

## 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 transparency, K-Fast Holding AB's Board 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 Code applies to all Swedish companies whose shares are listed on a regulated market. The Code sets a standard for good corporate governance at a higher level of ambition than the Companies Act and minimum requirements under other regulations. 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 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 Board's opinion is that K-Fastigheter followed the Code in 2020 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 objective 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 introduced in accordance with the decision of the Annual General Meeting (AGM) 2020. 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. 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 on their audit at the AGM.

*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/>*



*Neighbourhood Brigaden in Helsingborg.*

### ***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 five working 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.

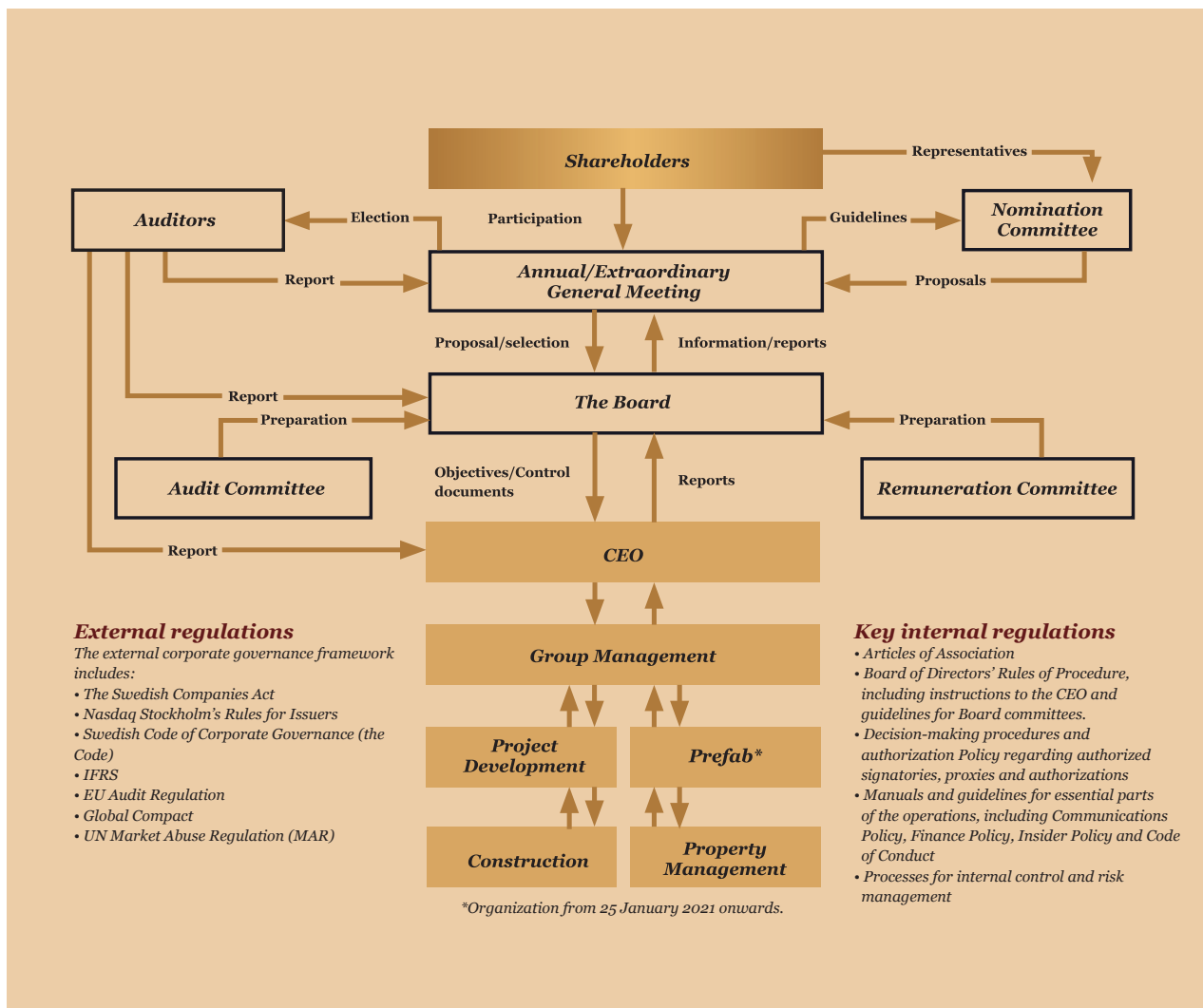
### ***Voting rights***

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 entitles 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 31 December 2020, there was a total of 35,888,528 shares, of which 3,750,000 were Class A shares and 32,138,528 Class B shares. The total number of votes amounted to 50,888,528. 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 145.

## CORPORATE GOVERNANCE STRUCTURE



### 2020 Annual General Meeting

The AGM was held on 19 May 2020 in Hässeleholm, Sweden. A total of 15 shareholders, corresponding to some 51.1 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 2019 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 responsible.
- 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.
- approve the Board's proposal regarding guidelines for remuneration to senior executives.
- revise the Articles of Association according to the Board's proposal on the basis of legislative changes that have become effective and are expected to become effective.
- authorize the Board, in the period until the next AGM, on one or more occasions and with or without preferential rights for shareholders, to decide on new share issues of a maximum 4,000,000 (four million) new shares of Class B shares in the company.
- authorize the Board, in the period until the AGM 2021, on one or more occasions, decide to repurchase and transfer shares in the company.

### **2021 Annual General Meeting**

K-Fastigheter's AGM will take place on 19 May 2021. Information regarding the AGM will be published at [www.k-fastigheter.com](http://www.k-fastigheter.com).

