Corporate Governance Report

Regulatory framework
Hufvudstaden AB is a Swedish public limited company with its registered office in Stockholm and has been listed on the Stockholm Stock Exchange, Nasdaq Stockholm, since 1938. Corporate governance at Hufvudstaden is based on, among other things, the Articles of Association, the Swedish Companies Act, Nasdaq Stockholm's Rulebook for Issuers, the Swedish Corporate Governance Code (the Code), and other applicable laws and regulations. The Corporate Governance Report is prepared in accordance with the Swedish Annual Accounts Act and the Code.

Hufvudstaden complies with the Code with the exception of the provisions regarding the Nomination Committee. The deviation is explained in more detail below. No breaches of applicable stock exchange rules have occurred.

Shareholders
Hufvudstaden has issued two classes of shares: Class A and Class C. Class A shares carry one vote and Class C shares carry 100 votes. There are no restrictions in the Articles of Association regarding the transfer of shares or voting rights at the General Meeting. Hufvudstaden's Class A share is listed on Nasdaq Stockholm, while the Class C share is not listed. Both share classes carry equal rights to the company's assets and earnings.

As of December 31, 2025, Hufvudstaden had 30,844 shareholders. The largest shareholder is L E Lundbergföretagen AB, holding a total of 49.1 per cent of the outstanding shares and 88.9 per cent of the votes. A group relationship exists between L E Lundbergföretagen AB (corporate ID 556056-8817), with its registered office in Stockholm, and Hufvudstaden AB. Apart from L E Lundbergföretagen AB, there is no other shareholder in the company who directly or indirectly holds shares representing one-tenth or more of the voting rights in the company.

According to a conversion provision in the Articles of Association, holders of Class C shares have the right to request conversion of their Class C shares into Class A shares. During the year, 400,220 Class C shares were converted into Class A shares.

With the exception of the customary requirement for stock exchange listing in the company's credit agreements, there are, to the company's knowledge, no other agreements whose validity would be affected by a public takeover bid.

Repurchase of own shares
Since the Annual General Meeting in 2003, the Board has had the authorisation of the AGM to repurchase Class A shares, up to a maximum of 10 per cent of all shares in the company. The mandate was renewed at the AGM in 2025. On August 21, 2025, the Board resolved to utilise the repurchase mandate to adjust the capital structure and thereby create increased value for the company's shareholders. During 2025, 8,000,000 Class A shares were repurchased for SEK 1,018 million, corresponding to an average price of SEK 127.22 per share. The company's total holding as of December 31, 2025, amounted to 16,965,000 Class A shares, corresponding to 8.0 per cent of all issued shares.

General Meeting
Shareholders' rights to decide on Hufvudstaden's affairs are exercised at the General Meeting, which is Hufvudstaden's highest decision-making body. Shareholders who are registered in the share register on the record date and have notified their participation in time are entitled to attend and vote at the AGM in person or by proxy.

Shareholders whose shares are nominee-registered must, in order to exercise their voting rights at the AGM, temporarily re-register their shares in their own name, as stated in the notice of the AGM.

Resolutions at the AGM are normally passed by a simple majority. However, in certain matters, the Swedish Companies Act requires that a proposal be approved by a higher proportion of the votes represented and cast at the meeting.

Individual shareholders who wish to have a matter addressed at the AGM may request this from Hufvudstaden's Board at a special address published on hufvudstaden.se well in advance of the notice period for the AGM.

The AGM must be held in Stockholm within six months after the end of the financial year. At the AGM, resolutions are passed on matters such as adoption of the income statement and balance sheet, allocation of profit, discharge from liability for Board members and the President, election of Board members, Chairman of the Board and auditors, as well as remuneration to the Board and auditors, principles for remuneration to Senior Executives, approval of the remuneration report, and amendments to the Articles of Association. Notice of the AGM is given by announcement in the Swedish Official Gazette (Post- och Inrikes Tidningar) and on hufvudstaden.se. An announcement that notice has been given is published in Dagens Nyheter.

At the AGM on March 20, 2025, 344 shareholders participated, representing 94 per cent of the votes. The AGM resolved to adopt the presented income statement and balance sheet as well as the consolidated income statement and consolidated balance sheet, and to pay a dividend of SEK 2.80 per share to the shareholders. The meeting granted discharge from liability to the Board members and the President and resolved on remuneration to the Board and auditors. Furthermore, all Board members and auditors were re-elected, and Fredrik Lundberg was re-elected as Chairman of the Board. All elections apply until the end of the next AGM. Finally, the AGM resolved to approve the remuneration report for 2024 and authorised the Board to decide on the acquisition and transfer of the company's own Class A shares.

