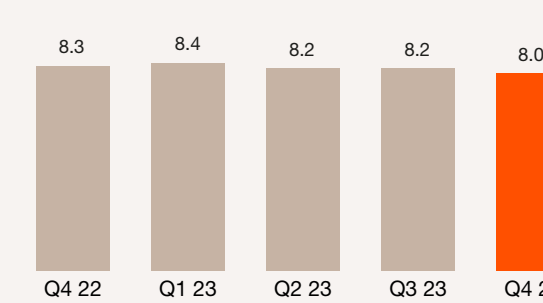
**Net Loan-to-Value (LTV)**  
%



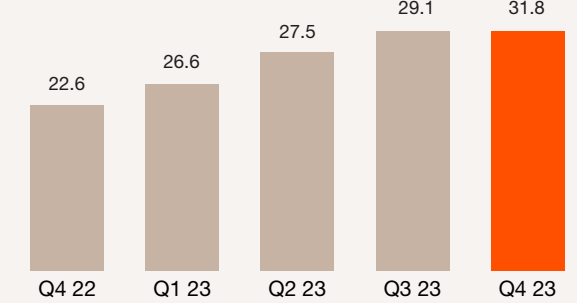
**ICR**  
multiple



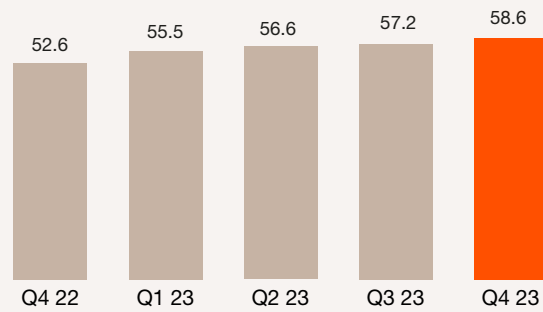
**Average Loan Tenor**  
years



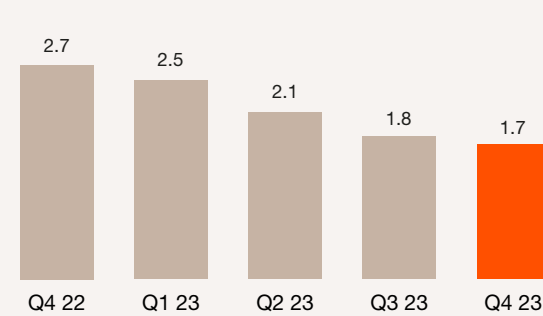
**Secured LTV**  
%



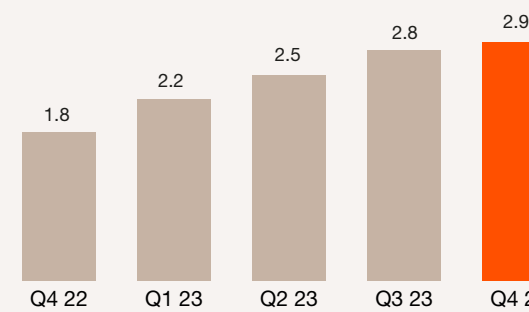
**Net Debt / (Net Debt + Equity), S&P Methodology**  
%



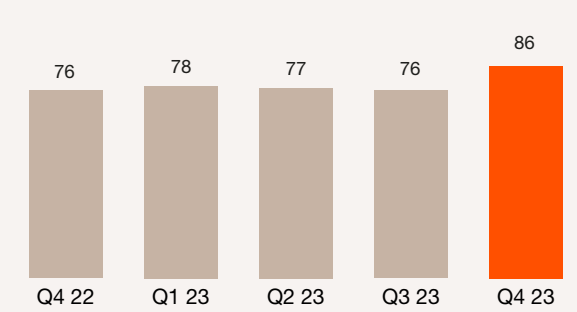
**ICR, S&P Methodology**  
multiple



**Average Interest Rate**  
%



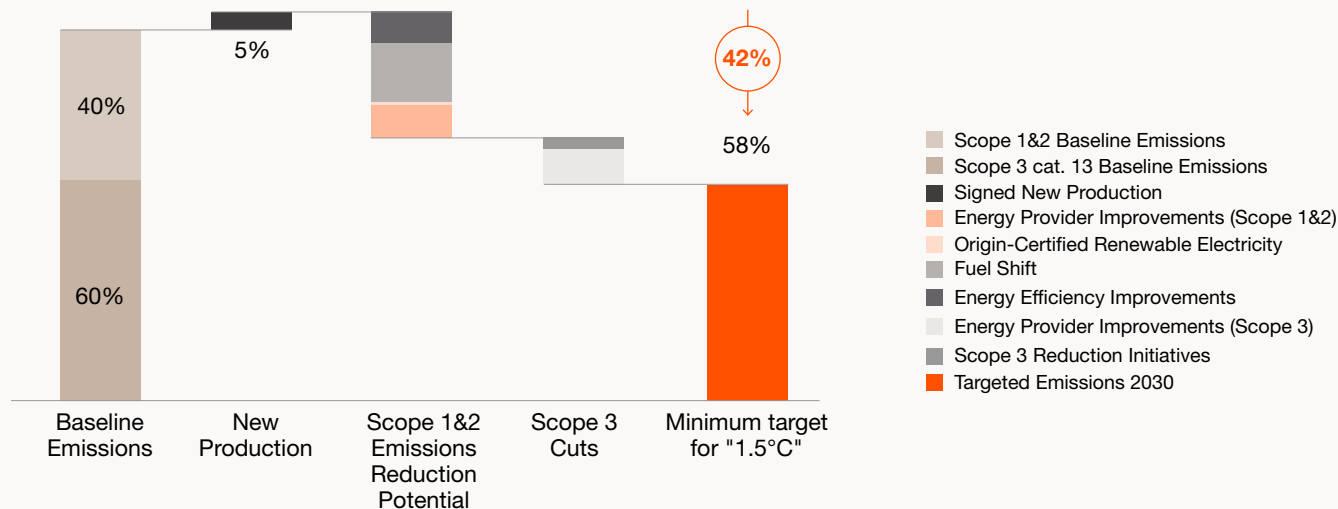
**Interest Rate Hedge Ratio**  
%



# Environmental Sustainability

We consider environmental sustainability across our value chain and set ambitious targets where our impact is greatest. Robust reporting is integral to measuring our progress, ensuring compliance with relevant laws and regulations, and being transparent in stakeholder communication. Our commitment to environmental sustainability not only benefits the planet but also supports our financial performance. This encompasses annual cost savings from energy-efficient measures, access to sustainability-linked financing, and positive stakeholder engagement.

## Climate Target



## Highlights

**-21%**

Scope 1 & 2 Intensity (19 kg CO<sub>2</sub>e per sqm)

**-10%**

Science-Based Climate Target – 42% by 2030  
(% change of CO<sub>2</sub>e emissions compared to 2020, recalculated)

**-8%**

Energy Intensity (weather corrected)  
(135 kWh/per sqm)

**EUR 700 million**

Total Secured Sustainability Linked Financing

**10 tonnes**

Scope 1 & 2 Emissions in Tonnes CO<sub>2</sub>e/MSEK  
(Market based)

**12%**

Share of Spend from Suppliers that  
have set Science-based target  
(Science-Based Climate Target,  
Scope 3, Category 1)

## Climate Strategy

As a major property owner and operator, we have a responsibility to combat climate change, primarily through reducing greenhouse gas (GHG) emissions resulting from our properties' energy usage. Our emission reduction and energy consumption targets, validated by the Science Based Targets initiative in 2022, are in alignment with the Paris Agreement's goal of limiting global temperature increase to 1.5°C and the EU's commitment to climate neutrality by 2050.

### Climate Roadmap

To reach our ambitious targets, we have developed a roadmap and committed appr. SEK 7.7 billion in investments by 2030. This roadmap was updated in 2023 to include properties acquired up until and including the year of 2022 (see [page 147](#) for details).

Our primary strategies to cut GHG emissions across all three scopes involve fuel shifts, improving energy efficiency, and promoting sustainable behaviours among our customers. A key

strategy is fuel transition, such as shifting from district heating to heat pumps or from coal to gas in suitable cases in Czechia.

These efforts not only reduce GHG emissions but also yield cost savings for both our business and customers. We anticipate annual savings of SEK 450 million, offering an estimated yield of 6%.

### Reducing Energy Usage

We proactively reduce energy consumption, reaching our 2023 target of a 2% reduction in climate corrected energy per sqm across all countries. Achievements include insulating attics and walls, upgrading windows, and optimising heating systems and ventilation control.

In 2023, we evaluated various potential energy-conserving measures to identify the most effective ones, which included:

- AI control systems
- Degassing and filtering of heating systems
- Insulating pipes

- Hydraulic balancing
- Switching to LED lighting
- Modernisation of sub-centrals

Through this evaluation we saw great potential to further increase the number of AI control systems and hydraulic balancing in our portfolio and plan to implement these in 2024.

### Investing in Renewable Energy

Renewable energy is a key focus for reducing our carbon footprint. We are incorporating renewable energy generation into all new builds, exploring geothermal heating in accessible regions, and adding solar panels to existing structures. In 2023, we installed 1,284 Kilowatt Peak (kWp) in Denmark, Sweden, and Poland, and invested in geothermal heating in Finland.

## ESG Rating Achievements in 2023

We are proud of our growing external recognition for our sustained sustainability efforts. In 2023, we achieved a noteworthy improvement in our Morningstar Sustainalytics ESG Risk rating, shifting from "Low Risk" to the more favourable "Negligible Risk" category. This transformation reflects a great improvement of -4.3 points compared to 2022 and -10.3 points compared to 2020.

Our progress in ESG areas has also garnered recognition from Danske Bank Credit Research on Real Estate companies. We elevated our ESG Reporting score from "Good" to "Excellent". This acknowledgment stems from our commitment to having long-term environmental strategies integrated into our business operations, as well as our clear budget allocations for investments in energy efficiency.

## Reporting & Regulations

### EPBD

We closely monitor proposed changes in the EU's Energy Performance of Buildings Directive (EPBD) and assess their potential impact on our business. We have mapped our EPC labels across markets, and identified priority assets for sustainability projects to enhance their EPC labels.

### CSRD and ESRS

We are preparing for the Corporate Sustainability Reporting Directive (CSRD) effective from fiscal year 2024, along with the European Sustainability Reporting Standards (ESRS). We are carefully following the implementation in Swedish legislation.

### CSDDD

We adhere to the OECD-recommended due diligence process, ensuring our readiness for the upcoming Corporate Sustainability Due Diligence Directive (CSDDD). This directive mandates companies to identify, cease, prevent, mitigate, and account for negative human rights and environmental impacts in both their operations and value chain.

### GRESB

We are preparing to engage in the 2024 Global Real Estate Sustainability Benchmark and have established an internal task force for this initiative.

## Climate Risk Assessment

The effects of climate change are already impacting regions where our properties are located, with increased severe weather events like floods and extreme heatwaves. We are committed to adapting to these changes and preparing for future climate-related risks.

In 2022, we developed a process for climate risk and vulnerability assessments, covering three stages: assess property exposure, assess property vulnerability, and implement adaptation measures. In 2023, we completed property exposure assessments for our entire portfolio, identifying flooding as the most relevant risk. Our goal is to assess vulnerability for our entire portfolio and implement appropriate adaptation measures.

## Science Based Targets for Our Suppliers

To further strengthen our climate change commitment, we actively encourage our major suppliers to adopt science-based targets and have a target that 27% of our suppliers by spend, covering purchased goods and services, will have science-based targets by 2027.

## Preserving Natural Resources & Ecosystems

Climate change is a crucial challenge, but our strategy goes beyond GHG emissions and energy use, extending to areas such as resource use and biodiversity.

## Reducing Water Usage

Reducing water usage is crucial for the planet and an area where we can make a positive impact due to our customers' substantial water usage. While we have limited direct control, we strive to encourage sustainable practices among our customers and actively reduce water consumption by providing water-efficient equipment.

We have set a target to reduce water use by at least 1% per sqm annually and our actions include water system monitoring and replacing taps, mixers, toilets, and showers during renovations.

Total water consumption increased by 18% from 2022 to 2023 due to better data quality and including more estimates for missing values in Denmark and Germany in 2023. However, we are on track related to our 2030 target as can be seen at [page 145](#).

In 2023, we replaced outdated water equipment in a major Norwegian project, resulting in an almost 10% reduction in water consumption. In selected properties in Sweden, Norway, and Czechia, we have installed smart meters for continuous leakage monitoring to detect abnormal water usage promptly.

## Replacing Ecosystems & Enhancing Biodiversity

Healthy ecosystems and biodiversity are essential for a sustainable planet, but urbanisation poses a threat to them. In our new builds, we are committed to recreating an equivalent amount of ecosystem services. Our Ecosystem and Biodiversity Management Guidelines are implemented in our projects.

In Sweden, we include green roofs in many new developments, and we plan to build an orangery, greenhouse, and courtyards to promote biodiversity and community well-being.

In Czechia, Germany, and Denmark, we enhance biodiversity through green roofs, sedum roofs, wildflower planting, and beehives.

## Responsible Waste Management in Our Properties

Better waste management is essential to lower the environmental impact and is also a high priority for our customers, as indicated by surveys. Our current measures address significant waste generation in construction, tenant areas, and offices, and next year we will finalise and implement a waste management guideline for the organisation.

We set specific requirements for new builds, ensuring that 70% of non-hazardous waste is prepared for reuse, recycling, or material recovery. In existing properties, we actively engage with our customers to ensure good waste practices, safe recycling, and accessibility. We also preserve existing buildings through frequent maintenance and renovations, increasing circularity by reducing the need for new construction through our evergreen approach.

## Group Director of Environmental Sustainability

To further cement our commitment to strong environmental policies and practices we created a group role in November 2023. Our Group Director of Environmental Sustainability is responsible for our environmental strategy to ensure we are ready for upcoming additional regulations and legalisation.

## Rooftop Home for Over 50,000 Bees

In Ostrava, Czechia, we have three beehives on the roof of properties. These hives are home to over 50,000 bees and have special sensors that monitor the bee's health and activity. They work to enhance the biodiversity of the area, with the additional bonus of producing over 60kgs of honey annually.






# Social Highlights

Our foundation is people – our valued customers for whom we create Friendly Homes, our dedicated employees, and the communities and wider society we impact. Our social sustainability strategy recognises our role with each of these stakeholder groups and promotes a safe and inclusive environment for all.

In 2023, the Board approved our new Social Roadmap, outlining our social sustainability strategy in three key focus areas. This roadmap enhances efficiency and ensures a coordinated, strategic approach across all markets.



## Employees

Create a safe, inclusive, and inspiring workplace with equal opportunities for all our employees.

- Trust based leadership
- Opportunity to grow
- Gender equality
- Health & Safety
- Diversity, Inclusion & Belonging



## Customers

Create safe and inclusive homes and neighbourhoods for all our customers.

- Feeling of safety
- Feeling of community
- Responsible landlord



## Society

Create a safe and inclusive society for everyone.

- Inclusive housing
- Inclusive jobs
- Impact beyond daily operations through partnerships

## Our Reach

- 300,000**  
Customers
- 2,100**  
Employees
- 4767**  
Inclusive contracts
- 299**  
Inclusive jobs

---

## A Home for a Home

- 73,000**  
Children reached
- 26**  
Countries
- 54**  
Programmes
- 340**  
SEK million total contribution

## Friendly Workplace

Our employees are vital to our success, delivering Friendly Homes to our customers daily. In 2023, we advanced our diversity, inclusion, and gender equality efforts by introducing the Diversity Board. We remained committed to employee engagement and talent development through training and leadership programmes. Continued optimisation of work processes mandated downsizing and cost-efficiency measures, emphasising the importance of Managers engaging with their teams and evaluating employee sentiments.

### Enhancing Employee Experience in 2023

This year, we continued to enhance our employee experience. We implemented a new employee survey tool to listen to our employees' feedback and identify areas for improvement. We set ambitious targets to be among the top 25% of users globally to ensure we maintain a Friendly Workplace commitment.

Employee satisfaction and growth opportunities are crucial. In 2023, we improved our learning platform for easier content access, and introduced a specialised onboarding program in Facility Management and Letting. We also launched trainings on finding your next role, leading through change, and introduced anti-bribery and corruption training.

We support our leaders with a Toolkit for Leaders and quarterly Spotlight newsletters, focusing on leadership topics and tips and tools for leaders to use in their daily work. Country Summits foster collaboration and best practice sharing. Selected new leaders benefit from our New@Leading program, keeping us at the forefront of leadership and management practices.

### Making Diversity Part of Our DNA

We view diversity and inclusion as essential for creating a Friendly Workplace and driving productivity, innovation, and overall success. Our aim is to foster an inclusive environment that enables a diverse range of people to thrive, backed by tangible actions.

Recognising the challenge posed by a relatively homogenous manager population, we established a Diversity Board in 2023 to listen to diverse employee voices and take meaningful actions to promote a sense of belonging. In addition, we have made our recruitment process less biased by using testing tools for objectivity and including bias training in our leadership programmes, particularly related to recruitment.

### Promoting Equality and Gender Balance

Rooted in Scandinavian values, we prioritise equality. We work consistently on gender equality, striving to achieve balanced gender representation and equal remuneration for equivalent work company wide.

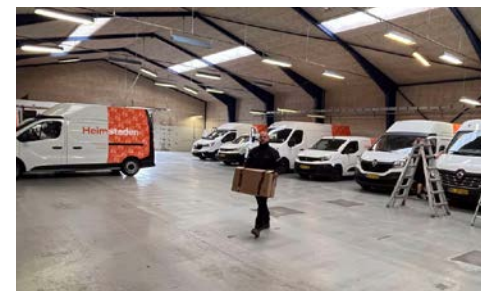
Using the Mercer platform, we conduct an annual gender pay gap analysis across our organisation to identify disparities in remuneration between men and women in similar roles. The results are available in our Sustainability Report, [page 161](#), empowering us to make data-driven decisions that promote fairness and equality.

We actively encourage women to enter the real estate sector and take on leadership roles, addressing the industry's male-dominated nature. In Germany and Czechia, local organ-

isations organised career and recruitment events for young women interested in real estate, resulting in some participants joining our Company. Additionally, on International Women's Day, we hosted a panel for female employees to provide career advice and discuss progression within the Company, featuring our strong female leaders.

### Promoting a Safe Work Environment

In real estate, safety is paramount. In 2023, Heimstaden Denmark held a successful Safety Day with a new digital tool for managing equipment and safety. It included inspections, product reviews, and assessments, followed by an annual Award Show to promote a secure workplace through collective responsibility. Read [page 159](#) in the Sustainability Report for 2023 scores.



### Diversity Board

In 2023 we established a Diversity Board to bring new perspectives to Group Management and challenge the way we work with Diversity, Inclusion, and Belonging (DIB). The Diversity Board includes six employees from diverse backgrounds and meets monthly to discuss and advise on actions we can take to make our workplace more inclusive.

Launched in June, they have already recommended several concrete actions, that we will look to implement in 2024.

These include:

- Developing a DIB training program for all employees
- Highlighting DIB matters in our company communication
- Increasing our focus on mental health



## Quality Living for Customers

Our tenants are at the heart of our mission. We are dedicated to simplify and enrich customers' lives through Friendly Homes. This commitment begins with their first interaction and extends all the way through to a transparent and move-out process.

### The Voices of Our Customers

Despite the macro-economic climate, we have been able to maintain good customer scores across most markets. We are especially proud of our strong positive results in Poland and UK in 2023, as it marks the first year we have measured results in these countries.

In line with our new Social Roadmap, we have set ambitious targets for our customer survey results. These targets reflect our ambition to create safe and inclusive homes and neighbourhoods for all our customers.

See 2023 customer satisfaction results on [page 169](#) in the Sustainability Report or on our [website](#).

### Safety and Inclusion

We know from customer surveys that safety is one of the most important things across all markets. Therefore, we are always actively working to make sure our homes and the surrounding areas are safe and provide our tenants a sense of security.

Making our homes and buildings feel safe includes adequate lighting around entrance ways and surrounding areas, secure storage areas, and making sure doors and locks are maintained to a high standard.

Inclusion of our customers is another key area of importance for us. Across our homes we make room for a range of customers from all parts of society. In 2023 we conducted several activities that promoted inclusion, such as the Children's Day in Norway, support for senior citizens in Czechia, and a national financial inclusion partnership in the Netherlands.

### Innovation to Enrich Daily Lives

We are always looking for ways we can develop and innovate our services to improve the lives of our customers. In 2023 we rolled out our digital Heimstaden Property Platform to Germany. Alongside our customers in Denmark, Norway and the Netherlands, tenants in Germany can now enjoy streamlined digital services and make service requests online.

Heimmade, a platform for collecting ideas, encourages our employees to share ideas that will bring our mission to life and strengthen customer satisfaction. This brings innovation to our customer journey and every year we select the best proposal and implement it into our business.

### Promoting Financial Inclusion

In the Netherlands, we have partnered with a national public-private initiative, the Nationale Schuldhulproute (NSR), joining forces with other companies and municipalities. We utilise NSR to proactively identify and assist tenants facing financial challenges by connecting them with professional advice and resources to improve their financial well-being.

### IKEA Student Collaboration in Sweden

In 2023, we piloted a partnership with IKEA in Sweden to enhance the student experience with Heimstaden. Moving away from home for the first time presents numerous practical challenges, and our goal is to streamline this transition while promoting functional and sustainable living spaces. Through pre-designed, custom home furnishing packages at an e-platform by IKEA and Heimstaden, we simplified and made furnishing new apartments more cost-effective for students. We are now evaluating the collaboration's potential expansion to other cities and markets.





## Society Contribution

As a large residential real estate company in nine European markets, we recognise our potential to influence society significantly. Extending our Friendly Homes mission to create a safe and inclusive society for everyone, aligns with our strategic goal of society contribution and responds to the growing demand from stakeholders for corporate responsibility.

To reach our targets we are working with local authorities and third-party organisations.

### Inclusive Housing

A safe home is the foundation for building a good life and it is natural that we take an active role in supporting vulnerable groups who may not otherwise get access to safe homes. In 2023 we set an ambitious target of having 5,000 inclusive housing contracts by 2026 and by end-2023 we had in total 4,767 inclusive housing contracts, see [page 169](#) for more details.

Inclusive housing for us includes affordable housing contracts and social contracts. Affordable housing contracts are contracts that are regulated by the authorities which have both a regulated maximum rent level and a regulated maximum income level for the tenants. Social contracts are made in collaboration with third-party organisations that are specifically targeted to help vulnerable groups.

Social contracts are by nature short-term contracts. However, our ambition is to bring about lasting change for tenants, enabling them to achieve self-sufficiency. By transitioning from

social contracts to regular lease agreements, we provide long-term stability for residents. This also means that we retain them as tenants and the third-party organisation can go on to support more vulnerable people.

### Inclusive Jobs

Having a stable job is another area we see that can make a real difference in someone's life. In 2023 we set a strong target of offering 240 inclusive jobs by 2026. In 2023, we offered 299 inclusive jobs, see [page 169](#) for more details.

To be able to measure inclusive jobs we have defined two groups who face difficulties entering the job market; young people with no previous work experience and people who face societal biases that keep them out of the job market e.g., immigrants, long-term unemployed, or people with disabilities.

### Impact Beyond Daily Operations Through Partnerships

While we can achieve a lot through our own operations, we want to create additional impact through partnerships. This allows us to engage more broadly with our local communities and also contribute to alleviating some of society's biggest challenges beyond our own markets.

The country management choose partnerships that are relevant to their communities, including things like local sports clubs for children, homeless shelters, refugee support, and support for youth in foster care.



### Social Contracts for Ukrainian Refugees

In response to the war in Ukraine, we offered 650 social contracts, in addition to 200 regular contracts, for Ukrainian refugees in Czechia. When the legal conditions changed, we proactively supported our Ukrainian tenants and provided alternative long-term housing solutions. As a result, 73% of the Ukrainian refugees chose to continue leasing with us.

**“We are pleased to see that many of our Ukrainian tenants have transitioned from social contracts to regular lease agreements—a crucial step towards successful refugee integration into local communities.”**

Anette Konar Riple,  
Group Director of Social Sustainability



### New Partnership With Stockholm City Mission

In 2023, we broadened our reach through social contracts, including a partnership with Stockholm City Mission, focusing on housing for individuals in or at the risk of homelessness. Through this collaboration, Stockholm City Mission oversees housing mediation and personal support while we supply the homes. Their support helps tenants become self-sufficient, with the goal of eventually transferring the lease to them.

**“Homelessness in Sweden is growing every year, and therefore we are happy that Heimstaden Bostad wants to join hands with us and contribute to a more humane housing market in the short and long term.”**

Tanja Küller,  
Head of Housing Agency, Stockholm City Mission



## A Home for a Home

Through our partnership with SOS Children's Villages, we have reached over 73,000 vulnerable children across 26 countries since the partnership began in 2021.

### Supporting A New Strategic Direction

Through our global portfolio we have been able to support SOS Children's Villages' strategic shift to focus on preventing family separation. This strategic shift takes a holistic approach to address the root causes of children losing parental care. Through this approach SOS Children's Villages focuses on strengthening families, working with communities to educate on children's rights, and with local governments to create systemic change. As a significant partner for SOS Children's Villages, we are able to support this strategic move, and base our portfolio around these kinds of programmes which create more long-term impact for children.

### Encouraging Innovation

Through A Home for a Home, we have also been able to support new pilot programmes in Rwanda, Ethiopia, Tanzania, Somalia, and Ghana. These programmes focus on reunifying children in street situations with their families, preventing child labour, and sustainable hydroponic farming to combat food shortages due to droughts. Supporting pilots like these aligns with Heimstaden Bostad's entrepreneurial spirit and empowers SOS to challenge their thinking. These programmes have the potential to be replicated in other countries and create even more impact for vulnerable children.

### Fighting Child Labour in Ghana

In Ghana there are over 2.4 million economically active children. Children are often forced into harsh child labour situations due to extreme poverty in their family. With the support from A Home for a Home, SOS Ghana have been able to start a pilot programme addressing the causes of child labour and supporting the rehabilitation of these children. The programme works together with the police and other partners to rescue children from child labour situations, and provides access to medical care, including psychosocial support sessions and other rehabilitation support. The programme also works with families to support them to become economically independent, preventing children from needing to work, and with local governments to advocate for stronger legislation and enforcement.

### Family Visitation Apartments Oslo

In Norway, Child Protection Services (CPS) can, under certain conditions, separate children from their families and place them with suitable caregivers. Often, children have visitation sessions with parents to reduce trauma and maintain family ties. These visits typically occur in inadequate spaces like CPS offices or busy cafes, causing distress. In response, we collaborated with SOS and local CPS offices in Oslo to provide a Heimstaden Bostad apartment for these visits. These spaces is well-equipped with a kitchen, furnished lounge, bedroom, and toys, offering children a comfortable and normal family experience, resulting in more positive visits. Starting as a pilot in 2022, this unique programme has shown great results in 2023, which has proved the model, and CPS is planning to take over the lease and costs mid-2024.



**“The Board is unwavering in its commitment to further enhance Heimstaden Bostad’s corporate governance, with the goal of reinforcing stakeholder trust.”**

**Helge Leiro Baastad**  
Chairperson of the Board

# Governance Report

Good corporate governance is pivotal in Heimstaden Bostad’s culture, fostering trust among shareholders, customers, employees, and communities where we operate. The corporate governance model supports the Board and Group Management in ensuring the Company’s sustainable success through effective day-to-day management.

The shareholders’ mandate is to target an attractive long-term risk-adjusted return. This necessitates effective corporate governance with a clear separation of responsibilities among shareholders, the Board, and Group Management.

## Rules and Regulations

As a Swedish public limited liability Company with corporate bonds listed on Euronext Dublin and the Oslo Stock Exchange, the Company is subject to numerous rules and regulations.

The framework for corporate governance includes the following:

- the Swedish Companies Act
- the Swedish Annual Accounts Act
- the Company’s Articles of Association
- the Shareholders’ Agreement between Heimstaden AB and the institutional investors (‘the Shareholders Agreement’)
- directions given by the general meeting
- the Swedish Corporate Governance Code (the Code)
- other Swedish and foreign laws and regulations, as applicable
- Heimstaden Bostad’s Key Policy framework

The Company contracts Heimstaden AB (through its subsidiary Heimstaden Group Manager AB, ‘the Manager’) as Group Manager. The Manager holds the strategic and administrative responsibility of the operations of the Company, and the Board performs the oversight of the Manager’s execution and the Company’s obligations. The responsibilities of the Manager are stipulated in the Group Management Agreement.

Heimstaden Bostad owns, through its subsidiaries, the operational platform performing the portfolio property and facility management. The Manager has the supervision and oversight of the performance under the Country Management Agreements.

In addition to the Shareholders’ Agreement, Group Management Agreement, and the Articles of Association, the Company also adheres to an internal key policy framework defining the way we work.

Heimstaden Bostad has decided to follow those parts of the Code that the Board considers to be relevant for the Company in relation to its operations and the ownership structure. This Corporate Governance Report has been prepared in accordance with the Annual Accounts Act and the Code. Deviations from the Code can be seen on [page 34](#).

### Share Structure and Owners

Heimstaden Bostad is owned by Heimstaden, together with long-term institutional investors. Heimstaden has substantial experience in acquiring, developing, and actively managing residential real estate and is the manager of Heimstaden Bostad.

Shareholders hold a stapled combination of B shares and common shares. B shares have seniority and rights to a pre-defined level of dividends but carry lower voting rights than common shares. Dividends on common shares are determined at the Annual General Meeting and are subject to the profit of the year, the financial policy, and overall liquidity needs. B shares dividends are subject to certain conditions paid-in-kind to rebalance the relationship between common shares and B shares, and any cash payout is subject to profit in a given year, the financial policy, and overall liquidity needs.

Heimstaden holds a higher proportion of common shares to B shares compared to the institutional investors.

### Ownership Structure as of 31 December 2023

SEK billion

	Year of initial investment	Total Capital <sup>2</sup>	Capital Share, %	Voting Share, %
Heimstaden AB	2013	41	34.8	50.1
Alecta	2013	46	39.4	30.4
Ericsson Pension Fund	2013	2	1.6	1.2
Folksam Group	2020	23	19.2	14.5
Swedish Pensions Agency	2021	2	2.1	1.6
Others		3	2.8	2.2
<b>Total</b>		<b>117</b>	<b>100</b>	<b>100</b>

<sup>1</sup> SEK 2.4 billion of dividends were reinvested in new share issues. See [page 72](#) for more details.

<sup>2</sup> Net asset value excluding non-controlling interest and Hybrid bonds with accrued interest. See [page 102](#) for details.

### Partnership with Allianz

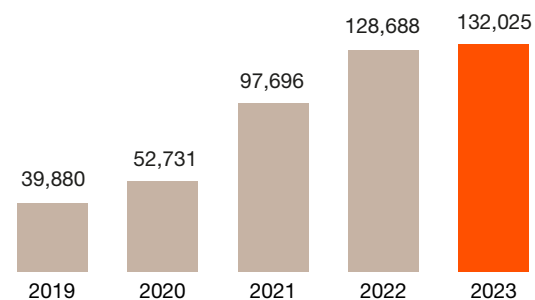
Allianz has more than SEK 15 billion (approx. EUR 1.4 billion) invested with us in two partnerships, comprising part of our Swedish and German portfolios respectively.

### 2023 Share Issuance

Raised SEK 3.3 billion in new equity from existing owners in March 2023.

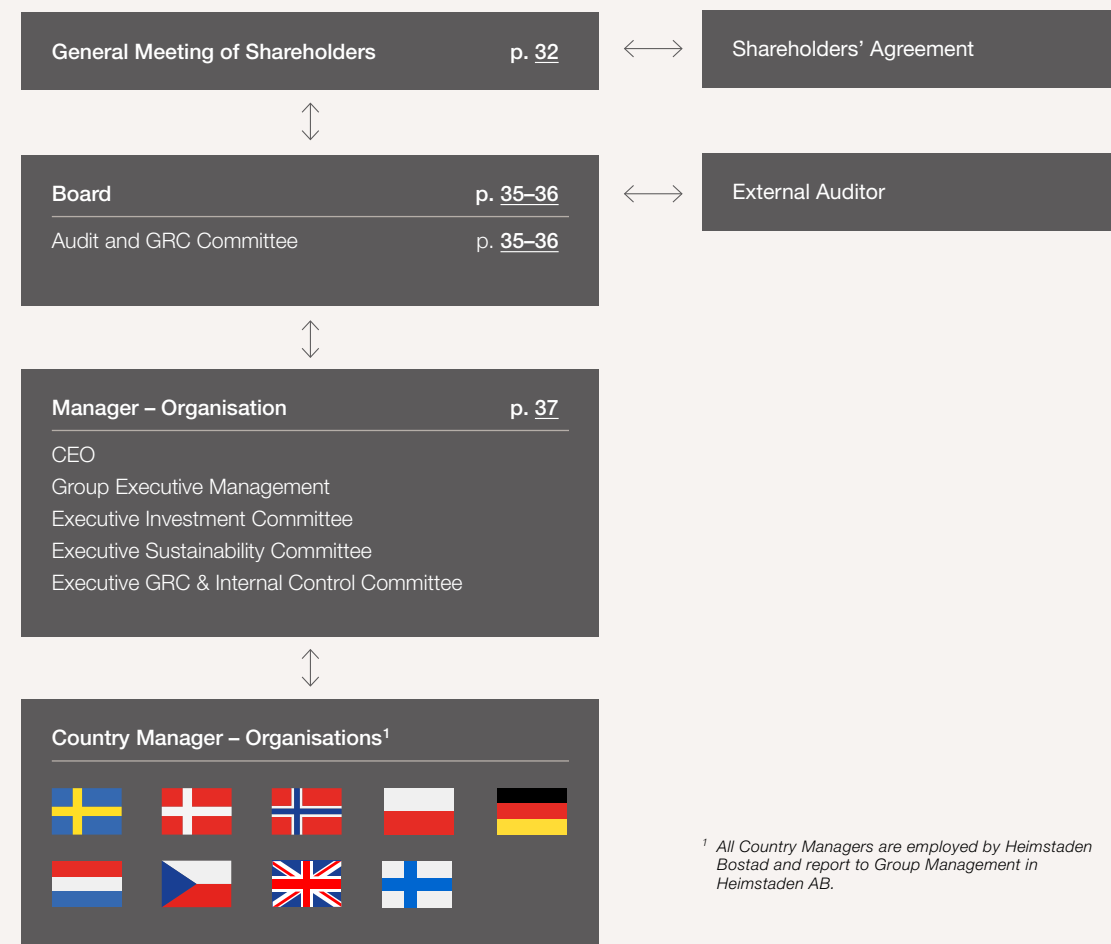
### Cumulative Capital Injections<sup>1</sup>

SEK million



## Corporate Governance Structure

Heimstaden Bostad's operations are managed, controlled, and followed up in accordance with the Shareholders' Agreement, the Group Management Agreement, Country Management Agreements, and policies and instructions established by the Board and the Manager.



<sup>1</sup> All Country Managers are employed by Heimstaden Bostad and report to Group Management in Heimstaden AB.

### General Meetings

Shareholders exert influence at the Annual General Meeting (AGM), Heimstaden Bostad's highest decision-making body, held annually. Shareholders can attend and vote either in person or through a proxy.

The AGM approves the Articles of Association, elects Board members, appoints the Chairperson and auditors, and establishes their fees. It also approves Financial Statements, profit disposition, and decides on discharging Board Members and the CEO from liability.

### 2023 Annual General Meeting

The 2023 AGM took place per capsulam on 6 March 2023. All shareholders participated at the AGM. A summary of the minutes and information about the 2023 AGM can be found at [www.heimstadenbostad.com](http://www.heimstadenbostad.com).

Among other things, the AGM:

- approved the Financial Statements
- allocated the Company's profit in accordance with the proposal – that is, a maximum of SEK 6,741,871,901 was distributed to the shareholders and SEK 112,561,627,514 was carried forward to a new account
- discharged the Board and CEO from liability for the 2022 financial year
- re-elected Board Members Casper von Koskull, Ivar Tollefsen, Anna Magnusson, John Giverholt, Axel Brändström, Birgitta Stenmark, Vibeke Krag, and Bente A Landsnes and discharged Stefan Attefall from his position as Board Member
- re-elected the Chairperson Casper von Koskull
- re-elected EY as auditors
- approved the remuneration proposed for the Board and the auditor

### 2023 Extraordinary General Meetings

In 2023 the Company held three Extraordinary General Meetings adopting the Share issuance further described on [page 72](#) and resolving that the Board shall consist of the following 9 people:

- Helge Leiro Baastad, Chairman (replacing Casper von Koskull from August 2023)
- Klas Åkerbäck
- Daniel Kristiansson (replacing Axel Brändström from December 2023)
- Ivar Tollefsen
- John Giverholt
- Fredrik Reinfeldt
- Rebecka Elkert (replacing Birgitta Stenmark from August 2023)
- Vibeke Krag (resigned 31<sup>st</sup> December 2023)
- Bente Landsnes

For information regarding shareholders and Heimstaden Bostad's corporate bonds, see [page 78](#) and [www.heimstadenbostad.com](http://www.heimstadenbostad.com).

### Nomination Committee

Board Members are elected by the AGM until the subsequent AGM. Due to a limited ownership base, Heimstaden Bostad shareholders have decided not to establish a Nomination Committee, as the Shareholders' Agreement governs the right to nominate Board Members. At most, six out of eleven Board members are nominated by the majority shareholder, Heimstaden. The largest institutional owner may nominate two members and the second and third-largest institutional owners may nominate one member each.

## Highlights of the Board's agenda in 2023

### First Quarter

- Approved 2022 Annual, Governance, and Sustainability Report
- Review of balance sheet including capital structure and dividend recommendation
- Met with external auditors
- Reviewed Finance, Rating, Market and Investment strategies
- Approved Social Roadmap
- Notice for Annual General Meeting
- Constitutive meeting with the new Board
- Approved updated Governance Framework
- Approved Financing Agreements, Tender Offer and EMTN Programme update
- Election of new CEO
- Approved new CEO instruction
- Approved Group Authorisation Matrix

### Second Quarter

- Approved Q1 report
- Financial liabilities analysis
- Market update and review of finance and operations
- Orientation from the Chairman of the Audit and GRC Committee on status
- Change to board composition
- Media coverage analysis
- Strategy session in Berlin

### Third Quarter

- Approved Q2 report
- Market update and review of finance and operations
- Orientation from the Chairman of the Audit and GRC Committee
- Updated Financial Policy
- Approved the mandate for the establishment of an Internal Audit Function from 2024
- Approved Financing Agreements
- Orientation on Privatisation Strategy

### Fourth Quarter

- Approved Q3 report
- Market update and review of finance and operations
- Status on GRC and implementation of Governance/Policy Framework
- Orientation on Media Coverage
- Approved Tender Offer
- Update on Privatisation Strategy
- Approved 2024 Budget



## Board

The Board is responsible for overseeing and organising Company operations. Per the Articles of Association, the Board comprises three to 11 members, with up to five deputies. Annual AGM elections determine their tenure until the subsequent AGM.

The Board has adopted Rules of Procedure that regulate the Board's work as well as an instruction to the Audit & GRC committee.

The Chairperson is responsible for the work of the Board being well organised and conducted efficiently, and for the Board fulfilling its commitments. The Chairperson is responsible that the other Board Members receive the information and documentation necessary for a high level of quality in discussions and decision-making, and for verifying that the Board's decisions are implemented.

The tasks of the Board include, inter alia:

- execute and oversee that the Company delivers on the overall objectives and strategy of the Company
- approval of material financial and real estate transactions
- appointing, evaluating and, if necessary, dismissing the CEO
- defining appropriate internal guidelines in internal steering documents on the Company's ESG policy, with the aim of ensuring its long-term value creation capability
- approval of budgets, annual reports, and quarterly reports
- approve sustainability strategy and review the Company's performance
- ensuring that there is an effective system for follow-up and control of the Company's operations and the risks to the Company that are associated with its operations
- ensuring that there is a satisfactory process for monitoring the Company's compliance with laws and regulations rele-

vant to the Company's operations, as well as the application of internal guidelines in internal steering documents

- ensuring that the Manager's execution of the Company's external communications is characterised by openness, and that they are accurate, reliable, and relevant

The Board's work follows a yearly plan. In 2023, the Board held 24 meetings. The relevant Senior Executives at the Manager and the Board secretary participate in Board meetings. Other executives of the Manager participate whenever required. The Manager's CEO and other executives present the operational and financial development at ordinary Board meetings. The Board conducts reviews with the auditor, at which reports from the auditor are addressed. The auditor also holds meetings with the Board without management attending.

For further information regarding Board Members, see [pages 35](#) and [Note 2.6 on page 57](#).

## Audit and GRC Committee

The Board's overarching responsibility cannot be delegated. However, the Board has, as part of its strong commitment on governance, risk, and compliance, expanded the Committee's mandate to deal with Audit and Governance, Risk and Compliance issues, and to prepare such issues for decision by the Board.

The Committee is a preparatory and advisory working committee for the Board of Heimstaden Bostad with regard to governance, risks, financial reporting, external audits, internal control, compliance, risk management processes and systems. The Committee is appointed by the Board and shall report to it regularly. If necessary, the Committee proposes measures on which the Board decides.

In 2023, the Committee consisted of the following members: John Giverholt (Committee Chairman), Axel Brändström (Daniel Kristiansson from December 2023), and Bente Landsnes. All members are independent in relation to the Company and its Senior Executives, one member is independent in relation to the larger shareholders, and the Chairperson is the financial expert in accounting.

## Evaluation of the Board

The Chairperson of the Board is responsible for evaluating the Board's work, including the efforts of its individual members. This is achieved by means of an annual, structured evaluation. This is sent out from management annually; it is anonymous, and the results are discussed in a Board meeting as a separate agenda item. From 2024 it will be part of our Board Portal to get more continuity and to easier measure the improvement areas and actions.

## Remuneration to Board Members and Senior Executives

The remuneration to the Board is indirectly regulated by the Shareholders' Agreement, which stipulates that no remuneration shall be paid out to the Board Members, except for the Chairperson and Board Members nominated in accordance with the Shareholders' Agreement (and who is not employed by a party to the Shareholders' Agreement).

No remuneration is paid to the Senior Executives since the Manager function is provided by Heimstaden.

The AGM sets the total fees for the directors of the Board and decides how the fees are to be distributed among the directors and the Board's committees. The independent directors are remunerated as follows; Casper von Koskull/Helge

Leiro (Chairperson) SEK 960,000 and Bente A. Landsnes SEK 400,000, respectively.

## Composition and Diversity

The Board shall comprise a well-balanced mix of individuals holding the required skills, expertise, background, gender, age, as well as independence from Company and main shareholders, ensuring that the Company delivers on its strategic goals in a responsible and successful manner. Heimstaden Bostad is working to achieve a balanced diversity mix and in 2023, the Board comprised 33% women and 67% men.

Furthermore, the Board ensures focus on diversity in its operations via the Manager. Diversity is covered in our Code of Conduct and our People & Culture Manual. It is a focus area within recruitment, equal pay, reporting and is one of the building blocks of our "Friendly Workplace" framework forming the culture we build for our employees. In 2023, a Diversity Board was formed through employee applications to provide regular insights and propose improvements beyond the perspectives of management meetings and board rooms. Diversity is also part of the monthly employee engagement and well-being questionnaire.

## Board Independence

Heimstaden Bostad complies with the Swedish Corporate Governance Code (the Code) regarding requirements that the majority of the Board Members elected by the AGM must be independent in relation to Heimstaden Bostad and its Senior Executives, and that at least two of these are also independent in relation to Heimstaden Bostad's main shareholders (i.e., shareholders holding more than 10% of the shares and votes in the Company).

### Deviations from the Code

Heimstaden Bostad complies with the rules set out in the Code, except as explained below.

In 2023 the Company deviated from the rules set out in 1.1 and 1.2 in the Code since all general meetings were held per capsulam and no physical meetings were held. Due to the limited shareholder group and the fact that all shareholders consent thereto, there is no need for public disclosures of general meeting dates or for carrying out physical meetings.

The Company deviates from the rules set out in 1.3, 2.1–2.7, 4.6 and 8.1 in the Code since no nomination committee has been established. Due to the limited shareholder base and the fact that the shareholding and appointment of Board Members is regulated by the Shareholders' Agreement, there is no need for a nomination committee. Any responsibility normally vested in a nomination committee is regulated either by the Shareholders' Agreement or handled by the Board as a whole.

The Company deviates from the rules set out in 9.1–9.9 in the Code since no remuneration committee has been established and no formal remuneration guidelines are applied by the Company. In Heimstaden Bostad, Board remuneration is decided by the Annual General Meeting in accordance with the Shareholder Agreement. No remuneration is paid to the Senior Executives as the Manager function is provided by Heimstaden.

In 2023, the Board authorised the establishment of an Internal Audit Function, with the Audit and GRC Committee approving its mandate in October. Anticipated implementation is by summer 2024.

### External Auditor

The Auditor is appointed by the AGM based on a proposal from the Board. At the 2023 AGM, audit firm EY was elected for the period up to and including the 2024 AGM, with Authorised Public Accountant Jonas Svensson as the principal auditor.

### Remuneration To Auditor

SEK million	2023	2022
Audit assignment	29	26
Other assurance services	3	2
Other services	–	1
<b>Total</b>	<b>32</b>	<b>29</b>

### Manager's Senior Executives

Heimstaden Bostad contracts the Manager and thus has no Senior Executives of its own.

The CEO's responsibilities are governed by the Group Management Agreement and a written instruction defining the division of responsibilities between the Board and the CEO. The CEO reports to the Board and presents a CEO report at each

Board meeting, including information on how the operations are developing based on the decisions made by the Board.

The Senior Executives at the Manager comprises 13 individuals, as illustrated at [page 37](#).

The Manager has organised its operations with a Group Executive Management to deliver on the scope of services under the Group Management Agreement, ensuring the Company's strategic and operational development and monitoring of performance.

To ensure the continued success of the Company, the Manager has organised its work under different Committees, currently the following:

Executive Investment Committee: consists of key Senior Executives of the Manager and is chaired by the Board Member John Giverholt. It is responsible for reviewing and deciding on all real estate transactions, supported by the relevant investment teams, and ensuring attractive deal structuring and solid underwriting. The committee decides on the following matters:

- discretionary approval of real estate transactions below 500 million SEK
- decisions to recommend transactions above 500 million SEK to the Board of Heimstaden Bostad
- decisions to recommend entries into new markets in line with the Shareholders' Agreement

Executive Sustainability Committee: The Chief Sustainability Officer chairs this committee and is responsible for developing the corporate sustainability strategy and ensuring implementation in all areas within the Company. The committee decides on the following matters in order to secure the best interest for the Company:

- matters that are to be presented to the Board
- matters of major importance or of importance as to principles
- matters of common concern to several departments
- sustainability-related policies and position statements
- KPIs and targets for the Company

Executive GRC & Internal Control Committee: A group-wide committee that addresses all governance, risk, and compliance (GRC) and internal control matters relevant for management in order to evaluate our business from a comprehensive GRC and internal control perspective. The committee is tasked to:

- organise GRC and alignment within management
- evaluate GRC matters in the Company's activities
- support Management in embedding GRC considerations into all major decision-making processes
- ensure that the GRC policy framework is implemented.
- evaluate relevant audit findings presented by internal audit and discuss/suggest improvement and focus areas for management to focus on in alignment with the Audit & GRC Committee of the Board

## Board of Directors



**Helge Leiro Baastad**

Chairperson



**Daniel Kristiansson**

Member



**Rebecka Elkert**

Member



**John Giverholt**

Member



**Klas Åkerbäck**

Member

Year elected	2023 (August)	2023 (December)	2023 (August)	2019	2023 (March)
Born	1960	1974	1974	1952	1973
Nationality	Norwegian	Swedish	Swedish	Norwegian	Swedish
Education	MSc in Business from NHH Norwegian School of Economics	MSc in Finance, Stockholm School of Economics	MSc in Business and Economics, University of Uppsala	BSc, University of Manchester and MSc Accounting and Auditing, NHH Norwegian School of Economics	MSc in Financial Economics, Stockholm University
Other assignments	Chairperson of the Board at Bertel O. Steen and Kavli Holding AS		Head of Alternative Investments at Folksam	Board Member at Heimstaden AB and Fredensborg AS	Senior Portfolio Manager Real Estate, leading Alectas indirect international real estate investments
Employment and work experience	Two decades of experience as CEO of the Nordic insurance and pension company Gjensidige and has extensive experience in financing and corporate governance	Daniel Kristiansson serves as a Stewardship and Corporate Governance Specialist at Alecta. Previously, he was Investment Director at the Swedish Ministry of Finance, focusing on state-owned enterprises. His board experience includes positions at Vattenfall, Swedfund International, and Industrifonden	Extensive investment experience and has previously held roles as Head of Sustainable Investments at Carnegie Investment Bank and Portfolio Manager Alternative Investments and ESG Responsible at SEB Liv	Extensive capital markets background as CFO of DNB and CEO of Ferd. Formerly served on the Boards of Telenor, Kongsberg Gruppen, Gjensidige Forsikring, and Scatec Solar, in addition to board assignments with family-owned businesses	Extensive real estate investment experience from Trophi Fastighets AB and Tredje AP-fonden, where he led the evaluation and implementation of investment strategies. Additionally, he was involved in the founding and management of several real estate companies, including Fastighets AB Regio and Trophi Fastighets AB
Independent of Company	Yes	Yes	Yes	Yes	Yes
Independent of Main Shareholder	Yes	No. Dependent in relation to the Company's main shareholders through his employment with Alecta	No. Dependent in relation to the Company's main shareholders through her employment with Folksam	No. Dependent in relation to the Company's main shareholders by relationship with ultimate principal shareholder of Heimstaden AB as a Board member	No. Dependent in relation to the Company's main shareholders through his employment with Alecta
Own shareholdings and those of related parties in 2022	-	-	-	-	-
Attendance at Board meetings	9 of 24	2 of 24	9 of 24	23 of 24	15 of 24
Attendance at Audit and GRC Committee meetings			-	Chairperson, 4 of 4	-



**Vibeke Krag**

Member

Year elected	2021 <sup>1</sup>
Born	1962
Nationality	Danish
Education	MSc in Law, University of Copenhagen
Other assignments	Board Member of ATP, Gjensidige Forsikring ASA, Nykredit A/S, and the Danish Competition and Consumer Authority
Employment and work experience	Extensive experience of international leadership, portfolio management, law, and insurance from an operational career in financial services
Independent of Company	Yes
Independent of Main Shareholder	No. Dependent in relation to the Company due to her Board position with Heimstaden AB
Own shareholdings and those of related parties in 2022	-
Attendance at Board meetings	23 of 24
Attendance at Audit and GRC Committee meetings	-



**Fredrik Reinfeldt**

Member

Year elected	2023
Born	1965
Nationality	Swedish
Education	MSc in Business Administration, Department of Business Administration at Stockholm University
Other assignments	Chairperson of the Board of the Center for AMP, Visita and Drivkraft Sverige, and President of the Swedish Football Association
Employment and work experience	Experienced politician who led the New Moderates for 12 years and served as Sweden's Prime Minister for two terms. After retiring from politics in 2015, Fredrik has had assignments as an advisor to Nordic Capital and Bank of America Merrill Lynch
Independent of Company	Yes
Independent of Main Shareholder	No. Dependent in relation to the Company due to his Board position with Heimstaden AB
Own shareholdings and those of related parties in 2022	-
Attendance at Board meetings	16 of 24
Attendance at Audit and GRC Committee meetings	-



**Bente A Landsnes**

Member

Year elected	2021
Born	1957
Nationality	Norwegian
Education	
Other assignments	Vice Chair in Norbit ASA. Chairperson of the Board of Hvitsten AS and member of the Zagreb Stock Exchange Supervisory Board.
Employment and work experience	Extensive experience in financial services, licensed financial activities from e.g., Oslo Børs, digital transformation, change and reputation management, financial reporting, investor relations, corporate governance, and ESG. Strong relationships with major international investors and former Board Member of Infront ASA, Oslo Clearing ASA, Verdipapirsentralen ASA, Danske Bank A/S and Federation of European Securities Exchanges (FESE).
Independent of Company	Yes
Independent of Main Shareholder	Yes
Own shareholdings and those of related parties in 2022	-
Attendance at Board meetings	24 of 24
Attendance at Audit and GRC Committee meetings	4 of 4



**Ivar Tollefsen**

Member

Year elected	2021
Born	1961
Nationality	Norwegian
Education	
Other assignments	Chairperson of the Board of Fredensborg AS and Heimstaden AB
Employment and work experience	Founder and majority shareholder of the voting rights of Fredensborg AS. Due to his control over Fredensborg AS, Ivar effectively controls 50.1% of the votes of Heimstaden Bostad. In addition to his controlling shareholding
Independent of Company	No
Independent of Main Shareholder	No. Indirect majority shareholder in Heimstaden Bostad AB
Own shareholdings and those of related parties in 2022	Indirect majority shareholder in Heimstaden Bostad AB
Attendance at Board meetings	24 of 24
Attendance at Audit and GRC Committee meetings	-

<sup>1</sup> Resigned as per 31 December 2023.

## Senior Executives



**Helge Krogsbøl**  
Chief Executive Officer

Employed since	2018
Born / Nationality	1968 / Norwegian
Education	The Norwegian School of Marketing, Oslo
Previous experience	Helge has extensive experience in executive positions as SVP in Pandox AB, Regional Director at Thon Hotels Benelux, MP Room2Room and as CEO at First Hotels



**Christian Fladeland**  
Deputy Chief Executive Officer  
& Chief Investment Officer

Employed since	2019
Born / Nationality	1986 / Danish
Education	MSc in Economics, University of Copenhagen
Previous experience	Christian has extensive experience within real estate capital markets management from his position as Partner at Colliers International Denmark



**Thomas Alexander Hansen**  
Chief Financial Officer

Employed since	2023
Born / Nationality	1975 / Norwegian
Education	MSc in Business and Economics, and State Authorized Public Accountant, Norwegian Business School
Previous experience	Thomas has extensive experience from positions within finance, international tax, and commercial operations in Scatec ASA, Circle K Europe and as a Senior Manager at KPMG



**Eddo Rats**  
Chief Operating Officer

Employed since	2020
Born / Nationality	1971 / Dutch
Education	BCs in Hotel Administration/Management, Hotelschool Hague, and MRE in Real Estate, University of Amsterdam
Previous experience	Eddo has more than 20 years of management experience, built up in both the residential real estate as well as the hotel industry



**Katarina Skalare**  
Chief Sustainability Officer

Employed since	2018
Born / Nationality	1963 / Swedish
Education	BA in Social Science, Malmö University
Previous experience	Katarina holds considerable experience within sustainability, and in addition to an entrepreneurial background, has worked with sustainability at Krafringen, PwC, AstraZeneca, and E.ON Nordic



**Suzanna Malmgren**  
Chief People and Culture Officer

Employed since	2017
Born / Nationality	1971 / Swedish
Education	MSc, Uppsala University
Previous experience	Suzanna has extensive experience within Management Consulting and HR, including 11 years as executive search consultant and Partner at Alumni



**Steen Lønberg Jørgensen**  
Head of Capital Raising & Client Relations

Employed since	2022
Born / Nationality	1970 / Danish
Education	MSc in Economics, University of Copenhagen and MBA in Finance, NYU
Previous experience	Steen has extensive experience with capital raising and investment from executive roles at Copenhagen Infrastructure Partners (CIP), as well as from Nordea and Dansk Kapitalanlæg



**Paul Spina**  
Chief Asset Management  
and Development Officer

Employed since	2020
Born / Nationality	1987 / American
Education	BA in Economics, Fordham University, New York
Previous experience	Paul brings years of experience from international real estate from WeWork as the position of Head of Project Delivery EMEA. Previous experience from both consulting and contracting



**Christian Vammervold Dreyer**  
Chief Corporate Communications Officer

Employed since	2020
Born / Nationality	1974 / Norwegian
Education	Economics and Property, BI Norwegian Business School
Previous experience	Christian holds substantial experience in the real estate sector, as former CEO for Real Estate Norway, CEO of Eie Eiendoms-megling, and Chairman of the Board of the Norwegian Realtor Association



**Rodin Lie**  
Chief Technology Officer

Employed since	2020
Born / Nationality	1974 / Norwegian
Education	Computer Science and Psychology, Bergen University, and Officers' School, Norwegian Coastal Artillery
Previous experience	Rodin brings a strong background in technology and innovation, with previous positions as CDO in Selmer, CDO in Innovation Norway, and CTO in NOS Clearing



**Kristian Berentsen**  
Chief Legal Officer

Employed since	2020
Born / Nationality	1982 / Norwegian
Education	Msc in Law, University of Oslo
Previous experience	Kristian is a corporate lawyer with expertise within real estate, M&A, and financing from positions as Chief Legal Officer at Adolfsen Group, Corporate Counsel at Entra ASA, and Senior Lawyer at DLA Piper



**Karmen Mandic**  
Chief Brand and Marketing  
Communications Officer

Employed since	2015
Born / Nationality	1971 / Swedish
Education	BSc in Business Administration, Lund University
Previous experience	Karmen holds substantial international experience from global brands within Fin-Tech, Telecom, IT, and Food Processing. Previous leadership roles at Sony Mobile Communications, OctoFrost Group, and Fexco



**Nikolaj Degn Brammer**  
Chief Business Development Officer

Employed since	2021
Born / Nationality	1992 / Danish
Education	BSc in International Business, Copenhagen Business School, and MSc International Finance, HEC Paris
Previous experience	Nikolaj has a background in corporate transformation, private equity, and strategy from Bain and Company, Goldman Sachs, and Maersk

## Governance, Risk, and Compliance

Heimstaden Bostad is committed to high standards of corporate governance, risk management, and compliance. Our centralised GRC function develops and oversees the Company’s Policy framework and Risk and Compliance tools. In 2024, we will enhance our focus by introducing an internal audit function.

The GRC function is responsible for the following:

- Code of Conduct development, implementation, and ownership on behalf of the Board
- Establishment, implementation, and follow-up of a common and simplified Group Policy framework for the Company
- Planning, implementation, and follow-up of a Compliance Management System consisting of the relevant elements and tasks for the countries to adopt
- Relevant training and awareness related to the GRC area
- Participate in relevant projects related to GRC
- Implement and follow-up Risk and Compliance tools, reporting and processes to management and Board

In the fall of 2022, an updated Code of Conduct was approved by the Board, based on the values of the Company and the commitment to ethical business conduct. The Code of Conduct is complemented by detailed policies, manuals, guidelines, and routines – all available on the intranet, in the group HR system, and incorporated in the Staff Handbooks. Together, these documents form our governing framework that guides us in our daily work. The Group policy framework is now being implemented in the countries fol-

lowed by relevant training and Governance elements like Authorisation matrices (both Group and Country matrices were presented in 2023 with relevant training material for implementation). An initiative was started fall of 2023 to focus on the most important and critical standard operating procedures (SOPs). A prioritised set of SOPs were finalised by year-end and a new set will be focus area in 2024.

The Board owns and approves the Code of Conduct. In 2023, a formal sign-off of the Code of Conduct was conducted for all employees and 98.6% has signed. A mandatory Anti-Bribery and Corruption course was launched on the International Anti-Corruption Day together with updated Policy and Manual.

We expect our business partners to comply with ethical standards consistent with our own, and they are expected to sign our Business Partner Principles when signing an agreement with us.

Heimstaden Bostad will work continuously to improve the governing framework – together with the Country organisations. Breaches of the Code of Conduct or governing documents should be reported through the [whistleblower](#) function on our website.



# Risk Management

Heimstaden Bostad’s risk management objective is to maximise returns at acceptable risk levels without compromising the Company’s mission, values, or Code of Conduct. Heimstaden Bostad is exposed to a range of risks that may affect the business, thus it is of key importance to have a comprehensive risk management programme to optimise the risk/return balance.

Number of Risks per Risk Category



We prioritise and integrate risk management into daily operations as an ongoing, continuous process. In 2023, we enhanced the risk management framework by introducing new categories and sub-categories. This update emphasises clearer and more specified risk mitigation actions, with progress now measured as a percentage of completion. Quarterly Business Review reports now include matrices showcasing risks, comments, and the latest updates on action items.

The Risk Management function consolidates and analyses risks across our diverse markets within the Executive GRC and Internal Control Committee. Identified risks, risk actions, and

risk processes are presented to Executive Management, the Audit &GRC Committee, and the Board minimum bi-annually.

In 2023, our updated Risk Policy was disseminated across operational countries. It outlines key principles for comprehensive risk management, ensuring evaluation and measurement of foreseeable risks impacting operations and ambitions. Managers are mandated to take responsibility for risk management within their areas, embedding it in daily processes. Country Management is tasked with quarterly updates to the risk register, reporting new risks and the status of mitigating actions, closely aligning risk management with existing business operations.

## Financial Risks

### Refinancing Risk

Refinancing risk involves securing favourable terms in debt markets, including capital markets, bank financing, or alternative credit, for Heimstaden Bostad’s debt rollover/refinancing, aligning with current market conditions.

We have established a comprehensive granular financial model of its business where significant attention is devoted to its debt instruments, as well as the impact of refinancing those instruments. This enables real-time sensitivity analysis on several key performance indicators (KPIs), including debt covenants, en-

suring that we are well-informed in advance if any KPI is at risk of being breached.

We use various funding sources with a diversified maturity structure to minimise refinancing risk. Our Financial Policy stipulates the level of key credit ratios, which include leverage thresholds, average tenor, maximum amount of maturity in a given year and minimum metrics. To further manage financial risks, we also maintain ample cash reserves and unutilised sources of liquidity. We have access to bank financing which to a large extent covers short- and medium-term bond maturities. For more information of interest rate risk, see [Note 6.2](#) Financial risks in the financial section.

### Currency Risk

Heimstaden Bostad owns assets in other currencies than the reporting currency. Currency fluctuations may result in accounting volatility into our quarterly results, potentially negatively impacting key credit ratios and leading to rating pressure if the funding currency mismatches the currency of the asset.

Our policy is to primarily fund investments in the local currency (to the extent financially justifiable), which provides a natural hedge against currency changes on a consolidated level.

### Valuation Risk (Decline of Property Value)

Declining property values in isolation have impacted Heimstaden Bostad’s credit metrics, which in December 2023 resulted in a rating downgrade from S&P to BBB- with a negative outlook. The valuation decline risk was increasing when entering the year and value declines materialised throughout 2023, but decreased in the 2<sup>nd</sup> half of 2023 for most markets, providing a more positive outlook for 2024.

To manage and balance this risk, the company has a diversified property portfolio across many countries, with no market exceeding 30% of GAV, and regional locations with strong economies and favourable demographics. The property portfolio is valued by reputable third-party valuers each quarter.

### Investment Risk

New property acquisitions may introduce various risks associated with legal, financial, tax, and technical perspectives. Furthermore, M&A involving entire companies could result in additional company-specific risks after closing. Heimstaden Bostad has access to an experienced investment team with local presence across all markets who have significant experience within real estate transactions and M&A. All acquisitions are subject to customary due diligence (DD) from a legal, financial, tax, sustainability, and technical perspective.

Third-party expertise is frequently utilised to advise on various aspects of transaction processes, including structuring, legal, tax, and technical factors, among others. When necessary and/or possible, a Warranty & Indemnity (W&I) insurance may also be included as part of an acquisition to reduce the risk of potential breaches in representations and warranties at a later stage. This risk had a lower likelihood and impact in 2023 as the company reduced investment activity significantly.

### Strategic Risks

#### Regulatory Changes/Environment

Heimstaden Bostad’s exposure to regulatory changes mainly relates to political agendas, or as a natural evolution of residential markets. These changes can be related to a wide range of legislation, including housing laws, tax, and VAT, and may have both a positive and negative long-term impact on property values, operations, or financial performance.

Our local end-to-end in-house operations contribute to in-depth knowledge of each of our markets and we continuously monitor changes in the respective regulatory environment. We maintain active dialogue with policy makers and other stakeholders. What is discussed and proposed varies in the countries, but with increased focus on living costs, which has become more relevant in recent years.

### Negative Media Attention

Significant negative media coverage poses a risk to our reputation and the trust of crucial stakeholders and could potentially detrimentally affect relationships with owners, banks, bondholders, suppliers, employees, and recruitment efforts.

We have implemented a stakeholder management plan with regular communication to key stakeholders and provide regular communication to all employees. The external communication strategy is regularly revised to counteract media mentions of the company.

### Operational Risks

#### Increased Employee Turnover

The loss of individuals in management or in other key positions poses a risk to operations and profitability. To manage this risk, we take a structured approach to succession planning for key positions, interim or long-term, as well as continuous monitoring of employee satisfaction and the underlying reasons for turnover. We provide employees with development opportunities through a shared learning platform, mentoring, and various leadership and people skills training. We are an equal-opportunities employer with zero tolerance for discrimination and harassment. To ensure competitive compensation, we annually benchmark remuneration using Mercer data. This guides salary ranges for hires, role changes, and international transitions, and informs gender pay gap analyses. In 2023, we also launched a centralised recruitment function to streamline hiring and access passive talent swiftly.

In 2024, the focus is on evaluating and expanding centralised recruitment, enhancing Diversity, Inclusion, and Belonging efforts to reduce bias and support job opportunities, and implementing specific measures for Health & Well-being to boost engagement and motivation while preventing illness.

#### New Strategic Direction – Privatisation

Our historical emphasis on robust growth may conflict with the current strategy of privatisation and potential downsizing in specific markets. This shift poses risks to the workforce, including decreased motivation, heightened turnover, and challenges in attracting new talent. There is also a risk of increased passive attrition due to this new strategic direction.

#### Complex Organisational Structure

Our organisational structure can be perceived as complex, posing a risk of sub-cultures and sub optimisation. Focusing on activities not generating business value. To mitigate this, a split between Investment and Operations has occurred, with planned actions for 2024, including a focus on process adherence and the establishment of a shared service organisation for efficient cross-entity support and accurate cost allocation.

#### Cyber Security

Cyberattacks may lead to data breaches, operational disruption, and ransomware incidents that may negatively impact our operations, financial performance, and reputation.

We have implemented several levels of protection, such as two-factor authentication, external 24/7 security operation centre for monitoring/response, firewalls, antivirus, and backup systems. We are implementing a centralised cloud-based policy for data centres and cyber security. In 2023, an IT Security Policy and Manual was implemented to ensure structured way of work and to address topics such as annual security awareness training of employees, periodically engagement of white hat hackers, disaster recovery and similar.

#### Privacy/GDPR

Non-compliance with data protection laws, including the General Data Protection Regulation (GDPR) could potentially lead to significant fines, reputational damage, and damage to customers' and employees' privacy.

To address this risk, we consistently safeguard individual privacy and comply with data protection laws. Our measures include deploying modern system platforms, such as HR systems, and providing mandatory GDPR training to enhance employee competence and awareness. An updated Privacy Policy and Manual will be implemented in Q1 2024.

#### Relevance to Future Tenants

In today's digital society, availability is crucial. To prevent dissatisfaction, lower occupancy, or increased churn, we prioritise proactive customer service, property management, and on-site presence. Continuous personalisation of services and communication is essential to stay relevant.

To accomplish this, our fully integrated operational platform aligns with a customer-centric philosophy embedded in our strategy, values, and goals. We consistently monitor rental markets, engage with tenant unions, and conduct annual customer surveys across our markets. Additionally, we invest in ongoing enhancements to in-house digital customer-service platforms for effective tenant engagement and communication. Read more about our customer-centric approach on [page 169](#) of this report.

#### Bribery & Corruption

Failing to operate within the norms of corporate responsibility may cause significant damage to our reputation and operations, elevating the risk of losing tenants and strategic investors, as well as suffering economic losses in terms of fines or penalties.

We apply high ethical standards and integrity throughout our operations with zero tolerance for any forms of corruption,

fraud, bribery, or threats, and have developed a compliance management system involving a Code of Conduct, Business Partner Principles, and different Policies and Manuals. Mandatory training programmes within relevant areas and repeated regularly to help us improve the awareness across our markets. A new anti-bribery and anti-corruption training programme was created and implemented in 2023 as part of the mandatory courses. All employees signed the Code of Conduct as a specific task for 2023.

#### Climate Change Risk

The growing complexity of ESG-related risks, coupled with the integration of sustainability into daily operations, poses challenges in monitoring and maintaining responsible business practices. Environmental risks, if not adequately managed, can impact people, properties, and operations, potentially harming our reputation and profits. Failure to meet investors' ESG criteria may also limit access to capital.

Climate change poses significant environmental risks, such as increased energy costs, fines, operational impacts, supply chain disruptions, and reputational damage. In the long term, there's potential for property damage, emergency measures, decreased property values, and higher insurance prices.

To mitigate these risks, we've adopted a comprehensive ESG strategy, embedding sustainability into daily operations and setting ambitious climate targets aligned with the Paris Agreement's 1.5°C goal. ESG matters are a key focus at the Board level, integral to Heimstaden Bostad's overall strategy. Additional details on climate risks can be found on [page 149](#) and [150](#) of this report.

We have developed a methodology for carrying out climate risk and vulnerability assessments (CRVA) at property level and the CRVA process covers three phases: Assess property exposure, assess property vulnerability, and implement adaptation measures.



## Internal Control

The planning, governance, and control of operations follow the Company’s organisational structure, with a clear delegation of responsibilities and authority. Policies, manuals, guidelines, and Standard Operating Procedures (SOPs) provide our framework for internal control. We continue our commitment to strong internal control by strengthening our governance, doing a full review and update of policies, manuals, and guidelines in our key policy framework for Heimstaden Bostad.

### Internal Control over Operations

Heimstaden Bostad performs several control activities to ensure internal control over our operations. Key policies and manuals are established and finalised together with Standard Operating Procedures (SOPs) to ensure operation in line with our values and are designed to manage significant risks related to our operations. Control activities exist both at the overall and detailed level within the Group. For example, monthly management reporting is prepared and reviewed by the business unit and function managers and controllers.