Ahead of the 2021 AGM, the Board proposes that no dividend be paid for the 2020 financial year.

### **Nomination Committee**

At the Extraordinary General Meeting on Monday, August 19, 2019, resolutions were reached regarding principles for the appointment of a Nomination Committee. K-Fastigheter's Nomination Committee was appointed in accordance with these principles.

In accordance with the Code and resolution at the Extraordinary General Meeting on 19 August 2019, 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.

Each year, the Chairman of the Board shall contact the three largest shareholders in terms of voting rights, including known shareholder groupings, who each have the right to appoint one member. If any of the shareholders chooses to waive its right to appoint a member to the Nomination Committee, that right passes to the next-largest shareholder in terms of voting rights, and so forth.

From among its number, the Nomination Committee appoints a chairman of the Committee. The Chairman of the Board shall not be the chairman of the Nomination Committee. If a member leaves the Nomination Committee before the work of the Committee has been completed, and the Nomination Committee considers there to be a need to replace this member, the replacement shall be appointed by the same shareholder loans who appointed the

member who stepped down or, if the shareholder is no longer among the three largest shareholders in terms of voting rights, by a shareholder belonging to that group and that has not appointed a member of the Nomination Committee. If a shareholder having appointed a certain member substantially reduces its holding in the company, and the Nomination Committee considers it inappropriate in view of any need for continuity before the upcoming General Meeting, a member appointed by that shareholder shall step down from the Nomination Committee and the Nomination Committee shall offer the largest shareholder not having appointed a member of the Nomination Committee the opportunity to appoint a new member. The majority of the members of the Nomination Committee shall be independent in relation to the company and Group management. Neither the CEO nor any other member of Group management should be a member of the Nomination Committee. At least one of the members of the Nomination Committee shall be independent in relation to K-Fast Holding AB's largest shareholder in terms of voting rights or group of shareholders who collaborate regarding the management of the company.

Board members shall not constitute a majority of the members of the Nomination Committee. If the Nomination Committee includes more than one Board member, at most one of them may be dependent in relation to K-Fast Holding AB's major shareholders.

