

## CORPORATE GOVERNANCE REPORT

***K-Fast Holding AB is a Swedish public limited liability company whose Class B shares have been listed on the Nasdaq Stockholm exchange since 29 November 2019.***

This Corporate Governance Report is not included in the formal Annual Report, and constitutes a separate report. The Corporate Governance Report has been reviewed by the company's auditor.

Through great openness, K-Fast Holding AB's Board of Directors and management seek to help individual shareholders follow the company's decision-making paths and to clarify where the organization's responsibilities and authorities lie. This includes maintaining an efficient organizational structure, systems for internal control and risk management, as well as transparent internal and external reporting.

The Corporate Governance Report has been prepared in accordance with the provisions of the Annual Accounts Act and the Swedish Code of Corporate Governance ("the Code"). The company has followed the Code, Nasdaq Stockholm's Regulations for Issuers and generally accepted stock market practice since the company's listing on the Nasdaq Stockholm exchange in 2019. The Code is based on the principle of "follow or explain". This means that K-Fastigheter does not have to comply with every rule in the Code at all times, but can choose other solutions judged to better respond to the circumstances of the individual case, provided that the company openly reports every such deviation, describes the solution instead chosen by the company and states the reasons. The Code also means that some information shall be made available on the company's website.

The Board's opinion is that K-Fastigheter followed the Code in 2021 with the following exception: The year of birth of Board members and Management was not reported as this information is of no significance for assessing expertise and experience. Education,

Board assignments and work experience are reported as these are of significance in assessing expertise and experience

### ARTICLES OF ASSOCIATION

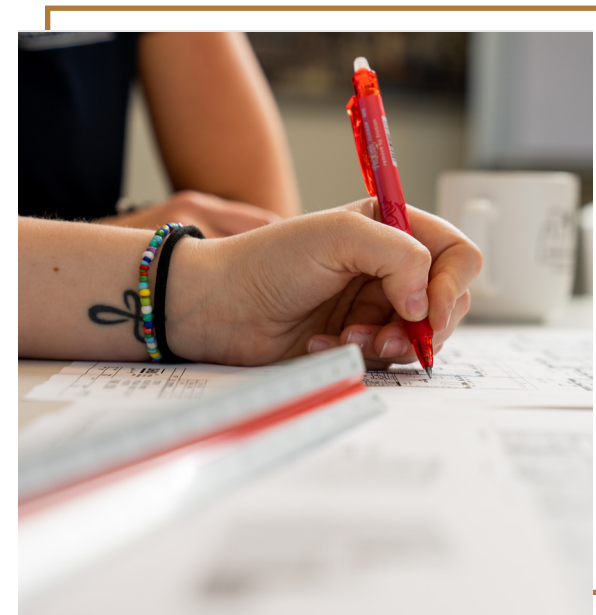
The company's name is K-Fast Holding AB and the company is public (publ) with the corporate ID number 556827-0390. The company's Board of Directors has its registered office in the Municipality of Hässleholm, Sweden. The object of the company's operations shall be, directly or indirectly via subsidiaries, to own and manage properties and securities, to conduct construction operations and related operations. Amendments to the Articles of Association are to be made in accordance with the provisions of the Companies Act. The latest changes were decided by the AGM 2021. The Articles of Association can be found at [www.k-fastigheter.com](http://www.k-fastigheter.com).

### CORPORATE GOVERNANCE STRUCTURE

The objective of corporate governance is to ensure that the company is managed in as efficient a manner as possible for shareholders, but also to ensure that K-Fastigheter complies with applicable regulations. Corporate governance also aims to engender order and method, both for the Board and Group management. By having a clear structure and clear rules and processes, the Board is able to ensure that the focus of management and employees is on developing the business, and to thereby generate value for shareholders.

The Board and management strive for the company to live up to the requirements imposed by public authorities, Nasdaq Stockholm, shareholders and other stakeholders. The Board also follows the ongoing debate on the subject and the recommendations issued by various operators, including the Swedish Securities Council or auditors.

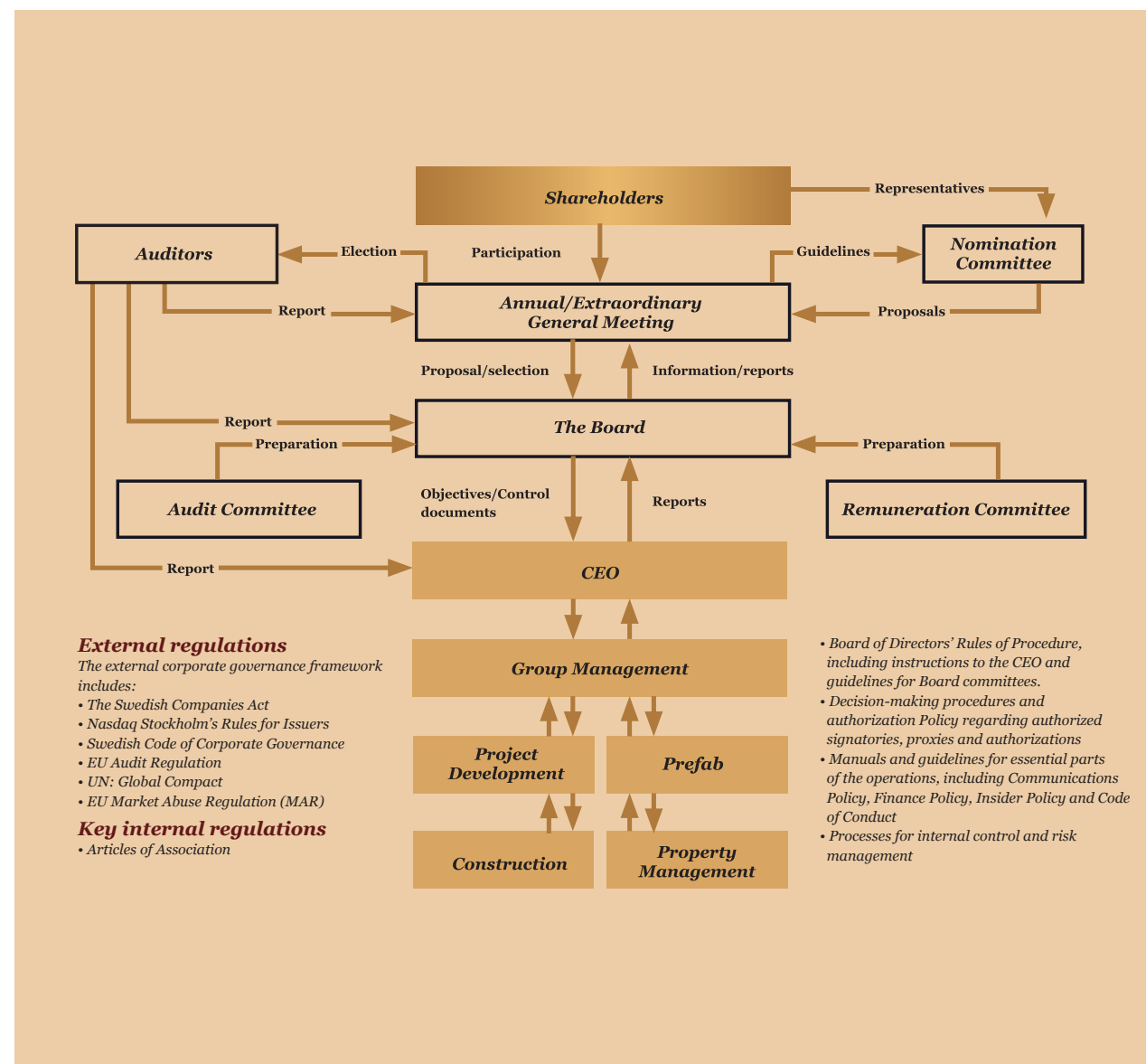
At K-Fastigheter, corporate governance is primarily exercised



