

Corporate Governance Report

We are a Swedish public limited-liability company with our registered office in Stockholm. The company's corporate governance is based on its Articles of Association, the Swedish Companies Act and other applicable laws and regulations. We apply the Swedish Corporate Governance Code (the 'Code'), the main purpose of which is to improve standards of governance among Swedish businesses.

Message from the Chairman

2021 has been a good, but slightly unusual year as the pandemic retained its grip on society. Our persistently strong balance sheet has given us the opportunity to continually adjust capital needs and thus contribute to increased shareholder value.



We can look back on a successful year for Fabège, despite the constant shadow of the pandemic and having to work from home. Naturally, our Board work has also been affected, which has meant that most Board meetings have been conducted via Teams. It was not until August that we were finally able to meet in person. Our meetings have worked well, although it is not the same as seeing everyone together in the same room.

Two new Board members were elected at the AGM in April 2021; Stina Lindh Höök and Lennart Mauritzson. One of our most important tasks as Board members is to act as a discussion partner for Stefan Dahlbo in his role as CEO, and to ensure the Board's expertise is at the disposal of company management. I believe we now have an experienced Board offering wide-ranging expertise covering the areas that Fabège deals with. I prefer working with a small but capable board, as it enables close dialogue and constructive work. It is important that the Board does not act and become like an internal audit.

During the year, as in 2020, we repurchased shares to generate shareholder value. We will be asking the AGM to renew our mandate to repurchase a maximum of 10 per cent of shares outstanding up until the 2023 AGM.

We have considerable borrowing capacity and significant investment opportunities. Our strong balance sheet offers advantages when it comes to opportunities to continually adjust capital needs to boost shareholder value. The Board proposes that the AGM approve a dividend of SEK 4 per share, to be paid quarterly on

four occasions in the amount of SEK 1 per share on each occasion. The fact that we have increased the dividend and strengthened our key performance indicators for the eighth consecutive year sends a message of confidence.

I believe Fabège will continue to create value and give a strong performance. The company has a wealth of expertise and a stable portfolio. In addition to our properties in Stockholm inner city, we are also investing in growing suburban locations. Arenastaden is one such example, which in just ten years has transformed into the second most attractive office market in Stockholm after the inner city. Flemingsberg is another example, where during the year we completed several land acquisitions and a letting to Alfa Laval, enabling us to continue to lay the foundations for creating a new Flemingsberg. Now that SHH Bostad is part of Fabège, we are able to take overall responsibility and fully harness the potential of our residential development rights in a financially and commercially viable way. Our strategic acquisition of SHH Bostad means that we can now develop a holistic approach in our areas. During the year we also boosted our social sustainability investments, and I regard this as a key element in creating attractive and sustainable districts.

Solna, March 2022

Jan Litborn
Chairman of the Board, Fabège

Governance structure of the organisation

Responsibility for the governance, management and control of our activities is shared among the shareholders at the Annual General Meeting, the Board of Directors and the Chief Executive Officer. We work continuously to achieve more efficient and appropriate governance of the company.



1. Shareholders

Our shares are listed on Nasdaq Stockholm. The company’s share capital is SEK 5,097m, represented by 330,783,144 shares. At year-end, the company held 9,450,989 treasury shares corresponding to 2.86 per cent of the number of registered shares. All our shares carry the same voting rights, which means that opportunities to exercise influence as an owner are consistent with each shareholder’s capital share in the company. The following shareholders, directly or indirectly hold shares that represent one tenth or more of the votes for all shares in the company:

Holdings, %	31/12/2021
Erik Paulsson with his family, privately and through companies	16.2

Our ownership structure is described on page 151 of the annual accounts.

2. Annual General Meeting

The AGM is the company’s highest decision-making body. Shareholders who would like to participate in the business of the AGM must be registered in the transcript of the entire share register pertaining to the conditions prevailing five working days prior to the AGM and notify the company of their intention, and that of no more than two advisors, to attend the Meeting no later than 4.00 pm on the day stipulated in the notice convening the AGM.

3. Nominating Committee

The Nominating Committee is the AGM’s body for preparing decisions relating to appointments. The Committee’s task is to draw up proposals for the appointment of the AGM chairman, Chairman of the Board and Board Members, Directors’ fees, the appointment of auditors, auditors’ fees and any amendments to the principles governing the election of the Nominating Committee.

Shareholders wishing to submit proposals to the Nominating Committee can do so by emailing ir@fabege.se or by sending a letter to Fabege AB. The proposal concerning Directors’ fees must specify a breakdown between the Chairman, other Board Members and representatives of the Audit Committee and Remuneration Committee.

4. Board of Directors

Under the Swedish Companies Act, the Board of Directors is responsible for the company’s organisation and the administration of the company’s affairs. The Board is required to continuously assess the performance management and financial situation of the company. Its main task is to manage the company’s assets on

behalf of the owners in a way that secures the owners’ interest in obtaining a strong long-term return on capital. Our Board is to consist of at least four and no more than nine directors. Each year, the Board adopts rules of procedure, including instructions on division of work and reporting.

5. Auditing

Under the Swedish Companies Act, the company’s auditor is required to examine the company’s Annual Report and accounts as well as the management performed by the Board and the CEO. After the end of each financial year, the auditor is required to submit an audit report to the AGM. Auditors are appointed and remunerated based on AGM resolutions pursuant to proposals from the Nominating Committee. At the 2021 AGM, the auditing firm Deloitte was appointed the company’s auditors with the authorised public accountant Peter Ekberg as Auditor-In-Charge for the period up to the 2022 AGM.

In addition to Fabege, Peter Ekberg has audit assignments for the following major companies: Loomis AB, Swedish Match AB and Telia Company. Peter Ekberg has no other appointments with companies that are closely related to Fabege’s major owners or the CEO. In addition to its assignment as our appointed auditors, Deloitte has performed audit-related assignments relating primarily to other auditing activities. Furthermore, Deloitte conducts a limited assurance review of our Sustainability Report, which is carried out according to GRI Standards, and a statutory review of the Sustainability Report that also satisfies requirements stipulated in the Swedish Annual Accounts Act.