In other regards, the Nomination Committee shall have the composition set out in the Code and shall fulfill the duties stated there. The members of the Nomination Committee shall not receive fees from the company. Any expenses incurred in connection with the work of the Nomination Committee shall be paid by the company, provided that these have been approved by Chairman of the Board.

The composition of the Nomination Committee has been published



Read the instructions to the Nomination Committee at [k-fastigheter.com/en/corporate-governance/nomination-committee](http://k-fastigheter.com/en/corporate-governance/nomination-committee)

through a separate press release on 14 October 2020, 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.

#### **Nomination Committee ahead of the 2021 Annual General Meeting**

<b>Name / representing</b>	<b>Percentage of votes, 30 September 2020</b>
Stefan Alvarsson / Jacob Karlsson AB	39.3%
Shahram Rahi / Erik Selin Fastigheter AB	39.3%
Johannes Wingberg / Länsförsäkringar funds	3.4%
Erik Selin, Chairman of the Board of K-Fast Holding AB	

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.

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 2020, 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



#### **Stefan Svensson**

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

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 2020, when Ernst & Young AB was reelected, with Stefan Svensson as the principal auditor.

#### **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 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 K-Fastigheter 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 on the company's Board can be found on page 60.

#### **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 2020**

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 and 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 duties.

### **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.

### **Board of Directors, composition, attendance and compensation 2020/2021**

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	2019	Yes	No	10 of 10	7 of 7	2 of 2	-
Ulf Johansson, member	2019	Yes	Yes	8 of 10	7 of 7	2 of 2	SEK 200,000
Christian Karlsson, member	2019	No	No	10 of 10	-	-	SEK 200,000
Sara Mindus, member	2019	Yes	Yes	10 of 10	7 of 7	2 of 2	SEK 200,000
Jesper Mårtensson, member	2018	Yes	No	10 of 10	-	-	SEK 200,000
Jacob Karlsson, member	2010	No	No	10 of 10	-	-	-

## BOARD YEAR 2020

### First quarter

#### Meeting 1, 26 February 2020

- Year-End Report
- Decision regarding establishing operations in Denmark
- Approve the Rules of Procedure for the Board, and instructions to the CEO and Board Committees

### Second quarter

#### Meeting 2, 2 April 2020

- Approve the notice convening the AGM
- Approve Annual Report and Corporate Governance Report
- Approve budget

#### Meeting 3, 4 May 2020

- Approve Interim Report for the period January-March 2020

#### Meeting 4, 19 May 2020

- (statutory Board meeting)
- Decision on authorized signatories
  - Election of members of Board Committees

### Third quarter

#### Meeting 5, 30 July 2020

- Approve Interim Report for the period January-June 2020
- Decision to review the market conditions relating to a potential new share issue on the basis of the AGM's authorization

#### Meeting 6, 26 August 2020

- Decision, on the basis of the AGM's authorization, to initiate a new share issue

#### Meeting 7, 26 August 2020

- Decision regarding a new share issue on the basis of the AGM's authorization
- Decision to allocate shares

### Fourth quarter

#### Meeting 8, 20 October 2020

- Review of compliance with policies
- Review of internal control
- Review of risk management
- Review of Auditor's audit plan
- Determine Group policies

#### Meeting 9, 10 November 2020

- Decision to approve the Interim Report for the period 1 January -30 September 2020

#### Meeting 10, 15 December 2020

- Approve the budget
- Evaluate the Board's and CEO's work
- Evaluate salary review and bonus-related considerations
- Approve business plan

### 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 2020, Erik Selin was elected Chairman of the Board. The Chairman of the Board does not participate in the operational management of the company.

### Work of the Board of Directors

Since the AGM on 19 May 2020 and until 31 December 2020, the Board held 10 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 2020. The evaluation revealed an open and constructive Board climate and a well-functioning decision-making process. 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 53.

