

# Corporate Governance Report 2021

Rikshem AB (publ) ("Rikshem" or "the Company") is a Swedish limited company. Rikshem's Corporate Governance Report was prepared in accordance with the Swedish Annual Accounts Act for the 2021 fiscal year. The report is included as part of Rikshem's Annual Report and Sustainability Report for 2021.

In addition to legislation, the Articles of Association also constitute a key document in respect of the governance of the Company. Rikshem's Articles of Association state, among other things, the name of the Company to be Rikshem AB (publ) and that the Company is publicly listed and is headquartered in Stockholm. The aim of the Company's business operations is to directly or indirectly, through wholly or jointly owned companies or via purchased services, own, develop and manage real estate and pursue related activities, including the provision of property-related services.

Rikshem is not formally covered by the Swedish Corporate Governance Code ("the Code") (or any other corporate governance code) as a result of the Company not having shares admitted to trading on a regulated market in Sweden, but following the rules on corporate governance set out in the law or other statutes. According to Rikshem's ownership directives, the Code shall serve as a guide for corporate governance. The Company therefore mainly applies the Code but deviates from certain provisions as a result of the Company's ownership structure and the fact that the Company's shares are not listed. The Company has bonds issued under its previous MTN program, which are listed on Nasdaq OMX Stockholm (Stockholm Stock Exchange), as well as bonds issued under its Euro Medium Term Note (EMTN) program, which are listed on Euronext Dublin (Irish Stock Exchange). The Company therefore complies with the respective trading venue's regulations for issuers. For the internal and external disclosure of information, the Company has adopted a communication policy that regulates, among other things, how, and what type of information the Company is to provide to the market.

## Shareholders and owner directives

As of December 31, 2021, Rikshem's share capital amounted to SEK 99,727,900, distributed over 997,279 shares with one vote each. All of

Rikshem's shares are owned by Rikshem Intressenter AB. Rikshem Intressenter AB is jointly owned by the Fourth Swedish National Pension Fund (AP4) and AMF Tjänstepension AB, each holding a 50 percent stake (joint "Owners").

The Annual General Meeting has adopted an ownership directive for the business. The ownership directive addresses issues such as the return target, risk management and capital structure, the rate of investment and dividend policy, ethics and sustainability, general corporate governance principles, the Board of Directors, auditors, coordination between the Board and the owners, and financial reporting.

The ownership directive is discussed annually at the Annual General Meeting. At the 2021 Annual General Meeting, it was stated that the revised ownership directive adopted at the Extraordinary General Meeting on February 14, 2020, would continue to apply.

## General meetings of shareholders

Shareholders have the right to make decisions about Rikshem's affairs at general meetings of shareholders. At general meetings, each voting-qualified person is entitled to vote, without restriction, for the full number of shares represented. The Annual General Meeting (AGM) is to be held in Stockholm no later than June 30 each year. The Swedish Companies Act and the Articles of Association regulate what the Annual General Meeting will decide on. Rikshem held its AGM on March 26, 2021, in Stockholm. All shares were represented at the Annual General Meeting. All members of the Board, the CEO and the Company's chief auditor attended the meeting. The AGM resolved to re-elect Pernilla Arrnrud Melin, Liselotte Hjorth, Andreas Jensen, Bo Magnusson, Ulrica Messing, Per-Gunnar Persson and Per Uhlén to the Board. Bo Magnusson was elected Chairman of the Board. The election of Board members had been preceded by work on the Nomination Committee. The AGM also resolved that the Company shall have a Nomination Committee prior to the 2022 AGM and decided to adopt instructions for the Nomination Committee.

During 2021, two extraordinary general meetings were held on April 20, 2021, and October 26, 2021, both of which concerned the dismissal of

members, and in one case the election of a new member, who wanted to leave his/her post on his/her own initiative.