6. Audit Committee

The Board has appointed an Audit Committee from among its own members. The Audit Committee acts as an extension of the Board for the monitoring of issues relating to accounting, auditing and financial reporting.

Its remit includes addressing issues relating to operational risks and risk management, internal control (environment, design and implementation), accounting policies, financial follow-up and reporting, and the performance of audits. The Committee meets regularly with senior executives to discuss and form an opinion on the state of the company’s essential processes from an internal control perspective. Board members review all interim reports. The year-end report, the Corporate Governance Report and the Directors’ Report are discussed specifically at the Committee’s meeting at the beginning of each year. The Committee meets regularly with the company’s auditor to obtain information on the focus, scope and results of audit activities. It operates according to separate rules of procedure, which are reviewed and adopted

annually by the Board. Our Audit Committee meets the Code's requirements on composition and members' skills and experience in accounting and in other issues within the Committee's area of responsibility.

7. Remuneration Committee

The Board of Directors has established a remuneration committee consisting of three Board members, including the Chairman. The Committee prepares information for decisions regarding remuneration matters for the CEO and company management. The Board of Directors makes decisions regarding remuneration based on proposals from the Remuneration Committee.

8. Management

Chief Executive Officer

The Chief Executive Officer (CEO) is responsible for operational governance and for the day-to-day management and leadership of the business, in accordance with the guidelines, instructions and decisions adopted by the Board of Directors. In addition to the general provisions relating to division of responsibility contained in the Swedish Companies Act, the rules of procedure governing the work of the CEO specify:

- The CEO's duty and obligation to supply the Board of Directors with information and the necessary documentation on which to base decisions.
- The CEO's role of presenting reports at Board meetings.
- The CEO's duty and obligation to monitor compliance with the Board's decisions in respect of goals, business concept, strategic plans, the company's Code of Conduct and other guidelines, and, where necessary, to request a review of the same by the Board.
- Issues that must always be submitted to the Board, such as decisions regarding major acquisitions and sales or significant investments in existing properties.
- The CEO's duty and obligation to ensure that Fabege fulfils its obligations in respect of disclosure, etc. under the company's listing agreement with the Nasdaq Stockholm.

The rules of procedure also contain a separate reporting instruction, which governs the content and timing of reporting to the Board.

Executive Management Team

The CEO directs the work of the Executive Management Team and reaches decisions in consultation with the other members of management. The Executive Management Team jointly conducts the operational control and manages the business and engages in daily management in accordance with the Board's guidelines, instructions and resolutions. The key to success is having motivated employees. With the aim of creating the best conditions for its employees, our Executive Management Team is required to establish and gain endorsement for a clear framework and objectives for operations. The Executive Management Team must create the conditions for employees to achieve established objectives by:

- Clearly communicating the company's direction and objectives.
- Establishing an approach based on the company's collective expertise.
- Coaching, inspiring and creating workplace satisfaction and positive energy.
- Regularly reviewing and providing feedback on the established objectives.

Our Executive Management Team consists of nine individuals, see pages 118–119. The Executive Management Team holds weekly operational meetings and regular decision-making meetings. The meetings address strategic and operational matters such as property transactions, lettings, market trends, organisation and employees, as well as regular monitoring of performance, KPIs, forecasts, etc. The entire managers' team, which is made up of some 25 individuals, meets several times a year for discussions regarding such matters as the company's strategies and management issues.

SHH Bostad AB, which was acquired in October 2021, operates as an independent subsidiary with its own management and board. Fabege's CEO is Chairman of the Board of SHH Bostad AB.

9. Operating segments

Our operational activities are conducted in four business areas: Property Management, Property Development, Business Development/Transactions and Residential Development (via SHH Bostad). We work with sustainable urban development, with a primary focus on commercial properties within a limited number of well located submarkets in the Stockholm area. We create value by managing and improving our property portfolio and via value-adding transactions, including sales and acquisitions, to boost the potential of our property portfolio. Our approach of combined property clusters offers us extensive market knowledge and a firm foundation for effective property management and a high occupancy rate. Responsibility in the Property Management business area is shared between two managers: Director of Property Management and Director of Technical Operations. Each business area manager is a member of the Executive Management Team and has responsibility for operative control and follow-up.

SHH Bostad AB develops residential with an emphasis on the Stockholm area. Residential production mainly relates to tenant-owner apartments, but also rental apartments to a lesser extent.

Our activities are goal-oriented at all levels of the organisation. The goals are broken down, developed and established in the different business areas and at co-worker level. Performance measurements and reviews are conducted regularly.

Governance of sustainability work

Our sustainability work is conducted as an integral part of all areas of the organisation. To underscore the importance of this work, the company has a sustainability group, in which representatives of all areas of operation are gathered in a joint forum for sustainability issues. The sustainability team, under the supervision of the Head of Sustainability, proposes objectives and coordinates and follows up activities.

The Board of Directors bears overall responsibility for the sustainability strategy and following up our work on sustainability. The Board has appointed a Board member with specific responsibility for sustainability issues.

The CEO and the Executive Management Team bear overall responsibility for implementation of the sustainability strategy. Overall objectives are approved by the Executive Management Team and established at Board level.

The Head of Sustainability coordinates and oversees sustainability issues at Fabege and acts as spokesperson in external relations. The Head of Sustainability provides regular reports to the Executive Management Team and reports annually to the Board of Directors.

Managers and individual employees implement the strategy and perform the activities approved.