The AGM 2026 will be held in Stockholm on March 19, 2026.

Nomination and election of Board and Auditors
According to the Articles of Association, the Board shall consist of at least five and at most ten members. The members are elected at the AGM for the period until the end of the first AGM held after the year in which the Board member was appointed. In view of the concentrated ownership structure, no Nomination Committee has been appointed in Hufvudstaden. The task of the Nomination Committee, to prepare the AGM's decisions on election and remuneration matters, is instead performed by Hufvudstaden's main owner, L E Lundbergföretagen AB. Hufvudstaden's procedure regarding the Nomination Committee is a deviation from the Code. The main owner submits proposals for the Chairman of the AGM, the Board, the Chairman of the Board, and Board fees. Proposals for the auditor and audit fees are presented by the Board. Other shareholders have the opportunity to submit nomination proposals to the address stated on hufvudstaden.se. The proposals are published no later than in connection with the notice of the AGM.

The main owner has applied section 4.1 of the Code as a diversity policy, meaning that the Board shall have an appropriate composition considering the company's operations, development stage, and other circumstances, characterised by diversity and breadth regarding the competence, experience, and background of the Board members elected by the AGM, and that an even gender distribution shall be sought.

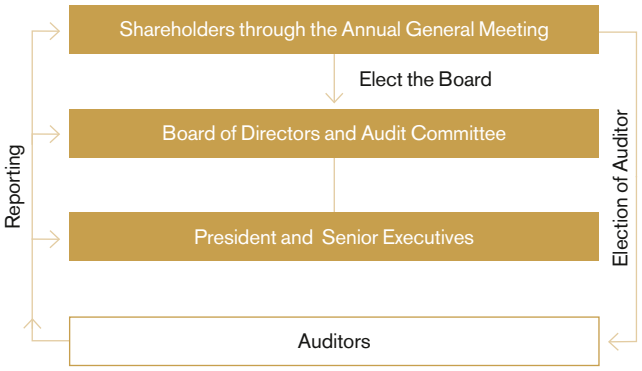
Before its proposal for the Board election at the AGM 2026, the main owner has assessed whether the current Board is appropriately composed, based on, among other things, relevant parts of the annual evaluation of the Board's work. The proposal is stated in the notice of the AGM.

Composition of the Board

The Board members are elected annually by the AGM for the period until the next AGM. The AGM 2025 resolved to re-elect all Board members and the Chairman, meaning that nine members were elected, of whom three were women and six were men. The Chairman of the Board has been Fredrik Lundberg since 1998.

Of the nine members elected by the AGM, five are considered independent in relation to the company's largest shareholder. The President is the only Board member who works operationally in the company and is considered non-independent in relation to the company. The composition of the Board thus meets the Code's requirements for independence. The table below shows the members' roles, independence, and attendance. For a more detailed presentation of the Board members, see pages 88–89. An external lawyer serves as the Board's secretary.

Hufvudstaden's governance structure



Responsibilities of the Board

The Board has overall responsibility for the Group's organisation and management and for ensuring that the control of accounting, asset management, and financial conditions in general is satisfactory. The Board makes decisions on matters concerning the Group's overall objectives, strategic direction, and policies, as well as important issues relating to financing, acquisitions, divestments, and investments. Other tasks of the Board include:

- Continuously monitoring and assessing the company's financial position and business development.
- Continuously evaluating the company's operational management and the President's work.
- Ensuring that there is adequate control of the company's compliance with laws and other regulations and continuously evaluating the company's systems for internal control and risk management.
- Establishing necessary guidelines for the company's conduct in society to ensure its long-term value-creating ability.

The Board's work follows rules of procedure adopted by the Board, which provide the framework for decisions regarding investments, financing, financial reporting, and other strategic matters. The rules of procedure also regulate the duties of the Board and the President and the division of responsibilities between the Board and the President. The relevance and timeliness of the rules of procedure are reviewed annually.

The Chairman of the Board leads the Board's work and maintains continuous contact with the President to monitor the Group's operations and development. The Chairman consults with the President on strategic issues and represents the company in ownership matters and conveys any views from shareholders to the Board.

The Chairman ensures that new Board members receive appropriate training and that the Board's work is evaluated once a year. The evaluation is carried out by each Board member completing a questionnaire. The responses are compiled by the Chairman, who reports the results to the Board. The Board then holds a discussion. The Board also evaluates the President's work without the President being present and approves the significant assignments the President has outside the company.

