

Heimstaden

Corporate Governance

Heimstaden AB (publ) (“Heimstaden” or the “Company”)
reg. no. 556670-0455

Adopted at Board meeting 8 April 2021

Heimstaden

Enrich and
Simplify Lives
Through
Friendly Homes



Heimstaden

Corporate governance defines a framework of rules and procedures by which Heimstaden 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 lives up to its commitments to shareholders, customers, employees, suppliers and society in general.

Rules and regulations and articles of association

Heimstaden 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 Nasdaq Stockholm Rulebook for Issuers of Fixed Income Instruments, the Nasdaq First North Growth Market Rulebook, 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). 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 common shares in the Company are currently held by Fredensborg AS, with a total shareholding corresponding to approximately 86.21 per cent. of the shares and 98.40 per cent. of the votes in the Company, and the Company’s preference shares are held by Fredensborg AS and a mix of institutional and retail investors.

General meeting

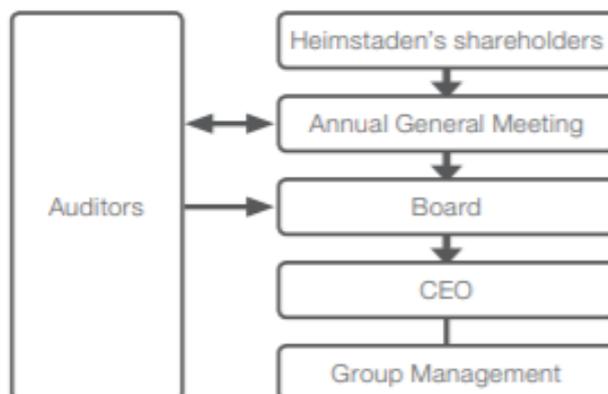
The general meeting is the Company's highest decision-making body and shareholders participate in supervision and control through their rights to vote and speak. Applicable regulations and the Company's articles of association provide a framework for which matters shall be addressed at a general meeting. 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 stipulates 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 five 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, given that the ownership in the Company is highly concentrated to Fredensborg AS, not to establish a nomination committee.

Heimstaden's control structure



Board

The Board currently consists of four 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 25 % women and 75 % men.

The Board has the overarching responsibility for managing Heimstaden'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 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 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 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 executive management, including the CEO, without the person(s) 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 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.

To increase the effectiveness of its work, the Board may establish Board committees to head the Board's work in various areas. There are currently no board committees established and all Board tasks are carried out by the Board as a whole.

Executive Management

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. The CEO is further 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 or registered public accounting firms. At the 2021 annual general meeting, Ernst & Young Aktiebolag, was re-elected as the registered public accounting firm. 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.