Find out more about our corporate governance, rules of procedure and instructions at [fabege.se/en](https://www.fabege.se/en)

- Articles of Association
- Information from previous AGMs
- Previous Corporate Governance Reports
- Board's rules of procedure and instructions
- Code of Conduct
- Our core values, SPEAK

Policies and guidelines that support operations

Our core values SPEAK (fast, informal, entrepreneurial, business-minded and customer-focused) and the Code of Conduct serve as a guiding principle for the actions of all our employees. The Code of Conduct highlights our position on matters concerning human rights, terms of employment, the environment, business ethics and communication.

The Board of Directors and the Executive Management Team have specific responsibility for ensuring compliance with the Code of Conduct. The content is revised and monitored annually by our Board of Directors and Executive Management Team.

All managers with personnel responsibility are charged with ensuring that the Code of Conduct is known and followed in their specific department/sphere of responsibility. A foundation for the Code of Conduct is that we must comply with applicable laws and other regulations and adhere to generally acceptable business customs and practices, as well as international human rights, labour and environmental standards in accordance with the Global Compact’s ten principles and the ILO’s fundamental conventions on human rights at the workplace. We have supported the UN’s Global Compact since 2011. The company complies with the Worker Codetermination Act and with collective bargaining agreements which regulate such matters as the minimum period of notice.

Policies and guidelines for communication, personnel and business support are decided on by the Executive Management Team, continually updated and made available to all employees

via our intranet. No-one at our company should be discriminated against on the basis of their sex, gender identity or expression, ethnicity, disability, religion or other belief, sexual orientation or age. No cases of discrimination were reported in 2021.

Our Ethics Council, which reports to the CEO and Executive Management Team, serves as support in day-to-day work. The role of the Council is to direct the work, monitor relevant external issues and pursue specific ethical matters. The Council includes representatives from business development, letting, property management, technical operation, projects, HR, communication and finance. Work has been underway for a number of years to improve the organisation’s knowledge in respect of business ethics and anti-corruption. Examples of activities include information and training on anti-corruption and bribery legislation, as well as ethical discussions in connection with the company’s internal conferences.

Employees are continuously provided with information on matters that have been discussed in the sustainability group and the Ethics Council. We are committed to acting with credibility on ethical issues and are determined to intercept suspicions of any irregularities at an early stage, preferably through dialogue but also via anonymous reporting systems. For those who wish to remain anonymous, we have established a whistleblower service that can be accessed via the company’s website, in which both the report and any subsequent dialogue are encrypted and password protected. The whistleblower service has not been used during the year.



Governance of sustainability work

- The Board of Directors bears overall responsibility for the sustainability strategy and following up Fabege’s work on sustainability. The Board has appointed Emma Henriksson as the Board member with specific responsibility for sustainability issues.
- The CEO and the Executive Management Team bear overall responsibility for implementation of the sustainability strategy. Overall objectives are approved by the Executive Management Team and established at Board level.
- The Head of Sustainability coordinates and oversees sustainability issues at the company and acts as spokesperson in external relations. The Head of Sustainability reports to the Executive Management Team quarterly.
- We have a sustainability team, with representatives from various parts of the organisation. The sustainability team, under the supervision of the Head of Sustainability, proposes objectives and coordinates and follows up activities.
- Managers and individual employees implement the strategy and perform the activities approved.

“Our core values (SPEAK) and the Code of Conduct form the basis for the actions of all employees.”



Corporate governance 2021

ANNUAL GENERAL MEETING

The AGM was held in Stockholm on 25 March 2021. Jan Litborn was elected to chair the meeting. Due to the pandemic, the meeting was held with few participants present. All shareholders were given the opportunity to submit postal votes prior to the meeting. The Annual General Meeting could also be followed by webcast. The AGM was attended by shareholders holding a total of 167.7 million shares, corresponding to 51.9 per cent of the votes represented either in person or via early voting. A full set of minutes from the AGM is available at fabege.se/siteassets/arsstamma-dokument/2021/fabege-agm-2021-minutes.pdf. The following are the principal resolutions adopted at the AGM:

Election of Board Members and resolution on Directors' fees

The AGM resolved that the Board should consist of seven Board Members and approved the re-election of Anette Asklin, Emma Henriksson, Märtha Josefsson, Jan Litborn and Mats Qviberg and the appointment of Lennart Mauritzson and Stina Lindh Hök. Jan Litborn was elected Chairman. The AGM resolved that a total of SEK 2,340,000 (2,100,000) be paid in Directors' fees in 2021.

Dividends, cash

The dividend was fixed at SEK 3.60 per share, to be paid on two occasions (SEK 1.80 per share on each occasion), with record dates of 29 March 2021 and 29 September 2021.

Principles for appointment of the Nominating Committee

The AGM adopted a set of principles for the appointment of the Nominating Committee and the proposals that the Nominating Committee is required to prepare. The Nominating Committee is to be appointed no later than six months prior to the AGM and representatives of the four largest owners are to primarily be offered positions.

Remuneration of management

Remuneration guidelines were adopted for company management, whereby variable remuneration may be payable at a maximum of nine months' salary. Senior executives who receive variable remuneration undertake to make a long-term investment (for a period of at least three years) of at least two-thirds of this variable salary component after tax in shares in the company. Variable remuneration is tied to a number of pre-established targets. The aim is to encourage participation and commitment by offering senior executives the opportunity to become shareholders in a more structured manner.

Authorisation on share buybacks

The AGM resolved to authorise the Board, for a period ending no later than the next AGM, to acquire and transfer shares. Share buybacks are subject to a limit of 10 per cent of the total number of shares outstanding at any time. Transfers may occur of all treasury shares held by the company at the time of the Board's decision.

Audit

The auditors reported their observations and simultaneously presented their views on the quality of internal controls in Fabege at the Board meeting in February 2021. The auditors participated in and presented reports at all four scheduled meetings of the Audit Committee. Regular reports were also presented to management throughout the year. A report was also presented on one occasion

to the Board during the year without management being present. Fees paid to the company's auditors are detailed in Note 47 on page 107.

