

## Corporate Governance

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

Adopted at Board meeting 24 October 2022

# Heimstaden

Enrich and  
Simplify Lives  
Through  
**Friendly Homes**



Corporate governance defines a framework of rules and procedures by which Heimstaden Bostad governs and controls its business. The aim is to create value by ensuring effective decision-making in line with the overall business strategy which directs operations towards the goals for the Company and to ensure that Heimstaden Bostad lives up to its commitments to shareholders, customers, employees, suppliers and society in general.

Heimstaden Bostad AB contracts Heimstaden Group Manager AB (and subsidiaries, together the “**Manager**”) as group management, with i.a. responsibility for investment, asset, and strategic management. The Manager holds the strategic and administrative responsibility and the Board performs the oversight on the Manager’s execution of the Company’s key formal obligations. The responsibilities of the Manager are stipulated in a management agreement (“**Management Agreement**”).

The Company has its own operational platform in each jurisdiction of scale operating under supervision from the Manager.

## Rules and regulations and articles of association

Heimstaden Bostad is a Swedish public limited liability company (Sw. *aktiebolag*) with its registered office in Malmö and is governed by the articles of association, the Swedish Companies Act, the Swedish Corporate Governance Code (the “**Code**”) and other applicable laws and regulations.

The Code aims to create prerequisites for active, responsible ownership. Although the primary aim of the Code is to improve confidence in Swedish listed companies by promoting positive development of corporate governance in these companies, it may voluntarily be applied by non-listed companies (see further information at [www.bolagsstyrning.se](http://www.bolagsstyrning.se)). The Code is based on the principle of comply or explain, which means that companies can deviate from rules in the Code provided that there is justification and an explanation for the deviation and that an alternative solution is presented.

## Shareholders

All shares in the Company are currently held by a limited base of shareholders and Heimstaden AB and the institutional investors have also entered into a shareholders’ agreement (the “**SHA**”) to strengthen the corporate governance of the Company.

## General meeting

The general meeting is the Company's highest decision-making body and shareholders participate in supervision and control through their rights to vote and speak. Applicable regulations and the Company's articles of association provide a framework for which matters shall be addressed at a general meeting. Shareholders are entitled to attend and vote at the general meeting, either in person or by proxy. Resolutions at the meeting are normally passed by simple majority. In certain matters, the Swedish Companies Act or the SHA, stipulate that a proposal must be approved by a higher proportion of the votes represented and cast.

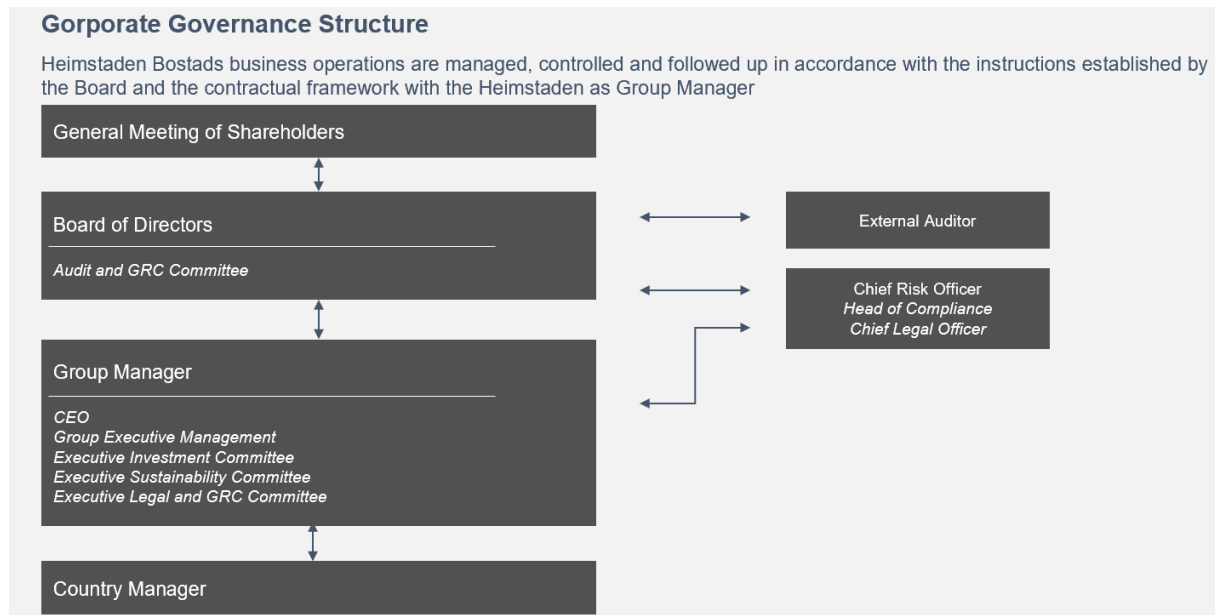
The annual general meeting passes resolutions on a range of matters, including approval of the Financial Statements, dividends, discharge from liability of the members of the Board and the CEO, election of members of the Board, the Chairman of the Board and auditors as well as remuneration to the Board and the auditor, and other matters.