### ***CEO***

In accordance with the provisions of the Companies Act, the company's CEO is responsible for the ongoing management of

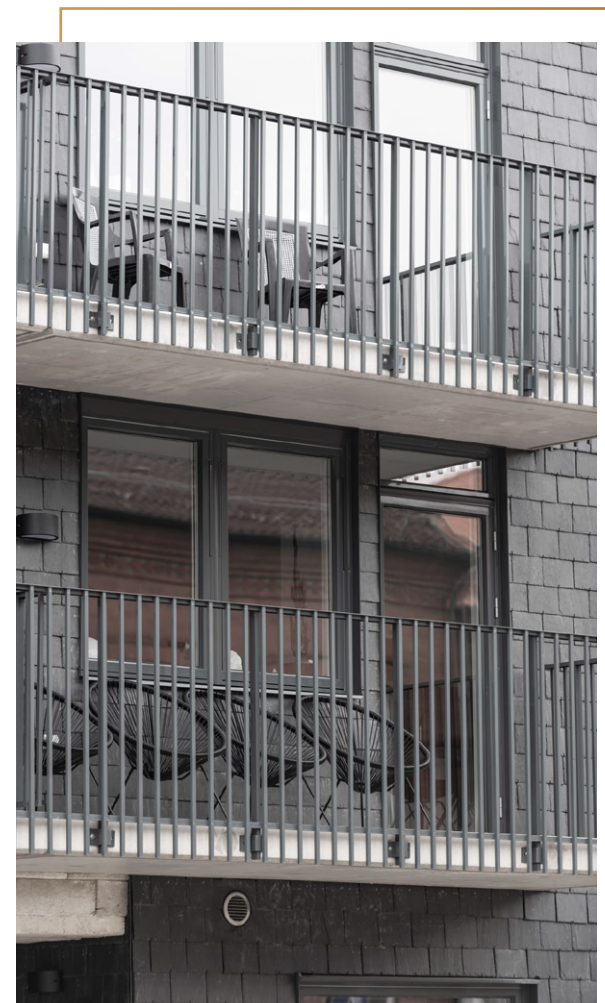
K-Fastigheter in accordance with the Board's guidelines and instructions.

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

### **Guidelines for remuneration to the Board of Directors and senior executives**

The Board proposes, and the AGM approves, guidelines for determining remuneration to Board members and employment terms for the CEO and other senior executives. In these guidelines, "senior executives" refers to the CEO and other members of Group management. 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. The guidelines shall be presented to the AGM for a decision at least every four years.

According to the guidelines, salaries and other terms of employment shall be market-based and competitive, but not wage leading in comparison to comparable companies.

Compensation to the CEO is paid only in the form of fixed basic salary. Remuneration to other members of Group management is paid primarily in the form of fixed base salary, but can also be paid as variable salary or performance-based compensation corresponding to a maximum 50 percent of the fixed salary per calendar year. The retirement age of the CEO and other members of Group management is 65. Pension commitments are premium based, meaning that the company has no further obligation beyond payment of the annual premiums.

### **Remuneration to the Board of Directors**

The AGM on 19 May 2020 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 2020 AGM, Ernst & Young AB (EY) was elected as the company's external auditor for a one-year period until the 2021 AGM. 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 2020 financial year, total remuneration to the company's auditor amounted to SEK 1.5 million (8.0), of which, SEK 0.7 million (6.6) was attributable to the Parent Company. SEK 1.4 million (3.9) comprised audit related services. See also Note 9 Remunerations to the auditors.

### **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.

### **Fees to the Board of Directors 2019-2020 (valid from respective Annual General Meeting)**

SEK	2019/2020	2020/2021
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	-	-

### **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 or any corresponding entitlements to variable remunerations for senior executives beyond the following.