NOMINATING COMMITTEE

In accordance with the AGM's resolution, the four largest shareholders were offered one seat each on our Nominating Committee, and on 27 September 2021, the Nominating Committee was announced.

COMPOSITION OF THE NOMINATING COMMITTEE

	Representative	Percentage of votes 31/08/2021, %
Göran Hellström, Chairman	Backahill AB	16.2
Suzanne Sandler	Handelsbanken fonder	3.6
Eva Gottfridsdotter Nilsson	Länsförsäkringar fondförvaltning	3.2
Mats Qviberg	The Qviberg family	2.2
Total		25.2

Nominating Committee's proposals ahead of the 2022 AGM

The Nominating Committee proposes that the Board shall consist of seven ordinary members with no deputies. The Nominating Committee is of the opinion that the expertise and experience of Board members meets the requirements that may be imposed. The Nominating Committee aims to achieve an even gender balance. The Nominating Committee proposes the re-election of Board members Anette Asklin, Märtha Josefsson, Stina Lindh Hök, Jan Litborn and Lennart Mauritzson. Mattias Johansson and Anne Åmeby are proposed as new members. Furthermore, it is proposed that Jan Litborn be elected Chairman of the Board.

The Nominating Committee has also discussed the independence of the members of the Board. The proposal for our Board of Directors satisfies the relevant requirements regarding members' independence in relation to the company, company management and the company's major shareholders.

BOARD OF DIRECTORS

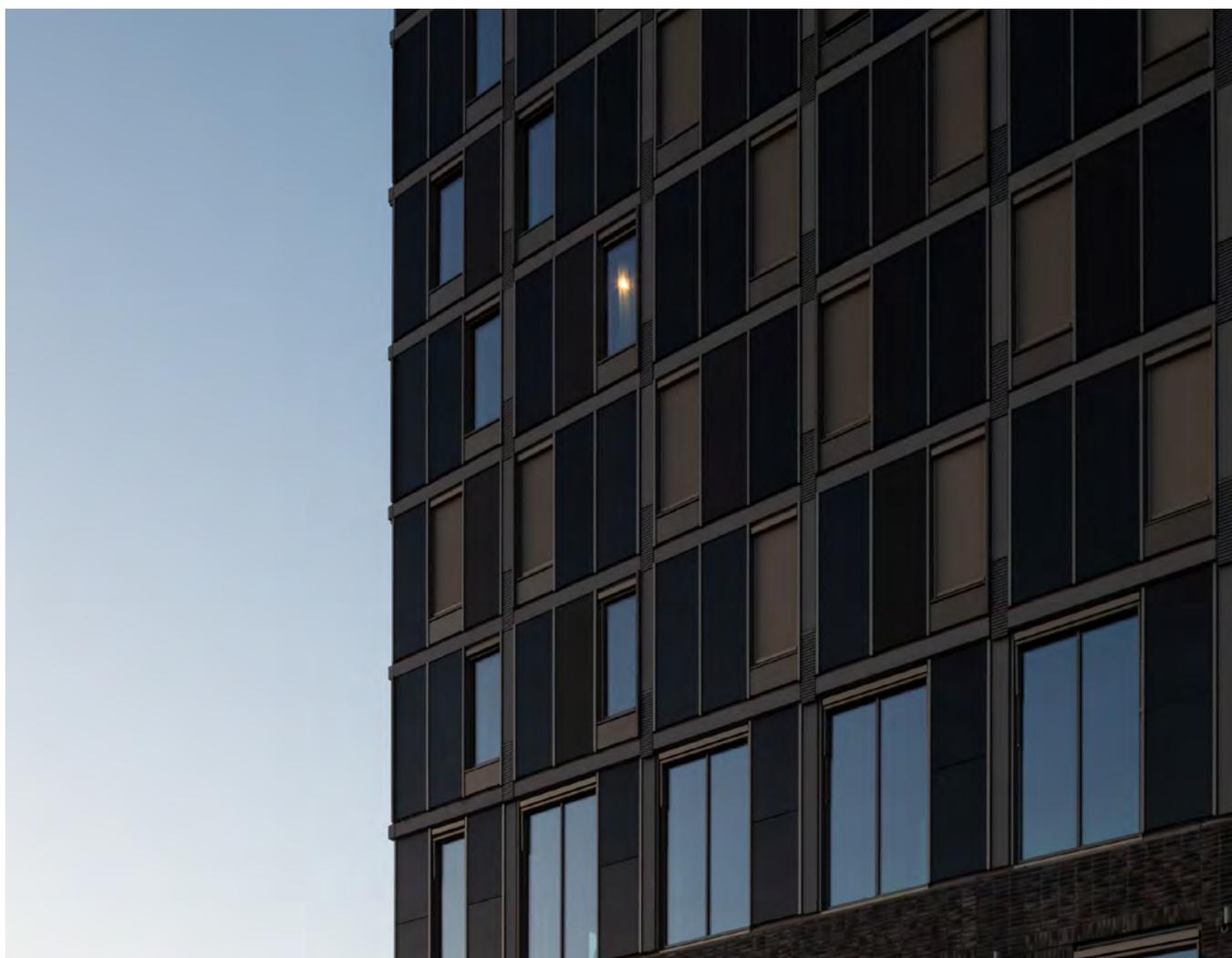
Composition of the Board, 2021

Seven Board Members were elected to the Board at the 2021 AGM. Jan Litborn was elected Chairman of the Board. Our Chief Financial Officer, Åsa Bergström, acts as the Board's secretary.

Our Board includes members that have skills and experience that are highly significant for the support, monitoring and control of the operations of a leading property company in Sweden. The Board aims to retain members with expertise in areas such as property, the property market, funding, business development and sustainability and climate. Several of the Board Members have significant personal shareholdings in Fabege, directly or indirectly. Fabege's Board meets the requirements for the independence of Board Members according to the Code of Conduct.