through General Meetings and the Board. In a broader perspective, the issues also include Group management and its tasks, as well as the control and reporting functions within the Group.

Ultimately, the shareholders in K-Fast Holding AB make decisions regarding the Group's governance. At the AGM, shareholders appoint the Board of Directors, the Chairman of the Board and the auditors, determines the compensation paid to these, a decision is also made as to how the Nomination Committee shall be appointed. The Board is responsible to the owners for the Group's organization and the management of the Group's affairs. Shareholders exert their influence through the AGM and Extraordinary General Meetings

K-Fast Holding AB's Articles of Association are available at [www.k-fastigheter.com/en/corporate-governance/](http://www.k-fastigheter.com/en/corporate-governance/). The Code can be found at <http://www.bolagsstyrning.se/the-code/>



Management and responsibility is divided between the Board and the CEO in accordance with Swedish legislation, primarily the Companies Act and the Annual Accounts Act, Nasdaq Stockholm's Rules for Issuers, the Articles of Association and internal instructions and policy documents. The auditors report their audit to the AGM.

## SHAREHOLDERS' DECISION-MAKING FORUMS

According to the Companies Act, the AGM is the company's highest decision-making body. At the AGM, shareholders exercise their right to vote in matters such as the adoption of Income Statements and Balance Sheets, the disposition of the company's profit, approving discharge from liability for the members of the Board and the CEO, the election of Board members and auditors and the determination of fees to Board members and auditors. Board members are appointed and discharged in accordance with the Companies Act, and the Articles of Association contain no specific rules for this.

## GENERAL MEETINGS

The AGM shall be held within six months of the end of each financial year. Beyond the AGM, Extraordinary General Meetings may be convened if the company's Board, Auditors or holders of at least 10 percent of all shares in K-Fast Holding AB request this.

In accordance with K-Fast Holding AB's Articles of Association, notice of a General Meeting shall be published by means of an advertisement in Post- och Inrikes Tidningar (Official Swedish Gazette) and with the notice being presented accessibly on the company's website [www.k-fastigheter.com](http://www.k-fastigheter.com). That fact that such notice has been issued shall be advertised in Swedish financial daily Dagens industri.

Resolutions of the AGM are normally approved through a simple majority. In certain matters, the Swedish Companies Act stipulates that proposals must be approved by a larger proportion of the shares represented and the votes cast at the Meeting.

## RIGHT TO PARTICIPATE IN ANNUAL GENERAL MEETING

Shareholders wishing to attend the AGM must be included in the register maintained by Euroclear Sweden AB six business days before the AGM and announce their intention to participate to K-Fastigheter no later than the date specified in the notice convening the AGM. It is usually possible for shareholders to register for the AGM in several different ways, which are stated in the notice convening the AGM. To participate in the AGM, besides registering the intention to attend, nominee-registered shares must be registered under the shareholder's name in the register maintained by Euroclear Sweden AB by no later than four banking days prior to the AGM. Shareholders not present in person at the AGM may exercise their rights at the AGM through a proxy. Shareholders who are present in person at the AGM, or proxies for absent shareholders, may have at most two assistants.

## SHAREHOLDER INITIATIVES

A shareholder wishing to have a matter addressed by the AGM must request this in writing from K-Fastigheter's Board of Directors. The matter will be raised at the AGM if the request has been received by the Board by no later than one week before the earliest date of convening the AGM according to the Companies Act, or at a later date, but in sufficient time for the matter to be included in the notice convening the AGM.

## VOTING RIGHTS

K-Fast Holding AB has two share classes: Class A and Class B shares. Class A shares entitle the holder to five votes per share and Class B shares entitle the holder to one vote per share. Both Class A and Class B shares entitle holders to equal participation in the company's assets and earnings.

On 7 June 2021, K-Fast Holding AB completed a 6:1 share split. On 31 December 2021, there were a total 215,331,168 shares in K-Fast Holding distributed between 22,500,000 Class A shares, 112,500,000 votes and 192,831,168 Class B shares representing 192,831,168 votes. The total number of votes on 31 December 2021 was: 305,331,168. Class B shares represented 63.2 percent of the votes and 89.6 percent of the share capital.

Additional information about the share and shareholders can be found on page 141.

## 2021 ANNUAL GENERAL MEETING

The AGM was held on 19 May 2021 in Hässeholm, Sweden, through a postal ballot to reduce the spread of Covid-19. A total of 62 shareholders, corresponding to some 94 percent of the total number of votes in the company, participated in the AGM. Minutes from the AGM are available on the company's website. At the Meeting shareholders reached resolutions regarding matters including:

- not to pay a dividend for the 2020 financial year
- re-election according to the Nomination Committee's proposal of Ulf Johansson, Christian Karlsson, Jacob Karlsson, Sara Mindus, Jesper Mårtensson and Erik Selin as Board members, and Erik Selin as Board Chairman for the period until the end of the next AGM
- re-election of Ernst & Young Aktiebolag as auditor until the end of the next AGM with Stefan Svensson as the Authorized Public Accountant
- Board fees of SEK 200,000 for the ensuing term of office for Board members not employed by K-Fastigheter. Erik Selin will not receive any Board fees
- Articles of Association amended to enable a share split of each existing share into six shares of the same class

- authorize the Board, in the period until the AGM 2022, on one or more occasions and with or without preferential rights for shareholders, to decide on one or more new share issues departing from shareholders' preferential rights of a maximum of 24,000,000 new Class B shares corresponding to one tenth of the total number of shares in the company
- authorize the Board, in the period until the AGM 2022, on one or more occasions, to decide to acquire Class B shares in the company corresponding to a maximum of one tenth of the total number of shares in the company.