### Internal Control and Governance Activities 2024

In 2024, Heimstaden Bostad will continue to develop its internal governance, risk and compliance function, and control processes, also helped by establishing an internal audit function. The following planned activities are in focus:

- Focus on implementation and knowledge of our Policy framework and perform a maturity assessment to see the status per policy in each country, based on this plan for specific activities tailored to each country
- Further improve our Group and Country Authorisation matrices based on input and experience of use

- Year-end assessment of the Manager’s formalised self-assessment procedure on internal controls

### Internal Control Over Financial Reporting

Regular monitoring, combined with a close collaboration with the Company’s auditors, and the control and monitoring conducted through the annual audit and quarterly reviews, ensure accurate reporting. The Board has, as part of its strong commitment to internal control, established an Audit & GRC Committee to increase quality of financial reporting processes and how we work.

To ensure the quality of financial reporting, the Company applies several internal controls, such as a financial policy, new Group and Country Authorisation Matrices, and segregation of duties. Regarding financial reporting, the risks are primarily judged to derive from material errors being able to arise in the reporting of the Company’s financial performance. The Board is responsible for identifying and managing significant financial risks and risks of errors in the financial reporting.

The Board reviews each interim report and discusses its contents with the Senior Executives and, where applicable, with the Company’s Auditor.

The senior executives hold regular meetings through the Executive GRC & Internal Control Committee in front of bi-annual reporting to the Board’s Audit & GRC committee to discuss ongoing financial performance and issues, update the top risk picture, define processes, and focus areas for improvement and internal control activities.

The Audit and GRC committee has established a pre-approval guideline governing the engagement of Heimstaden Bostad’s primary external auditors for audit and non-audit services to Heimstaden Bostad or any entity within the group. The committee has in the guideline defined and pre-approved subcategories of audit and non-audit services, and includes annual monetary thresholds for each of the following categories of services:

- Audit
- Audit-related
- Tax
- Other – not related to financial audit and tax

Heimstaden Bostad has established a whistleblower function that can be accessed anonymously.

The finance function has regular contact with business unit managers to discuss operational and financial matters and to verify that processes are followed and developed. The Board monitors the operations through regular reporting, in which the CEO comments on the development of operations, profit, and

financial position. Necessary measures and activities are implemented with the aim of strengthening and streamlining the internal controls.

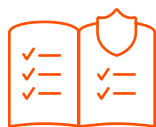
The internal controls over operations are regularly monitored. This mainly takes the form of reporting deviations in comparison with the budget/forecast, as well as monthly operational reporting and business reviews.

### Insider Policy

The Insider Policy contains guidelines for the handling and communication of insider information as well as other external information obligations. The communication shall be long-term, and compatible with the brand, vision, business concept, strategies, targets, and values of Heimstaden Bostad. In addition, the communication shall be open, factual, well-structured, and well-planned. Heimstaden Bostad shall provide correct, relevant, and clear information in accordance with applicable laws and regulations.

The following information is available from the Corporate Governance pages on [www.heimstadenbostad.com](http://www.heimstadenbostad.com):

- Statement of Corporate Governance
- Articles of Association
- Code of Conduct
- Annual and Interim Reports from the 2016 financial year and onwards
- Annual and Sustainability reports from the 2019 financial year and onwards
- More detailed information on specific important policies and applicable statements



## Our Policy Framework

The Board approved the Policy framework in October 2022. In 2023, we refined and expanded it with updated policies and new and updated governing documents such as manuals, guidelines, and standard operating procedures.

The policy framework is regularly updated, at least bi-annually or when needed, and comprises of fifteen policy areas, along with our Code of Conduct and business plan. The framework is accessible to all employees on our intranet’s top menu, with necessary documents and information also shared at our external webpages. Each Policy area has a designated Policy Owner, including a CxO in management and a local Policy Owner from management in each country.

Our Policy framework consists of the following (in random order):

Policy Framework our Governing documents	Group Policy Owner	Approved by	Last update	Next update
<b>Code of Conduct</b> is equivalent of rules and foundations that sets the standard of integrity we follow and is available in local language in all countries.	BoD	BOD	2022	2024
<b>Business Plan</b> outlines our investments, visions for acquisitions, projects, geographical markets, and return profiles, including our rental growth strategy and refurbishments. In 2023, both the Group and Country Authorisation matrices were presented and implemented to specify the authority levels for task execution.	Chief Executive Officer	BOD	2022	2024
<b>Financial Policy</b> sets Company financial standards, with any changes requiring approval from the Board.	Chief Financial Officer	BOD	2023	2025
<b>Sustainability Policy</b> ensures high-quality, integrated, and aligned sustainability efforts throughout the organisation, fostering engagement and involvement to achieve set goals and support our overarching aim of contributing to society through inspiration and enrichment.	Chief Sustainability Officer	BOD	2022	2024
<b>Investment/CapEx Policy</b> aims to mitigate investment risks and enhance the yield on cost for our capital expenditures.	Chief Asset Management and Development Officer	CEO	2023	2025
<b>Corporate Communications Policy</b> ensures high-quality, aligned communication, and stakeholder engagement to foster relationships, achieve goals, implement decisions, and promote internal and external engagement.	Chief Communications Officer	CEO	2023	2025
<b>Risk Policy</b> establishes a comprehensive risk management programme aimed at optimising the balance between risk and return across a spectrum of potential business risks.	Chief Legal Officer/Director GRC	CEO	2023	2025
<b>Anti-Corruption Policy</b> outlines our commitment to the highest standards of integrity, transparency, and ethical business conduct, guiding initiatives to ensure honesty and accountability across all aspects of our business.	Chief Legal Officer/Director GRC	CEO	2023	2025
<b>Whistleblower Policy</b> ensures Company transparency and compliance with laws, facilitating the reporting of irregularities in accordance with legal requirements.	Chief People & Culture Officer	CEO	2023	2025
<b>Cyber Security Policy</b> outlines protection measures, user expectations, and responsibilities for safeguarding information based on industrialised security standards to protect customers, employees and assets.	Chief Technology Officer	CEO	2022	2024
<b>Business Partner Policy</b> , Procurement Manual and Business Partner Principles align with the UN’s Global Compact principles on human rights, working conditions, environment, and anti-corruption and are mandatory to all business partners/third parties.	Chief Asset Management and Development Officer	CEO	2022	2024
<b>People &amp; Culture Policy</b> strives to create and sustain a Friendly Workplace that embodies our values of Care, Dare, and Share.	Chief People & Culture Officer	CEO	2022	2025
<b>Investment and Financing Policy</b> minimises legal and financial risks in property acquisitions or divestments, aligning with the business plan and investment strategy to ensure quality, fairness, and transparency in property portfolio valuation assessments.	Chief Investment Officer	CEO	2024	2026
<b>Brand &amp; Marketing Policy</b> ensures consistent internal and external marketing communications across all locations in alignment with our brand identity and values, supporting our strategic plan.	Chief Brand and Marketing Communication Officer	CEO	2022	2024
<b>Privacy Policy</b> mitigates privacy risks by establishing a unified set of requirements across all countries, ensuring accountability and compliance with privacy/GDPR standards in our Company.	Chief Legal Officer	CEO	2023	2025
<b>Insider Policy</b> ensures responsible management of investment- and equity capital transactions and financing opportunities which may involve insider information.	Chief Legal Officer	CEO	2023	2025
<b>Operational Policy</b> ensures high-quality and aligned operations, focusing on increasing efficiency and transparency throughout the organisation.	Chief Operating Officer	CEO	2024	2026

# Financial Five-Year Summary

SEK million	2023	2022 <sup>1</sup>	2021 <sup>1</sup>	2020 <sup>1</sup>	2019 <sup>1</sup>
<b>Consolidated Statement of Comprehensive Income</b>					
Rental income	14,974	12,702	8,608	6,332	4,135
Service charges paid by tenants	1,750	1,217	639	389	–
Property expenses	-6,633	-5,778	-3,861	-2,828	-1,732
<b>Net operating income</b>	<b>10,091</b>	<b>8,141</b>	<b>5,386</b>	<b>3,893</b>	<b>2,403</b>
Corporate administrative expenses	-860	-887	-546	-345	-193
Other operating income	275	468	5	48	11
Other operating expenses	-448	-231	-2,340	-39	-46
Realised gains/losses from divestment of properties	235	10	109	10	–
<b>Profit before unrealised fair value adjustments</b>	<b>9,293</b>	<b>7,501</b>	<b>2,614</b>	<b>3,567</b>	<b>2,175</b>
Fair value adjustment of investment properties	-31,130	-5,121	21,254	7,924	4,834
Value adjustment of inventory properties	25	402	-2	188	–
<b>Operating profit/loss</b>	<b>-21,812</b>	<b>2,782</b>	<b>23,866</b>	<b>11,679</b>	<b>7,009</b>
Share of net profits/losses of associated companies and joint ventures	-844	410	329	32	88
Impairment of goodwill	-1,058	–	–	–	–
Interest income	324	316	152	81	35
Interest expenses	-4,939	-2,275	-1,288	-1,269	-923
Net currency translation gains/losses	419	-6,578	76	656	-241
Fair value adjustment of derivative financial instruments	-1,173	1,115	819	-178	39
Other financial items	461	-2,131	70	-168	-154
<b>Profit/loss before tax</b>	<b>-28,623</b>	<b>-6,362</b>	<b>24,024</b>	<b>10,833</b>	<b>5,853</b>
Current tax expense	-466	-836	-492	-386	-200
Deferred tax income/expense	4,234	1,878	-4,580	-1,774	-1,193
<b>Profit/loss for the period</b>	<b>-24,855</b>	<b>-5,321</b>	<b>18,952</b>	<b>8,673</b>	<b>4,460</b>
Currency translation differences	-1,428	13,703	3,627	-4,479	279
<b>Total comprehensive income/loss</b>	<b>-26,283</b>	<b>8,382</b>	<b>22,579</b>	<b>4,194</b>	<b>4,740</b>
<b>Property-related key data</b>					
Lettable time-weighted area, sqm thousands	11,258	10,766	8,365	6,441	3,047
Net operating income, %	67.4	64.1	62.6	61.5	58.1

<sup>1</sup> Comparables restated, see [Note 1](#).

SEK million	2023	2022	2021	2020	2019
<b>Consolidated Statement of Financial Position</b>					
Investment properties	319,491	344,856	300,584	144,404	113,331
Other non-current assets	31,920	35,226	20,183	1,299	1,660
Current assets	14,807	17,245	28,299	11,223	6,573
<b>Total assets</b>	<b>366,219</b>	<b>397,327</b>	<b>349,066</b>	<b>156,926</b>	<b>121,564</b>
Equity	148,731	180,854	160,338	77,741	57,548
Deferred tax liabilities	18,492	22,941	21,904	4,212	2,526
Other non-current liabilities	174,835	175,201	136,488	65,929	54,492
Current liabilities	24,162	18,330	30,336	9,044	6,998
<b>Total equity and liabilities</b>	<b>366,219</b>	<b>397,327</b>	<b>349,066</b>	<b>156,926</b>	<b>121,564</b>
<b>Financial key data</b>					
Cash flow from operating, investing and financing activities	1,723	-10,751	10,503	3,390	2,018
Interest coverage ratio (ICR), multiple	2.0	3.8	4.1	2.9	2.5
Net loan-to-value ratio (LTV), %	56.3	50.3	46.2	43.9	48.0
Average interest rate on outstanding debt, %	2.9	1.8	1.0	1.7	1.9
Average loan tenor, number of years	8.0	8.3	8.9	10.5	10.5

# Financial Information

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## Consolidated Statement of Comprehensive Income

SEK million	Note	2023	2022 <sup>1</sup>
Rental income	<a href="#">2.1</a> , <a href="#">2.2</a>	14,974	12,702
Service charges paid by tenants	<a href="#">2.1</a> , <a href="#">2.2</a>	1,750	1,217
Property expenses	<a href="#">2.1</a> , <a href="#">2.3</a> , <a href="#">2.6</a>	-6,633	-5,778
<b>Net operating income</b>		<b>10,091</b>	<b>8,141</b>
Corporate administrative expenses	<a href="#">8.1</a>	-860	-887
Other operating income	<a href="#">2.4</a>	275	468
Other operating expenses	<a href="#">2.5</a>	-448	-231
Realised gains/losses from divestment of properties	<a href="#">2.7</a>	235	10
<b>Profit before unrealised fair value adjustments</b>		<b>9,293</b>	<b>7,501</b>
Fair value adjustment of investment properties	<a href="#">2.1</a> , <a href="#">2.8</a> , <a href="#">3.1</a>	-31,130	-5,121
Value adjustment of inventory properties	<a href="#">2.1</a> , <a href="#">4.1</a>	25	402
<b>Operating profit/loss</b>		<b>-21,812</b>	<b>2,782</b>
Share of net profits/losses of associated companies and joint ventures	<a href="#">3.4</a>	-844	410
Impairment of goodwill	<a href="#">3.2</a>	-1,058	-
Interest income	<a href="#">2.10</a>	324	316
Interest expenses	<a href="#">2.10</a>	-4,939	-2,275
Net currency translation gains/losses	<a href="#">2.10</a>	419	-6,578
Fair value adjustment of derivative financial instruments	<a href="#">2.9</a>	-1,173	1,115
Other financial items	<a href="#">6.1</a>	461	-2,131
<b>Profit/loss before tax</b>		<b>-28,623</b>	<b>-6,362</b>
Current tax expense	<a href="#">2.11</a>	-466	-836
Deferred tax income/expense	<a href="#">2.11</a>	4,234	1,878
<b>Profit/loss for the period</b>		<b>-24,855</b>	<b>-5,321</b>
<b>Other comprehensive income</b>			
Currency translation differences	<a href="#">2.12</a>	-1,428	13,703
<b>Total comprehensive income/loss</b>		<b>-26,283</b>	<b>8,382</b>
<b>Profit/loss attributable to:</b>			
The Parent Company's shareholders		-22,926	-5,105
Non-controlling interests		-1,928	-216
<b>Comprehensive income/loss attributable to:</b>			
The Parent Company's shareholders		-24,403	8,598
Non-controlling interests		-1,880	-216

<sup>1</sup> Comparables restated, see [Note 1](#).

## Consolidated Statement of Financial Position

SEK million	Note	31 December 2023	31 December 2022
<b>ASSETS</b>			
Investment properties	<a href="#">2.1</a> , <a href="#">3.1</a>	319,491	344,856
Goodwill and Intangible assets	<a href="#">3.2</a>	18,674	19,693
Machinery and equipment	<a href="#">3.3</a> , <a href="#">6.5</a>	332	314
Investments in associated companies and joint ventures	<a href="#">3.4</a>	8,636	9,698
Derivative financial instruments	<a href="#">6.1</a>	34	836
Deferred tax assets	<a href="#">7.1</a>	800	982
Other financial assets	<a href="#">3.5</a>	3,444	3,703
<b>Total non-current assets</b>		<b>351,411</b>	<b>380,082</b>
Inventory properties	<a href="#">4.1</a>	538	573
Rent and trade receivables	<a href="#">4.2</a>	227	359
Other financial assets	<a href="#">4.3</a>	863	4,867
Derivative financial instruments	<a href="#">6.1</a>	464	645
Prepayments	<a href="#">4.4</a>	1,146	1,416
Cash and cash equivalents	<a href="#">4.5</a>	11,276	9,385
Assets held for sale	<a href="#">3.1</a>	294	–
<b>Total current assets</b>		<b>14,807</b>	<b>17,245</b>
<b>TOTAL ASSETS</b>		<b>366,219</b>	<b>397,327</b>

SEK million	Note	31 December 2023	31 December 2022
<b>EQUITY AND LIABILITIES</b>			
Share capital		97	93
Other capital contributions		131,887	128,559
Hybrid bonds		24,249	24,330
Currency translation reserve		10,166	11,643
Retained earnings		-31,152	-662
<b>Total equity attributable to Parent Company shareholders</b>	<a href="#">5</a>	<b>135,246</b>	<b>163,964</b>
Non-controlling interests	<a href="#">5</a>	13,485	16,891
<b>Total equity</b>	<a href="#">5</a>	<b>148,731</b>	<b>180,854</b>
Interest-bearing liabilities	<a href="#">6.1</a> , <a href="#">6.2</a> , <a href="#">6.3</a>	171,650	171,119
Lease liabilities	<a href="#">6.5</a>	1,091	1,331
Derivative financial instruments	<a href="#">6.1</a>	481	51
Deferred tax liabilities	<a href="#">7.1</a>	18,492	22,941
Other financial liabilities		1,614	2,700
<b>Total non-current liabilities</b>		<b>193,326</b>	<b>198,142</b>
Interest-bearing liabilities	<a href="#">6.3</a>	19,601	11,572
Lease liabilities	<a href="#">6.5</a>	85	84
Trade payables		738	833
Other liabilities	<a href="#">7.2</a>	1,017	3,008
Derivative financial instruments	<a href="#">6.1</a>	–	75
Accrued expenses and prepaid income	<a href="#">7.3</a>	2,721	2,758
<b>Total current liabilities</b>		<b>24,162</b>	<b>18,330</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>366,219</b>	<b>397,327</b>

## Consolidated Statement of Changes in Equity

SEK million	Note	Share capital	Other capital contributions	Hybrid bonds	Currency translation reserve	Retained earnings	Attributable to Parent Company shareholders	Non-controlling interests	Total equity
<b>Opening balance, 1 January 2022</b>		72	97,626	33,666	-2,060	30,969	160,273	65	160,338
Profit/loss for the period		–	–	960	–	-6,065	-5,105	-216	-5,321
Currency translation differences	<a href="#">2.12</a>	–	–	–	13,703	–	13,703	–	13,703
<b>Total comprehensive income/loss</b>		–	–	960	13,703	-6,065	8,598	-216	8,382
New share issue		22	30,970	–	–	–	30,991	–	30,991
Costs of issuance		–	-36	–	–	–	-36	–	-36
Buyback of hybrid bonds		–	–	-9,336	–	1,692	-7,644	–	-7,644
Dividends		–	–	-960	–	-26,585	-27,545	–	-27,545
Transactions with non-controlling interests		–	–	–	–	-673	-673	17,042	16,368
<b>Total transactions with the company's shareholders</b>		22	30,934	-10,296	–	-25,567	-4,907	17,042	12,135
<b>Equity, 31 December 2022</b>	<a href="#">5</a>	93	128,559	24,330	11,643	-662	163,964	16,891	180,854
<b>Opening balance, 1 January 2023</b>		93	128,559	24,330	11,643	-662	163,964	16,891	180,854
Profit/loss for the period		–	–	841	–	-23,767	-22,926	-1,928	-24,855
Currency translation differences	<a href="#">2.12</a>	–	–	–	-1,477	–	-1,477	49	-1,428
<b>Total comprehensive income/loss</b>		–	–	841	-1,477	-23,767	-24,403	-1,880	-26,283
New share issue		3	3,334	–	–	–	3,337	–	3,337
Costs of issuance		–	-6	–	–	–	-6	–	-6
Buyback of hybrid bonds		–	–	-82	–	19	-63	–	-63
Dividends		–	–	-841	–	-6,742	-7,583	-1,526	-9,109
<b>Total transactions with the company's shareholders</b>		3	3,328	-922	–	-6,723	-4,315	-1,526	-5,841
<b>Equity, 31 December 2023</b>	<a href="#">5</a>	97	131,887	24,249	10,166	-31,152	135,246	13,485	148,731

## Consolidated Statement of Cash Flows

SEK million	Note	2023	2022
<b>Operating activities</b>			
Profit/loss before tax		-28,623	-6,362
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Fair value adjustment on investment properties	<a href="#">3.1</a>	31,130	5,121
Value adjustment of inventory properties	<a href="#">4.1</a>	-25	-402
Fair value adjustment of derivative financial instruments	<a href="#">2.9</a>	1,173	-1,115
Interest income	<a href="#">2.10</a>	-324	-315
Interest expenses	<a href="#">2.10</a>	4,939	2,275
Share of net profits/losses of associated companies and joint ventures	<a href="#">3.4</a>	844	1,617
Other adjustments	<a href="#">4.6</a>	-313	7,685
<i>Working capital changes</i>			
Increase(-)/decrease(+) in rent and other receivables		-293	-1,903
Increase(+)/decrease(-) in trade and other payables		-1,024	864
<b>Cash generated from operations</b>		<b>7,482</b>	<b>7,465</b>
Interest paid		-4,880	-1,858
Interest received		324	344
Paid income tax		-1,000	-843
<b>Net cash flows from operating activities</b>		<b>1,926</b>	<b>5,107</b>

SEK million	Note	2023	2022
<b>Investing activities</b>			
Acquisitions of businesses, net of cash		-	-2,837
Acquisition of investment and inventory properties		-2,132	-11,131
Capital expenditure on investment and inventory properties	<a href="#">3.1, 4.1</a>	-7,964	-9,568
Divestments of investment properties	<a href="#">2.7</a>	2,703	661
Deposits for signed acquisitions		320	-731
Purchase of machinery and equipment		-63	-11
Purchase of intangible assets		-62	-
Transactions with associated companies and joint ventures	<a href="#">3.4, 3.5</a>	711	-168
Purchase of quoted equity investments	<a href="#">3.4, 6.1</a>	-	-4,474
Other cash flows from investing activities		-543	2
<b>Net cash flows from investing activities</b>		<b>-7,029</b>	<b>-28,257</b>
<b>Financing activities</b>			
Proceeds from interest-bearing liabilities	<a href="#">6.3</a>	35,264	48,656
Repayment of interest-bearing liabilities	<a href="#">6.3</a>	-25,584	-40,270
Dividends paid	<a href="#">5</a>	-5,851	-3,229
Proceeds from non-controlling interests		3,937	7,694
Proceeds from share issuances	<a href="#">5</a>	920	7,635
Buyback of hybrid bonds	<a href="#">5</a>	-58	-7,100
Repayments on hybrid bonds		-841	-960
Settlement of derivative financial instruments		176	232
Other cash flows from financing activities		-1,137	-259
<b>Net cash flows from financing activities</b>		<b>6,826</b>	<b>12,399</b>
Net change in cash and cash equivalents		1,723	-10,751
Cash and cash equivalents at the beginning of the period		9,385	19,508
Net currency exchange effect in cash and cash equivalents		168	628
<b>Cash and cash equivalents at the end of the period</b>		<b>11,276</b>	<b>9,385</b>



# Notes to the Consolidated Financial Statements

## 1. Corporate information and general accounting policies

### 1.1 Corporate information

Heimstaden Bostad AB (publ), Corp. ID No. 556864-0873, is a Swedish limited liability company with its registered office in Malmö, at Östra Promenaden 7A, SE-211 28. Heimstaden Bostad's operations consist of owning, developing, and managing residential properties.

### 1.2 General accounting policies

#### Basis of preparation

The Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and in accordance with Swedish law by applying the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary accounting rules for groups. This section provides summary of material accounting policies in the preparation of these financial statements. This section must be read in conjunction with the specific notes that also include material accounting policies.

The Consolidated Financial Statements were approved by the Board of Directors on 26 February 2024 and will be laid before the Annual General Meeting for approval on 2 April 2024.

The Financial Statements are presented in SEK and rounded to the nearest million. Numbers and percentages presented in the financial statements may not add up precisely to the totals provided.

The Consolidated Financial Statements have been prepared on a going-concern basis, applying a historical cost convention except for the measurement of investment property, derivative financial instruments and contingent consideration, that have been measured at fair value.

Heimstaden Bostad presents assets and liabilities in the Statement of Financial Position based on a current and non-current classification.

Heimstaden Bostad presents income and expenses in Statement of Comprehensive Income classified by based on their function.

#### Consolidation

Subsidiaries are fully consolidated from the date on which control is transferred to Heimstaden Bostad and deconsolidated from the date that control ceases. All Heimstaden Bostad's companies are set to have 31 December as their year-end. Newly acquired companies that have a different financial year-end are changed to align with the Group at the earliest opportunity. Accounting policies of subsidiaries are changed where necessary to ensure consistency.

Intercompany transactions, balances, and unrealised gains or losses on transactions between Group companies are eliminated.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When Heimstaden Bostad ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in the carrying amount recognised in Statement of Comprehensive Income. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture, or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for

as if Heimstaden Bostad had directly disposed of the related assets or liabilities. This means that amounts previously recognised in other comprehensive income are reclassified to Statement of Comprehensive Income.

Non-controlling interests share of the results and equity of subsidiaries are shown separately in the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Financial Position, respectively.

#### Asset acquisitions, business combinations, and goodwill

Where properties are acquired, either through business combinations or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents a business combination or an asset acquisition. If Heimstaden Bostad choose to perform a 'concentration test' and further prove that the acquisition is an asset acquisition, no further assessment is required. If the fair value of the gross assets acquired can substantially be attributed to an asset or a group of similar assets, the voluntary test shows the acquisition to constitute an asset acquisition. If the test is performed and it is not possible to determine the acquisition to be an asset acquisition, further assessment must be made. For more information regarding judgements and estimates see [Note 1.3](#).

#### Business combinations and goodwill

Heimstaden Bostad determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that, together, significantly contribute to the ability to create outputs. The process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs

and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For impairment testing purposes, goodwill acquired in a business combination is, from the acquisition date, allocated to each of Heimstaden Bostad's cash-generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU.

#### Asset acquisitions

For acquisition of a subsidiary that is not considered a business combination, Heimstaden Bostad allocates the cost between the individual identifiable assets and liabilities based on their relative fair values as at the date of acquisition. Such transactions or events do not give rise to goodwill.

The Group recognises only the identifiable assets and liabilities. Any deferred tax is subject to the initial recognition exemption in accordance with IAS 12.

### Foreign currencies

Heimstaden Bostad's Consolidated Financial Statements are presented in SEK, which is also the Parent Company's functional currency. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is reclassified to Statement of Comprehensive Income.

Transactions in foreign currencies are converted to the functional currency at the exchange rate prevailing on the transaction date. Income and expenses in a foreign operation are translated into functional currency at an average rate that represents an approximation of the prevailing exchange rates at the date of each transaction. Translation differences arising on currency translation of foreign operations are recognised in other comprehensive income.

Net currency translation gains and losses from monetary assets and liabilities is presented in net currency translation gains/losses in the consolidated statement of comprehensive income.

Monetary assets and liabilities in foreign currency are translated into the functional currency at the period-end rate. Historical cost non-monetary items use the transaction date rate, and fair value non-monetary items use the fair value measurement date rate.

### Cash Flow Statement

Cash Flow Statements have been prepared in accordance with the indirect method in accordance with IAS 7, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals, or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows.

## 1.3 Judgements and estimates

Management makes judgements, estimates, and assumptions each reporting period that affect the Statement of Comprehensive Income and Consolidated Statement of Financial Position. These assumptions and assessments are based on historical experience and other factors that appear reasonable under the existing circumstances.

### Estimation of fair value of investment properties

Property valuations are estimates and accordingly are subject to a degree of judgement in their determination.

Valuations are obtained from independent third parties, who exercise their professional judgement in arriving at their opinion of value. Management exercises its judgement when assessing the accuracy and reasonableness of third-party values provided, prior to their adoption, as well as in relation to the valuation of assets under construction or redevelopment where internal assumptions of outstanding cost and margin deductions are required. See [Note 3.1](#) for further information.

### Impairment testing of goodwill

Each year and whenever impairment indicators are present, the Group tests goodwill for impairment in accordance with the accounting policy described in [Note 3.2](#). Recoverable amounts for CGU have been determined by calculating value in use. For these calculations management apply estimates related to key assumptions. For such estimates made, see [Note 3.2](#).

### Recognition of property acquisition and business combinations

When determining whether the acquisition represent a business combination or an asset acquisition, management makes judgements with regards to the application of the optional concentration test and the substance of the assets and activities acquired.

If substantially all the fair value of the gross assets acquired is concentrated in a single asset (or a group of similar assets) the transaction is treated as an asset acquisition.

To determine whether the acquisition is a business combination or an asset acquisition, management makes judgements regarding inputs, processes, and output of the acquired assets.

### Purchase price allocation

The Group prepares a purchase price allocation for accounting by applying the acquisition method according to IFRS 3.

Accounting for an acquisition involves a high degree of judgement and estimation, mainly with regard to the allocation of premiums and discounts to assets and liabilities (net assets) in the purchase price allocation, as well as adjusting entries for adaptation to the Group's accounting policies. Fair value adjustments and resultant goodwill are presented in [Note 3.2](#).

### Classification of investments in associated companies

Classification of investments in associated companies When determining whether the Company's investment is an associated company or an equity investment, management makes judgements with regards to an assessment of significant influence. For more information see [Note 3.4](#).

### Climate risks

The Group considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the group due to both physical and transition risks. Even though the Group believes its business model will still be viable after the transition to a low-carbon economy, climate-related matters is considered in estimates and assumptions underpinning impairment assessments and fair value measurements, among others, in the financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Group is closely monitoring relevant changes and developments, such as new climate-related legislation.

Environmental risks are those related to climate change, including direct risks such as increased energy costs and other operational implications, and indirect risks such as supply chain interruptions and reputational impact. There are also risks of damaged properties and/or emergency measures, mostly linked to climate impact, that may lead to decreased property values and higher property insurance prices, among other factors. To ensure that efforts to reduce our climate impact are sufficient, the Group has committed to the Science-Based Targets initiative (SBTi). To achieve its climate goals by 2030, Heimstaden has developed a climate action plan with a detailed plan for each country. See [page 146](#) for more information. The initiatives are expected to have a positive impact on Heimstaden's investment properties and reduce energy and electricity costs for tenants.

The Group has established local carbon emission pathways in all the countries where it operates. The climate impact and carbon emission pathways in local markets vary due to differences in national climate policies, the energy mix, EPC scheme implementation, and differences in properties' energy performance.

Transition to a low-carbon society also presents opportunities for Heimstaden. By switching to renewable energy sources, investing in renewable electricity generation, and continuing to work on energy efficiency, circular economy and biodiversity measures, we will reduce our greenhouse gas (GHG) emissions and, in many cases, our operating costs. At the same time, we are increasing the number of energy-efficient buildings in the portfolio and adapting to climate change.

Heimstaden will continue to evaluate long-term climate risks and opportunities, develop its climate reporting according to the Corporate Sustainability Reporting Directive (CSRD) and the EU Taxonomy and continue to make climate assessments of the properties. This will provide knowledge about which properties may be affected by a changed climate and society, and what is required in order to adapt the Group's operations to handle a changing climate. This is an important foundation for decisions on necessary climate adaptations, define business opportunities and to remain a relevant and attractive property owner in the long term. Climate-related projects are a central part of Heimstaden's sustainability focus, covering areas such as investments in climate change mitigation and adaptation measures, supply chain management with and ESG focus, ESG in acquisitions, and access to capital. The current and future property portfolio and investments will be continuously monitored and assessed in terms of climate impact.

## 1.4 New and changed accounting policies and disclosures

### New and amended standards and interpretations

#### Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the

correction of errors. They amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Group's consolidated financial statements.

#### Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to provide more useful disclosures by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

#### Voluntary changes in accounting principles

##### Associated companies and joint ventures

Effective 1 January 2023, the Condensed Statement of Comprehensive Income has been revised to provide the user of the consolidated financial statements with more relevant information, including relevant and comparable subtotals. Share of net profits/losses of associated companies and joint ventures are now reclassified from operating profit/loss to profit/loss for the period. The revised presentation did not have any impact on any financial statement line item, the group's profit for the year, the financial posi-

tion or equity. The comparative financial data has been reclassified accordingly.

##### Realised gains/losses from divestment of properties

The Board of Directors have approved a Privatisation Plan that represents a new line of business that works across all segments. The goal of this plan is to sell a significant part of the portfolio in the private home-owner market. In response to the new strategy the accounting policy for divestment of properties has been revised. The new policy separates realised gains/losses from unrealised change in value. Gains/losses from divestments, both from privatisation and other divestments, are realised and shown on a new financial statement line, "Realised gains/losses from divestment of properties". This also includes realised gain/losses from inventory properties. Gain/loss is calculated based on the valuation in the latest interim financial statement and net of direct transactions cost. To clarify the distinction of realised gains/losses and unrealised value change the following line items have been changed:

- "Profit before inventory properties and fair value adjustments" renamed to "Profit before unrealised fair value adjustments"
- "Change in value and gains/losses from sale of inventory properties" renamed to "Value adjustment of inventory properties"

The revised presentation did not have any impact on the group's profit/loss before tax for the year, the financial position or equity. The change impacted "Profit before unrealised fair value adjustment" by the realised amount for each reporting period. Fair value adjustment of investment properties and value adjustment of inventory properties has changed with the realised amount for each reporting period. Comparable figures in the Consolidated Statement of Comprehensive Income of have been changed accordingly.

##### IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The new standard had no impact on the Group's consolidated financial statements.

##### Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Group's consolidated financial statements.

##### International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023. The group is in scope for the new Pillar Two model rules. The management have assessed that the immediate effects of the new rules will be limited. Transitional safe-harbour relief can be utilized as all current operations of the group is in territories with an effective tax rate above the threshold of 15%.

No other standards, amendments or interpretations effective from fiscal years beginning on or after 1 January 2023 had a material impact on the consolidated financial statements. No other new standards or interpretations that come into effect after 31 December 2023 are expected to have any material impact on the consolidated financial statements.

## 2. Income and expenses

### 2.1 Segment reporting

#### Accounting policies

The Group organises and governs its activities based on geographical areas where the investment properties are located, and these geographical areas form the basis of the definition of segments. Senior management is the chief operating decision maker and monitors net operating income and changes in the value of managed properties in the identified segments; other Statement of Comprehensive Income items are not distributed per segment. Additionally, management monitors the value of investment properties. Other items are not distributed per segment in the segments' profits, assets, and liabilities. The segment statements include only directly attributable items and items that can be allocated to the segments in a reasonable and reliable manner. See also [Note 3.1](#) for fair value of investment properties per segment.

#### 2023

SEK million	Sweden	Germany	Denmark	Netherlands	Czechia	Norway	United Kingdom	Finland	Poland	Corporate/ Adjustments	Total
<b>Statement of Comprehensive Income</b>											
Rental income	4,448	2,693	3,539	1,404	1,718	741	95	268	69	-1	14,974
Service charges paid by tenants	84	934	4	-	663	34	-	12	17	-1	1,750
Property expenses	-1,967	-1,553	-1,118	-353	-1,170	-219	-53	-155	-45	2	-6,633
<b>Net operating income</b>	<b>2,565</b>	<b>2,074</b>	<b>2,425</b>	<b>1,051</b>	<b>1,211</b>	<b>556</b>	<b>42</b>	<b>125</b>	<b>42</b>	<b>0</b>	<b>10,091</b>
<b>Net operating margin %</b>	<b>57.7</b>	<b>77.0</b>	<b>68.5</b>	<b>74.8</b>	<b>70.5</b>	<b>75.1</b>	<b>44.0</b>	<b>46.8</b>	<b>60.3</b>	<b>-</b>	<b>67.4</b>
Corporate administrative expenses	-	-	-	-	-	-	-	-	-	-860	-860
Other income and expenses	-	-	-	-	-	-	-	-	-	-173	-173
Realised gains/losses from divestment of properties	29	-	104	87	15	-1	-	-	-	-	235
<b>Segment Profit before unrealised fair value adjustment</b>	<b>2,594</b>	<b>2,074</b>	<b>2,529</b>	<b>1,137</b>	<b>1,227</b>	<b>555</b>	<b>42</b>	<b>125</b>	<b>42</b>	<b>-1,033</b>	<b>9,293</b>
Fair value adjustment on investment properties	-10,385	-14,511	-4,138	-3,659	1,704	-275	367	-404	171	-	-31,130
Value adjustment of inventory properties	-	-	-	-	-	25	-	-	-	-	25
<b>Segment profit/loss</b>	<b>-7,791</b>	<b>-12,436</b>	<b>-1,608</b>	<b>-2,522</b>	<b>2,931</b>	<b>305</b>	<b>409</b>	<b>-279</b>	<b>212</b>	<b>-1,033</b>	<b>-21,812</b>

## 2022

SEK million	Sweden	Germany	Denmark	Netherlands	Czechia	Norway	United Kingdom	Finland	Poland	Corporate/ Adjustments	Total
<b>Statement of Comprehensive Income</b>											
Rental income	4,113	2,065	3,026	1,242	1,382	758	8	193	6	-90	12,702
Service charges paid by tenants	70	640	2	-	478	30	-	8	1	-11	1,217
Property expenses	-2,051	-1,200	-971	-431	-904	-278	-7	-107	-16	187	-5,778
<b>Net operating income</b>	<b>2,132</b>	<b>1,505</b>	<b>2,057</b>	<b>810</b>	<b>955</b>	<b>511</b>	<b>1</b>	<b>93</b>	<b>-9</b>	<b>86</b>	<b>8,141</b>
<b>Net operating margin %</b>	<b>51.8</b>	<b>72.9</b>	<b>68.0</b>	<b>65.3</b>	<b>69.1</b>	<b>67.3</b>	<b>-</b>	<b>48.3</b>	<b>-</b>	<b>-</b>	<b>64.1</b>
Corporate administrative expenses	-	-	-	-	-	-	-	-	-	-887	-887
Other income and expenses	-	-	-	-	-	-	-	-	-	237	237
Realised gains/losses from divestment of properties	5	17	-16	7	-	-4	-	-	-	-	10
<b>Segment Profit before unrealised fair value adjustment</b>	<b>2,138</b>	<b>1,522</b>	<b>2,041</b>	<b>818</b>	<b>955</b>	<b>507</b>	<b>1</b>	<b>93</b>	<b>-9</b>	<b>-564</b>	<b>7,501</b>
Fair value adjustment on investment properties	-6,632	3,130	-3,856	-750	2,372	254	131	154	77	-	-5,121
Value adjustment of inventory properties	-	-	-	-	-	402	-	-	-	-	402
<b>Segment profit/loss</b>	<b>-4,494</b>	<b>4,652</b>	<b>-1,815</b>	<b>67</b>	<b>3,328</b>	<b>1,162</b>	<b>132</b>	<b>247</b>	<b>68</b>	<b>-564</b>	<b>2,782</b>

## Reconciliation of profit

SEK million	2023	2022
Segment profit/loss	-21,812	2,782
Share of net profits/losses of associated companies and joint ventures	-844	410
Impairment of goodwill	-1,058	-
Financial income and expenses	-3,736	-10,669
Fair value adjustment of derivative financial instruments	-1,173	1,115
<b>Profit/loss before tax</b>	<b>-28,623</b>	<b>-6,362</b>

## 2023

SEK million	Sweden	Germany	Denmark	Netherlands	Czechia	Norway	United Kingdom	Finland	Poland	Corporate/ Adjustments	Total
<b>Statement of Financial Position</b>											
Investment properties	89,262	79,404	71,446	27,337	25,185	17,109	4,305	3,627	1,815	–	319,491
Inventory properties	–	–	–	–	–	538	–	–	–	–	538
Non-current segment assets	3,094	10,835	3,697	630	197	21	6	4	7	–	18,491
<b>Total segment assets</b>	<b>92,356</b>	<b>90,239</b>	<b>75,143</b>	<b>27,967</b>	<b>25,381</b>	<b>17,669</b>	<b>4,311</b>	<b>3,631</b>	<b>1,822</b>	<b>–</b>	<b>338,520</b>
<b>Total segment liabilities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Capital expenditures in investment properties	3,000	873	923	838	773	107	1,070	170	132	–	7,885

## 2022

SEK million	Sweden	Germany	Denmark	Netherlands	Czechia	Norway	United Kingdom	Finland	Poland	Corporate/ Adjustments	Total
<b>Statement of Financial Position</b>											
Investment properties	96,851	92,820	73,640	30,048	23,443	20,338	2,854	3,837	1,026	–	344,856
Inventory properties	–	–	–	–	–	573	–	–	–	–	573
Non-current segment assets	4,151	10,809	3,095	810	420	125	9	122	27	–	19,569
<b>Total segment assets</b>	<b>101,002</b>	<b>103,629</b>	<b>76,735</b>	<b>30,858</b>	<b>23,863</b>	<b>21,036</b>	<b>2,863</b>	<b>3,959</b>	<b>1,053</b>	<b>–</b>	<b>364,997</b>
<b>Total segment liabilities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Capital expenditures in investment properties	4,675	666	1,310	873	784	366	1,380	75	–	–	10,130

Investments in financial assets that are managed by the Corporate Finance Team are not considered to be segment assets.

The group's borrowings and derivative financial instruments are not considered to be segment liabilities, but are managed by the Corporate Finance Team at Group level.

## Reconciliation of assets

SEK million	2023	2022
Total segment assets	338,520	364,997
Other assets, non-current	4,793	5,959
Investments in associated companies and joint ventures	8,636	9,698
Other assets, current	2,994	7,287
Cash and cash equivalents	11,276	9,385
<b>Total assets</b>	<b>366,219</b>	<b>397,327</b>

## Reconciliation of liabilities

SEK million	2023	2022
Total segment liabilities	–	–
Interest-bearing liabilities, non current	171,650	171,119
Other liabilities, non-current	21,677	27,023
Interest-bearing liabilities, current	19,601	11,572
Other liabilities, current	4,561	6,758
<b>Total liabilities</b>	<b>217,488</b>	<b>216,472</b>

## 2.2 Rental income and service charges paid by tenants

### Accounting policies

Heimstaden Bostad leases out its investment properties to third parties with contracted non-cancellable lease terms and a normal term of notice for the customer of three months. The Group classifies these leases as operating because they do not transfer substantially all the risks and rewards, or control, incidental to ownership of the properties to the counterparties. For investment property leases the rental income is largely fixed under the contracts, however, it is subject to an annual index adjustment.

The rental income is accounted for on a straight-line basis over the contractual period and is included in the Statement of Comprehensive Income due to its operating nature. Residential rental contracts (leases) is invoiced monthly, and there are no substantial financing components included in any rental contracts. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense when they incur. Lease incentives that are paid or payable to the lessee are deducted from lease payments. Accordingly, tenant lease incentives are recognised as a reduction

of rental income on a straight-line basis over the term of the lease. Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the Statement of Comprehensive Income when the right to receive them arises.

Service charges to tenants mainly comprise utility cost and other operating costs that can be recharged. The services charged are separately invoiced to tenants and include fees charged based on percentage of square metre in the building and reimbursement of certain expenses incurred. The Group arranges for third parties to provide certain of these services to its tenants. The Group acts as a principal in relation to these services as it controls the specified services before transferring them to the customer. Therefore, the Group records revenue on a gross basis.

No single customer accounts for more than 1% of total revenues. For rental income and service charges paid by tenants by geographic market, see [Note 2.1](#).

### Rental income and service charges paid by tenants

SEK million	2023	2022
Rental income before straight-lining of lease	15,099	12,761
Straight-lining of lease	-125	-58
<b>Rental income</b>	<b>14,974</b>	<b>12,702</b>
Services to tenants	1,750	1,217
<b>Service charges paid by tenants</b>	<b>1,750</b>	<b>1,217</b>
<b>Total income</b>	<b>16,724</b>	<b>13,919</b>

### Rental income distributed by property category

SEK million	2023	2022
Residential	13,757	11,691
Commercial premises	1,010	838
Garages, parking spaces and other premises	207	173
<b>Total rental income</b>	<b>14,974</b>	<b>12,702</b>

### Service charges paid by tenants distributed by property category

SEK million	2023	2022
Residential	1,643	1,146
Commercial premises	107	70
<b>Total service charges paid by tenants</b>	<b>1,750</b>	<b>1,217</b>

Most of the Company's lease contracts (source of rental income) have a notice period of three months, hence most of the contracts only have three months guaranteed lease payments to be received. An undiscounted maturity analysis of operating leases as of 31 December are as follows:

### 2023 Maturity on lease contracts

SEK million	Residential	Commercial premises	Garages and parking spaces
Within one year	4,141	1,254	125
1–5 years	47	–	–
> 5 years	59	–	–
<b>Total lease contracts</b>	<b>4,247</b>	<b>1,254</b>	<b>125</b>

### 2022 Maturity on lease contracts

SEK million	Residential	Commercial premises	Garages and parking spaces
Within one year	3,370	1,026	113
1–5 years	58	–	–
> 5 years	1	–	–
<b>Total lease contracts</b>	<b>3,429</b>	<b>1,026</b>	<b>113</b>

## 2.3 Property expenses

### Accounting policies

Property expenses include costs for electricity, heating, water, property management, cleaning, and insurance. Maintenance costs consist of both periodic and ongoing measures to maintain the properties' standard. Property management refers to costs incurred by the Group to facilitate the overall management such as back-office functions like bookkeeping, letting, marketing and other overarching property management services. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

### Property expenses

SEK million	2023	2022
Utilities	2,260	1,773
Repairs and maintenance	755	697
Property tax	475	446
Property management	2,460	2,208
Other	682	654
<b>Total property expenses</b>	<b>6,633</b>	<b>5,778</b>

## 2.4 Other operating income

### Other operating income

SEK million	2023	2022
Buy-out settlement	106	–
Transaction costs from business combination	–	182
Hospitality income	45	–
Other	123	286
<b>Total other operating income</b>	<b>275</b>	<b>468</b>

## 2.5 Other operating expenses

### Other operating expenses

SEK million	2023	2022
A Home for a Home	140	143
Audit assignment	34	29
Acquisition cost	59	15
Depreciation	18	18
Hospitality cost	49	–
Other	147	26
<b>Total other operating expenses</b>	<b>448</b>	<b>231</b>

During 2023, SEK 140 million (143) were expensed as donations to SOS Children's Villages. See [page 29](#) for more information regarding the partnership "A Home for a Home".

The audit assignment refers to the audit of the Consolidated Financial Statements and the annual financial statements for the Group companies. Other assurance services provided by the auditors include services related to review procedures on interim reports and other attestation services. The fees are summarised in the table below:

### EY

SEK million	2023	2022
Audit assignment	29	26
Other assurance services	3	2
Other services	–	1
<b>Total</b>	<b>32</b>	<b>29</b>

### Other

SEK million	2023	2021
Audit assignment	5	3
Other assurance services	1	0
Other services	2	–
<b>Total</b>	<b>7</b>	<b>3</b>



**Total**

SEK million	2022	2022
Audit assignment	34	29
Other assurance services	4	2
Other services	2	1
<b>Total</b>	<b>39</b>	<b>32</b>

**2.6 Employee benefit expenses and senior management compensation****Accounting policies**

Employee benefits in the form of salaries, paid vacation, paid absence due to illness, etc., are recognised as employees perform services in exchange for compensation. Pensions and other post-employment benefits may be classified as defined contribution plans or defined benefit plans. All Heimstaden Bostad's pension obligations consist of defined contribution plans, which are met through ongoing payments to the independent authorities or organisations that administer the plans. Obligations regarding defined contribution plans are expensed in Statement of Comprehensive Income as they are incurred.

Average number of employees	2023			2022		
	Women	Men	Total	Women	Men	Total
Sweden	176	271	447	190	244	434
Germany	132	160	292	79	82	161
Denmark	77	146	223	45	83	128
Netherlands	52	64	116	35	40	75
Czechia	277	391	668	184	233	417
Norway	16	54	70	16	33	49
United Kingdom	5	6	12	1	1	2
Finland	–	4	4	–	2	2
Poland	9	5	14	2	2	4
<b>Total</b>	<b>744</b>	<b>1,102</b>	<b>1,846</b>	<b>552</b>	<b>720</b>	<b>1,272</b>

On 1 July 2022, the Country Management organisation in Sweden, Germany, Denmark, Netherlands, Czechia, Norway, United Kingdom, Finland, and Poland was sold to Heimstaden Bostad AB from Heimstaden AB. The transaction included companies that employed about 2,000 people in nine countries, carrying out local management of Heimstaden Bostad's properties.

**Remuneration**

The CEO, Deputy CEO and senior management receive remuneration from Heimstaden AB and these costs are included in the administrative services from Heimstaden AB. For other employees, the customary pension commitments within the framework of general pension plans apply.

The Board of Directors and Group management are presented on [pages 35–37](#).

Board Member remuneration SEK	2023 Board fees	2022 Board fees
Casper von Koskull <sup>1</sup>	607,342	960,000
Helge Leiro Baastad	352,658	–
Ivar Tollefsen	–	–
John Giverholt	–	–
Bente A Landsnes	375,000	300,000
Fredrik Reinfeldt	–	–
Daniel Kristiansson	–	–
Rebecka Elkert	–	–
Klas Åkerbäck	–	–
Vibeke Krag <sup>1</sup>	–	–
Axel Brändström <sup>1</sup>	–	–
Stefan Attefall <sup>1</sup>	–	–
Birgitta Stenmark <sup>1</sup>	–	–
Anna Magnusson <sup>1</sup>	–	–
<b>Total</b>	<b>1,335,000</b>	<b>1,260,000</b>

<sup>1</sup> Resigned during 2023.

**Salaries, remuneration, social security, and pension cost****2023**

Position	Board Members	Employees	Total
SEK million			
Base salary	–	1,110	1,110
Benefits	–	43	43
Social security costs	–	249	249
Pension costs	–	68	68
Variable remuneration	–	20	20
Board remunerations	1	–	1
<b>Total</b>	<b>1</b>	<b>1,490</b>	<b>1,491</b>
Women in %	29	40	

**2022**

Position	Board Members	Employees	Total
SEK million			
Base salary	–	394	394
Benefits	–	18	18
Social security costs	–	70	70
Pension costs	–	35	35
Variable remuneration	–	8	8
Board remunerations	1	–	1
<b>Total</b>	<b>1</b>	<b>525</b>	<b>527</b>
Women in %	44	43	43

**2.7 Realised gains/losses from divestment of properties****Accounting policies**

Gain/loss is calculated based on the valuation in the latest interim financial statement and proceeds net of direct transactions cost. Gains and losses arising from divestment of properties are included in Statement of Comprehensive Income in the period which they arise. For more information see [Note 1.2](#).

**Realised gains/losses from divestment of investment properties and inventory properties**

SEK million	2023	2022
Net proceeds from divestments of properties	2,702	671
Book value of divestments of properties	-2,468	-661
<b>Realised gains/losses on divestments of properties</b>	<b>235</b>	<b>10</b>

**2.8 Fair value adjustment of investment properties**

Investment properties are measured at fair value. Gains and losses arising from changes in the fair value of the investment property are included in Statement of Comprehensive Income in the period in which they arise. For more information regarding fair value assessments see [Note 3.1](#).

**Fair Value adjustment of investment properties**

	2023		2022	
	%	SEK million	%	SEK million
Sweden	-10.4	-10,385	-6.4	-6,632
Germany	-15.5	-14,511	3.5	3,130
Denmark	-5.5	-4,138	-5.0	-3,856
Netherlands	-11.7	-3,659	-2.4	-750
Czechia	7.3	1,704	11.3	2,372
Norway	-1.6	-275	1.3	254
United Kingdom	9.3	367	4.8	131
Finland	-10.0	-404	4.2	154
Poland	10.4	171	8.1	77
<b>Total / % of fair value</b>	<b>-8.9</b>	<b>-31,130</b>	<b>-1.5</b>	<b>-5,121</b>

## 2.9 Fair value adjustment of derivative financial instruments

### Accounting policies

Derivative financial instruments include interest rate derivatives and forward purchase contracts and are measured at fair value. Gains and losses arising from changes in the fair value of the derivative financial instruments are included in Statement of Comprehensive Income in the period in which they arise. For more information regarding fair value assessments see [Note 6.1](#).

SEK million	2023	2022
Unrealised value change	-1,186	883
Realised value change	13	232
<b>Total fair value adjustment of derivative financial instruments</b>	<b>-1,173</b>	<b>1,115</b>

## 2.10 Financial income and expenses

### Accounting policies

Interest income on bank balances, as well as interest and other borrowing costs, are recognised as income and expenses, respectively. Payments in accordance with interest-rate derivative agreements are included in interest expenses and are expensed in the period to which they relate. Changes in the fair value of interest-rate derivatives are presented in the Statement of Comprehensive Income. Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets are capitalised to the cost of those assets, until the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in Statement of Comprehensive Income in the period they incur. For more information see [Note 1.2](#).

### Financial income and expenses reported in Comprehensive Income Statement

SEK million	2023	2022
<i>Assets and liabilities measured at amortised cost:</i>		
Interest income, promissory notes	64	33
Interest income, associated companies and joint ventures	51	39
Interest income, other financial assets	209	244
<b>Total interest income</b>	<b>324</b>	<b>316</b>
Interest expenses, loans	-5,073	-2,364
Borrowing expenses capitalised within investment property	133	89
<b>Total interest expenses</b>	<b>-4,939</b>	<b>-2,275</b>
Currency translation losses	-301	-8,751
Currency translation gains	720	2,172
<b>Total net currency translation gains/losses</b>	<b>419</b>	<b>-6,578</b>

## 2.11 Income tax expenses

### Accounting policies

Income tax is recognised in the Statement of Comprehensive Income and are measured at the amount expected to be recovered from or paid to the taxation authorities in the countries where Heimstaden Bostad operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the group operates and generates taxable income. This also includes adjustment of tax attributable to previous periods.

Current tax is determined by this year's taxable income, adjusted for non-taxable income, non-deductible expenses, and changes in temporary differences between carrying amount and tax bases of

assets and liabilities. The group's current tax is calculated using the tax rates applicable on the balance sheet date.

Income tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Comprehensive Income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. The Group has recognised taxes related to Hybrid capital (see [Note 5.1](#)) directly in equity. No other tax items has been recognised directly in other comprehensive income or equity For information about deferred tax see [Note 7.1](#).

### Consolidated Statement of Comprehensive Income

SEK million	2023	2022
Current tax expense	-466	-836
Deferred tax	4,234	1,878
<b>Income tax expenses reported in the Consolidated Statement of Comprehensive Income</b>	<b>3,768</b>	<b>1,041</b>

### Reconciliation of effective tax rate

SEK million	2023	2022
Reported profit/loss before tax	-28,623	-6,362
Nominal Swedish tax rate (20,6%)	5,896	1,311
Tax effect of:		
Tax effect of different statutory tax rates	-601	-203
Non-deductible interest	-36	-250
Tax effect of Hybrid bonds	173	198
Tax on share in earnings from associated companies	-172	-335
Fair value change of investment properties below initial recognition	-888	-
Non-taxable income	-	-20
Non-deductible costs	-343	-50
Changes in statutory tax rates	-480	-
Tax attributable to previous years	197	-82
Other	22	472
<b>Income tax expenses reported in the Consolidated Statement of Comprehensive Income</b>	<b>3,768</b>	<b>1,041</b>
<b>Effective tax rate, %</b>	<b>13</b>	<b>16</b>

## 2.12 Other comprehensive income

Other comprehensive income is related to foreign currency translation differences that may be reclassified to Statement of Comprehensive Income in subsequent periods. For more information see [Note 1.2](#).

### Specification of other comprehensive income

SEK million Country	Currency code	2023	2022
Czechia	CZK	-623	2,250
Denmark	DKK	45	2,974
Netherlands, Germany, and Finland	EUR	98	7,471
Norway	NOK	-1,321	734
Poland	PLN	308	207
United Kingdom	GBP	17	67
Non-controlling interests	EUR	49	-
<b>Total</b>		<b>-1,428</b>	<b>13,703</b>

## 3. Non-current assets

### 3.1 Investment properties

#### Total property value per segment

The total property value, measured at fair value, was SEK 319,491 million (344,856). This value included value decrease for 2023 of SEK 31,130 million (decrease 5,121). In percentage, the decrease in value was 8.9 (1.5) of the total property value before changes in value.

The fair value of investment properties is based on external valuation. The fair value of investment properties is based on external valuation. The decrease in fair value over the course of the year was primarily driven by sentiment-based yield increases (in some cases supported by a limited number of individual comparable transactions) outweighing the positive effects of rent increases and outlook in Heimstaden Bostad's larger markets (Sweden, Germany, Denmark, Netherlands and Finland). In addition, in the Netherlands, an increase in Real Estate Transfer Tax (RETT) combined with negative owner-occupier house price development earlier in the year negatively impacted values, whilst Norway experienced decreases in owner-occupier House Price Index (HPI) later in the year. However, this was mitigated to a degree in the final two quarters by increasing owner-occupier house prices along with value increases in the Czechia, Poland and the United Kingdom where rental increases outweighed sentiment-based yield increases. The total properties value per operating segment is shown below.

#### Valuation gain or loss investment properties

SEK million	Sweden	Germany	Denmark	Netherlands	Czechia	Norway	United Kingdom	Finland	Poland	Total
<b>Fair Value of investment properties, 31 December 2021</b>	<b>97,057</b>	<b>70,651</b>	<b>66,635</b>	<b>27,324</b>	<b>17,932</b>	<b>18,951</b>	<b>1,019</b>	<b>1,014</b>	<b>–</b>	<b>300,584</b>
Acquisitions during the period	2,134	11,601	3,523	196	–	125	268	1,985	901	20,733
Divestments	-471	-26	-16	-33	-2	-113	–	–	–	-661
Land leases	89	-4	–	–	–	92	–	337	–	513
Capital expenditure on investment properties	2,202	645	491	873	784	139	–	75	–	5,210
Capital expenditure on investment properties under construction	2,473	21	818	–	–	227	1,380	–	–	4,919
Currency translation	–	6,802	6,043	2,438	2,356	665	55	272	48	18,679
<b>Fair Value after transactions</b>	<b>103,483</b>	<b>89,690</b>	<b>77,496</b>	<b>30,798</b>	<b>21,071</b>	<b>20,084</b>	<b>2,723</b>	<b>3,683</b>	<b>949</b>	<b>349,977</b>
Value change	-6,632	3,130	-3,856	-750	2,372	254	131	154	77	-5,121
<b>Fair Value of investment properties, 31 December 2022</b>	<b>96,851</b>	<b>92,820</b>	<b>73,640</b>	<b>30,048</b>	<b>23,443</b>	<b>20,338</b>	<b>2,854</b>	<b>3,837</b>	<b>1,026</b>	<b>344,856</b>
Acquisitions during the period	24	–	1,768	613	–	–	–	0	399	2,805
Divestments	-243	–	-426	-251	-36	-1,512	–	–	–	-2,468
Land leases	15	–	–	–	–	-254	–	25	–	-214
Capital expenditure on investment properties	1,650	873	524	838	773	36	1	170	–	4,865
Capital expenditure on investment properties under construction	1,350	–	399	–	–	70	1,068	–	132	3,020
Currency translation	–	222	-311	32	-699	-1,294	14	0	87	-1,948
<b>Fair Value after transactions</b>	<b>99,647</b>	<b>93,915</b>	<b>75,595</b>	<b>31,279</b>	<b>23,481</b>	<b>17,385</b>	<b>3,938</b>	<b>4,031</b>	<b>1,644</b>	<b>350,915</b>
Value change	-10,385	-14,511	-4,138	-3,659	1,704	-275	367	-404	171	-31,130
Reclassification to assets held for sale	–	–	-11	-283	–	–	–	–	–	-294
<b>Fair Value of investment properties, 31 December 2023</b>	<b>89,262</b>	<b>79,404</b>	<b>71,446</b>	<b>27,337</b>	<b>25,185</b>	<b>17,109</b>	<b>4,305</b>	<b>3,627</b>	<b>1,815</b>	<b>319,491</b>

**Breakdown by category, 31 December 2022**

SEK million	Sweden	Germany	Denmark	Netherlands	Czechia	Norway	United Kingdom	Finland	Poland	Total
Investment properties	91,616	92,820	72,402	30,048	23,236	19,672	186	3,500	562	334,040
Investment properties under construction	4,742	–	1,061	–	–	–	2,668	–	464	8,934
Land and building rights	267	–	178	–	207	–	–	–	–	652
Land leases	226	–	–	–	–	666	–	337	–	1,229
<b>Total</b>	<b>96,851</b>	<b>92,820</b>	<b>73,640</b>	<b>30,048</b>	<b>23,443</b>	<b>20,338</b>	<b>2,854</b>	<b>3,837</b>	<b>1,026</b>	<b>344,856</b>

**Breakdown by category, 31 December 2023**

SEK million	Sweden	Germany	Denmark	Netherlands	Czechia	Norway	United Kingdom	Finland	Poland	Total
Investment properties	86,904	79,404	71,051	26,720	24,984	16,698	3,271	3,265	1,605	313,902
Investment properties under construction	1,863	–	327	617	–	–	1,034	–	210	4,052
Land and building rights	254	–	68	–	200	–	–	–	–	522
Land leases	241	–	–	–	–	412	–	362	–	1,015
<b>Total</b>	<b>89,262</b>	<b>79,404</b>	<b>71,446</b>	<b>27,337</b>	<b>25,185</b>	<b>17,109</b>	<b>4,305</b>	<b>3,627</b>	<b>1,815</b>	<b>319,491</b>

**Accounting policies**

Investment properties comprise completed properties, properties under construction, and land and building rights that are held, to earn rental income or for capital appreciation or both. A property held under a lease is classified as investment property when it is held to earn rental income or for capital appreciation, or both. Contracts related to land leases are accounted for as long-term lease contracts.

An investment property is recognised when Heimstaden obtain control. Such control is obtained when Heimstaden has the material risk and reward associated with the investment property, typically at delivery of the property. Investment properties are measured initially at cost, including transaction costs. Transaction costs include transfer taxes, brokers' fees, and professional fees for legal services. Borrowing costs that are directly attributable to the construction or redevelopment of assets that take a substantial period to get ready for their intended use are capitalised. Subsequent recognitions are at fair value, which reflects market conditions at the reporting date. Gains or losses are recognised in Statement of Comprehensive Income in the period in which they arise, including the corresponding tax effect. Subsequent expenditure is capitalised when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other

repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the cost of the replacement is included in the carrying amount of the property, and the fair value is reassessed. Investment property under construction is measured at fair value if the fair value is reliably determinable. Investment properties under construction for which the fair value cannot be determined reliably, but for which the Group expects the fair value to be reliably determinable when construction is completed, are measured at cost until the fair value becomes reliably determinable or construction is completed.

Management has determined that investment properties under construction are eligible for fair value measurements once all three following criteria are fulfilled

- Administrative authorisations are obtained
- Construction commenced and costs are committed toward the constructor
- Uncertainty in future rental income has been assumed low

Management considers the following factors when evaluating whether the fair value of property under construction can be measured reliably

- Provisions of the construction contract

- Stage of construction
- Custom or standard project/property
- Reliability of cash inflows after completion
- Risks specific to the property
- Experience with similar construction
- Status of construction permits

**Transfers are made to (or from) investment property**

When there is evidence of a change in use of an investment property, it is transferred from investment property to inventories. The deemed cost for subsequent accounting is the fair value at the date of change in use. If an inventory property becomes an investment property, the difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in the Statement of Comprehensive Income. There have been no transfers to or from investment properties within the year.

**Derecognition of investment properties**

An investment property is derecognised either when it has been divested of or when it is permanently withdrawn from use and no economic benefit is expected from its future disposal or use.

If an investment property is divested, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in Realised gains/losses from divestment of properties.

Investment properties are recognised in the Statement of Financial Position as Assets held for sale when a contract with a buyer of a unit is signed but transfer of the unit is not completed.

**External valuation**

All investment properties (residential, commercial premises, garages, parking spaces, other premises and land and building rights) are valued quarterly by external acknowledged real-estate advisory companies, whose employees are professionally qualified, and have the appropriate competence to carry out the valuation in accordance with the required international valuation standards. The Group has a dedicated in-house valuation team ensuring quality assurance of all external valuations.

From 30<sup>th</sup> June 2021 and onwards, each Property shall be evaluated by the same valuator for a maximum period of five (5) years at the time and shall thereafter be evaluated by another valuator for a maximum period of five (5) years.

Country	Valuer
Sweden	CBRE
Germany	CBRE, Savills
Denmark	CBRE
Netherlands	Cushman & Wakefield
Czechia	IO Partners (JLL)
Norway	Cushman & Wakefield, Nyverdi, Eie, Aktiv
United Kingdom	Savills
Finland	CBRE
Poland	CBRE

**Valuation assumptions**

The adopted valuation methodologies are based on best market practice in each respective country. Typically, valuations are based on a “highest-and-best-use” principle, adopting the highest value given by a re-letting scenario (assuming a re-letting of units at market terms upon tenant fluctuation) or a divestment scenario (assuming a sale of each unit upon tenant fluctuation).

In most markets, properties are valued using either an explicit income approach (discounted cash flow), or implicit income approach (income capitalisation), except for Norway where a sales comparison approach is applied.

When using an explicit income approach, future cash flows are projected for a certain period, usually 10 years, with an assumed sale/exit of either

- part of the property (individual units) during the cashflow period and the remainder at the end of the cashflow period; or
- the whole property at the end of the cash flow period. The projected cash flows are then discounted back to a present value using an appropriate discount rate.

The inputs into the projected cash flows and the discount rate take into consideration the characteristics, market position and risk profile of the property and, where possible, are informed by market data. Significant estimates applied in the cash flow is

- Rental income based on the location, type, and quality of the properties and supported by any existing leases, other contracts or external evidence such as current market rents for similar units;

- Vacancy rates based on current and expected future market conditions after expiry of any current leases;
- Property costs and capital expenditures including maintenance and necessary investments (including climate related investments) to maintain functionality of the property for expected useful life as well as fixed cost like property taxes, insurance etc.;
- Capitalisation rates based on location and quality of the properties where market data at the valuation date is taken into account; and
- Terminal value taking into account assumptions regarding maintenance costs, vacancy rates, and market rents on a stabilised basis.

The resulting value is benchmarked against other similar transactions in the market.

The Group acknowledges that there may be instances where observable inputs are limited or not available, necessitating the use of non-observable inputs which are based on assumptions, estimates, and judgments. These inputs may include, but are not limited to, future expectations on rental income data, future vacancy levels, future discount rate and other proprietary information that is not publicly accessible. Assumptions made in the absence of observable data are based on the best available information and judgment of the management.

When using an implicit income approach an estimate of net operating income is made, and this is then capitalised using an appropriate yield to arrive at a value. The net operating income and yield take into consideration the characteristics, market position and risk profile of the property and, where possible, are informed by market data. The resulting value is benchmarked against other similar transactions in the market. In addition, further valuation checks are performed, e.g. a comparison with the aggregate sales value of the individual units.

There were no material changes to the valuation techniques during the year. In most markets, properties are valued according to the discounted cash flow (DCF) method using operating and market inputs.

In Norway, the residential units are valued individually on a vacant possession value basis using a sales comparison approach. The units are

compared to market transaction data of similar units taking into consideration the key attributes of each unit. Values are assigned to each unit by three external valuers. The average of those three values is then adopted. The commercial units, parking units and development potential are valued each quarter by an external valuer.

For properties under construction or redevelopment, the DCF model also takes into account cost to complete including developers margin and completion date based on internal forecasts and management’s experience and knowledge of market conditions. Additionally, properties under construction require approval or permits from regulatory bodies at various points in the development process. Based on management’s experience with similar developments, all relevant permits and approvals are expected to be obtained.

**Valuation hierarchy**

The majority of the property portfolio is deemed to be at Level 3 in the fair value hierarchy according to IFRS 13 fair value Measurement, with the exception of the Norwegian residential assets which are based on Level 2. For Level 3, the estimated future cash flows are based on existing rental income and operating and maintenance costs, adjusted for expected changes herein. The fair value of the properties is the sum of the discounted cash flows during the calculation period and the terminal value. There have been no transfers between the levels in the valuation hierarchy throughout the period.

**Valuation process**

Valuations are based on appraisals from independent external valuers. The policies and procedures for property valuations are assessed by the group’s in-house valuation team, which has aligned methods with the external valuers. The valuation team holds relevant professional qualifications and are experienced in valuing the types of property in the applicable locations.

At each reporting date, the valuation team analyses the development in property value including verifying major inputs applied and agreeing the information in the valuation computation to rent rolls, market reports, and other relevant documents. The internal team also compares each property’s change in fair value with relevant external benchmarks to determine whether the change in fair value is reasonable.

**Sensitivity analysis**

A quantitative sensitivity analysis regarding return requirements and net operating income in accordance with the present value method is shown in the below table.

Property valuations are estimates and the actual fair value of a property can only be determined when it is sold. Accordingly, the valuation, uncertainty intervals, and sensitivity analysis, include unobservable inputs and a degree of uncertainty in the inputs and assumptions made. However, uncertainty related to the valuation and its assumptions are reduced by obtaining external assurance from independent third parties in addition to management’s internal review, which among other factors includes comparing values to recent transactions in the market. This years fair value adjustment of investment properties serves as an indicator of the potential range of uncertainty regarding the future increase/decrease in value of investment properties in the upcoming year.

The complexity of the interconnections makes it challenging to quantify interactions between parameters, even though such interactions are possible. Significant increases (decreases) in operating income would in isolation result in higher running yields and as higher (lower) fair values of investment property. Significant increases (decreases) in the discount rate in isolation would result in a significant decrease (increase) in fair value if investment property. Discount rate and operation income is not directly linked, but generally one can expect that an increase in discount rates is often accompanied by an increase in operation income and long-term vacancy rates somewhat offsetting the isolated effect on fair value on investment property.