Board work

In 2025, the Board held seven meetings, one of which was a statutory meeting. Financial and economic reporting and presentations of the business areas operations are provided at each Board meeting. In

Member	Role on Board	Audit Committee	Independent of company	Independent of major shareholder	Board attendance [1]	Audit Committee attendance [2]
Fredrik Lundberg	Chairman		Yes	No	7 of 7	
Claes Boustedt	Member		Yes	No	7 of 7	
Peter Egardt	Member		Yes	Yes	7 of 7	
Liv Forhaug	Member		Yes	Yes	7 of 7	
Louise Lindh	Member	Chairman	Yes	No	7 of 7	2 of 2
Katarina Ljungqvist	Member	Member	Yes	Yes	7 of 7	2 of 2
Anders Nygren	Member, President		No (employee)	Yes	7 of 7	
Fredrik Persson	Member	Member	Yes	Yes	7 of 7	2 of 2
Sten Peterson	Member		Yes	No	7 of 7	

[1] During the year, seven Board meetings were held, of which five after the Annual General Meeting.
[2] The Audit Committee was established in autumn 2025 and has held two meetings.

addition, significant matters of principle or major financial importance are addressed at each regular meeting. During the year, the Board's work focused particularly on strategic discussions, economic and financing issues, property valuation, as well as acquisitions and investments. Other matters addressed included the repurchase of own shares, major ongoing projects, including the Johanna development project, sustainability issues and sustainability reporting, and the establishment of an Audit Committee. Company executives participate in Board meetings as presenters.

The company's auditor attended the Board meeting in February, when the 2024 Annual Report was approved, and the meeting in August in connection with the Board's review of the company's half-year report.

Audit Committee

In August 2025, the Board resolved to establish an Audit Committee and adopt instructions defining the Committee's duties. The Audit Committee's tasks include preparing and monitoring matters relating to the company's financial reporting, sustainability reporting, risk management, any internal audit, accounting, internal control, and audit. Prior to the establishment of the Audit Committee, these matters were handled within the framework of the regular Board work. Hufvudstaden's Audit Committee has been appointed by the Board and consists of Louise Lindh (Chairman), Katarina Ljungqvist, and Fredrik Persson. The Audit Committee met twice. The company's auditor and representatives of Senior Executives attended the Committee's meetings.

Remuneration Committee

The Board has considered the establishment of a Remuneration Committee but has chosen not to establish one and instead handles the tasks of such a committee within the framework of the regular Board work. This ensures that the full competence of the Board is utilised while making meetings more efficient. This means that the entire Board, except the President, performs the tasks of a Remuneration Committee, including monitoring and evaluating ongoing and completed programs for variable remuneration to Senior Executives during the year. The Board also monitors and evaluates the application of the guidelines for remuneration to Senior Executives adopted by the AGM, as well as the current remuneration structures and levels in the company for Senior Executives.

Senior Executives

The President manages operations in accordance with the adopted rules of procedure for the Board and the President, which include the Board's instructions for the President. The President is responsible for ensuring that the Board receives objective, comprehensive, and relevant information and decision-making material required for the Board to make well-founded decisions. Senior Executives consists of the President, three Business Area Managers, and the heads of Finance, Business Development, Property Development, and HR. For information on individual members, see pages 90–91.

Senior Executives meets approximately once a month to discuss current issues and holds two strategy conferences per year.

Audit

According to the Articles of Association, the company shall have one or two auditors and an equal number of deputy auditors, or one or two registered audit firms may be appointed. At the AGM in 2025, PricewaterhouseCoopers AB was re-elected as the audit firm for a term of one year. Magnus Svensson Henryson is the auditor in charge. The Board meets the company's auditor twice a year, at least once without the presence of the President. On these occasions, the auditor provides a report, and a discussion is held on the focus and observations of the audit. Internal routines and control systems are reviewed continuously during the year. The half-year report is subject to a limited review. The final audit of the annual accounts, Annual Report, accounting, and the administration of the Board and the President takes place in January–February, after which the auditor's report is submitted. Since the establishment of the Audit Committee in autumn 2025, the auditor has attended the Committee's meetings. Disclosure of fees to the auditors, including fees for advisory services, is provided in Note 6.

Remuneration

Board of Directors

Remuneration to the Board is decided by the AGM. At the AGM in 2025, it was resolved that remuneration for the period until the next AGM would amount to SEK 2,610,000, to be distributed among the members, with the exception of the President, Anders Nygren, who does not receive any remuneration for his Board work. The remuneration is distributed as follows: SEK 580,000 to the Chairman and SEK 290,000 to each of the other seven non-employee members. No special remuneration has been paid to members of the Audit Committee.