## 2022 ANNUAL GENERAL MEETING

The AGM of K-Fast Holding AB will be held on 12 May 2022. Information regarding the AGM will be published at [www.k-fastigheter.com](http://www.k-fastigheter.com).

Ahead of the 2022 AGM, the Board proposes that no dividend be paid for the 2021 financial year

## NOMINATION COMMITTEE

At the Extraordinary General Meeting on 19 August 2019, resolutions were reached regarding principles for the appointment of a Nomination Committee. K-Fastigheter's Nomination Committee for the AGM 2022 was appointed in accordance with these principles. In accordance with the Code and the company's principles, the members of the Nomination Committee were published at least six months before the AGM. The Nomination Committee shall comprise the Board Chairman and representatives of the three largest shareholders in terms of votes at the end of the third quarter in the year before the AGM. A complete description of the principles for appointing and instructing the Nomination Committee can be found on the company's website, [www.k-fastigheter.com](http://www.k-fastigheter.com).

The composition of the Nomination Committee has been published through a separate press release on 22 October 2021, as well as on K-Fastigheter's website, where shareholders can also read about their opportunity to submit proposals to the Nomination Committee.

The Nomination Committee is tasked with preparing and submitting proposals to the next AGM regarding the appointment of the Chairman of the Board and other Board members, as well as on remuneration to the Chairman of the Board and other members. The Nomination Committee is also tasked with evaluating the Board's work, based primarily on the report presented to the Nomination Committee by the Chairman of the Board. The Nomination Committee also proposes auditors for election and the fees to be paid to them.

For their work on K-Fast Holding AB's Board, members should have appropriate experience and skills in the operations conducted, to be able to identify and understand the risks that can arise in the operations and the regulations governing the operations conducted. The Nomination Committee must take into account K-Fastigheter's diversity policy, which agrees with item 4.1 of the Code, in its proposal regarding the election of Board members.

The Nomination Committee shall take the policy into account with the aim of achieving a suitable composition of the Board. When new Board members are elected, the suitability of the individual member shall be scrutinized to achieve a Board with a combined expertise sufficient for the company to be governed effectively. accordance with point 4.1 of the Swedish Corporate Governance Code, the company's Board shall have an expedient composition with regard to the company's operations, stage of development and conditions otherwise, characterized by versatility and breadth relating to Directors' competencies, experience and background, and an even distribution between the sexes.

In addition to Jacob Karlsson AB and Erik Selin Fastigheter Aktiebolag, each representing 39.3 percent of the votes, there is no other shareholder representing more than 10 percent of the votes.

## EXTERNAL AUDITORS

In accordance with the company's Articles of Association, adopted on 19 May 2021, the AGM of the company shall appoint one or two auditors, with or without deputy auditors, or one or two registered firms of auditors. The company's auditors are appointed for the period extending until the end of the next AGM.

The auditor shall review K-Fastigheter's Annual Report and accounting, as well the administration of the company by the Board and the CEO. K-Fast Holding AB is the Parent company in a group and K-Fastigheter's auditor also reviews the consolidated accounts, as well as the mutual relationships between the Group companies. After each financial year, the auditor shall submit an Audit Report and an Audit Report on the Consolidated Accounts to the AGM.

The most recent election of auditor took place at the Annual General Meeting on 19 May 2021, when Ernst & Young AB was reelected, with Stefan Svensson as the principal auditor.

### **Stefan Svensson**

Auditor K-Fastigheter



**Auditor for K-Fastigheter and principal auditor since 2016. Authorized Public Accountant and member of FAR.**  
**Other major assignments: Executive Property, Fitness24seven and ONE Nordic.**  
**Former major assignments: Bergendahl & Son and IKEA Centres.**

### **Nomination Committee ahead of the 2022 Annual General Meeting**

<b>Name / representing</b>	<b>Percentage of votes, 30 September 2021</b>	<b>Independent*</b>
Stefan Alvarsson / Jacob Karlsson AB	39.3%	Yes/No
Shahram Rahi / Erik Selin Fastigheter AB	39.3%	Yes/No
Eva Gottfridsdotter-Nilsson / Länsförsäkringar Fondförvaltning AB	3.4%	Yes/Yes
Erik Selin, Chairman of the Board of K-Fast Holding AB		

\* Independent in relation to the company and management/largest shareholder in terms of votes.

## COMPOSITION OF THE BOARD OF DIRECTORS

Board members are normally appointed by at the AGM for the period until the end of the ensuing AGM. In accordance with K-Fast Holding AB's Articles of Association, the Board of Directors shall comprise at least three and at most eight members without deputies. In accordance with the Code, the Chairman of the Board shall be appointed by the AGM. At most one Board member elected by the AGM may be a member of K-Fastigheter's management or the management of a subsidiary. The majority of the members elected by the AGM shall be independent in relation to and Group management. At least two of the Board members who are independent in relation to K-Fastigheter and Group management should also be independent in relation to K-Fastigheter's major shareholders. More information about the company's Board of Directors can be found on page 51.

## RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board of Directors is the company's second-highest decision making body after the AGM. In accordance with the Companies Act, the Board is responsible for K-Fastigheter's organization and the management of the company's affairs

The Board shall continuously assess K-Fastigheter's financial situation. The Board shall ensure that the accounting, management of funds and financial conditions of K-Fastigheter in other regards are controlled in a satisfactory manner.

In accordance with the Code, the tasks of the Board include determining the company's overarching objectives and strategy, appointing, evaluating and where necessary dismissing the CEO, identifying how sustainability issues affect the company's risks and business opportunities, establishing required guidelines for the company's conduct in society to ensure its long-term capacity to add value, ensuring that there are appropriate systems for the evaluation and control of the company's operations and the risks associated with the company's operations, ensuring there is satisfactory control of the company's compliance with laws and other regulations that apply to the company's operations, as well as the company's compliance with internal guidelines and ensuring that the company's publication of information is characterized by openness and is correct, relevant and reliable.

## BOARD OF DIRECTORS 2021

Since the AGM on 2 April 2019, the Board has comprised six members. The Board has a quorum when more than half of the number of Board members are present. In the event of a tied vote, the Chairman of the Board has the casting vote. The Board of K-Fast Holding AB consists of individuals with broad experience and competences relating to the property sector, business development, sustainability issues and financing. A number of the members have experience of Board work in other listed companies.

All Board members have undergone Nasdaq Stockholm's training for Directors and senior executives. The Board receives information on an ongoing basis regarding regulatory changes and issues related to operations and the Board's responsibilities in a listed company.

