

Guidelines for corporate governance

The guidelines for sustainability and corporate governance are determined by the Board of Vasakronan and govern the work of management. The guidelines are reviewed and determined annually. The Board also determines a financial policy as a supplement to the guidelines.

Background

Vasakronan AB (publ) is owned in equal shares by the First, Second, Third and Fourth Swedish national pension funds. The company is one of Sweden's largest property companies with financial instruments registered on Nasdaq Stockholm, the Oslo Stock Exchange and Euronext Dublin.

Vasakronan's assignment is to deliver a high and long-term risk-weighted return, though never at the expense of people and the environment. Vasakronan's ability to achieve its financial and other goals not only depends on the company's products and services, but also on how the company's basic values, actions and responsibility are perceived within the operating environment. As Sweden's largest property company, there is considerable public interest in Vasakronan's operations. The ownership structure and the listing of the company's bonds also set high requirements on the company's internal as well as external actions. To meet these requirements, the Board has established these guidelines for corporate governance and sustainability.



Corporate Governance

The CEO must ensure that the company has a vision with an ethical starting point and a corporate culture that supports it. Additionally, the CEO must organise the company in a way that promotes the company achieving its goals in a sustainable and legal manner.

General

Vasakronan is to follow the Swedish Corporate Governance Code. Any deviations are to be reported in the Corporate Governance Report. The CEO is also to ensure that the company and its subsidiaries follow applicable laws and regulations, including market abuse regulations, in their management and operations.

Delegation

There is to be a written delegation of authority and responsibility for the work environment and investments in the organisation.

Payment procedures

The CEO is to ensure that there are established procedures for payments, and for securely and correctly managing the company's cash.



Money laundering and sanctions

The CEO is to ensure that the company takes a risk-based approach to counteracting money laundering, financing of terrorism and corruption, and that the company follows applicable laws and ordinances on sanctions.

Valuation of the company's properties

A valuation of all properties in compliance with the applicable IFRS is performed at each balance-sheet date to determine the market value of the company's properties.

Every year and mid-year, these valuations are performed by external valuation experts who are independent of the company. External valuations are conducted pursuant to the RICS Red Book or equivalent. At other times, an overall internal value assessment is performed in consultation with the same external valuation companies.

Risk management and insurance

Good internal controls in all parts of the organisation are needed to manage risks in the operations. A structured process must be in place for identifying and managing material risks as well as procedures for reporting on risk work to the Board. Moreover, procedures must also be in place to support the Audit Committee in its task to monitor and develop risk management.

The Board has the following approach to the company's various risks:

- Business risks are a natural aspect of operations, but they are only to be taken deliberately and with oversight.
- Financial risks are to be limited and only taken deliberately and with oversight. The Board also establishes a financial policy that gives the company frameworks for its financial operations.
- Risks related to administration and sustainability are to be minimised as far as is commercially viable.

The company's insurance is to cover material risks after balancing the risk against the cost of insuring the risk. The following insurance is obligatory:

- Operational and liability insurance, so-called commercial combined insurance
- Liability insurance for the CEO and Board that covers all of the companies in the Group
- Property insurance, including equipment insurance
- Vehicle insurance (so-called fully comprehensive insurance)

The company is also to have a crisis management plan for when the company suffers serious unforeseen events.

Anti-corruption

There are to be clear guidelines for employees regarding how to act to counteract corruption and irregularities.

Whistle-blowing

A whistle-blower function must be in place that allows employees and suppliers, customers and other stakeholders to anonymously report suspicions of irregularities. The function is to be readily accessible and easy to use.

Fiscal management

Taxes are to be treated in accordance with prevailing rules and regulations. Tax is an expense to be streamlined in accordance with applicable tax legislation, and at the same time it is also a sustainability matter that can impact the company's reputation and standing. No aggressive tax planning, legal loopholes or disregard of social responsibility may be used as a basis for the treatment of tax issues. Contact with the Swedish Tax Agency must be characterised by openness and transparency.



To achieve this, the CEO is to ensure that there are instructions for the ongoing management of taxes, clear and appropriate procedures for tax management in the organisation and a structured process for identifying and evaluating material tax risks.

Information security

The CEO is tasked with ensuring that the company conducts strategic, risk-based information security work to protect the company's assets. Information security is to be a governing principle that is integrated into the company's operations and organised so that it also promotes the company's customer work.

Our impact on the environment and people

The company's owners expect a high return, but never at the expense of people or the environment. Sustainability must therefore be integrated into all parts of the company's operations. When possible, the company is to apply a higher level of ambition than in the applicable legal requirements.

Sustainability topics are to be integrated in all investment decisions.

Environment

The company is to minimise its climate impact and resource management and promote biodiversity. The company is to involve tenants as well as suppliers and other stakeholders such as banks and investors when working with environmental matters.

Social

The company is to work actively to have a positive impact on the people affected by its operations. Systems and processes must be in place to counteract labour crime. The company is to promote safe and secure workplaces, buildings and urban environments that also promote diversity and inclusion.

Corporate culture in the company is to be based on strong values that promote ethics, professionalism and efficiency. Employees are to be provided with employment conditions that support diversity, equality and inclusion, and that promote health and well-being.

Implementation

The CEO is to ensure that the above points are implemented and communicated within and beyond the organisation. When appropriate, this implementation can be conducted through means other than a policy. The CEO is to ensure that, at a minimum, the following policies and instructions are in place:

Policies resulting from laws and regulations (ESG, etc.):

Anti-corruption policy

Whistle-blowing policy

Tax policy

Procurement policy

Privacy policy

Environmental policy

Social responsibility policy

Diversity and inclusion policy

Work environment policy

Other policies:

IT and information security policy

Policy for risk management

Policy for sanctions, money laundering, financing of terrorism and corruption

**Instructions:**

Instructions for the valuation of assets

Instructions for publication of information (MAR)

New policies and instructions are to be introduced as needed. Policies are to be updated regularly, and reviewed at least once a year ahead of the Board's statutory meeting following the annual general meeting.

Follow up

Policy compliance is to be followed up within the framework for operating activities. Significant deviations from these policies as well as incidents covered by them are to be reported annually to the Audit Committee and the Board. Deviations are to be managed and addressed.