## Nomination Committee

According to the instructions for the Nomination Committee, the Nomination Committee shall consist of one member appointed by AMF Tjänstepension AB and one member appointed by Fourth Swedish National Pension Fund (AP4) and by the Chairman of the Board. The Nomination Committee is to prepare proposals concerning Board members, the Chairman of the Board and Board fees, including the distribution between the Chairman and the other members of the Board, as well as fees for committee work. The Chairman of the Board shall be the Chairman of the Nomination Committee, but shall not have the right to vote on matters concerning proposals concerning the Chairman of the Board and the Chairman's fees.

The Nomination Committee shall take into account that the Board shall have an appropriate composition defined by diversity and breadth in terms of the competence, experience and background of the Board members, taking into consideration the Company's operations, development phase and other circumstances. The instructions for the Nomination Committee, which were adopted at the Annual General Meeting, state that Rikshem's Diversity and Equality Policy must be taken into account when nominating Board members. Since the 2021 AGM, the Board of Directors has consisted of three women and four men. Since the Extraordinary General Meeting held on October 26, 2021, the Board has consisted of two women and four men.

The Nomination Committee shall also, following a recommendation from the Audit Committee, propose auditors and auditors' fees. Fees shall not be paid to members of the Nomination Committee.

## Board of Directors

### Composition

In accordance with the Articles of Association, the Board of Directors is to comprise no less than three and no more than ten members with zero to ten deputy members. At the beginning of the year, the Board of Directors consisted of seven ordinary members

elected by the Annual General Meeting. The Company's CEO is not a member of the Board of Directors but attends all Board meetings. Board members provide expertise in both property and finance. Rikshem's chief legal officer serves as Board secretary.

At an extraordinary general meeting on April 20, 2021, Bo Magnusson, on his own initiative, stepped down as a member and as Chairman of the Board. Per Uhlén was elected Chairman of the Board and Peter Strand was elected as a new member of the Board.

At an extraordinary general meeting held on October 26, 2021, Ulrica Messing left the Board of Directors of the Company, at her own request, and it was also decided that the Board of Directors should have six instead of seven ordinary Board members.

#### Duties of the Board

The work of the Board of Directors is governed by, inter alia, the Swedish Companies Act, the Articles of Association and the Board's rules of procedure approved annually by the Board for its work. Under the Swedish Companies Act, the Board of Directors is ultimately responsible for Rikshem's organization and management. The Board of Directors' rules of procedure describe the forms of the work to be carried out by the Board in respect of Board meetings, minutes, the duties of the Chairman and the CEO, etc. The rules of procedure also include regulations regarding how the conditions of employment for people in executive positions are to be determined. The Board of Directors is adopting an annual plan for its work,

with meetings scheduled at set times that take into consideration the fact that the Board must publish financial reports at certain times. The Chairman of the Board is responsible for evaluating the work of the Board and the CEO.

#### The Board's work in 2021

The work of the Board of Directors included the Company's strategic development as well as customary processing of proposals concerning interim reports, the year-end report and Annual Report, adopting the budget and business plan, making decisions on financing matters, the purchase and sale of and investments in properties, and amending central governing documents.

#### Evaluation of the Board of Directors

The ownership directive and the Board's rules of procedure state that the Board is to carry out an annual evaluation of its own work. According to the rules of procedure, the Chairman is responsible for carrying out the evaluation. During the year, the evaluation was conducted through a digital tool from an external operator and was reviewed by the Board and reported to the Nomination Committee.

#### Remuneration for the Board of Directors

The Annual General Meeting decides on remuneration for the Board. In 2022, the Annual General Meeting also resolved that annual fees amounting to SEK 600,000 would be paid to the Chairman of the Board of Directors and SEK 207,000 to other members, that the annual fee for work in established committees may not exceed SEK 300,000 per

year to be distributed according to decisions by the Board of Directors, and that the total fee to the Board of Directors including committee fees may not exceed SEK 1,700,000 per year. The AGM resolved that fees for Board and committee work would not be paid to members of the Board who are employees of the Fourth Swedish National Pension Fund (AP4) or AMF Tjänstepension AB. The Board of Directors then decided that an annual fee of SEK 90,000 would be paid to the Chairman of the Audit Committee and SEK 30,000 to each member of the Audit Committee, that an annual fee of SEK 75,000 would be paid to the Chairman of the Investment Committee and SEK 30,000 to each member of the Investment Committee, and that an annual fee of SEK 20,000 would be paid to the Chairman of the Remuneration Committee and SEK 10,000 to each member of the Remuneration Committee.