In addition to the complete Board of Directors acting as signatory for K-Fastigheter, two Board members in unison may sign, or one Board member in unison with the company's Deputy CEO/CFO. If certain tasks are delegated to one or more of Board members or to others, the Board shall proceed with care and continuously assess whether the delegation of responsibility can be maintained.

The Chairman of the Board shall ensure that the work of the Board is performed efficiently and that the Board fulfills its duty

### Board of Directors, composition, attendance and compensation

Name	Elected	Independent in relation to:		Attendance			Remuneration
		The company and senior executives	Major shareholders	Board meetings	Audit Committee	Remuneration Committee	Meetings of the Board of Directors and Committees
Erik Selin, Chairman of the Board	2018	Yes	No	10 of 11	6 of 7	1 of 1	-
Ulf Johansson, member	2019	Yes	Yes	11 of 11	7 of 7	1 of 1	SEK 200,000
Christian Karlsson, member	2019	No	No	11 of 11	-	-	SEK 200,000
Sara Mindus, member	2019	Yes	Yes	11 of 11	7 of 7	1 of 1	SEK 200,000
Jesper Mårtensson, member	2018	Yes	No	11 of 11	-	-	SEK 200,000
Jacob Karlsson, member	2010	No	No	11 of 11	-	-	-

## BOARD OF DIRECTORS' RULES OF PROCEDURE

In its work, the Board follows written Rules of Procedure. The Rules of Procedure are adopted annually and, among other things, regulate functions and the distribution of work between the Board members and the CEO and between the Board and its various committees, as well as certain procedural issues concerning the convening of Board meetings. The Rules of Procedure also stipulate that the Board shall appoint an Audit Committee and a Remuneration Committee. The Chairman of the Board is also the Chairman of the committees. The Board meets in accordance with a schedule set annually. In addition to these regular meetings, the Board convenes if the Chairman considers it necessary or if a Board member or the CEO requests it. In accordance with the Companies Act, the Board has also established instructions for the CEO, including instructions on both internal reporting to the Board as well as on the company's external reporting to the market.

## AUDIT COMMITTEE

The Board has appointed an Audit Committee consisting of three members: Ulf Johansson, Sara Mindus and Erik Selin. Erik Selin is the Chairman of the Board and Sara Mindus is the Deputy Chairman of the Committee.

The Audit Committee shall, without this affecting the Board's responsibilities and tasks in other regards, including the monitoring of the company's financial reporting, monitor the efficiency of the company's internal control, internal audit (if such a function is established in the future) and risk management, keep itself informed regarding the audit of the Annual Report and consolidated accounts and on the conclusions of the Swedish Inspectorate of Auditors' quality control. The Committee shall also review and monitor the auditor's impartiality and independence,

paying particular attention to whether the auditor provides the company with other services than auditing.

## REMUNERATION COMMITTEE

The Board has appointed a Remuneration Committee consisting of three members: Ulf Johansson, Sara Mindus and Erik Selin. Erik Selin is the Chairman of the Committee.

The principal tasks of the Remuneration Committee are to prepare Board decisions relating to remuneration principles, remuneration and other employment terms for Board members, the CEO and Group management, and to follow and evaluate programs for variable remuneration for management, and to follow and evaluate the application of remuneration guidelines for senior executives adopted by the AGM, as well as applicable remuneration structures and remuneration levels.

## CHAIRMAN OF THE BOARD OF DIRECTORS

The Board's Rules of Procedure state, among other things, that the Chairman of the Board shall ensure that the work of the Board is carried out efficiently and that the Board fulfills its obligations. This includes organizing and leading the work of the Board and fostering the best possible conditions for that work. In addition, the CEO shall ensure that Board members continuously update and deepen their knowledge of the company and that new members receive appropriate introduction and training. The Chairman of the Board shall be available as an adviser and discussion partner for the CEO, but shall also evaluate the work of the CEO and report on this assessment to the Board. In addition, the Chairman of the Board is tasked with ensuring that the work of the Board is evaluated annually and to inform the Nomination Committee regarding this evaluation.

At the AGM on 19 May 2021, Erik Selin was elected Chairman of the Board. The Chairman of the Board does not participate in the operational management of the company.



## BOARD YEAR 2021

### First quarter

#### Meeting 1, 14 January 2021

- Decision relating to financing

#### Meeting 2, 25 February 2021

- Approve Year-End Report
- Business plan
- Procedure for the Board, and instructions to the CEO and Board Committees

### Second quarter

#### Meeting 3, 12 April 2021

- Approve the notice convening the AGM
- Approve Annual Report and Corporate Governance Report and Sustainability Report
- Approval of the remuneration report
- Joining UN Global Compact

#### Meeting 4, 6 May 2021

- Approve Interim Report for the period January-March 2021
- Forecast for the Financial year

#### Meeting 5, 19 May 2021

##### (statutory Board meeting)

- Decision on authorized signatories
- Election of members of Board Committees

#### Meeting 6, 31 May 2021

- Decision on record date for the AGM's resolution on share split

### Third quarter

#### Meeting 7, 29 July 2021

- Approve Interim Report for the period January-June 2021
- Forecast for the Financial year
- Decision on reporting dates 2022

#### Meeting 8, 15 September 2021

- Decision relating to financing

### Fourth quarter

#### Meeting 9, 11 November 2021

- Review of compliance with policies
- Review of policy document
- Review of internal control
- Review of risk management
- Review of Auditor's audit plan
- Approve Interim Report for the period January-September 2021

#### Meeting 10, 18 November 2021

- Decision relating to bond

#### Meeting 11, 16 December 2021

- Approve the budget
- Evaluate the Board's work
- Evaluate salary review and bonus-related considerations
- Determining authorization scheme
- Approve policy documents

## WORK OF THE BOARD OF DIRECTORS

During the financial year 2021, the Board held 11 meetings where minutes were kept. The company's CEO and/or Deputy CEO and CFO should, as a general rule, attend Board meetings in a reporting role. Company employees, the auditor or other external consultants shall be co-opted to Board meetings to participate and to present matters when necessary. Board member Christian Karlsson is the Secretary of the Board of Directors.

At its meetings, the Board addressed fixed agenda items to be included in each Board meeting in accordance with the Board's Rules of Procedure. These include the business situation, budget, interim reports and annual accounts. In other regards, work focused on further developing previously established documents.

In addition to the scheduled meetings, the work of the Board includes ongoing financial review, evaluation of strategy, recommendations regarding remuneration levels, acquisition matters, as well as accounting and auditing issues.

The Board evaluated its work during the autumn of 2021. The evaluation revealed an open and constructive Board climate and a very well-functioning decision-making process and collaboration with management. The evaluation examined, among other things, the working climate, working methods regarding the introduction of new procedures, business processes, strategic issues, evaluation and control systems, access to and the need for specific Board expertise, succession planning, and morals, ethics and communication.

