

Heimstaden

Instruction for the Audit and Risk Committee

Heimstaden Bostad AB (publ) (the “Company”)
reg. no. 556864-0873

Adopted at Board meeting 18 March 2021

Heimstaden

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Simplify Lives
Through
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1 Objective

The Audit and Risk Committee (the “**ARC**” or the “**Committee**”) is a preparatory and advisory working committee of the Board of Directors (the “**Board**”) of the Company (the Company together with its subsidiaries, the “**Group**”) with respect to risks, financial reporting and financial statement audits, internal control, compliance and risk management processes and systems. The ARC is appointed by and shall report regularly to the Board.

This instruction (the “**Instruction**”) for the ARC has been adopted by the Board to support the Board in the administration and exercise of its responsibility for supervisions in accordance with:

- a) the requirements imposed by the Swedish Companies Act (2005:551) (the “**Companies Act**”),
- b) the Swedish Annual Accounts Act (1995:1554) (the “**Annual Accounts Act**”), and
- c) any directions given by the general meeting and the Board and the Swedish Corporate Governance Code (the “**Code**”) as well as other Swedish and foreign laws and regulations, as applicable.

This Instruction is a supplement to said laws and regulations although certain provisions of such laws and regulations are included in this Instruction to facilitate their application. Thus, in addition to what is provided for in the above-mentioned laws and regulations, this Instruction shall apply for the work of the ARC. References herein to the “Company” shall, unless otherwise clear from the context include not only the Company but also the Group.

Based on this Instruction and in exercising its primary oversight responsibility, the ARC shall consider:

- The integrity of the Company’s external financial reporting,
- The Company’s procedures for financial reporting and control,
- The qualifications, independence, and performance of the external auditor,
- The Company’s system for risk management including the identification, assessment, and handling of the major risk exposures in the Company; and
- The Company’s compliance system.

This Instruction is to be established annually at the statutory (inaugural) Board meeting.

Compliance with this Instruction is monitored by the Board. The Board members may submit observations and proposals for improvements to this Instruction and are obliged to report violations of it to the Board. The Board is responsible for reviewing the relevance and appropriateness of this Instruction at least annually before the statutory (inaugural) Board meeting and for keeping this Instruction up-to date.

2 The Committee

2.1 Composition of the Committee

The Board has established a ARC. The ARC shall consist of three members. The members of the ARC, including its Chairman, are appointed by the Board at the statutory (inaugural) Board meeting each year. The members of the ARC may not be employees of the Company. At least one member must have competence in accounting and/or auditing as defined by the applicable legislation. The majority of the Committee members shall be independent of the Company and its executive management. At least one

of the Committee members who are independent of the Company and its executive management shall also be independent of the Company's major shareholders.

The board members elected by the Manager shall be able to appoint two members of the board to – the position as Chairman and ordinary member of the ARC, and the board members of the largest Institutional Investor shall be able to appoint one member of the board as an ordinary member of the ARC.

2.2 Responsibilities of the ARC in relation to the Company

The ARC's main tasks are to:

- (a) in general and in respect of the financial reporting, monitor the effectiveness of the Company's internal control, internal audit, and risk management,
- (b) monitor and perform oversight of the Company's financial reporting, the integrity of the Company's financial statements, the process for financial reporting and the internal controls related to financial reporting, as well as to provide recommendations and proposals to ensure the reliability of the foregoing,
- (c) monitor the process of the audit of consolidated financial statements, mainly covering the findings and conclusions, and keeping itself informed regarding the conclusions of the Swedish Inspectorate of Auditors' quality controls,
- (d) review and monitor the impartiality and independence of the auditor, including the additional annual report from the auditor and discussion with the auditor of key issues and mitigation actions,
- (e) upon proposal from the Manager, evaluate and, if necessary, propose for the Board the dismissal of the Chief Risk Officer,
- (f) assist in conjunction with proposals regarding election of external auditor,
- (g) perform oversight of the auditor's compliance with statutory reporting requirements to the ARC,
- (h) perform oversight of the auditor's compliance with the 70% cap on permissible services provided to the Company and Group,
- (i) pre-approve permissible non-audit services (NAS) and perform oversight of prohibited services, as outlined in the NAS Pre-Approval and Prohibited Services Policy,
- (j) handle complaints, irregularities, and concerns related to financial reporting and audit issues,
- (k) perform oversight of the Company's risk management infrastructure, risk reporting, and management of key risks,
- (l) perform oversight of the Company's compliance with legal and regulatory requirements including fraud and corruption topics;
- (m) inform the Board of the result of the external audit and the way in which the external audit contributed to the reliability of the financial reporting, as well as the function filled by the ARC; and
- (n) conduct an annual performance evaluation of its activities.

3 Reporting and information to the Board

The ARC shall report to the Board in writing by means of minutes from the meetings as well as to give verbal reports at Board meetings as relevant. The Chief Executive Officer of the Company (the "CEO")

shall prior to Board meetings provide the Board with such documentation for the Board's work and for the Board to make well-founded decisions (in the form of the so-called "Board Package") and other documentation as applicable, together "Board Documentation"), no later than five business days prior to the Board meeting but may, if circumstances so require, be provided as soon as practicable prior to such meeting. The Chairman of the ARC is responsible for ensuring that the CEO receives minutes from the ARC's meetings as well as other reports in well advance of such dates.

The Chairman of the ARC shall at each regular Board meeting be prepared to describe the work performed by the ARC and the issues that have been discussed within the ARC during the period after the previous Board meeting.

References to the Chief Financial Officer ("**CFO**") and Chief Risk Officer ("**CRO**") in this instruction refers to the Manager's professional individuals holding the positions as CFO and CRO.