## Nomination and election of Board and auditors

According to the articles of association, the Board shall comprise a minimum of three and a maximum of fifteen members. Board members are elected by the general meeting for a period lasting until the end of the next annual general meeting, to be held in the year after the Board members were elected. The

Company has decided, based on its limited investor base, not to establish a nomination committee as the SHA stipulates the shareholders rights to nominate board members.

## Heimstaden Bostad's control structure



## Board

The Board currently consists of nine members elected by the general meeting for a period lasting until the end of the next annual general meeting. There are no deputy Board members. The Board meets the requirements of the Code with respect to its members' independence, both from the Company and its main shareholders. Current gender distribution is approximately 44 percent women and 56 percent men. The Manager shall ensure that relevant individuals attend Board meetings, i.a. CEO, CIO and CFO.

The Board has the overarching responsibility for managing Heimstaden Bostad's affairs in the interests of the Company and its shareholders. According to the Swedish Companies Act, the Board has overall responsibility for the Company's organisation and management, and for ensuring satisfactory control of the accounting records, management of funds and financial circumstances in general. The Board passes resolutions in matters regarding the Company's overall strategy and policies, as well as more important issues regarding financing, acquisitions, divestments and investments. Other duties that fall under the responsibilities of the Board include the following:

- Continuous follow-up and assessment of the financial position and business development.
- Continuous evaluation of the Manager and its executive management, including the CEO.
- Ensuring that there is satisfactory control of compliance with laws and regulations, and the continuous evaluation of internal control and risk management systems.
- Ensuring that the Manager ensures that external communications are characterised by openness, and that they are accurate, reliable and relevant.

The Board's work follows the rules of procedure adopted by the Board, which provide the framework for the Board's work and govern the duties of the Board and the Manager and its executive management, including the CEO, and the allocation of duties between the Board and the CEO. The relevance and validity of the rules of procedure are reviewed each year.

The Board also evaluates the work of the Manager, including the CEO, without the person in question being present, and approves material assignments carried out by the CEO outside the Company.

The Chairman leads the work of the Board and has regular contact with the CEO to follow the Company's operations and development on an ongoing basis.

The Chairman consults with the CEO on strategic matters, represents the Company in ownership matters, and passes on the views of the shareholders to the Board. The Chairman ensures that the work of the Board is evaluated once per year and that new Board members receive appropriate training.

## **Board committees**

To increase the effectiveness of its work, the Board has established an audit, governance, risk and compliance committee to assist the Board in preparing matters for, and to handle tasks delegated by, the Board. Duties of the committee are defined in the rules of procedures of the Board as well as in the instruction to the committee. The committee is to keep minutes of its meetings and the minutes are to be made available to the Board.

The committee is a preparatory and advisory working committee of the Board with respect to financial reporting and financial statement audits, internal control, governance, compliance and risk management systems. The committee's duties include preparing the Board's work to assure the quality of the Group's financial reporting by reviewing interim reports, annual report and the consolidated accounts. Further, the committee reviews the work of internal control mechanisms and external auditors to ensure that it has been conducted effectively, impartially and satisfactorily. The committee proposes measures that are resolved on by the Board as needed. Majority of members must be independent in relation to the Company and its executive management, at least one member must be independent in relation to major shareholders and at least one member must have special competence in accounting or auditing.

## **Executive Management**

The Manager, through the CEO, leads the Company's day-to-day operations in accordance with the adopted rules of procedure for the Board and the Instructions to the CEO and the Management Agreement. CEO is responsible for ensuring that the Board receives information that is sufficiently factual, complete and relevant for the Board to make well-informed judgements.

## **Auditor**

An audit of the Company's financial accounts shall be performed by an independent auditor to determine whether they are materially accurate and complete and provide a fair view of the Company and its financial position and results. The auditor also ensures that the financial accounts are prepared according to applicable laws and regulations. Moreover, the auditor reviews the administration of the Board and the CEO.

According to the articles of association, the Company must have one or two auditors. At the 2022 annual general meeting, Ernst & Young Aktiebolag, was re-elected as the auditing company. The Board meets the Company's auditor in relation to financial disclosures, of which at least one meeting is in the absence of the CEO. Internal routines and control systems are examined continuously during the year. Currently the Company has decided there is no need for an internal audit function.