The evaluation and the subsequent discussion by the Board serves as basis for the ongoing development of the Board's working methods and for ensuring that the Board can make decisions that are as well-informed as possible. The evaluation of the Board follows the guidelines for Board evaluation in the Code.

## ATTENDANCE AT BOARD MEETINGS

See information on page 43.

## CEO

In accordance with the provisions of the Companies Act, the company's CEO is responsible for the ongoing management of K-Fastigheter in accordance with the Board's guidelines and instructions.

Measures that, in view of the scope and nature of the company's operations, are unusual or of great importance, fall beyond the ongoing management and should therefore, as a general rule, be prepared and presented to the Board for decision. The CEO shall also take the actions necessary for the company's bookkeeping to be performed in accordance with legislation and for assets to be managed satisfactorily.

In relation to the Board, the CEO is a subordinate corporate body, and the Board itself can also determine matters included in ongoing management. The work and role of the CEO and the division of work between the Board and the CEO is set out in written Instructions to the CEO from the Board and the Board continuously evaluates the work of the CEO.

## CONFLICT OF INTEREST

Board members or the CEO shall not address matters relating to contracts between themselves and the company or the Group. Nor is such individual permitted to address matters relating to contracts between the company and third parties, where a significant conflict of interest could arise for such individual in relation to the company. Contracts as outlined above correspond to court proceedings or other litigation process. It is the responsibility of Board members and the CEO, where applicable, to provide information in the event that a conflict of interest arises

## REMUNERATION REPORT

***The Board proposes, and the AGM approves, guidelines for determining remuneration to Board members and employment terms for the CEO and other senior executives.***

At the AGM on 19 May 2020, it was decided to adopt new guidelines for remuneration to the Board and senior executives. The guidelines do not encompass remuneration decided by the AGM. In these guidelines, “senior executives” refers to the CEO and other members of Group management. The guidelines shall be presented to the AGM for a decision at least every four years.

***The guidelines’ impact on the company’s business strategy, long-term interests and sustainability***

The company’s overarching goal is to generate long-term value growth for its shareholders. Over a business cycle, value creation is measured as growth in long-term net asset value per share. This will take place through project development, construction and management of rental apartments in select locations, and through local operations close to the company’s partners and tenants in the locations where the company is established, and by collaborating with public sector operators. Sustainability is central to the company’s operations, focusing on environmental considerations by including energy-efficient solutions in the properties, and by being a responsible employer that attracts and develops its employees. More information about the company’s business strategy, long-term interests and sustainability can be found on the company’s website [www.k-fastigheter.com](http://www.k-fastigheter.com). In order to support the company’s business strategy, long-term interests and sustainability, and generate positive long-term value growth for its shareholders, the company shall offer competitive remuneration on market terms, but not be a salary leader in relation to comparable employers.

***Forms of remuneration etc.***

Market-based remuneration and employment terms are a prerequisite for retaining and, when required, recruiting senior executives with the required competencies and experience. Total remuneration shall be based on factors such as position, performance and individual qualifications. Remuneration shall consist of the following components: fixed salary, variable or performance-based salary, pension benefits and other benefits. Independently of these guidelines, the Annual General Meeting can also authorize share based and share price based remuneration.

***Fixed salary***

Remuneration shall be based on the importance of the work carried out, the required competencies and experience, and performance. Fixed basic salary shall correspond to market-based compensation for satisfactory work performance. Fixed basic salary shall be reviewed annually to ensure that salary is on market terms and competitive.

***Variable salary***

Variable or performance-based remuneration to senior executives is payable at a maximum of 50 percent of fixed salary per calendar year. No variable or performance-based remuneration is payable to the CEO.

***Criteria for payment of variable cash remuneration etc.***

Variable cash remuneration shall be linked to pre-determined and measurable criteria that can be financial or non-financial. These may also comprise individually-adapted quantitative or qualitative targets. The criteria shall be designed to support the company’s business strategy and long-term interests, including its sustainability by, for example, having a clear link to the business strategy or by benefiting the executive’s long-term development

When the measurement period for satisfying the criteria for payment of variable cash remuneration has concluded, the extent to which the criteria have been met shall be evaluated. The CEO is responsible for the evaluation relating to variable cash remuneration to other executives. With regard to financial targets, the evaluation shall be based on the most recent financial information published by the company.

***Pension benefits***

Pension provisions can be made for the CEO and senior executives. The retirement age of the CEO and other members of Group management is 65. Pension commitments shall be premium based, meaning that the company has no further obligations once the annual premiums have been paid.

***Other benefits***

Other benefits shall be on market terms and contribute to enabling the senior executive to complete relevant assignments. Such benefits can be payable in the form of health insurance and company car, for example.

***Termination of employment***

For the CEO, a mutual notice period of 12 months applies. On termination by the company, the CEO is also entitled to severance pay amounting to six months’ salary. For other senior executives, customary, market-based termination conditions shall be sought, with no severance pay. On termination by the company, the notice period shall not exceed 12 months and, on resignation by the employee, at most six months. In other regards, the same conditions apply for senior executives as for other Group employees, either in accordance with collective agreements or in accordance with unilateral commitments from the company to the employees.



**Decision-making process for setting, reviewing and executing the guidelines**

The Board has instituted a Remuneration Committee with the primary task of preparing Board decisions relating to remuneration principles, remuneration and other employment terms for the CEO and senior executives. Accordingly, the Remuneration Committee shall propose guidelines for remuneration to Board members, the CEO and senior executives, which the Board presents to the AGM for adoption at least every four years.

Furthermore, the Remuneration Committee shall monitor and evaluate ongoing programs and programs terminated in the year relating to variable remuneration to senior executives, and monitor and evaluate the application of the guidelines for remuneration to Board members, the CEO and senior executives adopted by the Annual General Meeting, and the applicable remuneration structure and remuneration levels in the company..

The Chairman of the Board can also serve as Committee Chairman. Other members shall be independent in relation to the company, the CEO and senior executives. If the Remuneration Committee appoints external consultants to carry out its work, the Committee shall ensure that there is no conflict of interest in relation to other assignments carried out by the consultant on behalf of the company, the CEO or senior executives. Remuneration to the CEO is proposed by the Remuneration Committee and authorized by the Board at a regular Board meeting.

The CEO does not participate in this decision. The Board authorizes the CEO to negotiate with senior executives in accordance with these guidelines.

The Remuneration Committee proposes remuneration levels to senior executives to the Board, based on a proposal from the CEO. If a Board member carries out work on behalf of the company in addition to Board work, a consultancy fee and other remuneration for such work shall be payable following a special decision by the Board.