The table on the next page presents the following information for investment properties in each of our markets

1. The fair value measurements at the end of the reporting period
2. The level of the fair value hierarchy (e.g., Level 2 or Level 3) within which the fair value measurements are categorised in their entirety
3. Valuation technique applied
4. The inputs used in the fair value measurement
5. Quantitative information about the significant unobservable inputs used in the fair value measurement
6. Uncertainty interval and sensitivity analysis

2023																							
Markets	Fair value (SEK million)	Valuation technique	Fair Value hierarchy level	Net operating income	Of which regulated, %	Running yield, %	Average rental income pr sqm. Pr. month	Average operating expenditure pr sqm. Pr. month	Stabilised vacancy rates	Sensitivities in running yield, change in percentage point <sup>1</sup>							Sensitivities in net operating income (NOI)						
										1.00%	0.75%	0.50%	0.25%	-0.25%	-0.50%	-0.75%	-1.00%	-2.00%	-1.50%	-1.00%	1.00%	1.50%	2.00%
Sweden	89,262	DCF	Level 3	2,932	100	3.28	124	44	0.48%	-20,834	-16,594	-11,793	-6,314	7,354	16,029	26,415	39,075	-1,785	-1,339	-893	893	1,339	1,785
Germany	79,404	DCF	Level 3	2,175	100	2.74	118	18	0.95%	-21,233	-17,065	-12,255	-6,640	7,973	17,726	29,930	45,642	-1,588	-1,191	-794	794	1,191	1,588
Denmark	71,446	DCF	Level 3	2,976	14	4.16	154	30	1.75%	-13,833	-10,902	-7,658	-4,046	4,562	9,747	15,691	22,575	-1,429	-1,072	-714	714	1,072	1,429
Netherlands	27,337	DCF	Level 3	1,023	58	3.74	113	29	1.71%	-5,765	-4,564	-3,222	-1,712	1,957	4,216	6,852	9,970	-547	-410	-273	273	410	547
Czechia	25,185	DCF	Level 3	1,184	25	4.70	59	16	3.91%	-4,418	-3,466	-2,422	-1,272	1,415	2,998	4,782	6,807	-504	-378	-252	252	378	504
Norway	17,109	Sale comparison	Level 2	551	0	3.22	295	67	N/A	-	-	-	-	-	-	-	-	-342	-257	-171	171	257	342
United Kingdom	4,305	DCF	Level 3	191	0	4.44	280	58	4.00%	-792	-622	-436	-230	257	547	875	1,252	-86	-65	-43	43	65	86
Finland	3,627	DCF	Level 3	159	0	4.38	154	47	2.76%	-674	-530	-371	-196	219	467	749	1,072	-73	-54	-36	36	54	73
Poland	1,815	DCF	Level 3	103	0	5.66	275	67	2.02%	-272	-212	-147	-77	84	176	277	389	-36	-27	-18	18	27	36
	<b>319,491</b>			<b>11,293</b>	<b>57</b>	<b>3.53</b>																	

2022																							
Markets	Fair value (SEK million)	Valuation technique	Fair Value hierarchy level	Net operating income	Of which regulated, %	Running yield, %	Average rental income pr sqm. Pr. month	Average operating expenditure pr sqm. Pr. month	Stabilised vacancy rates	Sensitivities in running yield, change in percentage point <sup>1</sup>							Sensitivities in net operating income (NOI)						
										1.00%	0.75%	0.50%	0.25%	-0.25%	-0.50%	-0.75%	-1.00%	-2.00%	-1.50%	-1.00%	1.00%	1.50%	2.00%
Sweden	96,851	DCF	Level 3	2,737	100	2.83	115	43	1.10%	-25,311	-20,310	-14,558	-7,870	9,398	20,816	34,983	53,028	-1,937	-1,453	-969	969	1,453	1,937
Germany	92,820	DCF	Level 3	2,334	100	2.51	113	16	1.22%	-26,414	-21,327	-15,398	-8,395	10,249	23,043	39,462	61,304	-1,856	-1,392	-928	928	1,392	1,856
Denmark	73,640	DCF	Level 3	2,875	16	3.90	152	30	2.00%	-15,014	-11,865	-8,359	-4,431	5,037	10,814	17,507	25,352	-1,473	-1,105	-736	736	1,105	1,473
Netherlands	30,048	DCF	Level 3	999	53	3.32	108	26	1.73%	-6,950	-5,533	-3,930	-2,102	2,444	5,322	8,758	12,934	-601	-451	-300	300	451	601
Czechia	23,443	DCF	Level 3	1,081	28	4.61	54	15	3.49%	-4,178	-3,279	-2,293	-1,206	1,344	2,851	4,553	6,491	-469	-352	-234	234	352	469
Norway	20,338	Sale comparison	Level 2	602	0	2.96	299	81	N/A	-	-	-	-	-	-	-	-	-407	-305	-203	203	305	407
United Kingdom	2,854	DCF	Level 3	131	0	4.60	378	75	4.00%	-509	-400	-280	-147	164	348	556	792	-57	-43	-29	29	43	57
Finland	3,837	DCF	Level 3	179	0	4.66	148	45	2.76%	-678	-532	-372	-195	217	461	735	1,048	-77	-58	-38	38	58	77
Poland	1,026	DCF	Level 3	53	0	5.16	259	64	3.00%	-166	-130	-91	-47	52	110	174	247	-21	-15	-10	10	15	21
	<b>344,856</b>			<b>10,991</b>	<b>60</b>	<b>3.17</b>																	

<sup>1</sup> In Norway the sales comparison approach is applied. A +/-10% change in sale price pr. square meter will increase/decrease the fair value with SEK 1,711/-1,711 (2,034/-2,034) million. Stabilised vacancy is not relevant for the valuation technique sales comparison approach.



## 3.2 Goodwill and Intangible assets

### Accounting policies

Goodwill is derived from the business combination of Akelius Lägenheter Aktiefbolag, Akelius Bolig Holding ApS (DK) and Akelius GmbH (DE) that was completed in 2021, herby referred to as Akelius portfolio, and the Country Management organisation in Sweden, Germany, Denmark, Netherlands, Czechia, Norway, Finland, United Kingdom and Poland that was sold from Heimstaden AB to Heimstaden Bostad AB in 2022. Goodwill has an infinite useful life and is subsequently carried at cost less accumulated impairment. Intangible assets comprise of software and are expected to have a useful life of 3–15 years.

SEK million	Goodwill	Software	Total
<b>Opening balance, 1 January 2022</b>	<b>16,489</b>	<b>35</b>	<b>16,524</b>
Business combinations	2,859	10	2,869
Final Adjustment Purchase Price Allocation	-600	–	–
Investments for the year	–	118	118
Changes in value from foreign currency	821	5	826
<b>Closing balance, 31 December 2022</b>	<b>19,569</b>	<b>167</b>	<b>19,737</b>
<b>Opening balance accumulated depreciation, 1 January 2022</b>	<b>–</b>	<b>-28</b>	<b>-28</b>
Business combinations	–	-1	-1
Depreciation for the year	–	-4	-4
Disposals	–	-10	-10
<b>Closing balance accumulated depreciation, 31 December 2022</b>	<b>–</b>	<b>-43</b>	<b>-43</b>
<b>Opening balance accumulated impairment, 1 January 2022</b>	<b>–</b>	<b>–</b>	<b>–</b>
Impairment for the year	–	–	–
<b>Closing balance accumulated impairment, 31 December 2022</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Carrying amount, 31 December 2022</b>	<b>19,569</b>	<b>124</b>	<b>19,693</b>

SEK million	Goodwill	Software/Licences	Total
<b>Opening balance, 1 January 2023</b>	<b>19,569</b>	<b>167</b>	<b>19,737</b>
Investments for the year	–	62	62
Changes in value from foreign currency	-20	2	-19
<b>Closing balance, 31 December 2023</b>	<b>19,549</b>	<b>231</b>	<b>19,780</b>
<b>Opening balance accumulated impairment, 1 January 2023</b>	<b>–</b>	<b>–</b>	<b>–</b>
Impairment for the year	-1 058	–	-1 058
<b>Closing balance accumulated impairment, 31 December 2023</b>	<b>-1 058</b>	<b>–</b>	<b>-1 058</b>
<b>Carrying amount, 31 December 2023</b>	<b>18,491</b>	<b>183</b>	<b>18,674</b>

### Impairment

When testing for impairment on goodwill, management identify the recoverable amount by calculating the "value in use" by discounting the estimated future cash flows from the groups cash generating units (CGU's).

The goodwill identified in the business combination is allocated to the Group's CGU's. Heimstaden Bostad's CGU's are defined as the Group's operating segments as this is the lowest level within the Group which goodwill is monitored, hence the impairment assessment is performed at this level.

The Group performs impairment test annually, and whenever impairment indicators are present, of the CGU's which goodwill is allocated. The Group considers the relationship between the current real estate market, such as declining property values, market prices, among other factors, when reviewing for indicators. The management also takes into consideration adverse economic factors, such as changes in risk free rate and development in equity risk premium, vacancy rates and yield trends, which may impact the groups CGU's. In addition to pure financial factors, the Group also considered future environmental risk such as the possible impact of climate change, see [Note 1.3](#) for more information.

### Akelius goodwill

The total carrying amount of the Akelius goodwill amounted to SEK 15,622 as at 31 December 2023 (16,700). Heimstaden Bostad's operating segments are expected to benefit from the synergies de-

ived by combining the Akelius and Heimstaden Bostad asset base and lower financing cost. Goodwill of SEK 10,960 (12,950) attributable to the difference between nominal tax and the deferred tax that is calculated on the acquisition of properties.

The projected cash flows have been updated to reflect the budget approved by the Board of Directors at the end of 2023. Based on the budget and assumptions on inflation, rent adjustments at churn, the expected cash flow for the following four-year period is estimated. Based on the final year of the estimated five-year period, the terminal value of the cash flows is calculated using Gordon-growth model.

The discount rate applied is specified per CGU in table. The growth rate used beyond the five-year period was held constant at 2.0% (2.0%), the same growth rate was applied to all CGU's. As a result of the impairment test, management did not identify impairment for these CGU's at the balance sheet date. Management did however recognise an impairment of 1,058 million in the first quarter of 2023, due to a steep increase in interest rates. The impairment was allocated to the CGU's Denmark, Netherlands, and Finland.

### Country Management goodwill

The carrying amount of the Country Management goodwill amounted to SEK 2,869 million as at 31 December 2023 (2,869). The goodwill is derived from the management companies in each country and relates to operational cost savings. The projected cash flows have been updated to reflect the budget approved by the

Bord of Directors at the end of 2023. The discount rate applied is specified per CGU in table. The growth rate used beyond the five-year period was held constant at 2.0% (2.0%), the same growth rate was applied to all CGU's. As a result of the analysis, the economic benefits derived from the combined asset base is higher than the operating segment's carrying amount. Hence, no impairment was identified.

### Assumptions

The calculation of value in use for both Akelius CGU's and Country Management CGUs are both sensitive to the following assumptions.

### Net Operating Income (NOI)

NOI reflect the budget approved by the Board of Directors and is influenced by a combination of factors, ranging from setting competitive rental rates, inflation forecasts, maintaining investment properties, managing operating expenses and the transition to green economy. Cash flow between two and five years are based on long term financial plan with growth specific for each CGU.

### Discount rates

The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both equity and debt. The cost of equity is derived from the risk free rate, market risk premium and levered beta. These factors are derived from public available market data and is segment specific. Beta is updated and evaluated when conducting an impairment assessment. The cost of debt is based on the average borrowing cost and leverage rate of a group of relevant peers. In addition, the group has issued and obtained green financing, which require investments in environmentally sustainable projects, which can influence cost of debt.

### Growth rates

Growth rates are based on external observable data published by well reputable industry researchers. The terminal growth rate is corresponding to 2.0% (2.0%) for all CGU's. This growth is based on reasonable prudence and does not exceed long term growth for the industry.

### Sensitivity analysis

Heimstaden Bostad has conducted an analysis on the assumptions with highest sensitivity within the impairment assessment. The change in assumption is applied based on management's best estimate on what could be a reasonable change of the different assumptions. The analysis assumes all other variables/assumptions held constant.

### Akelius goodwill

Assumption	Change in assumption	Impairment (SEK million)
Discount rates	+0.25 pp	2,366
Terminal Growth rates	- 0.25 pp	0

### Country Management goodwill

Assumption	Change in assumption	Impairment (SEK million)
Discount rates	+0.25 pp	0
Terminal Growth rates	- 0.25 pp	0

Impairment of Country management goodwill will start with an increase of discount rate of 1 percentage point, all other factors held constant or decrease of growth rate of 2 percentage points, all other factors held constant.

### Carrying amount of goodwill allocated by CGU

	2023			2022		
	Discount rate	Goodwill Akelius Lägenheter Aktiebolag, Akelius Bolig Holding ApS and Akelius GmbH	Goodwill Country Management	Discount rate	Goodwill Akelius Lägenheter Aktiebolag, Akelius Bolig Holding ApS and Akelius GmbH	Goodwill Country Management
Sweden	5.0	2,851	243	5.3	3,928	223
Germany	4.5	9,937	899	4.9	9,981	828
Denmark	4.7	2,366	1,331	4.9	1,998	1,097
Netherlands	5.0	468	162	5.4	677	133
Czechia	7.0	–	197	–	–	420
Norway	5.9	–	21	–	–	125
United Kingdom	6.9	–	4	5.8	–	9
Finland	5.6	–	6	–	116	6
Poland	7.9	–	7	–	–	27
<b>Total</b>		<b>15,622</b>	<b>2,869</b>		<b>16,700</b>	<b>2,869</b>

### 3.3 Machinery and equipment

#### Accounting policies

Machinery and equipment mainly comprises machinery, office and computer equipment. Machinery and equipment are recognised at cost less accumulated depreciation and impairment. Cost includes expenses directly attributable to the acquisition of the asset. Additional expenses are capitalised to the asset's carrying amount or recognised as a separate asset only if it is likely that future economic benefits associated with the asset will be received by the

Group and when the cost of the asset can be reliably calculated. The useful life of computer equipment and of other machinery and equipment has been calculated at three years and five years, respectively. Depreciation is applied on a straight-line basis over the useful life and is recognised in Statement of Comprehensive Income. The residual value of the assets and their useful life is reviewed at every closing and adjusted when necessary.

SEK million	Equipment
<b>Opening balance, 1 January 2022</b>	<b>120</b>
Business combinations	133
Investments for the year	16
Changes in value from foreign currency	6
<b>Closing balance, 31 December 2022</b>	<b>274</b>
<b>Opening balance accumulated depreciation, 1 January 2022</b>	<b>-61</b>
Business combinations	-65
Depreciation for the year	-18
Divestments	1
Change in value from foreign currency	1
<b>Closing balance accumulated depreciation, 31 December 2022</b>	<b>-143</b>
<b>Carrying amount, 31 December 2022</b>	<b>131</b>

<b>Opening balance, 1 January 2023</b>	<b>274</b>
Acquisitions	26
Investments for the year	43
Divestments	-6
Changes in value from foreign currency	-7
<b>Closing balance, 31 December 2023</b>	<b>331</b>
<b>Opening balance accumulated depreciation, 1 January 2023</b>	<b>-143</b>
Depreciation for the year	-18
Divestments	3
Change in value from foreign currency	2
<b>Closing balance accumulated depreciation, 31 December 2023</b>	<b>-157</b>
<b>Carrying amount, 31 December 2023</b>	<b>174</b>

### 3.4 Investments in associated companies and joint ventures

#### Accounting policies

The group has interest in associated companies and joint ventures. Associated companies and joint ventures are investments where Heimstaden Bostad has significant influence or joint control. The investments are accounted for using the equity method in the Consolidated Financial Statements. The financial information is based on the same reporting period as the Group.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date.

The Statement of Comprehensive Income reflects the Group's share of the results of operations of the associate or joint venture. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained

investment and proceeds from disposal is recognised in Statement of Comprehensive Income.

#### Impairment

At each reporting date, Heimstaden Bostad determines whether there is objective evidence that the investment in each joint venture and associated company is impaired. If there is such evidence, Heimstaden Bostad calculates the amount of impairment as the difference between the recoverable amount of the associated company and joint venture and its carrying value, and then recognises the loss as 'Share of profit of joint ventures' in the Statement of Comprehensive Income.

As the share price of Kojamo Oyi per 31 December 2023 was below book value, Heimstaden Bostad has performed an impairment test for its holding in the Company. The assessment is based upon the same assumptions as described in [Note 3.2](#). Assumptions relevant are discount rate, net operating income and growth rate for Finland. With the assumptions applied, the recoverable amount exceeds the carrying amount. Fluctuations in the book equity of Kojamo will directly impact the value of our investment, with our proportional ownership share in the equity.

#### Investments in associated companies and joint ventures

SEK million	31 December 2023	31 December 2022
<b>Opening balance</b>	<b>9,698</b>	<b>739</b>
Investment for the year	16	186
Financial investments that were reclassified as associated companies <sup>1</sup>	-	10,058
Divestments of associated companies and joint ventures	-25	-
Change in value from foreign currency	6	332
Dividend from associated companies and joint ventures	-215	-
Share of net profits/losses of associated companies and joint ventures	-844	-1,617
<b>Closing balance</b>	<b>8,636</b>	<b>9,698</b>

<sup>1</sup> During 2022, the Company's investment in Kojamo Oyi was classified as an associated company based on an assessment of significant influence. The assessment of significant influence is determined by the fact that Heimstaden Bostad AB is by far the largest owner in Kojamo Oyi with significant voting power, owning 19.98%, and took a position on the nomination committee of the company in September 2022. Based on the difference between the cost of the investment and the Company's share of the estimated net fair value of the investee's identifiable assets and liabilities, Heimstaden Bostad recorded a bargain gain of SEK 2,027 million.

## 2023 Specifications of the Group's investments in associated companies

Company	Corp. ID No	Reg. office	No. of shares	Share in %	Value of share of equity in the Group, SEK million
Rosengård Fastighets AB	559085-4708	Malmö	25,000	25	231
Kojamo Oyj <sup>1</sup>	0116336-2	Helsingfors	49,389,283	20	8,070
Kiinteistö Oy Hiihtomäentie 14	0819867-2	Helsingfors	13,327	47	101
Asunto Oy Jyväskylän Tanhurinne	2550507-2	Jyväskylä	2,412	24	8
Asunto Oy Hämeenlinnan Aaponkuja 3	0476973-0	Hämeenlinna	3,339	33	3
Asunto Oy Jyväskylän Harjukartano	2000294-3	Jyväskylä	1,837	23	19
Asunto Oy Lahden Jyrkkärinteenpuisto	0149959-5	Lahti	2,094	41	23
Asunto Oy Lahden Roopenkuja	0854949-5	Lahti	2,556	26	5
Asunto Oy Jyväskylän Vaneritori 4	1656220-0	Jyväskylä	3,666	37	23
Asunto Oy Oulun Tulliveräjä	2335738-7	Oulu	4,068	41	17
Asunto Oy Puolukkavarikko	0823818-7	Jyväskylä	3,391	34	6
Asunto Oy Jyväskylän maalaiskunnan Kirkkotie 3	1518422-8	Jyväskylä	6,158	38	19
Asunto Oy Oulun Notaarintie 1	1749066-7	Oulu	2,440	24	15
Byggrätt Norr AB	559207-4859	Skellefteå	94	19	0
<b>Total</b>					<b>8,540</b>

<sup>1</sup> Heimstaden Bostad's share price of Kojamo Oyj as at 31 December 2023 amounted to SEK 6,546 million. Heimstaden Bostad have performed an impairment test and assessed that there is no need for write-down. Heimstaden bases its investment book value on its share of Kojamo Oy's equity. If Kojamo has not published its financial statements on time, Heimstaden estimates its share of Kojamo's equity using assumptions similar to its Finnish operations, adjusted for known portfolio differences.

## 2022 Specifications of the Group's investments in associated companies

Company	Corp. ID No	Reg. office	No. of shares	Share in %	Value of share of equity in the Group, SEK million
Rosengård Fastighets AB	559085-4708	Malmö	25,000	25	224
Kojamo Oyj <sup>1</sup>	0116336-2	Helsingfors	49,389,283	20	9,071
Kiinteistö Oy Hiihtomäentie 14	0819867-2	Helsingfors	13,327	47	102
Asunto Oy Jyväskylän Tanhurinne	2550507-2	Jyväskylä	2,412	24	7
Asunto Oy Hämeenlinnan Aaponkuja 3	0476973-0	Hämeenlinna	3,339	33	4
Asunto Oy Jyväskylän Harjukartano	2000294-3	Jyväskylä	1,837	23	19
Asunto Oy Lahden Jyrkkärinteenpuisto	0149959-5	Lahti	2,094	41	23
Asunto Oy Lahden Roopenkuja	0854949-5	Lahti	2,556	26	6
Asunto Oy Jyväskylän Vaneritori 4	1656220-0	Jyväskylä	3,666	37	24
Asunto Oy Oulun Tulliveräjä	2335738-7	Oulu	4,068	41	22
Asunto Oy Puolukkavarikko	0823818-7	Jyväskylä	3,391	34	7
Asunto Oy Jyväskylän maalaiskunnan Kirkkotie 3	1518422-8	Jyväskylä	6,158	38	20
Asunto Oy Oulun Notaarintie 1	1749066-7	Oulu	2,440	24	16
Byggrätt Norr AB	559207-4859	Skellefteå	94	19	0
<b>Total</b>					<b>9,544</b>

<sup>1</sup> Heimstaden Bostad's share price of Kojamo Oyj as at 31 December 2022 amounted to SEK 7,606 million. Heimstaden Bostad have performed an impairment test and assessed that there is no need for write-down. Heimstaden bases its investment book value on its share of Kojamo Oy's equity. If Kojamo has not published its financial statements on time, Heimstaden estimates its share of Kojamo's equity using assumptions similar to its Finnish operations, adjusted for known portfolio differences.

## 2023 Specifications of the Group's investments in joint ventures

Company	Corp. ID No	Reg. office	No. of shares	Share in %	Value of share of equity in the Group, SEK million
Upplands Bro Brogårds etapp 2	559175-4915	Stockholm	500	50	49
Gamlebro AB	556791-3990	Norrköping	500	50	16
Österåkerporten AB	559175-4907	Stockholm	500	50	32
<b>Total</b>					<b>97</b>

## 2022 Specifications of the Group's investments in joint ventures

Company	Corp. ID No	Reg. office	No. of shares	Share in %	Value of share of equity in the Group, SEK million
Upplands Bro Brogårds etapp 2	559175-4915	Stockholm	500	50	94
A Place 2 A/S	39754134	Charlottenlund	5,000	50	22
Gamlebro AB	556791-3990	Norrköping	500	50	11
Österåkerporten AB	559175-4907	Stockholm	500	50	26
<b>Total</b>					<b>153</b>

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SEK million	Kojamo Oyj	Rosengård Fastighets AB	Upplands Bro Brogårds Etapp 2 AB	Kiinteistö OY Hiihtomäentie 14	Other
Rental income	5,074	160	16	7	34
Property expenses	-1,663	-43	-10	-6	-28
<b>Net operating income</b>	<b>3,411</b>	<b>117</b>	<b>5</b>	<b>1</b>	<b>6</b>
Corporate administrative expenses	-492	-13	-2	-1	-3
Financial items, net – including Group adjustments	-3,760	-17	-73	0	-7
Unrealised value change	-3,390	-68	-30	-2	-10
Tax expenses	267	7	8	0	2
<b>Profit/loss for the period</b>	<b>-3,963</b>	<b>26</b>	<b>-91</b>	<b>-1</b>	<b>-12</b>
<b>Group's share of profit/loss</b>	<b>-792</b>	<b>7</b>	<b>-45</b>	<b>-1</b>	<b>-11</b>
<b>Financial position</b>					
Investment properties	89,532	1,898	787	157	900
Assets except investment properties	1,331	35	231	4	89
Equity	40,383	968	94	148	451
Liabilities	50,480	964	924	13	538
<b>Group's carrying amount of the investment as of 31 December 2023</b>	<b>8,070</b>	<b>231</b>	<b>49</b>	<b>101</b>	<b>186</b>

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SEK million	Kojamo Oyj	Rosengård Fastighets AB	Upplands Bro Brogårds Etapp 2 AB	Kiinteistö OY Hiihtomäentie 14	Other
Rental income	1,148	159	5	6	99
Property expenses	-378	-76	-4	-8	-44
<b>Net operating income</b>	<b>770</b>	<b>83</b>	<b>0</b>	<b>-2</b>	<b>54</b>
Corporate administrative expenses	-130	-26	-1	0	-41
Financial items, net	-168	-16	-43	0	-61
Unrealised value change	-8,603	-167	-39	6	-509
Tax expenses	1,621	23	8	-1	44
<b>Profit/loss for the period</b>	<b>-6,510</b>	<b>-104</b>	<b>-75</b>	<b>3</b>	<b>-513</b>
<b>Group's share of profit/loss</b>	<b>-1,301</b>	<b>-26</b>	<b>-38</b>	<b>4</b>	<b>-256</b>
<b>Financial position</b>					
Investment properties	90,950	1,972	823	159	859
Assets except investment properties	3,706	48	210	4	84
Equity	45,392	1,037	188	149	431
Liabilities	49,264	982	845	14	512
<b>Group's carrying amount of the investment as of 31 December 2022</b>	<b>9,071</b>	<b>224</b>	<b>94</b>	<b>102</b>	<b>206</b>

## 3.5 Other financial assets

SEK million	31 December 2023	31 December 2022
Funds granted for properties under construction	1,725	1,977
Loans granted to associated companies and joint ventures	557	1,053
Other	1,163	672
<b>Closing balance</b>	<b>3,444</b>	<b>3,703</b>

## 4. Current assets

### 4.1 Inventory properties

#### Accounting policies

Property acquired or being constructed or redeveloped for sale, rather than to be held for rental or capital appreciation, is held as inventory property and measured at the lower of cost and net realisable value (NRV). Principally, this is residential property that Heimstaden Bostad develops and intends to sell before, or on completion of, development. NRV for completed inventory property is assessed by reference to market conditions and prices existing at the reporting date, and is determined by the Group based

on comparable transactions identified by the Group for property in the same geographical market serving the same segment. NRV in respect of inventory property under development is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete the development and the estimated costs necessary to make the sale, considering the time value of money, if material. Inventory properties are primarily related to certain projects in Oslo, Norway.

SEK million	31 December 2023	31 December 2022
<b>Opening balance</b>	<b>573</b>	<b>846</b>
Capital expenditures	79	15
Currency translation	-38	27
Reclassification to non-current assets	-	-
Divestments of inventory properties	-80	-
Value change <sup>1</sup>	5	-315
<b>Closing balance</b>	<b>538</b>	<b>573</b>

<sup>1</sup> Value adjustment of inventory properties in the Statement of Comprehensive Income, SEK 25 million (402), also includes return on investment guarantee from Fredensborg of SEK 19 million (717).

In 2018, Fredensborg AS sold the Norwegian housing portfolio to Heimstaden Bostad. As part of the commercial agreement between the parties, Fredensborg AS guaranteed that the development projects would provide an annual equity return of at least 7.5% until April 2025. The guarantee is settled in cash on an ongoing basis for completed projects that do not generate a return above the minimum level, and the total guarantee responsibility must be settled in cash at the end of the guarantee period, with potential subsequent settlement for projects that have been started but not completed at this time.

The investment guarantee is not reflected in the table above. The balance as per 31 December 2023 is recognised as other financial assets, non-current.

### 4.2 Rent and trade receivables

#### Accounting policies

Heimstaden Bostad holds rent and trade receivables with the objective to collect contractual cash flows. Trade receivables are recognised initially at transaction price and subsequently at amortised cost using the effective interest method, less a provision for expected credit losses.

Heimstaden Bostad applies the simplified method for recognising expected losses for leases and trade receivables. This means that expected credit losses are recognised for the remaining term, which is expected to be less than one year for all receivables. Rent is invoiced in advance, meaning that all reported rent receivables have fallen due for payment. Heimstaden Bostad makes provisions for expected credit losses based on historical credit losses and

forward-looking information. The change impacted "Profit before unrealised fair value adjustment" by the realised amount for each reporting period. Fair value adjustment of investment properties and value adjustment of inventory properties has changed with the realised amount for each reporting period. Any major individual receivables are assessed per counterparty. To mitigate any risks regarding the leased properties, Heimstaden Bostad assesses the creditworthiness of its counterparties, receives rent deposits, and receives guaranties from its lessees. Heimstaden Bostad writes off a receivable when there is no longer any expectation of receiving payment and when active measures to obtain payment have been discontinued. See [Note 6.1](#) for further information.

SEK million	31 December 2023	31 December 2022
Rent and trade receivables	227	359
<b>Total rent and trade receivables</b>	<b>227</b>	<b>359</b>

#### Age distribution of rent and trade receivables

SEK million	31 December 2023	31 December 2022
-30 days	111	250
31-60 days	32	21
61-90 days	18	12
91 days +	159	133
<b>Total</b>	<b>320</b>	<b>415</b>
Expected credit loss provision	-93	-56
<b>Rent and trade receivables, net</b>	<b>227</b>	<b>359</b>

**Expected credit loss provision**

SEK million	31 December 2023	31 December 2022
<b>Opening balance</b>	<b>-56</b>	<b>-47</b>
Provisions made during the year	-87	-95
Provisions used during the year	29	39
Unutilised provisions reversed during the year	22	47
<b>Closing balance</b>	<b>-93</b>	<b>-56</b>

**4.3 Other financial assets**

SEK million	31 December 2023	31 December 2022
Current tax assets	196	234
Deposits related to acquisitions	13	315
Receivable from sale of subsidiaries	–	3,937
Other receivables	655	382
<b>Total</b>	<b>863</b>	<b>4,867</b>

**4.4 Prepayments**

SEK million	31 December 2023	31 December 2022
Prepaid insurance premium	33	34
Prepaid interest	273	427
Prepaid operating expenses	338	379
Other	502	576
<b>Total</b>	<b>1,146</b>	<b>4,867</b>

**4.5 Cash and cash equivalents****Accounting policies**

Cash and cash equivalents primarily comprises of traditional cash and short-term, easily convertible investments that is readily convertible to a known amount of cash and subject to and insignificant risk of changes in value.

SEK million	31 December 2023	31 December 2022
Cash	5,625	9,385
Cash equivalents	5,650	–
<b>Total</b>	<b>11,276</b>	<b>9,385</b>

There are unutilised credit commitments of SEK 18,855 million (19,847), which are not included in cash and cash equivalents.

**4.6 Other adjustments in Statement of Cash Flows**

SEK million	2023	2022
Depreciation	124	50
Rental losses	86	74
Exchange rate difference	-419	6,578
Other financial items	-928	993
Realised gains/losses from divestment of properties	-235	-10
Impairment of goodwill	1,058	–
<b>Total</b>	<b>-313</b>	<b>7,685</b>

## 5. Equity

At the end of the financial year there were 12,914,568 (12,563,147) ordinary shares, 200 (200) Share Class A shares, 47,155,687 (45,872,521) Share Class B shares and, 941,963 (514,421) Share Class C shares. The voting value of an ordinary share is one half vote per share, the voting value for Share Class A and B shares is one tenth of a vote per share and the voting value for Share Class C shares is one vote per share.

Event	Type	Date of registration	Change in number of shares	Total number of shares	Change in share capital	Total share capital	Par value
<b>Opening balance, 1 January 2022</b>				<b>45,258,892</b>		<b>71,595,578</b>	<b>1.58</b>
New share issue	Ordinary, Share Class B	29.03.2022	9,671,291	54,930,183	15,298,995	86,894,573	1.58
New share issue	Ordinary, Share Class B and C	25.07.2022	3,554,262	58,484,445	5,622,480	92,517,053	1.58
New share issue	Ordinary, Share Class B and C	21.12.2022	465,844	58,950,289	736,918	93,253,971	1.58
<b>Closing balance, 31 December 2022</b>				<b>58,950,289</b>		<b>93,253,971</b>	<b>1.58</b>
<b>Opening balance, 1 January 2023</b>				<b>58,950,289</b>		<b>93,253,971</b>	<b>1.58</b>
New share issue	Ordinary, Share Class B and C	06.03.2023	2,062,129	61,012,418	3,262,078	96,516,048	1.58
<b>Closing balance, 31 December 2023</b>				<b>61,012,418</b>		<b>96,516,048</b>	<b>1.58</b>

### Other capital contributions

Other contributed capital refers to equity contributed by the owners, as well as share premiums for issues of ordinary shares and other share classes.

In 2023, SEK 3,337 million has been raised from new equity offerings, whereof SEK 2,418 million as a result of raising equity from existing shareholders. SEK 2,418 million of dividends were set-off against the subscribed price in the share issue.

### Hybrid bonds

#### Accounting policies

At initial recognition, the hybrid bonds are classified as an equity instrument. The classification is based on that there is no explicit contractual obligation to settle the agreement by paying cash or another financial asset. Nor are there any other circumstances indicating that the agreement will be settled in cash or other financial assets. Heimstaden Bostad is entitled to postpone interest payments for an indefinite period in so far as hybrid bond holders are notified within the agreed period and the hybrid bond is subordinated to all other creditors.

Heimstaden Bostad had SEK 24.2 (24.3) billion in outstanding hybrid bonds. These have a perpetual maturity with a variable coupon rate. Heimstaden Bostad has the opportunity to redeem outstanding hybrid bonds as of first possible redemption day, which is 5–7 years from the issue date. See [Note 6.3](#) for further details.

During 2023, Heimstaden Bostad bought back hybrid bonds amounting to SEK 82 million. The company realised an average discount of 34.6%, corresponding to net gain of SEK 25 million after tax.

#### Currency translation difference

Accumulated translation differences arise as a result of translation of foreign operations that have prepared their financial statements in a currency other than the currency in which the Group's financial statements are presented. Please refer to [Note 2.12](#) for specification of other comprehensive income.

#### Retained earnings

Retained earnings refer to earned profits in the Group. This item also includes previous allocations to the reserve fund.

#### Non-controlling interests

Non-controlling interests consist of external ownership interests in subsidiaries and their subsidiaries. Non-controlling interests refers primarily to Allianz Real Estate's investments in Heimstaden Bostad.

#### Non-controlling interests' share of comprehensive income/loss for the period

SEK million	2023	2022
Comprehensive income/loss for the period	-1,880	-216



## 6. Capital structure and financial items

### 6.1 Financial instruments

#### Accounting policies

#### Financial assets

The Group's financial assets include rent and other trade receivables, cash, derivative financial instruments and publicly traded shares.

For purposes of initial and subsequent measurement, Heimstaden Bostad's financial assets are classified in two categories:

- Financial assets at fair value through Statement of Comprehensive Income (derivative financial instruments). These financial assets are carried in the Statement for financial position at fair value with fair value changes recognised in Statement of Comprehensive Income line item fair value adjustment of derivative financial instruments.
- Financial assets at amortised cost (rent and other trade receivables, and cash). These financial assets are measured using the effective interest method. Gains and losses are recognised in Statement of Comprehensive Income when asset is derecognised, modified or impaired. The financial assets are only classified in this category if the financial asset is held to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been trans-

ferred and the group has transferred substantially all the risks and rewards of ownership.

#### Impairment of financial assets

Financial assets of the Group is subject to value change. Assets carried at fair value such value change part of the fair value assessment. Financial assets at amortised cost are subject to impairment. The Group has identified rent and trade receivables for such impairment, please refer to [Note 4.2](#) for accounting policy and details. Impairment of other financial assets are assessed to be immaterial at the reporting date.

#### Financial liabilities

Heimstaden Bostad's financial liabilities comprise interest-bearing liabilities, lease liabilities, derivative financial instruments, trade payables and other liabilities. The main purpose of these financial liabilities is to finance the Group's operations. All financial liabilities are recognised initially at fair value and, except for derivative financial instruments and trade payables, net of directly attributable transaction costs. For the purposes of subsequent measurement, all financial liabilities, except derivative financial instruments, are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in Statement of Comprehensive Income when the liabilities are derecognised, as well as through the effective interest rate amortisation process. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

The effective interest rate amortisation is included as interest expenses in the Statement of Comprehensive Income.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Comprehensive Income.

When the group repurchase financial liabilities, the existing financial liability is derecognised at carrying amount. Differences between carrying amount and fair value is recognised in Other financial items in the Statement of Comprehensive Income.

#### Derivative financial instruments

Heimstaden Bostad does not apply hedge accounting in accordance with IFRS 9. Derivative financial assets and liabilities are classified as financial assets or liabilities at fair value through Statement of Comprehensive Income. Derivative financial assets and liabilities comprise mainly interest rate swaps, and forward purchase contracts ([Note 3.1](#)) for investment properties held in limited liability companies. Recognition of the derivative financial instruments takes place when the economic contracts are entered. They are measured initially and subsequently at fair value; transaction costs are included directly in

fair value adjustment of derivative financial instruments. When forward purchase contracts for investment properties held in limited liability companies are settled and the Group takes control of the new subsidiary, the fair value of the forward contract is transferred to the fair value of the investment property.

The Group accounts for forward purchase contracts of investment properties held in limited liability companies as a financial instrument under IFRS 9 at fair value through Statement of Comprehensive Incomes, where the investment properties are valued based on the assumption that it will be completed and then let out. For further information, see [Note 3.1](#).

Derivatives are classified based on their final settlement date. Derivatives with settlement date within 12 months are classified as current asset/liability and derivatives that are expected to be held for more than 12 months and with settlement date after 12 months are classified as non-current.

#### Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the Consolidated Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**Fair Value Measurements of Financial Instruments**

Below is a comparison of the carrying amounts and fair values of financial assets and financial liabilities:

SEK million	31 December 2023		31 December 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Derivative financial instruments	498	498	1,481	1,481
Other financial assets, non-current	3,444	3,444	3,703	3,703
Rent and trade receivables	227	227	359	359
Other financial assets, current	863	863	4,867	4,867
Cash and cash equivalents	11,276	11,276	9,385	9,385
<b>Total</b>	<b>16,308</b>	<b>16,308</b>	<b>19,796</b>	<b>19,796</b>
<b>Financial liabilities</b>				
Derivative financial instruments	481	481	127	127
Interest-bearing liabilities, non-current	171,650	156,872	171,119	155,011
Other financial liabilities, non-current	1,614	1,614	2,700	2,700
Interest-bearing liabilities, current	19,601	19,601	11,572	11,572
Trade payables	738	738	833	833
Lease liabilities	1,175	1,175	1,416	1,416
Other liabilities, current	1,017	1,017	3,008	3,008
<b>Total</b>	<b>196,275</b>	<b>181,497</b>	<b>190,773</b>	<b>174,665</b>

The following tables provide the fair value measurement hierarchy of the Group's financial assets and financial liabilities:

**As at 31 December 2023**

SEK million	Total	Fair value measurement using:		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial assets measured at fair value:</b>	<b>498</b>	<b>–</b>	<b>363</b>	<b>135</b>
Derivative financial assets				
Interest rate swaps	363	–	363	–
Forward purchase contracts	135	–	–	135
<b>Financial liabilities measured at fair value:</b>	<b>-481</b>	<b>–</b>	<b>-481</b>	<b>–</b>
Derivative financial liabilities				
Interest rate swaps	-481	–	-481	–
<b>Loan for which fair values are disclosed</b>	<b>156,872</b>	<b>–</b>	<b>66,676</b>	<b>90,196</b>
Loans and borrowings	156,872	–	66,676	90,196

There were no changes in the Group's valuation processes, valuation techniques, or types of inputs used in the fair value measurements during the period. In 2022, Heimstaden Bostads holding in quoted equity investments were reclassified to associated companies. Upon this classification value change of quoted equity investments was SEK -2,208 million. There were no transfers between Level 1 and Level 2 fair value measurements during 2023, and no transfers into or out of Level 3 fair value measurements during 2023.

**As at 31 December 2022**

SEK million	Total	Fair value measurement using:		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial assets measured at fair value:</b>	<b>1,481</b>	<b>–</b>	<b>1,281</b>	<b>200</b>
Derivative financial assets				
Cross currency swap	163	–	163	–
Interest rate swaps	1,118	–	1,118	–
Forward purchase contracts	200	–	–	200
<b>Financial liabilities measured at fair value:</b>	<b>-127</b>	<b>–</b>	<b>-127</b>	<b>–</b>
Derivative financial liabilities				
Interest rate swaps	-127	–	-127	–
<b>Loan for which fair values are disclosed</b>	<b>155,011</b>	<b>–</b>	<b>75,633</b>	<b>79,378</b>
Loans and borrowings	155,011	–	75,633	79,378

### Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest-level input that is significant to the fair value measurement as a whole, as follows:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest-level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest-level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest-level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period. For more information regarding fair value hierarchy see [Note 3.1](#).

### Maturity, interest rate derivatives

SEK million	Type	31 December 2023			31 December 2022		
		Nominal amount	Share, %	Average interest, % <sup>1</sup>	Nominal amount	Share, %	Average interest, % <sup>1</sup>
<b>Maturity, year</b>							
Within 1 year of the Balance Sheet date	Paying	16,052	29	0.21	22,786	50	0.89
Within 1–2 year of the Balance Sheet date	Paying	5,391	10	2.94	10,976	24	-0.11
Within 2–3 year of the Balance Sheet date	Paying	8,787	16	2.89	1,013	2	0.35
Within 3–4 year of the Balance Sheet date	Paying	11,078	20	2.72	106	0	1.53
Within 4–5 year of the Balance Sheet date	Paying	8,427	15	2.74	3,107	7	2.88
>5 years after balance sheet date	Paying	4,994	9	2.88	7,753	17	2.88
<b>Total interest rate derivatives</b>		<b>54,728</b>	<b>100</b>	<b>2.05</b>	<b>45,742</b>	<b>100</b>	<b>1.11</b>

SEK million	Type	31 December 2023			31 December 2022		
		Nominal amount	Share, %	Average interest, % <sup>1</sup>	Nominal amount	Share, %	Average interest, % <sup>1</sup>
<b>Maturity, year</b>							
Within 1 year of the Balance Sheet date	Received	53,931	99	-3.58	44,916	98	-2.30
Within 1–2 year of the Balance Sheet date	Received	797	1	-1.69	–	–	–
Within 2–3 year of the Balance Sheet date	Received	–	–	–	825	2	-1.70
Within 3–4 year of the Balance Sheet date	Received	–	–	–	–	–	–
Within 4–5 year of the Balance Sheet date	Received	–	–	–	–	–	–
>5 years after balance sheet date	Received	–	–	–	–	–	–
<b>Total interest rate derivatives</b>		<b>54,728</b>	<b>100</b>	<b>-3.55</b>	<b>45,742</b>	<b>100</b>	<b>-2.29</b>

### Maturity, cross currency swaps

SEK million	Type	31 December 2023			31 December 2022		
		Nominal amount	Share, %	Average interest, % <sup>1</sup>	Nominal amount	Share, %	Average interest, % <sup>1</sup>
Within 1 year of the Balance Sheet date	Receives variable	–	–	–	5,624	100	4.96
Within 1–2 year of the Balance Sheet date	Receives variable	–	–	–	–	–	–
Within 2–3 year of the Balance Sheet date	Receives variable	–	–	–	–	–	–
Within 3–4 year of the Balance Sheet date	Receives variable	–	–	–	–	–	–
Within 4–5 year of the Balance Sheet date	Receives variable	–	–	–	–	–	–
>5 years after balance sheet date	Receives variable	–	–	–	–	–	–
<b>Total cross currency swaps</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>5,624</b>	<b>100</b>	<b>4.96</b>

<sup>1</sup> Indicates average interest rate. A negative value indicates received interest.

## 6.2 Financial risks

The guiding framework for management of the financial risks is the financial policy together with key funding agreements such as the EMTN programme under which the Company's listed senior unsecured bonds are issued. Oversight of the financial policy is delegated to the Board per the Shareholder Agreement. The financial policy sets firm thresholds for financial risk and provides guidance to the daily funding operations of the Company. The key metrics of the financial policy can be found on [page 80](#). The Board of the Company is provided with regular reporting and forecasts, as well as dedicated material covering financial risks and actions taken to mitigate these risks. The Company has identified Refinancing risk, Liquidity risk, Financial Obligations and Covenants, Interest rate risk, Rating risk, Currency risk and Credit risk as the key financial risks.

### Refinancing risk

To minimise refinancing risk, the Company uses various funding sources with a diversified maturity profile. The Company's financial policy stipulates the level of key credit ratios, such as a minimum average loan tenor of the debt portfolio of 4 years. To mitigate refinancing risk, the Company also maintains adequate liquidity reserves and unutilised credit facilities.

### Liquidity risk

Liquidity risk is the risk that the Company doesn't have the accessible means to fulfil its financial or operational obligations, or that the Group cannot pay for other obligations such as signed acquisitions and capital expenditures. To mitigate this risk, the Company has unutilised credit facilities of 18,855 SEK million available, a financial policy stating that there can never be more than 25% of debt maturing in a single year and that the estimated liquidity ratio always has to exceed 125%. See [Note 6.3](#) and [Note 6.4](#) for further information.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments (including interest payments):

Maturity 31 December, 2023, SEK million	0–1 years	1–5 years	>5 years
Derivative financial instruments	–	418	62
Interest-bearing liabilities <sup>1</sup>	25,210	111,918	112,158
Trade payables	738	–	–
Lease liabilities	97	81	1,015
Other financial liabilities	2,631	–	–
<b>Total</b>	<b>28,675</b>	<b>112,418</b>	<b>113,236</b>

Maturity 31 December, 2022, SEK million	0–1 years	1–5 years	>5 years
Derivative financial instruments	75	51	–
Interest-bearing liabilities <sup>1</sup>	14,583	100,328	100,895
Trade payables	833	–	–
Lease liabilities	84	120	1,369
Other financial liabilities	5,707	–	–
<b>Total</b>	<b>21,282</b>	<b>100,499</b>	<b>102,264</b>

<sup>1</sup> Of which interest-bearing liabilities excluding interest expenses amounts to SEK 191,757 million (183,250).

### Financial obligations and Covenants

The Company's debt agreements include financial covenants such as

- The EMTN programmes which are stating
  - Limitations on the Incurrence of Financial Indebtedness. Consolidated Solvency Ratio, defined as "Net Debt / Total Assets". Covenant limited to below 65%.
  - Maintenance of Consolidated Coverage Ratio, defined as "Profit before financial items" (or any equivalent line item) divided by net interest charges (interest expense minus interest income). Covenant limited to above 1.5x.
- Limitations on the Incurrence of Secured Indebtedness. "Secured LTV", defined as secured debt divided by total assets. The covenant is limited to below 45%.
- Bank and mortgage facilities: often a set of covenants for individual properties and/or property portfolios, such as Loan to value, Interest coverage ratio and Equity ratio.

A breach of a financial covenant normally includes cure rights to give the Company time to meet the covenant with certain actions, but it can also lead to a requirements of extra ordinary amortization, termination of loans, or a claim on secured assets. The Company's financial policy stipulates levels of key credit ratios to ensure that no covenants are breached. Continuous internal review and external auditing assures accurate reporting and information. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period.

### Rating risk

The Company views an investment grade rating as fundamental to conducting its business, meeting obligations and to ensure access to capital. A rating downgrade below investment grade may be seen as negative by the Company's creditors hence the access to financing and the terms can deteriorate. Heimstaden Bostad is nurturing its capital markets reputation.

### Credit risk

If counterparties cannot meet their obligations towards the Company or if a substantial number of customers fail to pay rent, it would lead to reduced liquidity and losses. To counter this, the Company regularly assesses the creditworthiness of its counterparties. For the majority of rental contracts rent is paid in advance and risk is further reduced through a large and diversified customer base.

### Interest rate risk

Rising interest rates increase the financing cost for the Company and may negatively impact profitability. According to the financial policy, the Company shall maintain at least 75% of its loan portfolio at a fixed rate as of the balance sheet date, which is managed through having a high share of fixed rate loans and bonds together with interest rate swaps, see [Note 6.4](#) for further information.

### Currency risk

The Company owns assets in other currencies than the reporting currency, which leads to a risk of negative impact on cash flows or asset values in the case of fluctuating currency exchange rates. To mitigate this risk the Company is targeting a currency match funding principle between assets and liabilities.

### Changes in values of derivatives

The value of currency derivatives may be affected by changes in base rates or foreign currency exchange rates. The Company's financial policy dictates which derivative instruments may be used for hedging strategies, stating that only marketable instruments for which prices can be obtained may be utilised. The Company also continuously monitors market movements and obtains external and internal derivative valuations.

### Interest rate sensitivity

The following table shows the sensitivity by a change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected as follows:

#### Interest expenses

2023					
SEK million	Increase/decrease in underlying IBOR	Effect on profit before tax (+)	Effect on profit before tax (-)	Effect on equity (+)	Effect on equity (-)
	1%	271	-271	224	-224
	2%	543	-543	449	-449
2022					
SEK million	Increase/decrease in underlying IBOR	Effect on profit before tax (+)	Effect on profit before tax (-)	Effect on equity (+)	Effect on equity (-)
	1%	445	-501	363	-363
	2%	850	-1,001	694	-694

### Foreign currency sensitivity

The following table shows the sensitivity by a change in foreign currency on senior unsecured bonds. With all other variables held constant, the Group's profit before tax is affected through the impact of changes in foreign currency as follows:

2023			
million	Increase/decrease in foreign currency rate	Effect on profit before tax (+)	Effect on profit before tax (-)
EUR	10%	1,346	-1,346
NOK	10%	290	-290
2022			
million	Increase/decrease in foreign currency rate	Effect on profit before tax (+)	Effect on profit before tax (-)
EUR	10%	765	-765
NOK	10%	310	-310

### 6.3 Interest-bearing liabilities

SEK million	2023				2022			
	Interest-bearing liabilities	Secured loans, %	Share, %	Unutilised credit commitment	Interest-bearing liabilities	Secured loans, %	Share, %	Unutilised credit commitment
Corporate bonds	74,037	–	39		91,779	–	50	–
Mortgages/bank loans	117,720	99	61	18,855	91,471	99	50	19,847
<b>Total</b>	<b>191,757</b>	<b>61</b>	<b>100</b>	<b>18,855</b>	<b>183,250</b>	<b>37</b>	<b>100</b>	<b>19,847</b>
Deferred charges	-506				-559			
<b>Total incl. deferred charges</b>	<b>191,250</b>				<b>182,691</b>			

As of 31 December 2023, SEK 861 million of the total unutilised credit commitments, is related to future ESG Capex and Construction Facilities.

#### Interest-bearing liabilities per currency

Currency	2023		2022	
	SEK million	Local currencies	SEK million	Local currencies
SEK	31,020	31,020	33,459	33,459
NOK	3,010	3,035	3,826	3,600
EUR	119,575	10,736	110,840	9,933
DKK	38,151	25,541	35,125	23,385
<b>Total</b>	<b>191,757</b>		<b>183,250</b>	
Deferred charges	-506		-559	
<b>Total incl. deferred charges</b>	<b>191,250</b>		<b>182,691</b>	

**Quoted bonds**

Maturity	Currency	Outstanding amount (million)	Of which held on own book (million)	Fair value (million) <sup>2</sup>	Rating <sup>3</sup>	Fixed/ Floating	Coupon (bps)	Exchange	ISIN
2024-01-19	EUR	700	193	699	BBB	Floating	Euribor 3m + 55	Euronext Dublin	XS2430702873
2024-10-13	EUR	1,250	96	1,180	BBB-	Fixed	25	Euronext Dublin	XS2397239000
2025-07-24	EUR	700	24	622	BBB-	Fixed	63	Euronext Dublin	XS2435603571
2026-01-21	EUR	500	15	429	BBB-	Fixed	113	Euronext Dublin	XS2105772201
2027-03-03	EUR	700	27	557	BBB-	Fixed	138	Euronext Dublin	XS2225207468
2028-04-13	EUR	750	96	540	BBB-	Fixed	100	Euronext Dublin	XS2397252102
2028-07-24	EUR	500	30	361	BBB-	Fixed	138	Euronext Dublin	XS2435611244
2029-09-06	EUR	750	72	496	BBB-	Fixed	75	Euronext Dublin	XS2384269366
2031-10-13	EUR	750	50	476	BBB-	Fixed	163	Euronext Dublin	XS2397252011
2035-05-04	EUR	50	–	30	BBB-	Fixed	280	Euronext Dublin	XS2168047087
2035-05-04	EUR	50	–	30	BBB	Fixed	280	Euronext Dublin	XS2161838276
<b>Total</b>		<b>6,700</b>	<b>603</b>	<b>5,418</b>					

2024-01-22	SEK	850	750	846	BBB	Fixed	88	Euronext Dublin	XS2420346517
2024-04-08	SEK	500	419	498	BBB	Floating	Stibor 3m + 67	Euronext Dublin	XS2327839580
2025-02-25	SEK	800	–	766	BBB	Floating	Stibor 3m + 130	Euronext Dublin	XS2259800121
2025-02-25	SEK	400	–	372	BBB	Fixed	137	Euronext Dublin	XS2259781230
2025-04-07	SEK	750	–	710	BBB	Floating	Stibor 3m + 80	Euronext Dublin	XS2327990649
2026-11-23	SEK	1,000	–	887	N/A	Floating	Stibor 3m + 110	Euronext Dublin	XS2412106853
2027-02-22	SEK	500	–	442	N/A	Floating	Stibor 3m + 140	Euronext Dublin	XS2447755351
<b>Total</b>		<b>4,800</b>	<b>1,169</b>	<b>4,521</b>					

2024-06-07	NOK	500	428	494	BBB-	Floating	Nibor 3m + 240	Oslo Børs	NO0010838899
2025-02-25	NOK	400	–	365	BBB	Fixed	202	Oslo Børs	NO0010906951
2025-02-25	NOK	400	–	384	BBB	Floating	Nibor 3m + 135	Oslo Børs	NO0010906944
2026-04-22	NOK	1,250	–	1,133	BBB	Floating	Nibor 3m + 95	Oslo Børs	NO0010976327
2028-04-24	NOK	350	–	296	BBB	Floating	Nibor 3m + 115	Oslo Børs	NO0010976335
<b>Total</b>		<b>2,900</b>	<b>428</b>	<b>2,672</b>					

**Hybrid bonds<sup>1</sup>**

First Call Date	First Reset Date	Currency	Outstanding amount (million)	Of which held on own book (million)	Fair value (million) <sup>2</sup>	Rating <sup>3</sup>	Fixed/ Floating	Coupon (bps)	Exchange	ISIN
2024-11-19	2025-02-19	EUR	800	211	419	N/A	Fixed	325	Euronext Dublin	XS2010037765
2026-01-15	2026-04-15	EUR	500	164	211	BB+	Fixed	338	Euronext Dublin	XS2125121769
2026-10-13	2027-01-13	EUR	600	119	237	BB+	Fixed	363	Euronext Dublin	XS2397251807
2027-02-01	2027-05-01	EUR	800	176	279	BB+	Fixed	263	Euronext Dublin	XS2294155739
2027-10-29	2028-01-29	EUR	600	254	211	BB+	Fixed	300	Euronext Dublin	XS2357357768
<b>Total</b>			<b>3,300</b>	<b>924</b>	<b>1,357</b>					

<sup>1</sup> Hybrid bonds are classified as equity in the Statement of Financial Position. Maturity refers to first call date.

<sup>2</sup> Based on quoted market prices as of the Balance Sheet date.

<sup>3</sup> Based on S&P rating or, if not available, on Fitch rating.

**Maturity structure interest-bearing liabilities**

SEK million	31 December 2023					
	Loans and borrowings, secured	Loans and borrowings, unsecured	Total loans and borrowings	Share, %	Unutilised credit commitment	Share, %
<b>Loan maturity</b>						
Within 1 year of the Balance Sheet date	107	18,869	18,976	10	81	0
Within 1–2 year of the Balance Sheet date	5,672	10,272	15,945	8	4,841	26
Within 2–3 year of the Balance Sheet date	30,486	7,638	38,124	20	11,794	63
Within 3–4 year of the Balance Sheet date	7,737	7,997	15,734	8	–	–
Within 4–5 year of the Balance Sheet date	10,367	14,166	24,533	13	2,138	11
>5 years after balance sheet date	61,989	16,456	78,445	41	–	–
<b>Total</b>	<b>116,357</b>	<b>75,399</b>	<b>191,757</b>	<b>100</b>	<b>18,855</b>	<b>100</b>

SEK million	31 December 2022					
	Loans and borrowings, secured	Loans and borrowings, unsecured	Total loans and borrowings	Share, %	Unutilised credit commitment	Share, %
<b>Loan maturity</b>						
Within 1 year of the Balance Sheet date	1,307	9,600	10,906	6	3,738	19
Within 1–2 year of the Balance Sheet date	1,995	23,854	25,849	14	1,000	5
Within 2–3 year of the Balance Sheet date	5,631	10,598	16,229	9	10,278	52
Within 3–4 year of the Balance Sheet date	25,080	7,908	32,988	18	–	–
Within 4–5 year of the Balance Sheet date	6,528	8,311	14,839	8	–	–
>5 years after balance sheet date	49,631	32,807	82,438	45	4,830	24
<b>Total</b>	<b>90,171</b>	<b>93,079</b>	<b>183,250</b>	<b>100</b>	<b>19,847</b>	<b>100</b>

The average remaining loan maturity, as at 31 December 2023 was: 7.96 years (8.32)

SEK million	Interest maturity, 31 December 2023				Interest maturity, incl financial instruments, 31 December 2023			
	Secured borrowing	Unsecured borrowing	Total borrowing	Average interest rate, % incl. margin	Share, %	Total borrowing	Average interest rate, % incl. margin	Share, %
<b>Interest maturity</b>								
Within 1 year of the Balance Sheet date	70,003	25,203	95,206	4.57	50	57,326	4.28	30
Within 1–2 year of the Balance Sheet date	5,486	8,326	13,812	1.11	7	18,406	1.62	10
Within 2–3 year of the Balance Sheet date	8,704	5,399	14,102	3.19	7	22,889	3.07	12
Within 3–4 year of the Balance Sheet date	6,597	7,497	14,094	2.37	7	25,172	2.52	13
Within 4–5 year of the Balance Sheet date	2,193	12,519	14,713	1.55	8	23,140	1.98	12
>5 years after balance sheet date	23,375	16,456	39,830	2.34	21	44,824	2.40	23
<b>Total</b>	<b>116,357</b>	<b>75,399</b>	<b>191,757</b>	<b>3.36</b>	<b>100</b>	<b>191,757</b>	<b>2.93</b>	<b>100</b>

SEK million	Interest maturity, 31 December 2022				Interest maturity, incl financial instruments, 31 December 2022			
	Secured borrowing	Unsecured borrowing	Total borrowing	Average interest rate, % incl. margin	Share, %	Total borrowing	Average interest rate, % incl. margin	Share, %
<b>Interest maturity</b>								
Within 1 year of the Balance Sheet date	64,185	25,131	89,316	2.69	49	66,882	2.96	37
Within 1–2 year of the Balance Sheet date	1,839	14,799	16,638	0.37	9	27,614	0.18	15
Within 2–3 year of the Balance Sheet date	5,928	8,623	14,552	1.20	8	14,739	1.11	8
Within 3–4 year of the Balance Sheet date	3,006	5,580	8,585	1.23	5	8,692	1.23	5
Within 4–5 year of the Balance Sheet date	1,803	7,811	9,615	1.41	5	12,722	1.77	7
>5 years after balance sheet date	13,410	31,135	44,545	1.41	24	52,298	1.63	29
<b>Total</b>	<b>90,171</b>	<b>93,079</b>	<b>183,250</b>	<b>1.92</b>	<b>100</b>	<b>182,947</b>	<b>1.85</b>	<b>100</b>

The average remaining term of fixed interest in the loan portfolio, including derivatives, as at 31 December 2023 was: 3.28 years (3.20)

**Reconciliation of liabilities attributable to financing activities**

SEK million	Corporate bonds	Mortgages/bank loans	Deferred charges	Lease liabilities	Total
<b>Opening balance, 1 January 2022</b>	<b>75,282</b>	<b>83,651</b>	<b>-553</b>	<b>733</b>	<b>159,114</b>
Loan repayments	-11,115	-29,154	-	-88	-40,358
New borrowings	21,507	27,150	-	693	49,349
Assumed debt in connection with acquisitions	-	3,912	-	-	3,912
Currency exchange effect on loans	6,106	5,913	-	69	12,087
Capitalisation of debt issuance cost, net of amortisation	-	-	-6	9	3
<b>Closing balance, 31 December 2022</b>	<b>91,779</b>	<b>91,471</b>	<b>-559</b>	<b>1,416</b>	<b>184,107</b>
<b>Opening balance, 1 January 2023</b>	<b>91,779</b>	<b>91,471</b>	<b>-559</b>	<b>1,416</b>	<b>184,107</b>
Loan repayments	-18,434	-7,990	-	-111	-26,535
New borrowings	719	34,544	-	-83	35,181
Assumed debt in connection with acquisitions	-	697	-	-	697
Currency exchange effect on loans	-28	-1,002	-	-46	-1,077
Capitalisation of debt issuance cost, net of amortisation	-	-	53	-	53
<b>Closing balance, 31 December 2023</b>	<b>74,037</b>	<b>117,720</b>	<b>-506</b>	<b>1,176</b>	<b>192,426</b>

During 2023, Heimstaden Bostad bought back SEK 11,868 million of outstanding senior unsecured bonds, obtaining an average discount of 7.5% and resulted in a SEK 839 million gain, net of SEK 173 million in tax, recognised in other financial items.

**6.4 Capital management**

Having access to long-term capital is important for Heimstaden Bostad to operate and actively optimise our property portfolio. The Company defines its managed capital as the sum of consolidated net debt and equity, including hybrid capital and the part attributable to non-controlling interests. The changed macro environment with higher rates has triggered changes to the capital structure to adjust to the changed circumstances. The Company has launched a strategic plan to reduce leverage, the privatisation plan, that will support renewed compliance with the financial policy that the Company is committed to.

**Financial Policy**

	Policy	2023	2022	
Interest coverage ratio, S&P method	Multiple	≥ 1.8	1.7	2.7
Net debt / net debt + equity, S&P method	%	≤ 60	58.6	52.6
Average loan tenor	Years	≥ 4	8.0	8.3
Loan maturity in individual year	%	≤ 25	20	18
Loans from individual lender	%	≤ 20	7.7	8.1
Interest rate hedge ratio	%	≥ 75	86	76
Liquidity ratio	Multiple	≥ 1.25	1.40	1.49



## 6.5 Leases

### Accounting policies

Heimstaden Bostad has a lease commitment for leasehold rights, premises, and vehicles. The commitment is classified as a lease liability in the Statement of Financial Position and the right to use the underlying asset during the lease term is classified as an asset. Amortisation of the asset is reported in the Statement of Comprehensive Income. Lease payments are reported partly as payment of interest and partly as amortisation of the lease liability. Lease payments are renegotiated at the end of the agreements to reflect market rents. The agreements mainly fall due for renegotiation in more than 5 years. Premises and vehicles are reported at discounted values in the Statement of Financial Position as a right-of-use asset and a lease liability. In the Statement of Comprehensive Income, the right-of-use asset is depreciated over the term of the agreement and payment made to the landlord / lessor is reported partly as amortisation of the lease liability and partly as interest expense in Statement of Comprehensive Income.

The Group applies the recognition exemption and recognise lease payments for low value leases and leases with lease term less than 12 months as other operating expenses in the Consolidated Statement of Comprehensive Income.

The table below shows the rights of use per category:

SEK million	Premises	Vehicles	Other	Total
<b>Opening balance, 1 January 2022</b>	<b>15</b>	<b>2</b>	<b>–</b>	<b>17</b>
Changes to contracts	157	82	1	240
Depreciation	-55	-29	-1	-84
Currency translation	7	3	–	10
<b>Closing balance, 31 December 2022</b>	<b>125</b>	<b>58</b>	<b>1</b>	<b>183</b>
Changes to contracts	29	51	–	80
Depreciation	-71	-35	-1	-106
Currency translation	0	0	0	0
<b>Closing balance, 31 December 2022</b>	<b>83</b>	<b>74</b>	<b>0</b>	<b>158</b>

Below are the carrying amounts of lease liabilities and the movements during the period:

SEK million	2023	2022
<b>As at 1 January</b>	<b>1,416</b>	<b>733</b>
Additions	136	728
Divestments	-225	-35
Accretions of interest	5	7
Payments	-111	-88
Reclassification	0	2
Currency translation	-46	69
<b>As at 31 December</b>	<b>1,175</b>	<b>1,416</b>
Current	85	84
Non-current	1,091	1,331

The following amounts are recognised in Statement of Comprehensive Income:

SEK million	2023	2022
Depreciation expense of right-of-use assets	-106	-84
Interest expense on lease liabilities	-5	-7
Expense relating to short-term leases	-4	-2
Expense relating to leases of low-value assets	-4	-1
<b>Total amount recognised in Statement of Comprehensive Income</b>	<b>-119</b>	<b>-94</b>

Breakdown of undiscounted lease debt:

SEK million	2023	2022
Within one year	97	99
1–5 years	81	120
> 5 years	1,015	1,369
<b>Total</b>	<b>1,193</b>	<b>1,588</b>

The Group's lease income from operating leases is presented in rental income in Statement of Comprehensive Income. For more information see [Note 2.2](#).

The Group had total cash outflows as a lessee of SEK 111 million (88).

## 7. Other liabilities

### 7.1 Deferred tax

#### Accounting policies

Deferred tax is estimated in accordance with the liability method based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Heimstaden Bostad recognise temporary differences from fair value adjustments of investment property, derivative financial instruments and other events affecting the tax and accounting treatment of assets and liabilities.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.
- Deferred tax is not accounted for in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal can be controlled by Heimstaden Bostad and it is probable that it will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity. Deferred tax is recognised on subsequent changes to the taxable and temporary differences.

#### Deferred tax

SEK million	2023		2022	
	Tax base	Deferred tax	Tax base	Deferred tax
<b>Deferred tax asset loss carryforwards</b>				
Opening balance	-5,034	-982	-1,085	-236
Change for the year	766	182	-3,949	-746
<b>Closing balance</b>	<b>-4,268</b>	<b>-800</b>	<b>-5,034</b>	<b>-982</b>
<b>Deferred tax liabilities investment properties</b>				
Opening balance	95,568	22,694	91,163	21,880
Depreciation for the year	282	58	246	51
Value change for investment properties	-24,964	-5,489	-5,436	-1,315
Reversal for the year due to sale	-120	-26	-156	-32
Corporate acquisition	-	-	9,751	2,110
Changed tax rate	-	500	-	-
<b>Closing balance</b>	<b>70,766</b>	<b>17,738</b>	<b>95,568</b>	<b>22,694</b>
<b>Derivative financial instruments</b>				
Opening balance	1,354	281	434	91
Change for the year	-1,337	-261	920	190
<b>Closing balance</b>	<b>17</b>	<b>20</b>	<b>1,354</b>	<b>281</b>
<b>Other temporary differences</b>				
Opening balance	-396	-33	629	169
Change for the year	3,614	768	-1,025	-202
<b>Closing balance</b>	<b>3,218</b>	<b>735</b>	<b>-396</b>	<b>-33</b>
<b>Net deferred tax</b>				
Opening balance	91,492	21,960	91,141	21,904
Change for the year	-21,759	-4,268	351	56
<b>Closing balance</b>	<b>69,733</b>	<b>17,692</b>	<b>91,492</b>	<b>21,960</b>

Capitalised tax loss carryforward relates to a tax loss of SEK 4,268 million (5,034). There are no expiry date on capitalised tax losses carried forward.

## 7.2 Other liabilities

SEK million	31 December 2023	31 December 2022
Current tax liabilities	37	603
Real estate transfer tax	103	1,543
Liabilities related to real estate transactions	405	392
Social security charges	18	21
Other liabilities	454	448
<b>Total</b>	<b>1,017</b>	<b>3,008</b>

## 7.3 Accrued expenses and prepaid income

SEK million	31 December 2023	31 December 2022
Accrued interest	652	593
Prepaid rent	479	513
Accrued personnel expenses	114	95
Accrued operating expenses	488	751
Accrued administrative expenses	30	51
Other accrued items	959	755
<b>Total</b>	<b>2,721</b>	<b>2,758</b>

## 8. Other disclosures

### 8.1 Related-party disclosures

Transactions with related parties are carried out at arm's length terms.

The following are defined as related parties:

- All companies within the Heimstaden- and Fredensborg Group
- Board Members and Group management
- Close family members of Board Members or Group management
- Companies controlled by Board Members or Group management
- Shareholders in control of more than 10% of the shares or votes in the Group
- Transactions with associated companies and joint ventures

#### Summary of transactions with related parties

In 2023, Heimstaden Bostad acquired administrative services from Heimstaden AB and its subsidiaries for SEK 860 million (1,716).

The reduction in acquired administrative services from 2022 is due to the sell-down of the Country Management organisation from Heimstaden AB to Heimstaden Bostad on July 1, 2022.

In 2023, Heimstaden Bostad AB acquired properties from Group companies for SEK 0 million (157).

Heimstaden Bostad AB received an investment guarantee from Fredensborg AS in 2018, recognised in non-current other financial assets. The investment guarantee decreased with SEK 22 million to SEK 695 million during 2023 (717), see [Note 4.1](#) for more information.

In 2023, Ivar Tollefsen and his family received SEK 11 million (12) in total fees for ground rent.

#### Transactions with associated companies and joint ventures

SEK million	2023	2022
Interest income from investments in associated companies and joint ventures	51	39
Loans to associated companies and joint ventures	-7	104
Acquisition of joint venture to subsidiary	-489	-
Capital contributions to investments in associated companies and joint ventures	16	41

In addition to the related parties presented above see also [Note 3.4](#), Associated companies and joint ventures, and [Note 2.6](#) Employee benefit expenses and senior management compensation.

### 8.2 Pledged assets

SEK million	31 December 2023	31 December 2022
Mortgages <sup>1</sup>	156,349	102,993
Pledged shares in subsidiaries, associated companies and joint ventures <sup>1</sup>	12,336	10,750
<b>Total</b>	<b>168,685</b>	<b>113,743</b>

<sup>1</sup> The collateral has been pledged with regard to interest-bearing loans from credit institutions.

### 8.3 Contingencies and commitments

#### Investment obligations and capital expenditures

Heimstaden Bostad has entered into contracts with sellers of investment property under construction placed in a corporate wrapper. Heimstaden Bostad will acquire 100% of the outstanding shares in the corporate wrapper at a future date. The contract is either for a fixed price (forward purchase) or at a variable price (forward funding) based on the equity in the corporate wrapper, where the investment property is measured at fair value. The arrangements are recognised as financial instruments under IFRS 9 at fair value through Statement of Comprehensive Income. For more information see [Note 6.1](#).

As of 31 December 2023, Heimstaden Bostad had total investment obligations of SEK 1,595 million (5,492). The forward funding contracts with third parties is committed to future capital expenditure in respect of investment properties under construction of SEK 2,019 million (3,676).

During the year, Heimstaden Bostad reached agreements with developers on four turn-key projects whereby the developers have bought themselves out of their turnkey obligations via payment to Heimstaden Bostad. As a result of the agreement, Heimstaden Bostad also reduces future commitments by SEK 1,713 million. The income and acquisition cost from these agreements are recognised in other operating income and other operating expenses, respectively.