#### Board committees

The ownership directive states that a committee is to be established to address issues related to risk management, internal control and financial reporting. The Board has therefore established an Audit Committee. In addition, the Board itself assesses the need for additional committees and has established a Remuneration Committee and an Investment Committee. The Board of Directors has adopted rules of procedure for each committee. The Committee's main task is to prepare the Board's decisions in each area. The CEO is a regular reporter in the committees.

	Board remuneration, etc.		Attendance at meetings			
	Elected	Total annual fees, SEK thousands <sup>1</sup>	Board meetings <sup>3</sup>	Remuneration Committee	Audit Committee	Investment Committee
Pernilla Arnrud Melin <sup>4</sup>	2018	No remuneration	11 (11)	2 (2)	–	6(7)
Liselotte Hjorth	2016	291	11 (11)	–	6 (6)	–
Andreas Jensen <sup>5</sup>	2019	No remuneration	11 (11)	2 (2)	–	7 (7)
Bo Magnusson <sup>6</sup>	2016	191	3 (3)	1(1)	2 (2)	–
Ulrica Messing <sup>7</sup>	2020	193	9 (9)	–	4(5)	–
Per-Gunnar Persson <sup>8</sup>	2016	293	11 (11)	2(2)	1(1)	7 (7)
Peter Strand <sup>9</sup>	2021	165	8(8)	–	4 (4)	–
Per Uhlén <sup>10</sup>	2020	493	11 (11)	2 (2)	–	–

1) The AGM decides on the total annual fees paid to members of the Board for the work they carry out. Fees for the work in committees are determined by the Board of Directors within the framework decided by the AGM. The fees are recognized as an expense and paid in 12 equal monthly instalments.

2) The figure in brackets refers to possible meetings for the period, i.e., where appropriate from the time the Board member was elected or to the time the Board member left the Board or Committee.

3) Including protocol-based decisions by correspondence.

4) Joined the Remuneration Committee in March 2021.

5) Resigned from the Remuneration Committee in March 2021 and re-entered the Remuneration Committee in October 2021.

6) Resigned from the Board in April 2021.

7) Left the Board of Directors in October 2021.

8) Resigned from the Remuneration Committee and joined the Audit Committee in October 2021.

9) Elected to the Board in April 2021.

10) Appointed Chairman in April 2021.

#### Audit Committee

The Audit Committee shall, for example, monitor the Company's financial reporting, prepare the Annual Report and interim reports, review and monitor the impartiality and independence of the auditor, prepare governing documents that fall within the remit of the committee, and prepare strategic issues relating to the Company's financial structure. The Audit Committee annually decides on an area for special review to ensure, for example, that adequate procedures and processes are in place. The Audit Committee comprised committee Chairman Liselotte Hjorth, Bo Magnusson and Ulrica Messing. In connection with Bo Magnusson leaving the Board in April 2021, he was replaced by Peter Strand as a member of the Committee. At the Board meeting on October 27, 2021, Ulrica Messing was replaced by Per-Gunnar Persson.

#### Investment Committee

In accordance with its rules of procedure, the Investment Committee shall, for example, decide on acquisitions, sales and investments that fall within the committee's mandate. It shall also be a preparatory body for decisions by the Board of Directors on matters concerning acquisitions, sales and investments that go beyond the Committee's mandate and shall prepare governing documents that fall within the Committee's remit. In 2021, the Investment Committee consisted of Per-Gunnar Persson, Chairman, Pernilla Arnrud Melin and Andreas Jensen.