The work of the Board, 2021

In 2021, the Board held a total of 20 meetings, including six scheduled meetings, two extra meetings, one statutory meeting and 11 meetings held by correspondence. There were several standing items on the agenda for the scheduled meetings, including financial and operational reporting, decisions on acquisitions, investments and divestments, strategic market and organisational issues and reporting by the Audit Committee and Remuneration Committee. Any significant ongoing projects are followed up at each scheduled meeting. During the year, the Board followed up a number of specific issues such as ongoing development activities in Flemings-



berg, the company's strategy for its residential development rights portfolio, monitoring the company's sustainability work and sustainability reporting, and updating the base prospectus for Fabege's MTN programme. The interim reports and year-end report are addressed by the Board at a Board meeting held on the date on which the report is released to the market.

In 2021, the Board of Directors made decisions on investments related to the development of properties in the existing portfolio and investments in existing properties, acquisitions in Flemingsberg, the conclusion of land allocation agreements in Solna and Flemingsberg and the acquisition of SHH Bostad AB. The Board also resolved to initiate share buybacks in line with the mandate from the AGM. In 2021, 4,873,597 shares were repurchased.

At the end of the year, an assessment was made of the Board, which showed that the Board was operating in a highly satisfactory manner. The Board also carried out an annual evaluation of the CEO's performance, along with its annual review of our Code of Conduct, tax policy, diversity policy and finance policy.

The Board of Directors' diversity policy

Overall, our Board of Directors shall have a suitable range of skills and experience of the business to be able to carry out its activities, and in order to identify and comprehend the risks to which the business is exposed and the rules that regulate the business being conducted. When appointing new Board Members, the individual member's suitability shall be reviewed with the aim of achieving a Board composition with a range of skills that are sufficient for the

purposeful control of the company. The Nominating Committee aims to ensure relevant expertise in the property sector, financing, etc., as well as an even gender balance. It is incumbent upon the Nominating Committee to take account of this policy, with the aim of achieving an appropriate composition of the Board with respect to the company's operations and general conditions.

The Board is made up of four women and three men and is otherwise regarded as being representative of a broad range of knowledge and valuable contact networks within relevant areas.

Fees to the Board of Directors

Fees to the Board of Directors are paid according to a decision made at the AGM, and for 2021 fees totalled SEK 2,340,000, of which the Chairman received SEK 550,000 and other Board members SEK 240,000 each. In addition, fees in the amount of SEK 200,000 were paid for work conducted by the Board's Audit Committee, of which the chair of the Committee received SEK 100,000 and two members SEK 50,000 each, as well as SEK 150,000 for work carried out by the Board's Remuneration Committee, of which the chair of the Committee received SEK 70,000 and two members SEK 40,000 each.

Remuneration of management

In accordance with the principles of compensation and other terms of employment for management adopted by the AGM, the Board made a decision on the remuneration and other terms of employment for the CEO.

During the year, the Board reviewed compliance with the principles of remuneration for senior executives. The guidelines for remunerating senior executives are detailed on page 98–99. Remuneration and other benefits and terms of employment for the CEO and management are described in Note 6 on page 98. The company's principles of remuneration and terms of employment, along with the Remuneration Committee's follow-up report, will also be presented at the 2022 AGM.

AUDIT COMMITTEE

In 2021, the Board appointed an Audit Committee from among its own members consisting of Anette Asklin (chairwoman), Märtha Josefsson and Jan Litborn. Four scheduled meetings were held in 2021, focusing on the company's system of internal control. During the year, the Audit Committee dealt with areas such as IT/cybersecurity, EU taxonomy, the tax risk area, Group structure, segment reporting review, internal monitoring and financing strategy. The company's auditors submitted a report of their review during the year at the meetings. The minutes from the Audit Committee's meetings were shared with all Board Members, and the Committee's chairwoman submitted regular reports to the Board.

REMUNERATION COMMITTEE

In 2021, the Remuneration Committee was made up of Jan Litborn (chairman), Lennart Mauritzson and Mats Qviberg. The Remuneration Committee prepares material about remuneration issues ahead of decisions made by the Board. Five meetings were held during the year. The minutes from the Remuneration Committee's meetings are distributed to all Board Members, and the Committee's chairman submits regular reports to the Board.

COMPANY MANAGEMENT

Since the beginning of the year, the Executive Management Team has consisted of nine people. Two new members have replaced former members who have retired. For the current composition of the Executive Management Team, see pages 118–119. The Executive Management Team has a fixed meeting time every week. Initially these meetings took place digitally, but since autumn 2021 they have increasingly taken place in person. During the ongoing pandemic, employees were advised to work from home if at all possible. A number of smaller surveys were carried out over the year in order to gain an understanding of employees' situation and support needs. Digital manager and employee conferences have been carried out to support leadership and staff in the best way. Once restrictions have been lifted, the offices will be the base but with the flexibility for employees to work from home, provided this is an effective approach for the team concerned and for Fabege as a whole. In October, a much-appreciated face-to-face staff conference was held. In the autumn the company also carried out its annual employee survey, which had a good response. Regular information for both the Board of Directors and employees continued to be provided via monthly and weekly newsletters.

Internal control is a process that is influenced by the Board of Directors, the Executive Management Team and the company's employees, and has been designed to provide reasonable assurance that the company's goals are being achieved in the following categories:

- that we have an appropriate and efficient organisation for our business operations
- that we produce reliable financial statements
- that we comply with the relevant laws and regulations

The company applies the established COSO (Internal Control – Integrated Framework) framework in its work.

CONTROL ENVIRONMENT

We have a geographically well contained organisation and homogeneous operational activities, but our legal structure is complex. The business is capital-intensive and characterised by large monetary flows, including rental income, expenditure for project investments, acquisitions/sales of properties and financial expenses.