#### 2023

SEK million	2024	2025	2026	2027	Total
Forward funding	1,430	445	39	21	1,934
Own development	85	–	–	–	85
Forward purchase	1,592	3	–	–	1,595
<b>Total</b>	<b>3,107</b>	<b>448</b>	<b>39</b>	<b>21</b>	<b>3,614</b>

#### 2022

SEK million	2023	2024	2025	2026	Total
Forward funding	923	1,629	615	282	3,450
Own development	25	202	–	–	226
Forward purchase	3,179	1,862	451	–	5,492
<b>Total</b>	<b>4,127</b>	<b>3,693</b>	<b>1,066</b>	<b>282</b>	<b>9,168</b>

#### Disputes

As of the balance sheet date and to the best of our knowledge, Heimstaden Bostad is not a part in any ongoing legal processes or administrative proceedings which have had or may have a material impact to its financial statements.

### 8.4 Events after the reporting period

The outstanding amounts of a EUR senior unsecured bond ISIN XS2430702873 and SEK senior unsecured bond ISIN XS2420346517 were redeemed, a total of EUR 507 million and SEK 100 million, respectively.

The financial statements form part of the Annual Report and were approved by the Board of Directors and the CEO on 26 February 2024.

# Parent Company Financial Statements and Notes

## Parent Company Income Statement

SEK million	Note	2023	2022
Management service income		390	450
Other operating expenses		-44	-58
Administrative expenses	<a href="#">2.1</a> , <a href="#">2.2</a> , <a href="#">7.2</a>	-778	-777
<b>Operating profit/loss</b>		<b>-432</b>	<b>-385</b>
Dividends from subsidiaries		99	-
Dividends from associated companies and joint ventures		215	-
Results from divestment of shares in subsidiaries	<a href="#">2.3</a>	-	-2,018
Impairment of investment in subsidiaries and associated companies	<a href="#">3.1</a> , <a href="#">7.4</a>	-2,716	-175
Interest income	<a href="#">2.4</a>	4,128	2,012
Interest expenses	<a href="#">2.4</a>	-2,138	-1,333
Net currency translation gains/losses	<a href="#">2.4</a>	-165	-4,902
Fair value adjustment of derivative financial instruments	<a href="#">5.2</a>	-16	174
Other financial items	<a href="#">2.4</a>	4	-74
<b>Profit/loss after financial items</b>		<b>-1,021</b>	<b>-6,701</b>
Appropriations	<a href="#">2.5</a>	1,078	5,517
<b>Profit/loss before tax</b>		<b>57</b>	<b>-1,184</b>
Income tax expense	<a href="#">2.6</a>	-	-
Deferred tax income/expense	<a href="#">2.6</a>	-77	540
<b>Profit/loss for the period</b>		<b>-20</b>	<b>-644</b>

## Parent Company Statement of Comprehensive Income

SEK million	Note	2023	2022
Profit/loss for the year according to the Income Statement		-20	-644
Other comprehensive income		-	-
<b>Total comprehensive income/loss</b>		<b>-20</b>	<b>-644</b>

## Parent Company Statement of Financial Position

SEK million	Note	31 December 2023	31 December 2022
<b>ASSETS</b>			
Shares in subsidiaries	<a href="#">7.4</a>	60,115	55,643
Investments in associated companies and joint ventures	<a href="#">3.1</a>	8,096	9,544
Bonds		5,683	511
Deferred tax assets	<a href="#">3.2</a>	439	555
Non-current receivables, subsidiaries	<a href="#">3.3, 7.2</a>	90,696	97,472
<b>Total non-current assets</b>		<b>165,028</b>	<b>163,725</b>
Current receivables, subsidiaries	<a href="#">3.4, 7.2</a>	43,005	48,374
Accrued income, group companies		188	–
Other financial assets		126	4,016
Cash and cash equivalents	<a href="#">3.5</a>	8,777	4,735
<b>Total current assets</b>		<b>52,097</b>	<b>57,125</b>
<b>TOTAL ASSETS</b>		<b>217,124</b>	<b>220,850</b>

SEK million	Note	31 December 2023	31 December 2022
<b>EQUITY AND LIABILITIES</b>			
Share capital		97	93
<b>Restricted equity</b>		<b>97</b>	<b>93</b>
Share premium reserve		129,437	126,110
Hybrid bonds		24,234	24,316
Retained earnings		-38,706	-31,122
<b>Unrestricted equity</b>		<b>114,966</b>	<b>119,304</b>
<b>Total equity</b>	<a href="#">4.1</a>	<b>115,062</b>	<b>119,397</b>
Interest-bearing liabilities	<a href="#">5.1</a>	18,855	18,775
Derivative financial instruments	<a href="#">5.2</a>	318	127
Deferred tax liability		483	518
Non-current liabilities, subsidiaries	<a href="#">6.1, 7.2</a>	81,628	72,158
<b>Total non-current liabilities</b>		<b>101,285</b>	<b>91,577</b>
Interest-bearing liabilities	<a href="#">5.1</a>	302	9,600
Trade and other payables		1	2
Short-term debt, group companies		39	–
Accrued expenses, group companies		187	–
Accrued expenses and prepaid income	<a href="#">6.2</a>	248	275
<b>Total current liabilities</b>		<b>778</b>	<b>9,877</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>217,124</b>	<b>220,850</b>

## Parent Company Statement of Changes in Equity

SEK million	Share capital	Share premium reserve	Hybrid bonds	Retained earnings	Total equity
<b>Opening balance, 1 January 2022</b>	<b>72</b>	<b>95,176</b>	<b>33,652</b>	<b>-4,625</b>	<b>124,274</b>
Profit/loss for the period	–	–	960	-1,604	-644
<b>Total profit/loss</b>	<b>–</b>	<b>–</b>	<b>960</b>	<b>-1,604</b>	<b>-644</b>
New share issue	22	30,970	–	–	30,991
Costs of issuance	–	-36	–	–	-36
Buyback of hybrid bonds	–	–	-9,336	1,692	-7,644
Dividends	–	–	-960	-26,585	-27,545
<b>Total transactions with the Company's shareholders</b>	<b>22</b>	<b>30,934</b>	<b>-10,296</b>	<b>-24,893</b>	<b>-4,233</b>
<b>Equity, 31 December 2022</b>	<b>93</b>	<b>126,110</b>	<b>24,316</b>	<b>-31,122</b>	<b>119,397</b>
<b>Opening balance, 1 January 2023</b>	<b>93</b>	<b>126,110</b>	<b>24,316</b>	<b>-31,122</b>	<b>119,397</b>
Profit/loss for the period	–	–	841	-860	-20
<b>Total profit/loss</b>	<b>–</b>	<b>–</b>	<b>841</b>	<b>-860</b>	<b>-20</b>
New share issue	3	3,334	–	–	3,337
Costs of issuance	–	-6	–	–	-6
Buyback of hybrid bonds	–	–	-82	19	-63
Dividends	–	–	-841	-6,742	-7,583
<b>Total transactions with the Company's shareholders</b>	<b>3</b>	<b>3,328</b>	<b>-922</b>	<b>-6,723</b>	<b>-4,315</b>
<b>Equity, 31 December 2023</b>	<b>97</b>	<b>129,437</b>	<b>24,234</b>	<b>-38,706</b>	<b>115,062</b>



## Cash Flow Statement

SEK million	Note	2023	2022
<b>Operating activities</b>			
Profit/loss before income tax		57	-1,184
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Other adjustments	<a href="#">7.3</a>	-3,005	7,019
<i>Working capital changes</i>			
Increase(-)/decrease(+) in rent and other receivables		3,890	-3,931
Increase(+)/decrease(-) in trade and other payables		-237	-490
<b>Cash generated from operations</b>		<b>705</b>	<b>1,414</b>
Paid income tax		-	-51
<b>Net cash flows from operating activities</b>		<b>705</b>	<b>1,363</b>

SEK million	Note	2023	2022
<b>Investing activities</b>			
Acquisitions of businesses, net of cash	<a href="#">8.2</a>	-	-2,603
Purchase of quoted equity investments		-	-4,474
Proceeds from sale of subsidiaries		-	7,722
<b>Net cash flows from investing activities</b>		<b>-</b>	<b>645</b>
<b>Financing activities</b>			
Proceeds from interest-bearing liabilities	<a href="#">5.1</a>	6,103	4,118
Repayment of interest-bearing liabilities	<a href="#">5.1</a>	-4,290	-23,075
Bonds		-16,224	-501
Dividends paid	<a href="#">4.1</a>	-1,133	-3,229
Proceeds from share issuances	<a href="#">4.1</a>	-2,272	7,635
Proceeds to subsidiaries		22,402	8,902
Buyback of hybrid bonds		-58	-7,100
Repayment on hybrid bonds	<a href="#">4.1</a>	-847	-996
Settlement of derivative financial instruments		-196	102
<b>Net cash flows from financing activities</b>		<b>3,485</b>	<b>-14,144</b>
Cash and cash equivalents at the beginning of the period		4,735	16,555
Net change in cash and cash equivalents		4,190	-12,136
Net currency exchange effect in cash and cash equivalents		-148	316
<b>Cash and cash equivalents at the end of the period</b>		<b>8,777</b>	<b>4,735</b>

# Notes to the Parent Company Financial Statements

## 1. Accounting policies

### 1.1 Accounting Policies

The Parent Company applies the same accounting policies as the Group (see [Note 1.2](#), Significant accounting policies), with the following differences:

#### Investments in subsidiaries

Investments in subsidiaries are recognised at historical cost less deductions for any impairments. Acquisition-related costs and any contingent consideration are capitalised if there are indications that participations in Group companies have decreased in value. The recoverable amount is calculated and if this is lower than the carrying amount, the investment is impaired. Impairment is recognised under the item 'Impairment of investments in subsidiaries.

#### Investments in associated companies

Participations in associated companies are recognised in the Parent Company in accordance with the cost method.

#### Financial instruments

The guidance for financial instruments under IFRS 9 is not applied by the Parent Company. The Parent Company applies the lower

of cost or market method in accordance with the Swedish Annual Accounts Act. Accordingly, financial non-current assets are valued at cost and financial current assets at the lower of cost or market. The Parent Company applies the expected credit loss method under IFRS 9 for assets that are debt instruments. For other financial assets, impairment is based on market value.

The Parent Company applies the exemption not to value financial guarantee agreements benefitting subsidiaries, associated companies, and joint ventures in accordance with IFRS 9, applying instead the valuation policies under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

#### Impairment of financial assets

The Parent Company applies the same impairment method as the Group for expected credit losses. The Parent Company considers the subsidiaries to have similar risk profiles and assessments are performed on a collective basis for similar transactions. At the Balance Sheet date, no material increase in credit risk has been deemed to prevail for any intra-Group receivables. The Parent

Company's receivables from its subsidiaries are subordinated external lenders' claims. The Parent Company's expected loss in the event of default takes into account the average of the subsidiaries' loan-to-value ratios and their expected market value in the event of a forced sale. Based on the Parent Company's assessments, it is estimated that expected loan losses will not be significant and no provision has been reported.

#### Group contributions and shareholder contributions

Group contributions are deductible, unlike shareholder contributions. Group contributions paid and received are reported in the Comprehensive Income Statement. Shareholder contributions are reported as an increase of participations in Group companies and tested for impairment.

#### Credit risk

The Parent Company's maximum credit risk is the net amount of the financial assets. The Parent Company has no collateral for its net financial assets.

Based on our assessment there has been no significant increase in credit risk of the Parent Company's financial assets.

#### Leases as a lessee

When the Parent Company is the lessee, lease payments are expensed on a straight-line basis over the term of the lease. The cost of leases attributable to leaseholds and the cost for other leases are recognised in operating profit. The right-of-use asset and the lease liability are therefore not recognised in the Balance Sheet.

#### Presentation

For the Parent Company, the Income Statement and other comprehensive Income are presented in two reports. For the Parent Company, the Statement of Comprehensive Income and Balance Sheet are prepared in accordance with the Annual Accounts Act's schedule while the Statement of Changes in Equity and the Cash Flow Statement are based on IAS 1, Presentation of Financial Statements, and IAS 7 Statement of Cash Flows.

## 2. Income and expenses

### 2.1 Audit fee

The audit assignment refers to the audit of the financial statements. Other assurance services provided by the auditors include services related to review procedures on interim reports and other attestation services. The fees are summarised in the table below:

#### EY

SEK million	2023	2022
Audit assignment	3	3
Other assurance services	3	2
Other services	–	1
<b>Total</b>	<b>6</b>	<b>6</b>

### 2.2 Personnel and senior management

The remuneration to the Chairman of the Board amounts to SEK 0,96 million (0,96). No other remuneration was paid to the Members of the Board except board fees presented in Group [Note 2.6](#). The CEO receives remuneration from Heimstaden Group Norway AS.

During the year, the Board of Directors consisted of 9 (9) Members, of whom 6 (5) were men. There was 1 (1) other senior management, of whom 1 (1) are men.

### 2.3 Results from divestment of shares in subsidiaries

SEK million	2023	2022
Results from divestment of shares in subsidiaries	–	-2,018
<b>Total</b>	<b>–</b>	<b>-2,018</b>

## 2.4 Financial income and expenses

SEK million	2023	2022
<b>Assets and liabilities measured at amortised cost:</b>		
Interest income, subsidiaries	3,805	1,987
Interest income, other financial assets	323	25
<b>Total interest income in accordance with the effective interest method</b>	<b>4,128</b>	<b>2,012</b>
Interest expenses, loans	-988	-752
Interest expenses, Group companies	-1,150	-581
<b>Total interest expenses in accordance with the effective interest method</b>	<b>-2,138</b>	<b>-1,333</b>
<b>Other financial items</b>		
Foregin currency, financial items	-165	-4,902
Other financial income	43	-
Other financial expenses	-39	-74
<b>Total other financial items</b>	<b>-161</b>	<b>-4,976</b>
<b>Total income/loss from financial items</b>	<b>1,829</b>	<b>-4,297</b>

## 2.5 Appropriations

SEK million	2023	2022
Group contributions received	1,078	5,517
<b>Total</b>	<b>1,078</b>	<b>5,517</b>

## 2.6 Income tax expense

SEK million	2023	2022
Current tax expense	-	-
Deferred tax	-77	540
<b>Income tax expense reported in Comprehensive Income Statement</b>	<b>-77</b>	<b>540</b>
Profit before tax	57	-1,184
Tax according to current rate	-12	244
Tax effect of:		
Non-taxable income	-	21
Non-deductible interest, net	-	-26
Transferred deductible interest from subsidiaries	283	-
Tax effects hybrid bonds	156	648
Tax attributable to previous years	-	51
Deferred tax capitalised on prior years losses carried forward	116	67
Fiscal adjustment divestment of co-ownership rights	-	-417
Write down of shares in subsidiaries and associated companies	-559	-35
Non-deductible costs	-49	14
Dividends	65	-
Change in deferred tax derivatives	39	-
Deferred tax capitalized on prior years losses carried forward	-116	-
<b>Income tax expense reported in Comprehensive Income Statement</b>	<b>-77</b>	<b>540</b>

## 3. Assets

### 3.1 Investments in associated companies

SEK million	31 December 2023	31 December 2022
Opening balances	9,544	–
Reclassification from financial investments	–	9,663
Impairment	-1,448	-119
<b>Closing balance</b>	<b>8,096</b>	<b>9,544</b>

The Company's investment in Kojamo Oyi (01163336–2, Helsingfors, Finland) is classified as an associated company based on an assessment of significant influence. The assessment of significant influence is determined by the fact that Heimstaden Bostad AB is the largest owner in Kojamo Oyi with significant voting power, owning 19.98%, and took a position on the nomination committee of the company in September 2022. Shares in associated companies are valued at the lowest value principle.

### 3.2 Deferred tax assets

SEK million	31 December 2023	31 December 2022
Opening balance	555	41
Change for the year	-116	514
<b>Closing balance</b>	<b>439</b>	<b>555</b>

Capitalised tax loss carryforward relates to tax loss of SEK 2,100 million (2,982).

### 3.3 Non-current receivables, subsidiaries

SEK million	31 December 2023	31 December 2022
Opening balance	97,472	100,209
Change for the year	-6,776	-2,737
<b>Closing balance</b>	<b>90,696</b>	<b>97,472</b>

Receivables from Group companies are attributable to transactions between the Parent Company and the subsidiaries. Intra-group loans are subject to market terms and are without collateral.

### 3.4 Current receivables, subsidiaries

SEK million	31 December 2023	31 December 2022
Opening balance	48,374	40,369
Change for the year	-5,369	8,005
<b>Closing balance</b>	<b>43,005</b>	<b>48,374</b>

Receivables from Group companies are attributable to transactions between the Parent Company and the subsidiaries. Intra-group loans are subject to market terms and are without collateral.

### 3.5 Cash and cash equivalents

Cash and cash equivalents primarily comprises traditional cash and short-term, easily convertible investments that can quickly be transformed into known amounts of cash. The change in cash and cash equivalents is shown in the Consolidated Statement of Cash Flows.

## 4. Equity

### 4.1 Equity

Event	Type	Date of registration	Change in number of shares	Total number of shares	Change in share capital	Total share capital	Quota value
<b>Opening balance at 1 January 2022</b>				<b>45,258,892</b>		<b>71,595,577</b>	<b>1.58</b>
New share issue	Ordinary, Share Class B	29.03.2022	9,671,291	54,930,183	15,298,995	86,894,573	1.58
New share issue	Ordinary, Share Class B and C	25.07.2022	3,554,262	58,484,445	5,622,480	92,517,053	1.58
New share issue	Ordinary, Share Class B and C	21.12.2022	465,844	58,950,289	736,918	93,253,340	1.58
<b>Closing balance at 31 December 2022</b>				<b>58,950,289</b>		<b>93,253,340</b>	<b>1.58</b>
<b>Opening balance at 1 January 2023</b>							
New share issue	Ordinary, Share Class B and C	06.03.2023	2,062,129	61,012,418	3,262,078	96,515,418	1.58
<b>Closing balance at 31 December 2023</b>				<b>61,012,418</b>		<b>96,515,418</b>	

At 31 December 2023, there were 12,914,568 (12,563,147) ordinary shares, 200 (200) Share Class A shares, 47,155,687 (45,872,521) Share Class B shares, and 941,963 (514,421) Share Class C shares. The voting value of an ordinary share is one-half vote per share, the voting value for Share Class A and B is one-tenth of a vote per share and the voting value for Share Class C is one vote per share. For information regarding hybrid bonds, see Group [Note 5](#).

#### Proposed appropriation of accumulated profit, SEK

Share premium reserve	129,437,115,324	Dividend to shareholders	–
Hybrid bonds	24,234,311,971	Share premium reserve	129,437,115,324
Retained earnings	-38,686,109,664	Hybrid bonds	24,234,311,971
Profit/loss for the year	-19,737,578	Retained earnings	-38,705,847,242
<b>Total</b>	<b>114,965,580,054</b>	<b>Total</b>	<b>114,965,580,054</b>

It is proposed that the funds at the disposal of the Annual General Meeting of SEK 114,965,580,054 is to be carried forward. No dividend shall be paid to any of the Share Classes. No dividend shall be paid to any of the Share Classes.

## 5. Capital structure and financial items

### 5.1 Interest-bearing liabilities

SEK million	31 December 2023	31 December 2022
<b>Loan maturity, year</b>		
Within 1 year of the Balance Sheet date	302	9,600
Within 1–2 year of the Balance Sheet date	2,743	2,093
Within 2–3 year of the Balance Sheet date	13,048	2,799
Within 3–4 year of the Balance Sheet date	500	10,864
Within 4–5 year of the Balance Sheet date	1,647	500
>5 years after balance sheet date	1,114	2,788
<b>Total</b>	<b>19,354</b>	<b>28,644</b>
Deferred charges	-197	-269
<b>Total</b>	<b>19,157</b>	<b>28,375</b>

SEK million	2023		2022	
	Loan amount	Average interest, % incl. margin	Loan amount	Average interest, % incl. margin
<b>Interest maturity, year</b>				
Within 1 year of the Balance Sheet date	12,045	5.5	20,274	2.9
Within 1–2 year of the Balance Sheet date	797	3.9	850	1.3
Within 2–3 year of the Balance Sheet date	5,399	2.0	825	6.0
Within 3–4 year of the Balance Sheet date	–	–	5,579	1.1
Within 4–5 year of the Balance Sheet date	–	–	–	–
>5 years after Balance Sheet date	1,114	2.8	1,116	3.2
<b>Total</b>	<b>19,354</b>	<b>4.3</b>	<b>28,644</b>	<b>2.6</b>
Deferred charges	-197	–	-269	–
<b>Total</b>	<b>19,157</b>	<b>–</b>	<b>28,375</b>	<b>–</b>

### Reconciliation of liabilities attributable to financing activities

SEK million	Corporate bonds	Mortgages/bank loans	Deferred charges	Total
Opening balance, 1 January 2022	40,655	4,950	-302	45,303
Loan repayments	-23,077	–	–	-23,077
New borrowings/assumed debt in connection with acquisitions	1,300	2,818	–	4,118
Currency exchange effect on loans	1,780	139	112	2,031
<b>Closing balance, 31 December 2022</b>	<b>20,658</b>	<b>7,907</b>	<b>-190</b>	<b>28,375</b>
Opening balance, 1 January 2023	<b>20,658</b>	<b>7,907</b>	<b>-190</b>	<b>28,375</b>
Loan repayments	-12,404	-1,148	–	-13,552
New borrowings/assumed debt in connection with acquisitions	719	3,670	–	4,389
Currency exchange effect on loans	-70	-57	72	-55
<b>Closing balance, 31 December 2023</b>	<b>8,903</b>	<b>10,372</b>	<b>-118</b>	<b>19,157</b>

## 5.2 Interest-rate derivatives

SEK million	2023	2022
Gains or losses on disposal of interest-rate derivatives	210	103
Value change	-226	71
<b>Total</b>	<b>-16</b>	<b>174</b>

SEK million	Type	2023			2022		
		Nominal amount	Share, %	Average interest, %	Nominal amount	Share, %	Average interest, %
<b>Interest maturity, year</b>							
Within 1 year of the Balance Sheet date	Paying fixed	4,354	17	1.18	13,982	58	1.17
Within 1–2 year of the Balance Sheet date	Paying fixed	3,400	13	3.33	1,750	7	0.24
Within 2–3 year of the Balance Sheet date	Paying fixed	5,700	22	3.00	500	2	0.23
Within 3–4 years of the Balance Sheet date	Paying fixed	7,245	28	2.74	–	–	–
Within 4–5 years of the Balance Sheet date	Paying fixed	2,000	8	2.87	2,250	9	2.92
>5 years from the Balance Sheet date	Paying fixed	3,500	13	2.84	5,500	23	2.85
<b>Total purchased swaps</b>		<b>26,198</b>	<b>100</b>	<b>2.64</b>	<b>23,982</b>	<b>100</b>	<b>1.63</b>
Within 1 year of the Balance Sheet date	Paying variable	25,402	97	-4.03	23,156	97	-2.41
Within 1–2 year of the Balance Sheet date	Paying variable	797	3	-1.69	–	–	–
Within 2–3 year of the Balance Sheet date	Paying variable	–	–	–	825	3	-1.70
Within 3–4 years of the Balance Sheet date	Paying variable	–	–	–	–	–	–
Within 4–5 years of the Balance Sheet date	Paying variable	–	–	–	–	–	–
>5 years from the Balance Sheet date	Paying variable	–	–	–	–	–	–
<b>Total sold swaps</b>		<b>26,198</b>	<b>100</b>	<b>-3.96</b>	<b>23,982</b>	<b>100</b>	<b>-2.38</b>

## 6. Other liabilities

### 6.1 Non-current liabilities, subsidiaries

SEK million	31 December 2023	31 December 2022
Opening balance	72,158	54,242
Change for the year	9,470	17,916
<b>Closing balance</b>	<b>81,628</b>	<b>72,158</b>

### 6.2 Accrued expenses and prepaid income

SEK million	31 December 2023	31 December 2022
Accrued interest expenses	225	225
Other accrued expenses	19	50
<b>Total</b>	<b>244</b>	<b>275</b>



## 7. Other disclosures

### 7.1 Contingencies and commitments

SEK million	31 December 2023	31 December 2022
Issued financial guarantees for the benefit of subsidiaries	93,692	101,756
<b>Total</b>	<b>93,692</b>	<b>101,756</b>

There are pledged assets of 8,096 mSEK (0) as of 31 December 2023.

### 7.2 Related-party disclosures

Heimstaden Bostad has bought asset management services from Heimstaden AB of SEK 43 million in 2023 (589).

For more information, see Group [Note 8.1](#).

#### Transactions with subsidiaries

SEK million	2023	2022
Sales to subsidiaries	387	422
Purchases from subsidiaries	834	11
Interest income from subsidiaries	3,794	1,987
Interest costs to subsidiaries	-1,150	-581
Receivables from subsidiaries	133,701	145,846
Liabilities to subsidiaries	81,667	72,158
Capital contributions to subsidiaries	-5,735	-
Issued financial guarantees for the benefit of subsidiaries	93,692	101,756
<b>Total</b>	<b>318,664</b>	<b>321,599</b>

#### Executive management

For information of remuneration to the Board of Directors and the CEO, see [Note 2.2](#).

### 7.3 Other adjustments in Cash Flow Statement

SEK million	2023	2022
Fair value adjustment of derivative financial instruments	192	-71
Dividends	-313	-
Results from divestment of shares in subsidiaries	-	2,018
Impairment of investment in subsidiaries and associated companies	-2,715	173
Exchange rate difference	-169	4,900
<b>Total</b>	<b>-3,005</b>	<b>7,019</b>

## 7.4 Group companies

### Shareholdings in subsidiaries

Company	Corp.ID.nr	Registered office	Number of shares	Share in % <sup>1,2</sup>	Recognised value in Parent Company, SEK million	
					2023	2022
Heimstaden Bostad Invest 1 AB	556867-8444	Malmö	1,000	100	1,039	1,039
Heimstaden Bostad Invest 2 AB	556867-8451	Malmö	1,000	100	249	249
Heimstaden Bostad Invest 3 AB	556871-1153	Malmö	1,000	100	608	608
Heimstaden Bostad Invest 4 AB	556871-1104	Malmö	1,000	100	1,358	889
Heimstaden Bostad Invest 5 AB	556910-3467	Malmö	500	100	1,086	1,086
Heimstaden Bostad Invest 6 AB	556989-5690	Malmö	500	100	348	371
Heimstaden Bostad Invest 7 AB	559106-1584	Malmö	500	100	917	917
Heimstaden Bostad Invest 8 AB	559106-1550	Malmö	500	100	2,329	2,329
Heimstaden Bostad Invest 9 A/S	38714953	Copenhagen	500	100	10,356	10,356
Heimstaden Bostad Invest 10 AS	819330492	Oslo	500	100	10,095	10,095
Heimstaden Bostad Invest 12 AB	559228-4433	Malmö	500	100	7,613	4,592
Heimstaden Bostad Invest 13 AB	559276-3345	Malmö	500	100	1,356	1,303
Heimstaden Bostad Invest 14 AB	559295-8168	Malmö	500	100	0	0
Heimstaden Bostad Invest 15 AB	559298-5260	Malmö	500	100	771	312
Heimstaden Bostad Invest 16 AB	559326-5225	Malmö	500	100	4	0
Heimstaden Eagle AB	559326-5233	Malmö	500	100	10,802	10,802
Heimstaden Bostad Invest AB	559190-1607	Malmö	500	100	0	0
Heimstaden Bostad Bostadsfinansiering AB	559112-2105	Malmö	500	100	0	0
Heimstaden Bostads Portalen AB	559085-2264	Malmö	500	100	0	0
Heimstaden Satelliten AB	559163-3457	Malmö	500	100	178	122
Heimstaden Bostad Skrinet AB	559177-3436	Malmö	500	100	7	0
Heimstaden Bostad Skrinet 2 AB	559322-6771	Malmö	500	100	0	0
Heimstaden Bostad Portalen 2 AB	559177-3451	Malmö	500	100	0	0
Heimstaden Bostad Parkering AB	559001-2414	Malmö	500	100	0	0
Heimstaden Burlöv AB	559147-4076	Malmö	500	100	6	0
Heimstaden Castor AB	559101-4963	Malmö	500	100	8,202	7,919
Heimstaden Bostad Treasury B.V.	78619610	Amsterdam	100	100	41	41
Heimstaden Country Manager AB	559382-7909	Malmö	25,000	100	2,603	2,603
Heimstaden Bostad Invest 19 AB	559365-7512	Malmö	250	100	89	0
Heimstaden Services AB	559382-7917	Malmö	25,000	100	9	9
Heimstaden Bostad Invest 20 AB	559396-1120	Malmö	250	100	0	0
Heimstaden Bostad Invest 18 AB	559331-8768	Malmö	250	100	46	0
<b>Total</b>					<b>60,114</b>	<b>55,643</b>

<sup>1</sup> The share of capital corresponds to the share of votes.

<sup>2</sup> Except for the Group companies acquired in 2023 the share of capital in 2023 corresponds to the share of capital in 2022.

SEK million	31 December 2023	31 December 2022
Opening balance	55,643	62,021
Acquisitions	–	2,668
Divestments	–	–
Write-down	-1,268	-57
Shareholder contributions	5,739	-8,989
<b>Closing balance</b>	<b>60,114</b>	<b>55,643</b>

# Proposed Appropriation of Accumulated Profit

According to the Parent Company's Balance Sheet, the following earnings are at the disposal of the Annual General Meeting:

SEK	
Share premium reserve	129,437,115,324
Hybrid bonds	24,234,311,971
Retained earnings	-38,686,109,664
Profit (loss) for the year	-19,737,578
<b>Total</b>	<b>114,965,580,054</b>

The Board of Directors proposes that loss for the year is distributed as follows:

SEK	
Dividens to shareholders	-
Share premium reserve	129,437,115,324
Hybrid bonds	24,234,311,971
Retained earnings	-38,705,847,242
<b>Total</b>	<b>114,965,580,054</b>

It is proposed that the funds at the disposal of the Annual General Meeting of SEK 114,965,580,054 is to be carried forward. No dividend shall be paid to any of the Share Classes.

# Signatures

The undersigned provide their assurance that the Consolidated Financial Statements have been prepared in accordance with the International Accounting Standards (IFRS), as adopted by the EU, as well as the Swedish Financial Reporting Board's recommendation RFR 1, and that the Annual Report has been prepared in accordance with the Annual Accounts Act and the recommendation RFR2 of the Swedish Financial Reporting Board. The Consolidated and Annual Financial Statements have been prepared in accordance with good accounting practices, and provide a fair view of the Group's and the Parent Company's financial position and profit, and that the Administration Report provides a fair overview of the development of the operations, position, and results of the Group and the Company, as well as describing significant risks and uncertainty factors facing the companies within the Group.

Malmö, 26 February 2024

Helge Krogsbøl  
CEO

Helge Leiro Baastad  
Chairman of the Board

Ivar Tollefsen  
Board Member

John Giverholt  
Board Member

Bente A. Landsnes  
Board Member

Fredrik Reinfeldt  
Board Member

Daniel Kristiansson  
Board Member

Klas Åkerbäck  
Board Member

Rebecka Elkert  
Board Member

Our Audit Report was submitted on 26 February 2024  
Ernst & Young AB

Jonas Svensson  
Authorised Public Accountant

# Auditor's Report

To the general meeting of the shareholders of Heimstaden Bostad AB (publ), corporate identity number 556864-0873

## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of Heimstaden Bostad AB (publ) except for the corporate governance statement on [pages 30–42](#) and the statutory sustainability report on [pages 122–192](#) for the year 2023. The annual accounts and consolidated accounts of the company are included on [pages 1–2, 5, 17–20, 43–100](#) in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31<sup>st</sup> of December 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31<sup>st</sup> of December 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting Standards), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on [pages 30–42](#) and the statutory sustainability report on [pages 122–192](#). The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the

consolidated comprehensive income statement and the consolidated balance sheet for the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

## Property Valuations

### Description

The fair value of the Group's investment properties reported in the Statement of Financial Position at 31 December 2023 amount to SEK 319,491 million. The valuations are made through a combination of local price analyses and market simulations of future cash flows. The properties were valued externally at year-end. The properties' direct return requirements are assessed on the basis of each property's unique risk and transactions made in the market for objects of a similar nature.

In view of the many assumptions and assessments made in connection with the valuation of investment properties, we believe that this area is to be considered of particular importance in our audit. A description of the valuation of the property holdings is shown in the Annual Report under [Note 3.1](#) Investment Properties.

### How our audit addressed this key audit matter

In our audit of the fair value of the Group's investment properties, we have among other things:

- Evaluated and examined the property valuation process.
- Evaluated the valuation method.
- With the support of our internal property valuation specialists, we have examined a sample of the external property valuations and assessed the reasonableness of assumptions made, such as direct return requirements, vacancy rates, rental income and operating costs.
- For a selection of investment properties, we have examined inputs on revenue and operating expenses and calculations in the external valuations at the property level.
- We have evaluated the external valuers' competence and objectivity.
- We have reviewed supplementary disclosures made in the Annual Report.

## Goodwill

### Description

At 31 December 2023 the Group's consolidated statements of financial position includes goodwill amounting to SEK 18,491 million.

The Group has assessed goodwill for impairment at 31 December 2023. Assessment of the impairment of the Group's goodwill incorporate significant judgments and estimates, specifically concerning factors such as forecast cashflows, discounts rates and terminal growth rates. Minor changes in certain assumptions can lead to significant changes in the recoverable amount of these assets.

Accordingly, based on the significant judgements and estimates involved in the impairment testing of goodwill we considered this to be a key audit matter in our audit.

Break-down of Goodwill and impairment test is found in [note 3.2](#) Goodwill and Intangible assets in the Annual Report.

### How our audit addressed this key audit matter

Our audit procedures included among others the following:

- Assessed the cash flow forecasts, assumptions and estimates used by the Group, by considering the reliability of the Group's cash flow forecasts based of our knowledge of the business.
- With support from our valuation specialists assessed applied methodology for impairment and evaluated the key assumptions applied in the impairment models. These include in particular the discount rates and growth rates.
- Tested the mathematical accuracy of the impairment testing models and relevant inputs.
- Performed sensitivity analysis on key assumptions.
- We have reviewed supplementary disclosures made in the Annual Report.

#### Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on [pages 3–4, 6–16, 21–29 and 104–121](#). The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS Accounting Standards as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they

determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

#### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

## Report on other legal and regulatory requirements

### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Heimstaden Bostad AB (publ) for the year 2023 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

### Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organiza-

tion and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

### The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on [pages 30–42](#) has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second par-

agraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

### The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the statutory sustainability report on [pages 122–192](#), and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

### A statutory sustainability report has been prepared.

Ernst & Young AB, P.O Box 7850, 103 99 Stockholm, was appointed auditor of Heimstaden Bostad AB (publ) by the general meeting of the shareholders on the 30<sup>th</sup> of March 2023 has been the company's auditor since the 16<sup>th</sup> of April 2018.

Stockholm the 26<sup>th</sup> of February 2024

Ernst & Young AB

Jonas Svensson  
Authorized Public Accountant

# Alternative Performance Measures

For more information, definitions, and methodology please refer to [www.heimstadenbostad.com](http://www.heimstadenbostad.com)

## Net Loan-to-Value

SEK million	2023	2022
Interest-bearing secured liabilities	116,357	89,612
Interest-bearing unsecured liabilities	74,893	93,079
Less: Cash and cash equivalents	11,276	9,385
<b>Net interest-bearing liabilities</b>	<b>179,975</b>	<b>173,306</b>
<b>Fair value of investment properties</b>	<b>319,491</b>	<b>344,856</b>
<b>Net LTV, %</b>	<b>56.3</b>	<b>50.3</b>

## Net Debt / Total Assets

SEK million	2023	2022
Net interest-bearing liabilities	179,975	173,306
Total assets	366,219	397,327
<b>Net Debt / Total Assets, %</b>	<b>49.1</b>	<b>43.6</b>

## Interest Coverage Ratio (ICR)

SEK million	2023	2022
Profit before unrealised fair value adjustment	9,293	7,911
Transaction costs from business combination	5	-182
Adjustment for operating result of associated companies and joint ventures	-	-262
<b>Adjusted profit before unrealised fair value adjustment</b>	<b>9,298</b>	<b>7,466</b>
Interest expenses	4,939	2,275
Less: Interest income	324	316
<b>Net financial items</b>	<b>4,615</b>	<b>1,960</b>
<b>ICR</b>	<b>2.0</b>	<b>3.8</b>

## Net debt / (Net debt + Equity) (S&P method)

SEK million	2023	2022
Equity	148,731	180,854
50% hybrid	12,124	12,165
<b>Equity, adjusted</b>	<b>136,606</b>	<b>168,689</b>
Total interest-bearing liabilities	191,250	182,691
Lease liabilities	1,175	1,416
Less: Cash and cash equivalents	-11,276	-9,385
50% of hybrid equity as debt (S&P adjusted)	12,124	12,165
<b>Net interest-bearing liabilities, adjusted (Net debt)</b>	<b>193,274</b>	<b>186,887</b>
<b>Net debt + Equity</b>	<b>329,881</b>	<b>355,576</b>
<b>Net debt / (Net debt + Equity), %</b>	<b>58.6</b>	<b>52.6</b>

This metric is calculated according to S&P's rating methodology, with 50% of hybrid bonds classified as debt.

## ICR (S&P method)

SEK million	2023	2022
<b>Profit before unrealised fair value adjustment</b>	<b>9,293</b>	<b>7,911</b>
Depreciation and amortisation	18	4
SOS Partnership	140	143
Transaction costs from business combination	5	-182
Realised gains/losses from divestment of properties	-235	-10
Share of net profits/losses of associated companies and joint ventures	-	-410
<b>EBITDA, adjusted</b>	<b>9,222</b>	<b>7,456</b>
Interest expenses	4,939	2,275
Adjustment interest reclassification	-	-76
Capitalised interest	133	89
50% interim-equity hybrid dividend annual (S&P)	442	473
<b>Interest expense, adjusted</b>	<b>5,515</b>	<b>2,761</b>
<b>ICR incl. hybrid equity as 50% debt</b>	<b>1.7</b>	<b>2.7</b>

This metric is based on S&P's rating methodology, with 50% of hybrid bonds classified as debt.



**Residential share of investment properties, %**

SEK million	2023	2022
Fair value residential properties, standing assets	290,833	310,684
Fair value investment properties, standing assets	313,902	334,040
<b>Residential share of investment properties, %</b>	<b>92.7</b>	<b>93.0</b>

**Like-for-like rental income growth**

SEK million	2023 <sup>1</sup>	2022 <sup>2</sup>
Rental income current period	13,485	8,197
Rental income previous period	12,836	7,774
<b>Like-for-like rental income growth, %</b>	<b>5.1</b>	<b>5.4</b>

<sup>1</sup> 2023: only properties owned as of 2021-12-31 are included.

<sup>2</sup> 2022: only properties owned as of 2020-12-31 are included.

**Net operating income margin**

SEK million	2023	2022
Rental income	14,974	12,702
Net operating income	10,091	8,141
<b>Net operating income, %</b>	<b>67.4</b>	<b>64.1</b>

**Economic occupancy, residential**

SEK million	2023	2022
Theoretical rental income on residential units	14,244	12,105
Economic vacancy	-557	-418
<b>Rental income on residential units</b>	<b>13,689</b>	<b>11,688</b>
<b>Economic occupancy, %</b>	<b>96.1</b>	<b>96.5</b>

**Real economic occupancy, residential**

SEK million	2023	2022
Theoretical rental income on residential units	14,244	12,105
Adjusted to real vacancy	-255	-196
<b>Adjusted theoretical rental income</b>	<b>13,989</b>	<b>11,909</b>
<b>Real economic occupancy, %</b>	<b>98.2</b>	<b>98.4</b>

**Equity ratio**

SEK million	2023	2022
Equity	148,731	180,854
Assets	366,219	397,327
<b>Equity ratio, %</b>	<b>40.6</b>	<b>45.5</b>

**EBITDA**

SEK million	2023	2022
Profit before unrealised fair value adjustment	9,293	7,911
Transaction costs from business combination	5	-182
Depreciation and amortisation	18	4
<b>EBITDA</b>	<b>9,317</b>	<b>7,732</b>

**Debt / EBITDA**

SEK million	2023	2022
Interest-bearing liabilities	189,645	167,896
EBITDA	9,317	7,732
<b>Debt / EBITDA, multiple</b>	<b>20.4</b>	<b>21.7</b>

**Secured loan-to-value**

SEK million	2023	2022
Interest-bearing secured liabilities	116,357	89,612
Total assets	366,219	397,327
<b>Secured Loan-to-Value, %</b>	<b>31.8</b>	<b>22.6</b>

# Quarterly Financial Information

## Consolidated Key figures

SEK million	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
<b>Financials</b>					
Rental income	3,845	3,812	3,707	3,610	3,387
Growth year-on-year, %	13.5	19.2	19.4	19.8	41.6
Net operating income	2,538	2,654	2,556	2,342	2,060
Net operating income margin, %	66.0	69.6	69.0	64.9	60.8
Total comprehensive income/loss	-8,502	-5,771	481	-12,491	-4,730
Capital expenditures	2,006	1,989	1,900	1,989	3,199
<b>Portfolio Metrics</b>					
Fair value of investment properties	319,491	331,754	339,736	335,082	344,856
Homes, units	161,553	161,532	160,517	159,089	158,326
Real economic occupancy, residential, %	98.4	98.1	98.1	98.2	98.2
Like-for-like rental income growth, year-on-year, %	5.6	4.2	5.6	4.8	5.4
<b>Credit metrics</b>					
Net Loan-to-Value, %	56.3	55.1	54.4	52.7	50.3
Net debt / (Net debt + Equity), S&P method, %	58.6	57.2	56.6	55.5	52.6
Net debt / Total assets, %	49.1	48.6	47.7	46.4	43.6
Interest Coverage Ratio (ICR), multiple	2.0	2.2	2.5	3.2	3.8
Interest Coverage Ratio, S&P, multiple	1.7	1.8	2.1	2.5	2.7

### Earnings capacity

Earnings capacity represents annualised earnings calculated on the basis of the contracted rental income, current property expenses and administrative expenses of the property portfolio as of 31 December 2023. Announced property acquisitions that closed after the balance sheet date are not included in the calculation. Earnings capacity does not include any adjustment for development trends in rent levels, vacancy rates, property expenses or interest rates, nor does the earnings capacity provide any adjustment for expected changes in the fair value of properties, foreign exchange rates, acquisitions or divestments. Earnings capacity should not be considered a forecast for the current year or for the next 12-month period.

## Key figures per market

SEK million	Sweden	Germany	Denmark	Netherlands	Czechia	Norway	United Kingdom	Finland	Poland	Group in total
<b>Q4 2023</b>										
Like-for-like rental income growth	5.2	8.5	2.4	4.6	9.0	7.6	5.3	4.5	N/A	5.6
Real Economic occupancy	99.0	99.7	97.4	99.7	97.0	99.6	94.7	95.5	98.0	98.4
Economic occupancy	97.5	96.6	95.6	99.5	94.0	98.9	92.0	88.9	97.2	96.5
<b>Full year 2023</b>										
Like-for-like rental income growth	4.6	5.7	1.3	4.6	12.5	7.3	3.6	2.3	-	5.1
Real Economic occupancy	99.0	99.3	97.1	99.7	96.8	99.5	87.7	94.2	96.4	98.2
Economic occupancy	97.5	96.3	95.1	98.1	94.2	98.4	79.1	87.9	94.7	96.0
Expenses for repair and maintenance <sup>1</sup>	-205	-173	-182	-92	-187	-55	-3	-18	-1	-915
Capitalised repair and maintenance	1,034	443	393	544	409	23	1	129	-	2,976
Tenant improvements	616	430	130	294	364	14	-	40	-	1,888
Investment properties under construction	1,350	-	399	-	-	70	1,068	-	132	3,020

<sup>1</sup> Excluding group adjustments, see [Note 2.1](#).

### Earnings capacity

SEK million	Q4 2023
Rental income	14,896
Service charges paid by tenants	1,723
Property expenses	-6,463
<b>Net operating income</b>	<b>10,156</b>
Corporate administrative expenses	-825
<b>Profit before financial items</b>	<b>9,331</b>

# Quarterly Review

Figures in parenthesis refer to the previous quarter.

## Income

Rental income increased by 0.9% to SEK 3,845 million (3,812), mainly driven by delivery of new development assets in Sweden, United Kingdom, and Poland. As well as annual indexations on part of the portfolio mainly in Germany. Heimstaden Bostad's new strategy, privatisation, have started to impact the revenues, where a decrease of approximately SEK 19 million is noted for the quarter directly related to the privatisation strategy.

Service charge paid by tenants increased to SEK 431 million (389), due to seasonality effects of heating costs mainly in Czechia. The like-for-like rental income growth amounted to 5.6% (4.2%), and made up 88% of total rental income. The stable rental income growth for the quarter now exceeds the blended CPI of 3.6% for the quarter, showcasing the possibility to pass on rent above CPI.

## Operating expenses

The total amount of operating expenses increased to SEK 1,738 million (1,546), driven mainly by seasonality of heating and electricity expenses. Due to different rental regimes between markets, these costs impact net operating income margins differently, where costs in Czechia and Germany are recoverable from tenants via Service income, hence no impact on country margins.

Expenditure for repair and maintenance increased slightly to SEK 191 million (177), mainly due to increased costs for water damages as well as higher churn leading to increased number of small repairs. The cost for Facility and Property management remained stable with seasonality effects and amounted to SEK 623 million (657).

## Capital expenditures and Repair & Maintenance

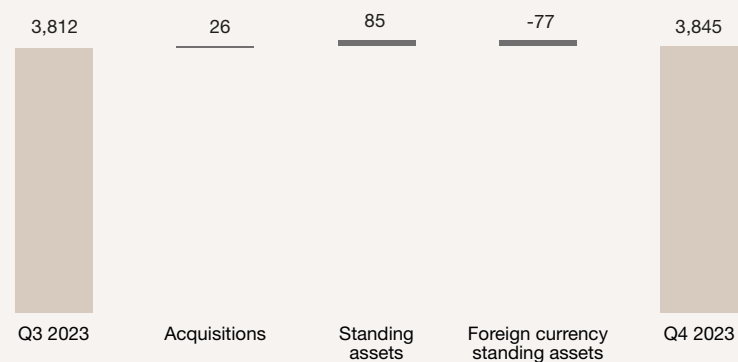
Total expenditure in standing assets was SEK 1,628 million (1,474), corresponding to 0.51% of fair value (0.44%), while investments in properties under construction, excluding forward purchase contracts, amounted to SEK 616 million (731) as the number of homes under construction was reduced from 3,100 to 2,886 at the end of fourth quarter.

SEK million	Q4 2023	Q3 2023	FY 2023	FY 2022
<b>Income statement items</b>				
Expenses for repair & maintenance <sup>1</sup>	238	217	915	957
<b>Balance sheet items</b>				
Capitalised cost on standing assets excluding tenant improvements	955	812	2,976	3,828
Tenant improvements	435	445	1,888	1,382
Balance sheet expenditure	1,390	1,258	4,865	5,210
<b>Expenditure on standing assets</b>	<b>1,628</b>	<b>1,474</b>	<b>5,779</b>	<b>6,168</b>
Investment properties under construction	616	731	3,020	4,919
<b>Capital expenditures</b>	<b>2,006</b>	<b>1,989</b>	<b>7,885</b>	<b>10,130</b>

<sup>1</sup> Excluding group eliminations, see [Note 2.1](#).

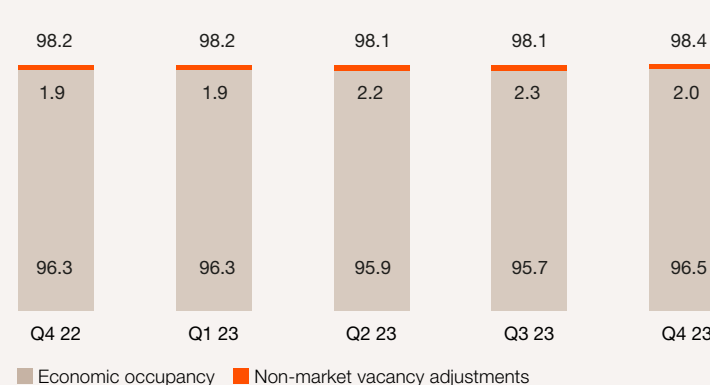
## Rental Income

SEK million



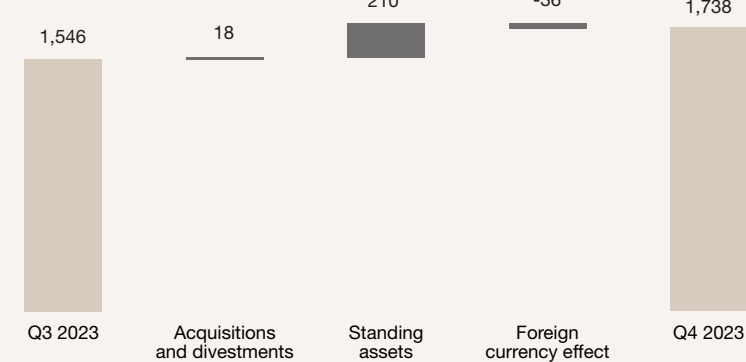
## Real economic occupancy residential

%



## Property Expenses

SEK million



## Net operating income

Net operating income down by 4.4% to SEK 2,538 million (2,654), resulting in a net operating income margin of 66.0% (69.6%), mainly driven by higher utility costs due to seasonality effects.

## Change in fair value of investment properties<sup>1</sup>

Net loss from fair value adjustments on investment properties was SEK 5,334 million (4,924) corresponding to -1.6% of fair value. The decrease in fair value during the quarter was primarily driven by sentiment-based yield increases outweighing the positive effects of rent increases and outlook Sweden, Germany and Finland. The yield requirement in the valuation amounted to an average 3.54%, up from 3.50% at the end of the previous quarter. Denmark and The Netherlands saw values marginally decrease as rental performance and owner-occupied price developments partially offset the effect of increasing yields, and Norway experienced decreases in owner-occupier HPI. These negative movements were mitigated to a small extent by value increases in the Czechia, Poland, and the United Kingdom where rental increases outweighed sentiment-based yield increases.

SEK million	Q4 2023		FY 2023	
	%	SEK million	%	SEK million
Sweden	-2.7	-2,466	-10.4	-10,385
Germany	-3.1	-2,536	-15.5	-14,511
Denmark	-0.2	-158	-5.5	-4,138
Netherlands	-0.9	-256	-11.7	-3,659
Czechia	2.8	678	7.3	1,704
Norway	-2.9	-518	-1.6	-275
United Kingdom	-0.4	-18	9.3	367
Finland	-4.1	-154	-10.0	-404
Poland	5.4	94	10.4	171
<b>Total</b>	<b>-1.6</b>	<b>-5,334</b>	<b>-8.9</b>	<b>-31,130</b>

<sup>1</sup> For more information regarding fair value assessments, see [Note 3.1](#).

## Interest expenses

Apart from the bank financing closed by the end of Q4 in Czechia to an amount of SEK 7,017 million the total debt portfolio didn't change materially thus the interest expenses increased on the margin to SEK 1,404 million (1,334), and the average interest rate was 2.9% (2.8%). At the balance sheet date the interest rate hedge ratio was 85.9% (75.6%). Heimstaden Bostad decided by the end of the quarter to take

advantage of the decreasing interest rates and increased the hedging ratio. The interest coverage ratio for the last 12 months was 2,0x (2.2x) as debt with higher interest rates become a larger share of the 12 months backward looking ICR calculation.

## Foreign currency

Heimstaden Bostad has holdings and operations in SEK, EUR, DKK, NOK, CZK, PLN and GBP. Exchange differences on translation of foreign operations gave other comprehensive loss of SEK 6,111 million (loss 3,331), which was partially offset by SEK 3,023 million in foreign exchange gain (gain 1,308), the latter mainly related to development in EUR/SEK in the quarter.

## Cash Flow

SEK million	Q4 2023	Q3 2023	FY 2023	FY 2022
Operating activities	547	534	1,926	5,107
Investing activities	-2,597	-1,190	-7,029	-28,257
Financing activities	6,613	-814	6,826	12,399
Currency effects	-74	16	168	628
<b>Change</b>	<b>4,489</b>	<b>-1,455</b>	<b>1,891</b>	<b>-10,123</b>
Period opening balance - Cash and cash equivalents	6,787	8,242	9,385	19,508
<b>Closing balance - Cash and cash equivalents</b>	<b>11,276</b>	<b>6,787</b>	<b>11,276</b>	<b>9,385</b>

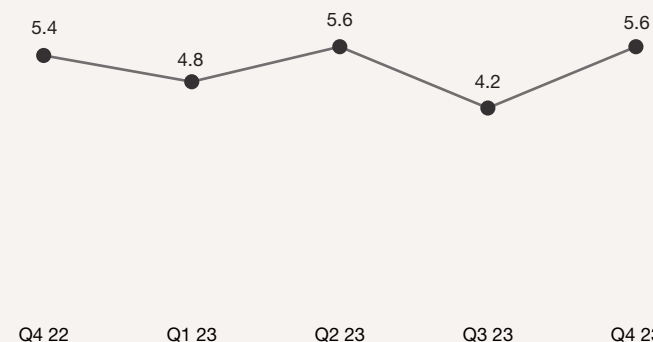
Cash generated from operation was SEK 1,760 million (2,342). Interest and taxes paid in period was SEK 1,213 million (1,808) resulting in a net cash flow from operating activities of SEK 547 million (534). The main difference between operating profit and cash flow from operations is fair value adjustments on investment properties of SEK -5,334 million (-4,924).

Cash flow from investing activities was SEK -2,597 million (-1,190) and included capital expenditures on investment properties of SEK -2,029 million (-2,007), and net proceeds from divestments of properties of SEK 900 million (281), the majority relating to investment property in Denmark and Netherlands.

Cash flow from financing activities was positive by SEK 6,613 million (-814), foremost due to the larger bank financing closed by the end of quarter in Czechia. The cash position of the Group increased to SEK 11,276 million.

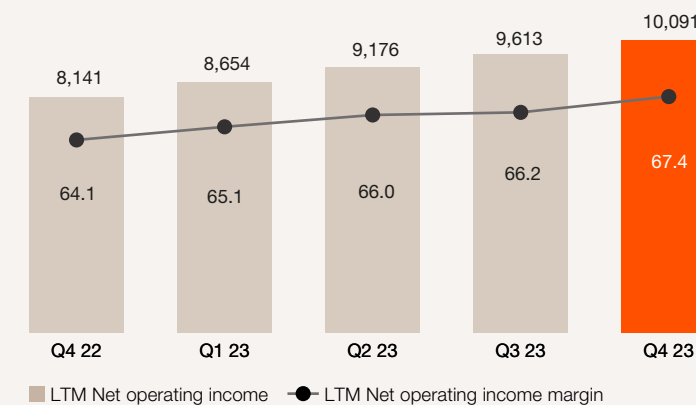
## Like-for-Like Rental Income Growth

year-on-year, %



## Net Operating Income and Margin

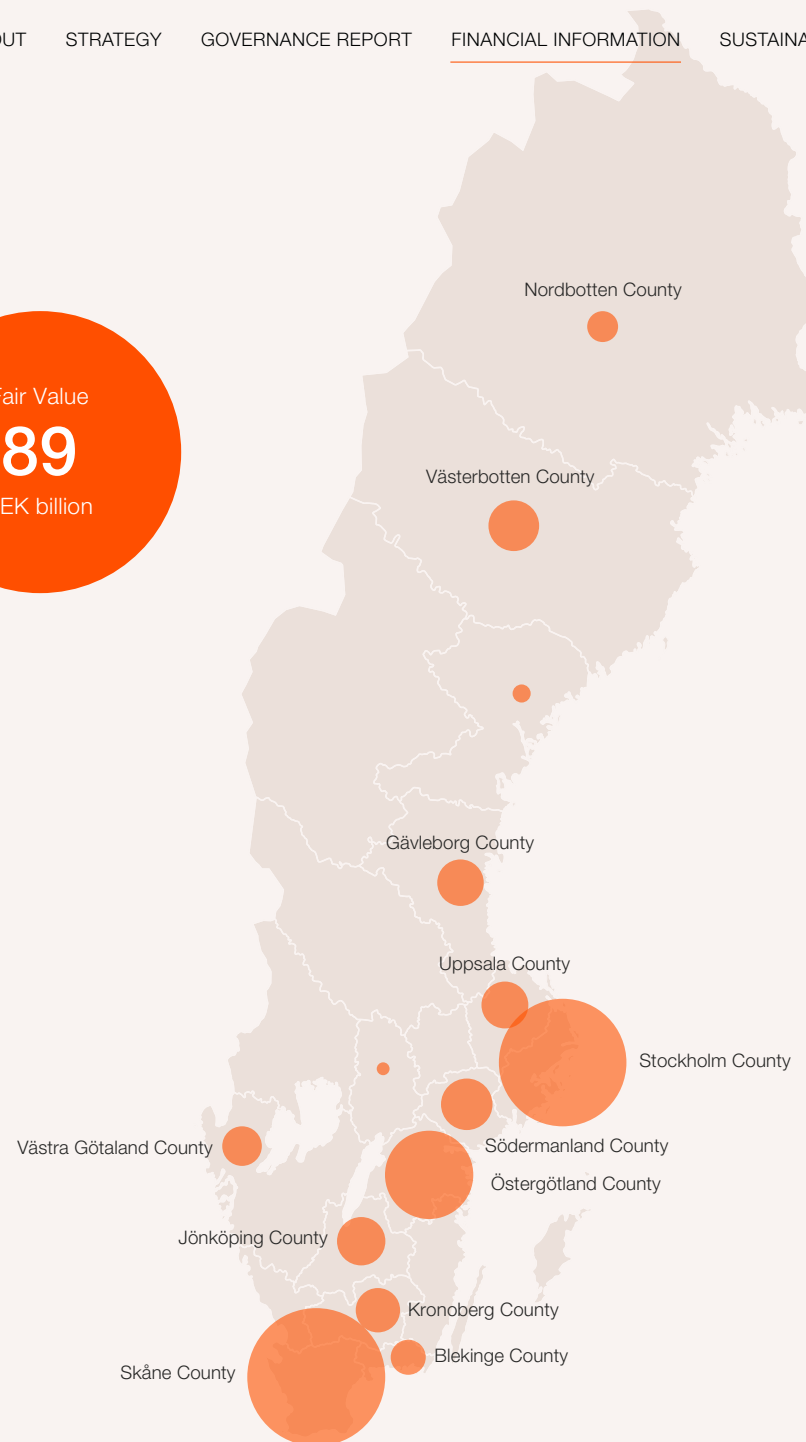
Last twelve months (LTM), SEK million / %



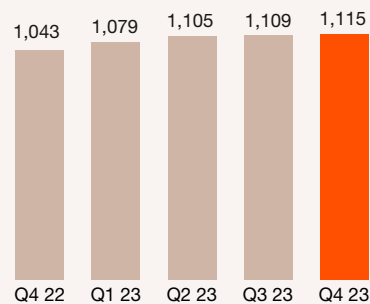
# Sweden

		Q4 2023	Q3 2023	Q4 2022	FY 2023	FY 2022
Rental income	SEK m	1,155	1,109	1,043	4,448	4,113
Net operating income	SEK m	634	723	516	2,565	2,132
Net operating income margin	%	54.9	65.2	49.5	57.7	51.8
Like-for-like rental income growth	%	5.2	4.8	2.8	4.6	3.0
Real economic occupancy	%	99.0	99.0	99.2	99.0	99.1
Fair value of investment properties	SEK m	89,262	91,148	96,851	89,262	96,851
Fair value change	SEK m	-2,466	-2,321	-4,540	-10,385	-6,632
Capital expenditures	SEK m	789	774	1,432	3,000	4,675
Average valuation yield requirement <sup>1</sup>	%	3.3	3.3	2.8	3.3	2.8
Acquisitions	SEK m	-	-	147	24	2,134
Divestments	SEK m	-210	-	-	-243	-471

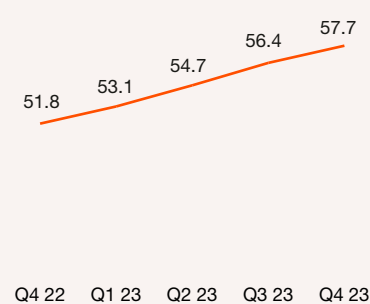
<sup>1</sup> The yield applied on the valuation-assumed property-generated cashflow to determine the valuation of said property. The yield corresponds to the valuers market assumptions in each region.



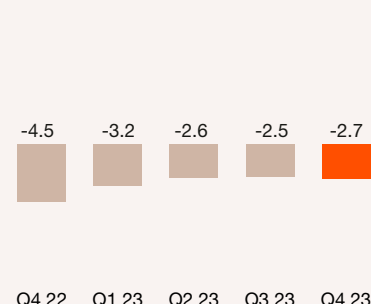
**Rental Income**  
SEK million



**Net Operating Income Margin**  
Last twelve months, %



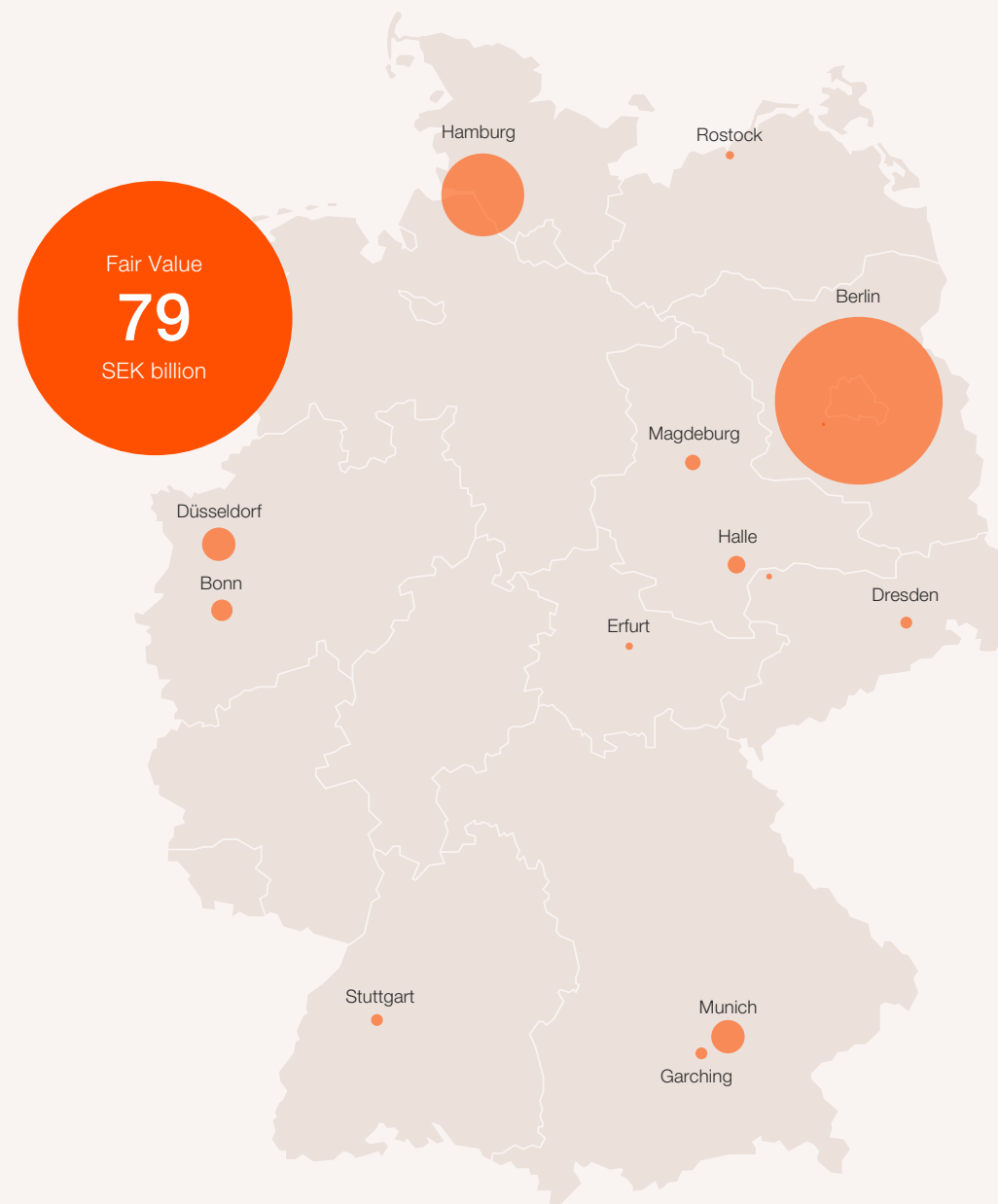
**Fair Value Change**  
%



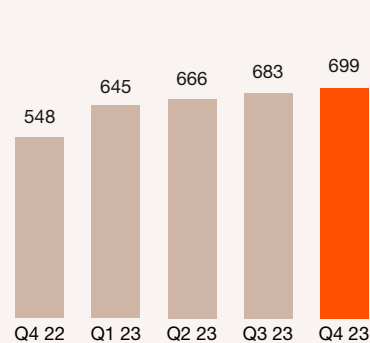
# Germany

		Q4 2023	Q3 2023	Q4 2022	FY 2023	FY 2022
Rental income	SEK m	699	683	548	2,693	2,065
Net operating income	SEK m	565	500	375	2,074	1,505
Net operating income margin	%	80.7	73.3	68.4	77.0	72.9
Like-for-like rental income growth	%	8.5	3.6	2.8	5.7	7.8
Real economic occupancy	%	99.7	99.2	98.3	99.3	98.4
Fair value of investment properties	SEK m	79,404	84,595	92,820	79,404	92,820
Fair value change	SEK m	-2,536	-2,130	-1,404	-14,511	3,130
Capital expenditures	SEK m	324	149	120	873	666
Average valuation yield requirement <sup>1</sup>	%	2.7	2.7	2.5	2.7	2.5
Acquisitions	SEK m	-	-	8,982	-	11,601
Divestments	SEK m	-	-	-	-	-26

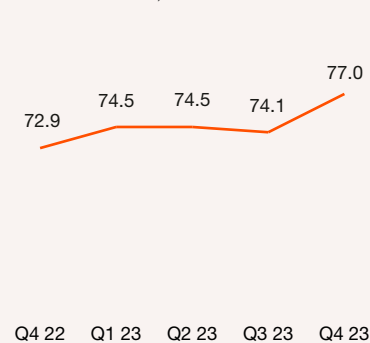
<sup>1</sup> The yield applied on the valuation-assumed property-generated cashflow to determine the valuation of said property. The yield corresponds to the valuers market assumptions in each region.



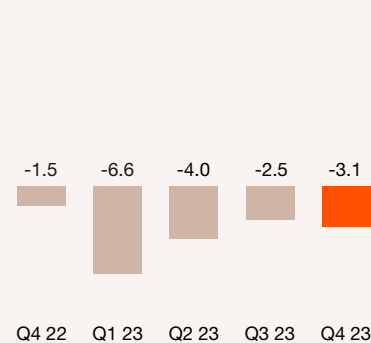
**Rental Income**  
SEK million



**Net Operating Income Margin**  
Last twelve months, %



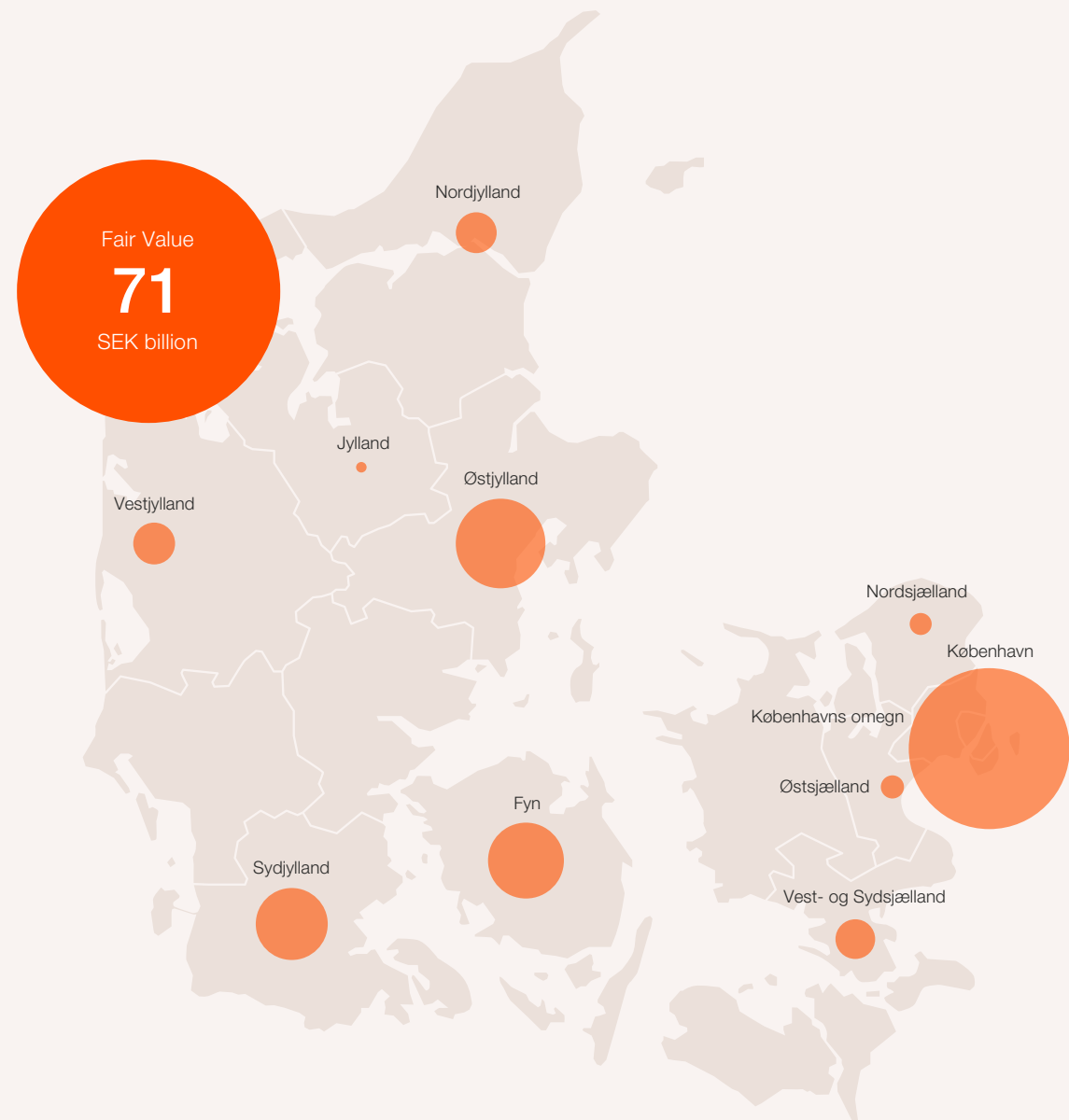
**Fair Value Change**  
%



# Denmark

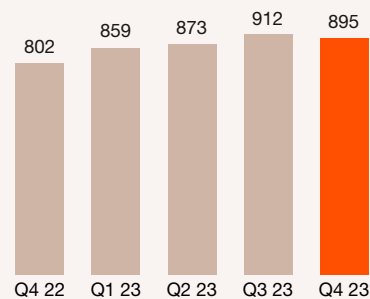
		Q4 2023	Q3 2023	Q4 2022	FY 2023	FY 2022
Rental income	SEK m	895	912	802	3,539	3,026
Net operating income	SEK m	603	649	520	2,425	2,057
Net operating income margin	%	67.3	71.2	64.8	68.5	68.0
Like-for-like rental income growth	%	2.4	0.5	4.5	1.3	5.7
Real economic occupancy	%	97.4	97.2	97.0	97.1	98.0
Fair value of investment properties	SEK m	71,446	74,516	73,640	71,446	73,640
Fair value change	SEK m	-158	-311	-3,713	-4,138	-3,856
Capital expenditures	SEK m	207	265	373	923	1,310
Average valuation yield requirement <sup>1</sup>	%	4.2	4.1	3.9	4.2	3.9
Acquisitions	SEK m	36	6	863	1,732	3,523
Divestments	SEK m	-406	-19	-	-426	-16

<sup>1</sup> The yield applied on the valuation-assumed property-generated cashflow to determine the valuation of said property. The yield corresponds to the valuers market assumptions in each region.