Senior Executives

Guidelines for salaries, bonuses, and other remuneration to the company's Senior Executives are decided by the AGM. The Board shall prepare proposals for new guidelines for remuneration when there is a need for significant changes to the guidelines, but at least every four years. The AGM in 2023 adopted guidelines stating that the company's remuneration shall consist of market-based salaries and a limited performance-related bonus program. The company has no share price-related incentive schemes. These guidelines were followed in 2025 and will continue to apply in 2026, as the Board will not propose any changes to the AGM.

The President's remuneration is proposed by the Chairman of the Board and determined by the Board. The President does not participate in this decision. The President decides on remuneration for other Senior Executives after consultation with the Chairman of the Board.

The Board has prepared a remuneration report for the financial year 2025 for approval by the AGM in 2026. The auditor's statement on whether the guidelines for remuneration to Senior Executives have been followed will be published on hufvudstaden.se no later than three weeks before the AGM and will be included in the AGM documentation.

For further information on salaries and remuneration, as well as the applicable guidelines for remuneration to Senior Executives, see Note 8.

Internal control regarding reporting
The Board's responsibility for internal control, financial reporting, and sustainability reporting is regulated in the Swedish Companies Act and the Code. According to the Code, the Board is also responsible for ensuring that the company is managed in a sustainable and responsible manner. The ongoing responsibility for these matters has been delegated to the President.

Purpose and structure
The purpose of internal control is to ensure that Hufvudstaden achieves its objectives for both financial reporting and sustainability reporting, to ensure that the company's assets are managed in accordance with Group rules, and to prevent irregularities.

To describe internal control, the company has followed COSO's framework for internal control. The framework consists of five components: control environment, risk assessment, control activities, information and communication, and monitoring.

Control environment
The control environment is the foundation for internal control regarding financial reporting and sustainability reporting. Hufvudstaden's internal control structure is based, among other things, on a clear division of responsibilities and tasks between the Board of Directors and the President, as well as within the operational organisation. Policies, guidelines, and instructions are documented and continuously evaluated by Senior Executives and the Board. These governing documents are made available to relevant personnel and help make individuals aware of their role in maintaining sound internal control.

Hufvudstaden is also a member of the UN Global Compact and has signed its ten principles in the areas of human rights, labor, environment, and anti-corruption.

Risk assessment
Based on ongoing discussions and meetings within the organisation, Hufvudstaden's Senior Executives identify, analyse, and decide on the company's material risk areas, which are then approved by the Board. Senior Executives are responsible for managing risks of errors in financial reporting and sustainability reporting. The Board analyses the outcome of the company's risk assessment and risk management process to ensure that it covers all material areas. Hufvudstaden's greatest risks in financial reporting relate to property valuation, financing, property projects, and tax management. In sustainability reporting, the greatest risks involve manual errors in data processing, low-quality data, and the risk of lacking formalisation and documentation of processes, which can lead to dependency on individuals.

Control activities
Hufvudstaden has established a number of control activities to ensure that the objectives for financial reporting and sustainability reporting are met. These are both preventive measures, aimed at avoiding losses or errors in reporting, and detective measures. The controls also ensure that errors are corrected. Examples of areas with well-developed control measures include property valuation, maintenance, refurbishment, interest payments, and leasing. Controls are carried out through variance analyses and at quarterly meetings between business units, Senior Executives, and the controlling function.

Information and communication
Both internal and external information and communication follow an established information policy. Internal communication to and from the Board and Management takes place through regular information meetings, both for the entire company and for individual units. Another important communication channel is Hufvudstaden's intranet, which provides all employees with access to current information. The intranet publishes internal policies, guidelines, instructions, and similar documents that govern and support operations.

External information to Hufvudstaden's shareholders and other stakeholders must be accurate, complete, transparent, and consistent, and must be provided on equal terms and in a timely manner.

Monitoring
The company continuously evaluates internal control regarding financial reporting and sustainability reporting, as well as the reporting to the Board. This is primarily done by asking questions and reviewing the work of the controlling function. In addition to quarterly reports with financial outcomes, including the Senior Executives' comments on operations, the Board receives comments on how internal control has functioned and whether identified risks should be adjusted.

The company's auditor reports observations from the review of internal control to the Audit Committee and the Board during the year, giving Board members the opportunity to ask questions. An annual review of material risk areas is conducted, and the Board assesses the risks and evaluates internal control.

Statement on internal audit
The Board has determined that establishing a separate internal audit function is not justified. This decision is reviewed annually. The Group's work on internal control, together with the work performed by external auditors, is considered sufficient.