Board year 2021

In addition to the points described below, resolutions were adopted regarding, for example, investments, acquisitions, divestments, fixed-interest periods and treasury share buybacks. In all, 20 Board meetings were held during the year, including meetings held by correspondence.

2021

4 February

Scheduled meeting, 2020 Year-end report, dividend proposal and investment decision, remuneration model etc.

1 March

2020 Annual Report

25 March

Scheduled and statutory meeting, rules of procedure, policies, AGM

26 April

Q1 Interim report

20 May

Scheduled meeting – MTN programme prospectus

9 July

Q2 Interim Report

18 August

Scheduled meeting

20 October

Q3 Interim report

10 November

Scheduled meeting, follow-up of sustainability work, CEO evaluation

16 December

Scheduled meeting – strategy plan, 2022 budget

Report on internal control in respect of financial reporting

Internal control is a process that is influenced by the Board of Directors, the Executive Management Team and the company's employees, and has been designed to provide reasonable assurance that the company's goals are being achieved in the following categories:

- that the company has an appropriate and efficient organisation for its business operations
- that the company produces reliable financial statements
- that the company complies with the relevant laws and regulations.

The company applies the established COSO (Internal Control – Integrated Framework) framework in its work.

CONTROL ENVIRONMENT

We have a geographically well contained organisation and homogeneous operational activities, but our legal structure is complex. The business is capital-intensive and characterised by large monetary flows, including rental income, expenditure for project investments, acquisitions/sales of properties and financial expenses.

Ultimate responsibility for ensuring effective internal control and efficient risk management rests with the Board of Directors. To be able to perform its work in an appropriate and efficient manner, the Board has adopted rules of procedure. The Board's rules of procedure are aimed at ensuring a clear division of responsibility between the Board of Directors (including committees) and the CEO (and the Executive Management Team) with a view to achieving efficient risk management in the company's operations and in financial reporting. The rules of procedure are updated annually. In 2021, the Board performed its annual review and adopted rules of procedure for the Board, rules of procedure for the Audit Committee and Remuneration Committee and the company's Code of Conduct. The Executive Management Team is responsible for designing and documenting, and for maintaining and testing, the systems/processes and internal controls that are required to manage significant risks in the accounts and the company's day-to-day activities. Our CEO and Executive Management Team, along with those individuals who by virtue of their roles in the company are in charge of each defined critical process, function or area, share operational responsibility for internal control.

The company's financial reporting is governed by a set of policies and guidelines. For example, the company has policies regarding finance, the environment, gender equality, communication, insider dealing and tax management. There are also accounting policies and instructions for the closing of accounts, as well as for authorisation of payments and procurement of auditing services. Our policies are continually reviewed and updated as required. All policies have been discussed and adopted by the Executive Management Team. Information concerning adopted policies has also been disseminated throughout the organisation. In addition, more detailed guidelines and instructions are reviewed and updated regularly. In March, we issued our annual Communication on Progress Report to the UN Global Compact. Work on developing the company's sustainability reporting is conducted continuously. The Sustainability Report is presented in a separate section of this Annual Report; see pages 42–65 and 127–137.

RISK ASSESSMENT

Risks and critical processes, functions and areas are defined on the basis of the control environment, significant results and balance

sheet items, as well as significant business processes. The following risk areas have been defined as critical for us:

- Risk area Property Management: Processes for new lettings, renegotiations and rent payments. Customer relations and customer satisfaction, changes in customer needs, risk of rent losses.
- Risk area Technical Operation: Technical work environment and physical buildings.
- Risk area Property Development and Projects: Planning process and projects, implementation, procurement/purchasing.
- Risk area Valuation and Transactions.
- Risk area Financial Control and Finance: Liquidity risk, interest rate risk, financial information, taxes.
- Risk area Communication: Information management, brand, business ethics.
- Risk area Employees: Lack of resources, dependence on key personnel.
- Risk area Climate and Sustainability: climate change, emissions
- Risk area Cyber Security and IT: digitalisation, data infringement, GDPR

Our Executive Management Team conducts an annual review and evaluation of risk areas, for the purpose of identifying and managing risks. This is done in consultation with the Board and the Audit Committee, for examination by our auditors. Our internal processes and procedures provide support for the continuous management of risks.

CONTROL ACTIVITIES

Critical processes, functions and areas are described and documented in respect of division of responsibility, risks and controls. The necessary instructions, procedures and manuals are produced, updated and communicated to the relevant staff to ensure that they have up-to-date knowledge and adequate tools. The measures are aimed at incorporating risk management into the company's day-to-day procedures. Compliance with policies, guidelines and instructions is monitored on an ongoing basis. Employees are given regular training, or as needed, to ensure they have the required expertise. All critical processes are reviewed regularly and in 2021, a selection of the company's critical processes was subject to special review. To supplement the external audit, the company also performed an internal assessment of compliance and controls in a selection of significant processes during 2021.

A central controller function supports work on the follow-up of the Property Management and Property Development operating units. The controller department is in charge of operational reporting. Operational reports are prepared monthly and quarterly based on a standardised reporting package, and submitted for comments/approval to executives with operational responsibility. Reviews and updates by executives with operational responsibility are made continuously throughout the year. Monitoring of outcomes is assessed against budgets and forecasts, which are updated twice a year. A central function prepares consolidated financial statements and other financial reports in close collaboration with the controller function, the operating units and the finance function. This work includes integrated control activities in the form of reconciliation with standalone systems/specifications of outcomes for income and expense items and balance sheet items. Our



operational reporting is developed and improved continuously in terms of both content and system support, as well as availability to executives with operational responsibility.

INFORMATION AND COMMUNICATION

Management is responsible for informing the staff concerned about their responsibility for maintaining effective internal control. Employees are kept informed about governing policies and guidelines and how the business is performing via an intranet, information briefings and regular newsletters.