#### Remuneration Committee

The Remuneration Committee shall, among other things, prepare proposals for and evaluate principles for remuneration and other terms of employment for the CEO and other senior executives (remuneration policy), prepare questions regarding variable salary schemes, monitor remuneration structures and remuneration levels in the Company, and prepare governing documents that fall within the Committee's remit. During the year, the Remuneration Committee consisted of Bo Magnusson, Chairman, Andreas Jensen and Per-Gunnar Persson. In March 2021, Andreas Jensen was replaced by Pernilla Arnrud Melin and in connection with the extraordinary general meeting in April 2021, Bo Magnusson was replaced by Per Uhlén as chairman of the Committee. At the Board meeting on October 27, 2021, Per-Gunnar Persson was replaced by Andreas Jensen.

#### CEO and management group etc.

The CEO is responsible for the day-to-day administration of the Company, taking into account the directions and instructions established by the Board of Directors and presented in, for example, the CEO's instructions and the decision-making and authorization procedures, both of which are adopted annually by the Board of Directors. The CEO has established a management group, which reports directly to the CEO. The management group holds regular meetings to address Group-wide and strategic issues. Rikshem's management group initially consisted of Anette Frumerie, CEO, Carl Conradi, General Counsel, Fredrik Edlund, Head of Administration, Petter Jurdell, JV officer, Catharina Kandel, Head of HR, Anders Lilja, CFO and Jennie Wolmestad, Head of Communications. In 2021, Sandra Isberg, Business Development Manager, and Andrea Cedwall, Head of Portfolio Strategy and Transaction, joined the management team. The CEO assistant is secretary to the management team.

#### Auditor

At the AGM on March 26, 2021, Ernst & Young AB was elected as auditor for the period until the end of the next AGM. Authorized public accountant Mikael Ikonen is the chief auditor. The auditor reviews, among other things, the Company's Annual Report, Consolidated Financial Statements and accounting records as well as of the administration of the Board of Directors and the CEO, and submits an Auditor's Report. The audit is conducted in accordance with the Swedish Companies Act, international auditing standards and generally accepted auditing standards in Sweden. The auditor expresses an opinion on the Corporate Governance Report and the Company's Sustainability Report. The auditor in charge attended five Board meetings and five Audit Committee meetings in 2021.

#### Internal control of financial reporting

Under the Swedish Companies Act, the Board of Directors is responsible for internal control. Internal control is based on documented policies, guidelines, instructions, the allocation of responsibilities and duties such as the Board's rules of procedure, committee rules of procedure, the CEO's instructions, decision-making and authorization procedures, the financial policy and other documents, all of which seek to ensure a clear allocation of responsibilities for the effective management of the operation's

risks and high-quality financial reporting. Compliance with the Company's governing documents is monitored and evaluated continuously. The Company conducts an annual review and follow-up of policies and other governing documents. Rikshem has identified essential business processes designed, among other purposes, to identify and reduce risks or to mitigate the consequences of the Company's risks. Risks and opportunities are also identified and managed in the business planning and budget processes for each department and the Company as a whole. Furthermore, an assessment is made of the financial risks on the basis of the income statement and balance sheet, where items are evaluated based on risk and materiality. In financial reporting, control activities are based on risk assessments and are integrated into the Company's processes, which are evaluated on an ongoing basis. The process in which estimates and assumptions have a major impact on the carrying amounts of assets and liabilities is the process for the valuation of investment properties. Accordingly, special attention is paid to ensuring that financial reporting in this regard does not contain material errors. To quality-assure the internal valuations and internal valuation process, all properties are valued at year-end by external authorized property appraisers with relevant and recognized qualifications. A minimum of two independent valuation institutions are engaged to establish the fair value of the properties. However, individual properties are only valued by one valuation institution. At midyear, the assumptions regarding cost of capital and yield requirement for investment properties are checked with external appraisers. The property valuation is carried out in accordance with the Company's policy for valuation of investment properties. Each year, the Company's auditor reports his or her observations from the review and assessment of the internal control linked to the Group's financial statements to the Board of Directors and the management group. The six-month interim report is reviewed by the Company's auditor. Internal control is continuously being improved with respect to implementation and is considered suitable for the Company's purposes. Rikshem shall annually consider whether a special function for internal auditing is to be established and has decided during the year not to establish such a function.