### **Other benefits**

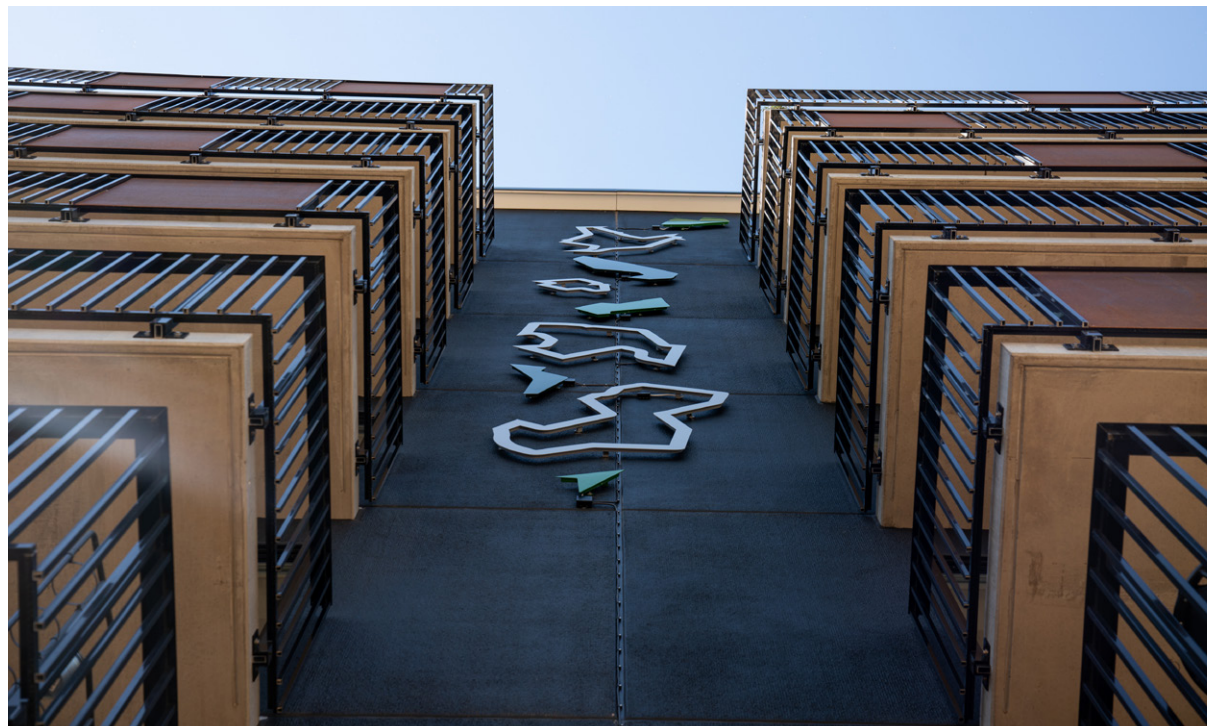
The company offers other benefits to senior executives. Such benefits may include healthcare insurance, wellness allowances, cell phone and company car.

### **Retirement compensation agreements**

The company provides compensations following retirement from employment through both defined-contribution and defined 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 ITP 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.

Further information on K-Fastigheter's remuneration structure can be found in Note 6 Salaries, other remuneration and social security expenses, as well as on the company's website.



SEK million	Fixed salary and other remuneration (including benefits)		Pension		Total	
	2020	2019	2020	2019	2020	2019
President and CEO	1.4	1.3	0.0	0.0	1.4	1.3
Other members of Group management	4.5	4.1	0.9	0.7	5.4	4.8
<b>Total</b>	<b>5.9</b>	<b>5.4</b>	<b>0.9</b>	<b>0.7</b>	<b>6.8</b>	<b>6.1</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's 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 via the CEO on an ongoing basis and in accordance with established instructions. The Group's finance department plays an important role with regard to 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 internal review and reporting, K-Fastigheter's external auditors are required to report to the CEO and Board during 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 Income Statements and

Balance Sheets continuously. 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 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 (IKV) 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 to ensure the correct application of the Group's Code of Conduct. 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, Collector Bank AB and Swedish Logistic Property AB. Board member of Hexatronic Group AB, I.A. Hedin Bil 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\***

1,875,000 Class A shares and 10,625,000 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\***

9,500 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. 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\***

5,209 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 and CEO of Sara Mindus AB. Board member in Besqab AB (publ), TF Bank AB (publ), Dreams AB, Dreams Securities AB, Colibri Ventures AB and Faboss Invest AB. Board member and CEO of Sara Mindus AB. Deputy Board member in several companies in the Industri Group.