Responsibility for external and internal information rests with the Communication Department. Investor Relations activities are based on principles for regular and accurate information in accordance with Nasdaq Stockholm's Rule Book for Issuers. The aim is to improve knowledge of, and build confidence in the company among investors, analysts and other stakeholders.

Efforts to improve and further clarify the dissemination of information to the market are ongoing.

During the year, our customer dialogue was strengthened via regular contact and a customer satisfaction survey that was conducted in autumn 2021.

In November, an employee survey was also carried out using the Great Place To Work (GPTW) method. We remain certified in accordance with GPTW, with a rating of 86.

REVIEW

The internal control system needs to change over time. The aim is to ensure that this is continually monitored and addressed via management activities at various levels of the company, both through monitoring of the individuals responsible for each defined critical process, function and area and via regular evaluation of the internal control system. In addition to financial reporting to the Board, more detailed reports are prepared, at more frequent intervals, in support of the company's internal governance and control activities. Information is made continually available to those with operational responsibility via our business intelligence system.

Management reports regularly to the Board based on the adopted instructions for financial reporting, which are designed to ensure that the information provided is relevant, adequate, up-to-date and

appropriate. The Audit Committee, which acts as the extended arm of the Board in monitoring the formulation and reliability of financial reports, also reports to the Board. In addition to familiarising itself with the content of and methods used in preparing financial reports, the Audit Committee has studied the way in which the more detailed and frequent internal reporting is used in evaluating and managing various areas of activity. The Audit Committee also performs regular reviews and evaluations of internal controls in respect of our critical processes.

It regularly studies the results of the external auditors' examinations of our accounts and internal controls. Our auditors examine the company's financial reporting in respect of the full-year financial statements and carry out a limited review of one quarterly report.

The Board regularly evaluates the information submitted by the Executive Management Team and the Audit Committee. Of particular significance is the Audit Committee's task of monitoring management's work on developing internal controls and of ensuring that measures are taken to address proposals and any shortcomings that have been identified in the course of examinations by the Board, the Audit Committee or the external auditors.

The Board of Directors has informed itself through its members and through the Audit Committee of risk areas, risk management, financial reporting and internal control and has discussed risks of errors in financial reporting with the external auditors.

In the course of its work on examining and evaluating internal control in respect of critical processes in 2021, the Audit Committee found no reason to alert the Board to any significant issues in respect of internal control or financial reporting.

INTERNAL AUDITING

To supplement external auditing activities, we internally evaluate critical processes. As a result of this work, and in view of the homogeneous and geographically limited nature of the company's activities and its organisational structure, the Board has not found reason to set up a separate internal audit unit. The Board believes the monitoring and examination described above, coupled with the external audits, are sufficient to ensure that effective internal control of financial reporting is maintained.

Executive Management Team



From left to right:
Fred Grönwall, Charlotta Liljefors Rosell,
Åsa Bergström, Klas Holmgren, Stefan
Dahlbo, Charlotte Liliegren, Gunilla Cornell,
Elisabet Olin, Johan Zachrisson



Stefan Dahlbo

President and CEO

Born 1959

Employed and in current position since 2019. Previously member of the Board of Fabege, 2003–2007

External appointments Member of the boards of Nordstjärnan Kredit AB and Byggmästare Anders J Ahlström Holding AB (publ)

Previous positions President & CEO Byggmästare Anders J Ahlström Holding AB, CEO & Deputy CEO Investment AB Öresund, CEO Hagströmer & Qviberg AB, Alfred Berg Group

Education MSc in Economics and Business

Shareholding Privately and through companies 34,500*

Åsa Bergström

Vice President and Chief Financial Officer

Born 1964

Employed in 2007 and in current position since 2008

External appointments Member of the boards of Hemsö Fastighets AB and NP3 Fastigheter AB

Previous positions Senior Manager at KPMG, CFO positions at several property companies, including Granit & Beton and Oskarsborg

Education MSc in Economics and Business

Shareholding 39,280*

Gunilla Cornell

Director of Human Resources

Born 1969

Employed and in current position since 2011

External appointments No significant external appointments

Previous positions Management consultant for own company, business development consultant and project manager Tietoenator, Controller NCR

Education MSc in Economics and Business

Shareholding 0*

Fred Grönwall

Director of Technical Operations

Born 1981

Employed since 2021

External appointments No significant external appointments

Previous positions Factory Manager Cementa AB Slitefabriken, Production Manager Cementa AB Slitefabriken and Degerhamnsfabriken, Process Operator Cementa AB Slitefabriken

Education MSc in Engineering

Shareholding 1,400*

Klas Holmgren

Director of Projects and Development

Born 1970

Employed in 2001 and in current position since 2010

External appointments Vice Chairman Byggherrarna

Previous positions Platzer Bygg, Site Manager at Peab, Site Manager at Peab Bostad, JM Entreprenad

Education Graduate engineer

Shareholding 6,000*

Charlotte Liliegren

Director of City and Property Development

Born 1976

Employed since 2006 and in current position since 2013

External appointments No significant external appointments

Previous positions Letting agent at Tornet AB, business developer at Stena Fastighet AB and Drott AB

Education MSc in Engineering

Shareholding 1,494*

Charlotta Liljefors Rosell

Director of Property Management

Born 1963. Employed and in current position since 2014

External appointments No significant external appointments

Previous positions The Royal Swedish Institute of Technology, various executive positions at Vasakronan, Head of Offices Business Area at AMF Fastigheter

Education MSc in Engineering – Surveying

Shareholding 3,382*

Elisabet Olin

Director of Corporate Communications

Born 1969. Employed and in current position since 2013

External appointments No significant external appointments

Previous positions Head of Communication at Billerud, Market Analyst AssiDomän, Economist AP Fastigheter

Education MSc Economics and Business

Shareholding 333*

Johan Zachrisson

Director of Business Development

Born 1970. Employed since 2021

External appointments No significant external appointments

Previous positions FFNS/Sweco, Humlegården Fastigheter, DTZ/Cushman & Wakefield.