No remuneration is payable for Board work in addition to Board fees decided by the Annual General Meeting.

**Departure from the guidelines**

The Board has the right to depart from the above guidelines wholly or in part in individual cases provided special circumstances apply. As indicated above, the Remuneration Committee's tasks include preparing the Board's decisions on matters relating to remuneration, including decisions to depart from the guidelines.

Any departures may only be made if these are considered necessary to safeguard the company's long-term interests and sustainability, or to ensure the company's financial viability.

If the Board departs from the remuneration guidelines for Board members, the CEO and senior executives, this shall be reported at the following Annual General Meeting.

**REMUNERATION TO THE BOARD OF DIRECTORS**

The AGM on 19 May 2021 decided that Board fees for the period until the end of the next AGM should be paid in the amount of SEK 200,000 to each of the members appointed by the AGM, with the exception of the Chairman of the Board, Erik Selin, as well as Jacob Karlsson, to whom no fees are to be paid. These fees include remuneration for possible committee work.

**REMUNERATION TO EXTERNAL AUDITORS**

At the 2021 Annual General Meeting, Ernst & Young AB ("EY") was elected as the company's external auditor for a one-year period until the 2022 Annual General Meeting. EY issues Audit Reports for K-Fast Holding AB, the annual reports of the company's subsidiaries, the consolidated accounts and the administration of K-Fast Holding AB.

The auditors also conduct a comprehensive review of the company's financial report for the third quarter. The audit is conducted in accordance with the Annual Accounts Act, International Standards on Auditing (ISA) and generally accepted auditing practices in Sweden.

For the 2021 financial year, total remuneration to the company's auditor amounted to SEK 3.3 million (1.9) of which, SEK 2.4 million (0.7) was attributable to the Parent Company. SEK 3.1 million (1.8) comprised audit related services. See also Note 8 Remunerations to the auditors.

**Fees to the Board of Directors 2020– 2022  
(valid from respective Annual General Meeting)**

SEK	2020/2021	2021/2022
Chairman of the Board	-	-
Member	200,000	200,000
Chairman of the Audit Committee	-	-
Member of the Audit Committee	-	-
Chairman of the Remuneration Committee	-	-
Member of the Remuneration Committee	-	-

## CEO

For the CEO, a mutual notice period of 12 months shall apply. On termination by the company, the CEO is also entitled to severance pay amounting to six months' salary. For other members of Group management, customary, market-based termination conditions shall be sought, with no severance pay. On termination by the company, the notice period shall not exceed 12 months and, on resignation by the employee, at most six months. In other regards, the same conditions apply for members of Group management as for other Group employees, either in accordance with collective agreements or in accordance with unilateral commitments from the company to the employees.

The guidelines may be waived if there are specific reasons for doing so in an individual case.

## SHARE-RELATED INCENTIVE PROGRAM

No other specific programs currently exist for employees to acquire shares or similar instruments nor are there any share-related incentive programs outstanding. There are currently no bonus programs for senior executives.

## OTHER BENEFITS

The company offers other benefits to senior executives. Such benefits may include healthcare insurance, wellness allowances, and company car.

## RETIREMENT COMPENSATION AGREEMENTS

The company provides compensations following retirement from employment through both defined-contribution and define benefit pension plans. Defined-contribution pension plans entail K-Fastigheter paying fixed fees to third-party suppliers for multiple insurance policies for individual employees. The company has no obligations to pay additional fees beyond the set fee, which is recognized as an expense in the period in which the relevant service is performed. Define-benefit pension plans follow the so-called I plan, with fees being paid to third-party providers.

In addition to what is stated above in this section, the company has not entered into agreements with any member of the Group's administrative, management or control functions entitling that individual to pension or similar benefits on retirement. The company has made no provisions or accrued any amounts for pensions and similar benefits on retirement from employment or completion of assignment.



SEK m	Fixed salary and other remuneration (incl. benefits)		Pension		Total	
	2021	2020	2021	2020	2021	2020
President and CEO	1.4	1.4	0.0	0.0	1.4	1.4
Other members of Group management	9.3	4.5	2.6	0.9	11.6	5.4
<b>Total</b>	<b>10.7</b>	<b>5.9</b>	<b>2.6</b>	<b>0.9</b>	<b>13.3</b>	<b>6.8</b>

## INTERNAL CONTROL AND RISK MANAGEMENT

### BOARD OF DIRECTORS REPORT ON INTERNAL CONTROL

The Board's responsibility for internal control is regulated by the Companies Act, the Annual Accounts Act – which includes a requirement to provide information on the most important elements of K-Fastigheter's system for internal control and risk management in conjunction with the financial reporting to be included each year in the Corporate Governance Report – as well as by the Code. The Board shall safeguard that K-Fastigheter has good internal control and formalized procedures ensuring compliance with established principles for financial reporting and internal control and that appropriate systems are in place for the assessment and control of K-Fastigheter's operations and the risks with which the company and its operations are associated.

The overall purpose of internal control is to ensure, to a reasonable extent, that K-Fastigheter's operational strategies and objectives are followed up and that the owners' investment is protected. The internal control should also ensure that the external financial reporting is, with reasonable certainty, reliable and prepared in accordance with generally accepted accounting principles, compliance with applicable laws and regulations and compliance with the demands made on listed companies. The control environment constitutes the basis for internal control, which also includes risk assessment, control activities, information and communication, as well as follow-up.

### CONTROL ENVIRONMENT

The Board bears the overall responsibility for internal control regarding financial reporting. To create and maintain a functioning control environment, the Board has adopted a number of policies and governance documents regulating financial reporting. These consist primarily of the Board's Rules of Procedure, instructions for the CEO, instructions for the committees established by the Board and instructions for financial reporting

The Board has also adopted a specific authorization structure and a Finance Policy. K-Fastigheter also maintains a finance manual containing principles, guidelines and procedural outlines for accounting and financial reporting. The Board has also established an Audit Committee tasked primarily with overseeing the company's financial reporting, monitoring the efficacy of K-Fastigheter internal control, internal audit (if such a function has been established) and risk management, as well as with reviewing and monitoring the auditor's impartiality and independence.

The responsibility for the day-to-day work of maintaining the control environment rests primarily with K-Fastigheter's Deputy CEO and CFO, who reports to the Board on an ongoing basis and in accordance with established instructions. The Group's finance departments are important for ensuring reliable financial information. It is responsible for complete, accurate and timely financial reporting. The CFO reports to the company's Deputy CEO and CFO who, in turn, reports to the CEO and the Board.

In addition to the internal follow-up and reporting, K-Fastigheter's external auditors report to the CEO and Board in the financial year. The auditors' reports provide the Board with a good comprehension of, and reliable data regarding, the financial reporting in the Annual Report.

