

Corporate Governance Report 2022

Rikshem AB (publ) ("Rikshem" or "the Company") is a Swedish limited liability company. Rikshem's Corporate Governance Report was prepared in accordance with the Swedish Annual Accounts Act for the 2022 fiscal year. The report is included as part of Rikshem's Annual Report and Sustainability Report for 2022.

Rikshem's corporate governance is based on internal and external regulations. The main external regulations include the Swedish Companies Act, regulations for issuers in the marketplaces where the Company's bonds are listed, and the Market Abuse Regulation (MAR). Important internal rules are the ownership directive, the Articles of Association, the rules of procedure for the Board of Directors and the Board's committees, the CEO's instructions, the Code of Conduct, the Financial Policy and other internal policies and guidelines.

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, mainly as a result of the Company's ownership structure and the fact that the Company's shares are not listed in a marketplace. 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 market place regulations for issuers. Rikshem has chosen Ireland as its home member state.

For the internal and external disclosure of information, the

Company has adopted a communication policy that regulates, among other things, how the Company is to communicate with the market.

Shareholders and owner directives

As of December 31, 2022, 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 2022 Annual General Meeting, an updated ownership directive was adopted, which included mainly editorial amendments in relation to the previous version.

General meetings of shareholders

Shareholders have the right to make decisions about Rikshem's affairs at general meetings of shareholders. At general meetings of shareholders, 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 24, 2022, in Stockholm.

All of Rikshem Intressenter AB's 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, Per-Gunnar Persson, Peter Strand and Per Uhlén to the Board, and to newly elect Siv Malmgren and Zdravko Markovski. Per Uhlén was re-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 2023 AGM and decided to adopt instructions for the Nomination Committee.

No extraordinary general meeting was held in 2022.

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 Chairman of the Board shall be the Chairman of the Nomination Committee, but shall not have the right to vote on matters regarding proposals concerning the Chairman of the Board and the Chairman's fees. 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 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 state that Rikshem's Diversity and Equality Policy must be taken into account when nominating Board members. Since the 2022 AGM, the Board of Directors has consisted of three women and five men.

The Nomination Committee shall also, following a recommendation from the Audit Committee, propose auditors and auditors' fees. Fees are not 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 consisted of six ordinary members elected by the Annual General Meeting and at the 2022 Annual

General Meeting it was resolved that the Board should have eight ordinary Board members with no deputies. The CEO is not a member of the Board of Directors but attends all Board meetings. Board members provide expertise in both property and finance. The members of the Board of Directors are presented on page 71. Rikshem's chief legal officer serves as Board secretary.

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 CEO reports regularly at Board meetings.

The Chairman of the Board leads the work of the Board and is responsible for convening Board meetings and planning these meetings in consultation with the CEO. The Chairman is responsible for coordinating between the Board and the Owners.

The Board's work in 2022

The Board of Directors adopts 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. At Board meetings, the CEO regularly submits a report on the Company's operations, results and financial position. The CEO will also inform the Board of Directors of particularly important events in day-to-day operations. Board meetings involve reporting on the proceedings at meetings of the Board's committees. In 2022, the Board's work included decisions regarding the adoption of the 2023-2025 business plan, the Company's other strategic development and the customary decisions on interim reports, the year-end report and the annual and sustainability report, the adoption of the business plan and budget for the coming year, decisions on financing issues, investments and major leases in properties, as well as decisions regarding the revision of central governing documents. The Board also made a number of decisions per capsulam during the year.

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 with the help of a digital tool from an external operator. The outcome has been reviewed by the Board and reported to the Owners and the Nomination Committee. The outcome is used to develop the Board's work and in work to ensure that the Board has the right composition.

Remuneration of the Board of Directors

The Annual General Meeting decides on the remuneration of the Board. For the period up to and including the 2023 Annual General Meeting, the AGM resolved that annual fees amounting to SEK 624,000 would be paid to the Chairman of the Board of Directors and SEK 215,000 to other members, that the annual fee for work in established committees may not exceed SEK 350,000 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 2,500,000 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 any of the Owners. The Board of Directors decided at the statutory Board meeting that an annual fee of SEK 95,000 would be paid to the Chairman of the Audit Committee and SEK 35,000 to each member of the Audit Committee, that an annual fee of SEK 85,000 would be paid to the Chairman of the Investment Committee and SEK 35,000 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. All committees shall consist of three Board members. The CEO reports regularly in the committees.