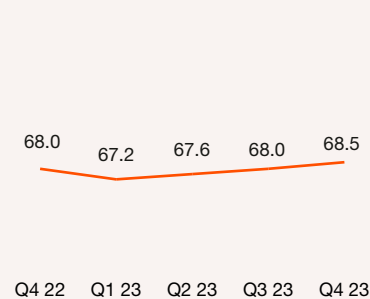
## Rental Income

SEK million



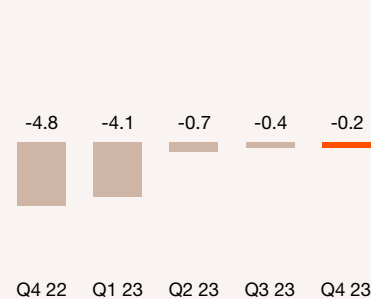
## Net Operating Income Margin

Last twelve months, %



## Fair Value Change

%





# Netherlands

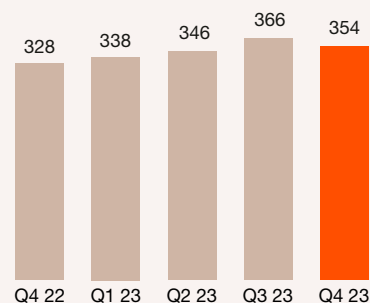
		Q4 2023	Q3 2023	Q4 2022	FY 2023	FY 2022
Rental income	SEK m	354	366	328	1,404	1,242
Net operating income	SEK m	253	278	218	1,051	810
Net operating income margin	%	71.6	76.0	66.5	74.8	65.3
Like-for-like rental income growth	%	4.6	4.1	4.9	4.6	3.7
Real economic occupancy	%	99.7	99.7	99.7	99.7	99.7
Fair value of investment properties	SEK m	27,337	28,181	30,048	27,337	30,048
Fair value change	SEK m	-256	-143	-1,384	-3,659	-750
Capital expenditures	SEK m	191	188	343	838	873
Average valuation yield requirement <sup>1</sup>	%	3.7	3.7	3.3	3.7	3.3
Acquisitions	SEK m	613	-	-	613	196
Divestments	SEK m	-99	-82	-17	-251	-33

<sup>1</sup> The yield applied on the valuation-assumed property-generated cashflow to determine the valuation of said property. The yield corresponds to the valuers market assumptions in each region.

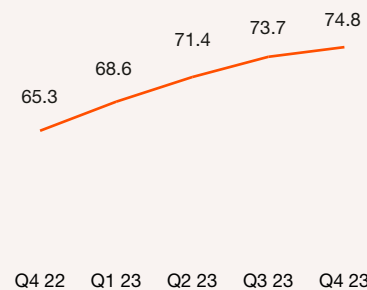
Fair Value  
**27**  
SEK billion



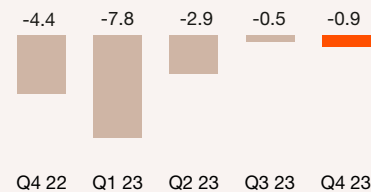
**Rental Income**  
SEK million



**Net Operating Income Margin**  
Last twelve months, %



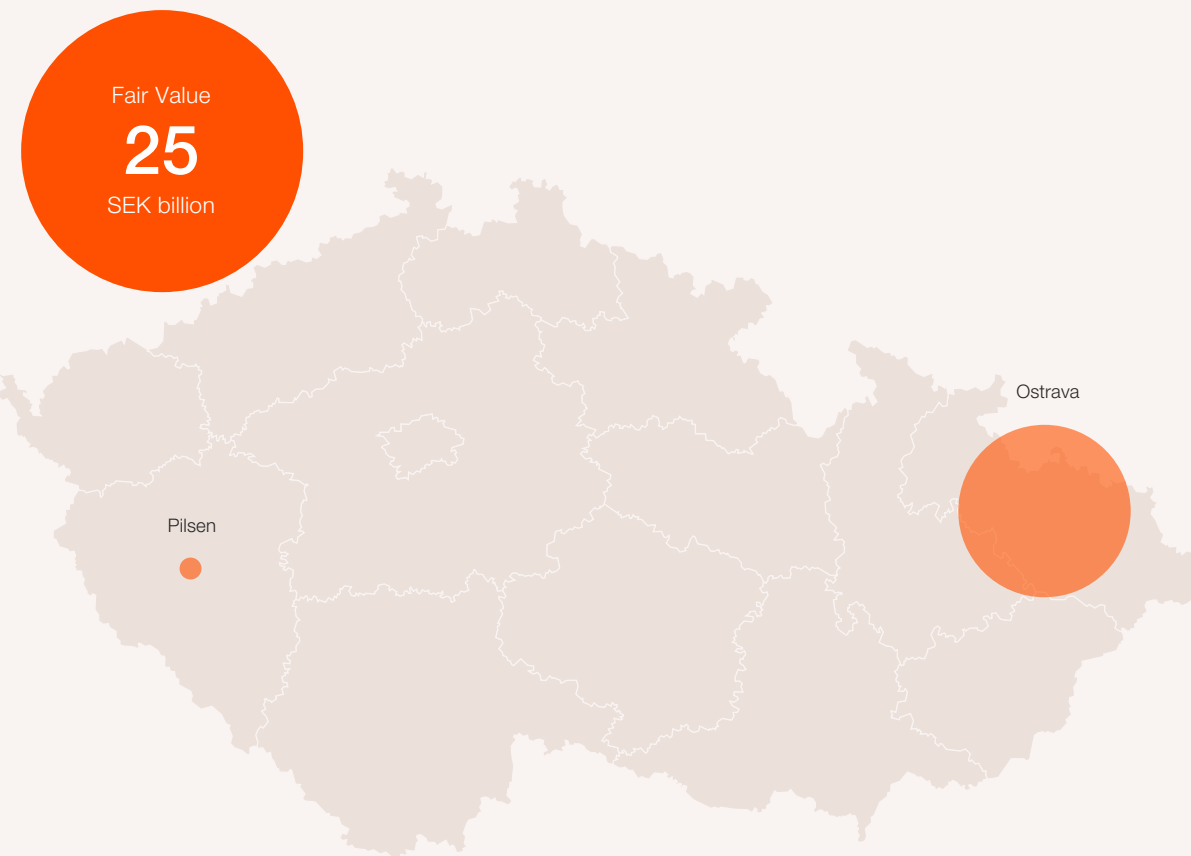
**Fair Value Change**  
%



# Czechia

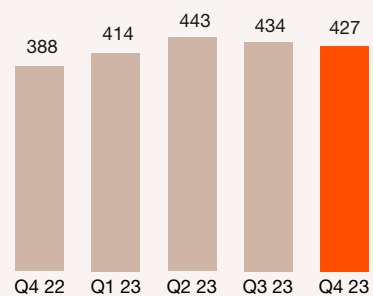
		Q4 2023	Q3 2023	Q4 2022	FY 2023	FY 2022
Rental income	SEK m	427	434	388	1,718	1,382
Net operating income	SEK m	280	307	253	1,211	955
Net operating income margin	%	65,5	70,9	65,3	70,5	69,1
Like-for-like rental income growth	%	9,0	10,1	12,6	12,5	9,1
Real economic occupancy	%	97,0	96,4	97,1	96,8	96,9
Fair value of investment properties	SEK m	25,185	25,509	23,443	25,185	23,443
Fair value change	SEK m	678	400	51	1,704	2,372
Capital expenditures	SEK m	239	210	314	773	784
Average valuation yield requirement <sup>1</sup>	%	4,7	4,7	4,6	4,7	4,6
Acquisitions	SEK m	-	-	-	-	-
Divestments	SEK m	-12	-19	-	-36	-2

<sup>1</sup> The yield applied on the valuation-assumed property-generated cashflow to determine the valuation of said property. The yield corresponds to the valuers market assumptions in each region.



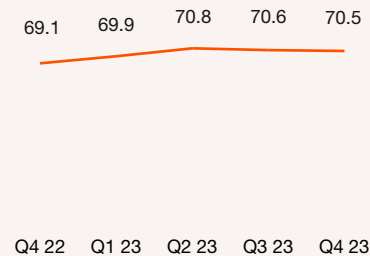
## Rental Income

SEK million



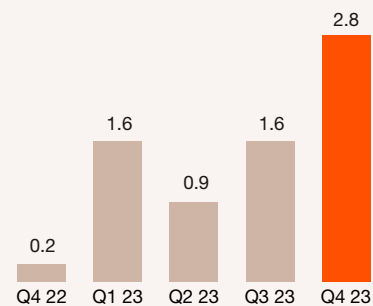
## Net Operating Income Margin

Last twelve months, %



## Fair Value Change

%



# Norway

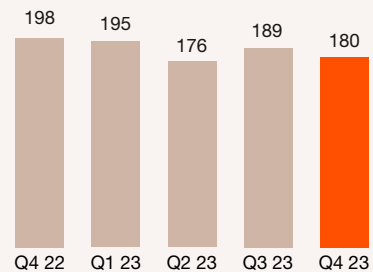
		Q4 2023	Q3 2023	Q4 2022	FY 2023	FY 2022
Rental income	SEK m	180	189	198	741	758
Net operating income	SEK m	128	142	145	556	511
Net operating income margin	%	70.8	74.9	73.0	75.1	67.3
Like-for-like rental income growth	%	7.6	6.3	8.4	7.3	8.2
Real economic occupancy	%	99.6	99.6	99.4	99.5	98.1
Fair value of investment properties	SEK m	17,109	18,170	20,338	17,109	20,338
Fair value change	SEK m	-518	-464	-723	-275	254
Capital expenditures	SEK m	-34	31	103	107	366
Average valuation yield requirement <sup>1</sup>	%	3.2	3.2	3.0	3.2	3.0
Acquisitions	SEK m	-	-	-	-	125
Divestments	SEK m	-	-189	-108	-1,512	-113



<sup>1</sup> The yield applied on the valuation-assumed property-generated cashflow to determine the valuation of said property. The yield corresponds to the valuers market assumptions in each region.

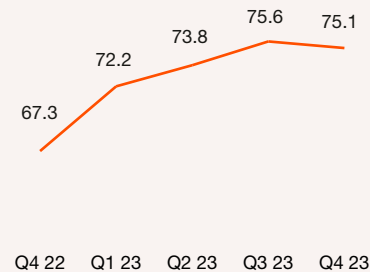
## Rental Income

SEK million



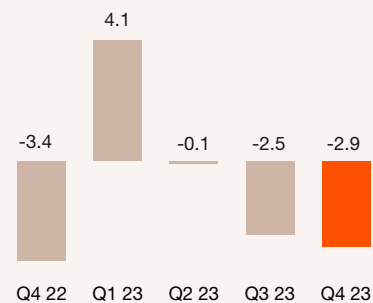
## Net Operating Income Margin

Last twelve months, %



## Fair Value Change

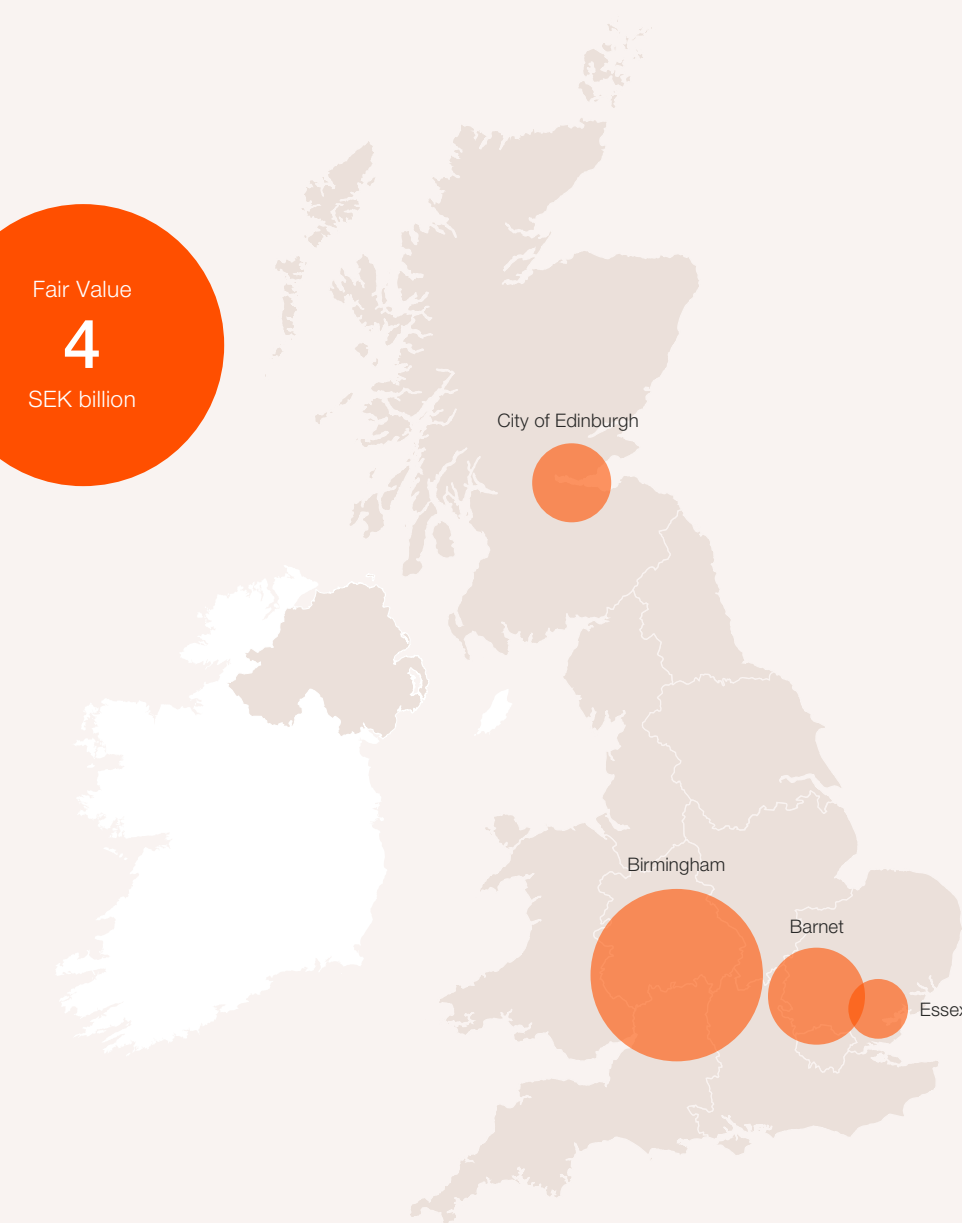
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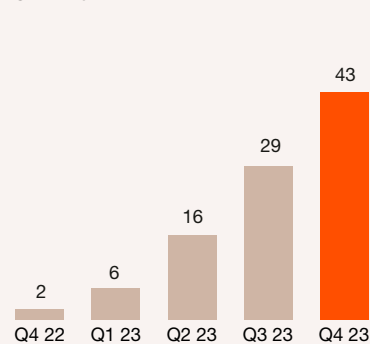
# United Kingdom

		Q4 2023	Q3 2023	Q4 2022	FY 2023	FY 2022
Rental income	SEK m	43	29	2	95	8
Net operating income	SEK m	29	7	0	42	1
Net operating income margin	%	67.4	23.7	N/A	44.0	N/A
Like-for-like rental income growth	%	5.3	5.1	N/A	3.6	N/A
Real economic occupancy	%	94.7	83.2	100.0	87.7	99.2
Fair value of investment properties	SEK m	4,305	4,268	2,854	4,305	2,854
Fair value change	SEK m	-18	97	-33	367	131
Capital expenditures	SEK m	210	293	464	1,070	1,381
Average valuation yield requirement <sup>1</sup>	%	4.5	4.4	4.6	4.5	4.6
Acquisitions	SEK m	-	-	-	-	268
Divestments	SEK m	-	-	-	-	-

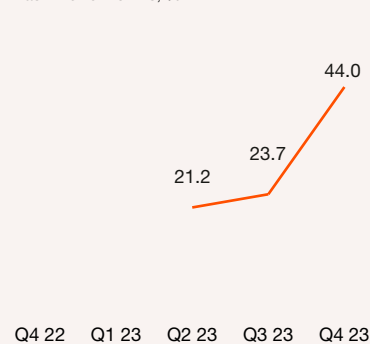
<sup>1</sup> The yield applied on the valuation-assumed property-generated cashflow to determine the valuation of said property. The yield corresponds to the valuers market assumptions in each region.



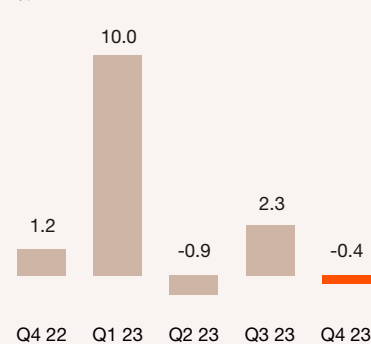
**Rental Income**  
SEK million



**Net Operating Income Margin**  
Last twelve months, %



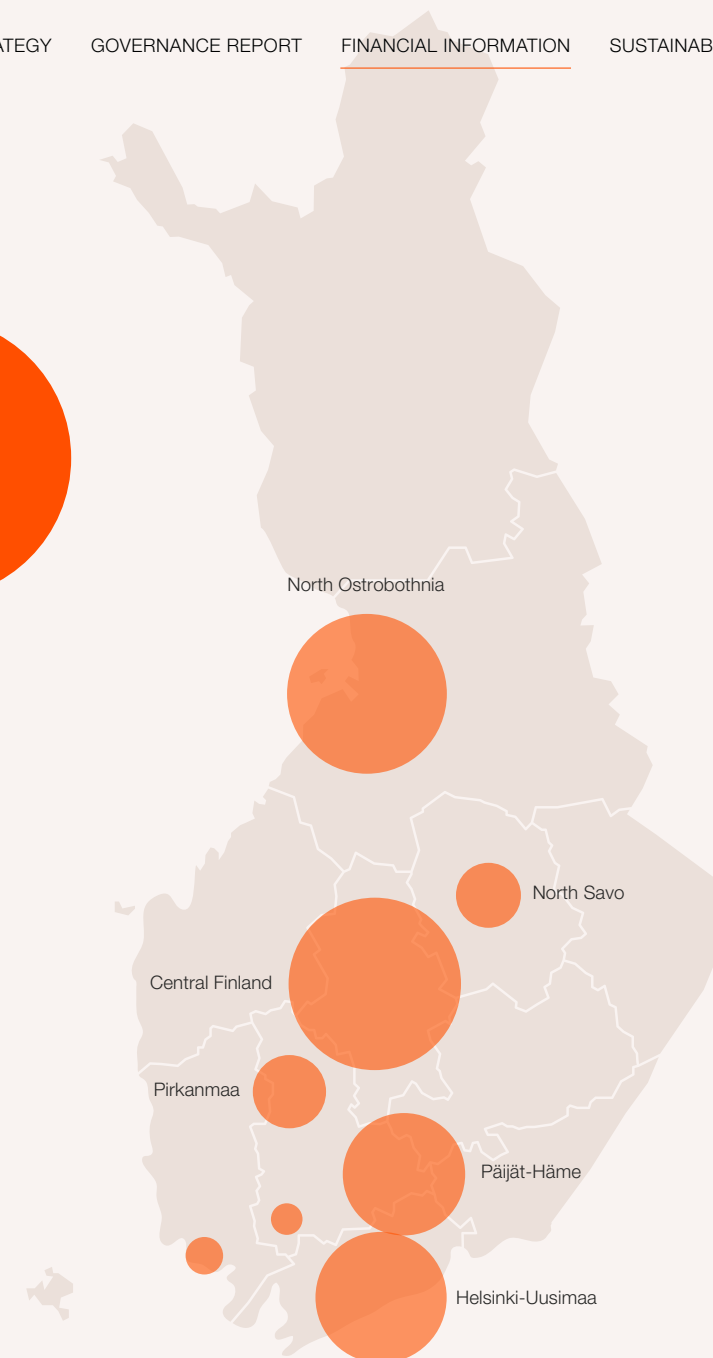
**Fair Value Change**  
%



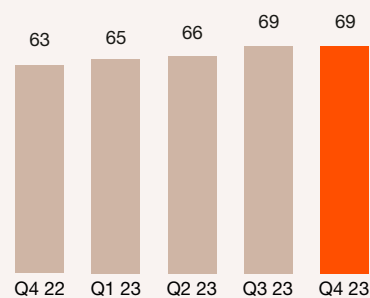
# Finland

		Q4 2023	Q3 2023	Q4 2022	FY 2023	FY 2022
Rental income	SEK m	69	69	63	268	193
Net operating income	SEK m	31	34	24	125	93
Net operating income margin	%	45.8	50.3	38.1	46.8	48.3
Like-for-like rental income growth	%	4.5	3.5	N/A	2.3	N/A
Real economic occupancy	%	95.5	93.6	95.6	94.2	95.6
Fair value of investment properties	SEK m	3,627	3,853	3,837	3,627	3,837
Fair value change	SEK m	-154	-106	-46	-404	154
Capital expenditures	SEK m	63	48	50	170	75
Average valuation yield requirement <sup>1</sup>	%	4.7	4.4	4.7	4.7	4.7
Acquisitions	SEK m	-	-	-	-	1,985
Divestments	SEK m	-	-	-	-	0

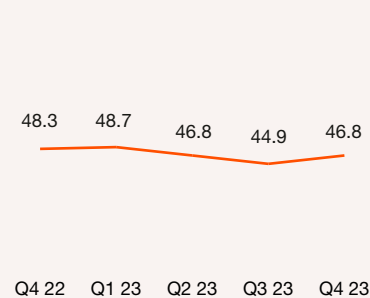
<sup>1</sup> The yield applied on the valuation-assumed property-generated cashflow to determine the valuation of said property. The yield corresponds to the valuers market assumptions in each region.



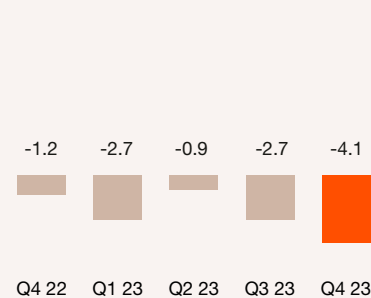
**Rental Income**  
SEK million



**Net Operating Income Margin**  
Last twelve months, %



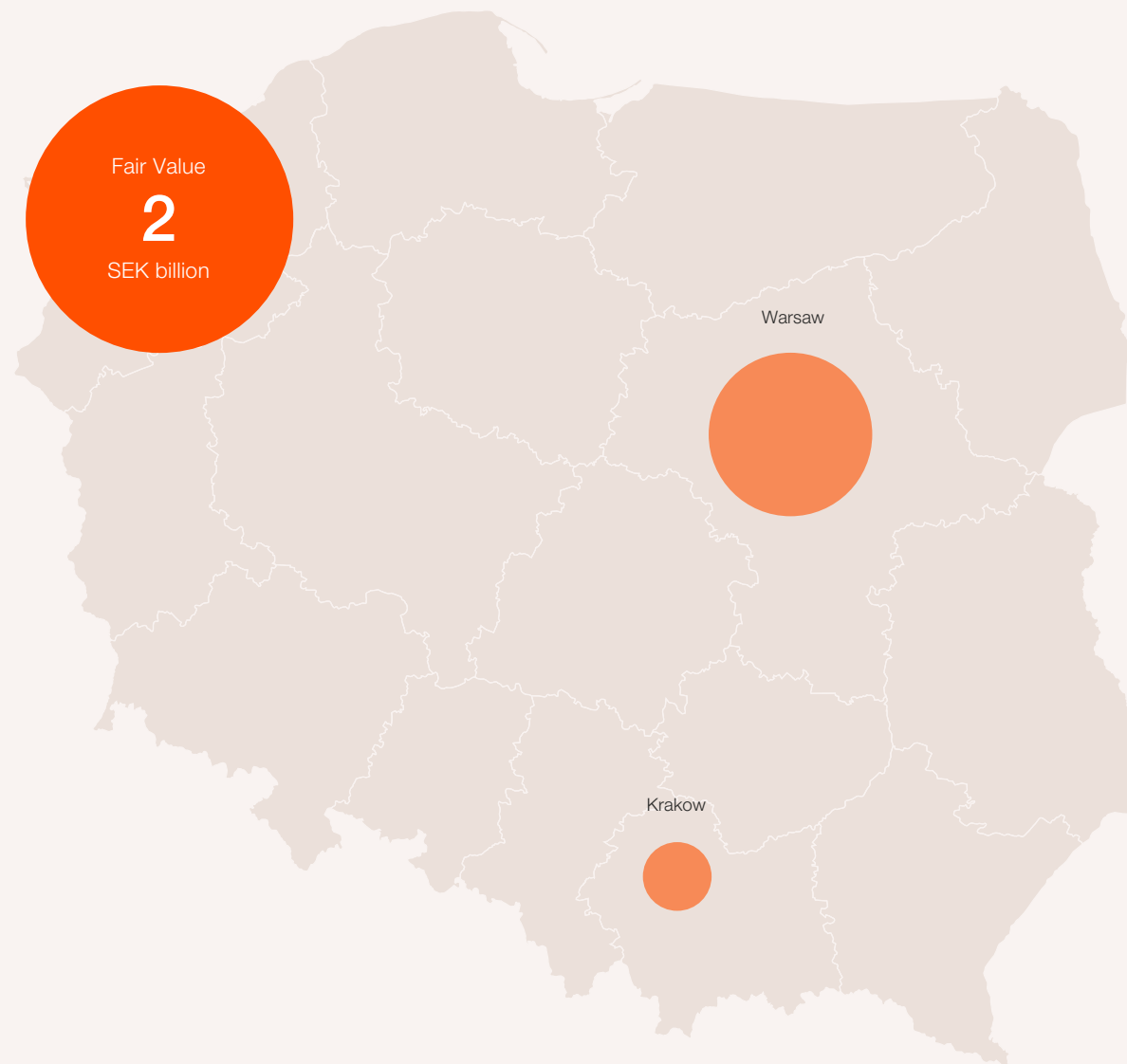
**Fair Value Change**  
%



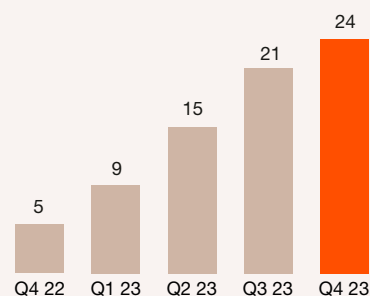
# Poland

		Q4 2023	Q3 2023	Q4 2022	FY 2023	FY 2022
Rental income	SEK m	24	21	5	69	6
Net operating income	SEK m	15	12	-1	42	-9
Net operating income margin	%	64.4	59.1	N/A	60.3	N/A
Like-for-like rental income growth	%	N/A	N/A	N/A	N/A	N/A
Real economic occupancy	%	98.0	97.1	81.8	96.4	84.7
Fair value of investment properties	SEK m	1,815	1,515	1,026	1,815	1,026
Fair value change	SEK m	94	54	63	171	77
Capital expenditures	SEK m	18	32	-	132	-
Average valuation yield requirement <sup>1</sup>	%	5.7	5.4	5.2	5.7	5.2
Acquisitions	SEK m	150	5	439	399	901
Divestments	SEK m	-	-	-	-	-

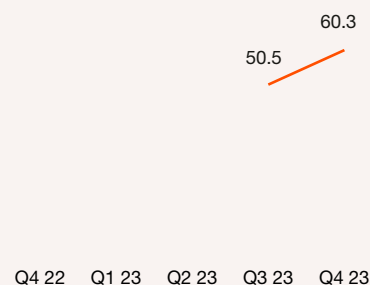
<sup>1</sup> The yield applied on the valuation-assumed property-generated cashflow to determine the valuation of said property. The yield corresponds to the valuers market assumptions in each region.



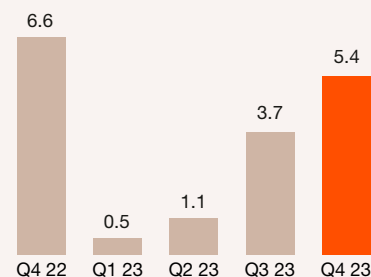
**Rental Income**  
SEK million



**Net Operating Income Margin**  
Last twelve months, %



**Fair Value Change**  
%



## Consolidated Statement of Comprehensive Income

SEK million	Q4 2023	Q3 2023	Q2 2023 <sup>1</sup>	Q1 2023 <sup>1</sup>	Q4 2022 <sup>1</sup>
Rental income	3,845	3,812	3,707	3,610	3,387
Service charges paid by tenants	431	389	414	516	386
Property expenses	-1,738	-1,546	-1,565	-1,784	-1,713
<b>Net operating income</b>	<b>2,538</b>	<b>2,654</b>	<b>2,556</b>	<b>2,342</b>	<b>2,060</b>
Corporate administrative expenses	-211	-218	-218	-212	-229
Other operating income	36	56	44	139	35
Other operating expenses	-180	-96	-83	-89	-37
Realised gains/losses from divestment of properties	182	28	20	4	19
<b>Profit before unrealised fair value adjustment</b>	<b>2,365</b>	<b>2,425</b>	<b>2,319</b>	<b>2,184</b>	<b>1,848</b>
Fair value adjustment of investment properties	-5,334	-4,924	-7,351	-13,521	-11,729
Value adjustment of inventory properties	-8	18	-5	20	437
<b>Operating profit/loss</b>	<b>-2,977</b>	<b>-2,481</b>	<b>-5,037</b>	<b>-11,318</b>	<b>-9,444</b>
Share of net profits/losses of associated companies and joint ventures	715	-1,225	114	-447	-973
Impairment of goodwill	-	-	-	-1,058	-
Interest income	162	115	8	39	208
Interest expenses	-1,404	-1,334	-1,202	-999	-849
Net currency translation gains/losses	3,023	1,308	-3,296	-617	-2,203
Fair value adjustment of derivative financial instruments	-963	-19	257	-448	152
Other financial items	-75	-71	-85	691	142
<b>Profit/loss before tax</b>	<b>-1,518</b>	<b>-3,707</b>	<b>-9,241</b>	<b>-14,157</b>	<b>-12,967</b>
Current tax expense	260	-221	-247	-257	17
Deferred tax income/expense	-1,118	1,489	2,723	1,140	3,114
<b>Profit/loss for the period</b>	<b>-2,376</b>	<b>-2,440</b>	<b>-6,765</b>	<b>-13,274</b>	<b>-9,836</b>
Currency translation differences	-6,125	-3,331	7,246	783	5,106
<b>Total comprehensive income/loss</b>	<b>-8,502</b>	<b>-5,771</b>	<b>481</b>	<b>-12,491</b>	<b>-4,730</b>
<b>Profit/loss attributable to:</b>					
The Parent Company's shareholders	-1,843	-1,944	-6,487	-12,727	-9,754
Non-controlling interests	-534	-496	-278	-546	-81
<b>Comprehensive income/loss attributable to:</b>					
The Parent Company's shareholders	-7,910	-5,231	640	-11,976	-4,649
Non-controlling interests	-591	-540	-159	-515	-81

<sup>1</sup> Comparables restated, see [Note 1](#).

## Consolidated Statement of Financial Position

SEK million	31 December 2023	30 September 2023	30 June 2023	31 March 2023	31 December 2022
<b>ASSETS</b>					
Investment properties	319,491	331,754	339,736	335,082	344,856
Intangible assets	18,674	19,022	19,204	18,760	19,693
Machinery and equipment	332	340	383	403	314
Investments in associated companies and joint ventures	8,636	8,220	9,622	9,113	9,698
Derivative financial instruments	34	509	759	699	836
Deferred tax assets	800	1,223	1,293	919	982
Other financial assets	3,444	3,028	3,435	3,484	3,703
<b>Total non-current assets</b>	<b>351,411</b>	<b>364,097</b>	<b>374,430</b>	<b>368,458</b>	<b>380,082</b>
Inventory properties	538	538	493	475	573
Rent and trade receivables	227	487	188	410	359
Other financial assets	863	2,383	2,247	1,173	4,867
Derivative financial instruments	464	541	348	335	645
Prepayments	1,146	1,369	1,511	1,501	1,416
Cash and cash equivalents	11,276	6,787	8,242	8,344	9,385
Assets held for sale	294	–	–	–	–
<b>Total current assets</b>	<b>14,807</b>	<b>12,104</b>	<b>13,029</b>	<b>12,238</b>	<b>17,245</b>
<b>TOTAL ASSETS</b>	<b>366,219</b>	<b>376,201</b>	<b>387,460</b>	<b>380,697</b>	<b>397,327</b>

SEK million	31 December 2023	30 September 2023	30 June 2023	31 March 2023	31 December 2022
<b>EQUITY AND LIABILITIES</b>					
<b>Total equity</b>	<b>148,731</b>	<b>158,739</b>	<b>164,495</b>	<b>164,393</b>	<b>180,854</b>
Interest-bearing liabilities	171,650	179,163	178,174	170,920	171,119
Lease liabilities	1,091	1,133	1,335	1,330	1,331
Derivative financial instruments	481	46	51	66	51
Deferred tax liabilities	18,492	18,340	20,252	21,856	22,941
Other financial liabilities	1,614	1,705	1,645	1,571	2,700
<b>Total non-current liabilities</b>	<b>193,326</b>	<b>200,386</b>	<b>201,456</b>	<b>195,743</b>	<b>198,142</b>
Interest-bearing liabilities	19,601	10,314	14,861	13,897	11,572
Lease liabilities	85	91	109	113	84
Trade payables	738	434	509	815	833
Other financial liabilities	1,017	3,504	3,365	2,703	3,008
Derivative financial instruments	–	15	40	60	75
Accrued expenses and prepaid income	2,721	2,719	2,624	2,973	2,758
<b>Total current liabilities</b>	<b>24,162</b>	<b>17,076</b>	<b>21,509</b>	<b>20,561</b>	<b>18,330</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>366,219</b>	<b>376,201</b>	<b>387,460</b>	<b>380,697</b>	<b>397,327</b>



## Consolidated Statement of Cash Flows

SEK million	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
<b>Operating activities</b>					
Profit/loss before tax	-1,518	-3,707	-9,241	-14,157	-12,967
<i>Adjustments to reconcile profit before tax to net cash flows:</i>					
Fair value adjustment on investment properties	5,334	4,924	7,351	13,521	11,729
Value adjustment of inventory properties	8	-18	5	-20	-437
Fair value adjustment of derivative financial instruments	963	19	-257	448	-150
Interest income	-162	-115	-8	-39	-208
Interest expenses	1,404	1,334	1,202	999	849
Share of net profits/losses of associated companies and joint ventures	-715	1,225	-114	447	1,443
Other adjustments	-3,156	-1,325	3,336	832	2,243
<i>Working capital changes</i>					
Increase(-)/decrease(+) in rent and other receivables	386	271	-787	-163	-1,810
Increase(+)/decrease(-) in trade and other payables	-783	-266	6	18	2,218
<b>Cash generated from operations</b>	<b>1,760</b>	<b>2,342</b>	<b>1,494</b>	<b>1,887</b>	<b>2,909</b>
Interest paid	-1,378	-1,405	-1,129	-968	-757
Interest received	162	115	18	29	318
Paid income tax	3	-518	128	-612	-183
<b>Net cash flows from operating activities</b>	<b>547</b>	<b>534</b>	<b>511</b>	<b>335</b>	<b>2,286</b>

SEK million	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
<b>Investing activities</b>					
Acquisitions of businesses, net of cash	-	-	-	-	-156
Acquisition of investment and inventory properties	-900	80	-143	-1,169	-3,970
Capital expenditure on investment and inventory properties	-2,029	-2,007	-1,918	-2,009	-2,626
Divestments of investment properties	900	281	35	1,487	126
Deposits for signed acquisitions	320	-	-298	298	-177
Purchases of machinery and equipment	-25	-3	-13	-22	-
Purchases of intangible assets	-62	-	-	-	-
Transactions with associated companies and joint ventures	37	184	226	264	-108
Other cash flows from investing activities	-839	275	-10	31	2
<b>Net cash flows from investing activities</b>	<b>-2,597</b>	<b>-1,190</b>	<b>-2,120</b>	<b>-1,122</b>	<b>-6,910</b>
<b>Financing activities</b>					
Proceeds from interest-bearing liabilities	11,295	8,313	2,736	12,919	17,501
Repayment of interest-bearing liabilities	-3,514	-9,186	-1,214	-11,670	-8,530
Dividends paid	-1,526	-	-	-4,325	-
Proceeds from non-controlling interests	398	-12	-	3,550	-
Proceeds from share issuances	-	-	-	920	750
Buyback of hybrid bonds	-	-	-	-58	-317
Repayments on hybrid bonds	-	-	-350	-491	-10
Settlement of derivative financial instruments	-	-	176	-	2
Other cash flows from financing activities	-40	71	-74	-1,093	-162
<b>Net cash flows from financing activities</b>	<b>6,613</b>	<b>-814</b>	<b>1,274</b>	<b>-247</b>	<b>9,234</b>
Net change in cash and cash equivalents	4,563	-1,471	-336	-1,033	4,610
Cash and cash equivalents at the beginning of the period	6,787	8,242	8,344	9,385	4,671
Net currency exchange effect in cash and cash equivalents	-74	16	234	-8	104
<b>Cash and cash equivalents at the end of the period</b>	<b>11,276</b>	<b>6,787</b>	<b>8,242</b>	<b>8,344</b>	<b>9,385</b>

# Sustainability Report 2023

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# About the Sustainability Report

At Heimstaden Bostad, we annually report on our sustainability efforts, aligning with the Global Reporting Initiative (GRI) Universal Standards, the Swedish Annual Accounts Act Chapter 6 Section 11, and the EU Taxonomy Regulation. We identify material topics crucial to our company, stakeholders, people, and the environment. The GRI Content Index is on [pages 131–133](#), and the mandatory Sustainability Report index is on [page 134](#), with any omitted details in the GRI Content Index.

This is Heimstaden Bostad's seventh Sustainability Report, and the fifth prepared in accordance with GRI reporting principles, covering the fiscal year 2023, available in Swedish and English on [heimstadenbostad.com](https://heimstadenbostad.com). The previous report, covering fiscal year 2022, was published on February 24, 2023. Katarina Skalare, Chief Sustainability Officer, is the main contact for this report.

## Changes in the report

This year, we have updated the structure of the Sustainability report, to mirror the reporting structure (ESG) for material topics required by the CSRD.

This is the first year we report on Biodiversity, as we understand the need to halt the loss of biodiversity. Even though our new build projects may be limited, we have established targets to replace and enhance biodiversity equivalent to the green or unbuilt land impacted.

An updated assessment has been made for the EU taxonomy in accordance with the new requirements, meaning we have assessed eligibility for the four new environmental objectives.

According to the assessment, we have eligible economic activities in climate change mitigation, climate change adaptation, and circular economy. For this year we are only reporting on alignment for the objective climate change mitigation.

## Climate-Related Disclosures

Regarding climate-related disclosures, we follow the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), presented on [page 134](#). On a yearly basis, we disclose a comprehensive climate-related report through CDP<sup>1</sup>. Heimstaden Bostad's latest CDP report covers the 2022 financial year and earned a score of B.

## UN Global Compact

In 2019, Heimstaden signed the UN Global Compact, committing to uphold its ten principles on human rights, labour practices, environmental responsibility, and anti-corruption. The commitment also covers Heimstaden Bostad. The GRI Content Index references the data locations.

<sup>1</sup> CDP - Not-for-profit organisation that runs the global climate disclosure system.





# Reporting Principles

## Scope and boundaries

For detailed information on each sustainability topic, including its impact on the economy, environment, and people, actions taken, and target tracking and evaluation, please see the sustainability notes on [page 135–180](#).

Employee data pertains to Heimstaden and Heimstaden Bostad. Even if Heimstaden Bostad does not own properties in Iceland, employee data in previous years reporting also included the Icelandic portfolio. Due to its divestment during 2023, data on employees referring to Iceland are reported as 0.

This report only covers energy and water purchased by Heimstaden Bostad; we are unable to access energy and water data when our customers have their own energy or water supply contracts.

## Data Collection and Consolidation

Data provided in the report has been compiled from various systems for all countries since 2019.

## Employee Data

Our group-wide HR system underpins all employee data. All employee-data in this report is based on the data from the last day of the reporting period, unless otherwise stated. KPIs adhere to GRI standards, using the Headcount principle.

We also report on non-employee workers (contingent) as per GRI Standards Disclosure 2-8. The annual total compensation ratio reporting, aligned with updated GRI Standards, covers permanent employees, as reported under Disclosure 2-7. Full time equivalent (FTE) pay rates are used for each part-time employee. The type of compensation included in the calculation is base salary.

This is the first year that we report on: Gender pay gap, Gender Split in the Board, in Senior Executives Team, in Country Management, and for all managers, Diversity of governance bodies and employees, and Social inclusion positions.

In 2023, we have adopted a new employee survey tool, which replaced our previous tool.

## Health and Safety Data

Health and safety data covers employees from Heimstaden Bostad and Heimstaden and is based on accidents and incidents that occurred during the reporting year.

## Local Community

Inclusive jobs reported include social inclusion positions and youth positions. 2023 is the first time we report on social inclusion positions. Youth positions was previously called young adult jobs. The definition remains the same, but we now report on all employees <25 years old, instead of previously those hired during the reporting year.

Inclusive housing contracts include affordable housing contracts and social contracts.

## Energy Data

Energy data is collected locally in each country in different systems and consolidated in a group-wide system for both the Annual Report and Sustainability Report. Heimstaden Bostad, the tenant or a Housing Owner Association could be the contracting party responsible for providing energy for the tenant space. This varies from country to country, thus affecting the amount of energy Heimstaden Bostad purchases in each

country. The table below gives an overview of who has the energy contract in the tenant space in each country.

We use conversion factors from our local energy suppliers to convert litres of oil and cubic metres of natural gas into MWh. For the fuel mix of district heating, we take a similar approach, using emission factors from local energy suppliers.

## Overview of Energy Contracts

Countries	Heating in tenant space		Electricity in tenant space	
	Share of sqm where Heimstaden Bostad has the contract	Share of sqm where the tenant has the contract	Share of sqm where Heimstaden Bostad has the contract	Share of sqm where the tenant has the contract
Sweden	99%	1%	0%	100%
Norway	50%	50%	33%	67%
Denmark	44%	55%	37%	63%
Netherlands	7%	93%	1%	99%
Germany	85%	15%	0%	100%
Czechia	85%	15%	0%	100%
Finland	26%	74%	99%	1%
United Kingdom	100%	0%	3%	97%
Poland	0%	100%	0%	100%
<b>Heimstaden Bostad</b>	<b>73%</b>	<b>27%</b>	<b>8%</b>	<b>92%</b>

In case the actual data for the energy use was not available from the supplier when preparing the Annual report, estimates of the missing energy consumption have been used. For Czechia we have estimated 100% of electricity consumption, while for Germany and Denmark we have estimated part of their heat and electricity consumption. Estimations are based on local expertise in each country, using historical data, energy performance certificates, and/or the best available statistics.

## Heating

Energy use for heating is often procured by Heimstaden Bostad and is therefore included in the reporting for Sweden, Germany, Norway, Czechia, Denmark, Poland, and Finland. Heating produced with heat pumps is reported under electricity. In the Netherlands and the UK, most of our customers have individual energy contracts, limiting our access to their data. Consequently, our reporting only includes heating data



for a select subset of properties in these regions. See the table above for more detailed information.

### Electricity

In general, this report covers electricity used in the common parts of a building, while electricity used in apartments is only covered to a minor extent, since our customers have their own contract with electricity suppliers.

### Energy Performance Certificates (EPCs)

Data on energy performance certificates (EPC's) is collected for all countries where Heimstaden Bostad operates. In countries where there is no equivalent EPC standard, Heimstaden Bostad estimates the EPC using methods equivalent to those in other European countries. The standards of EPCs and their grades differ greatly between the nine countries where Heimstaden Bostad owns properties. This creates challenges in comparing the performance between countries and in preparing a consolidated overview of the Group's performance. A detailed overview of the EPC labels per country is provided in the table "Breakdown of EPC Labels per % of Square Metres per Country" on [page 143](#).

### Emissions Data

Data on greenhouse gases (GHG) in this report is collected and reported in accordance with the financial control approach of the GHG Protocol. Our reported Scope 1 emissions derive from fuel combustion where Heimstaden Bostad has contracted the energy supplier for property heating, from leakage of refrigerants, and from fuel used in company-owned service cars and service cars with a financial lease. Our reported Scope 2 emissions derive from purchased heating, cooling, and electricity in our properties, where Heimstaden Bostad is the named contractee. Our reported Scope 3 emissions cover all categories applicable to Heimstaden Bostad's organisation.

For Scope 3 emissions, we disclose Category 13 (tenant use of energy excluding tenant waste), which is one of our major scope 3 categories. Scope 3 Category 13 represents, based on FY 2022 figures, approximately 34.7% of our total Scope 3 emissions in the reporting year and is included in this disclosure to track progress towards our targets. We have a Supplier Engagement target (part of our SBTi-approved climate target) where we address Category 1, which is the other major Scope 3 area. However, in this case we disclose the share of spend from suppliers with science-based targets as a percentage in this report. Data for other Scope 3 categories 2023 is not available yet since the mapping of our Scope 3 emissions will be performed during Q1-Q2 2024. The Scope 3 emissions do not cover new acquisitions made during the reporting year. For more information on the Scope 1–3 emissions, see the sustainability notes 305-1 to 305-3 on [page 152](#). No offsets or climate compensation is made to meet our climate targets. Instead, Heimstaden Bostad focuses on investing in measures that will reduce its own emissions.

Gases included in our calculations are mainly CO<sub>2</sub>e and CH<sub>4</sub>, but can also include refrigerants or CH<sub>2</sub> and N<sub>2</sub>O used in the production of district heating. We obtain the emission factor for electricity (market-based) and district heating (both market-based and location-based) from our energy suppliers. The source we use for the emission factors for location-based electricity is the International Energy Agency (IEA), whereas we use factors from the Swedish organisations Energiföretagen and Hagainitivet for natural gas and oil. The global warming potential (GWP) rates from the IPCC's Fifth Assessment Report are used for refrigerants.

### Supplier Data

There are no significant changes in the structure of the sup-

ply chain or relationship with suppliers, including selection and contract termination.

### Water Data

Water consumption data is collected on a regular basis. The reporting does not cover the complete water consumption from our Danish properties. We are currently implementing processes to collect this in the upcoming years. All water consumption for Czechia is estimated based on the previous year's consumption. For Germany and the UK part of the water data is estimated.

### Tax Data

This report contains country-by-country reporting on tax and is based on the latest submitted 2022 figures.

### Waste Data

Waste generated by tenants is calculated by the number of tenants. The reporting is based on 2022 figures, because it is part of the data collected in our Scope 3 reporting. Data for Scope 3 2023 is not available yet since the mapping of our Scope 3 emissions will be performed during Q1-Q2 2024.

### Comparability

Heimstaden Bostad's energy, emission, and water intensity KPIs are based on data from comparable properties, requiring a full year of reported energy, emissions, or water usage for the reporting year. Energy, water, and emissions from new property acquisitions and divestments during the reporting year will be included in the absolute figures when data is available.

### Baseline Recalculation

For each acquisition and divestment, Heimstaden Bostad's total GHG emissions may change. Heimstaden Bostad has set 2020 as the base year and developed base year recalculations

principles in line with the GHG Protocol. Recalculations of the base year are necessary to enable comparison of emissions and to track development on a like-for like basis over a longer period. To be transparent, Heimstaden Bostad reports the original and recalculated figures.

### Definitions

**Comparable properties:** Properties with the full year's energy and water data, where Heimstaden Bostad is the contractee for energy and water supply to these properties.

**High-consequence work-related injuries:** Accidents at work resulting in sick leave. Fatalities are not included in this consolidation.

**Recordable work-related injuries:** Incidents at work resulting in an injury, but no sick leave.

**Youth positions:** Employment for individuals under 25 years old.

**Social inclusion positions:** Employment for individuals far from the labour market, such as recently arrived immigrants, long-time unemployed, or people with disabilities.

**Social contracts:** Contracts in collaboration with local authorities or NGOs specifically aimed at vulnerable individuals far from the housing market, such as homeless people, recently arrived migrants, or people with various disabilities.

**Affordable housing contracts:** Contracts with regulated maximum rent and tenant income levels, set by authorities.



## EU Taxonomy Regulation

Reporting on the EU Taxonomy is challenging due to its dynamic and extensive nature. The evolving framework requires a keen understanding of changing criteria and a proactive approach to stay compliant. Effective reporting demands transparent communication, both internally and externally, and a commitment to adapting methodologies in response to updates. Heimstaden Bostad is committed to enhancing the quality of our reporting and continuously building our organisational capacity to report on the EU Taxonomy.

Heimstaden's Group function oversees the EU Taxonomy reporting process, providing templates and training to country organisations. These entities report on Turnover, CapEx, and OpEx from Taxonomy-aligned activities, with the Group interpreting the EU Taxonomy text, making policy decisions, and supporting climate risk assessments. External consultants assist in this process.

Since 2021 when Heimstaden Bostad started to report on the EU Taxonomy Regulation, it was determined that 100% of the turnover, investments (CapEx) and operating expenditures (OpEx) were eligible. This is still the conclusion of the 2023 year's figures. The EU Commission published new delegated acts in June 2023 with the four other environmental objectives. These have been considered for this year's reporting and the conclusion is that Heimstaden Bostad is eligible in the circular economy objective where real estate activities can be found.

Ongoing work in 2023 involves assessing alignment for environmental objectives 1 and 2. Challenges persist in obtaining supplier confirmation of Taxonomy alignment, and a precautionary principle is applied, potentially resulting in conservative Taxonomy alignment figures. All reported properties have been assessed against technical screening criteria for eligible activities in environmental objectives for climate change mitigation.

Heimstaden Bostad has activities in the following objectives<sup>1</sup> and activities of the taxonomy:

- CCM+CCA 7.1/ CE 3.1 – Construction of new buildings
- CCM+CCA 7.2 / CE 3.2 - Renovation of buildings
- CCM+CCA - 7.3 Installation, maintenance, and repair of energy-efficiency equipment
- CCM+CCA - 7.4 Installation, maintenance, and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)
- CCM+CCA - 7.5 Installation, maintenance, and repair of instruments and devices for measuring, regulation, and controlling energy performance of buildings
- CCM+CCA - 7.6 Installation, maintenance, and repair of renewable energy technologies
- CCM+CCA - 7.7 Acquisition and ownership of buildings.
- CCM 9.3 Professional services related to energy performance of buildings

<sup>1</sup> CCM = Climate change mitigation, CCA = Climate change adaptation and CE = Circular economy.

Heimstaden Bostad's operations consist of owning, developing, and managing residential properties, where activity 7.7, Acquisition and Ownership of Buildings, is the most applicable economic activity within the Taxonomy regulation when it comes to Turnover. Turnover entails Rental Income and Service Income from investment properties. To some extent, Heimstaden Bostad also divests investment properties. The gains from divestment of investment properties are not reported as part of the Turnover for 2023, however we use the principle that gain is allocated to CapEx activity 7.1 Construction of new buildings. Heimstaden Bostad also has investment property under construction for its own use: this could be considered as 7.1, however after additional guidance from the European Public Real Estate Association and the EU Commission, Heimstaden Bostad has decided to report these activities under 7.7. For more details on this, please see the section 'Interpretation of new builds in relation to eligible activities (7.1 or 7.7). Activities 7.1–7.7 and 9.3 have been identified when screening eligibility and alignment within the CapEx and OpEx KPIs. Heimstaden Bostad does not have any activities relating to gas and nuclear activities.

For the Turnover KPI, Heimstaden Bostad has eligible and aligned activities related to activity 7.7 within climate change mitigation. For some of the investments made during the year, Heimstaden Bostad possesses investments associated with environmental objective 2; however, alignment assessments for these investments have not been conducted to date and the group will continue to investigate alignment towards CCA in the upcoming year. As previous year, Heimstaden Bostad still sees objective 1, climate change mitigation, as the primary objective to contribute to.

### Analysis of Taxonomy KPIs

In short, we conclude that we are 16% (16%) aligned within our Turnover generating activities for 2023. For this year's CapEx and OpEx, we are 27% (11%) and 3% (4%) aligned. For complete tables for Turnover, CapEx, and OpEx KPIs and the gas and nuclear delegated act table, see [pages 189–192](#).

Being around 15% in aligned Turnover generally indicates that Heimstaden Bostad's property portfolio has the same proportion of aligned Turnover as the general real estate market due to the definition of the technical screening criteria (top 15% in PED in relation to comparable building stock). The proportion aligned CapEx indicates that Heimstaden Bostad is investing to improve the energy efficiency in parts of the building stock. Heimstaden Bostad assesses that the proportion of Taxonomy alignment will remain stable in the coming years and that Heimstaden Bostad will be able to ensure an increased share of CapEx and OpEx in alignment with the Taxonomy regarding investments linked to "Activity C"- investments.

By comparing the 2023 figures with 2022, Turnover and OpEx are in line with the previous year. The portion of aligned CapEx has increased from 11% to 27%, which we deem is reasonable due to our Climate Roadmap and active work in building internal knowledge of Taxonomy criteria, as well as the ability to implement them in our requirements for suppliers.

### Summary of taxonomy-eligible and taxonomy-aligned economic activities

	Taxonomy-eligibility in %		Taxonomy alignment in %	
	2023	2022	2023	2022
Turnover <sup>1</sup>	100	100	16	16
CapEx	100	100	27	11
OpEx	100	100	3	4

<sup>1</sup> This figure discloses the share of Taxonomy-aligned Turnover. That is properties classified with EPC A and properties belonging to the top-15% of the best energy performing buildings (PED) in the national building stock. However, Heimstaden Bostad operates in several countries where the 15% limit value is yet to be defined. This suggests that the figure for aligned Turnover for Heimstaden Bostad may increase when the threshold value has been defined in all markets.

### Relevant judgment on the taxonomy-eligibility and alignment of our activities

All eligible Turnover, CapEx and OpEx have been assessed based on the technical screening criteria in the respective economic activity for environmental objective 1. For the proportion of aligned Turnover, all properties have first been assessed in accordance with the substantial contribution criteria. In order to evaluate the significant contribution to environmental objective 1, Heimstaden Bostad has developed methods to evaluate the properties based on the criteria of top 15% where possible<sup>1</sup>. As Heimstaden Bostad operates in several countries, there has been varying availability of data at national level. These methods have been applied to the properties that are not classified with EPC A. Further on follows an account of some of Heimstaden Bostad's most significant interpretations and positions, when assessing the eligibility and alignment with the Taxonomy.

### Interpretation of new builds in relation to eligible activities (7.1 or 7.7)

Annex I (climate change mitigation objective) of the Climate Delegated Act describes Construction and Real Estate Activities under chapter 7. Activity 7.1 covers construction of new buildings and activity 7.7 covers the acquisition and ownership of buildings. The description of activity 7.1 in the EU Taxonomy refers to buildings developed "on own account for sale or on a fee or contract basis", which does not cover commissioning of a new building for own use, as Heimstaden Bostad does. On the other hand, the description of activity 7.7 refers to "buying real estate and asserting ownership of that real estate", which defines Heimstaden Bostad's business more closely. According to the additional guidance published by the EU Commission in December 2022, whether Heimstaden Bostad acquires a new completed building or whether it commissions a new building for its own use, the Turnover/CapEx and OpEx from

<sup>1</sup> In Germany, a variety of different threshold values are used to define top 15%, since there is no official statement from the German government officials on which threshold value to use. Heimstaden Bostad Germany has used the threshold values described in the methodological approach designed by consultants Drees & Sommer, which uses a much stricter threshold for top 15% than other approaches used widely in Germany.



that building can be reported under activity 7.7. Therefore, for the reporting year 2023<sup>1</sup>, Heimstaden Bostad has decided to report CapEx and OpEx related to own new developments under activity 7.7 Acquisition and ownership of buildings. When the building is complete, the revenue, CapEx, and OpEx continue to be reported under 7.7 Acquisition and ownership of Buildings.

The figures for 2022 have been restated due to this policy choice where all aligned CapEx of SEK 1,604 million in activity 7.1 Construction of new buildings have been reallocated to activity 7.7 Acquisition and ownership of buildings and the same for the eligible CapEx of SEK 3,315 million relating to activity 7.1.

#### Assessment of DNSH (Do Not Significant Harm)

When assessing alignment, Heimstaden Bostad has ensured that no significant harm is done to other environmental objectives for the economic activities, respectively. Heimstaden Bostad has ensured that suitable climate risk assessments are executed for all buildings that have aligned Turnover, CapEx and OpEx.

The implementation of the Do No Significant Harm criteria for pollution prevention has proven challenging, particularly in light of amendments to Appendix C of the EU Taxonomy and the mid-2023 clarifications issued by the EU Commission. In accordance with these changes, Heimstaden Bostad conducted trainings with its country organisations to impart knowledge of harmful substances in the real estate sector and Heimstaden

Bostad's responsibility in following up with our suppliers and contractors to ensure we do not purchase any Substances of Very High Concern (SVHC) that have been on the SVHC Candidate List for more than 18 months. Heimstaden Bostad also includes clauses on harmful substances in our contracts and agreements. Going forward, these contracts will be updated to reflect the changes in Appendix C more clearly.

#### Individually Taxonomy-eligible and aligned CapEx and OpEx

For CapEx and OpEx that are related to activity 7.7 and where a building has been assessed as non-aligned with the Taxonomy regulation, Heimstaden Bostad has further screened the investments individually to see if those investments potentially could be seen as Taxonomy-aligned through other economic activities than 7.7, i.e., related to activities 7.2–7.6 and 9.3 and according to the “Activity C” in the delegated act. However, Heimstaden Bostad has still not been able to fully screen all investments for alignment due to difficulties in ensuring that suppliers meet the alignment criteria. This will be further processed in upcoming years.

#### Minimum safeguards

Heimstaden Bostad has made the assessment of minimum safeguards in line with the most recent guidance from the Platform on Sustainable Finance. This assessment includes ensuring that Heimstaden Bostad has processes in place on Group level for anti-corruption, fair competition, taxation, and human rights. In 2023, Heimstaden Bostad improved its supplier assessment process by building a new assessment system

in-house and updating the procurement contract terms and agreements. Heimstaden Bostad also took part in a six-month Business and Human Rights Accelerator and accordingly conducted internal workshops to assess human rights risks its business can have. A new materiality assessment was also carried out at Group level to see Heimstaden Bostad's most impactful areas, along with revisiting the Risk Tool.

To advance its work on anti-corruption, Heimstaden Bostad introduced a new mandatory anti-corruption digital training for all employees.

In addition, Heimstaden Bostad did not have any convictions in court on any of these topics, nor has it been contacted by the OECD National Contact Point or the Business and Human Rights Resource Center with regards to human rights allegations. For details on Heimstaden Bostad's human rights due diligence process, please refer to the Human Rights statement which can be found on the website.

#### Reporting principles

The Turnover included in the Taxonomy report follows the same definition as in the Annual Report and consists of rental and service income (this can be reconciled with the line-item rental and service income in the Consolidated Comprehensive Income Statement on [page 45](#)). The allocation of Turnover related to the different activities has been made at a building level. Assessment of the alignment criteria on the Turnover generating activities 7.1 and 7.7 has also been based on every building. All Turnover for 2023 has been allocated to 7.7. Ac-

quisition and ownership of buildings. Aligned Turnover, i.e. the numerator, derives from rental income, which was the same as last year.

CapEx refers to additions to tangible and intangible assets during the financial year before depreciation and revaluations (including devaluations) for the financial year and excluding changes in fair value. Examples of CapEx include major renovations, insulation projects, digital measurement, solar panels, and the installation of charging stations for electric vehicles. For this year's CapEx please refer to acquisitions and investments in [Note 3.1](#).

OpEx refers to direct costs that are not capitalised assets. These costs refer to building renovation, short-term leases, maintenance and repair, and all other direct expenses related to the daily maintenance of tangible fixed assets, performed by the company itself or a third party hired for this purpose, and required to ensure the continuous and efficient functioning of these assets. OpEx does not correspond to total operating expenses; however, only to expenses associated with the asset's continuous and appropriate function. For example, maintenance and repair of our properties are included, while expenses for energy, water, and property tax are excluded.

For CapEx and OpEx, the numerator in the KPIs consists mostly of investments and expenditures that are associated with our Turnover generating activity 7.7 Acquisition and ownership of buildings that are eligible and/or aligned. Furthermore, we have identified individually Taxonomy-eligible and Taxon-

<sup>1</sup> For the reporting year 2022, Heimstaden Bostad reported CapEx and OpEx from own developments under 7.1 Construction of New Buildings, as additional guidance from the EU Commission and The European Public Real Estate Association (EPRA) was published too late to consider for reporting year 2022. EPRA published guidance in January 2023 which clarifies that activity 7.1 applies to construction companies whereas the owner of the building who has built the building for own use can claim revenue/CapEx/OpEx under activity 7.7. guidance in January 2023 which clarifies that activity 7.1 applies to construction companies whereas the owner of the building who has built the building for own use can claim revenue/CapEx/OpEx under activity 7.7.

omy-aligned CapEx and OpEx that relate to the purchase of output from Taxonomy-eligible or aligned economic activities and certain individual measures enabling the target activities to become low-carbon or to lead to GHG reductions. These individual measures correspond to economic activities listed in the activities 7.2–7.6 and 9.3 in the Climate Delegated Act Annex I (climate mitigation objective).

For the aligned share of CapEx, the majority of it relates to investments on completed investment properties SEK 2,872 million of this CapEx is classified as investment properties in the financial report and most of it, SEK 2,250 million, allocated to economic activity to 7.7. However, investments that are deemed as aligned according to “Activity C” in the delegated act relate to economic activities 7.1–7.6. A comparison of the breakdown compared to last year cannot be provided due to lack of data in this detailed level in the 2022 figures.

#### Quantitative breakdown of capital expenditure numerator for 2023 (MSEK)

Activity	Additions to machinery & equipment	Additions to investment properties	Additions to intangible assets	Sum	Thereof acquired through asset acquisitions	Therof part of a CapEx plan
7.2	0.0	133.8	0.0	133.8	0	0
7.3	2.3	447.7	0.0	450.0	0	0
7.4	2.1	2.7	0.0	4.9	0	0
7.5	2.2	21.4	1.7	25.2	0	0
7.6	0.5	15.1	0.0	15.6	0	0
7.7	0.0	2,250.1	0.0	2,250.1	0	0
9.3	0.0	0.9	0.2	1.0	0	0
<b>Total</b>	<b>7.1</b>	<b>2,871.7</b>	<b>1.8</b>	<b>2,880.7</b>	<b>0.0</b>	<b>0.0</b>

Most part of the aligned OpEx relates to maintenance and repair expenditures and a smaller part relates to building and renovation costs. The majority of aligned OpEx relates to investment properties within activity 7.7.

#### Adjusted KPIs

In the taxonomy’s delegated act, section 1.2 of Annex I, it is mentioned that adjusted KPIs for turnover and CapEx must be

submitted if an undertaking has issued environmentally sustainable bonds or debt securities that aim to finance specific identified taxonomy-aligned activities. Heimstaden Bostad has interpreted environmentally sustainable bonds as referring to the EU Green Bond Standard, which is a framework that is not yet available. Heimstaden Bostad has issued bonds, which are not in line with the taxonomy’s framework for green bonds,

which is why the disclosure requirement in that regard is not deemed to be applicable for this year’s reporting.

Furthermore, Heimstaden Bostad assesses that the issued bonds or other debt obligations are not intended to finance specific taxonomy-aligned activities, which is why the disclosure requirement for adjusting our KPIs for CapEx or turnover does not apply either.