4 Meetings

4.1 General

Committee members may participate in meetings by phone or by a video link or otherwise. In addition, decisions may be adopted by email or per capsulam provided that all Committee members have given their consent thereto and, in case of per capsulam resolutions, that all Committee members sign the minutes. The Company's independent auditors will normally participate in the ARC meetings. Unless otherwise stated, the ARC shall follow the procedures outlined in the Company's Corporate Governance Principles.

4.2 Number of Committee meetings

The ARC shall meet at least five times during the period between two annual general meetings. The dates for the following year's regular Committee meetings shall be set at the first Committee meeting after the annual general meeting each year.

The ARC shall meet as often as it determines, but at least quarterly. The ARC shall meet periodically with the CRO, CFO and other relevant members of management and the Company's independent auditors in separate executive sessions.

The Chairman of the Committee shall ensure that meetings are held in accordance with the above and that extraordinary Committee meetings are held when necessary or as soon as possible when requested by a member.

4.3 Matters at Committee meetings

The Chairman of the Committee shall provide for that the agenda is prepared. The agenda shall be made as precise and complete as possible regarding the items to be discussed. It should be evident from the agenda which items are for reaching resolutions and which are for the information.

4.4 Notice summoning the Committee

The Chairman of the ARC shall give notice summoning the Committee. Notice shall be sent via the digital "Board Portal" at least five days prior to the meeting. Shorter notice may be given if all Committee members agree to a shorter notice period or to waive the convening formalities or, in the reasonable opinion of a Committee Member, the interests of the Company or the Group would be likely to be adversely affected to a material extent if the matter to be handled at such Committee meeting were not dealt with as a matter of urgency, in which case the Committee members shall receive no less than three business days' prior written notice. The Committee members shall be given notice in advance of

the meeting that all Committee members have the possibility to participate in and prepare themselves for the meeting.

The notice shall contain the time and place for the Committee meeting and the agenda for the Committee meeting, including a list of matters to be decided upon and information of relevance for the Committee and its evaluation of matters to be decided upon. The agenda shall be established by the Chairman of the ARC.

4.5 Preparation of matters for the Committee meetings

The Chairman of the ARC, together with the CRO, CFO and other relevant members of management shall procure that matters are properly prepared before the Committee meetings and that satisfactory documentation in terms of comprehensive, relevant and quality assured documentation for the Committee to make well-founded decisions is available at the Board Portal as a general rule.

4.6 Minutes at the Committee meetings

The Chairman of the ARC shall procure that minutes are kept at the Committee meeting. The minutes shall be verified by the present Committee members.

The minutes shall reflect the matters discussed, the decisions and the documentation that the Committee had at its disposal. A member of the ARC has the right to have a dissenting opinion noted in the minutes.

The minutes shall be kept in numerical order and be made available to each Board member via the Board Portal no later than in connection with the disbursement of the Board Package for the next regular Board meeting.

4.7 Quorum

The ARC is quorate where more than half of the total number of Committee members are present at a meeting. When determining whether the Committee is quorate, Committee members who have a conflict of interest as specified in Section 5 “Conflicts of interest” shall not be deemed to be present.

Resolutions may not be adopted unless all Committee members, to the extent possible, have been given an opportunity to participate in the handling of the matter and have received satisfactory documentation in terms of comprehensive, relevant and quality assured documentation to make a well-founded decision.

4.8 Authority and Attendance at Committee meetings

In discharging its oversight role, the ARC may request any officer or employee of the Company, outside counsel or any external consultants to attend any Committee meeting in order to provide information or advice in connection with the matters to be addressed at the meeting.

5 Conflicts of Interest

Conflicts of interest in the ARC shall be handled in accordance with what is set out regarding conflicts of interest in the Rules of Procedure for the Board.

6 Confidentiality

Documentation obtained in the capacity as a member of the ARC shall be handled in accordance with what is set out regarding the Board members' confidentiality obligations in the Rules of Procedure for the Board.

7 Inside information and external communication

In connection with the handling of each matter, the ARC shall consider whether the matter constitutes inside information. If the matter is deemed to constitute inside information, the ARC shall, considering applicable laws and regulations and the routines set out in the Company's internal steering documents regarding the handling of inside information, procure (i) that the information is disclosed to the public as soon as possible or (ii) that a decision is made to delay the disclosure of the inside information and that the Company keep an insider list of all persons who have access to the inside information.

8 Limitations of the role of the Committee

The ARC is responsible only to the Board in connection with the execution of its duties as a preparatory body. The Board has the complete and sole responsibility for oversight and duties of the ARC. The CFO, or delegate from the CFO, is responsible for preparing and presenting the Company's external financial annual and quarterly reports to the Board. The CRO is responsible for preparing and presenting its reports to the Board. The external auditor is responsible for auditing and reviewing annual reports. On request from the Board, the external auditor will perform a limited audit of the Company's quarterly financial statements. When performing its duties, the ARC does not give any expert opinions concerning the Company's accounts, nor does the ARC provide any professional approval of the external auditor's work to anyone but the Board.

9 Document Directives

9.1 Ownership and approval

This Instruction is adopted and approved by the Board and is reviewed before such Board meeting.

9.2 Maintenance & Updates

The Instruction is reviewed and established periodically by the Board. On behalf of the Board, the CFO is responsible for keeping the Instruction up to date.

9.3 Accessibility

It is incumbent on the Board to ensure that the Board members as well as relevant employees, consultants/service providers of the Company have access to and have understood the meaning of this Instruction. The same applies each time the Instruction is changed. The Instruction shall be available on the Company's intranet where also other policies and instructions are available.

10 Document Breaches

Compliance with this Instruction is controlled by the Board and by the Company CFO and CRO on behalf of the Board. The Board members may submit observations and proposals for improvements to the Instruction and are obliged to report violations of it to the Board.