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 selects an area for specific review to ensure, for example, that adequate procedures and processes are in place. At the beginning of the year, the Audit Committee consisted of Liselotte Hjorth, Chair, Per-Gunnar Persson and Peter Strand. In March 2022, Peter Strand was replaced by Siv Malmgren.

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. At the beginning of the year, the Investment Committee consisted of Per-Gunnar Persson, Chairman, Pernilla Arnrud Melin and Andreas Jensen. In March 2022, Per-Gunnar Persson was replaced as Chairman by Zdravko Markovski and Andreas Jensen was replaced by Peter Strand.

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. In 2022, the Remuneration Committee consisted of Per Uhlén, Chairman, Pernilla Arnrud Melin and Andreas Jensen.

CEO and management team

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 ex-

ample, the CEO's instructions and the decision-making and authorization procedures, both of which are adopted annually by the Board of Directors. The CEO is responsible for financial reporting in the Company. The CEO has established a management team, which reports directly to the CEO.

The management team holds regular meetings to address Group-wide and strategic issues. Ten management team meetings were held in 2022. Rikshem's management team initially consisted of Anette Frumerie, CEO, Andrea Cedwall, Head of Portfolio Strategy and Transactions, Carl Conradi, General Counsel, Fredrik Edlund, Head of Residential Properties, Sandra Isberg, Head of Operations, Petter Jurdell, JV Director, Anders Lilja, CFO and Jennie Wolmestad, Head of Communications. In 2022, Elin Sjöstrand, Head of Project Development, Maria André Ahlgren, Head of HR, and Catrin Viksten, Head of Properties for Public Use, joined the management team. A more detailed presentation of the management team can be found on page 72. The CEO assistant is secretary to the management team.

Auditor

At the AGM on March 24, 2022, 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 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 chief auditor attended two Board meetings and five Audit Committee meetings in 2022.

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 for valuation of investment properties includes estimates and assumptions with a major potential impact on the carrying amounts of assets. Accordingly, special attention is paid to ensuring that financial reporting in this regard does not contain material errors. Rikshem's properties are valued at the end of each quarter. The property valuation is carried out in accordance with the Company's policy for valuation of properties. Investment properties are valued externally by independent, authorized valuation institutions with relevant qualifications. Development properties, new construction projects and undeveloped land must be assessed both externally and internally, where the external valuation is responsible for quality assurance of the internal valuation. If both an external and internal valuation of a property has been made, the value according to the internal valuation is used in the Company's accounts.

Each year, the Company's auditor reports their 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 team. 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. Each year Rikshem considers whether a special function for internal auditing should be established and during the year decided not to establish such a function.

Board remuneration, etc.

	Elected	Total annual fees, TSEK ¹	Attendance at meetings			
			Board meetings ⁵	Remuneration Committee	Audit Committee	Investment Committee
Per Uhlén	2020	639	13 (13)	3 (3)	–	–
Pernilla Arnrud Melin	2018	No remuneration	13 (13)	3 (3)	–	7 (7)
Liselotte Hjorth	2016	307	13 (13)	–	6 (6)	–
Andreas Jensen ⁴	2019	No remuneration	13 (13)	3 (3)	–	2 (2)
Siv Malmgren ⁵	2022	193	10 (10)	–	4 (4)	–
Zdravko Markovski ⁶	2022	227	10 (10)	–	–	5 (5)
Per-Gunnar Persson ⁷	2016	264	13 (13)	–	6 (6)	2 (2)
Peter Strand ⁸	2021	247	13 (13)	–	2 (2)	4 (5)

- 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) Resigned from the Investment Committee in March 2022.
- 5) Elected to the Board in March 2022.
- 6) Elected to the Board in March 2022.
- 7) Resigned from the Investment Committee in March 2022.
- 8) Resigned from the Audit Committee and joined the Investment Committee in March 2022.