# GRI Index

GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Not applicable

GRI Standard	Disclosure	Location	SDG sub-target	Principle of the Global Compact	Omission		
					Requirements omitted	Reason	
<b>General Disclosures</b>							
GRI 2: General Disclosures 2021	2-1 Organisational details	<a href="#">31–37</a>					
	2-2 Entities included in the organisation's sustainability reporting				2-2	No list available	
	2-3 Reporting period, frequency, and contact point	<a href="#">123</a>					
	2-4 Restatements of information	<a href="#">123</a>					
	2-5 External assurance					2-5	Preparing for external review when CSRD comes into force
	2-6 Activities, value chain, and other business relationships	<a href="#">10–29</a>					
	2-7 Employees	<a href="#">182</a>					
	2-8 Workers who are not employees	<a href="#">158</a>					
	2-9 Governance structure and composition	<a href="#">31–37</a>					
	2-10 Nomination and selection of the highest governance body	<a href="#">31–37</a>					
	2-11 Chair of the highest governance body	<a href="#">31–37</a>					
	2-12 Role of the highest governing body in overseeing the organisation	<a href="#">31–37</a>					
	2-13 Delegation of responsibility for managing impacts	<a href="#">31–37</a>					
	2-14 Role of the highest governance body in sustainability reporting	<a href="#">31–37</a>			8		
	2-15 Conflicts of interest	<a href="#">31–37</a>					
	2-16 Communication of critical concerns	<a href="#">31–37, 167</a>			3-6, 10		
	2-17 Collective knowledge of the highest governance body	<a href="#">31–37</a>				2-17	No measures taken during the year. We plan to have mandatory training in 2024
	2-18 Evaluation of the performance of the highest governance body	<a href="#">33</a>					
	2-19 Remuneration policies	<a href="#">33, 159</a>			10		
	2-20 Process to determine remuneration	<a href="#">33, 159</a>					
	2-21 Annual total compensation ratio	<a href="#">161</a>					
	2-22 Statement on sustainable development strategy	<a href="#">10–29</a>			7, 8, 9		
	2-23 Policy commitments	<a href="#">42</a>					
	2-24 Embedding policy commitments	<a href="#">42</a>					
	2-25 Process to remediate negative impacts	<a href="#">165–167</a>					
	2-26 Mechanisms for seeking advice and raising concerns	<a href="#">167</a>			3, 4, 5, 6		
	2-27 Compliance with laws and regulations				1-10	2-27	We do not currently track these numbers for reporting purposes externally
	2-28 Membership associations	<a href="#">137</a>					
	2-29 Approach to stakeholder engagement	<a href="#">136</a>					
	2-30 Collective bargaining agreements	<a href="#">160</a>			3		

GRI Standard	Disclosure	Location	SDG sub-target	Principle of the Global Compact	Omission		Explanation
					Requirements omitted	Reason	
Material Topics							
GRI 3: Material Topics 2021	3-1 Process to determine material topics	<a href="#">135</a>					
	3-2 List of material topics	<a href="#">135</a>					
	3-3 Management of material topics	<a href="#">135</a>					
<b>Specific Disclosures</b>							
Economic performance 2016	201-1 Direct economic value generated and distributed	<a href="#">178</a>	8.1, 9.1, 9.2, 11.1				
Anti-corruption 2016	205-3 Confirmed incidents of corruption	<a href="#">176</a>	16.5	2, 6, 10			
Tax 2019	207-1 Approach to tax	<a href="#">179–180</a>					
	207-2 Tax governance, control and risk management	<a href="#">179–180</a>	12.6				
	207-3 Stakeholder engagement and management of concerns related to tax	<a href="#">179–180</a>					
	207-4 Country-by-country reporting	<a href="#">179–180</a>					
Energy 2016	302-1 Energy consumption within the organisation	<a href="#">141</a>	7.1-7.3, 9.4, 12.2	8, 9			
	302-3 Energy Intensity	<a href="#">142</a>					
Water	303-5 Water consumption (2018)	<a href="#">145</a>	6.4, 12.2	8, 9			
Emissions 2016	305-1 Direct (Scope 1) GHG emissions	<a href="#">152</a>					
	305-2 Energy indirect (Scope 2) GHG emissions	<a href="#">152</a>	9.4, 11.1, 11.6, 13.2	7, 8, 9			
	305-3 Other indirect (Scope 3) GHG emissions	<a href="#">152</a>					
	305-4 GHG emissions intensity	<a href="#">152</a>					
Waste 2020	306-3 Waste generated	<a href="#">156</a>	11.6, 12.4, 12.5	7, 8			
Employment 2016	401-1 New employee hires and employee turnover	<a href="#">187–188</a>	5.5, 8.5, 8.6, 8.8, 10.3, 16.7	3-6			

GRI Standard	Disclosure	Location	SDG sub-target	Principle of the Global Compact	Omission		
					Requirements omitted	Reason	Explanation
Occupational health and safety 2018	403-1 Occupational health and safety management system	<a href="#">163</a>	3.4, 8.8				
	403-2 Hazard identification, risk assessment and incident investigation	<a href="#">163</a>					
	403-3 Occupational health services	<a href="#">163</a>					
	403-4 Worker participation, consultation and communication on occupational health and safety	<a href="#">163</a>					
	403-5 Worker training on occupational health and safety	<a href="#">163</a>					
	403-6 Promotion of worker health	<a href="#">163</a>					
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<a href="#">163</a>					
	403-9 Work-related injuries	<a href="#">164</a>					
Human rights	308-1 New suppliers that were screened using environmental criteria	<a href="#">167</a>	8.7, 8.8, 10.3, 12.7	1-6			
	406-1 Incidents of discrimination (2016)	<a href="#">167</a>					
	414-1 New suppliers that were screened using social criteria (2016)	<a href="#">167</a>					
Local community 2016	413-1 Operations with local community engagement, impact assessments and development programmes	<a href="#">170-173</a>	4.4, 4.6, 8.6, 10.2, 11.3, 17.17	1, 6, 8			

# TCFD Index

	Chapter	Page
<b>Governance</b>		
a) Describe the Board's oversight of climate-related risks and opportunities	Governance, Climate Impact	<a href="#">33, 148</a>
b) Describe management's role in assessing and managing climate-related risks and opportunities	Governance, Climate Impact	<a href="#">33,148</a>
<b>Strategy</b>		
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	Climate Impact	<a href="#">146–151</a>
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	Climate Impact	<a href="#">146–151</a>
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Climate Impact	<a href="#">146–151</a>
<b>Risk Management</b>		
a) Describe the organisation's processes for identifying and assessing climate-related risks	Climate Impact, Material Topics	<a href="#">146–151, 135</a>
b) Describe the organisation's processes for managing climate-related risks	Climate Impact	<a href="#">146–151</a>
c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	Climate Impact	<a href="#">146–151</a>
<b>Metrics and Targets</b>		
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Climate Impact, Employment	<a href="#">146–151, 159</a>
b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks	Climate Impact	<a href="#">152</a>
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Climate Impact	<a href="#">152</a>

## Statutory Sustainability Report Index

Find our statutory Sustainability Report according to the Swedish Annual Accounts Act on the following pages:

Topic	Area	Page
Environmental issues	Policy, review procedures and policy results	<a href="#">42, 140, 144, 151, 153, 155</a>
	Risks and risk management	<a href="#">39–40</a>
	Key performance indicators	<a href="#">141, 145, 152, 154, 156</a>
Social issues and employees	Policy, review procedures and policy results	<a href="#">42, 158, 162, 168</a>
	Risks and risk management	<a href="#">39–40</a>
	Key performance indicators	<a href="#">159, 163, 169</a>
Human rights	Policy, review procedures and policy results	<a href="#">42, 167</a>
	Risks and risk management	<a href="#">39–40</a>
	Key performance indicators	<a href="#">166</a>
Anti-corruption	Policy, review procedures and policy results	<a href="#">42, 175</a>
	Risks and risk management	<a href="#">39–40</a>
	Key performance indicators	<a href="#">176</a>

# Material Topics

## Environmental, Social and Governance

### From a Double Materiality Perspective

To identify material sustainability aspects, we have conducted a double materiality assessment, a comprehensive process that involves identifying and prioritising the environmental, social, and governance (ESG) issues that are most significant to Heimstaden Bostad and its stakeholders. This process encompasses stakeholder dialogues, and aligns our business strategy, risk assessment, manuals, our purpose and our overall impact on people and the environment, as well as the financial risks and opportunities these areas can present to Heimstaden Bostad.

Our assessment of double materiality this year is presented in accordance with GRI standards for sustainability reporting. By prioritising our areas of most significant impacts we have identified the following material GRI areas for reporting: GRI 206 Anti-Corruption; GRI 201 Economic Performance; GRI 207 Tax; GRI 302 Energy; GRI 305 Emissions; GRI 306 Waste; GRI 401

Employment; GRI 403 Occupational Health and Safety; and GRI 413 Local Communities. Additionally, Heimstaden Bostad maintains a structured, long-term approach to water use, biodiversity, and human rights, and reports accordingly. Definitions of GRI topics can be found on [www.globalreporting.org](http://www.globalreporting.org).

### Stakeholder Engagement

We map and analyse stakeholder expectations to achieve our long-term sustainability and business targets and create enduring value. Our engagement focuses on stakeholders with whom we share long-term relationships and those who impact or are affected by our operations. Our key stakeholders include Shareholders, Public Bodies, Employees, Banks and Investors, Suppliers, and Customers.



## Stakeholder Engagement

Stakeholders	Shareholders	Public Bodies	Employees <sup>1</sup>	Banks and investors	Suppliers	Customers
<b>Engagement technique</b>	<ul style="list-style-type: none"> <li>Owner dialogues and meetings</li> <li>Board meetings</li> <li>Annual General Meeting</li> <li>Meetings with shareholder representatives</li> </ul>	<p><b>PUBLIC SECTOR</b></p> <ul style="list-style-type: none"> <li>Dialogue forums for urban planning and dialogues with developers</li> <li>Dialogue forums on social aspects – safe neighbourhoods, crime prevention, and environment in the local community</li> <li>Dialogues with municipalities</li> <li>Dialogues when entering new markets</li> </ul> <p><b>NOT-FOR-PROFIT SECTOR</b></p> <ul style="list-style-type: none"> <li>Engagement and attendance at meetings with special-interest and industry organisations</li> <li>Network meetings</li> <li>Partnerships with not-for-profit organisations</li> </ul> <p><b>UNIVERSITIES &amp; HIGH SCHOOLS</b></p> <ul style="list-style-type: none"> <li>Career fairs</li> <li>Company presentations and workshops for students</li> <li>Project/thesis assignments</li> <li>Internships</li> </ul>	<ul style="list-style-type: none"> <li>Personal development plan (PDP) discussions</li> <li>Leadership development</li> <li>Employee surveys</li> <li>Work health and safety groups</li> <li>Diversity Board</li> <li>Involving the Organisation in the implementation planning of new projects</li> <li>Internal conferences</li> <li>Digital quarterly Townhall meetings</li> <li>Regular one-on-ones (weekly, bi-weekly, or monthly depending on leader and need)</li> <li>Trainings, mentorships</li> </ul>	<ul style="list-style-type: none"> <li>Individual meetings with banks and investors</li> <li>Financial statements</li> <li>Capital market presentations</li> <li>Bond and Green Bond issuance</li> <li>Investor/Bank ESG Questionnaires</li> </ul>	<ul style="list-style-type: none"> <li>As part of regular procurement processes for framework agreements, when placing orders, and in direct meetings with suppliers</li> <li>When performing sustainability due diligence, especially for risk categories of products/services</li> </ul>	<ul style="list-style-type: none"> <li>Customer service and ongoing dialogues regarding property management</li> <li>Customer surveys:                             <ul style="list-style-type: none"> <li>Yearly Customer Score Card Survey</li> <li>Rolling Customer Satisfaction survey (CSAT) in five phases: contract signing, move-in, service, living, and move-out</li> <li>CSAT for New Development</li> </ul> </li> <li>Local events and interactions</li> <li>Office visits</li> <li>Magazines and newsletters</li> <li>Digital Help Centre</li> <li>Chat with customer service</li> <li>MyHome Digital Customer portal</li> </ul>
<b>Stakeholder expectations</b>	<ul style="list-style-type: none"> <li>A long-term stable profit where consideration is given to people, ethics, and the environment</li> <li>Customer satisfaction</li> <li>Community engagement and social responsibility</li> <li>Sustainable growth</li> <li>Transparent reporting</li> </ul>	<ul style="list-style-type: none"> <li>Community engagement and social responsibility</li> <li>Safe and secure neighbourhoods</li> <li>Reduction of GHG emissions</li> <li>Measures to mitigate and adapt to climate change</li> <li>Job and internship opportunities</li> <li>Affordable housing</li> </ul>	<ul style="list-style-type: none"> <li>Responsible and ethical business practices</li> <li>Stable and long-term employer that offers good employment terms and work environment</li> <li>Leadership presence</li> <li>Local community engagement</li> </ul>	<ul style="list-style-type: none"> <li>Responsible business conduct</li> <li>Climate change mitigation and adaptation</li> <li>Social responsibility</li> <li>Customer satisfaction</li> <li>Sustainability reporting</li> <li>Disclosure of ESG-related information</li> </ul>	<ul style="list-style-type: none"> <li>Clear guidelines and efficient procurement process concerning the supplier's work conditions, work environment, human rights, and environmental work</li> <li>Collaboration for increased sustainability</li> </ul>	<ul style="list-style-type: none"> <li>Pleasant and safe living environment</li> <li>Energy efficient homes, powered by renewable energy</li> <li>Access to clean recycling rooms</li> <li>Information and communication</li> <li>Affordable apartments</li> </ul>
<b>Our actions in to meet stakeholder expectations</b>	<ul style="list-style-type: none"> <li>Improved reporting capacity for EU Taxonomy Regulation adherence and CSRD preparedness</li> <li>Revised Climate Roadmap to include properties acquired late 2021 and 2022</li> <li>Social Roadmap approval</li> </ul>	<ul style="list-style-type: none"> <li>Launched a revised Social Roadmap</li> <li>Launched a revised Climate Roadmap</li> <li>Transferred all of our Ukrainian refugee tenants in Czechia from emergency housing to standard long-term contracts</li> </ul>	<ul style="list-style-type: none"> <li>All employees have taken mandatory trainings (GDPR, Code of Conduct, Anti Corruption IT Awareness). Integrated a new sustainability module in the mandatory onboarding training for all new employees</li> <li>Closely tracked employee wellbeing through monthly employee surveys</li> <li>Introduced the digital quarterly Townhall meetings to give updated information on company status for all</li> <li>Developed custom made onboarding program for Letting staff and Caretakers</li> <li>Delivery of revised leadership trainings (Leading@ Heimstaden) and trainings for new managers (New@ Leading)</li> <li>Introduction of Spotlight (a quarterly newsletter on Leadership) to managers and a leaders' toolkit</li> </ul>	<ul style="list-style-type: none"> <li>Reviewed all company policies and Codes of Conduct, creating in-depth manuals and handbooks where necessary</li> <li>Improved our Morningstar Sustainability ESG Risk Rating in 2023, going from 'Low risk' to 'Negligible Risk' 7.4 (-4,3)</li> <li>Provided requested ESG-related data in dialogues with the financial sector and through Annual Report, investor questionnaires, CDP report and on company web page.</li> </ul>	<ul style="list-style-type: none"> <li>New supplier assessment</li> <li>Implementation and training of procurement guidelines and manual in the whole procurement organisation</li> <li>New templates for framework agreements implemented</li> <li>Industry collaborations and supplier dialogues for increased sustainability in supply chain</li> <li>Assessing energy suppliers for their environmental and human rights impact</li> </ul>	<ul style="list-style-type: none"> <li>Conducted customer surveys in all our markets regarding customer satisfaction and expectations of Heimstaden Bostad</li> <li>A wide portfolio of apartments in different price ranges</li> <li>Launched MyHome customer portal in selected markets, ongoing roll-out to other markets</li> <li>Carried out various projects to improve living conditions of customers – e.g., improved energy systems, outdoor environments, recycling rooms, and much more.</li> <li>Continued work towards our zero- eviction vision 2030 with selected municipalities in Sweden</li> </ul>

<sup>1</sup> All information regarding employees pertain to employees of Heimstaden and Heimstaden Bostad.

<sup>2</sup> Tenant use of energy.



## Memberships and undertakings

- Science Based Targets initiative (SBTi)
- Sweden Green Building Council
- Danish Green Building Council
- Czech Green Building Council
- Sveriges Allmännyttta
- Fastighetsägarna (Swedish organisation for real-estate companies)
- Norsk Eiendom (Norwegian organisation for real-estate companies)
- Ejendom Danmark (Danish organisation for real-estate companies)
- Dansk Industri (DI)
- Association of Real Estate Agents (Czechia)
- Rental Housing Association (Czechia)
- Club of personnel of Moravia and Silesia (Czechia)
- Association for Real Estate Market Development (Czechia)
- Association of Heat and Water Distributors (ARTAV) (Czechia)
- Association of chartered certified accountants (ACCA) (Czechia)
- Nordic Chamber of Commerce in Czechia
- Diversity Charter
- Association of Industry and Transport (Czechia)
- IVBN (Dutch organisation for real-estate companies)
- BeBo – Swedish Energy Agency’s network for residential property owners committed to energy efficiency
- Studentbostadsföretagen (Swedish student housing association)
- LFM 2030 (Local Roadmap) towards a climate-neutral construction and property management sector in Malmö, Sweden by 2030)
- The Rotterdam Climate Agreement (Netherlands)
- Polski Związek Firm Deweloperkich (PZFD) (Polish Association of Developers)
- Skandynawsko-Polska Izba Gospodarcza (SPCC) (Scandinavian-Polish Chamber of Commerce)
- VNW – Verband norddeutscher Wohnungsunternehmen (Association of North German Housing Companies).
- ZIA - Zentraler Immobilien Ausschuss (Central German Real Estate Association)
- VBKI - Verein Berliner Kaufleute und Industrieller (Berlin Merchants and Industrialists Association)
- IHK - Industrie- und Handelskammer (Chamber of Commerce and Industry in Germany)
- Vereinigung Berliner Pressesprecher (Berlin Press Spokespersons Association)
- Schleusenverband Liederakummer (Watergate Association Liederakummer, Hamburg)
- Handwerkskammer Berlin (Chamber of Skilled Crafts Berlin)
- BBA - Akademie der Immobilienwirtschaft e.V. (BBA - Academy of the Real Estate Industry)
- Royal Institute for Chartered Surveyors (RICS)



In the GRI Index on [pages 131–133](#) we have linked our material sustainability areas to the Sustainable Development Goals and their sub-targets.

## Environmental



### Energy

- 302-1 Energy usage within the organisation
- 302-3 Energy intensity



### Water

- 303-5 Water consumption



### Climate impact

- 305-1 Direct (Scope 1) GHG emissions
- 305-2 Energy indirect (Scope 2) GHG emissions
- 305-3 Other indirect (Scope 3) GHG emissions
- 305-4 GHG emissions intensity



### Biodiversity



### Waste

- 306-3 Waste generated

## Social



### Employment

- 401-1 New employee hires and employee turnover



### Occupational health and safety

- 403-1 Occupational health and safety management system
- 403-2 Hazard identification, risk assessment and incident investigation
- 403-3 Occupational health services
- 403-4 Worker participation, consultation and communication on occupational health and safety
- 403-5 Worker training on occupational health and safety
- 403-6 Promotion of worker health
- 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships
- 403-9 Work-related injuries



### Human Rights

- 406-1 Incidents of discrimination and corrective actions taken
- 414-1 New suppliers that were screened using social criteria



### Local Community

- 413-1 Operations with local community engagement, impact assessments and development programs

## Governance



### Anti-Corruption

- 205-3 Confirmed incidents of corruption and actions taken



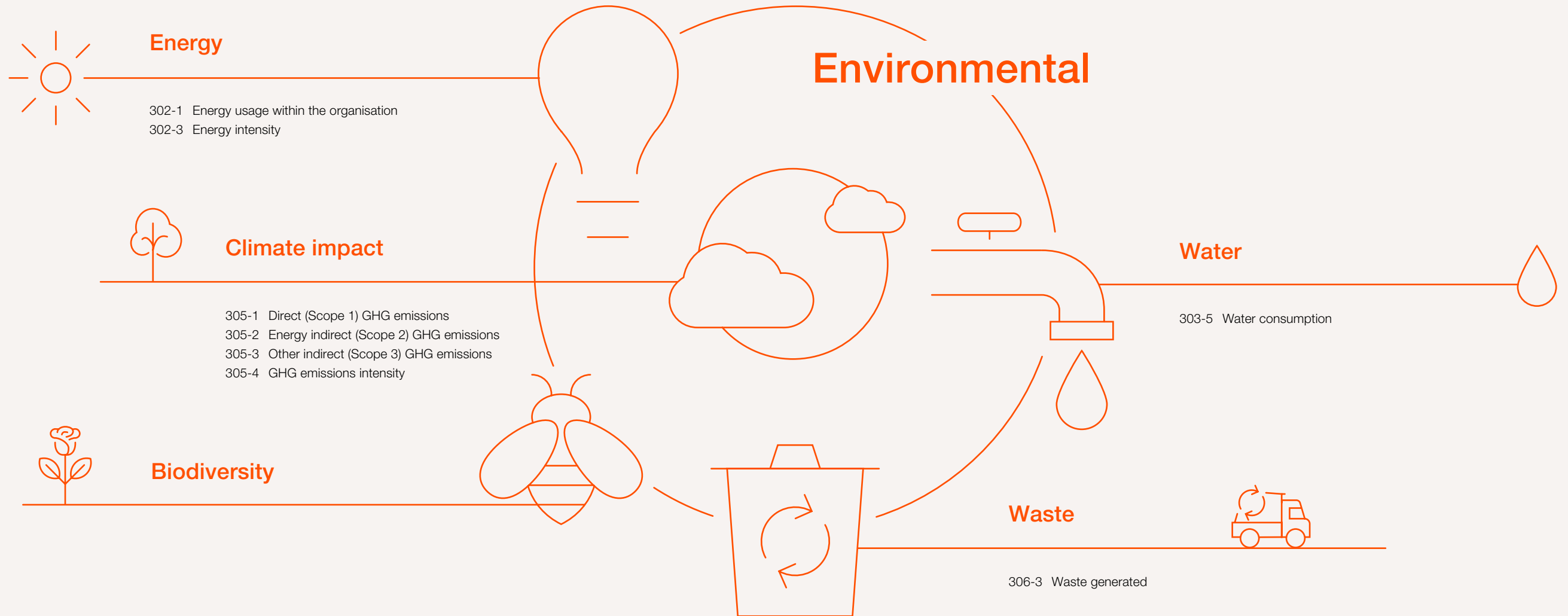
### Economic Performance

- 201-1 Direct economic value generated and distributed



### Tax

- 207-1 Approach to tax
- 207-2 Tax governance, control and risk management
- 207-3 Stakeholder engagement and management of concerns related to tax
- 207-4 Country-by-country reporting





# Energy

302-1 Energy usage within the organisation  
302-3 Energy intensity



## Policies

- Sustainability Policy
- Energy Management Guideline
- Base Year Recalculation Principles

### Impact on Economy, Environment, and People

We use energy for heating and electricity in our properties. Operating our buildings has a direct impact on energy usage and energy cost. In some countries, the energy cost is directly transferred to the customer on a yearly basis as a part of the property's operating cost. By implementing energy-efficiency measures, we can lower energy usage, climate impact, and costs for Heimstaden Bostad and customers. Fossil fuel usage contributes negatively to the environment, and in addition to energy efficiency measures, we aim to counteract this by shifting to renewable energy sources in selected buildings. We also prioritise the purchase of origin-certified renewable electricity in all properties, where we are on the contract. While we strive to manage and decrease energy usage across our properties, certain limitations are outlined in the Reporting Principles section on [pages 125–126](#). We have identified solar panels as a risky category for forced labour, associated with raw material extraction and manufacturing originating in the Xinjiang region of China. Accordingly, we have introduced specific questions in our supplier assessment regarding solar panels and their sourcing. For more details, please refer to the Human Rights section of this report and Heimstaden Bostad's Human Rights Statement available on our website. Further information on

how our stakeholders have been informed on actions taken and their effectiveness can be found in the Stakeholder Engagement section, [page 136](#).

### Actions taken to manage the topic

The actions we take regarding energy are based on Heimstaden Bostad's business strategy and underlying sustainability strategy. We continuously work towards energy-efficiency improvements throughout our portfolio in all countries, providing training to our staff on energy-efficient property management. These energy-efficiency measures are prioritised based on their expected impact on energy usage and GHG emissions at a reasonable cost. When we acquire properties, we meticulously screen them, resulting in an action plan for energy-related measures. We also acknowledge our opportunity to impact our energy suppliers and have therefore initiated the target to reduce the amount of purchased energy by, on average, 2% per sqm per year till 2025 (like for like basis, 2019 baseline)<sup>1</sup>.

Our efforts aim to reduce purchased energy through various initiatives:

- Certifying our own developments in Sweden with Green Buildings<sup>11</sup> "Miljöbyggnad Silver" certification. A few Swed-

<sup>1</sup> Climate corrected value.

ish properties are certified with Sweden Green Building Council's 'Miljöbyggnad i drift. Alongside several turnkey developments, properties in the UK, Czechia, and Poland are certified with BREEAM (level: very good), and in Denmark with DGNB

- About 3% of the portfolio is environmentally certified.
- We have a target to install renewable energy generation in all newbuilds, where applicable

- Focusing on thermal insulation projects and efficient heating systems to reduce energy consumption and enhance indoor environments for our customers

In 2023, we also mapped our assets in every country to evaluate the status and fulfilment of our goal of reducing the amount of purchased energy by 2% per square metre annually

### GRI 302-1, 302-3 Energy consumption in the properties in MWh (company-wide)

	2023	2022	2021
<b>Heating</b>	<b>954,151</b>	<b>973,870</b>	<b>777,036</b>
Of which renewable heating	486,692	448,455	364,048
<b>District cooling</b>	<b>284</b>	<b>271</b>	<b>326</b>
<b>Electricity</b>	<b>111,494</b>	<b>104,135</b>	<b>76,507</b>
Of which renewable electricity	109,211	101,073	74,268
Total energy consumption (heating, cooling, electricity)	1,066,018	1,078,013	853,869

The data for 2023 includes the purchased energy by Heimstaden Bostad in Sweden, Norway, Denmark, Netherlands, Germany, Finland, Poland, and United Kingdom. For Czechia the energy consumption from year 2023 is available for heating only, and therefore estimates are used for electricity and water consumption, based on the consumption figures from 2022. Properties where customers have their own energy contract are not included, as it is not possible for Heimstaden Bostad to obtain the energy data. In 2023, the total energy consumption has slightly decreased in absolute numbers by 1% compared to 2022 results. This results reflects a summary of energy increase in few countries while we had a decrease in others. Sweden and Norway had a relevant increase in energy consumption, while Denmark had a sharp increase due to increased data quality. At the same time we had a major energy consumption decrease in Netherlands and Czechia due to energy savings from renovation projects and reduced energy use by our tenants.

This year we have installed solar PV cells on our new builds in Poland. In Finland, the first solar PV cell projects have been completed in 2023 and previously unreported PVs in Denmark and Finland are now included in the reported figures. All these additional solar PVs cells increased our estimated energy production by almost 70% compared to 2022.

<sup>1</sup> Based on comparable properties, for more information see the reporting principles on [page 124-126](#). Target: Reduce energy intensity by 2% annually (climate corrected).

<sup>2</sup> Downstream leased assets cover energy purchased by tenants. The target boundary includes biogenic land related emissions and removals from bioenergy feedstocks.

until 2025 in comparable property portfolios (with 2019 as the baseline). We have focus on 7 specific energy measures:

- AI control systems
- Degassing and filtering of heating systems
- Insulating pipes
- Hydraulic balancing
- Switching to LED lighting
- Modernisation of sub-centrals
- Installing water-saving equipment

During 2023, we conducted a pilot in Czechia, where we used an AI control system that aims to lower our heating consumption in our properties. We also have an ongoing project in Czechia where we disconnect selected properties from the fossil-based district heating grid, and instead install heat pumps operated by purchased origin-certified renewable electricity, and therefore decrease our GHG emissions significantly.

In Denmark, Sweden, and Poland we have increased the number of installed solar panels significantly. This ongoing work will be evaluated during next year.

In Denmark we have also engaged key political stakeholders and participated in proactive media debates to promote more solar power on buildings, as the regulatory framework is counterproductive to speedy implementation. By using our own newbuilds as examples of how the current regulation is both cumbersome and makes implementing solar power challenging, we are committed to engage with decision makers to change the current regulation.

### Target Tracking and Evaluation

We actively monitor and compile energy statistics to detect deviations in energy usage and take appropriate actions where necessary. Our Climate Target aligns with the Paris Agreement's 1.5°C ambition, committing to reducing our absolute scope 1, 2, and 3 GHG emissions (category 13 - downstream leased assets) by 42% by 2030 (2020 base year)<sup>2</sup>.

In 2023 we had strong focus on reporting capacity of actual energy data. We have developed a reporting process to ensure data quality every quarter, which covers all the countries where Heimstaden Bostad operates. These energy reports are included in the internal quarterly reports for Heimstaden Bostad. In UK and Czechia we have improved our internal data reporting on energy consumption where we earlier reported estimated numbers.

### Electricity production (Solar power)

	2023	2022	2021
Installed capacity (photovoltaic cells), kWp	3,295	2,011	1,262
Estimated annual energy production, MWh	2,599	1,535	595

The solar energy data includes installed capacity and estimated annual energy production from Sweden, Denmark, The Netherlands, Poland and Finland, of which the last two countries are reported for the first time. The increase in the numbers is mainly due to the addition on the previously not reported solar PVs in Denmark and due to adding more countries with new solar PVs in the report.

### Energy intensity<sup>1</sup>

	2023	2022	2021
Energy in kWh/sqm/year	125	137	161
Climate corrected energy in kWh/sqm/year	135	147	165
Annual change in energy intensity in kWh/sqm/year (climate corrected)	-8%	-11%	-

<sup>1</sup> Based on comparable properties, for more information see the reporting principles on [pages 124–126](#). Target: Reduce energy intensity by 2% annually (climate corrected).

The energy performance is based on energy use within Heimstaden Bostad’s properties as per the above table. The denominator consists of the net leasable area of those properties where Heimstaden Bostad has the energy contract, and the numerator consists of energy use for an entire year. Properties where customers have their own energy contract are not included, as it is not possible for Heimstaden Bostad to obtain the energy data. Also, properties that lack energy data for an entire year (such as acquisitions and divestments during the reporting year) are excluded from the intensity figures. Between 2022 and 2023 the climate corrected energy use per square metre decreased with 8% due to our energy efficiency measures and tenant engagement. Another factor that affected the intensity reduction is the increased square meters from more data collected from properties in Denmark.

**Compared to 2022, we have achieved -8% energy intensity (climate corrected) (135 kWh/ per sqm)**

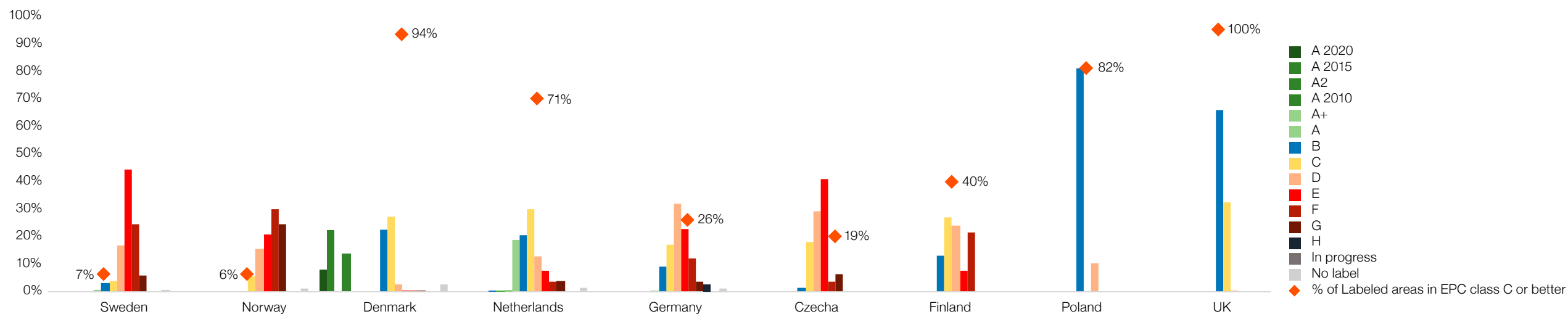
### EPC Labels

The EPC labels for Heimstaden Bostad are shown in table and graph “Breakdown of EPC labels per % of square metres per country” on [page 143](#). The implementation of the EPC label system varies between the countries, which is described in the table. The graph below describes how EPC classes of our buildings are distributed in each market. The way in which EPC system is applied and how levels for letter grading of buildings are calculated and defined vary according to the different countries’ legislation. This means that a direct comparison among the countries’ different classifications cannot be made. In addition to this variation in the grading system, the outcome is also affected by the age of the building stock in each country.



Breakdown of EPC labels per % of square metres per country

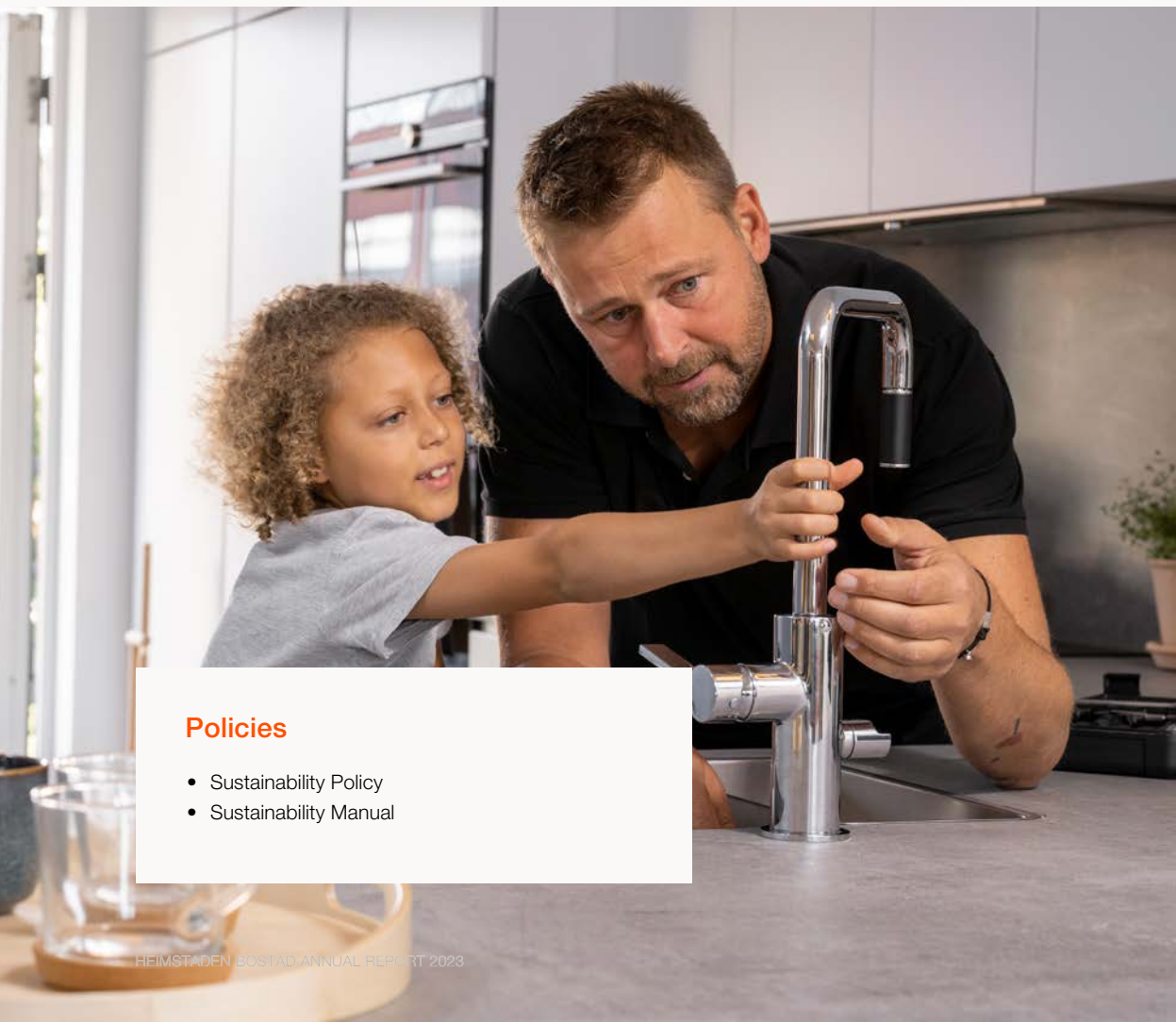
Country	Sweden		Norway		Denmark		Netherlands		Germany		Czechia		Finland		Poland		United Kingdom		
	EPC	% of EP	% of sqm covered	kWh/m <sup>2</sup>	% of sqm covered	kWh/m <sup>2</sup> year	% of sqm covered	kWh/m <sup>2</sup> year	% of sqm covered	kWh/(m <sup>2</sup> a)	% of sqm covered	CI value	% of sqm covered	E number (kWh/ m <sup>2</sup> year)	% of sqm covered	kWh/(m <sup>2</sup> a)	% of sqm covered	SAP Assessment score	% of sqm covered
A 2020					20	8%													
A 2015					<30 + 1000/A	22%													
A 2010					<52.5 + 1650/A	14%													
A+++								<50	0.3%										
A++								<75	0.1%										
A+								<105	1%										
A		≤50	0%					<160	19%	<50	0.2%								
B		≤75	2.9%			<70+ 2200/A	23%	<190	21%	<75	9%	<75	1.2%	76 ≤ E number ≤ 100	3%	<75	82%	81-91	67%
C		≤100	3.9%	< 110 + 1500/ A	5.6%	<110+ 3200/A	27%	<250	30%	<100	17%	<100	18%	101 ≤ E number ≤ 130	13%	<100	7%	69-80	33%
D		≤135	17.0%	< 135 +2200/ A	15.7%	<150+ 4200/A	3%	<290	13%	<130	32%	<150	29%	131 ≤ E number ≤ 160	34%	<130	10%	55-68	0.3%
E		≤180	44.8%	< 160 +3000/ A	21.0%	<190+5200/A	0.2%	<335	7.6%	<160	23%	<200	41%	161 ≤ E number ≤ 190	34%				
F		≤235	25%	< 200 + 4000/ A	30%	<240+ 6500/A	0.0%	<380	3.6%	<200	12%	<250	3%	191 ≤ E number ≤ 240	8%				
G		>235	6%	>200	25%	>240+ 6500/A	0.3%	>380	4%	<250	4%	>250	6%	241 ≤ E number	9%				
H										>250	3%								
In progress							0.1%												
No label			0.4%		1%		2.5%		1%										
Label areas coverage of total area in %		100%		98%		100%		100%		100%		100%		100%		100%		100%	
% in (A to C) area		7%		6%		94%		71%		26%		19%		16%		82%		100%	
% in (G to H) area		6%		25%		0%		4%		6%		6%		9%		0%		0%	





# Water

303-5 Water consumption



## Policies

- Sustainability Policy
- Sustainability Manual

### Impact on Economy, Environment, and People

Water must be treated as a scarce resource, since water scarcity may occur due to a changing climate, causing altered weather patterns including droughts, floods, increased pollution, and increased human demand and overuse of water. Heimstaden Bostad’s own water use is a minor part of the total water use in our properties; most of the usage comes from our customers’ activities such as personal hygiene, washing, and cooking. Nevertheless, we still have a responsibility to support our customers in living sustainably by offering responsible water management and water-efficient equipment.

### Actions Taken to Manage the Topic

Heimstaden Bostad’s environmental focus is anchored in our business strategy and underlying sustainability strategy. We have set a goal to at least reduce 1% of water consumption per square metre per year until 2030 (like-for-like, baseline 2019). To identify fluctuations and take necessary actions, we closely monitor water usage in all our markets. During apartment renovations, we replace old mixer taps, toilets, and shower equipment with new, more efficient models. In Norway,

we have executed a major project with the aim of decreasing water consumption through replacing old water equipment with new and modern ones. However, due to our improved reporting capacity in Denmark, which led to better data quality, we have registered an increase of water consumption of 18%. In selected properties in Sweden, Norway, the Netherlands and Finland, we are assessing smart meter with continuous leakage control, enabling immediate detection of anomalies. Additionally, we are exploring the potential of installing heat pumps that can recover heat from wastewater systems within our buildings.

**The water consumption increased by 18% due to improved reporting capacity and data quality, but yet we are progressing towards our 2030 target**



### Target Tracking and Evaluation

We compile water data for each country annually to ensure sufficient progress towards achieving our targets within the set timeframe. However, due to the annual reporting cycle, com-

plete water consumption figures for the full year of 2023 is not available for all properties included in the table below. In such instances, the missing water consumption has been estimated where possible, based on data from 2022.

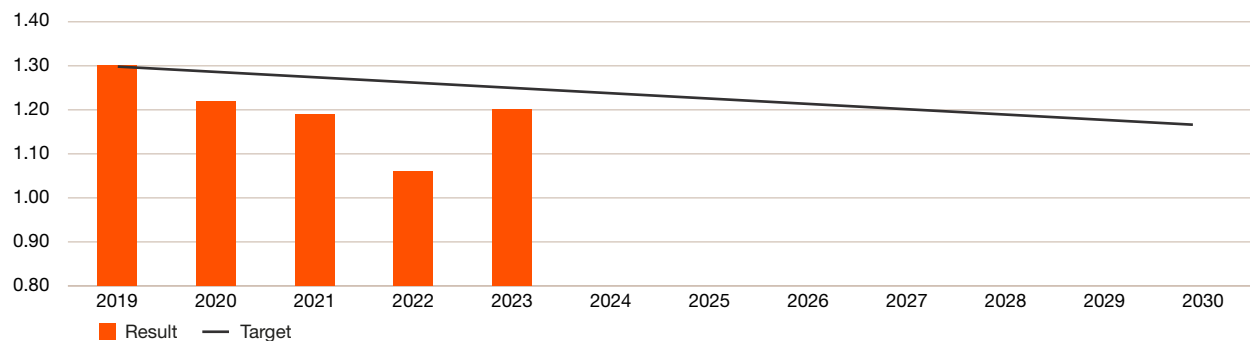
### GRI 303-5 Water consumption (company-wide)

	2023	2022	2021
Total water consumption m <sup>3</sup>	11,553,467	9,806,756	7,592,252
Building water intensity (per year) m <sup>3</sup> per sqm <sup>1</sup>	1.20	1.06	1.19

<sup>1</sup> Target at least 1% reduction of water use by per square metre annually through to 2030

Data for 2023 includes water use in Sweden, Norway, Denmark, Germany, Netherlands, Poland, Finland, and The United Kingdom. For other properties, water consumption is not yet available and therefore water consumption values for 2022 are used for Czechia and some consumption was estimated for Denmark and Germany. Total water consumption for 2023 has increased due better data quality we achieved in Denmark by collecting missing values, and estimation. As a result of more data coverage, the building water intensity in our portfolio has increased during 2023 versus 2022.

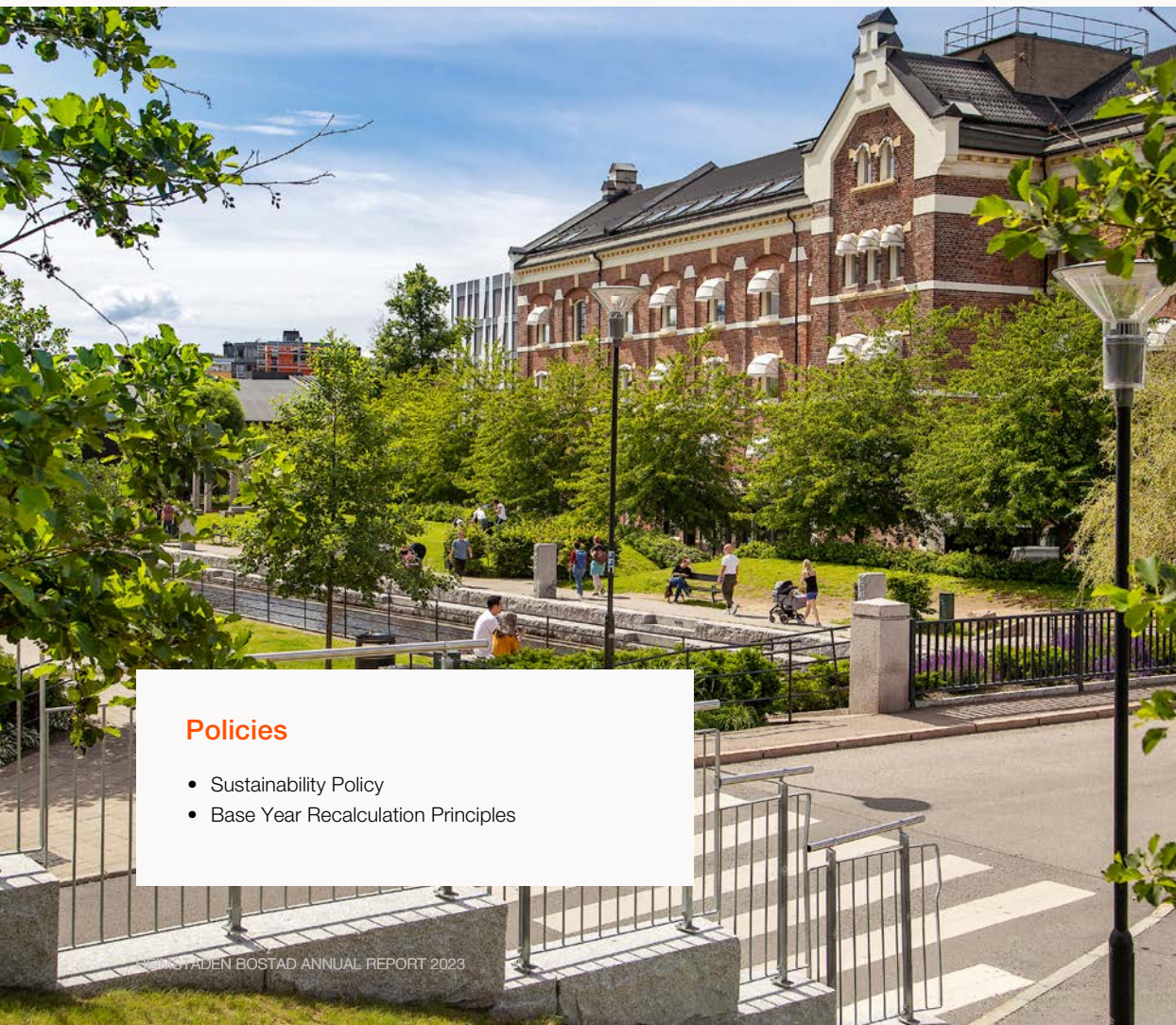
### Building water intensity in m<sup>3</sup> per sqm per year





# Climate Impact

- 305-1 Direct (Scope 1) GHG emissions
- 305-2 Energy indirect (Scope 2) GHG emissions
- 305-3 Other indirect (Scope 3) GHG emissions
- 305-4 GHG emissions intensity



## Policies

- Sustainability Policy
- Base Year Recalculation Principles

## Climate Change Mitigation and Adaptation

In accordance with Intergovernmental Panel on Climate Change (IPCC) reports, in the past decade, global average surface temperature reached 1.1 C above the 1850–1900 level. This is mostly due to greenhouse gas emissions caused by human activities. The summer of 2023 experienced numerous heatwaves across various regions in Europe, witnessed higher-than-average rainfall in Western Europe, and endured drier conditions than usual in Scandinavia and Central Europe, which resulted in wildfires in specific areas. Climate research states that these adverse impacts driven by climate change will continue to intensify in the future, leading, among other things, to infrastructural damage caused by extreme weather events. This will have short, medium, and long-term impacts in markets and cities where Heimstaden Bostad owns properties. Accordingly, our Climate Roadmap focuses on both climate change mitigation (lowering our emissions) and climate change adaptation (increasing the resilience of our properties to face climate-related events).

**In 2023 we achieved -10% reduction in Scope 1, 2 and 3 (Category 13) in line with our Science-Based Climate Target -42% by 2030 (% change of CO<sub>2</sub>e emissions compared to 2020, recalculated)**

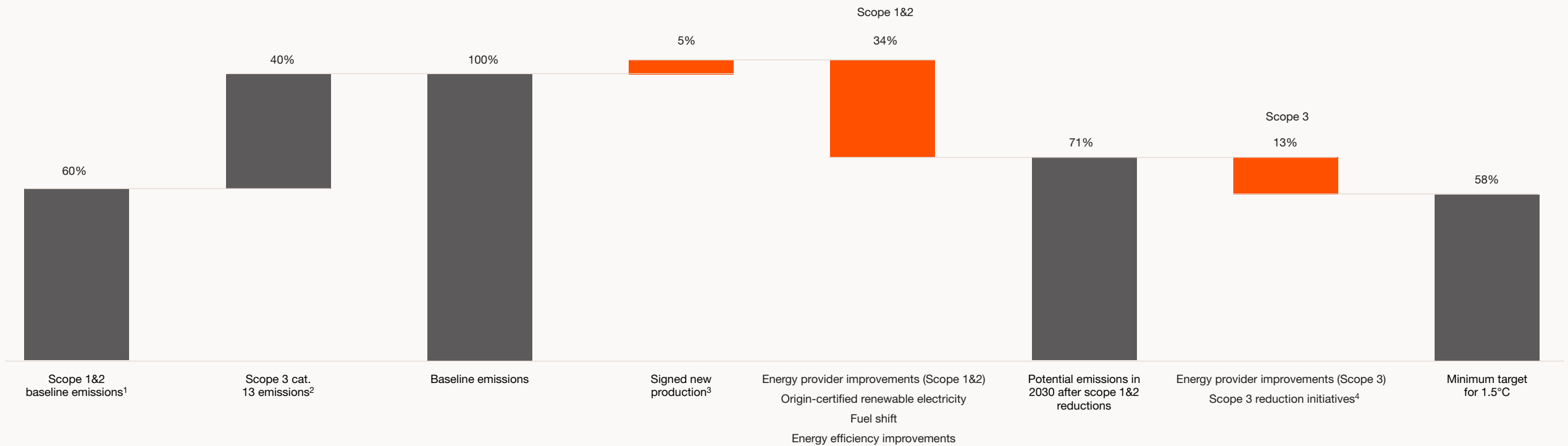
### Climate Change Mitigation

Heimstaden Bostad supports climate research and its sense of urgency. We commit to group-wide climate targets in line with the Paris Agreement’s ambition to limit global warming to 1.5°C and the EU target of being climate neutral by 2050. To ensure that efforts to reduce our climate impact are sufficient, Heimstaden Bostad has committed to the Science-Based Targets initiative (SBTi) and our targets have been validated by SBTi. We commit to reducing absolute scope 1, 2, and 3 GHG emissions covering downstream leased assets by 42% by 2030

<sup>1</sup> Downstream leased assets cover energy purchased by tenants. The target boundary includes biogenic land related emissions and removals from bioenergy feedstocks.

## The “1.5°C” ambition is within reach by 2030

Based on the possibility and effectiveness of identified emission reduction measures



Note: For current portfolio and new properties pipeline.

<sup>1</sup> Estimated based on 2020 emission data.

<sup>2</sup> Scope 3 category 13 emissions are related to energy for tenants. Scope 3 for Finland is not included.

<sup>3</sup> Scope 1-3, and includes signed properties in Czechia, Germany, Denmark, Netherlands, Norway, Poland, Sweden and UK.

<sup>4</sup> Net effect, incl. emissions moved from scope 3 to scope 2

from a 2020 base year<sup>1</sup>. Heimstaden Bostad also commits that 27% of its suppliers by spend covering purchased goods and services, will have science-based targets by 2027.

To reach our climate targets, we have developed a Climate Roadmap and intend to invest SEK 7.7 billion during the nine years in which our targets are active. In addition to emissions reductions, the required investment is based on our portfolio composition of today and is expected to result in an annual NOI increase a combination of cost savings and revenue generation of about SEK 450 million, generating an estimated yield on investment of 6%. Heimstaden Bostad has established local carbon emission pathways in all the countries where we operate. The climate impact and carbon emission pathways in local markets vary due to differences in national climate policies, the energy mix, and differences in the properties' energy performance.

Heimstaden Bostad will reduce its GHG emissions, and in many cases operating costs, while at the same time increase the number of energy efficient buildings and buildings that have been adapted to climate change. This will be done through technical investments to optimise energy use in all the countries where we operate. The current and future property portfolio and investments will be continuously monitored and assessed in terms of climate impact.

### Climate Change Adaptation

A crucial part of Heimstaden Bostad's progress is the ability to identify, assess, and manage the impact of various risks to properties, our customers, and our financial performance. Accordingly, both opportunities and risks have been identified for Heimstaden Bostad's portfolio in relation to climate change.

### Sustainability Governance

The Board of Directors has overall responsibility for the Sustainability strategy, risks and opportunities and targets, including climate-related issues. The Board is responsible for ensuring that the Company has adequate internal controls and formalized routines to guarantee that approved climate-related principles for reporting and internal controls are applied. The Board also executes and oversees that Heimstaden Bostad delivers on the Company's Sustainability policy (including climate-related areas), with the aim of assuring its long-term value creation capability.

The tasks of the Board include, inter alia: make decisions on targets, execute and oversee that the Company delivers on the overall objectives and strategy of the Company, approval of the Company's Sustainability policy, approve sustainability and climate-related strategy and yearly sustainability reporting. The Board's oversight on climate-related issues is constant and consistent throughout the financial year. The Board is reported quarterly on sustainability and climate and yearly via our Annual and Sustainability reports.

The Chief Sustainability Officer leads the Executive Sustainability Committee, a cross-functional committee where sustainability matters that are to be presented to the Board are prepared and anchored. The Chief Investment Officer ensures that climate-related risk and opportunities are assessed, managed, and integrated in the investment applications. The Executive GRC and Internal Control Committee is a cross-disciplinary advisory forum chaired by the Chief Legal Officer (CLO), which meets on a regular basis. The Chief Sustainability Officer (CSO) is a member of the Executive GRC and Internal Control Committee and is a key stakeholder regarding climate-related matters and other ESG-related risks and opportunities. For more

information, please read the Corporate Governance section on [pages 37–38](#).

### Scenario Analysis

Heimstaden Bostad follows TCFD's recommendations and divides climate-related risks into two main categories: transition risks and physical risks. Transition risks refer to the political, regulatory, and technological risks that a transition to a society with lower carbon emissions may entail. Physical risks can be acute or chronic and can include direct damage to assets or indirect damage, such as interruptions to the supply chain. The risks have been identified and analysed by using different climate scenarios.

Our strategy to identify relevant climate-related risks and opportunities is based on data from the UN's Intergovernmental Panel on Climate Change (IPCC) Risk Concentration Pathway (RCP) 2.6 scenario (stringent mitigation) and its RCP 8.5 scenario (very high GHG emissions), from a short-term (2040) and long-term (2100) perspective. An RCP of 2.6 represents a strong climate policy with reduced emissions, negative emissions by 2100, and a global temperature increase of 0.5–1.5°C. Conversely, an RCP of 8.5 represents a weak climate policy, continued high emissions and a global temperature increase of 3.5–5.0°C. To support the risk management process, Heimstaden Bostad has used data from the European Commission, European Summary Data from the Swedish Meteorological and Hydrological Institute (SMHI), IPCC, and Copernicus Institute, covering both RCP scenarios 2.6 and 8.5.

#### - Short term- 2040

In the near term, there is little change between the different RCP Scenarios. Under both RCP 2.6 and RCP 8.5, global average temperatures will rise, average sea levels will rise, and

there will be more frequent heat waves and floods. An eventual risk to real estate could therefore be flooding damage.

Under scenario 2.6, the cost of CO<sub>2</sub> emissions will most likely increase, thereby changing the market price of various services and goods and increasing emissions reduction requirements. Energy requirements might be more stringent, and there might be increased need of property maintenance. Opportunities could include more energy efficient technical solutions available on the market, with fossil free heating systems becoming more common.

RCP 8.5 will exacerbate the risks seen under RCP 2.6, with added difficulties in insuring affected properties, poorer housing, less products and timber from forestry, and more property-related damage.

#### - Long term- 2100

At the end of the century, under RCP 2.6, the biggest possible physical risk to real estate could be flood damage (low to high depending on adaptation measures taken), risk of heat damage should be seen as medium, with some highly exposed properties. Tax and insurance costs will most likely rise.

Under RCP 8.5, both flooding and heat risk to real estate will increase (medium to very high). This could increase the risk of the value of financial assets being affected and increased demand for damage control. Under the worst-case scenario (no adaptation), it is possible that some properties might be stranded assets. There can be increased need of cooling systems, the price of properties could increase, and we might see new legislation for flood control and heat control.

## Scenario Analysis

	Regulatory	Technological	Market	Reputation	Acute	Systemic
Elevated average temperature		Opportunity: energy-efficiency technical solutions	The value of financial assets is affected Changed market price for services and goods due to increased cost for CO <sub>2</sub> emissions	Energy requirements in environmental certifications	Deteriorating human health	Increased demand for property maintenance
	Emission reduction requirements in new builds	Opportunity: fossil-free heating systems	The value of financial assets is affected	Poorer housing	Threatened ecosystems and biodiversity loss	Deteriorating water quality
	Increased tax and insurance costs				Less products and timber from forestry	
	Increased costs for CO <sub>2</sub> emissions					
Rising sea level	Difficulties in insuring affected properties	Increased demand for damage control systems	Loss of rental income as some properties will become hard to rent out.	Pricing of land and properties affected	Property-related damage	Some locations become uninhabitable
Extreme heat	Legislation on heat control in relation to customers' health	Increased need for cooling systems		Customer satisfaction decline	Forest fires	Health problems, increased mortality, drought, and water scarcity
					Heat waves	
Heavy rain	Legislation on property flooding control	Demand for water and storm-resistant technical solutions		Customers' personal assets are destroyed	Flooding damage to properties	Recurring floods that destroy assets and customers' belongings

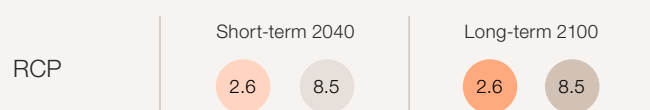
This table is a visual representation of Heimstaden's Scenario Analysis based on both short-term and long-term climate risks and opportunities. This analysis is based on RCP Scenarios 2.6 and 8.5. Risks and opportunities are colour coded to show their onset- short-term risks are marked so because they are likely to occur by 2040, however they will most likely increase in the long-term. Similarly, it is implied that risks marked as RCP 2.6 do not disappear under RCP 8.5 but are exacerbated.

Regulatory risks pertain to government policies and laws that aim to manage and mitigate climate risks. Market risks relate to financial impacts arising from climate-related factors in economic systems. Reputational risks concern the perception of Heimstaden's stakeholders regarding our actions or responses to climate risks.

Technological opportunities involve advancements or innovations in technology to address climate risks and technological risks stem from increased demand for using such systems.

Acute risks stem from extreme weather events.

Systemic risks are triggered by a direct risk caused by climate change which has cascading effects on economic, social, cultural, ecological, and political levels.



Source:  
<sup>1</sup> European Commission  
<sup>2</sup> European Summary Data from the Swedish Meteorological and Hydrological Institute (SMHI)  
<sup>3</sup> IPCC  
<sup>4</sup> Copernicus Institute

### Climate Risk and Vulnerability Assessments (CRVA)

In 2022, we developed a methodology for carrying out climate risk and vulnerability assessments (CRVA) at geographic, and property level. During 2023, this methodology was revised in accordance with the criteria of the EU Taxonomy Regulation and is based on RCP 4.5 and RCP 8.5 (temperature increase ranging from 1.5 C to anything above 3 C). The data is based on projections from 2040 to 2070, using Copernicus Climate Change Service (C3S).

Our CRVA process covers three phases: Comprehensive property exposure climate risk analyses, vulnerability analyses at property level, as well as planning and implementation of adaptation measures. Exposure refers to the degree to which a geographic area is subject to the potential impacts of climate-related hazards. The climate hazards we have considered are flooding risks due to extreme precipitation and heating risks. If one of our properties is located within a highly exposed area, we assess the property's vulnerability to such climate hazards. Vulnerability refers to how easily a property can be harmed by specific climate hazards. Understanding climate vulnerability helps us determine how to protect our portfolio from the negative effects of climate change. Vulnerability analysis also includes past events the property has experienced and tenant complaints. If a property is found to be vulnerable, we proceed with adaptation measures. Adaptation measures refer to measures aimed at lowering the property's vulnerability to climate risks. Adaptation measures can be physical measures that alter the built environment, updating maintenance routines, or coordinating with local municipalities' climate adaptation plans. We will prioritise adaptation measures for properties where we see an urgent need, or where we expect the level of risk to be high within the upcoming years.

In 2023, we have assessed property exposure for our entire portfolio and the most relevant risks to our portfolio are from flooding. Accordingly, we have completed vulnerability assessments for flooding risks for properties that had Taxonomy-aligned Turnover, investments (CapEx), or operating costs (OpEx) during 2023. Going forward, our ambition is to have our entire portfolio assessed for climate risk vulnerability. To do this, we will fully integrate CRVA into our country organisations and have its results included in the ongoing property maintenance plans. The properties that are assessed as vulnerable in 2023 will have an adaptation plan in place in 2024 that will be completed within five years, in accordance with the EU Taxonomy requirement. We will continue to improve the quality of the methodology, looking at other weather-related risks in the future as well, and educate our colleagues on climate risks and climate adaptation measures. We believe that taking this systematic approach to working with climate risks is the best way to protect our tenants and properties from harmful climate risks.

### Challenges On Our Path

Heimstaden Bostad acknowledges that many actions should be taken to mitigate as well as adapt to the coming risks. Our dependence on the energy sector is also a challenge. If the energy sector starts using more solid fossil fuels, it might affect our Climate Roadmap performance. We monitor this closely and will prepare for mitigation measures if needed.

### Opportunities

Transition to a low-carbon society also presents opportunities for Heimstaden Bostad. By switching to renewable energy sources, investing in renewable electricity generation, and continuing to work on energy efficiency and biodiversity measures, we will reduce our GHG emissions and, in many cases, our operating costs. Such actions are key to achieving our goals and attracting investors. An increased focus on the materials used, recycling of building materials, and waste management



in property development projects will lead to lower emissions and reduced water use, also creating positive financial results.

There will be opportunities to seek public funding to meet climate and energy targets and to support the transition to clean energy, such as the various EU support schemes and initiatives to accelerate energy-efficiency investments. Heimstaden Bostad assesses funding opportunities for transition projects, such as testing new technologies, and the development of new products and customer services.

### Greenhouse Gas Emissions

#### Impact on Economy, Environment, and People

Greenhouse gas emissions create detrimental effects on the climate and the environment by elevating temperatures, causing air and water pollution, rising sea levels, and extreme weather events. These effects extend to people, manifesting as forced displacement, water and food insecurity, and various health-related challenges. Reducing emissions is a key measure to mitigate these effects, thus minimising adverse impacts, and creating opportunities for external funding.

GHG emissions occur throughout our entire value chain, involving our suppliers, contractors, and customers. Scope 1 and 2 emissions mainly stem from energy usage in our properties, while Scope 3 emissions predominantly arise from our tenants' energy consumption, new constructions, reconstructions, renovations, and in material manufacturing.

To be able to mitigate our Greenhouse Gas emissions effectively, fulfilling our responsibility to society while also meeting the needs of our investors and shareholders, Heimstaden Bostad has established science-based targets approved by the Science Based Targets Initiative (SBTi) in 2022. The actions necessary to achieve these targets are outlined in our Climate Change Mitigation and Adaptation section (see [pages 146–148](#)), which has received Board approval.

#### Actions Taken to Manage the Topic

Our climate initiatives are rooted in our business strategy and underlying sustainability strategy. Heimstaden Bostad commits to reducing absolute scope 1, 2, and 3 GHG emissions (Category 13-downstream leased assets) with 42% by 2030 (from a 2020 base year)<sup>1</sup>. Heimstaden Bostad also commits that 27%

of our suppliers by spend covering purchased goods and services will have science-based targets by 2027.

To reach our targets, we have allocated a clear budget as described in the Climate Change Mitigation and Adaptation section on [pages 146–148](#). We will assess emissions data annually to monitor the progress, as presented in the Climate targets (approved by SBTi) table on [page 152](#).

Fuel shifts, improving energy efficiency and encouraging sustainable habits among our customers constitute the core strategies to significantly reduce GHG emissions across all three scopes for our existing properties. In addition to the energy-efficiency measures outlined in the Energy Section on [pages 140–141](#), we undertake the following actions to minimize our emissions:

- In Sweden, Heimstaden Bostad actively works towards emission reduction in its new development projects. This includes obtaining certification from the Sweden Green Building Council's Environmental label Miljöbyggnad Silver, which means that the building is 20% more energy efficient compared to legal requirements. We employ comprehen-

sive sustainability practices, such as conducting Life Cycle Assessments (LCA) and procuring Environmental Product Declarations (EPD), enabling calculations of carbon equivalent emissions (CO<sub>2</sub>e)

- Moreover, we have instituted a sustainability program, outlining stringent emission reduction requirements for both developers and suppliers involved in our projects across Sweden. For turnkey developments spanning all countries, we are enforcing guidelines mandating full LCA calculations for buildings exceeding 5,000 sqm in gross area and demanding energy performance at least 10% superior to the national NZEB legal standards
- We compile energy data per country annually to track progress and ensure timely achievement of our targets. This approach allows us to take additional actions if required. The table on the following page presents Heimstaden Bostad's GHG emissions for Scope 1 and 2, derived from energy usage in properties, fuel consumption for vehicles, and refrigerants. In our Scope 3 assessment, we encompass all relevant categories within our organisation. Due to limited measured data, we often use emission factors based on standard values, but our goal is to gradually replace these assumptions with measured data obtained through collaboration with our suppliers and contractors. For a more comprehensive breakdown of our Scope 3 emissions by country, refer to the [GRI 305-3: Scope 3 emissions per country Table](#)
- We promote renewable energy production

### Environmental Management System

Heimstaden Bostad diligently addresses substantial environmental aspects across its entire value chain, encompassing production, the supply chain, our organisation, tenants, the local communities we engage with, and our collaborative business partners. The foundation of Heimstaden Bostad's Environmental Management System is rooted in the Environmental Management Principles, which define the company's environmental footprint, governance, legal compliance, systematic performance tracking, follow-up processes, and the assurance of responsibilities and education.

There is a clear and cohesive link between Heimstaden Bostad's environmental efforts, sustainability strategy, objectives, and the Environmental Management System. While our primary environmental focus centres on our operations, where we impact the environment during property acquisition, operation, maintenance, development, and renovation, we also acknowledge our organisation's environmental footprint. Even though our organisational impact may be comparatively smaller, its significance lies in its ability to enhance employee engagement.

<sup>1</sup> Downstream leased assets cover energy purchased by tenants. The target boundary includes biogenic land related emissions and removals from bioenergy feedstocks.

**GRI 305-1, 305-2, 305-3, 305-4 GHG emissions Scope 1, 2 and 3 (company-wide)**

	2023	2022	2021
Scope 1 in tonnes CO <sub>2</sub> e	23,731	23,050	11,985
Scope 2 Market-based in tonnes CO <sub>2</sub> e	135,966	170,004	195,882
Scope 2 Location-based in tonnes CO <sub>2</sub> e	141,425	173,525	197,730
Biogenic emissions in tonnes CO <sub>2</sub> e	371	399	448
Scope 3 in tonnes CO <sub>2</sub> e		465,965	343,068
Scope 1 and 2 emissions in tonnes CO <sub>2</sub> e / SEK million revenues (market-based)	10	14	24
Scope 1 and 2 emissions in kg CO <sub>2</sub> e/sqm	19	24	40

Heimstaden Bostad’s GHG emissions for Scope 1 and Scope 2 are based on the energy purchased (see Table Energy Consumption in the Properties on [page 184](#)) by Heimstaden Bostad, fuel from vehicles owned or leased with a financial lease by Heimstaden Bostad, and refrigerants. The Company’s GHG emissions decreased in 2023 compared to 2022. However, total Scope 1 emissions are slightly increasing compared to last year. This is mainly due to the better data coverage in Denmark. We see a sharp reduction in the Scope 2 emissions. This is mainly due to the energy savings we had in Netherlands and Czechia as well as fuel shifts from fossil district heat and oil to more natural gas heating in Czechia and Germany. Scope 2 covers district heating, district cooling and consumption of electricity in the properties. The calculations have been performed in accordance with the GHG protocol, applying the financial control approach. For 2023, emission factors from 2022 are used and have been obtained from Heimstaden Bostad’s energy suppliers. Gases included in the calculations are mostly CO<sub>2</sub>e, but can also include CH<sub>4</sub>, N<sub>2</sub>O, and refrigerants used in the production of district heating. For the emission intensity figure the denominator consists of the lettable area in the properties where Heimstaden Bostad signs the energy agreement, and the numerator consists of GHG emissions during a whole year. Properties that lack data for an entire year (such as acquisitions and divestments during the reporting year) are excluded from the intensity figures. For more detailed figures, please see the GRI 305-1, 305-2, 305-4: GHG emissions scope 1 and 2 Table on [page 185](#).

**Climate targets (approved by SBTi)<sup>1</sup>**

Science-based climate target, 42% reduction by 2030	2023	2020 (recalculated)
Scope 1 in tonnes CO <sub>2</sub> e	23,731	29,034
Scope 2 Market-based in tonnes CO <sub>2</sub> e	135,759	172,954
Scope 3, category 13 in tonnes CO <sub>2</sub> e	140,878	131,213
Total emissions included in target	300,368	333,201
% Change of CO <sub>2</sub> e emissions compared to 2020, with a recalculated baseline	-10%	Base year
Percentage of suppliers by spend who have Science based targets <sup>2</sup>	12%	Data not available

<sup>1</sup> Target: Heimstaden Bostad commits to reduce absolute scope 1, 2, and Scope 3 (Category 13 GHG emissions covering downstream leased assets) 42% by 2030 from a 2020 base year. The target boundary includes biogenic land related emissions and removals from bioenergy feedstocks.

<sup>2</sup> Target: Heimstaden Bostad also commits that 27% of its suppliers by spend covering purchased goods and services, will have science-based targets by 2027. The data includes Jan-Oct 2023 from CZ, DK, DE, SE, NO, NL, PL, FI, UK. Approximately 13 big suppliers account for 27% of Heimstaden Bostad’s spend (in 2022 5% had Science Based Climate Targets).

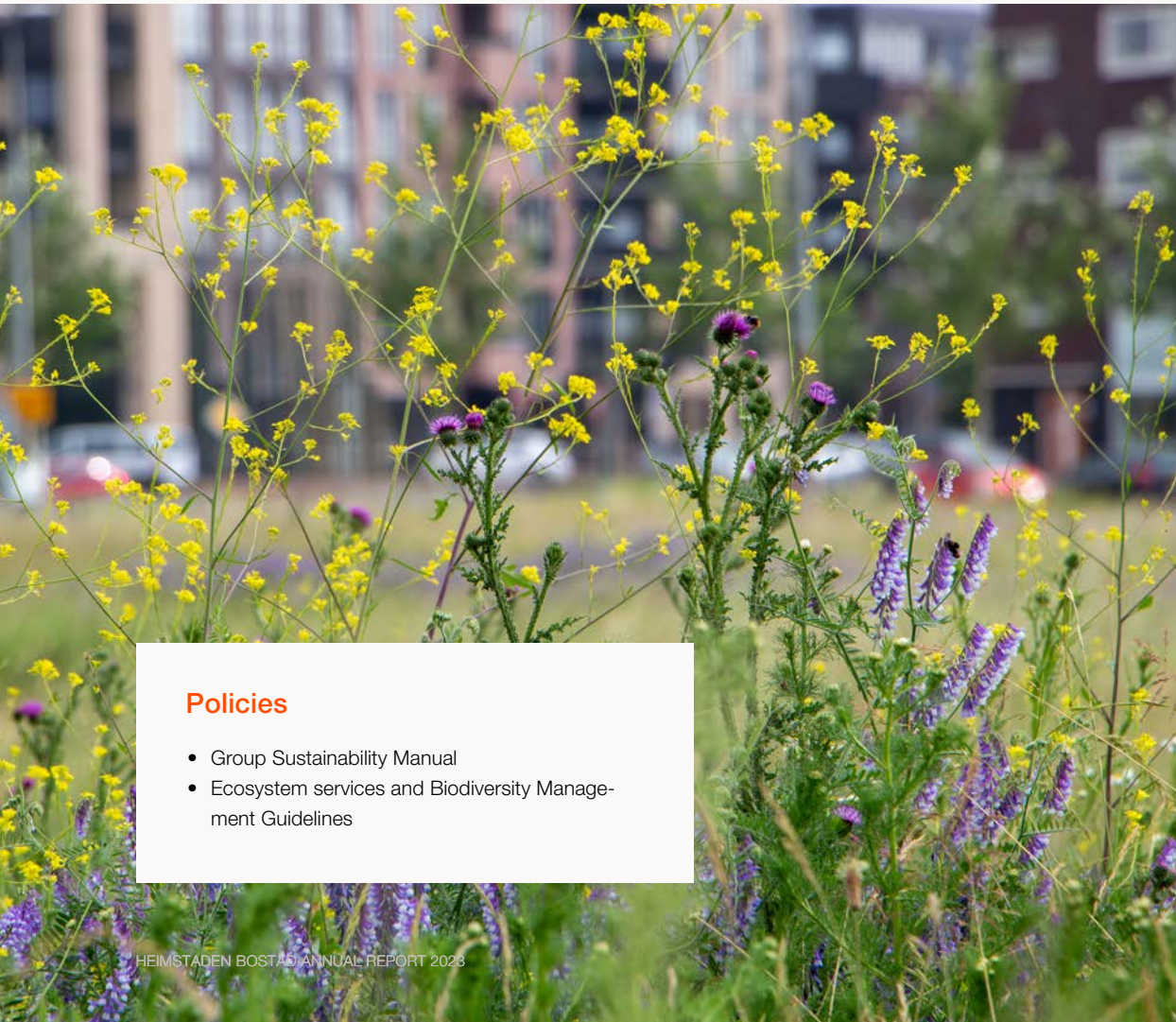
Compared with 2020, the emissions in Scope 1, Scope 2 and Scope 3 (category 13) decreased by 10% in 2023. Despite the increase in Scope 3 category 13 emissions, there was a reduction in total emissions, mainly due to a combined reduction in Scope 1 and 2. The decrease in Scope 1 comes from updated natural gas emissions factor in 2023 compared to 2020 factors we obtain from The United Kingdom Department for Environment, Food & Rural Affairs (DEFRA).