Education MSc Engineering

Shareholding 0*

*Shareholding at 31/12/2021

Board of Directors and Auditors



Jan Litborn

Chairman of the Board since 2018 and Board member since 2017

Born 1951

Other appointments

Chairman of the boards of Hedin Mobility Group AB and Arenabolaget i Solna AB
Member of the boards of Aimo Holding AB, Consensus Asset Management AB, Backahill AB and Wihlborgs Fastigheter AB

Education

LL. M. (lawyer) from Stockholm University, Stockholm School of Economics (no degree)

Shareholding

Privately and through companies 30,000

Independent in relation to the company and management

Yes

Independent in relation to major shareholders

No

Fee, SEK 000s

670

Attendance Board meetings

20 (20)

Attendance Audit Committee

4 (4)

Attendance Remuneration Committee

5 (5)



Anette Asklin

Board member since 2016

Born 1961

Other appointments

Chair of Jernhusen AB, RO Gruppen Förvaltning AB and Inhouse Tech Göteborg AB
Board member of Genova Property Group AB, Elof Hansson Holding AB and Fondstyrelsen at the University of Gothenburg

Education

MSc in Economics and Business

Shareholding

2,000

Independent in relation to the company and management

Yes

Independent in relation to major shareholders

Yes

Fee, SEK 000s

340

Attendance Board meetings

20 (20)

Attendance Audit Committee

4 (4)

Attendance Remuneration Committee

Not a member



Emma Henriksson

Board member since 2020

Born 1975

Other appointments

Member of the board of Fastighetsägarna Sverige, Nordea Hypotek AB and ÅWL Arkitekter

Education

MSc in Economics and Business and BSc in Community Planning

Shareholding

3,000

Independent in relation to the company and management

Yes

Independent in relation to major shareholders

Yes

Fee, SEK 000s

240

Attendance Board meetings

20 (20)

Attendance Audit Committee

Not a member

Attendance Remuneration Committee

Not a member



Märtha Josefsson

Board member since 2005

Born 1947

Other appointments

Member of the boards of Skandia Fonder AB and Investment AB Öresund

Education

BSc in Economics

Shareholding

With spouse 251,920

Independent in relation to the company and management

Yes

Independent in relation to major shareholders

Yes

Fee, SEK 000s

290

Attendance Board meetings

20 (20)

Attendance Audit Committee

4 (4)

Attendance Remuneration Committee

Not a member



Changes to the Board of Directors in 2021

Per-Ingemar Persson

Member of the Board until the AGM held on 25 March 2021.

Attendance Board meetings: 8 (8)

Attendance Remuneration Committee: 4 (4)



Stina Lindh Hök

Board member since 2021
Born 1973

Other appointments
CEO Nyfosa AB

Education
MSc in Engineering, KTH Royal Institute of Technology

Shareholding
0

Independent in relation to the company and management
Yes

Independent in relation to major shareholders
Yes

Fee, SEK 000s
240

Attendance Board meetings
12 (12); took office at the 2021 Annual General Meeting

Attendance Audit Committee
Not a member

Attendance Remuneration Committee
Not a member



Lennart Mauritzson

Board member since 2021
Born 1967

Other appointments
CEO Backahill AB, member of the boards of Brinova AB, Catena Fastigheter AB, Rögle Marknads AB and Wihlborgs Fastigheter AB

Education
MSc in Economics and Business, and law

Shareholding
0

Independent in relation to the company and management
Yes

Independent in relation to major shareholders
No

Fee, SEK 000s
240

Attendance Board meetings
12 (12); took office at the 2021 Annual General Meeting

Attendance Audit Committee
Not a member

Attendance Remuneration Committee
1 (1)



Mats Qviberg

Deputy Chairman since 2012 and Board member since 2001
Born 1953

Other appointments
Chairman of the Board of Bilia AB and Investment AB Öresund

Education
MSc in Economics and Business

Shareholding
With spouse 7,106,054

Independent in relation to the company and management
Yes

Independent in relation to major shareholders
Yes

Fee, SEK 000s
280

Attendance Board meetings
20 (20)

Attendance Audit Committee
Not a member

Attendance Remuneration Committee
5 (5)



Auditor

Peter Ekberg

Auditor-In-Charge at Fabege since 2020
Authorised Public Accountant at Deloitte AB
Born 1971

Audit assignments for other major companies

Loomis AB, Swedish Match AB and Telia Company AB.

Directors' fees are paid in arrears.
Shareholding at 31/12/2021.

Signing of the Annual Report

The Board of Directors and Chief Executive Officer hereby certify that:

- the annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and RFR 2
- the annual accounts provide a true and fair view of the company's financial position and results, and
- the Directors' Report provides a true and fair overview of the development of the company's business, position and results and
- describes significant risks and uncertainties faced by the company.

Furthermore, the Board of Directors and Chief Executive Officer certify that:

- the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as referred to in Regulation (EC) No 1606/2002 of 19 July 2002 on the application of international accounting standards
- the consolidated financial statements provide a true and fair view of the Group's financial position and results, and
- the Directors' Report for the Group gives a true and fair overview of the development of the Group's business, results and position and describes significant risks and uncertainties faced by the companies included in the Group.

Stockholm, 7 March 2022

Jan Litborn
Chairman

Anette Asklin
Board Member

Emma Henriksson
Board Member

Märtha Josefsson
Board Member

Stina Lindh Hök
Board Member

Lennart Mauritzson
Board Member

Mats Qviberg
Deputy Chairman

Stefan Dahlbo
Chief Executive Officer

Our Auditor's Report was submitted on 7 March 2022
Deloitte AB

Peter Ekberg
Authorised Public Accountant