### NEED FOR INTERNAL AUDIT

The efficacy of internal auditing is largely dependent on the company's organizational structure and the size of the organization. K-Fastigheter has a relatively small organization, the administration of which is managed from the company's offices in Hässleholm. Group management reviews the Income Statement and Balance Sheet on a continuous basis. Combined, this means that maintaining a specific internal audit unit is not considered to be justified

### RISK ASSESSMENT AND CONTROL ACTIVITIES

The risk assessment includes identifying and evaluating the risk of material errors in K-Fastigheter's business processes, which include accounting and reporting at the Group and subsidiary levels. Risk assessment is performed on an ongoing basis and in accordance with established guidelines, focusing on the company's essential business processes. Within the Board, the Audit Committee is primarily responsible for the continuous assessment of the company's risk situation, after which the Board conducts an annual review of the risk situation.

Control activities are aimed at identifying and limiting risks. The Board is responsible for internal control and the review by Group management. This involves both internal and external control activities, as well as an analytical review of the company's policies and governance documents. Control activities are reviewed and documented at the process and role levels by means of a web application developed by the company, referred to as ICT (Internal Control Tools). ICT ensures that, in their specific roles, K-Fastigheter's employees have access to relevant information (and knowledge) at the right time to be able to conduct the stipulated control activities, and that assessment can be conducted systematically to ensure that the control system is maintained. The Group-wide guidelines for internal control are reviewed within all business areas and central units during the year, partly through an ongoing review of essential processes, partly through ICT for internal control, after which a report is presented to the Board.

Uniform accounting and reporting instructions are applied by all units within K-Fastigheter.

## INFORMATION AND COMMUNICATION

K-Fastigheter has information and communication paths aimed at promoting the accuracy of its financial reporting and enabling reporting and feedback from the operations to the Board and management, through, for example, governance documents in the form of internal policies, guidelines and instructions regarding financial reporting having been made available and known to the employees affected. The Board will receive further information relating to risk management, internal control and financial reporting from meetings and reports from the company's Auditors.

K-Fastigheter ensures that all employees acquaint themselves with the policies and instructions relevant to their work in the company. Among other things, such policies include laws and regulations applicable to the company's dissemination of information and the specific requirements imposed on individuals active in a listed company regarding, for example, insider information and trading. To prevent market abuse, K-Fastigheter has established procedures for appropriate handling and limiting the dissemination of information that has yet to be made public.

The Board tasks K-Fastigheter's CEO with overall responsibility for dealing with issues of insider information and the Board has appointed the company's Deputy CEO and CFO as responsible for managing insider logging. To coordinate and determine matters involving the assessment of possible insider information, the company maintains an Insider Committee consisting of the CEO, the Deputy CEO and CFO, the Head of Investor Relations and Board member Christian Karlsson.

K-Fastigheter's IR function is managed and supervised by the company's Deputy CEO and CFO and the company's

Communications and IR Manager. The principal tasks of the IR function are to support the CEO and other senior executive in relation to various stakeholders, primarily capital market operators. The IR function also works together with the CEO in preparing K-Fastigheter's financial reports, shareholders' meetings, capital market presentations and other regular reporting.

The Board has adopted a Communication Policy specifying what is to be communicated, by whom and in what manner that information is to be published, ensuring that external information is accurate and complete. Instructions have also been prepared regarding how financial information should be communicated between management and other employees. Good information security procedures are also prerequisite to the accurate dissemination of information.

Financial information is provided in the form of:

- Interim and Year-end Reports, which are published as press releases
- Annual Report
- such press releases that K-Fastigheter is required to publish under applicable laws or the Rules of Nasdaq Stockholm
- presentations and telephone conferences for financial analysts, investors and the media in connection with Year-end and Interim Reports being published
- meetings with analysts and investors

All financial reports, presentations and press releases are published on the company's website [www.k-fastigheter.com/en](http://www.k-fastigheter.com/en) in direct connection with publication.

## FOLLOW-UP

Compliance with, and the efficacy of the internal controls are monitored on an ongoing basis through K-Fastigheter's tool (ICT) for internal control.

The CEO ensures that the Board continuously receives reports on the company's operations, including the progress of its earnings and financial position, as well as information on significant events including individual projects. The CEO also reports on these matters at each Board meeting.

The Board and Audit Committee review the annual and quarterly reports and conduct financial assessments in accordance with and approved plan. The Audit Committee reviews the financial reporting and other related issues and discusses these regularly with the external auditors.

## WHISTLEBLOWER FUNCTION

K-Fastigheter has a whistleblower function for reporting cases of misconduct. The whistleblower function is available for all employees through K-Fastigheter's intranet. To ensure anonymity and correct processing of the information, the function is administrated by an external party.

## BOARD OF DIRECTORS



**Erik Selin**

**Position**

Chairman of the Board since 2019. Board member since 2018. Chairman of the Audit and Remuneration Committees.

**Nationality**

Swedish.

**Education**

Upper-secondary education focusing on business administration.

**Selection of other ongoing assignments**

Board member and CEO of Fastighets AB Balder. Chairman of the Board in Brinova Fastigheter AB and Collector Bank AB. Board member of Hexatronic Group AB, I.A. Hedin Bil AB, Swedish Logistic Property AB and Ernström C:o AB.

**Independence**

Independent in relation to the company and its management. Not independent in relation to major shareholders.

**Shareholding in K-Fast Holding AB\***

11,250,000 Class A shares and 63,750,000 Class B shares through Erik Selin Fastigheter Aktieföretag.



**Ulf Johansson**

**Position**

Board member since 2019. Member of the Audit and Remuneration Committees.

**Nationality**

Swedish.

**Education**

MBA from Uppsala University.

**Selection of other ongoing assignments**

Board member in Stensborg Konsult AB and GUL Förvaltning AB.

**Independence**

Independent in relation to the company, its management and major shareholders.

**Shareholding in K-Fast Holding AB\***

57,000 Class B shares.



**Christian Karlsson**

**Position**

Board member since 2019.

**Nationality**

Swedish.

**Education**

Master of Laws from Lund University.

**Selection of other ongoing assignments**

Lawyer, partner and Chairman of the Board in Advokatfirman VICI AB. Chairman and Board member of Björklunda Invest Hässleholm AB and Björklunda Service AB, and Board member of Sparbanken Skåne AB. Deputy board member in Betongteknik i Västervik AB.

**Independence**

Not independent in relation to the company, its management or major shareholders.

**Shareholding in K-Fast Holding AB\***

31,254 Class B shares.



**Sara Mindus**

**Position**

Board member since 2019. Member of the Audit and Remuneration Committees.

**Nationality**

Swedish.

**Education**

Master of Laws and Bachelor of Business Administration from Stockholm University.