While Scope 2 reduction comes from decreased energy use in Czechia and an increased renewable district heat use and reduction in fossil district heat contributed to fuel shift compared to 2020. Note that the table contains a recalculated baseline due to acquisitions made after the base year. Read more about the method in the Reporting Principles on [pages 124–126](#).





# Biodiversity



## Policies

- Group Sustainability Manual
- Ecosystem services and Biodiversity Management Guidelines

### Impact on Economy, Environment, and People

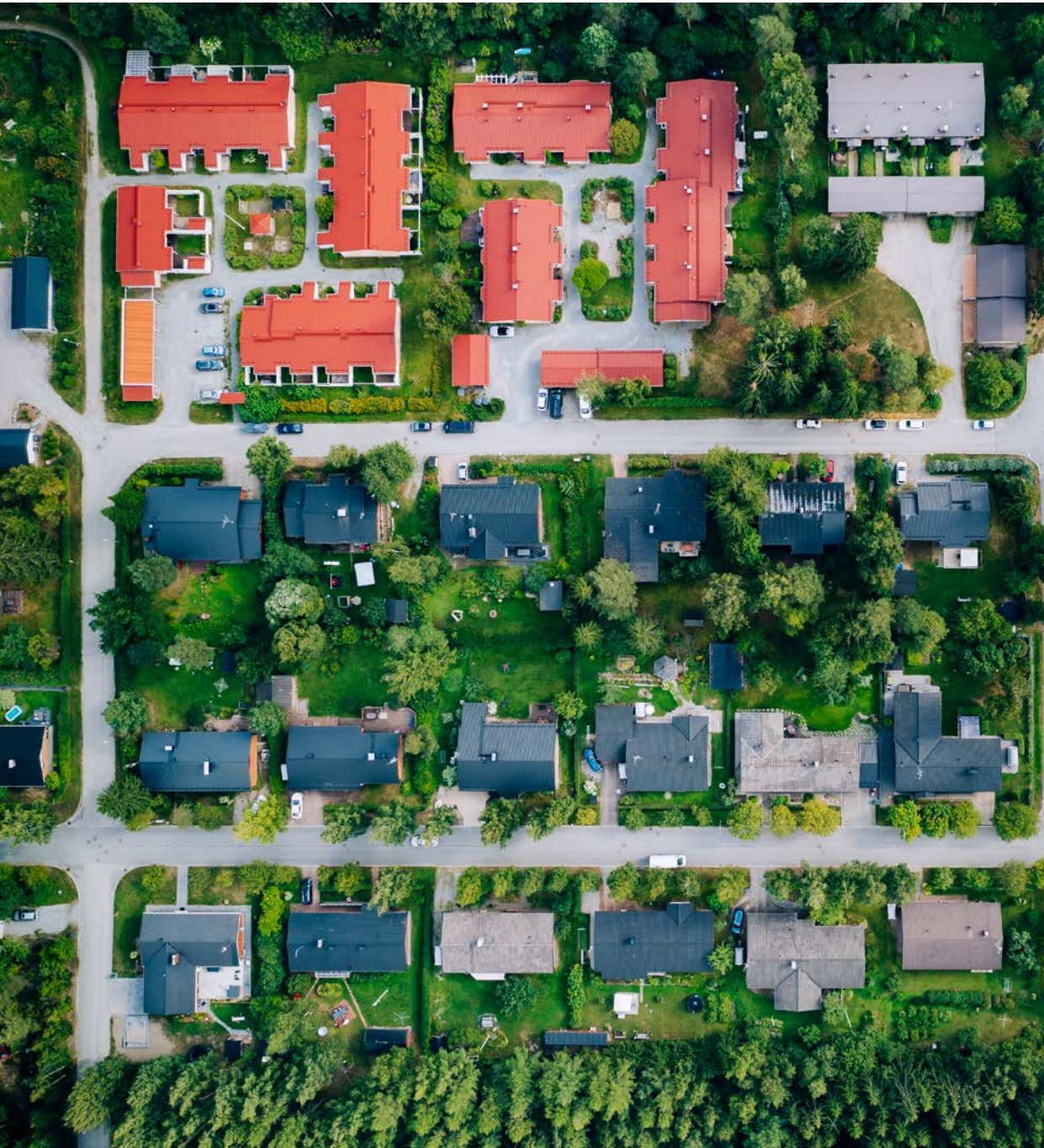
Human activities such as changes in land use, pollution, and climate change are exerting increasing pressure on valuable ecosystems. Recognising the critical role of biodiversity and by addressing climate change, our commitment to preserving and enhancing biodiverse ecosystems is paramount. Our company, operating in the real estate industry, acknowledges the need to halt the loss of biodiversity for the sake of global environmental balance, our sustainable mindset, and achievement of our targets.

### Actions Taken to Manage the Topic

While our number of new build projects may be limited, we have established targets to replace and enhance biodiversity equivalent to the green or unbuilt land impacted. Beyond mere compliance, we view biodiversity as interconnected with climate change mitigation, adaptation, heat stress mitigation, and a better living environment for our tenants. Thus, we consider biodiversity initiatives as an opportunity to combat climate change and increase the resilience of our existing buildings and environment.

In addition to specific ecosystem services and biodiversity measures at project sites, we recognise the impact of our material and product choices on biodiversity. Whenever possible, we prioritise certified, sustainably produced, or recycled materials free from hazardous components and we will continue to work proactively with these matters in regard to our supply chain.

Our Ecosystem and Biodiversity Management Guidelines guide our projects, ensuring a standardised approach across locations. In Sweden, green roofs are incorporated into many new developments, and plans are underway for an orangery, greenhouse, and courtyards to promote biodiversity and local community well-being. Similarly, in Czechia, Germany, and Denmark, biodiversity is enhanced on selected rooftops through initiatives like green roofs, sedum roofs, wildflower planting, and beehives. In the Netherlands, a programme of requirements for communal gardens has been created to boost biodiversity and provide a green, clean space for tenants.



### Biodiversity Initiatives:

- Collaboration with Liferterra for further biodiversity initiatives
- Nudging and informing our tenants about the importance of biodiversity
- Hosting events around biodiversity day to raise awareness
- Conducting Vulnerability Assessments (CRVA) at property level
- Properties considered vulnerable will have adaptation plans in place by 2024

### Target Tracking and Evaluation

Our commitment to biodiversity is further solidified with the establishment of targets.

All new builds and major projects must evaluate ecosystem services, ensuring the recreation of at least the same amount of services, if not more.

In 2023, we successfully completed a total of ten new construction projects in Sweden, employing various development strategies, including self-development, forward funding, and turn-key projects. Before initiating construction activities, comprehensive surveys were conducted to assess the existing state of biodiversity and ecosystems at the proposed sites.

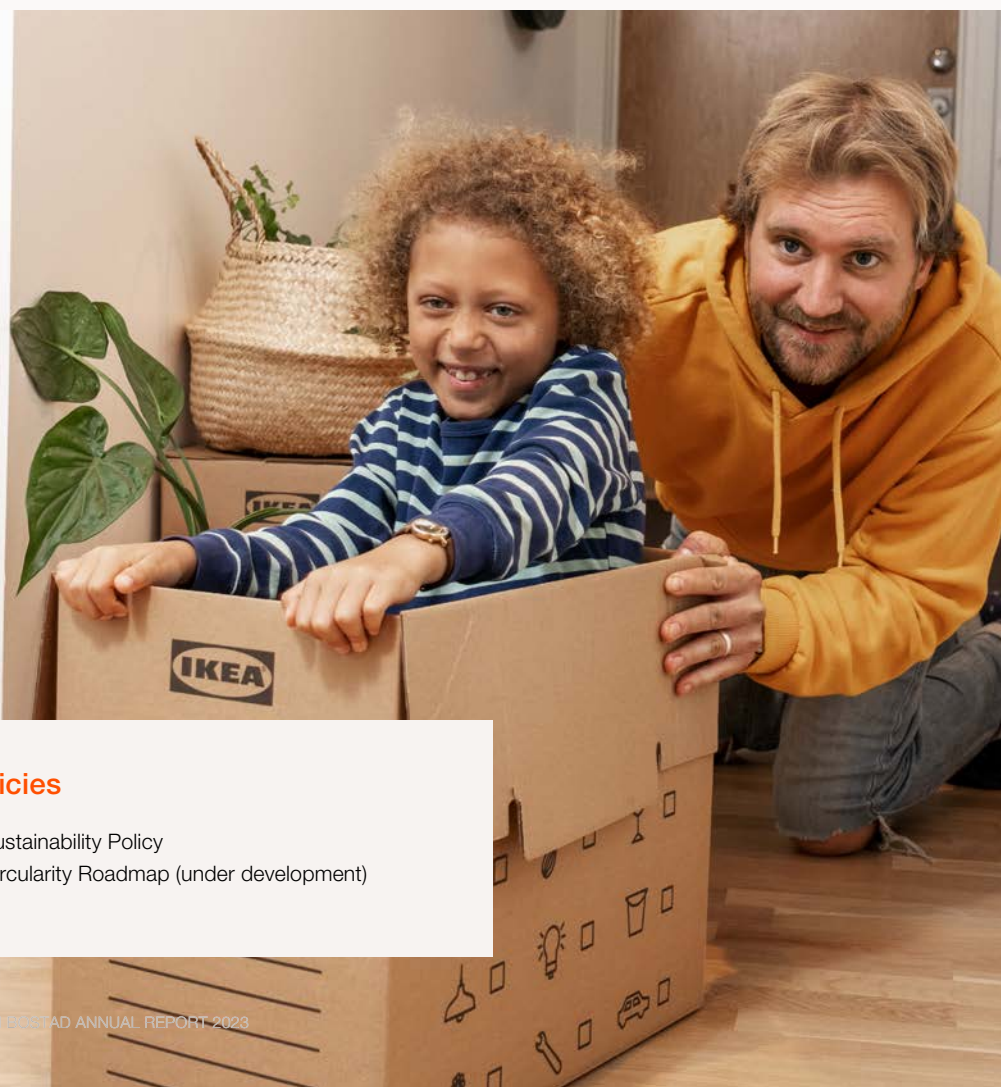
Notably, eight of these locations had a history of industrial use, contaminated soil, or subpar biodiversity. We enhanced biodiversity at these sites following the completion of the housing developments. This improvement involved the creation of lush gardens featuring a diverse array of trees and flower beds. Additionally, careful attention was given to water management, particularly to enhance resilience against heavy rainfall.

In two out of the ten sites developed, we faced challenges in restoring the original quality of biodiversity and ecosystems at completion of the residential properties. These plots, formerly used for agriculture and as meadows with plant and tree diversity, now house residences, garages, and pavements. Mitigation efforts have been implemented, such as introducing new vegetation in courtyards and surrounding areas, as well as incorporating green roofing solutions, even though it is essential to acknowledge that the compensatory efforts have not fully matched the level of ecosystem services present prior to development.



# Waste

306-3 Waste generated



## Policies

- Sustainability Policy
- Circularity Roadmap (under development)

### Impact on Economy, Environment, and People

There has been a significant rise in global annual resource extraction over the last century. Society can mitigate this by reducing usage, promoting reuse, and enhancing recycling of materials to conserve natural resources and protect the environment. Within our organisation, waste is generated during new construction, reconstruction, renovation projects, and property management. Heimstaden Bostad can have a positive impact on the environment by implementing our new Circularity Roadmap to secure and increase reuse of material from construction sites, our tenants, and our offices as well. By reducing our waste in general and improving the recycling ratio, we can reduce our emissions and costs.

### Actions Taken to Manage the Topic

We are actively working to reduce waste produced in our projects and to increase the amount of waste that is handled as a resource.

Through surveys sent out to our customers, we know that recycling and waste management is an important topic also for our tenants, this gives us an additional reason to address this matter further. We have implemented measures to improve data quality and customer satisfaction as a next step of our ongoing work within circularity.

<sup>1</sup> Waste Hierarchy, [link](#).

We have developed a process for how to prioritise measures and actions, significant for each of our three waste streams:

- Constructions and renovations
- Customers' waste
- Offices and own organisation

We have a strong focus on improving data availability and quality regarding waste.

We have implemented policies, manuals, and measures that all follow the same strategy as the waste hierarchy<sup>1</sup> with a significant focus on improving the prevention of waste, to enable the transition to a circular economy.

Implementation of waste requirements in line with the EU Taxonomy is underway in our development projects across all countries, with a focus on waste reduction and thorough reporting.

### Constructions and Renovations

Our ongoing work will ensure that Heimstaden is actively working on reuse, recycling, and material recovery of waste produced during our construction and renovation projects. To do so, we have set requirements on contractors in Sweden for new production that at least 70% of construction and demoli-

tion waste shall be reused or recycled. In all other countries of operation, projects aligned with the EU Taxonomy 7.2 - Renovation of Buildings fulfil the same criteria.

We also require our Swedish contractors to provide Life Cycle Assessment (LCA) to evaluate the content and amount of purchased materials as well as waste management plans that describe procedures and other relevant matters to reduce the generation of waste.

**Customers' waste**

We work proactively to engage our tenants in decreasing their waste. We do this through informative campaigns in various

channels, such as newsletters and social media, with the aim of increasing their knowledge of the sustainability benefits of recycling and upcycling. Another key priority is to ensure safe and easily accessible recycling in our properties and facilities.

**Offices and Own Operations**

Our own operations do not generate a substantial amount of waste. However, we can still prevent the generation of waste at our offices by providing waste guidelines to all employees and ensuring that proper recycling facilities are available at the offices. In 2023, employees involved in purchasing have been introduced to our new Procurement and Purchasing Guidelines, which include waste management.

**GRI 306-3 Waste generated (company-wide)**

	2022	2021	2020
Total weight of waste generated by the tenants in tonnes	144,767	100,741	99,171

Weight of waste generated by customers is a calculation based on the number of customers. Waste has therefore risen as we have acquired more properties every year and a large portfolio in 2021. Waste generated by contractors in new construction and reconstruction is not included, because we do not have sufficient data yet. Data for 2022 is the latest available data.

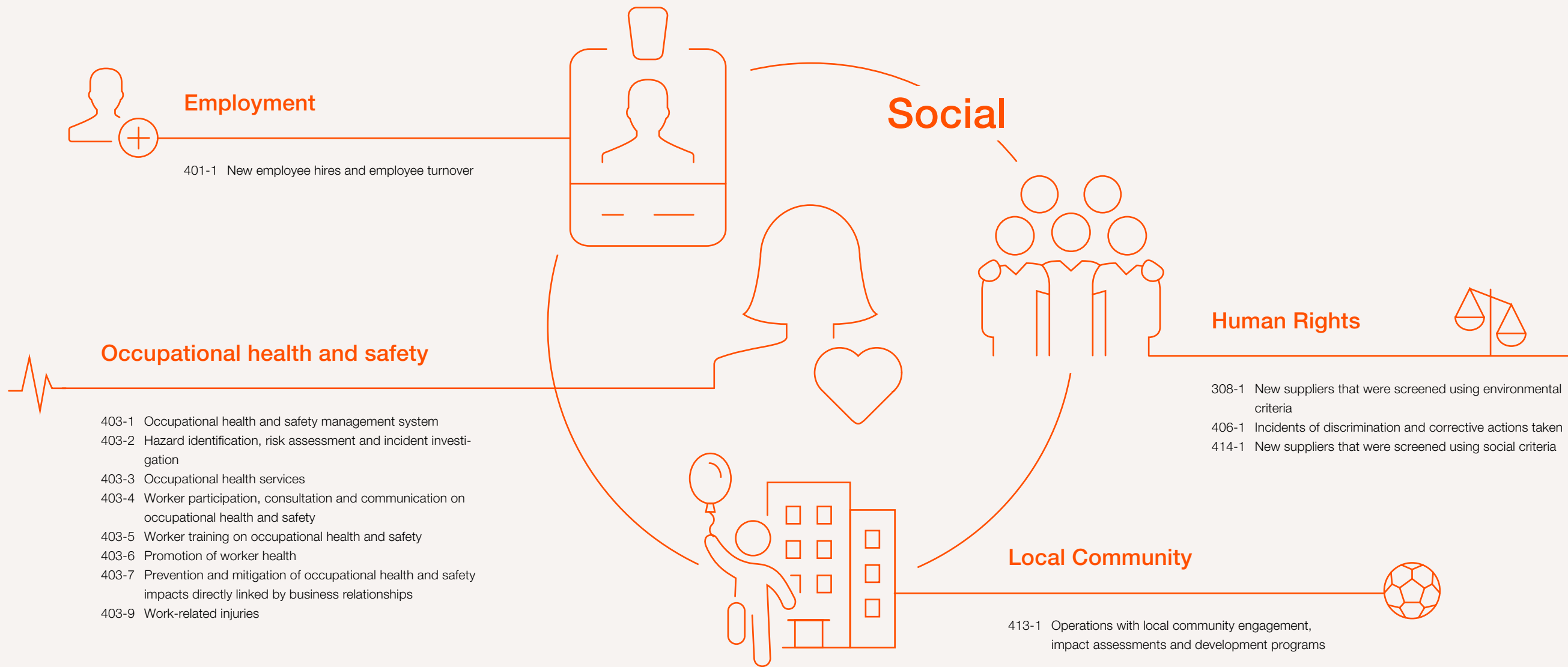
**Target Tracking and Evaluation**

Our waste data is largely based on assumptions and standard values, which makes it challenging to analyse our impact and prioritise measures. Our ambition is to collect data at the end of development projects and in the future to have more measurement points and threshold values for waste management in our development projects.

The collection of waste data differs from country to country where we operate and in some countries the local municipality has full responsibility for tenant waste. We are actively engaged in enhancing our recycling stations and encouraging our customers to minimise and separate waste. Sharing experiences and best practices within and across countries forms a crucial part of our ongoing efforts.

In 2024, we will implement these requirements in all agreements for construction projects and major renovation projects.

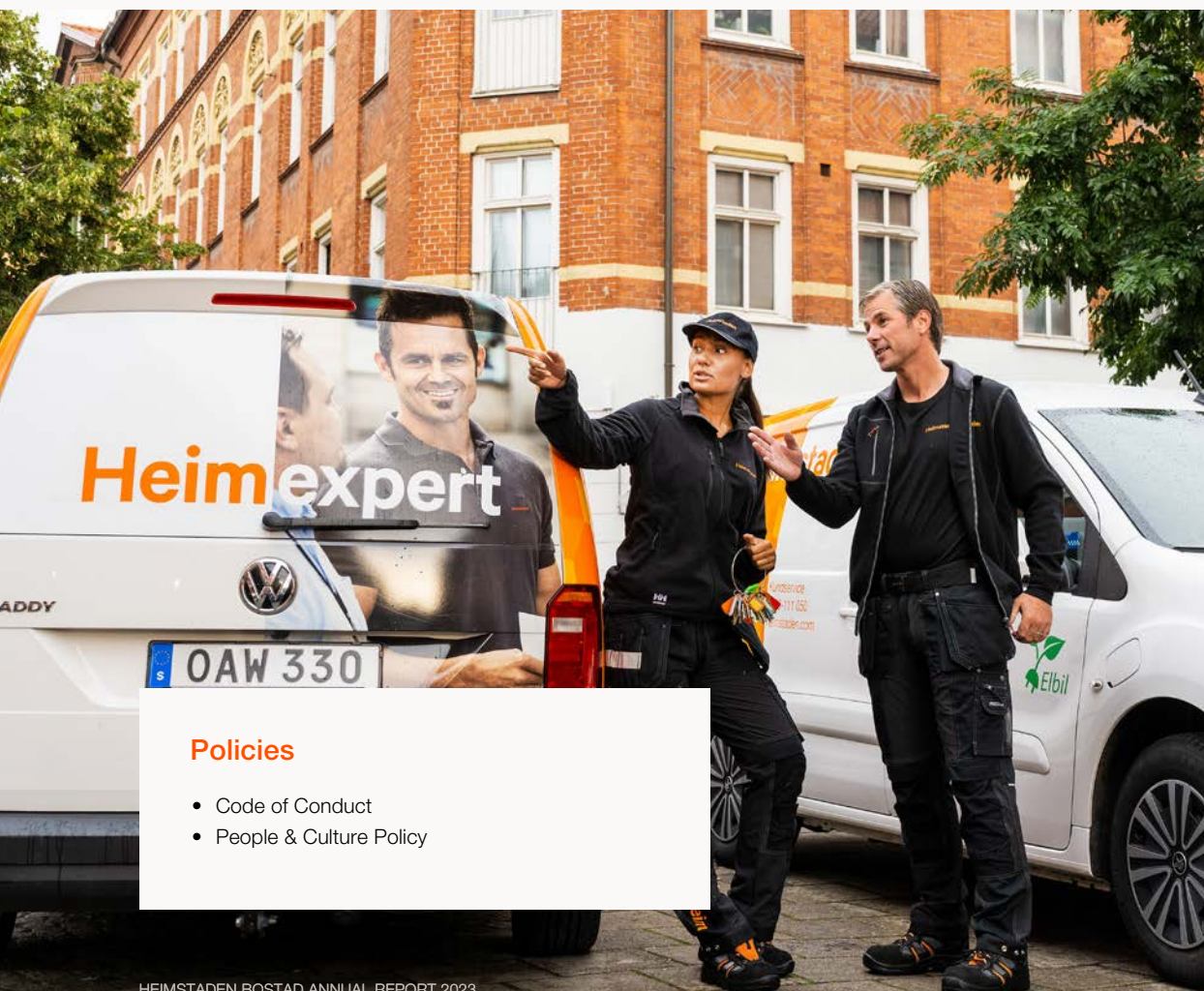






# Employment

401-1 New employee hires and employee turnover



## Policies

- Code of Conduct
- People & Culture Policy

### Impact on the Economy, Environment, and People

We are committed to providing a Friendly Workplace and we do so by prioritising the engagement and well-being of our workforce. We believe this is key to being an appealing employer, enabling us to attract, nurture, and retain talented employees.

Staff turnover has a high cost for our organisation, as we lose valuable skills and knowledge, and have to invest in new recruitment and training.

We also have workers who are non-employees. In 2022, we had 110 non-employee workers, and in 2023 they decreased to 75. Non-employee workers can be found across our departments and these positions typically involve fixed-term contracts with monthly or hourly remuneration. For our operations, the numbers tend to rise during the summer holidays, while for Group functions the need arises on an ad hoc basis.

### Actions Taken to Manage this topic

The People & Culture department assumes responsibility for developing policies that address relationships with our employees, as well as individuals in the external talent market who express interest in joining our team. These policies undergo annual review by the Executive Management Team to align with evolving legislation and new requirements. Managers and

employees share the responsibility of promoting and adhering to these policies collaboratively.

For each area that is covered by our commitment to providing a Friendly Workplace, we utilise KPIs that we monitor on a quarterly basis. This practice provides us with a clear indication of our performance in achieving our targets and commitments. For 2023, we know that the reorganisations and initiatives to reduce cost and optimise our operations has led to an increase in involuntary turnover due to redundancies. In turbulent times like these, frequent communication on culture and values remains a focal point in all our interactions.

Reducing staff turnover is a top priority, given the substantial costs associated with recruitment and the subsequent need to rebuild lost skills and knowledge. Currently, we track turnover using KPIs that cover both voluntary and involuntary turnover, being 15,37% and 17,22% respectively. Our target is set below 15% for voluntary turnover and to meet this target we closely examine departments experiencing unusual turnover rates.

For instance, if a particular department has numerous redundancies due to poor performance, it may indicate improvement needs in recruitment processes, expectation management, training, or perhaps leadership. We also investigate depart-

ments with a prolonged high presence of contingent workers, considering the possibility of in-house hiring instead. Our People & Culture department analyses this data to formulate action plans. Turnover stands as a critical metric, closely monitored by our Executive Management, reflecting our commitment to delivering on our employee value proposition and our commitment to providing a Friendly Workplace. Moreover, it remains a focal point for both investors and the Board.

The ability for our employees to grow, develop, and pursue new roles is paramount in retaining top talent. By making sure that we are meeting our employees expectations, we also reduce the risk of increased employee turnover. In 2023, we have executed a considerable facelift of our learning platform, introducing easier navigation to learning contents as well as new learning paths for different employee categories. We have also introduced e-learning courses about job seeking to support employees interested in an internal career path. During the year, we have implemented several reorganisations in order to benefit from improved efficiency and cost savings. For employees to whom we have not been able to offer new positions, we have used these e-learning combined with coaching from our People & Culture Business Partners and Recruiters to support them in finding new jobs. Furthermore, in 2023 we started to implement the Mercer framework tool, with the purpose of ensuring equal pay for equal work and professional growth for all our employees. The Mercer framework enables us to present both vertical and horizontal career pathways to our employees. It also helps us to continuously monitor our gender pay gap performance, enabling us to proactively address any disparities and uphold our commitment to fair compensation and career advancement opportunities for everyone in our organisation.

In 2023, our 1,959 employees collectively completed nearly 9,275 digital and classroom courses. In 2023, we maintained 80 licenses for LinkedIn Learning, providing access to 8,000

courses across various subjects. We have also successfully continued our leadership programmes, New@Leading and Leading@Heimstaden, by combining online and offline learning. In addition, we have launched new concepts for supporting our leaders. Our quarterly Spotlight newsletter delves into specific topics, sharing external and internal insights, along with practical tools and exercises for managers in their daily teamwork. The themes for 2023 have been Resilience and Leading in Change. In December we developed a leader toolkit where we have gathered tools, learnings, and support for leaders in different situations. This will be launched in January 2024. We have continued our Leadership on the Go concept with a focus on topics such as our performance development process, strategic people planning, and salary review.

### Remuneration

The Remuneration Policy at Heimstaden Bostad serves as a framework for managing compensation, benefits, and rewards. It aims to ensure fairness, transparency, and consistency when evaluating salaries within and across departments. Our goal is to empower employees to understand how their salaries are determined, allowing them to influence their earnings by enhancing their performance, acquiring new skills, and taking on greater responsibilities. This work has been highly improved and facilitated thanks to the implementation of the Mercer framework.

### Key Remuneration Principles

- Rewarding Performance and Values:** Remuneration is a means to acknowledge performance and reinforce our desired culture and values.
- Determinants of Remuneration:** Four factors shape remuneration: market pay, individual experience and competence, performance and results, and alignment with our values.
- Supporting Business Strategy:** Our remuneration guide-

lines are designed to attract individuals who make a positive impact and to reward motivated employees who contribute to our strategic objectives.

- Part of a Comprehensive Package:** Remuneration is one component of our total employment package, which includes opportunities for personal development and work-life balance, contributing to employee well-being.
- Varied Components:** The remuneration package comprises one or more elements depending on the employee's role, such as base salary, short and long-term incentives, pension, insurances, and other benefits.
- Competitive Compensation:** We offer competitive terms in our local markets.
- Bonus Programmes:** Certain positions may be eligible for short or long-term bonus programs.
- Equity and Equality:** We conduct an annual salary audit to identify gender or other disparities. Employees receive compensation according to local legislation during parental leave.
- Salary Adjustments:** Changes in roles or jobs do not automatically lead to salary adjustments. Adjustments only occur during the annual salary review, typically in the case of promotions or significant changes in job content and responsibility.
- Annual gender pay gap analysis:** We conduct gender pay gap benchmarking in all countries where we have operations.
- Salary reviews and promotions:** A salary increase (or in the case of a demotion, salary decrease) can be made between the annual salary review only in the case of a promotion or other major permanent increase in job content and responsibility. This is always done in consultation with the responsible manager and the People & Culture department for final approval by the manager's manager. When an employee returns from leave or studies for a longer period than one year, a review of the salary shall be

conducted. At this time, any changes that might have occurred during the period of leave should be considered.

- Eligibility:** All employees are eligible for base salary. Long-term incentives are usually discretionary cash bonuses reserved for Senior Executives, Country Managers and other positions identified as critical to the company. Some executive management positions are eligible for stock programmes. Short-term incentives are usually annual discretionary bonuses or commission. The former is used mainly in country management roles or select business-critical positions. Commission is mainly used in our Letting and Privatisation department. From time to time, annual discretionary bonuses can be granted to employees who are not part of other programmes.
- Incentive scheme:** We have implemented a climate-related incentive scheme for Senior Executives, and Country Managers for the management of climate-related issues and the attainment of targets based on CO<sub>2</sub>e emissions and yearly reduction of energy purchased. The incentive also includes social aspects, such as employee satisfaction and customer satisfaction.

### Roles and Responsibilities in the Annual Salary Review CEO/COO

- Oversees and annually reviews remuneration guidelines to align them with business objectives and strategy
- Concludes the final remuneration framework

### Country Manager

- Concludes and annually reviews that the country is aligned with Heimstaden Bostad's guidelines for remuneration to adapt it to business objectives and strategy
- Approves the annual local salary review

### People & Culture

- Conducts external benchmarking

- Performs Gender Pay gap analysis
- Leads and coordinates the salary process
- Initiates the salary review in our Human Capital Management System
- Supports and informs managers about the salary process.
- Distributes salary documentation, overview, and mapping
- Takes action to enhance and refine the salary framework
- Updates payroll and pension providers regarding salaries

**Manager**

- Ensures that salaries adhere to the salary policy, local structures, and comply with existing agreements and the local business plan (within the approved budget)
- Ensures that employees are familiar with the contents of the salary policy
- Approves salaries following the grandparent principle
- Establishes objectives and conducts development reviews (Reflect & Act) with employees
- Explains and informs employees through one-on-one salary conversations or letters

**Employee**

- Enhances their work performance, contributing to their own salary growth and supporting the company in achieving its overarching business objectives

**Employess covered by collective bargaining agreement**

Heimstaden operates in several markets with different common practices regarding collective bargaining agreements. We have collective agreements in our operations departments in Czechia, Sweden, and partly in Denmark and Norway, covering 68.4% of our total employees.

**Target Tracking and Evaluation**

We conduct a monthly employee engagement survey in all countries, an ongoing process that allows us to address areas

of concern promptly and initiate anonymous dialogues with employees or follow up with managers where necessary. Any manager can initiate actions directly from the tool as well as receive guidance on what actions to take. Since 2023, we have adopted a new employee survey tool. The survey is sent to all employees every month, either via digital platform, their email, or in a kiosk locally. It is available in the entire organisation, and in its first year we have registered an average of 76% response rate.

The survey focuses on scores based on answers to approximately 16 questions within the following areas:

- Engagement
- Diversity and inclusion
- Health and wellbeing
- Sustainability

The responses given to the survey questions are kept confidential and any feedback can be provided anonymously. This means that neither colleagues, managers nor anyone else within the organisation will be able to identify who has given a particular response or feedback. In cases where teams are smaller, the responses will be aggregated, making it impossible to identify individuals. The results are summarised and monitored every month. The only people who can see the summarised data are managers with teams where more than 4 people have answered, people appointed as employee engagement tool responsible in our local People & Culture department, and administrators at group level. Via the tool we have access to a detailed dash board where we can explore the data, identify trends, and suggested focus areas with trainings and actions to develop these areas. The findings are shared with the organisation as well as the Board in quarterly reviews.

Since we have implemented the new employee engagement tool during the year, we have based this year's data on

**Employee engagement survey (company-wide)<sup>1</sup>**

	2023
Engagement score	7.7
Diversity & Inclusion score	8.6
Health & Wellbeing score	8.0

<sup>1</sup> target: top 25<sup>th</sup> percentile (Engagement score 8.2; Diversity & Inclusion score 8.5; Health & Wellbeing score 8.2)

As our new employee engagement tool provides us with better international benchmark data we have moved from measuring our progress relative to ourselves to measure against an external benchmark. We decided to set a high level of ambition to be among the top performing 25% of all users of the tool. Having reached the target in one area of three, we see that to reach this for all areas should be possible over time, and have decided to keep this for 2024.

All information regarding employees pertains to employees of Heimstaden and Heimstaden Bostad.

Occasionally we have experienced a low response rate in our employee engagement surveys. In 2023 the average response rate was 76% and the aggregated response rate as high as 93%. We are working hard to improve this, for example by encouraging more feedback in our work teams and by actively responding to comments submitted by employees using the tool.

A key learning is the difficulty of keeping employees motivated to respond to similar questions they receive repeatedly. We respond to this by emphasising that their replies matter, that we need the actual temperature of the company and we stress the importance attached to this priority area by Country Management, Senior Executives and the Board.

The challenge in introducing this tool in new markets is to create trust in the complete anonymity of the solution as well as establishing the routine of monthly feedback to the team. However, once trust is established it is not unusual to see result numbers drop during the first year. That is because employees who have previously not had the possibility to voice opinions on areas for dissatisfaction turn to the employee engagement tool to tell them, causing a lower result.



8 months' measurement. Whereas we used to benchmark against a fixed target score set internally, we now compare our scores to all other companies using this employee engagement tool and we have set the target for this first year to be in the top 25<sup>th</sup> percent of all users for all three drivers. We have chosen not to publicly display the eNPS score, as we have discovered that people interpret this one question very differently and hence, we cannot draw reliable conclusions from the data.

The challenge in introducing this tool in new markets is to create trust in the complete anonymity of the solution as well as establishing the routine of monthly feedback to the team. However, once trust is established it is not unusual to see result numbers drop during the first year. That is because employees who have previously not had the possibility to voice opinions on areas for dissatisfaction turn to the employee engagement tool to tell them, causing a lower result.

For additional employee data, including turnover rates, please refer to the Table Section on [page 182](#) and [pages 187–188](#).

### Diversity of Governance Bodies and Employees

Diversity, inclusion, and equity are central to our success.

It is the right thing to do and makes good business sense to use different perspectives in decision making, reflecting the societies in which we operate. Diversity encompasses more than gender, such as ethnicity, neurodiversity, sexual orientation, etc. Since we cannot track all forms of diversity due to legislation, we have set targets on what we can measure – gender – while acknowledging that not all employees identify as male or female. Our aim is to have a 50/50 gender representation in all our functions and among Senior Executives. The work is at times challenging due to certain functions for various reasons not seen as attractive for either gender. We address this by

making extra efforts to find candidates from the underrepresented gender for positions, by highlighting the importance of diversity in our trainings and communication, and by growing our internal candidates into senior positions. In the Board we have 31% female representation. Among Senior Executives there is 23% female representation. During the year we have recruited females to the tier just below to secure future succession and improve the ratio. Compared to 2022, the number of male employees has increased somewhat. This is partly due to reorganisation as well as downsizing of traditionally female-dominated functions such as administration, letting and outsourcing of departments such as cleaning. To reverse this development in 2024, we will focus on recruiting and internal transfers to ensure that we have both male and female candidates for these positions.

## Focusing on the topic of equal pay for equal work has had a positive effect on the development of unadjusted gender pay gap in 2023. This shows the importance to further increase our efforts in this area

### Disclosure 405-1 Diversity of governance bodies and employees

	2023		2022		2021	
	Women	Men	Women	Men	Women	Men
Gender split in the Board	33%	67%	44%	56%	36%	64%
Gender split in Senior Executives <sup>1</sup>	23%	77%	23%	77%	21%	79%
Gender split in Country Management team <sup>2</sup>	38%	62%	40%	60%	37%	63%
Gender split for all managers <sup>3</sup>	35%	65%	35%	66%	37%	63%
Gender split all employees	40%	60%	41%	59%	44%	56%

<sup>1</sup> target 50-50, incl. CEO  
<sup>2</sup> incl. the country manager.  
<sup>3</sup> all managers.

### GRI 2-21 Annual total compensation ratio

	2023	2022	2021
Ratio of the annual total compensation ratio for the highest-paid individual to the median annual total compensation ratio for all employees (excluding the highest-paid individual) <sup>1</sup>	31.13	12.97	9.95
Ratio of the percentage increase in annual total compensation ratio for the highest-paid individual to the median percentage increase in annual total compensation ratio for all employees (excluding the highest-paid individual) <sup>2</sup>	-8%	Not available since the highest-paid individual did not get any increase	No data available
Unadjusted gender pay gap <sup>3</sup>	84.7%	82.4%	85.5%

<sup>1</sup> In 2023, we included for the first time bonus and one-time payments in the calculations, while in 2021 and 2022 we did not have as good data quality on the topic, hence we were not able to include it. This not only makes the years not comparable, but it also explains the increase in the figure referring to 2023.  
<sup>2</sup> Calculated from the base monthly salary (annualized) pro-rated, bonuses and one-time payments included. In 2023, the compensation for the highest-paid individual was 40.63% less than in 2022. Former year's high amount was due to bonus payouts.  
<sup>3</sup> Calculated from the base monthly salary (annualized) on a full-time basis. Overtime pay or bonuses are not included. Only includes permanent and fixed term employees.

In the ratio we have included employees employed at 2023-12-31. Employees who have left during the year are not included. Employee types included are Permanent and Fixed Term.

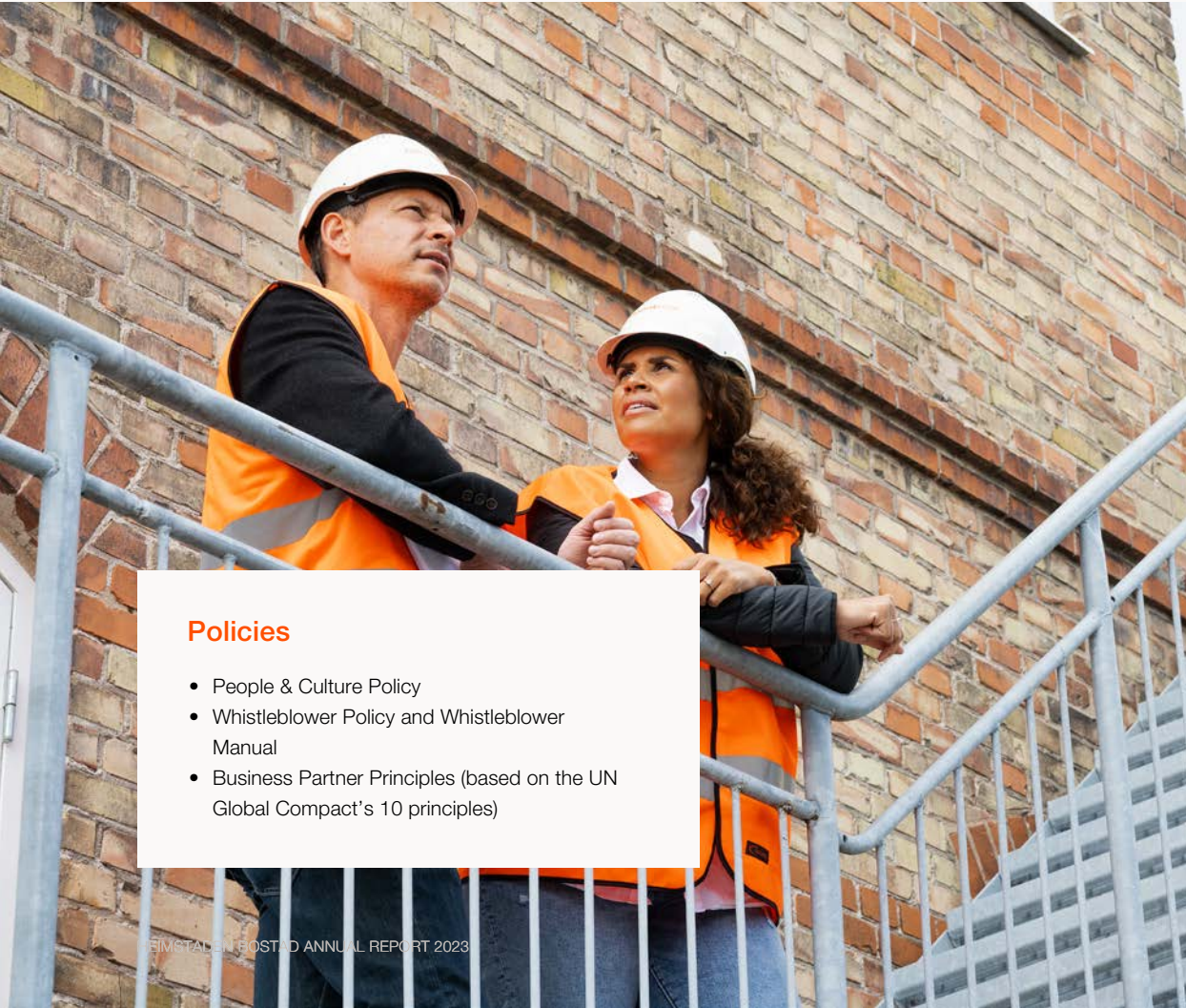
Salary that has been included are those components that are included in Base Pay. Salaries are calculated at full-time pay rates. This means that employees that are working part-time have had their salaries increased to a full-time salary.

### Gender Pay-Gap

Our unadjusted gender wage gap for financial year 2023 is 84.7%, which shows that the average female base pay is on average 15.3% less than males. We are continuously working to reduce this difference, implementing guidelines in our remuneration policy and via the adoption of the Mercer framework.



# Occupational Health and Safety



## Policies

- People & Culture Policy
- Whistleblower Policy and Whistleblower Manual
- Business Partner Principles (based on the UN Global Compact's 10 principles)

403-1	Occupational health and safety management system	403-5	Worker training on occupational health and safety
403-2	Hazard identification, risk assessment and incident investigation	403-6	Promotion of worker health
403-3	Occupational health services	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships
403-4	Worker participation, consultation and communication on occupational health and safety	403-9	Work-related injuries

### Impact on the Economy, Environment, and People

We prioritise the well-being, health, and safety of our employees, which is also an area of interest to our contractors and other stakeholders, including investors and banks. Poor employee well-being can lead to decreased productivity and increased costs due to sick leave. Our property and facility management teams face physical injury risks and psychosocial factors like threats and harassment. In our offices, key risks include stress, workload, and ergonomics.

For a deeper dive into our commitment to employee well-being and human rights, refer to the Human Rights section on [page 165](#).

### Actions taken to manage the topic

We are dedicated to reducing accidents and aiming for a zero-incident target through regular proactive risk assessments and monthly accident/incident reporting. In 2023, to enhance our efforts to monitor and improve employee well-being, health, and safety in subcontracted companies, we have implemented an assessment questionnaire to contractors, containing questions about how they treat their employees. Topics included in the survey are labour rights and health and safety

of employees. Each manager takes responsibility for the health and safety of their team.

To align with the EU Whistleblowing directive, we have implemented a secure digital platform managed by a neutral third party for reporting whistleblowing concerns. This ensures complete anonymity and minimises the risk of retaliation. Anyone can confidentially report instances of discrimination, harassment, corruption, or any other violations of our values and policies as well as laws and regulations (see [page 167](#) in our Human Rights section for further information).

**We have a zero work-related accident vision that we work towards using structured work processes for educating, preventing, and reporting on Health and Safety**

## Qualitative GRI Disclosures on Occupational health and safety

<p><b>403-1</b> Occupational Health and Safety Management System</p>	<p>We use a unified platform for incident and accident reporting, with monthly reviews of reported incidents, actions taken, and responsible parties. Quarterly reports are submitted to the Board, adhering to all legal requirements, such as manager training in work health and safety responsibilities, risk assessments, and internal and external incident and accident reporting.</p> <p>Our work health and safety management covers employees, contingent workers, interns, and students. All employees can report incidents, while the People &amp; Culture department maintains access to reported accidents and incidents to ensure privacy. We consistently emphasise the significance of incident reporting to our managers.</p>
<p><b>403-2</b> Hazard Identification Risk Assessment and Incident Investigation</p>	<p>We hold working environment meetings several times a year with employees and, where applicable, employer representative organisations. Our risk assessments are performed quarterly and are monitored by our Group Governance, Risk, and Compliance team. Everyone appointed to our working environment committees or as health and safety representatives must undergo specific training. Considering that the demands and requirements are not the same in all countries, the local country management is responsible for ensuring that Heimstaden Bostad is aligned with work safety and risk prevention rules.</p> <p>Operations in all countries are required to report workplace accidents and incidents to external local authorities, in addition to internal Group reporting via local tools and processes. These are tracked monthly and reported to the Board quarterly. The measures that are identified are compiled into plans of action and delegated to suitable individuals. Progress is reviewed at a subsequent meeting. In addition to the incident and accident reporting platform, we also use our employee engagement tool to monitor the psychosocial working environment in all countries. Managers shall review their team's results at least quarterly and discuss strengths and areas for improvement. Responses are anonymous.</p>
<p><b>403-3</b> Occupational Health Services</p>	<p>Currently, we do not have a Health and Safety Committee at Group level.</p>
<p><b>403-4</b> Worker Participation, Consultation and Communication on Occupational Health and Safety</p>	<p>We communicate health and safety information to workers through local channels, including the organisation's intranet, our Human Capital Management System and through managers. Worker participation opportunities vary by location and are typically facilitated through representatives. We measure health and well-being via our surveys in our employee engagement tool and all managers are expected to follow-up on the scores in their respective teams.</p>
<p><b>403-5</b> Worker Training on Occupational Health and Safety</p>	<p>Training given includes topics such as how to work on roofs, working with electricity, how to practice safe heavy lifts, handling chemicals, general safety, security etc. The direct report manager is responsible for assessing if there is a need for training among the employees. For those judged to need it, training is mandatory to ensure a safe workplace. The frequency of training depends on the requirements for a certain certification. Training can be delivered by internal trainers on site or via e-learning. Training is free of charge for employees and takes place during work hours. Training sessions conducted are logged and documented in our Human Capital Management System, which enables automatic notifications (the functionality is not yet implemented in all markets) e.g., when a certificate expires, and training needs to be retaken. The effect of training is not evaluated at Group level.</p>
<p><b>403-6</b> Promotion of Worker Health</p>	<p>Medical and healthcare services for employees vary locally, but company doctor consultations and sports facilities are commonly offered. Most countries also provide other health promotion services, for example, psychological support, support to stop smoking, and general wellness benefits.</p>
<p><b>403-7</b> Prevention and Mitigation of Occupational Health and Safety Impacts That are Directly Linked by Business Relationships</p>	<p>Occupational health and safety impacts are prevented through incident reporting, health and safety training, worker health benefits, and the establishment of health and safety requirements outlined in the Supplier assessment questionnaire and Business Partner Principles.</p>

**Target Tracking and Evaluation**

To maintain a high standard of health and safety, we continually enhance our processes and disseminate information on workplace safety issues. Our goal is to achieve less than 5% work-related absences due to illness and zero vision for work-related injuries. The most reported accidents involve falls, lifting incidents, and head injuries. Stress related absence/injuries are also tracked, however as these cases often combine a private situation with work situation, it is often difficult to define what is the most contributing cause to the absence.

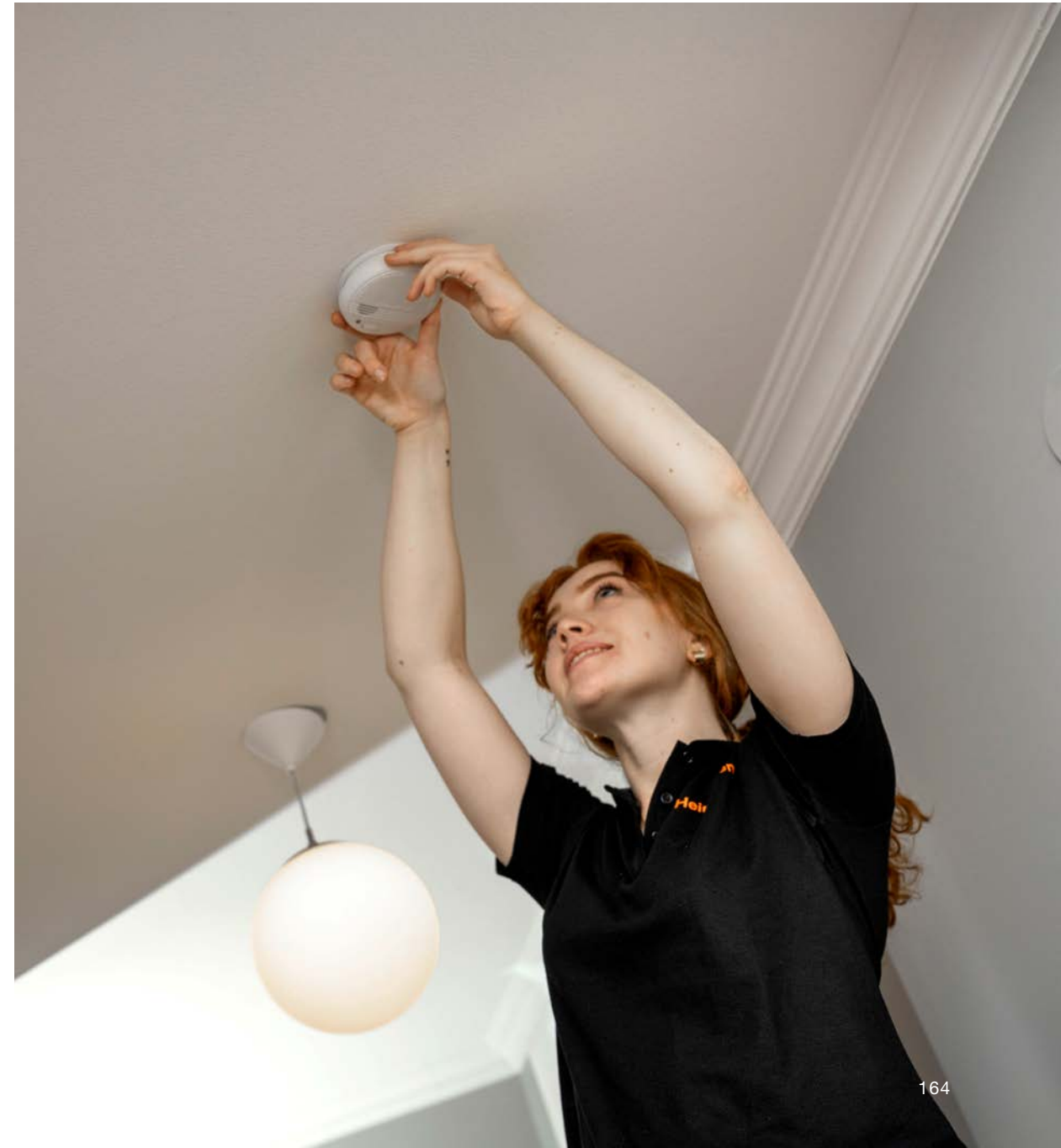
One way to quickly identify employees at risk is to frequently follow-up on short term absence, which we do in all countries where we have operations.

Improvements are partly due to our efforts to constantly highlight the importance of this area. Our challenge is to keep improving the reporting of incidents to become even stronger in our preventive work, which is an area for 2024

**GRI 403-9 Work-related injuries (company-wide)**

	2023	2022	2021
Fatalities	0	0	0
High-consequence work-related injuries (accidents)	14	18	14
High-consequence work-related injuries (accidents) per standard work hours	3.2	4.6	4.7
Recordable work-related injuries	62	67	23
Recordable work-related injuries per standard work hours	14	17.1	7.8
Incidents	35	69	23
Absence due to illness	4.1%	5.7%	6.4%
Number of hours worked	4,424,759	3,906,757	2,955,022
Lost Time Injuries frequency rate (LTIFR)	3.2	4.6	4.7
Number of days away	657	506	504
Lost Day Rate (LDR)	29.7	25.9	34.1

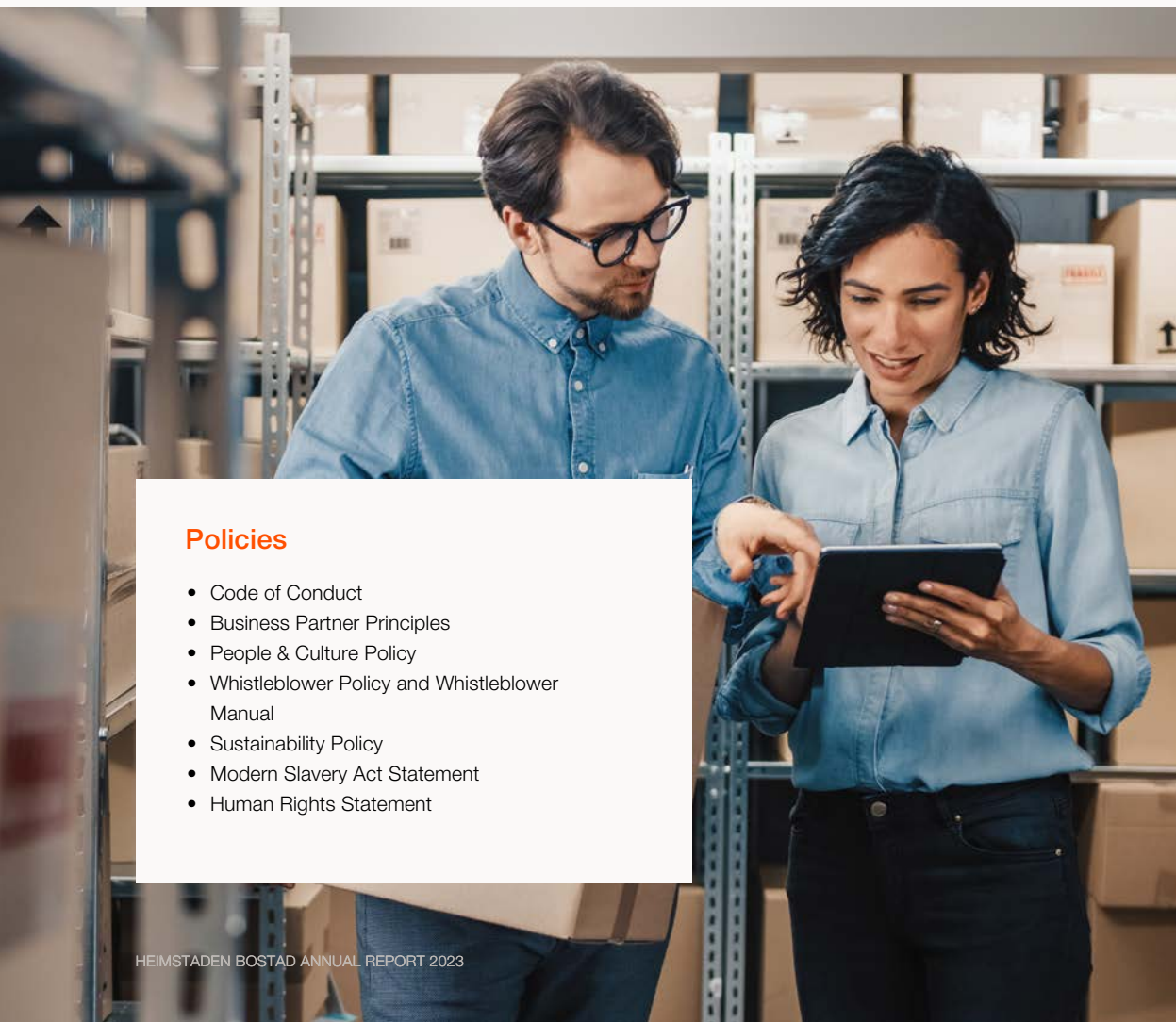
As of 2023, we report work-related injuries according to GRI, divided into recordable work-related injuries and high-consequence work-related injuries (injuries that lead to absence). Both types of injuries decreased as well as the ratio per standard work hours. The most common injuries in 2023 were cut injuries, fall injuries, threats and bruises. We also report incidents, which decreased in 2023. We define incidents as situations that could lead to a work injury, emergency or increase the risk of both. We are aiming to ensure that we capture and report all injuries and incidents. All information regarding employees pertain to employees of Heimstaden and Heimstaden Bostad.





# Human Rights

- 308-1 New suppliers that were screened using environmental criteria
- 406-1 Incidents of discrimination and corrective actions taken
- 414-1 New suppliers that were screened using social criteria



## Policies

- Code of Conduct
- Business Partner Principles
- People & Culture Policy
- Whistleblower Policy and Whistleblower Manual
- Sustainability Policy
- Modern Slavery Act Statement
- Human Rights Statement

As a UN Global Compact Signatory, we operate in accordance with the Ten Principles related to human rights, labour, environment, and anti-corruption. The Ten Principles derive from the Universal Declaration of Human Rights, the International Labour Organisation’s Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption. We also adhere to the UN Guiding Principles on Business and Human Rights, which include ensuring regular human rights due diligence across the organisation and business partners, to minimise the risk of human rights violations and/or complicity therein.

### Impact on Economy, Environment, and People

In 2023, we took part in UN Global Compact’s sixth month Business and Human Rights Accelerator. Accordingly, we revisited our most material human rights risks, based on dialogues with internal and external stakeholders, industry best practices, media reports, and expert knowledge. Our relevant human rights risks are stated below.

Our primary human rights risk is linked to workers in the supply chain, local communities, and people living near sites of resource extraction. For our industry, we have identified solar panels, cleaning services, construction sites, and construction materials as particularly high impact areas. Therefore, supply

chain due diligence is an important part of our procurement process.

Our impact on our employees is mostly linked to work-life balance, and matters of health and safety.

Our impact on our customers is linked to ensuring non-discrimination in the letting process, health and safety of tenants, and right to adequate housing.

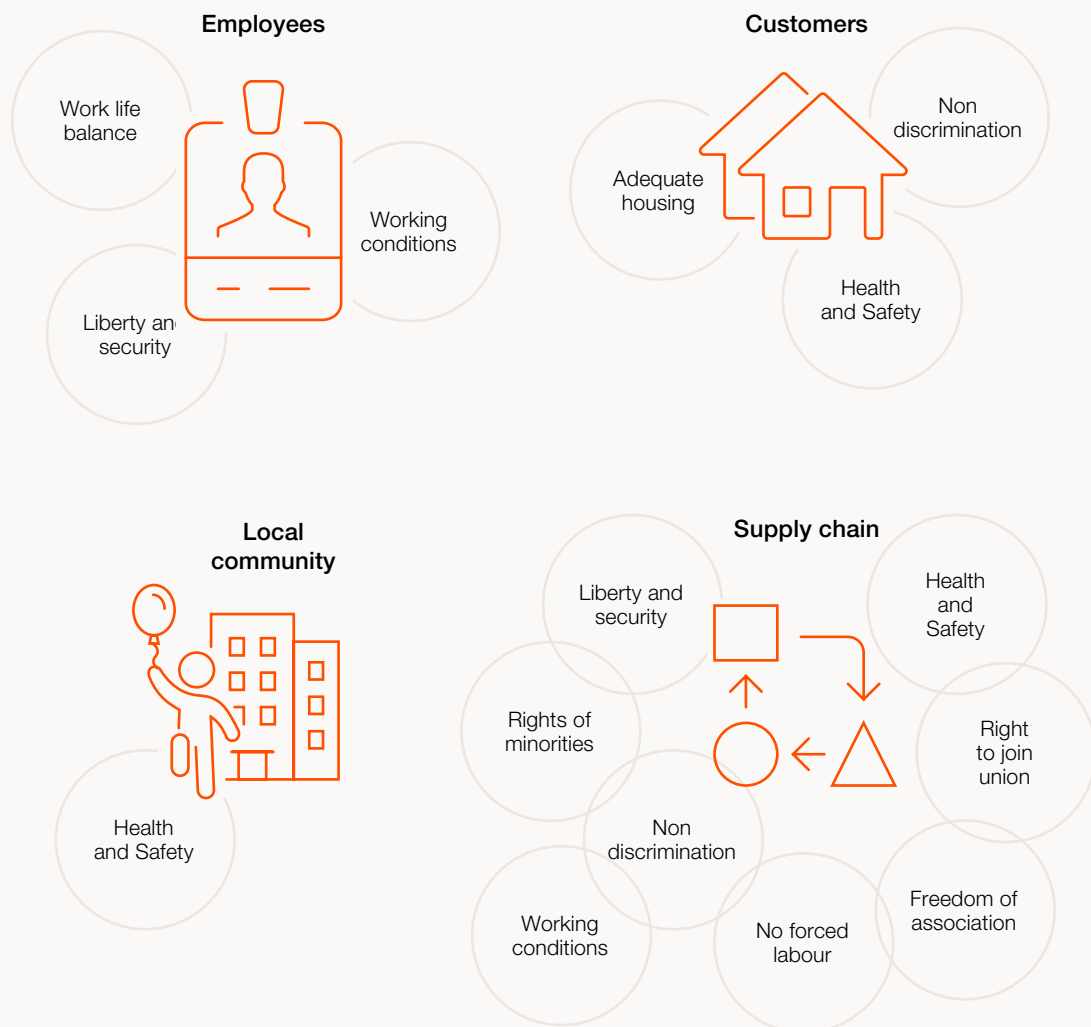
### Actions Taken to Manage the Topic

We follow the due diligence process recommended by OECD (Due Diligence Guidance for Responsible Business Conduct), and accordingly, cover the following areas:

- Policy commitment
- Identify, assess, cease, prevent and mitigate impacts
- Track and monitor
- Communicate
- Cooperate/remediate

This framework also ensures that we are ready for the upcoming Corporate Sustainability Due Diligence Directive which places a duty upon companies to identify, bring to an end, prevent, mitigate, and account for negative human rights and environmental impacts in the company’s own operations, their subsidiaries and their value chains. Our due diligence process

## Human Rights-related Areas



is described below as well as in our [Human Rights Statement](#), publicly available on publicly available on our Corporate web-site.

We use internal research, external indices, agreement clauses, our Business Partner Principles, sanctions screenings, and self-assessment questionnaires as the main tools of assessing our business relationships. We have a target that 100% of our contracted business partners must have signed our Business Partner Principles, where the share of actual signatories is 79%. The Procurement department is responsible for implementing the Business Partner Principles and procurement policies in the supply chain.

We have set a target that all employees must sign the Code of Conduct and undergo regular training every 18 months. Together with each manager, the People & Culture department is responsible for ensuring that employees are aware of and comply with the Code of Conduct, Group policies and compliance procedures.

For equity partners, we have developed a framework for risk assessment that includes a country risk matrix, sanctions, PEP screenings, and third-party advisory.

We have zero tolerance for discrimination. Our non-discrimination work is based on preventing the seven forms of discrimination: sex; gender identity or expression; ethnicity; religion or other belief; disability; sexual orientation; and age. In 2023, we

launched a Diversity Board, comprised of six employees from different parts of the company, with the aim of identifying and proposing improvements for us to become a truly diverse and inclusive company.

Both internal and external stakeholders have the option to anonymously report instances of discrimination, harassment, corruption, or violations of our values and policies. To manage these cases, we have established dedicated Whistleblowing committees. We handle Whistleblowing cases through a neutral third party on a secure digital platform, ensuring anonymity and preventing retaliation risk.

For further information, see our Code of Conduct.

### Human Rights in the Supply Chain

We let apartments in Sweden, Norway, Denmark, the Netherlands, Germany, Czechia, Finland, Poland, and the UK. In Sweden, Denmark, Czechia, Poland, and the UK we have ongoing construction projects. Our primary suppliers in terms of expenditure are construction companies and energy providers, predominantly located within the EU. We mainly use a turnkey contract model with construction companies, where they assume full responsibility for materials and subcontractors. However, we include sustainability requirements in our agreements with contractors.

There has been no significant change to the structure of our supply chain since previous the reporting period.

**Heimstaden Bostad's purchases by operating country in 2023**

Operating country	Purchased made SEK million	Percentage of spend
Sweden	4,020.7	49.7%
Denmark	1,701.0	21.0%
Netherlands	839.8	10.4%
Czechia	1,318.1	16.3%
Norway	215.3	2.7%
Total	8,094.8	100%

In 2023, six out of our top 10 suppliers by spending were based in Sweden. These top 10 suppliers collectively represented 24% of our total spending, as per data from 2023 in Sweden, Denmark, Norway, the Netherlands, and Czechia.

**Actions to Prevent, Mitigate and Re-mediate Adverse Impacts**

- In 2023, we set up a new inhouse Supplier Assessment System. It covers social responsibility, human rights, labour rights, environment, supply chain management, governance, financial integrity, and anti-corruption. This is currently under implementation with the goal of most strategic suppliers going through the system in 2024.
- Our Procurement and Purchasing Guidelines provide guidance to our purchasers in how to carry out procurement in the most sustainable way.
- We screen 100% of our business partners for sanctions risks.

- All contracted suppliers must sign our Business Partner Principle.
- We use contractual clauses with our suppliers to cover environment and human rights criteria.
- A Contract Management system is used to keep track of all our suppliers, agreements, and the status of their supplier assessment. This ensures that in the future we continue to work with suppliers that we trust.
- We have identified risk categories and risk countries in the global supply chain and take extra measures when procuring from these countries or categories, in the form of additional screening questions, dialogues with suppliers, and action plans for suppliers.
- Our Modern Slavery Act Statement and Human Rights Statement are publicly available on our website, to communicate our commitment to human rights.

**Whistleblowing cases (company-wide)**

	2023	2022	2021
Number of all reported whistleblowing cases	10	12	0
Number of all confirmed whistleblowing cases	2	0	0

Whistleblowing cases are reported to the Board of Directors on a quarterly basis. Two of the ten reported whistleblowing cases are related to discrimination and are reported also in the table GRI 406-1 Incidents of discrimination (company-wide). During the year we have further detailed our Whistleblowing definitions and decided to sharpen the level when a case is deemed to be a confirmed Whistleblowing case. Therefore we took the decision to re-evaluate the Whistleblowing incidents reported for 2022 and this resulted in two additional cases.

**GRI 406-1 Incidents of discrimination (company-wide)<sup>1</sup>**

	2023	2022	2021
Number of reported cases of discrimination	2	2	0
Number of confirmed cases of discrimination	1	0	0

<sup>1</sup> Incident of reported and confirmed cases of discrimination are an extraction from previous table on Whistleblowing cases (company-wide), not an addition to the number of whistleblowing cases.

We comply with anti-discrimination legislation and has zero tolerance for discrimination cases. During the year, two discrimination incidents were reported through our Whistleblower function of which one was confirmed. The reported cases in previous years were not of such a nature to justify a deeper investigation and were dismissed after the initial investigation. We started company-wide follow-up in 2019 making 2019 our baseline year.

**Business Partner Principles**

	2023	2022	2021
Number of contracted suppliers that have signed the Business Partner Principles	397	418	400
Percentage of contracted suppliers that have signed the Business Partner Principles <sup>1</sup>	79%	50%	50%

<sup>1</sup> Target 100%.

In 2023, 397 contracted suppliers signed the Business Partner Principles being 79% of the total. The share increased from 2022.

**GRI 308-1 New suppliers that were screened using environmental criteria and GRI 414-1 New suppliers screened (Sweden, Norway, Denmark)**

	2023	2022	2021
Number of new suppliers	58	35	14
Of which screened <sup>1</sup>	100%	100%	100%

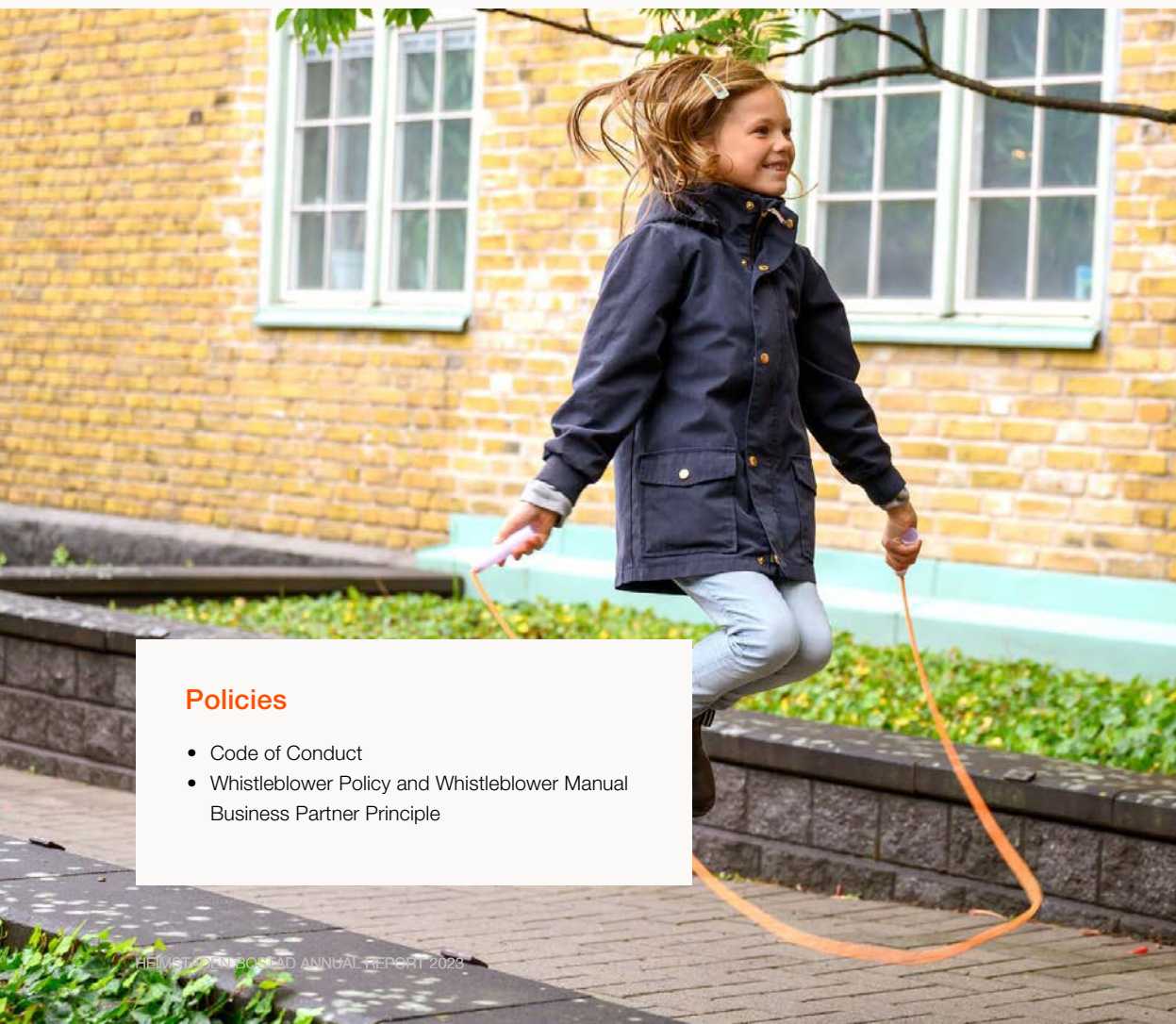
<sup>1</sup> Based on desktop assessment.