**Independence**

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

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

275,000 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 the Board in Alnova Balkongsystem AB, Tommy Byggare AB, CIMalgo AB and Connexus 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\***

70,500 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\***

1,875,000 Class A shares and 10,625,000 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 2020. 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 HOMEstate AB, Novum Samhällsfastigheter AB, Skåneflyg AB and Swedish Logistic Property AB.

**Selection of previous positions**  
Investment Adviser at Länsförsäkringar.

**Shareholding in K-Fast Holding AB\***  
1,875,000 Class A shares and 10,625,000 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 Emra Group AB.

**Selection of previous positions**  
Head of Danske Bank Finanscenter Malmö.

**Shareholding in K-Fast Holding AB\***  
73,529 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\***  
3,000 Class B shares.

**Åsa Fredin**

**Position**  
Business Area Manager, Project Development.

**Employed since**  
2016.

**Education**  
Upper-secondary education in Business Administration from Linnéskolan School in Hässleholm.

**Selection of other ongoing assignments**  
Owner and Board member in Åsa Fredin AB. Partner and deputy Board member in Invest by KÅ AB. Board member and deputy in several of K-Fast Holding AB's wholly and partly owned companies.

**Selection of previous positions**  
Administrator, planning permission, Municipality of Hässleholm.

**Shareholding in K-Fast Holding AB\***  
73,959 Class B shares.

**Eric Johansson**

**Position**  
Business Area Manager, Construction.

**Employed since**  
2017.

**Education**  
Upper-secondary education in Technology & Business from Tycho Braheskolan School in Helsingborg.

**Selection of other ongoing assignments**  
Owner, Board member and CEO of AALTO Holding AB. Board member in Marta Lodge AB. Board member and deputy in several of K-Fast Holding AB's wholly and partly owned companies.

**Selection of previous positions**  
Calculation Engineer and Project Developer, Peab PGS AB.

**Shareholding in K-Fast Holding AB\***  
40,000 Class B shares.

**Niklas Karlsson**

**Position**  
Business Area Manager, Property Management.

**Employed since**  
2014.

**Education**  
Degree in Property Business from Malmö University.

**Selection of other ongoing assignments**  
Owner and Board member in Niklas Larsson Invest AB. Board member and deputy in several of K-Fast Holding AB's wholly and partly owned companies.

**Selection of previous positions**  
Property Manager at K-Fastigheter.

**Shareholding in K-Fast Holding AB\***  
73,629 Class B shares.

**Tonnie Karlsson**

**Position**  
Finance Manager.

**Employed since**  
2015.

**Education**  
Economics, Växjö University.

**Selection of previous positions**  
Finance Manager, G. Larsson Starch Technology AB, LB-Hus AB and ESAB Perstorp AB.

**Shareholding i K-Fast Holding AB\***  
4,941 Class B shares.

**Ola Richard**

**Position**  
HR Manager.

**Employed since**  
2019.

**Education**  
Officer training and further training on the Captains' program at the Swedish Military Academy.

**Selection of other ongoing assignments**  
Owner and CEO of Effektuera i Hässleholm AB.

**Selection of previous positions**  
CEO of Märtenssons Bil i Hörby AB, MMKS Fastighet AB and Hässleholm Teknik AB

**Shareholding in K-Fast Holding AB\***  
2,860 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 2020. The information is updated on [www.k-fastigheter.com/en](http://www.k-fastigheter.com/en).