**Selection of other ongoing assignments**

Board member of Besqab AB (publ), TF Bank AB (publ), Dreams AB, Colibri Ventures AB and Faboss Invest AB. Board Member and CEO in Sara Mindus AB. Deputy Board member in several companies in the Mindustri AB Group.

**Independence**

Independent in relation to the company, its management and major shareholders.

**Shareholding in K-Fast Holding AB\***

1,650,000 Class B shares.



**Jesper Mårtensson**

**Position**

Board member since 2018.

**Nationality**

Swedish.

**Education**

MA in Economics from University of Gothenburg.

**Selection of other ongoing assignments**

Business developer, Erik Selin Fastigheter AB. Chairman of Tommy Byggare AB, Connexus AB and K-Prefab AB. Board member in several companies within Erik Selin Fastigheter AB, etc.

**Independence**

Independent in relation to the company and its management. Not independent in relation to major shareholders.

**Shareholding in K-Fast Holding AB\***

300,000 Class B shares.



**Jacob Karlsson**

**Position**

Board member since 2010.

**Nationality**

Swedish.

**Education**

Courses with financial orientation at Mid Sweden University, Kristianstad University and Lund University.

**Selection of other ongoing assignments**

President and CEO of K-Fast Holding AB. Board member in HOMEstate AB, Novum Samhällsfastigheter AB, Skåneflyg AB and Swedish Logistic Property AB.

**Independence**

Not independent in relation to the company, its management or major shareholders.

**Shareholding in K-Fast Holding AB\***

11,250,000 Class A shares and 63,750,000 Class B shares through Jacob Karlsson AB.

\* Own shares and those of related parties. The above Board assignments and shareholdings in K-Fast Holding AB account for the situation as of 31 December 2021. The information is updated on [www.k-fastigheter.com/en](http://www.k-fastigheter.com/en).

## GROUP MANAGEMENT



**Jacob Karlsson**

**Position:** President and CEO. Board member.  
**Employed since:** 2010.  
**Education:** Courses with financial orientation at Mid Sweden University, Kristianstad University and Lund University.  
**Selection of other ongoing assignments:** Board member in Skåneflyg AB and Swedish Logistic Property AB.  
**Selection of previous positions:** Investment Adviser at Länsförsäkringar.  
**Shareholding in K-Fast Holding AB\*:** 11,250,000 Class A shares and 63,750,000 Class B shares.



**Martin Larsson**

**Position:** Deputy CEO and CFO.  
**Employed since:** 2018.  
**Education:** Bachelor's degree in international macroeconomics and a Master's degree in international financial economics from Lund University.  
**Selection of other ongoing assignments:** Owner and Board member in Martin Larsson Holding AB. Board member in Emrahus AB and Embra Group AB.  
**Selection of previous positions:** Head of Danske Bank Finanscenter Malmö.  
**Shareholding in K-Fast Holding AB\*:** 441,174 Class B shares.



**Anders Antonsson**

**Position:** Head of Investor Relations.  
**Employed since:** 2020.  
**Education:** BA from Lund University.  
**Selection of other ongoing assignments:** Owner and CEO, circle360 communication AB.  
**Selection of previous positions:** Head of Investor Relations, Cherry AB and Railcare Group AB.  
**Shareholding in K-Fast Holding AB\*:** 18,000 Class B shares.



**Leif Astikainen**

**Position:** Head of HR since 2021 and Deputy CEO and Head of HR in the subsidiary K-Prefab AB.  
**Employed since:** 2004.  
**Education:** SBL Corporate management, construction & property at SSE Executive Education and Swedish Defense University's management program.  
**Other ongoing assignments:** No.  
**Selection of previous positions:** HR and management in the Finja group. Worked in DINOL and EFTEC and Major in the Swedish Armed Forces.  
**Shareholding in K-Fast Holding AB\*:** 40,000 Class B shares.



**Åsa Fredin**

**Position:** Business Area Manager, Project Development.  
**Employed since:** 2016.  
**Education:** Secondary education in business administration.  
**Selection of other ongoing assignments:** Owner and Board member in Åsa Fredin AB.  
**Selection of previous positions:** Administrator, planning permission, Municipality of Hässleholm.  
**Shareholding in K-Fast Holding AB\*:** 443,574 Class B shares.



**Kaj Grönvall**

**Position:** CEO K-Prefab AB.  
**Employed since:** 2015.  
**Education:** M.Sc. (Eng.), Lund University.  
**Other ongoing assignments:** No.  
**Selection of previous positions:** CEO of AB Sydsten, Production Manager of Sjukhus Skanska Malta JV, Regional Manager of Skanska Prefab and Production Manager of Öresundsbron Sundlink Contractors.  
**Shareholding in K-Fast Holding AB\*:** 80,000 Class B shares.



**Eric Johansson**

**Position:** Business Area Manager, Construction.  
**Employed since:** 2017.  
**Education:** Secondary education in technology & business.  
**Selection of other ongoing assignments:** Owner, Board member and CEO of AALTO Holding AB. Board member in Marta Lodge AB.  
**Selection of previous positions:** Calculation Engineer and Project Developer, Peab PGS AB.  
**Shareholding in K-Fast Holding AB\*:** 240,000 Class B shares.



**Martin Johansson**

**Position:** Business Area Manager, Property Management.  
**Employed since:** 2021.  
**Education:** M.Sc. (Eng.), Lund University.  
**Other ongoing assignments:** No.  
**Selection of previous positions:** Operational property manager including various roles at Akademiska Hus.  
**Shareholding in K-Fast Holding AB\*:** 61,500 Class B shares.



**Tonnie Karlsson**

**Position:** Finance Manager.  
**Employed since:** 2015.  
**Education:** Business Administration, Växjö University.  
**Other ongoing assignments:** No.  
**Selection of previous positions:** Finance Manager, G. Larsson Starch Technology AB, LB-Hus AB and ESAB Perstorp AB.  
**Shareholding in K-Fast Holding AB\*:** 29,646 Class B shares.



**Magnus Persson**

**Position:** Head of Business Development  
**Employed since:** 2021.  
**Education:** Studied Property Science at Malmö University and independent courses at Kristianstad Institute of Higher Education.  
**Other ongoing assignments:** No.  
**Selection of previous positions:** BoKlok/Skanska including as Market Manager and Head of Business Development, and part of BoKlok's Swedish management, Länsförsäkringar real estate, Modulenthus and NCC.  
**Shareholding in K-Fast Holding AB\*:** 70,500 Class B shares.

\* Own shares and those of related parties. The above Board assignments and shareholdings in K-Fast Holding AB account for the situation as of 31 December 2021. The information is updated on [www.k-fastigheter.com/en](http://www.k-fastigheter.com/en).