We started the screening in 2019 making 2019 our baseline year. During 2023, we screened 100% of our 58 new suppliers in Sweden, Denmark and Norway with framework agreements linked to the areas of human rights, anti-corruption, labour conditions, health and safety and environment. The results of our desktop screening showed that most of our new suppliers have communicated sufficient information on how they handle these issues.



# Local Community

413-1 Operations with local community engagement, impact assessments, and development programs



## Policies

- Code of Conduct
- Whistleblower Policy and Whistleblower Manual
- Business Partner Principle

### Impact on the Economy, Environment, and People

Our mission is to enhance and simplify lives through Friendly Homes. With over 161,000 homes in nine European countries, we are aware of our influence on the economy, environment, and local communities.

By recognising our role in addressing societal challenges like housing shortages, social inequalities, and climate change, we are committed to being part of the solution. We prioritise our efforts in areas where we can make the most meaningful impact.

**We are committed to offering a minimum of 240 inclusive jobs and to having at least 5,000 of our apartments designated as inclusive housing contracts by 2026**

### Actions Taken to Manage the Topic

A new Social Roadmap was approved by the Board in February 2023, to clarify our commitment to creating safe and inclusive homes, neighbourhoods, and societies. Below are some ongoing initiatives aimed at supporting local communities:

- A Home for a Home: We partner with SOS Children's Vil-

lages to improve the lives of the most vulnerable children. Since the start of our partnership in 2021, we have supported 54 programmes in 26 countries, reaching around 73,000 children, both locally in the countries we operate and globally. Our Group Director Social Sustainability oversees the partnership and monitors results. For further information refer to our table GRI 413-1 Operations with local community engagement, impact assessments and development (page 170)

- Inclusive Housing: We are committed to having at least 5,000 of our apartments designated as inclusive housing contracts by 2026, to support vulnerable groups obtain housing. This includes affordable housing contracts and social contracts, see page 126 for definitions. The long-term goal is to transfer the social contracts to regular contracts, meaning that these tenants have become fully self-sufficient in the housing market
- Inclusive jobs: We are committed to offering a minimum of 240 inclusive jobs by 2026, to support young people and vulnerable groups obtain work experience. This includes Youth positions and Inclusive job positions, see page 126 for definitions
- Community Coordinators: In certain regions, we employ Community Coordinators responsible for addressing social issues in our neighbourhoods. They engage with local authorities, emergency services, and property owners to create safe living environments for all our tenants. Our ze-



ro-evictions vision in Sweden leads to closer and more proactive collaboration with municipalities to prevent evictions

- Local Community Engagement: As detailed in the table GRI 413-1 Operations with local community engagement, impact assessments, and development programs on [page 170](#), our country organisations are actively involved in various activities to support our tenants, the environment, and vulnerable groups in society. These initiatives include tutoring for children, housing for the homeless, crisis accommodation for those in acute need, support for Ukrainian refugees, sports clubs, cultural organisations, community events, and sustainability-promoting activities

### Target Tracking and Evaluation

A key component of our Social Roadmap is to create safe and inclusive homes, neighbourhoods, and communities. We work actively to ensure both the physical and psychological safety of our tenants, through responsible property maintenance, customer dialogue, and community activities among other things. We also follow up on customer treatment and ensure that we have processes to support a diverse and inclusive tenant base. To further contribute to a safe and inclusive society, we offer inclusive housing and inclusive jobs, in addition to partnering with organisations who work with vulnerable groups that we cannot support through our daily operations.

The Chief Brand and Marketing Communications Officer oversees customer surveys across all operating countries. Survey results guide the establishment of internal benchmarks, action plans, and short- and long-term targets to enhance customer satisfaction. Specific targets include Service Index, Take Customers Seriously, and Safety as outlined below.

### Customer Survey Results

In the table below, the target and results for each country's Service index, Takes customer seriously score and Security score are presented, with 2020 as the baseline year when we began measuring.

#### Service index (scale 0–100)

	2023	2022	2021
Total (weighted average) <sup>1</sup>	73.6	73.3	72
Sweden	76.9	78.3	78.4
Denmark	73.4	68.2	74.6
Norway	76.5	75.7	74.7
Netherlands	65.2	63.1	58.6
Czechia	71.1	70.8	68.8
Germany	58.4	63.1	66.2
Finland	75.4	71.3	0
Poland	84.5	0	0
UK	75.2	0	0

<sup>1</sup> Target 80% by 2026.

#### Takes customer seriously (scale 0–100)

	2023	2022	2021
Total (weighted average) <sup>1</sup>	77.3	77.4	77.2
Sweden	82	84.4	84
Denmark	72.9	63.9	75.6
Norway	84.6	83.6	83
Netherlands	63.5	58	59.0
Czechia	79	79.6	77.1
Germany	52.4	61.6	76.9
Finland	74.1	68.7	0
Poland	91.4	0	0
UK	80.1	0	0

<sup>1</sup> Target 86% by 2026.

#### Security score (scale 0–100)

	2023	2022	2021
Total (weighted average) <sup>1</sup>	74.9	74.3	70.9
Sweden	76.6	77.3	75.9
Denmark	79	76.5	77.9
Norway	74.7	74.3	73
Netherlands	74.1	72.4	62.5
Czechia	68	66.3	62
Germany	66.1	67.1	55.8
Finland	76.7	74.7	0
Poland	90.8	0	0
UK	81.1	0	0

<sup>1</sup> Target 80% by 2026.

### Local community targets and tracking (company-wide)

	2023	2022	2021
<b>Inclusive housing contracts in total<sup>1</sup></b>	<b>4,767</b>	<b>5,440</b>	<b>2,321</b>
of which social contracts	2,660	2,359	2,321
of which affordable housing contracts	2031	2,131	0
of which apartments for Ukrainian refugees <sup>2</sup>	76	950	0
Share of regulated residential income	57%	60%	62%
<b>Inclusive jobs in total<sup>3</sup></b>	<b>299</b>	<b>118</b>	<b>110</b>
of which social inclusion positions <sup>4</sup>	21	0	0
of which youth positions <sup>5</sup>	278	118	110

<sup>1</sup> Inclusive housing categories only reported in countries where they are relevant. Target 5000 by 2026.

<sup>2</sup> Inclusive housing target does not include refugee apartments, since these tend to be more short-term and the need varies due to geopolitical circumstances. Most of the Ukrainian refugees' contracts were transformed into regular contracts in 2023.

<sup>3</sup> Inclusive jobs is only a focus once the organisation has reached 50 employees. Includes all people who have been employed during the year. We exceeded the target of 240 positions by 2026, due to the increase in youth positions. Over time, our goal is to increase the share of social inclusion positions.

<sup>4</sup> Social inclusion positions support people who face societal biases in the labour market, e.g. immigrants and long-term unemployed people. 2023 is the first time we report on this category.

<sup>5</sup> The category is renamed from young adult jobs to youth positions. The definition is the same, people <25 years old, but we now report all employees <25 years old, instead of previously those hired during the reporting year. This change explains the increase of youth positions versus 2022.

All information regarding employees pertains to employees of Heimstaden and Heimstaden Bostad. We currently have social contracts in in Sweden, Czechia, The Netherlands, Germany, Norway and Denmark. Affordable housing contracts we have in The Netherlands and United Kingdom. The numerator consists of the total active and signed social lease contracts at the end of 2023.

**GRI 413-1 Operations with local community engagement, impact assessments and development programmes**

	Stakeholder engagement plans based on stakeholder mapping	Broad-based local community consultation committees and processes that include vulnerable groups	Local community development programmes based on local communities' needs	Partnerships and sponsorships	Environmental impact assessments and ongoing monitoring
<b>Sweden</b>	Customer surveys	<p>Increased focus on human rights and work conditions in supply chain</p> <p>Social contracts for people far from the housing market</p> <p>Inclusive jobs - work opportunities for youth and people far from the labour market</p>	<p>A Home for a Home – support SOS Children’s Villages in their work to i) support youth leaving alternative care to become self-sufficient, and ii) support unaccompanied youth refugees to reunite with their families</p> <p>Zero evictions vision – prevent evictions through proactive collaboration with municipalities</p> <p>Heimodlat – inspire customers to grow food and flowers in courtyards and balconies, creating friendly neighbourhoods and reduced involuntary loneliness</p> <p>Heimdagen – all employees spent a day working in our properties to create community with our tenants</p> <p>Business Improvement District (BID) Malmö and BID Sofielund – crime prevention initiatives in vulnerable areas</p>	<p>Umeå Basket’s project ‘Vara med’ (‘Be included’) to reduce involuntary loneliness</p> <p>Drivkraft – offers mentors for pupils and arranges weekly help with homework at several schools in Linköping and Norrköping</p> <p>VildaKidz – provides year-round activities for socio- economically vulnerable children</p> <p>Sponsorship to Luleå women’s hockey team</p> <p>Dance for children - evening activity in one of our areas in Norrköping</p> <p>Futsal for young people in Norrköping</p>	<p>Climate Roadmap implementation – work to reduce emissions in line with our SBTi approved commitment</p> <p>Climate Risk Assessment of properties</p> <p>100% renewable electricity in existing properties where Heimstaden Bostad is on the contract</p> <p>Customer communication and education about reducing energy and water use</p> <p>Environmental certification of newbuilds</p> <p>Chemical management system implementation to reduce risks in property maintenance</p> <p>Assessment and relevant implementation of renewable energy production in all newbuilds and major projects</p> <p>Implement ecosystem service analysis and measures in own developments to keep, restore or increase the location’s ecosystem values and contribute to the surrounding community</p> <p>Implement measures to increase safety and inclusion, such as lighting, greenery, and common spaces</p> <p>Replace fossil fuel vehicles with fossil free alternatives</p> <p>Offer mobility services to tenants in newbuilds</p>
<b>Norway</b>	Customer surveys	<p>Increased focus on human rights and work conditions in supply chain</p> <p>Social contracts for people far from the housing market</p> <p>Inclusive jobs - work opportunities for youth and people far from the labour market</p> <p>Refugee facility</p>	<p>A Home for a Home – support SOS Children’s Villages in helping vulnerable families to stay together, and supplying apartments for i) youth leaving foster care, and ii) family visits with Oslo Child Protection Services</p> <p>Prevention and response training for customer-facing employees, to better support vulnerable tenants</p> <p>Create feeling of community among tenants through activities such as children’s day and Christmas celebration</p> <p>Hold Oslo Ren – litter-picking activity for employees and tenants</p> <p>HeimDyrket – inspire customers to grow food and flowers in courtyards and balconies, creating friendly neighbourhoods and reduced involuntary loneliness</p>	<p>Fretex – opportunity for tenants to donate clothes, shoes etc when moving out, which we deliver to Fretex who sells them in its secondhand stores or gives to charity.</p> <p>Red Cross – recycling boxes for clothes and textiles on several of our properties that go to the Red Cross second hand stores. Support the Red Cross’ homework help in Oslo (5 locations for physical + digital help)</p> <p>City Mission Church – support homeless people with food, shelter and Christmas gifts during Christmas</p>	<p>Climate Roadmap implementation – work to reduce emissions in line with our SBTi approved commitment</p> <p>Climate Risk Assessment of properties</p> <p>100% renewable electricity in existing properties where Heimstaden Bostad is on the contract</p> <p>Customer communication and education about reducing energy and water use</p> <p>Implement water and energy efficiency measures such as wireless humidity and temperature sensors and water saving shower heads</p> <p>Implement measures to increase safety and inclusion, such as lighting, greenery, and common spaces</p> <p>Replace fossil fuel vehicles with electric vehicles. Over 80% of our cars are electrical, with a target of 100% end of 2024</p>

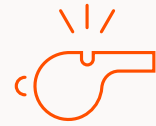
	Stakeholder engagement plans based on stakeholder mapping	Broad-based local community consultation committees and processes that include vulnerable groups	Local community development programmes based on local communities' needs	Partnerships and sponsorships	Environmental impact assessments and ongoing monitoring
<b>Denmark</b>	Customer surveys	<p>Increased focus on human rights and work conditions in supply chain</p> <p>Social contracts for people far from the housing market</p> <p>Inclusive jobs - work opportunities for youth and people far from the labour market</p>	<p>A Home for a Home – offer tutoring to children who need support with their schoolwork and self-esteem</p> <p>WeShelter – support the most vulnerable homeless people with shelter, peer-to-peer initiatives, and financial advice. We contribute with both financial and in-kind support</p> <p>Hellebro – works to improve conditions for young homeless people (18–29 years), offering a day care centre, shelter, office hotel and halfway houses</p> <p>HeimNeighbour: communications campaign about neighbourliness and local community contributing to safe and inclusive neighbourhoods</p> <p>Eight mentorship programmes for children living in our homes (tenants apply via home page)</p>	<p>PowerWomen – an outdoor, public, innovative exhibition of 100 remarkable women, who have shaped the world around them by actively choosing to take control of their own lives and by stepping out of their comfort zone.</p> <p>H. C. Andersen Festival – a full week of cultural events with light, sound, art, music, and imagination in Odense.</p> <p>Print of the book Lula Kaninbusk, which is donated to the Danish children's hospitals – outcome of earlier supported Project Sommerfugleeffekten (Butterfly Effect)</p> <p>Christmas Calendar for local sports club and harbour party in Skærbæk</p>	<p>Climate Roadmap implementation – work to reduce emissions in line with our SBTi approved commitment</p> <p>Climate Risk Assessment of properties</p> <p>69% renewable electricity in existing properties where Heimstaden Bostad is on the contract</p> <p>Customer communication and education about reducing energy and water use, including water saving competition between Copenhagen-based properties</p> <p>Implement ecosystem service analysis and measures in own developments to keep, restore or increase the location's ecosystem values and contribute to the surrounding community</p> <p>Implement measures to increase safety and inclusion, such as lighting, greenery, and common spaces</p>
<b>Netherlands</b>	Customer surveys	<p>Increased focus on human rights and work conditions in supply chain</p> <p>Social and affordable housing contracts for people far from the housing market</p> <p>Inclusive jobs - work opportunities for youth and people far from the labour market</p>	<p>Buurheld van het jaar (Neighbour of the year) – competition to find the best neighbor of the year and create feeling of community among tenants</p> <p>Geldfit – campaigns to support our tenants' financial well-being with information, expert tips and guidance.</p> <p>Onder De Pannen – Tenants can let spare rooms to individuals facing homelessness. Onder De Panne facilitate the matching process and rent payments, and support the vulnerable individuals in finding stable housing within a year</p>	<p>Steenbreek – collaboration for biodiversity and green spaces, including social events, expert talks about biodiversity and garden parties.</p> <p>Lifeterra "Tree for a key" – we plant a new tree in Mariënwaerdt for every new tenant</p>	<p>Climate Roadmap implementation – work to reduce emissions in line with our SBTi approved commitment</p> <p>Climate Risk Assessment of properties</p> <p>100% renewable electricity in existing properties where Heimstaden Bostad is on the contract</p> <p>Customer communication and education about reducing energy and water use</p> <p>Develop and implement biodiversity requirements and guidelines for our communal gardens</p> <p>Implement measures to increase safety and inclusion, such as lighting, greenery, and common spaces</p>

	Stakeholder engagement plans based on stakeholder mapping	Broad-based local community consultation committees and processes that include vulnerable groups	Local community development programmes based on local communities' needs	Partnerships and sponsorships	Environmental impact assessments and ongoing monitoring
<b>Germany</b>	Customer surveys	<p>Increased focus on human rights and work conditions in supply chain</p> <p>Social contracts for people far from the housing market</p> <p>Inclusive jobs - work opportunities for youth and people far from the labour market</p>	<p>City clean-up in Berlin – cleaning done by Heimstaden Bostad’s employees</p> <p>Safari afternoons – showing and educating our tenants about flower meadows and the ecosystems services they provide</p> <p>Beehive visits – showing and educating our tenants about beekeeping and the ecosystem services they provide</p> <p>HeimGarten – inspire customers to grow food and flowers in courtyards and balconies, creating friendly neighbourhoods and reduced involuntary loneliness</p>	<p>Stadtbiene (Urban bees) – promotes ecological beekeeping and the protection of wild bees in urban areas</p> <p>Plant my tree – we plant a tree for every new tenant</p>	<p>Climate Roadmap implementation – work to reduce emissions in line with our SBTi approved commitment</p> <p>Climate Risk Assessment of properties</p> <p>100% renewable electricity in existing properties where Heimstaden Bostad is on the contract</p> <p>Customer communication and education about reducing energy use</p> <p>Prepare to replace all oil heating systems with efficient heat pumps and gas boilers</p> <p>Install AI controlled weather forecast systems to increase energy efficiency of central gas and district heating systems</p> <p>Prepare pilot project for heat pumps in older buildings</p> <p>Implement measures to increase safety and inclusion, such as lighting, greenery, and common spaces</p>
<b>Czechia</b>	Customer surveys	<p>Increased focus on human rights and work conditions in supply chain</p> <p>Social contracts for people far from the housing market</p> <p>Inclusive jobs - work opportunities for youth and people far from the labour market</p>	<p>A Home for a Home – In collaboration with SOS Children’s Villages, supply apartments for i) young vulnerable families, and ii) youth leaving foster care</p> <p>Community centers for older tenants and members of local community</p> <p>Home with us – offer apartments and social support for young people leaving children’s homes and foster families</p> <p>Crisis housing – provide five furnished apartments in four cities for people in an immediate crisis situations such as fire, domestic violence, etc.</p> <p>Beehives on rooftops to support local ecosystem services</p> <p>Housing Fund – offer rent discount to single seniors over 70 with state housing allowance</p>	<p>Tenant grants for activities that cultivate public spaces, leisure activities and activities that contribute to safe and inclusive neighbourhoods</p> <p>Support to the Centre for Employment Support in the Moravian-Silesian Region</p>	<p>Climate Roadmap implementation – work to reduce emissions in line with our SBTi approved commitment</p> <p>Climate Risk Assessment of properties</p> <p>99% renewable electricity in existing properties where Heimstaden Bostad is on the contract</p> <p>Customer communication and education about reducing energy and water use</p> <p>Implement measures to reduce energy use such as facade insulation, window sealing and AI-based control systems for optimal heating</p> <p>Prepare to replace district heating with more energy efficient heat pumps.</p> <p>Implement measures to increase safety and inclusion, such as lighting, greenery, and common spaces</p>

	Stakeholder engagement plans based on stakeholder mapping	Broad-based local community consultation committees and processes that include vulnerable groups	Local community development programmes based on local communities' needs	Partnerships and sponsorships	Environmental impact assessments and ongoing monitoring
<b>UK</b>	Customer surveys	<p>Increased focus on human rights and work conditions in supply chain</p> <p>Affordable housing contracts for people far from the housing market</p> <p>Inclusive jobs - work opportunities for youth and people far from the labour market</p>	Install a bridge to provide a safe and efficient pedestrian and cycling route into the city	<p>Sponsorship of local NHS trust star awards, celebrating the work of their health care professionals</p> <p>Book swap event held for residents in Birmingham</p>	<p>Climate Roadmap implementation – work to reduce emissions in line with our SBTi approved commitment</p> <p>Climate Risk Assessment of properties</p> <p>100% renewable electricity in existing properties where Heimstaden Bostad is on the contract</p> <p>Customer communication and education about reducing energy and water use, as well as recycling</p> <p>PV panels installation covering 84% of all assets</p> <p>Car Club scheme provided to residents in Birmingham.</p>
<b>Finland<sup>1</sup></b>	Customer surveys	<p>Increased focus on human rights and work conditions in supply chain</p>			<p>Climate Roadmap implementation – work to reduce emissions in line with our SBTi approved commitment</p> <p>Climate Risk Assessment of properties</p> <p>98% renewable electricity in existing properties where Heimstaden Bostad is on the contract</p> <p>Customer communication and education about reducing energy and water use</p> <p>Implement measures to reduce energy and water use such as Leanheat indoor sensors and Smartvatten water meter</p> <p>Install geothermal heating and solar panels in one redevelopment project (108 apartments)</p>
<b>Poland</b>	<p>Customer surveys</p> <p>BREEM certification survey (Building Research Establishment's Environmental Assessment Method)</p>	<p>Increased focus on human rights and work conditions in supply chain</p> <p>Inclusive jobs - work opportunities for youth and people far from the labour market</p>	A Home for a Home – support SOS Children's Villages in their work to strengthen vulnerable families		<p>Climate Roadmap implementation – work to reduce emissions in line with our SBTi approved commitment</p> <p>Climate Risk Assessment of properties</p> <p>92% renewable electricity in existing properties where Heimstaden Bostad is on the contract</p> <p>Customer communication and education about reducing energy and water use, as well as recycling</p> <p>Install photovoltaic panels on one of our estates</p>

<sup>1</sup> We intend to implement similar initiatives for local community engagement and development in Finland once our inhouse organisation has reached critical mass.





# Anti-Corruption

205-3 Confirmed incidents of corruption and actions taken

## Policies

- Anti-Corruption policy
- Code of Conduct
- Business Partner Principles
- Whistleblower Policy and Whistleblower Manual
- People & Culture Policy

## Impact on the Economy, Environment, and People

Our values make it crucial to conduct our operations responsibly and with a high level of business ethics. Failure to respect the norms of corporate responsibility may increase the improper use of natural resources, the risk of human rights violations in our supply chain, accidents and work-related health problems for our people, and barriers to attracting talent to ensure growth and service delivery. Instances of corruption or suspicion thereof can lead to economic losses through fines or penalties, impacting our brand, reputation, and the trust of customers and investors alike.

## Actions Taken to Manage the Topic

In line with our commitment to the UN Global Compact, we actively address anti-corruption measures within our compliance management system, spanning internal policies and our entire value chain. Our Group Governance, Risk and Compliance (GRC) function is responsible for the Anti-corruption policy. Our People & Culture team takes charge of equipping employees with the tools they need to understand our Code of Conduct, culture, and values. They also educate employees on how to report any breaches using our whistleblowing and employee engagement tools.

Managers hold the responsibility of ensuring proper training and information dissemination among their teams, with People & Culture monitoring completion rates quarterly. Immediate action is taken in response to whistleblowing and related incidents, which are also reported quarterly to the Board.

To enhance employee knowledge, we conduct mandatory e-learning courses every 18 months. Additionally, People & Culture conducts culture and values workshops focusing on business ethics, human rights, and working conditions. New hires sign the Code of Conduct during onboarding and undergo mandatory training in their first month of employment.

Our Purchasing function and internal contractors, when contracting an external company, are responsible to set requirements and monitor compliance with the Business Partner Principles. To facilitate this, we have implemented a self-assessment covering environment, human rights, business ethics, financial integrity, labour rights, supply chain management and anti-corruption.

## We are dedicated to improve our suppliers due diligence process and making clear screening guidelines throughout all of our markets concerning Anti-corruption

The Anti-Corruption Due Diligence Process that we have in place can be summarised as follows:

1. Policy Commitment - In 2023, we updated our Anti-Corruption policy and created a new Anti-Corruption Manual
2. Business Partner Principles (updated in 2022) - Our Business Partner Principles, which must be signed by all our

partners and suppliers, covers all forms of corruption, specifying hospitality and gifts, sanctions, information management, fraud and money laundering, and protection of personal data

3. Training for employees - A new mandatory anti-corruption training was launched for all employees in 2023
4. Oversight mechanism for suppliers and other business partners - All business partners must sign our Business Partner Principles, and all strategic suppliers and contractors go through an assessment. In Norway, a separate assessment is carried out in compliance with the Norwegian Transparency Act. Refer to the Human Rights section for details on our supplier assessment system
5. Detecting corruption risks: Included in our Risk Tool and updated quarterly. We have a Risk Policy and Manual guiding the countries, functions and management on updating risks accordingly. The updated risk picture for the countries is reviewed and discussed in the quarterly business review and the top risk picture is presented bi-annually to the Audit and GRC Committee and the Board
6. Procedure to deal with corruption cases: Whistleblowing system in place, managed by a third party, with a grievance process to handle all cases
7. Our Whistleblower Policy and manual were updated in 2023 to align with the EU Whistleblowing directive

### Target Tracking and Evaluation

#### GRI 205-3 Confirmed incidents of corruption and actions taken (company-wide)<sup>1</sup>

	2023	2022	2021
Number of reported cases of corruption	0	2	0
Number of confirmed cases of corruption	0	0	0

<sup>1</sup> Incident of reported and confirmed cases of corruption are an extraction from previous table on Whistleblowing cases (company-wide), not an addition to the number of whistleblowing cases.

We have a Whistleblower function where employees and external stakeholders can report any irregularities and violations of the Code of Conduct. The system is owned and managed by a neutral third party. Our Whistleblower Policy specifies how reported cases are to be processed, followed up and communicated. Our vision is to have zero annual confirmed cases of corruption, company-wide. During 2023, zero cases of corruption were reported through the Whistleblower function. We started the follow-up at Group level in year 2019, making year 2019 our baseline.

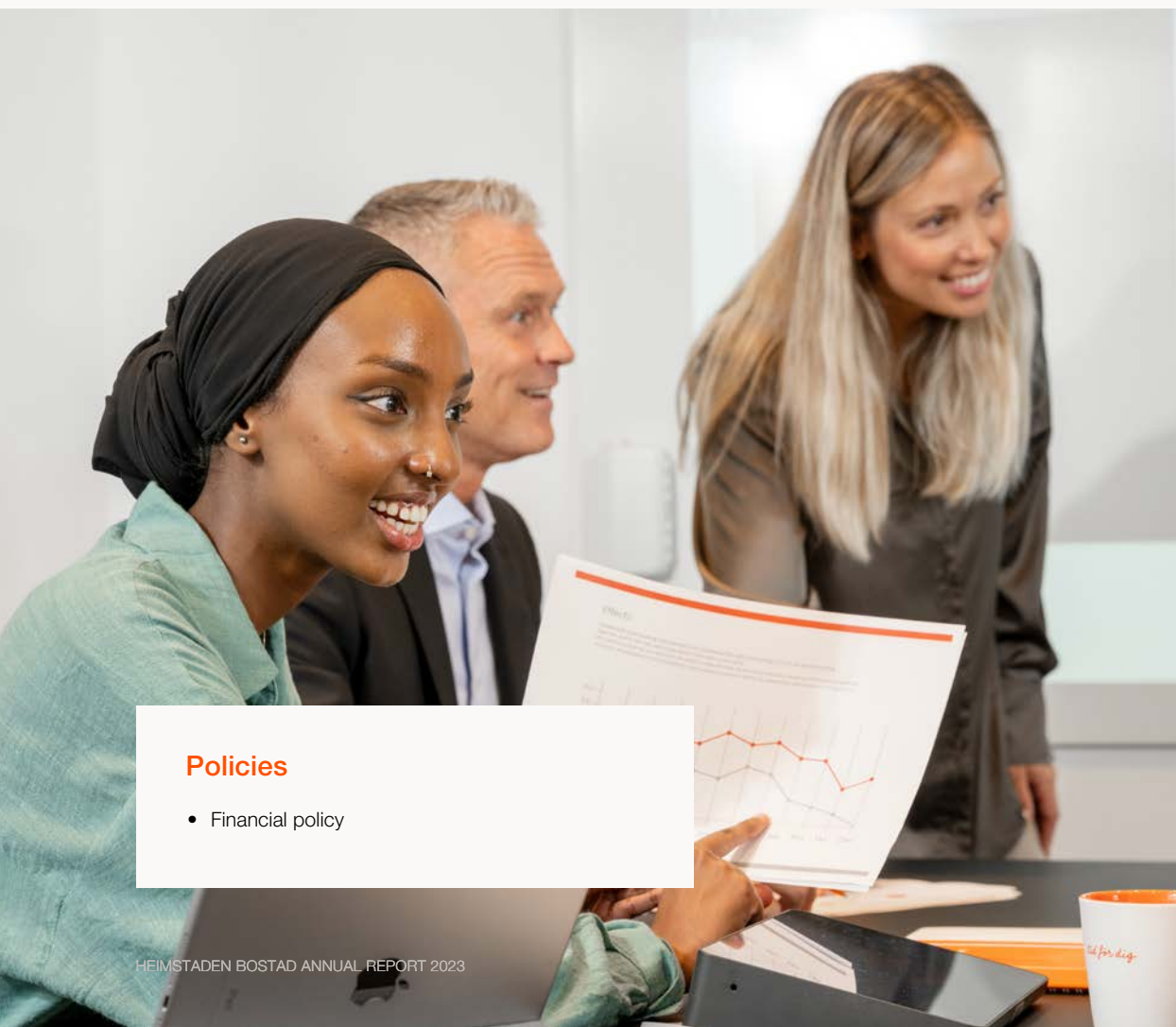






# Economic Performance

201-1 Direct economic value generated and distributed



## Policies

- Financial policy

### Impact on the Economy, Environment, and People

Through long-term profitable growth generated with consideration for people and the planet, we build trust among our employees, tenants, public bodies, shareholders, suppliers, banks, and investors. Their trust in us is crucial for our continued growth, while a competitive offering to employees is critical for our success. We make contributions to local societies in all our markets through corporation tax, VAT, and social security payments. The majority of our shareholders are institutional investors, and a large part of our profit is re-invested in people's future pensions.

### Actions Taken to Manage the Topic

Our strategy is to acquire, develop, and manage residential properties for rent over the long term. Investment decisions are therefore premised on growth in the population and the economy, which generates long-term demand for residential properties in the locations where we operate.

Our Financial policy provides a framework for managing the company's financial risks, including liquidity, refinancing, foreign currency, and interest rates.

### Target Tracking and Evaluation

To monitor and evaluate our financial performance, we continuously measure and assess our financial governance. Our progress is tracked through key indicators, including acquisition volumes, raised equity volumes, access to debt markets, and maintaining a strong credit rating for Heimstaden Bostad. We also evaluate investment and asset management performance as part of our ongoing business review.

**GRI 201-1 Direct economic value generated and distributed (company-wide)**

SEK million	2023	2022	2021
<b>DIRECT ECONOMIC VALUE GENERATED</b>			
<b>Tenants</b>			
Rental income	16,724	13,919	9,247
<b>Economic value generated from rental income</b>	<b>16,724</b>	<b>13,919</b>	<b>9,247</b>
<b>ECONOMIC VALUE DISTRIBUTED</b>			
<b>Employees</b>			
Salaries (incl. social costs and pensions)	-1,491	-527	-200
<b>Cost for employees</b>	<b>-1,491</b>	<b>-527</b>	<b>-200</b>
<b>Society</b>			
Suppliers (incl. VAT)	-11,578	-16,151	-7,204
Corporate tax (current tax)	-466	-836	-492
Deferred tax	4,234	1,878	-4,580
<b>Economic value to society</b>	<b>-7,809</b>	<b>-15,110</b>	<b>-12,276</b>
<b>Owners</b>			
Dividends (payout year)	-9,109	-27,545	-4,978
New share issue (capital injections)	3,331	47,324	64,996
<b>Transactions with the shareholders</b>	<b>-5,778</b>	<b>19,779</b>	<b>60,018</b>
<b>ECONOMIC VALUE RETAINED</b>	<b>1,646</b>	<b>18,207</b>	<b>56,790</b>

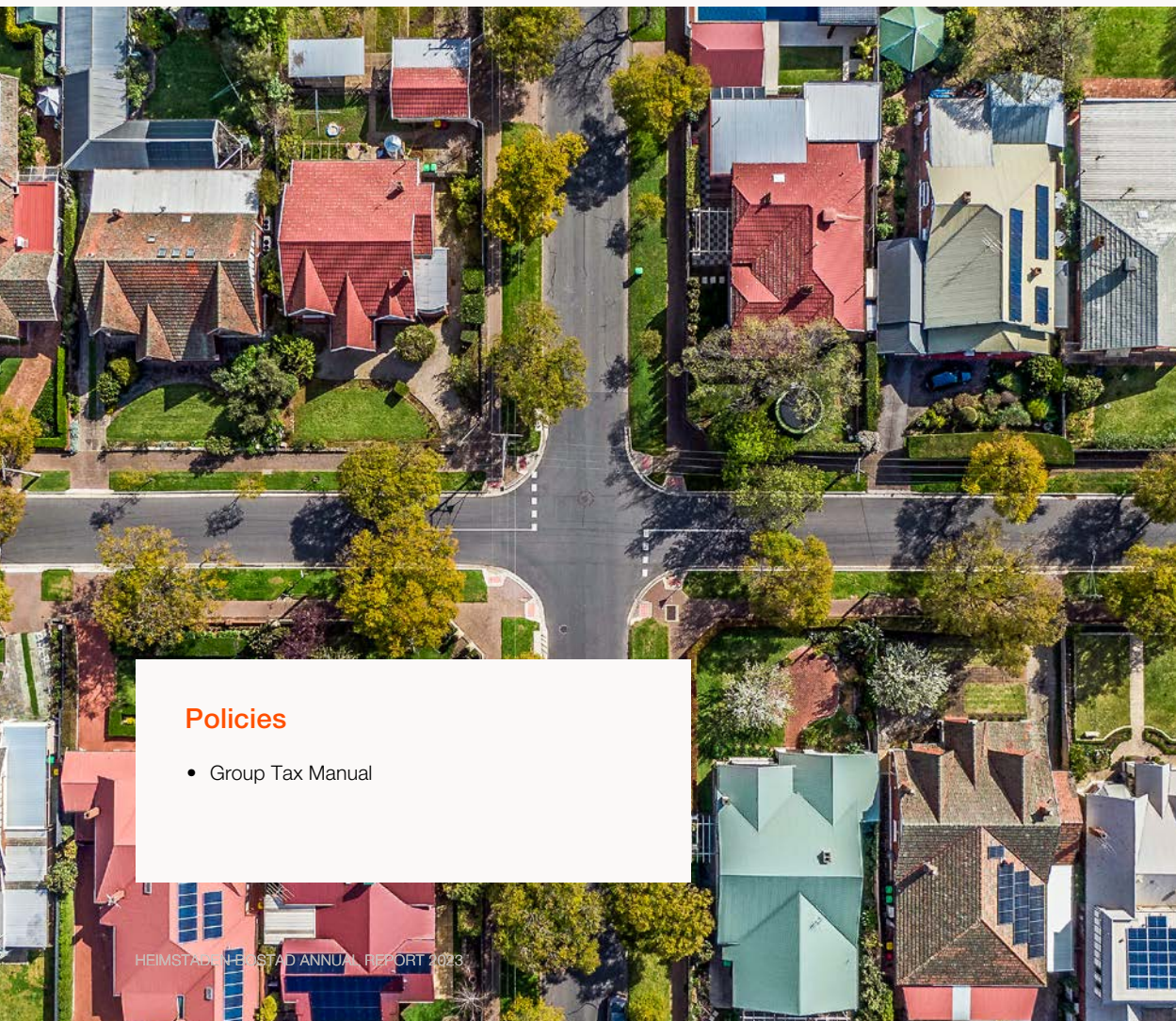
This calculation, following GRI guidelines and derived from the Annual Report's reported financials, aims to simplify how we generate value for stakeholders and contribute to the economic systems where we operate.





# Tax

- 207-1 Approach to tax
- 207-2 Tax governance, control, and risk management
- 207-3 Stakeholder engagement and management of concerns related to tax
- 207-4 Country-by-country reporting



## Policies

- Group Tax Manual

### Impact on the Economy, Environment, and People

We view tax as a social responsibility. Taxes make up most of a government’s revenue and provide the resources to build a sustainable society. We believe it is important that tax is paid in the country where value is created, in due time and in accordance with local tax rules.

We also think that it is self-evident to live up to requirements and expectations regarding tax transparency. We work continuously with stakeholders to follow their interests and to identify potentially new requirements in the tax area, including new initiatives by the OECD and other international bodies. If there is uncertainty about a tax matter, we often initiate a dialogue with the concerned tax authority to clarify how the matter should be handled correctly.

Transparency and compliance with tax obligations are fundamental to our business. We maintain open communication with relevant tax authorities, adhering to all tax administration and payment requirements. Effectively managing taxes within the legal framework also helps mitigate business risks and fulfil our commitments to stakeholders.

Although we operate through various subsidiaries, we are unwavering in our commitment to ethical tax practices. Our subsidiaries strictly adhere to all legal tax requirements and will never engage in illegal tax planning.

### Actions Taken to Manage the Topic

We follow a rigorous approach to tax management, governed by our Group Tax Manual. This Manual encompasses governance, risk, authority relationships, roles, and communication.

Ownership of this Manual rests with the CFO and local financial managers where applicable, extending to all levies paid to country tax authorities. This manual is applicable across our subsidiaries and employees within the company from the date of adoption.

With a strong local presence and a focus on precision, we maintain a low tax risk profile. Ensuring accurate tax handling and reporting is our constant goal. For acquisitions, we integrate tax risk management into our due diligence, collaborating closely with local external counsel, supported by local or Group Tax resources as needed.

Responsibility for our tax position across all markets lies with the CFO, with day-to-day tasks delegated to local finance managers and departments. Significant tax matters are regularly addressed in Audit & GRC Committee meetings, where the Group auditor also participates. We vigilantly monitor Transfer Pricing to safeguard against any negative impact on our tax footprint.

In cases of late filings or non-compliance, we take prompt corrective action. Any person suspecting serious business irregularities can alert Group Tax or use our Whistleblowing function,

which is explained further in the section Human Rights on [page 165](#).

Our commitment to tax transparency aligns with our statutory obligations, demonstrating our unwavering commitment to responsible tax management.

#### Target Tracking and Evaluation

Group Legal and Tax assesses our management approach by reporting tax at the Group level, overseeing tax matters, and offering tax advice.

In certain countries, we engage local tax counsels to manage and supervise ongoing tax reporting to local authorities. In other jurisdictions, we collaborate closely with external counsel to meet tax reporting requirements, ensuring strict compliance with our Tax Manual.

We maintain annual updates of Transfer Pricing documentation, comprising a Group Master File and Local File for each country of operation. This standardised framework provides transparency on essential tax factors at an aggregated level

and is shared with relevant stakeholders, including local tax authorities when necessary.

We submit an annual aggregated country-by-country report at the Group level and fulfils notification requirements with tax authorities in each country. Country Heads of Finance, in collaboration with Group Tax, conduct an annual review to detect significant discrepancies between aggregated revenues and country-specific tax data. The country-by-country tax reporting is detailed in the table below.

#### GRI 207-4 Country-by-country reporting (company-wide)

	2022								
SEK million	Sweden	Norway	Denmark	Netherlands	Germany	Czechia	Poland	Finland	UK
Number of employees (Headcount)	537	153	311	161	335	865	21	5	13
Revenues from third-party sales	4,022	366	3,149	1,170	1,847	1,516	29	192	-28
Revenues from intra-group transactions with other tax jurisdictions	-62	458	185	789	335	1,516	38	74	63
Profit/loss before tax	-12,233	1,069	-2,377	161	3,676	2,990	98	190	99
Tangible assets other than cash and cash equivalents	124,230	10,880	64,627	78,899	83,486	16,528	1,961	3,203	2,514
Corporate income tax paid on a cash basis	145	18	344	167	68	86	9	0	0
Corporate income tax accrued on profit/loss	-2,888	334	-795	-38	904	533	15	31	27

The table contains country-by-country reporting for year 2022 for all countries in which we operate during the year. Data from FY 2022 is the most recent available data. See the table section for data on previous year.



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## GRI 2-7 Employees

Total number of employees (headcount)	2023			2022			2021		
	Total	Women	Men	Total	Women	Men	Total	Women	Men
Sweden	519	201	318	537	244	293	550	236	314
Norway	142	41	101	153	47	106	164	60	104
Denmark	273	91	182	311	99	212	272	95	177
Netherlands	130	56	74	161	67	94	133	58	75
Germany	328	140	188	335	170	165	283	147	136
Czechia	664	266	398	865	386	479	807	373	434
Poland	22	14	8	21	10	11	9	3	6
United Kingdom	21	9	12	13	6	7	3	3	0
Iceland	0	0	0	18	5	13	21	7	14
Finland	6	0	6	5	0	5	0	0	0
Heimstaden total	2,105	818	1,287	2,419	1,034	1,385	2,242	1,260	982

Total number of permanent employees (headcount)	2023			2022			2021		
	Total	Women	Men	Total	Women	Men	Total	Women	Men
Sweden	505	195	310	510	228	282	518	219	299
Norway	140	41	99	136	39	97	150	51	99
Denmark	271	90	181	272	87	185	265	92	173
Netherlands	98	41	57	110	44	66	91	36	55
Germany	318	135	183	323	163	160	278	144	134
Czechia	539	225	314	386	246	140	499	253	246
Poland	22	14	8	21	10	11	9	3	6
United Kingdom	20	9	11	13	6	7	3	3	0
Iceland	0	0	0	18	5	13	21	7	14
Finland	6	0	6	5	0	5	0	0	0
Heimstaden total	1,919	750	1,169	1,794	828	966	1,834	808	1,026

Total number of temporary employees (headcount)	2023			2022			2021		
	Total	Women	Men	Total	Women	Men	Total	Women	Men
Sweden	14	6	8	19	11	8	32	17	15
Norway	2	0	2	5	1	4	14	9	5
Denmark	2	1	1	8	2	6	7	3	4
Netherlands	32	15	17	36	18	18	42	22	20
Germany	10	5	5	9	6	3	5	3	2
Czechia	125	41	84	84	50	34	308	120	188
Poland	0	0	0	0	0	0	0	0	0
United Kingdom	1	0	1	0	0	0	0	0	0
Iceland	0	0	0	0	0	0	0	0	0
Finland	0	0	0	0	0	0	0	0	0
Heimstaden total	186	68	118	161	88	73	408	174	234

Total number of non-guaranteed hours employees (headcount)	2023			2022			2021		
	Total	Women	Men	Total	Women	Men	Total	Women	Men
Sweden	0	0	0	7	4	3	1	0	1
Norway	0	0	0	12	7	5	22	12	10
Denmark	0	0	0	29	10	19	18	4	14
Netherlands	0	0	0	14	5	9	7	6	1
Germany	0	0	0	2	0	2	1	0	1
Czechia	0	0	0	381	88	293	310	58	252
Poland	0	0	0	0	0	0	0	0	0
United Kingdom	0	0	0	0	0	0	0	0	0
Iceland	0	0	0	0	0	0	0	0	0
Finland	0	0	0	0	0	0	0	0	0
Heimstaden total	0	0	0	445	114	331	359	80	279

Total number of full-time employees (Headcount)	2023			2022			2021		
	Total	Women	Men	Total	Women	Men	Total	Women	Men
Heimstaden total	1,967	732	1,235	1,567	662	905	1,717	654	1,063

Total number of part-time employees (Headcount)	2023			2022			2021		
	Total	Women	Men	Total	Women	Men	Total	Women	Men
Heimstaden total	131	83	48	388	254	134	525	328	197

Data regarding employees pertains to employees of both Heimstaden Bostad and Heimstaden. Heimstaden Bostad does not own any properties in Iceland.

**GRI 207-4 Country-by-country reporting**

SEK million	2022									2021								
	Sweden	Norway	Denmark	Netherlands	Germany	Czechia	Poland	Finland	United Kingdom	Sweden	Norway	Denmark	Netherlands	Germany	Czechia	Poland	Finland	United Kingdom
Number of employees (Headcount)	537	153	311	161	335	865	21	5	13	8	0	2	0	13	710	0	0	0
Revenues from third-party sales	4,022	366	3,149	1,170	1,847	1,516	29	192	-28	2,873	74	2,593	1,139	805	1,572	14	16	1
Revenues from intra-group transactions with other tax jurisdictions	-62	458	185	789	335	1,516	38	74	63	1,103	779	3	192	41	600	13	0	4
Profit/loss before tax	-12,233	1,069	-2,377	161	3,676	2,990	98	190	99	-409	272	6,769	8,131	1,075	2,766	10	86	-5
Tangible assets other than cash and cash equivalents	124,230	10,880	64,627	78,899	83,486	16,528	1,961	3,203	2,514	62,858	5,667	66,636	27,324	67,608	17,997	0	1,014	975
Corporate income tax paid on a cash basis	145	18	344	167	68	86	9	0	0	76	65	191	174	-64	125	0	2	36
Corporate income tax accrued on profit/loss	-2,888	334	-795	-38	904	533	15	31	27	72	79	259	123	-37	64	1	2	0

## GRI 302-1: Energy consumption in the properties in MWh

	Total			Sweden			Norway			Denmark			Netherlands			Germany			Czechia			Finland			Poland			UK		
	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2023	2022	2023	2022	2023	2022	
<b>Heating (Non-renewable)</b>																														
Fossil district heating	350,033	424,119	365,152	6,403	6,984	1,862	169	177	0	23,703	15,297	14,239	0	0	0	66,440	71,964	26,744	247,571	323,221	322,307	5,373	6,476	373	0	0	0	0	0	
Natural gas	110,872	90,023	47,736	0	0	0	0	0	0	1,784	0	196	7,285	7,905	9,768	98,131	79,434	36,036	3,672	2,684	1,737	0	0	0	0	0	0	0	0	
Oil	6,554	11,273	101	0	0	0	0	0	0	0	0	0	0	0	90	6,176	11,121	11	0	0	0	378	152	0	0	0	0	0	0	
Total non-renewable	467,458	525,415	412,988	6,403	6,984	1,862	169	177	0	25,487	15,297	14,435	7,285	7,905	9,858	170,747	162,519	62,791	251,243	325,906	324,043	5,751	6,628	373	0	0	0	0		
Of which non-renewable fuel (natural gas, oil)	117,425	101,295	47,837	0	0	0	0	0	0	1,784	0	196	7,285	7,905	9,858	104,307	90,555	36,047	3,672	2,684	1,737	378	152	0	0	0	0	0		
<b>Heating (Renewable)</b>																														
Renewable and recycled district heating	484,752	446,553	361,860	392,155	3,69,016	287,520	11,104	11,592	15,259	50,410	44,047	39,363	0	0	0	6,156	5,706	1,945	7,984	8,056	17,774	16,908	8,137	35	0	0	0	0	0	
Biogas	1,940	1,902	2,188	1,940	1,902	2,188	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total renewable	486,692	448,455	364,048	394,094	370,918	289,708	11,104	11,592	15,259	50,410	44,047	39,363	0	0	0	6,156	5,706	1,945	7,984	8,056	17,774	16,908	8,137	35	0	0	0	0		
Of which renewable fuel (biogas)	1,940	1,902	2,188	1,940	1,902	2,188	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total heating (non-renewable and renewable)	954,151	973,870	777,036	400,497	377,902	291,570	11,273	11,768	15,259	75,897	59,344	53,798	7,285	7,905	9,858	176,903	168,225	64,735	259,227	333,962	341,817	22,660	14,765	409	0	0	0	0		
<b>Cooling</b>																														
District cooling	284	271	326	284	271	326	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>Electricity</b>																														
Electricity consumption	111,583	103,871	76,507	77,157	75,617	53,519	14,848	12,704	13,587	6,832	4,985	5,134	1,646	2,643	1,150	3,956	3,477	960	2,961	2,177	2,156	2,871	2,267	919	0.2	305	17	0		
Of which renewable electricity	105,514	100,879	74,268	77,157	75,617	53,519	14,848	12,704	13,587	4,727	4,030	4,846	1,646	2,643	1,150	3,956	1,603	960	2,924	2,027	205	2,805	2,255	843	0.2	305	17	0		
Total energy usage (heating, cooling, electricity)	<b>1,066,018</b>	1,078,013	853,869	<b>477,938</b>	453,415	345,415	26,121	24,472	28,846	<b>82,729</b>	64,329	58,932	<b>8,930</b>	10,547	11,008	<b>180,859</b>	171,702	65,696	<b>262,188</b>	336,139	343,973	<b>25,531</b>	17,032	<b>1,327</b>	0.2	<b>305</b>	17	0		
Installed capacity (photovoltaic cells), kWp	3,295	2,011	1,262	1,609	1,304	956	0	0	0	1,400	494	306	213	213	0	0	0	0	0	0	0	24	0	50	0	0	0	0		
Estimated energy production	2,599	1,535	595	1,167	937	462	0	0	0	1,190	424	133	174	174	0	0	0	0	0	0	0	20	0	49	0	0	0	0		

The data for 2023 includes the purchased energy by Heimstaden Bostad in Sweden, Norway, Denmark, Netherlands, Germany, Finland, Poland, and UK. For Czechia the energy consumption from year 2023 is available for heating only, and therefore estimates are used for electricity and water consumption, based on the energy consumption figures from 2022. Properties where customers have their own energy contract are not included, as it is not possible for Heimstaden Bostad to obtain the energy data. In 2023, the total energy consumption has slightly decreased in absolute numbers by 1% compared to 2022 results. This results reflects a summary of energy increase in few countries while we had a decrease in others. Sweden and Norway had a relevant increase in energy consumption, while Denmark had a sharp increase due to increased data quality. At the same time we had a major energy consumption decrease in Netherlands and Czechia due to energy savings from renovation projects and reduced energy use by our tenants.

We have more solar PV cells installed this year in our new builds in Poland. Also Finland reported for the first time in 2023. There was major part investigated also in Denmark in 2023. These increased our estimated energy production by almost 70% compared to 2022.



## GRI 305-1, 305-2, 305-4: GHG emissions Scope 1 and 2

	Total			Sweden			Norway			Denmark			Netherlands			Germany			Czechia			Finland			Poland			UK		
	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2023	2022	2023	2022	2023	2022	
Scope 1 in tonnes CO <sub>2</sub> e	23,731	23,050	11,985	210	357	340	2	10	343	715	312	253	1,469	1,726	2,027	19,966	19,550	7,596	1,256	1,092	1,426	101	2	12	-	-	-	-	-	
Of which from property heating	22,203	21,436	10,341	-	-	-	-	-	-	329	-	40	1,343	1,620	2,027	19,754	19,264	7,391	677	550	883	101	2	12	-	-	-	-	-	
Of which from vehicles	1,505	1,555	1,607	187.45	298	303	2	10	343	386	312	213	126	106	-	212	286	205	579	542	543	-	-	-	-	-	-	-	-	
Of which from refrigerants	22	59	37	22.22	59	37	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Scope 2 Market-based in tonnes CO <sub>2</sub> e	135,966	170,004	195,882	24,906	25,524	16,756	45	47	17	5,756	3,292	2,745	-	-	-	11,196	7,190	2,692	91,571	132,452	173,672	2,287	1,419	203	80	-	-	-	-	
Scope 2 Location-based in tonnes CO <sub>2</sub> e	141,425	173,525	197,730	25,417	26,100	17,892	152	110	115	5,806	3,690	2,833	488	979	464	12,729	7,345	3	93,447	133,481	173,426	2,492	1,625	825	192	67	3.9	-		
Biogenic emissions in tonnes CO <sub>2</sub> e	371	339	448	358	399	448	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Scope 3 in tonnes CO <sub>2</sub> e		465,965	242,828	-	50,301	32,583	-	7,325	4,363	-	78,114	6,862	-	146,389	216,740	-	39,680	3,195	-	123,489	79,229	-	12,416	-	8,299	-	211	-		
Scope 1 and 2 in tonnes CO <sub>2</sub> e / SEK million (market-based)	10	14	24	6	6	6	0.1	0.07	1	1.8	1.2	1	1	1.4	2	9	10	19	39	72	155	8.5	7.1	2	-	-	-	-	-	
Scope 1 and 2 emissions in kg CO <sub>2</sub> e/sqm	19	24	40	8	9	8	0.5	0.5	-	7.1	5.1	5	18.2	22.3	28	18	14.9	27	42.8	57	88	12.2	13	-	-	-	-	-	-	

Heimstaden Bostad's GHG emissions for Scope 1 and Scope 2 are based on the energy purchased (see Table Energy Consumption in the Properties on [page 184](#)) by Heimstaden, fuel from vehicles owned or leased with a financial lease by Heimstaden Bostad, and refrigerants. The Company's GHG emissions decreased in 2023 compared to 2022. However, total Scope 1 emissions are slightly increasing compared to last year. This is mainly due to the better data coverage in Denmark. We see a sharp reduction in the Scope 2 emissions. This is mainly due to the energy savings we had in Netherlands and Czechia as well as fuel shifts from fossil district heat and oil to more natural gas heating in Czechia and Germany. Scope 2 covers district heating, district cooling and consumption of electricity in the properties. The calculations have been performed in accordance with the GHG protocol, applying the financial control approach. For 2023, emission factors from 2022 are used and have been obtained from Heimstaden Bostad's energy suppliers. Gases included in the calculations are mostly CO<sub>2</sub>e, but can

also include CH<sub>4</sub>, N<sub>2</sub>O, and refrigerants used in heat pumps and district cooling. For the emission intensity figure the denominator consists of the lettable area in the properties where Heimstaden Bostad signs the energy agreement, and the numerator consists of GHG emissions during a whole year. Properties that lack data for an entire year (such as acquisitions and divestments during the reporting year) are excluded from the intensity figures. For Scope 3 emissions, we disclose Category 13 (tenant use of energy excluding tenant waste), which is one of our major scope 3 categories. Scope 3 Category 13 represents, based on FY 2022 figures, approximately 34.7% of our total Scope 3 emissions in the reporting year and is included in this disclosure to track progress towards our targets. Other Scope 3-related data for 2023 is not available yet since the mapping of our Scope 3 emissions will be performed during Q1-Q2 2024.

**GRI 305-3: Scope 3 emissions per country in tonnes CO<sub>2</sub>e**

Category	Total			Sweden			Norway			Denmark			Germany			Netherlands			Czechia			Finland		Poland	UK
	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2022	2021	2022
1. Purchased goods and services (related to new construction, reconstruction, and property management, etc)	249,093	187,852	56,061	30,629	25,644	10,602	2,189	3,467	4,052	29,918	2,265	8,880	4,127	77	0	118,345	129,605	3,829	52,748	26,793	28,698	2,916	8,221	0	0
2. Capital goods (acquired newbuilds)	15,864	2,496	10,512	2,814	0	0	0	0	0	13,049	2,496	9,491	0	0	0	0	0	1,021	0	0	0	0	0	0	0
3. Energy- and fuel-related emissions (upstream emissions from electricity, heating, and fuels)	22,760	15,691	12,857	2,588	2,905	2,336	413	490	307	2,272	517	333	5,605	1,351	179	500	611	205	11,102	9,817	9,497	278	0	0	1
4. Upstream transportation and distribution (service cars)	393	455	379	0	51	69	11	15	29	185	0	53	0	0	1	0	230	64	196	158	163	0	0	0	0
5. Waste management (transport and management)	259	178	2,242	25	81	218	5	19	1,521	2	2	47	85	3	2	0	37	14	2	36	622	142	0	0	0
6. Business travel (travel by car, air, train, taxi)	314	270	122	121	78	31	41	20	15	111	51	24	0	5	0	7	6	5	20	13	47	4	8	96	3
7. Commuting (employee trips to and from work)	342	0	0	62	0	0	5	0	0	38	0	0	40	0	0	49	0	0	145	0	0	0	1	0	1
8. Leased assets – leased by Heimstaden Bostad (leased offices, rental cars, or other machines)	937	912	195	47	63	56	0	0	0	258	22	20	0	290	21	108	25	98	517	512	0	1	5	0	0
11. Use of sold products (no sold real estates 2019 and 2020)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12. End-of-life sold products (waste from demolishing of buildings sold)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13. Leased assets – by tenants (energy and waste from tenants)	167,659	134,876	160,278	13,721	3,421	8,949	4,658	351	2,545	32,139	1,510	5,245	29,738	1,468	3,405	27,379	86,226	49,474	58,757	41,900	90,66	997	64	0	206
15. Investmanets (Joint ventures)	8,344	340	0	270	340	0	0	0	0	140	0	0	0	0	0	0	0	0	0	0	0	7,935	0	0	0
<b>Total</b>	<b>465,965</b>	<b>343,068</b>	<b>242,828</b>	<b>50,276</b>	<b>32,583</b>	<b>22,261</b>	<b>7,321</b>	<b>4,363</b>	<b>8,469</b>	<b>78,112</b>	<b>6,862</b>	<b>24,093</b>	<b>39,595</b>	<b>3,195</b>	<b>3,608</b>	<b>146,389</b>	<b>216,740</b>	<b>54,71</b>	<b>123,487</b>	<b>9,229</b>	<b>129,687</b>	<b>12,274</b>	<b>8,299</b>	<b>96</b>	<b>211</b>

Data for Scope 3 2023 is not available yet since the mapping of our Scope 3 emissions will be performed during Q1-Q2 2024. Category 9 Downstream Transportation and Distribution, category 10 Processing of sold products and category 14 Franchise are not part of our organisation and therefore not included in Heimstaden Bostad's Scope 3 emissions. All acquired properties should be included in category 2 Capital Goods, according to the GHG Protocol, however, we have chosen to include only acquired new builds in this category, which is in line with the UK GBC, Guide to Scope 3 Reporting in Commercial Real Estate. Calculations have been performed in accordance with the GHG Protocol, applying the financial control approach. We have performed the calculations in-house and used an external consultant to assist in

calculating parts of our category 1 and category 7. In 2022 we had an increase in all Scope 3 categories, major increase was in Category 2 Capital goods where we have acquired new builds in Poland and the United Kingdom, also Category 15 Investments where we included emissions from our joint ventures. Category 1 had a big increase due to our new construction projects in Sweden and Denmark and renovations projects in Netherlands and Czechia. Category 13 emissions has also increased compared to 2021 due to including the tenants energy use from a large portfolio acquired in December 2021.

**GRI 306-3: Waste generated in tonnes**

Category	Total			Sweden			Norway			Denmark			Germany			Netherlands			Czechia			Finland	UK	Poland
	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2022	2022
Total weight of waste generated by the tenants	144,767	100,741	99,171	39,397	24,579	27,215	36	2,269	2,000	13,750	9,719	14,597	27,054	1,010	1,107	14,278	14,931	12,300	49,590	48,240	41,952	661	0	0

Weight of waste generated by tenants is calculated based on the number of tenants; the increase in waste is explained by the new properties we have acquired each year. Waste generated by contractors in new construction and reconstruction is included under Category 1 Purchased Goods and Services. Data for 2022 is the latest available data.

**GRI 401-1: New employee hires by age group, gender and country**

Number of new employees	2023		2022		2021	
	Women	Men	Women	Men	Women	Men
<b>Sweden</b>						
under 30	19	26	34	51	26	106
30–50	20	48	43	46	62	36
over 50	4	42	8	11	18	80
<b>Norway</b>						
under 30	10	21	14	16	8	17
30–50	7	11	6	18	7	13
over 50	0	3	2	0	2	14
<b>Denmark</b>						
under 30	16	21	14	31	21	69
30–50	14	28	12	42	35	18
over 50	3	11	6	18	13	57
<b>Netherlands</b>						
under 30	18	12	11	19	7	20
30–50	7	12	22	14	11	5
over 50	2	6	3	16	2	15
<b>Germany</b>						
under 30	16	25	17	11	21	143
30–50	19	35	39	42	94	21
over 50	3	27	6	17	28	81

Number of new employees	2023		2022		2021	
	Women	Men	Women	Men	Women	Men
<b>Czechia</b>						
under 30	30	32	27	24	45	125
30–50	24	47	74	92	63	51
over 50	9	15	18	33	17	97
<b>Poland</b>						
under 30	4	1	2	5	1	3
30–50	6	1	8	2	2	3
over 50	0	1	0	0	0	3
<b>UK</b>						
under 30	4	2	0	1	0	3
30–50	1	5	3	7	3	0
over 50	0	0	0	0	0	0
<b>Iceland</b>						
under 30	0	0	0	0	0	3
30–50	0	0	0	3	2	1
over 50	0	0	0	0	1	2
<b>Finland</b>						
under 30	0	1	0	1	0	0
30–50	0	0	0	4	0	0
over 50	0	0	0	0	0	0
<b>Total</b>						
under 30	117	141	119	159	129	489
30–50	98	187	207	270	279	148
over 50	21	105	43	95	81	349

Data regarding employees pertains to employees of both Heimstaden Bostad and Heimstaden. Heimstaden Bostad does not own any properties in Iceland.

**GRI 401-1: Total number of employee turnover by age group, gender and country**

Number of employee turnover	2023		2022		2021	
	Women	Men	Women	Men	Women	Men
<b>Sweden</b>						
under 30	17	18	23	47	18	32
30–50	39	34	34	47	10	22
over 50	15	23	10	14	4	21
<b>Norway</b>						
under 30	9	10	12	15	4	9
30–50	7	10	19	13	4	9
over 50	4	3	3	3	1	7
<b>Denmark</b>						
under 30	15	20	7	11	11	21
30–50	13	20	18	24	9	8
over 50	5	23	3	15	1	24
<b>Netherlands</b>						
under 30	16	13	10	6	2	11
30–50	16	15	14	17	6	3
over 50	2	12	4	8	3	10
<b>Germany</b>						
under 30	15	13	3	8	1	7
30–50	28	22	29	25	4	7
over 50	10	13	8	5	1	7

Number of employee turnover	2023		2022		2021	
	Women	Men	Women	Men	Women	Men
<b>Czechia</b>						
under 30	23	27	18	24	34	71
30–50	80	65	53	66	30	24
over 50	32	52	30	22	7	30
<b>Poland</b>						
under 30	3	2	0	3	0	0
30–50	3	2	3	0	0	0
over 50	0	0	0	0	0	0
<b>UK</b>						
under 30	1	1	0	0	0	0
30–50	1	1	1	1	0	0
over 50	0	0	0	0	0	0
<b>Iceland</b>						
under 30	0	0	0	0	0	1
30–50	0	0	2	3	0	0
over 50	0	0	0	1	0	0
<b>Finland</b>						
under 30	0	0	0	0	0	0
30–50	0	0	0	0	0	0
over 50	0	0	0	0	0	0
<b>Total</b>						
under 30	99	104	73	114	70	152
30–50	187	169	173	196	63	73
over 50	68	126	58	68	17	99

Data regarding employees pertains to employees of both Heimstaden Bostad and Heimstaden. Heimstaden Bostad does not own any properties in Iceland.

## Proportion of EU Taxonomy-aligned economic activities

Economic activities 2023	Proportion of turnover from products or services associated with Taxonomy-aligned economic activities			Substantial contribution criteria						DNSH criteria (Do No Significant Harm)						Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) Turnover, year 2022			
	Code	Absolute Turnover	Proportion of Turnover	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular Economy	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity and ecosystems	Minimum safeguards	Turnover, year 2022	Category (enabling activity)	Category (transitional activity)
		SEK million	%	Y/N/EL	Y/N/EL	Y/N/EL	Y/N/EL	Y/N/EL	Y/N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																			
Aquisition and ownership of buildings	CCM 7.7	2,718	16.2%	Y	N	N/EL	N/EL	N/EL	N/EL	-	Y	-	-	-	-	Y	15.6%	-	-
<b>Turnover of eligible Taxonomy-aligned activities (A.1)</b>		<b>2,718</b>	<b>16.2%</b>	<b>16.2%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>Y</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>Y</b>	<b>15.6%</b>		
Of which Enabling		0	0%	0%	0%	0%	0%	0%	0%	-	-	-	-	-	-	-	0%	E	
Of which Transitional		0	0%	0%						-	-	-	-	-	-	-	0%		T
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
Aquisition and ownership of buildings	CCM 7.7	14,006	83.8%	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
<b>Turnover of Taxonomy-eligible not but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		<b>14,006</b>	<b>83.8%</b>	<b>83.8%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>								<b>84.4%</b>		
<b>Total (A.1 + A.2)</b>		<b>16,724</b>	<b>100%</b>	<b>100%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>								<b>84.4%</b>		
<b>B. TAXONOMY NON-ELIGIBLE ACTIVITIES</b>																			
Turnover of non-eligible activities (B)		0	0%																
<b>Total (A + B)</b>		<b>16,724</b>	<b>100%</b>																

Economic activities 2023	Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities			Substantial contribution criteria						DNSH criteria (Do No Significant Harm)						Minimum safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year 2022	Category (enabling activity)	Category (transitional activity)
	Code	Absolute CapEx	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular Economy	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular Economy	Biodiversity and ecosystems				
	SEK million	%	Y/N/EL	Y/N/EL	Y/N/EL	Y/N/EL	Y/N/EL	Y/N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N				
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																			
Renovation of buildings	CCM 7.2	134	1.3%	Y	N	N/EL	N/EL	N	N/EL	-	Y	Y	Y	Y	-	Y	0.3%	-	T
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	450	4.3%	Y	N	N/EL	N/EL	N/EL	N/EL	-	Y	-	Y	-	-	Y	1.1%	E	-
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	5	0.0%	Y	N	N/EL	N/EL	N/EL	N/EL	-	Y	-	-	-	-	Y	0.0%	E	-
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	25	0.2%	Y	N	N/EL	N/EL	N/EL	N/EL	-	Y	-	-	-	-	Y	0.1%	E	-
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	16	0.1%	Y	N	N/EL	N/EL	N/EL	N/EL	-	Y	-	-	-	-	Y	0.05%	E	-
Aquisition and ownership of buildings	CCM 7.7	2,250	21.5%	Y	N	N/EL	N/EL	N/EL	N/EL	-	Y	-	-	-	-	Y	9.5%	-	-
Professional services related to energy performance of buildings	CCM 9.3	1	0.0%	Y	N	N/EL	N/EL	N/EL	N/EL	-	Y	-	-	-	-	Y	0.0%	E	-
<b>CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>		<b>2,881</b>	<b>27.5%</b>	<b>27.5%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>-</b>	<b>Y</b>	<b>11.0%</b>		
Of which Enabling		497	4.7%	4.7%	0%	0%	0%	0%	0%	-	Y	-	Y	-	-	Y	1.3%	E	
Of which Transitional		134	1.3%	1.3%						-	Y	Y	Y	Y	-	Y	0.30%		T
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
Aquisition and ownership of buildings	CCM 7.7	7,595	72.5%	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL								89.0%		
<b>CapEx of Taxonomy-eligible not but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		<b>7,595</b>	<b>72.5%</b>	<b>72.5%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>								<b>89.0%</b>		
<b>Total (A.1 + A.2)</b>		<b>10,476</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>										
<b>B. TAXONOMY NON-ELIGIBLE ACTIVITIES</b>																			
CapEx of non-eligible activities (B)		0	0%																
<b>Total (A + B)</b>		<b>10,476</b>	<b>100%</b>																

Economic activities 2023	Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities			Substantial contribution criteria						DNSH criteria (Do No Significant Harm)						Minimum safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year 2022	Category (enabling activity)	Category (transitional activity)
	Code	Absolute OpEx	Proportion of OpEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity and ecosystems				
	SEK million	%	Y/N/EL	Y/N/EL	Y/N/EL	Y/N/EL	Y/N/EL	Y/N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N				
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																			
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	3.7	0.1%	Y	N	N/EL	N/EL	N/EL	N/EL	-	Y	-	Y	-	-	Y	0.2%	E	-
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	0.0	0.0%	Y	N	N/EL	N/EL	N/EL	N/EL	-	Y	-	-	-	-	Y	0.0%	E	-
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.5	0.4	0.0%	Y	N	N/EL	N/EL	N/EL	N/EL	-	Y	-	-	-	-	Y	0.0%	E	-
Aquisition and ownership of buildings	CCM 7.7	126.3	3.4%	Y	N	N/EL	N/EL	N/EL	N/EL	-	Y	-	-	-	-	Y	3.5%	-	-
<b>OpEx of eligible Taxonomy-aligned activities (A.1)</b>		<b>130</b>	<b>3.5%</b>	<b>3.5%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>Y</b>	<b>-</b>	<b>Y</b>	<b>-</b>	<b>-</b>	<b>Y</b>	<b>3.7%</b>		
Of which Enabling		4	0.1%	0.1%	0%	0%	0%	0%	0%	-	Y	-	Y	-	-	Y	0.2%	E	
Of which Transitional		0	0%	0%						-	-	-	-	-	-	-	0.0%		T
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Aquisition and ownership of buildings	CCM 7.7	3,628	96.5%	EL	EL	N/EL	N/EL	N/EL	N/EL								96.2%		
<b>OpEx of Taxonomy-eligible not but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		<b>3,628</b>	<b>96.5%</b>	<b>96.5%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>								<b>96.2%</b>		
<b>Total (A.1 + A.2)</b>		<b>3,759</b>	<b>100%</b>	<b>100%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>										
<b>B. TAXONOMY NON-ELIGIBLE ACTIVITIES</b>																			
OpEx of non-eligible activities (B)		0	0%																
<b>Total (A + B)</b>		<b>3,759</b>	<b>100%</b>																

Table 1 Nuclear and fossil gas related activities

Row	Nuclear energy related activities	YES/NO
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
<b>Fossil gas related activities</b>		
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

## Annex II

Additional templates for economic activities that contribute to multiple objectives

	Proportion of turnover/Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	16.2%	100%
CCA	%	100%
WTR	%	%
CE	%	%
PPC	%	%
BIO	%	%

	Proportion of CapEx/Total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	27.5%	100%
CCA	%	100%
WTR	%	%
CE	%	1.3%
PPC	%	%
BIO	%	%

	Proportion of OpEx/Total OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	3.5%	100%
CCA	%	100%
WTR	%	%
CE	%	%
PPC	%	%
BIO	%	%



# Heimstaden

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